

# Executive Summary

## A Comprehensive Assessment of Regional Business Climate

The Subnational B-READY in the European Union (EU) series is a project led by the World Bank in partnership with the European Commission's Directorate-General for Regional and Urban Policy (DG REGIO) aimed at assessing and enhancing the business environment across different regions within the EU. This year, the Subnational B-READY series cover 40 cities in six EU Member States—Bulgaria, Croatia, Hungary, Portugal, Romania, and the Slovak Republic—covering 36 European regions. This phase builds upon the World Bank's previous Subnational studies conducted in these countries between 2017 and 2022. More broadly, the former Subnational in the EU reports assessed business environments in Bulgaria, Hungary, and Romania (2017); Croatia, the Czech Republic, Portugal, and the Slovak Republic (2018); Greece, Ireland, and Italy (2020); Austria, Belgium, and the Netherlands (2021); and Denmark, Finland, and Sweden (2022), covering 115 locations across 16 EU Member States. These studies have laid the groundwork for identifying regulatory gaps and sharing best practices to strengthen the EU's regional economic cohesion. As part of an ongoing effort, the team is launching the second round of measurements, which will cover over 60 cities from the Czech Republic, Greece, Ireland, Italy, Poland, and Spain. A third round is set to begin in 2025, expanding the assessment to more EU Member States.

### Objective

The primary objective of the Subnational B-READY studies is to identify and address regional disparities in regulatory environments and to promote reforms that foster private sector growth, job creation, and sustainability. The Subnational B-READY series delivers a rigorous, data-driven analysis of business climates at the local level, offering actionable insights for policy makers. By examining key areas of the life cycle of the firm—Business Entry, Business Location (including Building Permitting, Environmental Permitting, and Property Transfer), Utility Services (Electricity, Water, and Internet), Dispute Resolution, and Business Insolvency—this report offers a road map for improving administrative processes and

regulatory frameworks that directly affect businesses at the local level in seven Hungarian cities: Budapest, Debrecen, Győr, Miskolc, Pécs, Szeged, and Székesfehérvár.

### Intended Audience

This Subnational B-READY report series targets a wide audience, from national to local government officials, and from private sector stakeholders to development agencies, policy makers, and researchers. The findings are meant to help these groups identify best practices, reduce regulatory bottlenecks, and foster a more unified and efficient business environment across regions. Additionally, the collected data serves as an effective tool for local governments, enabling them to benchmark and track performance over time vis-a-vis not only national standards but also international benchmarks. The comprehensive underlying country-specific datasets provide ample opportunities for further research in the area of private sector development and growth.

### The Importance of Regional Data

An insight into regional dynamics allows an economy to be more inclusive and sustainable in its economic growth. The Subnational B-READY reports offer governments the evidence needed to design targeted reforms, allowing regions to enhance their business climates and bridge performance gaps. It is hoped that the key findings will encourage peer learning across regions by disseminating good practices observed in high-performing cities. It is expected that such a sharing of best practices would lead to cross-regional improvements and eventually spur competitiveness across the EU.

By highlighting both achievements and areas for improvement, these assessments aim to support national and regional policy makers in driving meaningful reforms. In this way, the project exemplifies the shared commitment of the World Bank and DG REGIO to enhancing economic cohesion and resilience within the EU through rigorous analysis and evidence-based policy recommendations.





performance. Lastly, Hungary can boost the efficiency of the process of getting an electricity connection by implementing a legislative framework that introduces joint planning, imposing stricter time limits for permit decisions, and adopting a risk-based approval approach.



Regarding water, standardizing the process for applying for new water connections nationwide is one area for improvement. Szoged offers a streamlined approach, where the utility sends connection proposals directly to applicants within a regulated 15-day time frame via the e-platform. Implementing this approach nationally would enhance efficiency, standardization, and predictability across Hungary. Accessing water tariffs and understanding pt



Country		Hungary	
Indicator	Score	Score	Score
Overall Business Ready	2024	68.2	68.2
	2023	67.8	67.8
	2022	67.5	67.5
Government Efficiency	2024	72.1	72.1
	2023	71.8	71.8
	2022	71.5	71.5
Infrastructure Quality	2024	65.3	65.3
	2023	65.1	65.1
	2022	64.9	64.9
Labor Market Flexibility	2024	60.7	60.7
	2023	60.5	60.5
	2022	60.3	60.3
Digitalization Index	2024	75.4	75.4
	2023	75.2	75.2
	2022	75.0	75.0
Environmental Sustainability	2024	62.8	62.8
	2023	62.6	62.6
	2022	62.4	62.4
Social Stability	2024	69.5	69.5
	2023	69.3	69.3
	2022	69.1	69.1
Economic Resilience	2024	73.6	73.6
	2023	73.4	73.4
	2022	73.2	73.2

**Table 1. Summary of Potential Opportunities for Regulatory Improvement in Hungary**

Topic	Areas for Improvement	Relevant Stakeholders
Business Insolvency	Increase transparency regarding active insolvency administrators	<ul style="list-style-type: none"> <li>• Ministry of Justice</li> <li>• National Office for the Judiciary (OBH)</li> <li>• National Judicial Council</li> <li>• National Association of Liquidators and Assets' Supervisors (RFE)</li> </ul>
	Improve technological infrastructure in local courts	
	Ensure up-to-date publication of judgments	
	Ensure transparency of statistics at all levels	
	Implement insolvency training programs at a local level	
	Ensure a fair and equal treatment of all creditors	

Source: Subnational Business Ready