1. Basic Information

1.1 CRIS Number: 2003/005-830.01
1.2 Title: Cross-Border Economic Development (Grant Scheme)
1.3 Sector Code (DAC): Economic Development: 25010
1.4 Location: Hungarian-Romanian border region, in Szabolcs-Szatmár-Bereg, Hajdú-Bihar, Békés, Csongrád, Satu Mare, Bihor, Arad and Timis counties

2. Objectives

2.1 Overall Objectives:
Improving the economic and social interactions in the border region Hungary-Romania.

2.2 Project Purpose:
- Increasing the competitiveness of the business sector and the innovation capacity of the border region.
- Increasing cross-border tourism.

2.3 Accession Partnership and NPAA priority:
The project is in line with priorities and intermediate objectives of the Accession Partnership as stated in its paragraph on Economic criteria, Telecommunications and Information Technologies and the paragraph on Regional policy and co-ordination of structural instruments. The implementation mechanism is indirectly contributing to the preparation of Hungarian central and regional authorities for the implementation of the Structural Funds.
The objectives of the project are strongly related to the measures formulated in the National Programme for the Adoption of the Acquis, mainly in the chapters on Innovation (chapter 2.) and Economic and Social Cohesion (chapter 5).

2.4 Contribution to National Development Plan:
The objectives of the Grant Scheme reflect the priorities of the National Development Plan drawn up on the basis of sectoral strategies and regional measures. The project supports the priority 1 Developing the competitiveness of the production sector (chapter 4.1), priority 2. Increasing the level of employment and developing the human resources (chapter 4.2), priority 4. Strengthening the local and the regional potential. (Chapter 4.4).

2.5 Cross-Border Impact:
The region along the Hungarian-Romanian border, having similar characteristics, has defined similar long-term objectives on the basis of its socio-economic situation. The border region explored that economic structure determines development so one of its main objectives is to modernise economic structure, to improve competitiveness and life standards. It is also important to create an attractive image of the border region for investors and visitors, to preserve natural assets and to develop intra- and interregional relationships.
This project is consistent with priorities defined by the Joint Programming Document (JPD) Romania-Hungary 2000-2002 and the study “Actualisation of priorities in the Hungarian-Romanian cross-border co-operation” that emphasises the continuity of the same priorities. It belongs to priority **P3 Economic development** measure **M2, M3, M4.** Development of tourism and tourist products, Innovation development, promotion of the dissemination of innovation (installation of modern information systems), Implementation of educational and training programmes.

The Grant Scheme will focus on the cross-border aspects of support offered to institutions and organizations located in the border region that provide:

- Further development of co-operation between the Hungarian and Romanian border regions.
- Access to the facilities provided for people and companies on both sides of the border.
- Improvement of market information and income generating possibilities on the basis of high level volunteer co-operation, networking and clustering for both the Hungarian and Romanian entrepreneurs.
- Establishment of a knowledge-based society, improvement of modernisation and social competitiveness,
- Increase of innovation skills, research and development, further improvement of the quality of work force,
- Establishment and strengthening of the regional – even cross-border – clusters.
- Improving the cross-border tourism

3. **Description**

3.1 **Background and justification:**

Looking at the history of cross-border co-operations, one can observe that economic relations and development of the economy through cross-border business relations are the main long-term drives. The development of cross-border co-operation may provide excellent economic opportunities for the peripheral territories. The economic co-operation can help improve the quality of life of the population living on the two sides of the border thereby they can utilise the comparative advantages of the neighbouring territories. At present the intensity of the co-operation in the Hungarian – Romanian border region is improving rapidly, and the building and strengthening of connections affects all sectors.

The border region is mainly characterised by important differences in the level of development among backwasted and developing areas. These differences are present mainly in the areas of infrastructure and industrial development. At the same time, the region dispures of important inner resources that could be used in order to start the economic growth and level the existing differences.

An important tool that could contribute to the economic growth in the border region is tourism. Tourism is one of the most dynamic economic sectors all over the world and it can contribute to the GDP significantly. The geographical characteristics of the region make it suitable for nature-related tourism: there are ample opportunities for equestrian, spa, health, ecological and river tourism. The vast geo-thermal treasure hiding beneath the surface is the region’s unrivalled natural gift. There are many thermal baths where the visitor can experience this treasure. The national parks and nature reserve areas, like Körös-Maros National Park, the Hortobágyi National Park, the vast, flowing Danube and the „blonde” Tisza, that are famous for their unique bird life, the Szarvasi Arboretum, all offer unforgettable experiences for hikers, cyclists, anglers and hunters. Between the Danube
and Tisza and in the Körös area there are several holiday camps where high-quality services and water sports facilities await tourists. In the rural settlements numerous forms of village tourism are developed. All these characteristics offer a wide choice of tourist developments in the border region, which could attract inhabitants from the other side of the border and increase the cross border tourism. A basic condition for that is the improvement of the conditions of hospitality either at the well-known or at new tourist sites of the region, and the development of the quality of the services and improved marketing. Preservation of health and recreation are strong motivation for tourism, which can be achieved by a more efficient utilization of the advantages of the significant medical- and thermal water that can be found in the region.

Another important background factor could be the development of the R&D sector and the improvement of the conditions in the transfer of innovation. The results of the R&D sector are materialised in new products, technologies, activities, contributing this way to the creation of the basis of the renewal of economy. At present, Csongrád county disposes of the biggest research base that has an outstanding role. The institutional framework of the sector can be the starting point for the development of economy, but at present only part of the results are utilised in the border region. The improvement of the adaptation ability of the region and the widening of the range of R&D activities can create the possibility of a flexible, self-renewable economic development. Most of the problems of co-operation arose from the differences between the two countries’ institutional background, the different levels of responsibility of their institutions and the insufficient flow of information. To achieve an improvement in the effectiveness of co-operation steps would be important to be made in the exchange of information and the development of institutional co-operation. An important problem is the unbalanced and uncontrolled distribution of information, which could increase the regional differences. Therefore it is important to establish an information exchange base for the potential users of the results of the R and D activities (economic organisations, institutions) and the researchers, innovators. It is also necessary to support them in finding the most effective way to use the results of the sector (new brands, technologies). A basic need in this respect is to have the possibility of using high-level communication services, which will allow the spread of the most recent regional information. Contacts via communication networks and personal ways also have a community-forming role, which is essential for common cross-border economic development.

Trainings, conferences, seminars in the field of business activity (B2B, e-commerce), new challenges (more possibility and responsibility) are able to create positive attitude towards cross-border co-operation by filling the gap of information and connections leading to an improved competitiveness of the border region. The best examples of local initiatives in cross-border co-operation can be found in the field of education, training. There are already started cross-border relations in this area that should be further developed including a wide range of general education, business seminars, conferences, workshops, these activities having an interdisciplinary character. First of all these initiatives should be supported that are directed to establish permanent economic connections or involve a wide range of participants. It is very important to support civil organisations, since they can contribute significantly to the social and economic cohesion of the population in the border region.

3.2 Linked activities:

In the year of 1996 two projects, the International Training Centre set up by the Collage Békéscsaba with the objective of organizing short time, business training courses for adults and the Euroregio Studies Centre at University of Szeged, are also parts of regional development priority. An important part of the programme of 1997 is the implementation of Bihar Enterprise Zone. The Bihar Regional Enterprise Zone, phase II. (HU0009-01-02) project is the continuation, second phase of
The project will establish an agricultural unit within the Bihar Entrepreneurial Zone taking into consideration the cross border production and integration possibilities helping the creation and development of agricultural small and medium-sized enterprises.

The objective of the **Makó Business and Service Centre for strengthening Hungarian-Romanian cross-border relations** (HU0107-01) project is creating a business service centre and incubator house for small and medium enterprises in order to support them in Makó-Nagylak area. These establishments, cooperating with the Romanian Regional Business Centre financed by Phare, are promoting the development of the Hungarian-Romanian economic co-operation and ensuring beneficial business services and training opportunities for the Hungarian and Romanian small and medium size enterprises.

The aim of the **Cross-Border Economic Development Grant Scheme** (2002/000-627) is to increase in the growth and competitiveness of the regional SME sector by utilising the potentials of cross-border co-operation. This Grant Scheme shall provide grants for the following eligible activities: economic and commercial development, consulting, information services, training courses and innovation.

3.3 Results:

**Window 1: Training and innovation**

1.1
- Development of human resources (business and communication skills) in the field of cross-border economic co-operation

1.2.
- Strengthening cross-border economic co-operation
- Widening of the product and service scale according to the new market demands (newly developed products, services and technologies with considerable intellectual added value, quality conscious corporate governance, quality centred approach of SMEs and other organisations);

1.3
- Increased R&D activity and innovative outputs in the border region

**Window 2: Tourism**

2.1
- More efficient usage of local resources by development of cross-border tourism
- Increase of the scale of cross-border tourism, development of tourism services

2.2
- Development of co-operation between SME-s and organizations involved in tourism industry

3.4 Activities:

The project will be implemented through a grant scheme corresponding to the results described under 3.3. This Grant Scheme shall provide grants in an amount of € 70,000 – 300,000 for the procurement of services, supplies and works.

**Eligible activities are the following:**

**Window 1: Training and innovation**

- **Activity 1.1** Organising training sessions, conferences and seminars with special regard to cross-border business activity (in the field of B2B, e-commerce, new business manners, planning, new taxation, accounting, possibilities of financing, investments, quality
management, marketing, product and process innovation, new standards, laws, regulations, institutional framework etc.);

- **Activity 1.2** Support of cluster building, networking for common research and development of new, competitive products, services and technologies. SMEs should be involved as partners in these activities but they can not be financed from this fund.
- **Activity 1.3** Providing suitable conditions for meetings, conferences, seminars and R&D activities in relation to the above subject.

Costs of supplies and works should be maximum 70% of total project costs. In case of the cluster and networking activities (activity 1.2) the costs of supplies and works should be minimum 50% of the total project costs.

**Window 2: Tourism**

- **Activity 2.1** Utilization of cultural heritage and natural values (e.g. renovation of mansion houses, museums and other tourist sites, construction of cycle-paths and extending additional services in relation with these attractions);
- **Activity 2.2** Harmonized development of tourism on cross-border territories, co-operation in the field of culture, ecological- and medicinal tourism (e.g. horse-, hunting-, bicycle-, wine-gastronomic-, water tourism, etc.),

Each project proposal in the field of tourism should have a compulsory marketing element in order to contact the members of the target group, study and satisfy their needs and disseminate project results.

Costs of supplies and works should be minimum 70% of total project costs.

**Organisations eligible for support:**

- Non-profit organisations
- Local governments
- Municipalities, public institutions
- County Labour Centres
- Chambers of industry and commerce
- Industrial parks, incubator houses
- Association of counties and small regions
- Institutions, organisations for enterprise promotion
- County development agencies
- Foundations
- Research and training institutions

settled in the Hungarian-Romanian border region (Szabolcs-Szatmár-Bereg, Hajdú-Bihar, Békés, Csongrád counties on the Hungarian side and Satu Mare, Bihor, Arad and Timis counties on the Romanian side.

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1 Organisations specified by the Act on Non-profit Organisations
Profit oriented organisations are not eligible. The applicant organisations must be registered in the border region with Romania.

Projects for support will be selected according to the following criteria\(^2\) (Indicative selection criteria, in accordance with the evaluation grid of the PRAG):

**General criteria for eligibility**
- Results of the proposal are in line with the objectives of the grant scheme.
- Justification of supplies and works components must be available in the application. Works can include modernisation or construction of infrastructure closely related to the training, innovation and tourism activities (e.g. technical training places, laboratories, presentation rooms, tourist sites and the related public utilities). Projects including only works or supplies components will not be supported.

**Required documentation**
- Studies (feasibility study, cost-benefit analyses, environmental impact study) justifying the rationality of the infrastructural developments
- Availability of the necessary permits and construction plans.
- Training/curricula/research plan when applicable

**CBC criteria:**
- Applicant organisations must have at least one project partner from the other side of the border.
- Expected economic impact on both sides of the border.

**General selection criteria:**

**Relevance:**
- Relevance to the particular needs and constraints of the cross-border region (including conformity with regional development plans and the Joint Programming Document for the HU-RO CBC programme)
- Compliance with the objectives of this grant scheme. The applicants must justify that the proposed programmes are adapted to the demands of the cross-border region with special regard to the market
- Clearly defined, strategically chosen target groups
- Relevance of the project to the needs of the target group
- Coherent, appropriate and practical activities
- Added value, new, innovative approaches

**Methodology:**
- The preparedness and elaboration of the project proposal.
- Involvement of the partners in the elaboration and implementation of the project proposal.
- Realistic time-schedule for implementing the project proposal.

\(^2\) The selection criteria will be further developed with the preparation of the call for proposals.
Objectively verifiable indicators for the project outcomes, methodology for follow-up of the project results

Sustainability:

- Further utilisation and long-term sustainability of the project results.
- Beneficial social, economic impacts of the project results.
- Possible multiplier effects of the project results.

Budget and cost effectiveness:

- To what extent is the budget clear and detailed?
- To what extent are the proposed expenditures necessary for the implementation of the project?

Management capacity and expertise:

- Availability of the necessary personal, organisational and institutional capacity for the implementation of the project proposal.
- Previous experience in similar projects

3.5 Lessons learned

This programme is, as the Romanian-Hungarian PHARE CBC 2002 programme too, to be implemented in the form of a grant scheme. In the previous year the overall objective of the Cross-border Economic Development Grant Scheme was strengthening the Hungarian-Romanian economic co-operation by supporting organisations that provide business services in the border region. Nevertheless during the preparation of this project fiche, the experiences of previous PHARE CBC programmes, especially in the field of economic development (HU0009-01-02 Bihar Regional Enterprise Zone, phase I, II, HU0107-01, Makó Business and Service Centre for Strengthening Hungarian-Romanian Cross-Border Relations; ZZ9622-04, HU9705-04 Joint Small Project Fund) were considered.” The recommendations of the 2002 EMS Report Final Assessment (e.g. concerning the necessity of verifiable indicators) were also taken into account during the programming phase and will be carefully watched in course of the implementation of the programme.

4. Institutional Framework

**IA (Implementing Agency):** Retains full responsibility for programme implementation, prepares the Call for Proposals with its annexes (guidelines to applicants, application form, etc.) which are subject to approval by the EC Delegation. (in case EDIS has not been approved)

**PAO (Programme Authorising Officer):** Professional leader of the Implementing Agency, responsible for the programme implementation

**Joint Evaluation Committee:** The Joint Evaluation Committee consists of regional experts and representatives of the IA from Hungary and Romania.
**Inter-ministerial Co-ordination:** Experts from the line Ministry in charge of SME development and tourism will be consulted for the final definition of the selection criteria and will participate to the technical Evaluation Committees, which will give the final recommendations on the projects selection.

5. **Detailed Budget (MEUR)**

<table>
<thead>
<tr>
<th>Component</th>
<th>Phare Support</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>TOTAL SUPPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment</td>
<td>Institution Building</td>
<td>Total Phare (=I+IB)</td>
<td></td>
</tr>
<tr>
<td>Window 1.</td>
<td>1.250</td>
<td>1.250</td>
<td>0.417</td>
<td>1.667</td>
</tr>
<tr>
<td>Window 2.</td>
<td>0.750</td>
<td>0.750</td>
<td>0.250</td>
<td>1.000</td>
</tr>
<tr>
<td>Total</td>
<td>2.000</td>
<td>2.000</td>
<td>0.667</td>
<td>2.667</td>
</tr>
</tbody>
</table>

**National co-financing:**
The grant scheme will be jointly co-financed between Phare and government resources to be provided by the Prime Minister’s Office. The rate of Phare support within the total support will be 75%, while the Hungarian government will contribute 25%. The ratio between the Phare and the national amount is binding and has to be applied to the “final contract price”.
The rate of the generally available maximum support (Phare and national co-financing) is 90% of the total cost of the projects to be supported, and at least 10% has to be provided as own resources by the beneficiaries in cash. The national co-financing included in the above budget table indicates the governmental co-financing amount of the project.

6. **Implementation Arrangements**

6.1 **Implementing Agency:**
The Prime Minister’s Office has been defined as the Implementing Authority for all measures to be implemented on the Hungarian side of the border in the framework of the JPD. In Phare terms, the National Agency for Regional Development of the Prime Minister’s Office will be the Implementing Agency of the grant scheme. It will have the overall responsibility for all aspects of tendering and contracting as well as administrative and financial matters of the implementation.

**Implementing Agency:** National Agency for Regional Development of the Office of the Prime Minister

**PAO:** Tamás Lunk

**Address:** 1015 Budapest, Hattyú u. 14.
6.2 Twinning:
Not applicable.

6.3 Non-standard aspects:
The relevant Commission standards for the management of Grant Schemes described in the Practical Guide to Phare, ISPA & SAPARD contract procedures (PRAG) will be strictly followed during the implementation of the Grant Scheme.

6.4 Contracts:
The Grant Scheme will be implemented through an open call for project proposals according to the stipulations of the PRAG on Grant Schemes. Beneficiaries will sign Grant Contracts with the PAO laying down the rules of the project implementation based on the list of supported projects approved by the IA and endorsed by the EC Delegation in case of the Phare co-financed projects. Tendering and contracting of the required services, works and supplies will follow the PRAG manual.

7. Implementation Schedule

<table>
<thead>
<tr>
<th>Financing Memorandum</th>
<th>Publication of Call for Proposals</th>
<th>Start of project activity</th>
<th>Project Completion</th>
</tr>
</thead>
</table>

8. Equal Opportunity
No discrimination between sexes or minority groups will be applied during the project selection and implementation.

9. Environment
Only projects complying with the environmental regulations of the EU will be eligible. Projects supporting activities in the fields of environment protection, using or developing environmentally friendly technologies or products will be preferred during the whole selection process.
In the case of investments projects where an environmental impact assessment is to be carried out, the provisions of Government Decree no. 20/2001 (II.14.) on Environmental Impact Assessment should be taken into account. In the field of environmental impact assessment the Hungarian legislation is in full conformity with related EC legislation (Council Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment as amended by Council Directive 97/11/EC). Only investment projects already having all necessary permits and authorisations are eligible for support under the grant scheme.

10. Rates of return
The individual business plans submitted by the applicants shall determine the rate of return of individual investments, which will be a selection criterion during the evaluation in case of infrastructure projects.

11. Investment criteria

11.1 Catalytic effect:
The project will finance tourism, innovation development and training activities that are high priorities in the target regions. Support to innovative and pilot projects will raise the awareness of common concerns and chances across the border region. It will also strengthen the positive attitude towards co-operation in solving common concerns, establishing common structures in economic development, and thereby increasing competitiveness of the whole cross-border region. For increasing the concrete actions and ongoing cooperation in both side of the region is the only way for establishing an integrated, flexible and European-level competitiveness market with a strong information network in the cross-border region.

11.2 Co-financing:
The grant scheme will be jointly co-financed between Phare and government resources to be provided by the Prime Minister’s Office. The rate of Phare support within the total support will be 75%, while the Hungarian government will contribute with 25%.
The rate of the generally available maximum support (Phare and national co-financing) is 90% of the total cost of the projects to be supported, and at least 10% has to be provided as own resources by the beneficiaries in cash.

11.3 Additionality:
The grants awarded under this grant scheme will not displace any other financial sources.

11.4 Project readiness and size:
A draft of the Co-operation Agreement, Call for Proposal, Application form, Guidelines for applicants and Grant Contracts will be elaborated by all concerned organisations by the time of signing the Financing Memorandum. All documents shall be prepared according to the PRAG template and submitted to the Delegation for endorsement prior to the launch of the Call for proposals.
Only projects ready for tendering can be supported.
The Fund will provide grants to projects in an amount of €70,000-300,000.

11.5 Sustainability:
The beneficiaries will be responsible for the sustainability of the project and will provide the administrative staff and the necessary funds for the operational costs. The ability of the applicant to finance the long-term operation and maintenance of the establishments or programmes shall be proved in the application and checked at the project selection phase.

11.6 Compliance with state aids provisions:
All actions financed by Phare will respect the state aid and competition provisions of the European Agreement.
12. Conditionality and sequencing

The National Agency for Regional Development will ensure the necessary human resources for the technical management of the Grant Scheme. The Office will ensure that the project staff is fully conversant with the target group requirements and with the operation of the Phare Programme. The Agency will make certain that the recipients make their financial contributions as planned.

The call for proposals will be launched as planned in February 2004. Good quality project proposals will be available in May 2004.
ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period)
4. List of relevant Laws and Regulations
5. Reference to relevant Government Strategic plans and studies
6. Feasibility studies and preparatory work
7. Template for the institutional framework/implementation arrangements in case of grant schemes
### ANNEX 1 LOGFRAME PLANNING MATRIX FOR PROGRAMME

<table>
<thead>
<tr>
<th>Programme Number</th>
<th>Project Title:</th>
<th>Contracting period expires:</th>
<th>Disbursement period expires:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Budget</td>
<td>2,667 MEURO</td>
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<tr>
<td></td>
<td>Phare Budget</td>
<td>2,000 MEURO</td>
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</table>

#### Overall objective
- Improving the economic and social interactions in the border region Hungary-Romania.
- 3% growth in the number of cross-border economic and R&D initiatives in 3 years’ time.

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
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</thead>
<tbody>
<tr>
<td>Region reports</td>
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</tbody>
</table>

#### Project purpose

**Window 1: Training and innovation**
- Increasing the competitiveness of the business sector and the innovation capacity of the border region.

**Window 2: Tourism**
- Increasing the scale of cross-border tourism

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Regional reports</td>
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</tbody>
</table>

**Window 1: Training and innovation**
- Number of projects implemented based on common economic development initiatives (approx. 10 – 15 in the project period)

**Window 2: Tourism**
- Number of implemented cross-border projects in the field of tourism in the framework of the programme (approx. 4 - 6 in the project period)

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
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<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional reports</td>
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</table>

**Continued positive economic development in target markets**
**Government policies conducive to cross-border economic development and other interested parties support the project**

### Results

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional reports</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Window 1: Training and innovation

1.1 • Development of human resources (business and communication skills) in the field of cross-border economic co-operation

1.2. • Growing number of cross-border economic co-operation
• Widening of the product and service scale according to the new market demands (newly developed products, services and technologies with considerable intellectual added value, quality conscious corporate governance, quality centred approach of SMEs and other organisations);

1.3 • Increased R&D activity and innovative outputs in the border region

Window 2: Tourism

2.1 • More efficient usage of local resources by development of new cross-border product packages, widening of the product range in the field of tourism
• Increase of the scale of cross-border tourism, development of tourism services

2.2 • Development of co-operation between SME-s and organizations involved in tourism industry

Window 1: Training and innovation

• 4-6 implemented trainings, conferences, seminars during the project period with 200-300 participants
• 3% growth in the number of technological transfer actions in three years’ time
• Growing number of initiatives in the field of innovation, R&D in cross-border connections (new products, services, technologies, etc.) (3% growth in 3 years’ time)

Window 2: Tourism

• 5% growth in the number of exchange visits realised in three years’ time
• 4-6 common tourism initiatives during the project period
• 5% growth in the newly established tourism services in two years’ time
• 4-6 Publications dealing with tourism, research, innovation, etc. during the project period
• 4-6 Common marketing plans of the border region in the field of tourism during the project period

Window 1: Training and innovation

• Analysis of Phare evaluation reports
• Reports prepared by the Chambers
• Central Statistical Office
• Chambers of commerce and industry
• County Labour Centres
• Tourinform offices
• Agency of patents

Window 2: Tourism

• Complimentary business resources (labour, finance) available for the application of improved business know-how
• Government regulations conducive to innovative activities
• Sufficient project management skills on behalf of the beneficiaries
<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Window 1: Training and innovation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• <strong>Activity 1.1</strong> Organising training sessions, conferences and seminars with special regard to cross-border business activity (in the field of B2B, e-commerce, new business manners, planning, new taxation, accounting, possibilities of financing, investments, quality management, marketing, product and process innovation, new standards, laws, regulations, institutional framework etc.);</td>
<td>• 2,000 MEUR Phare CBC contribution for projects complemented by at least 0,667 MEUR from the Ministry</td>
<td>• Sufficient number of project proposals</td>
</tr>
<tr>
<td>• <strong>Activity 1.2</strong> Support of cluster building, networking for common research and development of new, competitive products, services. SMEs should be involved as partners in this activity but these organizations can not be financed from this fund.</td>
<td></td>
<td>• Sufficient project management skills on behalf of the IA</td>
</tr>
<tr>
<td>• <strong>Activity 1.3.</strong> Providing suitable conditions for meeting conferences, seminars and R&amp;D activities in relation above-mentioned subjects.</td>
<td></td>
<td>• Own financial resources available at project beneficiaries</td>
</tr>
<tr>
<td><strong>Window 2: Tourism</strong></td>
<td></td>
<td>• Time schedule respected during the programme and project implementation</td>
</tr>
<tr>
<td>• <strong>Activity 2.1</strong> Utilization of cultural heritage and natural values (e.g. renovation of mansion houses, museums and other tourist sites, construction of cycle-paths and extending additional services in relation with these attractions);</td>
<td></td>
<td></td>
</tr>
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<td>• <strong>Activity 2.2</strong> Harmonized development of tourism on cross-border territories, co-operation in the field of culture, ecological- and medicinal tourism (e.g. horse-, hunting-, bicycle-, wine- gastronomic-, water tourism, etc.).</td>
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</tbody>
</table>
ANNEX 2

**PHARE CBC Hu-Ro 2003 – DETAILED IMPLEMENTATION CHART**

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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<tr>
<td>Grant Scheme</td>
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<td>I I I I I I I I I I I I I I I I</td>
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- **P** Call for Proposals
- **E** Project evaluation and selection
- **C** Contracting
- **I** Implementation and disbursement
### PHARE CBC HU-RO 2003 - CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (MEUR)

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ANNEX 4

List of Relevant Laws and Regulations

1. Act XXI of 1996 and Government Decree 81/1997 (V. 16.) on the detailed rules of using the targeted allocation for regional development;
4. 35/1998 (III. 20) Decision of the Parliament about National Regional Development Concept
5. 44/1997 (IV. 29.) Decision of the Parliament about the necessary measures for developing Hungarian tourism
6. CXXXVI. Act of the Parliament about the National Scientific Research Programme
ANNEX 5

Reference to Relevant Government Strategic Plans and Studies

2. Hungarian-Romanian Border Region Development Concept and Programme
3. Actualisation of priorities in the Hungarian-Romanian cross-border co-operation (working paper)
5. Strategy of the National Development Plan
6. Regional Operative Programmes
7. Hungary’s medium-term economic programme
8. Medium-term investment promotion concept (September 2002.)
9. Széchenyi Enterprise Promotion Programme
10. Science and Technology policy 2000
11. National Development Concept
12. Study preparing the Information Society Strategy (November 2002.)
13. Regional Development Plan of Southern Great Plain (www.del-alfold.hu)
14. Regional Development Plan of Northern Great Plain (www.eszakalfold.hu)
15. Territorial Development Programme of Szabolcs-Szatmár-Bereg County (1996)
16. Territorial Development Programme of Hajdú-Bihar County (1999)
17. Territorial Development Programme of Békés County (1999)
19. Strategic Programme of the North Great Plain Region (www.eszakalfold.hu)
Feasibility Studies and Preparatory Work

In order to get an overall view of the effects, results and experiences of cross-border co-operation Programmes, the NARD invited a professional company to work out a study. This working paper makes an overview of the priorities for the period between 2000 and 2002 and formulates the objectives for the next Programme. The base of this study are the county-, region-, national- and cross-border regions development concepts and programmes. The experts of this study took into consideration the opinions and experiences of local actors (County Development Councils, Road Management Companies, Water Authorities, Environmental Inspectorates, etc.), in the form of interviews or questionnaire answers.

The study, completed in the above-mentioned way, evaluates the implementation of the Hungarian-Romanian Phare CBC Programmes on the Hungarian side and defines the development needs for the next period in cross-border co-operation. In comparison with the results of the study prepared on the Romanian side, there are two proposed common priorities for the Hungarian-Romanian Phare CBC 2003 Programme:

1. Cross-border economic development
2. Environmental protection, water management

The following findings of the study have been taken into account in the present project fiche:

**Experience of the eligible counties in cross-border co-operation:**

- There is great need for economic development projects in the region.
- The lack of collection, management and flow of information is identified as one of the biggest problems. Major part of the economic development projects derives from the need for the use of information.
- Hungarian-Romanian joint training projects are still very successful and contribute to the human resource development of the region. Organising such trainings both in Hungarian and Romanian language has to remain a priority in the future.
- The eligible resources that came from the extension of the Phare CBC programme to the Hungarian-Romanian border gave an impetus to cross-border co-operation. Although these co-operations have mostly had positive effects, they have brought up a number of problems too. To handle these difficulties, proposals have been formed to organise forums for exchanging experience, and to make negotiations between Hungarian Romanian parties involved in the implementation of projects more frequent.
1. **PREPARATION OF THE PACKAGE OF CALL FOR PROPOSAL, GUIDELINES FOR APPLICANTS AND APPLICATION FORM ACCORDING TO THE PRACTICAL GUIDE**

- IA drafts the call for proposal, the guidelines, the guidelines for applicants and the application form in consultation with the entities concerned in the given field (at national – e.g. Ministries – and regional level).
- IA submits the final version of the documents to EC for approval.
- EC Delegation endorses the documents.

2. **PUBLICATION OF THE CALL FOR PROPOSAL**

The IA takes all appropriate measures to ensure that the nationally and regionally publicised Call for Proposal reaches the target groups in line with the requirements of the Practical Guide.

3. **PROJECT SELECTION PROCESS**

- The IA collects and registers incoming project proposals
- The IA (PAO) selects (in agreement with the co-financing ministry/ies involved, if relevant) and approves the assessor team for the assessment of administrative compliance, eligibility and assessment of technical and financial quality of proposals.
- The IA (PAO) nominates the Evaluation Committee (non-voting chairman and secretary, and voting members) with the co-financing ministry/ies involved, if relevant. Romanian experts can also be nominated in the Evaluation Committee.
- The IA (PAO) nominates the members of the assessment team and Evaluation Committee exclusively on the basis of technical and professional competence in the relevant area of development. In addition to technical and professional expertise a clear balance between regional-specific, local knowledge and independent non-targeted region expertise shall be ensured in the selection of the assessors and the members of the Evaluation Committee in order to guarantee the objectivity of the process.
- The EC Delegation endorses the team of assessors and the composition of the Evaluation Committee. The Delegation nominates an observer to follow all or part of the proceedings of the Evaluation Committee. Prior approval is needed from the Delegation for the participation of other observers.
- The Evaluation Committee draws up its recommendations and decisions according to the assessor team’s written assessment of each proposal on the basis of the published evaluation grid.
- The PAO approves the evaluation report prepared by the Evaluation Committee and forwards the evaluation report and any award proposals to the Delegation.
- The Delegation endorses (ex-ante) the evaluation report on the selection process and the final list of grants to be awarded.
- The IA notifies each applicant in writing of the result of the selection process.
4. **CONTRACTING (PAO DESIGNATED IN THE RESPONSIBLE IMPLEMENTING AGENCY)**

- The format of the grant contract is drafted according to the Practical Guide using the standard grant contract format and its annexes.

- The format of the grant contract is to be approved by the Delegation (in cases where the call for proposals results in the award of a large number of grants which all have the same grant contract conditions).

- The PAO signs the grant contracts with the selected beneficiaries based on the final list of grants approved by the Delegation. The language of the grant contract is English and the official Hungarian translation of the contract is attached to the signed English language contract.

- Copy of the signed grant contract is sent to the Delegation.

5. **IMPLEMENTATION OF THE SELECTED PROJECTS BY THE BENEFICIARIES**

- Beneficiaries subcontract suppliers of goods, services or works, in line with Phare procurement regulations annexed to the Grant Contract and under the Practical Guide.

6. **FINANCIAL MANAGEMENT OF THE SELECTED PROJECTS**

The IA receives and verifies the invoices and requests payment by the National Fund.

7. **MONITORING OF THE PROJECTS IMPLEMENTED BY THE BENEFICIARIES**

Standard Phare monitoring instruments will be used for monitoring purposes.

In case the conditions of Article 12 of the Council Regulation (EC) No. 1266/99 of 21 June 1999 on co-ordinating aid to the applicant countries in the framework of the pre-accession strategy concerning the co-ordination of the pre-accession instruments are met, new procedures may be introduced in due time, providing for a delegation of the selection of projects and approval of funding for PHARE-CBC in agreement with the Commission.