1. Basic Information

1.1 Désirée Number: 

1.2 Title: Regional Preparatory Programme for the Implementation of Structural Funds Regulations (RPP)

1.3 Sector: 

1.4 Location: Hungary, institutions of the 7 NUTS II regions (Regional Development Councils and Agencies) and the Ministry of Agriculture and Regional Development

1.5 Twinning project number: HU 2000/IB/SPP01

2. Objectives

2.1 Wider Objectives:

The wider objectives of the project are as follows:
- Preparing the Hungarian regional authorities for the effective implementation of regional development programmes as well as the future EU Structural Funds operations,
- The co-ordination between central and regional institutions is developed in order to facilitate the absorption of Structural Funds.

2.2 Immediate Objectives:

The immediate objectives of the project are as follows:
- The appropriate institutional structures, procedures, management and financial functions in the regions are developed following EU best practices;
- The performance of the personnel in the regional institutions responsible for, or involved in the programming, implementation, monitoring and evaluation of future Structural Funds programmes is enhanced with a focus on a programme-based approach;
- A sustainable national training capacity is developed for the continuous training of Structural Funds experts for regional agencies and local “social partners”.

2.3 Accession Partnership and National Programme for the Adoption of the Acquis priority

The objectives are in line with
- the priorities outlined in the NPAA chapter 5.1 on Regional policy, cohesion and co-ordination:
  “Hungary needs to strengthen the legal basis, the institutional system and implementation capacity of regional policy The principle of restructuring the institutional system is to ensure the absorption capacity of the Structural and Cohesion Funds and to set up an institutional framework which is able to manage the elaboration and implementation of the National Development Plan.”
- the Accession Partnership 2000 (AP), which, in point 3.2, identifies the need to “…prepare for the implementation of regional development programmes as well as Community initiatives; improve administrative structures and procedure...“.
- The project is an extension of the actions undertaken to support the priorities set out in the Accession Partnership of 1998 and will assist in attaining sector-specific priorities set out in the Accession Partnership 2000.
3. **Description**

3.1 **Background and justification:**

After accession the seven NUTS II regions will play a crucial role in the implementation of EU Structural Funds in Hungary. On one hand the future Hungarian Community Support Framework is going to be partly implemented through seven Regional Operational Programmes. This set-up will require the existence of sound and efficient management structures in the regions, related to the full scope of planning, implementation and monitoring activities as required by the EU as well as the Hungarian Government.

On the other hand regional institutions will also need to contribute to the design and implementation of various Sectoral Operational Programmes (SOPs) by delivering regional objectives, supporting data and other regionally specific considerations. Furthermore, these bodies - mainly the Regional Development Councils (RDCs) and Regional Development Agencies (RDAs) – are expected to be involved in technical management of various SOPs (project selection, project monitoring, etc.).

In general, previous regionally defined actions created a good basis for the decentralisation of the management of certain parts of Structural Funds in Hungary, but has not achieved until now that all personal and institutional skills and knowledge is available in the regions. It is also worth considering that the level of such knowledge varies very much in the various regions, no uniform level of preparedness of the regions has been achieved.

This Regional Preparatory Programme is to be implemented as a complementary programme of the HU9808 Special Preparatory Programme for the Structural Funds (SPP) in order to enhance the capacity and to prepare and train the staff of regional authorities and organisations responsible for the management of regional programmes funded by the future Structural Funds. Similarly to the SPP, the objectives of the programme are to be fulfilled through a twinning arrangement containing the assignment of Pre-Accession Advisers, a training component, with complementary technical assistance.

3.2 **Linked activities:**

The idea of the project originates from the [HU9808 Special Preparatory Programme](#) (SPP) which concentrates on capacity building mainly in the central governmental authorities responsible for the management of future Structural Funds and the Cohesion Fund.

Training and institution building in the field of regional development policy was also undertaken - even if on a smaller scale, and limited to the particular geographical target area of the programme in question - in the framework of the following Phare programmes:

- HU 9606-01-03 – Young Expert Facility
- HU 9705-02-04 – Training of Regional Development Professionals

Until now, only one nation-wide training effort targeted at the regions was supported by Phare. In the framework of [HU 9603 (PROMEI – Strategic Management of the Modernisation Programme of the Hungarian Government)](#) a one week basic project management training course was organised for a total of 250 project managers from the NUTS II and NUTS IV levels. The curriculum was targeted at general project management, but also included basic introductory knowledge on EU programmes.
3.3  Results:

The project aims to achieve the following outputs:

- Operational procedures both regional and national level are laid down and well-defined roles of and practical co-ordination mechanisms among the regional authorities established with regard to the management of Structural Funds;
- Regional Development Strategies and Operational Programmes are in full accordance with the National Development Plan (and so with Objective 1 standards of the Structural Funds);
- Integrated regional development sub-programmes (measures) and connected projects are developed and ready to be implemented;
- Capacity of the RDCs, RDAs and local partners for managing regional development programmes are strengthened;
- A sustainable teaching programme with practitioners certification and career development plan schemes is established
- Awareness of potential beneficiaries and the general public is enhanced.

3.4  Activities:

The project will provide twinning links between NUTS II regions in Hungary and the Member States’ regions so that practitioners can directly work together to develop practical structures, procedures and systems within the framework of Hungarian and Commission guidelines and regulations. (The twinning institution must be closely linked to, or even be within the structures of the regional administration of an EU Member State.)

All activities of the project will be regulated by one Twinning Covenant between Hungary and a Member State.

Member States may form Consortium, therefore the individual Pre-Accession Advisers (PAAs) might gathered their experience by working in the regional administration of more than one Member State, provided that national approaches towards regional development can be harmonised within the Consortium.

The following outputs of the twinning are expected:

- Legal bases and institutional structures are established in the regions concerned for the effective implementation of regional development programmes and managing future EU Structural Funds,
- Wide-spread and uniform level of knowledge disseminated in the Hungarian regions about opportunities and requirements with regard to EU structural policies and instruments
- Personnel of RDCs and RDAs trained for general EU issues as well as specifically for Structural Fund management,
- Long-lasting relationship, therefore a continuous exchange of experiences between current EU regions and their Hungarian counterpart regions, stretching beyond the date of accession as well.
In the framework of the twinning 3+1 Pre-Accession Advisers are to be assigned who will work in close co-operation with the Regional Development Agencies.

Three PAAs will be placed in the three target regions selected for Phare assistance under Social and Economic Cohesion Chapter of the preliminary National Development Plan\(^1\): one in each RDA. These PAAs will be responsible for assisting the preparation of “their” regions, and, additionally, will have to work also with one of the “non-selected” regions from the western part of Hungary\(^2\). This work will encompass the dissemination of experiences and delivering best practice that will be developed in the target regions.

The fourth PAA will act as team leader and co-ordinator of the project. Being located in Budapest, he also will be responsible for helping the development of the Central Hungary region, which, being a dominantly metropolitan area, requires specific expertise.

Each Pre-Accession Adviser will spend 18 months at the relevant “twin” RDAs, starting as soon as possible but not later then March 2001. The adviser must be highly qualified in regional development and must possess good management skills and relevant track record.

More specifically, it is mandatory that the PAAs:
- should have sound theoretical and practical experience related to the management of regional development programmes, preferably gathered in Objective 1 areas;
- should be familiar with the decision-making practice as well as administrative requirements of the European Commission;
- should have leadership experience;
- should be fluent in English.

The twinning arrangement will concentrate on two main fields of activities.

### 3.4.1 Assistance for development of capacity building in the regions

The technical assistance will contribute to develop programme management capacity at the level of regional administration and to establish procedures of regional development programming that are in compliance with EU Structural Funds regulations and criteria.

Specifically, all the four the PAAs will assist the regions in:
- Elaborating Regional Development Plan in each region,
- Drafting Regional Operational Programmes (ROPs),
- Providing relevant input from the regions to the National Development Plan and its proposed Sectoral Operational Programmes,
- Detailed design of measures planned as part of the Regional Development Plans,
- Appraising project proposals and ideas,
- Setting up co-ordination network and mechanisms among various institutions dealing with development initiatives and projects within the region,
- Designing and operating a transparent and efficient project selection system,
- Drafting institutional development plans for RDAs,
- Establishing sound management practices in RDAs,
- Establishing Regional Monitoring Committees.

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\(^1\) These regions are Northern Hungary, Northern Great Plain, Southern Great Plain.

\(^2\) These regions are: Western Hungary, Southern Hungary and Central Transdanubia
Nevertheless, the team-leader will have the following additional tasks:
- overall supervision of the project implementation,
- co-ordination between the three PAAAs in the regions
- co-ordination with national regional development policies and other initiatives through the PAO and Implementing Agency (IA).

The following specific topics will also be covered in the framework of this activity:
- **Short-term experts** will be invited to strengthen the capacities of each Hungarian region in the practical aspects of programme design and development; establishment of implementation structures, financial management, monitoring and reporting systems and procedures; evaluation and impact assessment, financial control/audit and other technical specialist functions, including public and beneficiary targeted awareness programmes. Short term experts are expected to come from Regional Development Agencies and regional administrations being responsible for programming and implementing projects and measures funded by the Structural Funds.
- **Study visits and ‘stages’** to the regions of member and applicant states to review the practical management of regional programmes implemented using Structural Funds or pre-accession procedures.
- **Specialist seminars, workshops, information dissemination** on the practical aspects of developing and managing regional development plans and operational programmes, particularly relating to the Structural Funds procedures and systems. These inputs complement the more general training under 3.4.2 and the work of the short-term specialists.

### 3.4.2. Development and testing of a regional training programme for Structural Funds

PAAs and short term experts will assist the regions to develop a sustainable training programme based on national curricula and standards, delivered and developed by selected training institutions in each of the seven regions. The sustainability of the training component shall be assured through the selection of one training institution in each region, which, on a contractual basis with the Regional Development Council and its Agency, shall be responsible for the continuous training of structural funds specialists in the longer term.

The development of the training programme will be achieved by actions such as a training needs assessment, the development of a long-term training strategy and operational programme, training materials, the implementation of pilot training activities and, finally, the development of the final strategy and implementation of the training plan.

The participants of the training programme will be selected from the representatives of all key players of Structural Funds programmes at the regional level, with a specific emphasis on Regional Development Agencies and associated staff. Participants will be identified by training needs assessment, however, expected main recipients will be as follows:
- Members of RDCs,
- Elected members of county and municipal self-governments,
- Representatives of the business life (entrepreneurs, SME-promoting institutions such as chambers and Local Enterprise Agencies, Regional Development Companies of the Hungarian Development Bank, etc.),
- Staff of management units (RDAs, County and Local Development Agencies, Local Enterprise Agencies staff of the Regional Development Companies, local branches of banks, etc.),
- Staff of local government offices,
- Staff of local branches of various government offices.

This activity will moreover provide support more specifically for the following:
- **Short term technical assistance** to undertake the training needs assessment to develop the strategy, modules of the training programme and teaching manual and to introduce the topics by training trainers and assisting in the pilot training courses;
- **Provision of appropriate training materials** to ensure the effective and sustainable delivery of the programme;
- **Seminars and workshops** for curricula and training manual development, and on the introduction of career development and certification schemes;
- **Study tours, training and ‘stage’** in Member States and visits to relevant applicant countries for the participants of the training.

The concrete assignments and further topics will be subject to the preparation of the technical covenant and the recommendations of the twinning partner.

4. **Institutional Framework**

The programme will be implemented under the supervision of the Ministry of Agriculture and Regional Development (MARD) who is responsible for regional and spatial planning policy and is also appointed as the authority responsible for the management of the future EAGGF and ERDF.

The beneficiaries of the project will be the Regional Development Councils and the Regional Development Agencies which are expected to develop profoundly with respect to the capability of absorbing future Structural Funds.

The **Regional Development Councils** (RDC) comprising the representatives of governmental, county-level and local partners are responsible for the development and implementation of regional policies and programmes. The RDCs are responsible for the use of those financial resources that are provided to them by decentralised competence from the government.

The **Regional Development Agencies** (RDA) act as secretariats to the RDCs. The RDAs – in conjunction with relevant officials of county, local and national government administration – will co-ordinate the effective management and financial management of the Structural Funds programmes in the regions. The RDAs will also develop training and personnel development units which will work with the training institutions in the regions offering courses on topics related to regional development and Structural Funds programme management.

For the whole of the RPP a **National Monitoring Committee for PNDP** (NMCP) will be established to co-ordinate actions at the national level with respect to the project. The NMCP will be chaired by the Ministry of Agriculture and Regional Development, co-chaired by the Minister for Phare, and include representatives of the line ministries concerned in the measures for Economic and Social Cohesion (Economy, Education, Social and Family Affairs) as well as the target regions. The results of monitoring will be discussed with the Commission (EC Delegation, Joint Monitoring Committee).

The NMCP approves the detailed scope of actions to be implemented after consultations with the Regional Development Councils. Services provided by twinning arrangement and training will be distributed between the regions according to concrete needs defined in the training needs assessment and approved by the NMCP. The NMCP also performs monitoring and evaluation tasks during the project. Phare Regional Development Programmes Implementing Agency of the MARD will act as secretariat to NMCP.

Ongoing co-operation between the designated Implementing Agency and **ESF-type IA** established by the Ministry of Education and the Ministry of Social and Family Affairs as well as the Education Secretariat of the Ministry of Education will be maintained with relation to the management of human resource development elements of the project.
Detailed Budget (MEUR)

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<th>Phare Support</th>
<th>Investment Support</th>
<th>Institution Building</th>
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Implementation Arrangements

6.1 Implementing Agency

The project will be managed under the full responsibility of the Ministry of Agriculture and Regional Development, whose representative will be designated as PAO. The MARD through its Phare Regional Development PMU as Implementing Agency will be responsible for all technical, administrative and financial matters concerning the implementation of the project.

PAO: Judit RÓZSA, Head of the CFCU, Ministry of Finance
Address: József nádor tér 2-4. 1051 Budapest
Telephone: (36-1) 327-2520
Fax: (36-1) 327-5972
E-mail: Jrozsa.cfcu@sdi.hu

SPO: Dr Gabriella Varjú, Deputy President of the Office for National and Ethnic Minorities
Address: Pozsonyi út 56. H-1133 Budapest
Telephone: (36-1) 237-44-00/4216
Fax: (36-1) 239-0009
E-mail: Nekh.titkarsag@mail.datanet.hu

The programme will require co-ordination at the national level. The four PAAs are supposed to work as a team, continuously exchanging information and experience, developing a harmonised approach and synchronising their activities. The issue of co-ordination has to be emphasised above all with regard to the development of the training strategy and the training materials.

6.2 Twinning

Standard twinning procedures will be utilised. Offers from Member States of extensive experience with Objective 1 programmes will enjoy priority.
The beneficiaries will be the 7 NUTS II regions (RDCs and RDAs). All activities funded from Phare will be covered by one Twinning Covenant. Maximum available budget is 4,00MEUR.

Hungarian co-financing amounting to 1,54MEUR will be provided to co-finance the training events and for providing short-term experts’ services.

Contact person: Tamás Lunk (Regional Development Phare PMU, for details see 6.1)

6.3 Non-standard aspects
Not relevant.
7. Implementation Schedule

<table>
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<th>Component</th>
<th>Start of Tendering</th>
<th>Start of Project Activity</th>
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8. Equal Opportunity
The equal participation of women and men will be assured in the project.

9. Environment
Not applicable

10. Rates of return
Not applicable

11. Investment criteria
Not applicable.

12. Conditionality and sequencing
Phare support will be conditional upon further progress in the institutional set-up of Regional Development structures, notably the setting up of Regional Development Agencies in the target regions and upon the provision of co-financing from Hungarian sources.
ANNEXES

1. Logical framework matrix
2. Detailed implementation chart
3. Contracting and disbursement schedule
4. Reference to feasibility studies
5. List of relevant Laws and Regulations
6. Reference to relevant Government strategic plans and studies
### Logical Framework Matrix

**Programme Number:** HU0008-01  |  **Phare contribution:** 4 MEUR  |  **Total budget:** 5.54 MEUR

<table>
<thead>
<tr>
<th>Wider Objectives</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
</table>
| • Preparing the Hungarian regional authorities for the effective implementation of regional development programmes as well as the future EU Structural Funds operations.  
• The co-ordination between central and regional institutions is developed in order to facilitate the absorption of Structural Funds.  
• Draft National Development Plan proposes major involvement of regions in implementation of programmes (ROPs)  
• Established and operational institutional co-operation between line Ministries and Regional Development Councils. | National and Regional level Development Council decisions and other communications: EU Commission’s communications. Hungarian Government’s communications. |  |

<table>
<thead>
<tr>
<th>Immediate Objectives</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
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</table>
| • The appropriate institutional structures, procedures, management and financial functions in the regions are developed following EU best practices.  
• The performance of the personnel in the regional institutions responsible for, or involved in the programming, implementation, monitoring and evaluation of future Structural Funds programmes is enhanced with a focus on a programme-based approach;  
• A sustainable national regional training capacity is developed for the continuous training of Structural Funds experts for regional agencies and local “social partners”.  
• Regional Development Agencies operational and trained in all of the regions  
• Regional Monitoring Committees operational and trained in all of the regions  
• Regional Development Plans, draft integrated Regional Operational Programmes and project selection procedures established  
• 7 Regional training providers selected, sustainable operation secured, curricula developed | County and regional authorities.  
County and regional strategy documents.  
Implementation and monitoring reports-Assessment of responsible line ministries and regional implementation agencies.  
Phare national monitoring committee reports.  
EU Commission’s communications.  
Hungarian Government decisions. | Continued commitment of the Government to adjust procedures to EU standards and approved national and regional documents.  
Continued commitment of the Government and the EU to further decentralisation and regionalisation.  
Agreement with regard to the split of operational and financial responsibilities between regional and national authorities by the launch of the programme. |

<table>
<thead>
<tr>
<th>Results of Projects</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
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</table>
| • Operational procedures both regional and national level are laid down and well-defined roles of and practical co-ordination mechanisms among the regional authorities established with regard to the management of Structural Funds;  
• Regional Development Strategies and Operational Programmes are in full accordance with the National Development Plan (and so with SF Objective 1 standards);  
• Integrated regional development sub-programmes (measures) and connected projects are developed and ready to be implemented;  
• Capacity of the RDCs, RDAs and local partners for managing regional development programmes are strengthened;  
• A sustainable teaching programme with practitioners certification and career development plan schemes is established  
• Awareness of potential beneficiaries and the general public is enhanced.  
• Sufficient number of civil servants/experts participate in the training and stationing schemes. | Member organisations of the ad hoc SPP Inter-ministerial Committee and NUTS II regional authorities.  
Country and regional strategy documents.  
Implementation and monitoring reports.  
Hungarian and EU audit reports. | Smooth communication and good co-operation between Hungarian and EU experts on the national and regional levels.  
Good experts can be motivated to participate in the twinning schemes.  
Timely availability of Hungarian co-financing.  
Results of SPP programme at national level.  
Availability of investment financing to support social and economic cohesion at regional level. |

### Inputs

- Long term twinning assignments for EU experts including pre-accession advisors for the 7 NUTS II Regions.
- TA services and short term twinning assignments complementary to the long term twinning assignments.
- Training courses/seminars on both general and specific issues on the Structural Funds and Cohesion Fund as well as pre-accession instruments activities for the regional administration.
## ANNEX 2
### DETAILED IMPLEMENTATION CHART

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- Design
- Tendering and contracting
- Contract implementation and payments

100%
ANNEX 3

CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (MEUR)

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NB :  
1. All contracting must be done by 30.09.2002  
2. All disbursements must be done by 30.09.2003
The project has no investment components. The goals of the twinning programme and the envisaged training activities are in line with the relevant chapter of the NPAA.
ANNEX 5
LIST OF RELEVANT LAWS AND REGULATIONS

- Act XXI/1996 on Regional Development and Physical Planning;
- Government Resolution 2307/1998 on the EU compatible transformation of the Hungarian supporting system;
- Government Resolution 2134/1999 on the current tasks concerning the EU compatible transformation of the Hungarian supporting system;
ANNEX 6
REFERENCE TO RELEVANT GOVERNMENT STRATEGIC PLANS AND STUDIES

• 35/1998 Parliamentary Decision on the National Regional Development Plan
• Global Development Plan prepared by the Ministry of Economic Affairs
• Preliminary National Development Plan
• Draft Regional Development Programmes prepared by the regions