1. **Basic Information**

1.1. Désirée Number:  
1.2. Title: **PNDP – Vocational Education**  
   ESF-type Approach to Promote Transition from Training to Working Life  
1.3. Sector: Investment in Economic and Social Cohesion  
1.4. Location: Hungary - Northern Hungary, North Great Plain, South Great Plain Regions

2. **Objectives:**

2.1 **Wider Objective:**
- To promote Economic and Social Cohesion by developing vocational training, lifelong learning and adult training in three regions targeted by the PNDP

2.2 **Immediate Objectives:**
- Develop human resources, training policies, methods and institutional structures in accordance with EU standards  
- Improve chances of disadvantaged and lower-achieving students in training and on the labour market  
- Adjust the system of secondary and higher vocational education to labour market needs  
- Promote regional partnerships of vocational educational institutions and enterprises  
- Establish/ Improve (regional) career guidance and orientation system for young adults and career starters

2.3 **AP and NPAA priority:**
This project addresses the following policy AP-priorities:  
- pursuing policies, which aim to achieve real convergence by education and training in accordance with the European Union’s objectives of economic and social cohesion;  
- further development of social cohesion;  
- development of appropriate labour market structures;  
- further strengthening monitoring and control mechanisms in order to participate in ESF programmes after membership.¹

The project contributes to achieving the following aims of the NPAA:  
- improving social and educational conditions and the labour access of young persons with multiple social disadvantages entering the labour market with no qualifications;  
- implementation of training activities;  
- development of necessary human resources;  
- creation of a proper information background, the completion of necessary human resource development;  
- more uniform and clear-cut system for the recognition of qualifications;  
- achievement of free movement of workers, institutional, infrastructure development.

¹ Accession Partnership- Hungary, Medium Term Objectives, pg. 4,5
2.4. Contribution to the Preliminary National Development Plan:
This project contributes to the PNDP-objectives of improving employability; encouraging a partnership approach; easing transition from school to work; promoting chances at the labour market; preparing the HRD sectors to the overall management of ESF.

The three Regional Development Plans reflect to the project priorities according to as follows:

**Northern Hungary:**
Chapter 2.4.1: Broader inter-sectoral priorities; 1. Human Resources Development; point 1.3 increasing the competitiveness of higher level training institutions, point 1.8 modernising secondary and higher vocational training, adult training and further training on basis of regional needs.
Chapter 3.: Priority interventions within the frame of the Phare programme; 3.2.2 Human Resources Development.

**Northern Great Plain:**
Chapter 3. Regional priority interventions, II. Development of Human Resources and services; first sub-programme, improving the effectiveness of education and strengthening partnership between training institutions and the entrepreneurial sector.
Chapter 5. Operative programmes – Phare 2000 programme; 2. Employment and Human Resource development; 2.2 developing training and education, Regional priority II. sub-programme no.II/2

**Southern Great Plain:**
Chapter 3. Priority interventions within the Phare programme; Priority 2. Employment and Human Resource Development; Measure 2. Community development, development for civil organisations and training for disadvantaged groups; 2.1 training programmes for the productive sector, 2.2. Employment opportunities for disadvantaged groups

2.5. Cross Border Impact:
*not applicable*

3. Description:

3.1 Background and justification:
- The project was designed in line with the European Employment Policy Guidelines promoting employability and equal access to vocational training.
- The structure of planning and implementing the project aims at preparing for implementing projects financed from the European Social Fund.
- Within the three target regions, the project focuses on identified groups of students, young adults most threatened by unemployment and the training institutions with a key role in solving the problem
- The project contributes to the achievement of national education policy objectives. On the basis of its future outcomes the project is to be extended to other regions of the country and continued from additional national support.

The project targets different levels and areas of the system of vocational training, and presents a complex approach three main weaknesses of the system of vocational training in Hungary:

1. "Drop-out and school failure":
Compulsory schooling in Hungary lasts until age 18 (12th grade). The Hungarian secondary school system provides different types of secondary schools (eight-grade, six-grade or four-grade schools). Students can start secondary school at the age of 11 (in the 5th grade), at the age of 13 (in the 7th grade) or at the age of 15 (in the 9th grade). The most talented pupils are likely to enter eight or six-grade secondary schools, which means that those primary school students
who have no earlier access to these “more prestigious” schools are often exposed to the danger of exclusion and drop-out. School education concentrates on general education up to the 10th grade (age 16), while practical vocational education starts from the 11th grade. Increasing the number of students attending secondary schools that provide certificate of final examination is desirable. However, the necessary stronger focus on science and theoretical subjects combined with a limited access to practice-oriented training during compulsory schooling increases the danger of school failure for lower achiever students.

2. “Weaknesses in career-guidance”

Notwithstanding the fact that a national network of career guidance and orientation has been put in place for several years now, the above statistical figures also show that the rate of young school leavers among the unemployed is well above the average. (Table 1)

Table 1 – Youth unemployment in the target regions

<table>
<thead>
<tr>
<th>Unemployment</th>
<th>No. of unempl. youth</th>
<th>Youth Unemployment rate</th>
<th>Overall unemployment (%’99)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Hungary</td>
<td>5,562</td>
<td>22,3%</td>
<td>17.0 %</td>
</tr>
<tr>
<td>Northern Great Plain</td>
<td>7,219</td>
<td>28,9%</td>
<td>16.0 %</td>
</tr>
<tr>
<td>Southern Great Plain</td>
<td>3,253</td>
<td>13,0%</td>
<td>10.0 %</td>
</tr>
</tbody>
</table>

Source: OMMK, Labour Market Information, 1999/6

This might be partly explained by the lack of sufficient knowledge and appropriate information about the world of labour among young people of a certain social background:

- The career choice of pupils leaving the first-grade education system is not based primarily on considering their professional interest, or their physical and intellectual abilities, but mostly on their school performance, on the offer of the locally available secondary vocational schools and on the income and social position of their families. There is a clear cut correlation between the social and cultural background of the young people and their career choice. Young people with multiple social disadvantages, especially those living in remote areas or regions confronted with structural economic and social difficulties usually enter vocational training schools which offer less marketable qualifications. Upon completion of their studies these young people are particularly exposed to the risk of unemployment.
- The existing network involved in professional guidance activities, partly due to the lack of necessary funding, can not carry out all necessary aptitude tests and career guidance.
- Though labour-market organizations offer regular services in these fields, career guidance and orientation activities are not performed by all offices, and some lack the necessary technical equipment and information technology support.
- The career guidance and orientation services performed by local governments, professional bodies, regional training centres, etc. are not widely known and their activities are not co-ordinated enough.
- In primary education and vocational training schools many teachers in charge of career guidance and orientation lack the necessary training, experience and ability to perform efficiently tan innovative career guidance and career correction activities.

3. “problems in adult education and lifelong learning”
One of the most conspicuous deficiencies of the Hungarian higher educational system inherited after the political transition was the lack of market-oriented courses. The consecutive governments were primarily preoccupied with the modernisation of the basic education system. As a result of this the development of the adult training sector of the Hungarian higher education system was not satisfactory. Its current structure is over-marketised, and fragmented. Courses delivered in similar areas by different institutions are not harmonised and accredited. At a time of rapid changes in the economic environment, when the qualifications of many employees no longer satisfy market needs, equal access to lifelong learning is severely limited by the fact that adults can often participate in training at their own expenses only. Rather than contributing to economic and social cohesion, this system further aggravates the polarisation of society.

The statistical figures of PNDP provide additional indicators to support the objectives of the project.

3.2 Linked activities:

- **Phare project HU 9405 “Strengthening the links between education and economy”**
  This previous Phare project can be regarded as a predecessor to this planned project. It aimed at enhancing co-operation between key players in education and in the business community. The programme supported four main areas of education-economy relationships namely:
  - Co-operation between higher education and economy
  - Creation of a new segment of higher level vocational training: Accredited higher vocational education
  - Creation of distance learning material
  - Secondary education of socially disadvantaged young people
  The project was the first step in contributing to the improvement of the quality of education, continuing education and re-training courses corresponding to the training needs of the economy.

- **Phare Project HU-99.04.01 “Social Integration of Disadvantaged Youth, with Particular Emphasis on the Roma Minority”**
  The ‘99 Phare program for Hungary, launched in December last year, is providing assistance to a programme proposed by the Ministry of Education in Co-operation with the Ministry of Social and Family Affairs. As the Roma issue in Hungary is considered as much a social question as it is an ethnic one, the approach chosen is of a wider social nature, aiming at the social integration of disadvantaged youth. Specific objectives are raising the standards of primary education, prevention of social exclusion, and promoting social integration through fostering the creation of a roma middle class, serving as a role model for still disadvantaged strata of society. Envisaged are preventive measures reducing primary school drop-out rate among socially disadvantaged, especially among the Roma; facilitating the access of roma students to secondary and vocational schooling as well as support for talented young roma preparing them for higher education.

3.3 Results:
Phare support and co-financing by the Hungarian government will be used to

- develop new training and multi-perspective evaluation methods aiming at reducing school failure and drop-out. The methods will be pilot tested, and results disseminated through specific teacher training measures.
- develop, test and implement new competency-based vocational training courses at secondary and higher education levels
- equip young adults and career starters participating in the programmes with EU-compatible, market-oriented skills
- establish/upgrade regional networks for career guidance, counselling and information services developed
• establish the Hungarian Council for Industry and Higher Education to promote strategic, regionally-based partnerships of vocational education institutions and enterprises (financed by Hungarian funds)
• establish a Co-ordination Centre for Educational Institutions to secure the harmonisation and accreditation of vocational training courses (financed by Hungarian funds)
• Elaborate preparatory studies for new legislation on adult training (financed by Hungarian funds)

3.4 Activities:

The project will be implemented through grant scheme tailored to the needs of the three target regions. Each cluster focuses on training of different target groups to improve employability/adaptibility.

The four activity clusters are the following:

**Cluster 1.**
The elaboration, testing and implementation of comprehensive, multi-prospective assessment systems and compensation systems in order to combat school failure and drop-out. Further training of teachers and other relevant professional staff.

Short description: The idea behind this project is to change and further develop the present assessment of students in order to identify existing and missing competencies. This will enable teachers to work out individual competence development programmes for low-achievers. The outcome of this project will be disseminated by teacher training programmes.

Eligible Activities: development of new competency development programmes and evaluation schemes, testing, developing lacking labour market skills and competencies, development of regarded teacher training programmes, and organising and delivering special courses (any group of the activities listed here)

Eligible Organisations: regional consortia of vocational training institutions, NGOs, teachers’ and trainers’ training institutions, training and retraining centres, Regional and County Labour Offices and Centres, Parents Associations

Type of Contract: Grant Agreement

Method of Selection: Open call for proposals for the above mentioned consortia.

Max. Amount of Grant: 100,000 EUR/consortium (which includes the developed curriculum for the training course, competence development programmes, and approx. 5 ten-day courses per region, 20 teachers per course, altogether 800 professionals will be trained)

Investment: The planned budget for Investment will cover the costs of infrastructure development of the winning consortia. Max. 10,000 EUR/project is planned for the supply of necessary equipment.

Number of projects: 8

Sub-project budget (in thousand Euro):
**Cluster 2.**
Facilitating the successful entry of students into secondary training institutions. Related in-service training of teachers.

Eligible Activities: developing pedagogical programmes for correcting low achievement, developing curricula for in-service training of teachers, organising and delivering courses at regional levels (any group of the activities listed here).

Eligible Organisations: regional consortia of vocational training institutions, NGOs, primary schools, and county pedagogical centres, county vocational training centres and training deliverers, parents associations etc.

Type of Contract: Grant Agreement

Method of Selection: Open call for proposals for the above mentioned consortia.

Max. Amount of Grant: 60,000 EUR/consortium (which includes the development of special pedagogical programme and curriculum of the teacher-training course, plus approx. 5 ten-day courses per region, 18 teachers per course, altogether 900 teachers will be trained)

Investment: The planned budget for Investment will cover the costs of infrastructure development of the winning consortia. Max. 6,000 EUR/project is planned for the supply of necessary equipment.

Number of projects: 10

Sub-project budget (in thousand Euro):

<table>
<thead>
<tr>
<th></th>
<th>Local</th>
<th>Central</th>
<th>Hungarian Contribution</th>
<th>Phare</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>-</td>
<td>266</td>
<td>266</td>
<td>800</td>
<td>1,066</td>
</tr>
</tbody>
</table>

**Cluster 3.**
The provision of career orientation and guidance within or outside the school system, harmonising the existing career guidance information system and developing the infrastructure, information background and advisory services for the different target groups.

Eligible Activities: harmonising the existing career guidance information system, development of information background and the necessary infrastructure, creating regional database and establishing direct links among them, developing special training programmes for teachers involved in career guidance and delivering the courses (any group of the activities listed here).

Eligible Organisations: consortia of vocational training institutions, NGOs, training and retraining centres, Regional and County Labour Offices and Centres, County Pedagogical Centres, parents associations.

Method of Selection: Open call for proposals for the above mentioned consortia.
Type of Contract: Grant Agreement

Max. Amount of Grant: 110,000 EUR/consortium (which includes the following: information background developed, programme and curriculum of the teacher-training course elaborated, plus approx. 10 five-day courses per region, 10 teachers per course, altogether 1000 teachers will be trained)

Investment: The planned budget for Investment will cover the costs of infrastructure development of the winning consortia. Max. 11,000 EUR/project is planned for the supply of necessary equipment.

Number of projects: 10

<table>
<thead>
<tr>
<th>Sub-project budget (in thousand Euro):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
</tr>
<tr>
<td>------</td>
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<tr>
<td>-</td>
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</tbody>
</table>

Cluster 4.
Developing and launching competency-based courses and training packages based on regional partnerships.

Short Description: The curriculum development will be carried out in the frame of partnerships between Hungarian and EU higher education institutions and at least one industrial partner. This supposes max. 40 different partnerships. Within one partnership 4 three-day visits are foreseen from the EU partner institutions. Approximately 40 training packages of different professional content will be developed. The developed training packages (curricula) will be the basis for the competency courses to be launched –in average- by three institutions. This gives the total number of trainees 40*25*3=3000. (A competency based course is composed of about 250-300 study-hours, and the average student group is as large as 25, 1 modul is approx. 40-60 hours.)

Eligible Activities: modul-based curriculum and course material development, launching, delivering and testing new courses, infrastructure development, international professional exchange programmes and site-visits (any group of the activities listed here).

Eligible Organisations: consortia of higher education and vocational training institutions, NGOs, training organisations, training and retraining centres, Regional and County Labour Offices and Centres, industrial partners

Method of Selection: Open call for proposals for the above mentioned consortia.

Type of Contract: Grant Agreement

Max. Amount of Grant: 40,000 EUR/competency-based course, min. 80,000/consortia

Investment: The planned budget for Investment will cover the costs of basic infrastructure development of the winning consortia. Max. 10% of total grant won is planned for the supply of necessary equipment.
Number of projects: max. 20, but consortia will be encouraged to develop more training packages, which is likely to significantly reduce the number of winning consortia.

Sub-project budget (in thousand Euro):

<table>
<thead>
<tr>
<th>Local</th>
<th>Central</th>
<th>Hungarian Contribution</th>
<th>Phare</th>
<th>Total</th>
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<td></td>
<td>465.5</td>
<td>465.5</td>
<td>1400</td>
<td>1865.5</td>
</tr>
</tbody>
</table>

**General features of the Grant Scheme:**

Main Applicants/Contractors: NGOs and training/education institutions

Eligible Organisations: **Regional consortia** including different types of institutions (vocational training institutions, education institutions, NGOs, teachers’ and trainers’ training institutions, training and retraining centres, Regional and County Labour Offices and Centres, county vocational training and retraining centres and training deliverers, Parents Associations, County Pedagogical Centres, training organisations, social and industrial partners).

Regional consortia led by the Main Applicants, as co-ordinating institutions will be eligible for support. A maximum 10% of each individual grant awarded may be used for the procurement of limited supplies directly related to the activity supported. Project proposals shall be based on needs analysis, regional surveys resulting in clear indicators. Each project will include training and pedagogical programme development, training within or outside the school system and/or retraining/further training programmes, testing and evaluating results. Priorities will be given to projects based on local initiatives and effective partnerships. Cooperation between training institutions and social partners will be encouraged. Selection will be based on national open call for proposals.

Eligible Activities will cover amongst others:
- developing and testing new competency development programmes and evaluation schemes,
- developing lacking labour market skills and competencies, developing regarded teacher training programmes, organising and delivering special courses, developing pedagogical programmes for correcting low achievement, developing curricula for in service training of teachers, harmonising the existing career guidance information system, developing information background and necessary infrastructure, creating regional database and establishing direct links among them, developing special training programmes for teachers involved in career guidance, modul-based curriculum and course material development, launching, delivering and testing new courses, international professional exchange programmes and site-visits.

The project will be co-financed according to the rules and regulations on the Vademecum on Grant Management. See also Detailed Budget Breakdown and Annex 6.

### 4. Institutional Framework

**Definitions:**
- **RDCs (Regional Development Council):** Composition of the RDC is determined by the amended Act on Regional Development
- **RDAs (Regional Development Agency):** Executive and management organisation of the RDCs
- **DPC (Decision Preparation Committee):** Drafts selection criteria and responsible for project selection. The DPC is to be limited to 10 voting members comprising:
  - 1 representative of PAO,
• 1 representative of the co-financing ministry (Ministry of Education),
• 1 representative of County Labour Centres responsible for vocational training,
• 1 representative of universities/colleges of the region delegated by the Hungarian Conferences on Higher Education,
• 1 representative of county or major town self-governments,
• 1 representative of the industrial/entrepreneurial sector,
• 1 representative of chambers of commerce,
• 1 representative of the RDC responsible for training/education,
• 2 representatives of the EC Delegation.

The DPC will include a chair from the RDC and a non-voting secretary from the RDA. IA collects recommendations for representatives from the relevant authorities/institutions. The list of the Committee members (with CVs attached) is subject to the ex-ante approval of the PAO of the co-financing ministry (Ministry of Education) and the EC Delegation.

- National Monitoring Committee for PNDP measures co-chaired by the National Aid Co-ordinator and the Ministry of Agriculture and Regional Development comprising:
  • 1 representative of the Ministry of Education
  • 1 representative of the Ministry of Social and Family Affairs
  • 1 representative of the Ministry of Economy
  • 1 representative of each RDC of the target regions
  • 1 representative of the EC Delegation

- **IA (Implementing Agency):** Retains final responsibility for programme implementation

1. **PREPARATION OF THE PACKAGE OF CALL FOR PROPOSAL, EVALUATION CRITERIA, AND APPLICATION FORM BASED ON THE PROVISIONS OF THE ‘VADEMECUM ON GRANT MANAGEMENT’**

- Initiated and co-ordinated by IA, RDA drafts the call for proposal, the evaluation criteria and the application form in consultation with Labour Centres and the Regional Centre for Evaluation and Examination on Public Education as the entities concerned in that field at regional level

- IA must liaise with the RDC and the co-financing Ministry of Education, then submits the final version of the documents to the EC Delegation for approval. The consultation shall also involve the representatives of universities and colleges of the region, chambers of commerce and industry, county and major town self-governments as members of the DPC.

- EC Delegation endorses the documents

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

The IA takes all appropriate measures to ensure that the regionally publicised call for proposal reaches the target groups

3. **PROJECT SELECTION PROCESS**

- RDA collects and registers incoming project proposals. RDA checks the proposals for conformity with the formal requirements and basic eligibility criteria determined in the call for proposal. RDA administers the process, forwards its report and a copy of the proposals to the members of the DPC.

- DPC discusses the report and compiles a package of projects proposed for support within the available budget. A reserve list – not exceeding 15% of the value of the package – may be proposed within the package. The DPC meetings are to be minuted and the minutes annexed to the proposed project list.

- RDC discusses the project list and makes a final project selection from within the list(s) drafted by the DPC, then forwards the final list to the IA

- IA in liaison with the co-financing Ministry of Education approves the selection process and the project list proposed for support
• EU Delegation endorses the selection process and the project list

4. **CONTRACTING (PAO DESIGNATED IN THE MINISTRY OF SOCIAL AND FAMILY AFFAIRS)**

Grant contracts will be drafted according to a format approved by the Commission using the model of the SCR grant contract format. A copy of the signed grant contract is to be sent to the EC Delegation for ex-post control.

• The PAO representing the co-financing ministry signs the Grant Contracts with the beneficiaries based on the project list approved by the IA and the EC Delegation

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

• Beneficiaries subcontract suppliers of goods and services or works, in line with Phare procurement regulations annexed to the Grant Contract
• The decentralised system established for CBC is to be applied to the entire programme, i.e. no ex ante control of the procedure is undertaken by the EC Delegation for projects under 300,000 Euro (or any increased threshold to be fixed by EC Headquarters in the meantime for small project funds under CBC programmes)
• Contracts above 300,000 Euro (or any increased threshold) must be sent to the EC Delegation for endorsement

Financial control will be executed by the RDAs under the authority and the responsibility of the IA.

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

• The supplier invoices the beneficiary who checks it
• The invoice is submitted to the RDA which checks it and submits it to the IA
• IA prepares the Payment Order and submits it to the National Fund
• The National Fund makes the transfer to the supplier.

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

Project monitoring is undertaken by the RDA with the involvement of the relevant regional institutions responsible for employment, training and education based on the monitoring and evaluation principles elaborated by the IA. The RDA prepares regular reports to the IA and the Ministry of Education. The reports will be discussed by the DPC and approved by the RDCs. IA is responsible for discussion of reports with the EC Delegation. Any new action requires the approval of the EC Delegation and the co-financing Ministry of Education.

8. **MONITORING OF PNDP MEASURES FINANCED BY PHARE**

IA is responsible for elaboration of regular monitoring reports on the measures implemented under its responsibility in all target regions based on the regional monitoring reports. The reports will be discussed and approved by a National Monitoring Committee for PNDP. In order to ensure an integrated approach to planning and implementation, this committee shall be responsible for the monitoring of all Phare measures 2000 for Economic and Social Cohesion, as well as the proposed Phare 2000 Regional Preparatory Programme for the Structural funds. It 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 (Economy, Education, Social and Family Affairs) as well as the target regions.
The results of monitoring will be discussed with the Commission (Delegation, Joint Monitoring Committee).

9. **SUPPLEMENTARY LEGAL DOCUMENT TO BE PREPARED**

A Co-operation Agreement is to be signed between the IA, the co-financing Ministry of Education and the RDC regulating the role and the responsibilities of RDC/RDA and the parties involved in the project selection, tendering, implementation and contracting process, according to the processes defined in the present project fiche. The Co-operation Agreement is to be endorsed by the EC Delegation.

5. **Detailed Budget** in million EUR

<table>
<thead>
<tr>
<th></th>
<th>Phare Support</th>
<th>Hungarian Co-financing</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IB</td>
<td>INV</td>
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</tr>
<tr>
<td>Grant Scheme</td>
<td>-</td>
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</tr>
<tr>
<td>Cluster 1.</td>
<td>-</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>Cluster 2.</td>
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<td>0.8</td>
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<tr>
<td>Cluster 3.</td>
<td>-</td>
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<td>1.0</td>
</tr>
<tr>
<td>Cluster 4.</td>
<td>-</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4.0</td>
<td>4.0</td>
<td>1.33</td>
</tr>
</tbody>
</table>

Part of the national co-financing envisaged is already contained in the government budget for the year 2000. Subject to the professional content of the submitted project proposals distribution of funds will follow the proportions indicated in the PNDP (Annex 4.; “Indicative Financial Perspective for Phare Investment programmes into Economic and Social Cohesion”). The characteristic statistical figures in the annex of the Human Resources Development Chapter of the PNDP justify a breakdown of the budget according to as follows:

- Northern Hungary: 34%
- Northern Great Plain: 34%
- Southern Great Plain: 32%.

For a more detailed breakdown see Annex 6.

6. **Implementation Arrangements:**

6.1 Implementing Agency:

Government Resolution 2073/1999 (IV.21) (See Annex 7) on the tasks related to receiving Community support from the Structural Funds and Cohesion Funds establishes the order of responsibilities related to each fund and includes actions concerning institutional development. According to article 3.c) of the resolution the Minister of Social and Family Affairs in co-operation with the Minister of Education is responsible for preparation for receiving Community support from the European Social Fund.

The project will be implemented under the overall co-ordination and supervision of the Ministry of Education. According to the above Government Resolution, the two ministries will establish an ESF-type Implementing Agency, that will be responsible for all administrative and financial matters of the implementation. The representative of the Ministry of Social and Family Affairs, Mr. Gyula
Pulay, administrative secretary of state, will be designated as PAO. The PAO will nominate the representatives of the Ministry of Education and the Ministry of Agriculture and Regional Development as Deputy PAOs. Should this ESF type Agency not be established and be fully operational by the date of the signature of the Financing Memorandum, the Implementing Agency would be located in the Ministry for Agriculture and Regional Development.

Should this ESF-type Agency not be established and fully operational by the date of the signature of the Financing Memorandum, the Ministry of Agriculture and Regional Development would be the designated Implementing Agency.

6.2 Non-standard aspects

The EC Vademecum on Grant Management and the standard RELEX grant contract developed by SCR will be followed for the implementation of the grant scheme.

The grant scheme financed by Phare will be operated on the basis of a Co-operation Agreement between the IA, the Ministry of Education and the RDCs approved by the EC Delegation regulating the role of the parties in the project selection, tendering and contracting process. Beneficiaries will sign grant contracts with the PAO laying down the rules of project implementation.

7. Implementation Schedule:

<table>
<thead>
<tr>
<th>Description</th>
<th>Implementation Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Start of Tendering</td>
</tr>
<tr>
<td>Grant Scheme</td>
<td>09/2000</td>
</tr>
<tr>
<td>Service</td>
<td>09/2000</td>
</tr>
</tbody>
</table>

8. Equal Opportunity:

The involved national authorities are equal opportunity employers. Individual grants will be awarded according to equal opportunity principles.

9. Environment:

There are no discernible effects on the environment.

10. Rates of Return:

Not applicable.

11. Investment Criteria:

Catalytic effect: The programme will channel the training, especially continuing training needs of different companies towards the regional training providers, and amongst them higher vocational training institutions of the region. This catalytic effect will help the institutions to play their role in the regional development and the preparation for implementing projects financed from ESF.

Co-finance: Substantial own resources will be added to Phare support by the Ministry of Education which will contribute about 36% of the project’s total costs.

Additionality: No other financiers will be displaced by the Phare interventions.

Readiness: All necessary strategic studies have been completed. Tendering and contracting activities can commence without delay upon the signature of the FM.

Sustainability: Relevant government policies ensure sustainability. All participating institutions are in a position to operate the programme effectively in the long run. Funds for the
operation will be provided by the Central Budget.

Competition: (Re)training services and equipment will be procured in line with the regulations of the Phare DIS.

12. Conditionality and Sequencing:

Phare support will be conditional upon the provision of the institutional building support from Hungarian sources.
<table>
<thead>
<tr>
<th>Programme Number:</th>
<th>HU 0008-02</th>
<th>Document:</th>
<th>Programme Fiche No. XX</th>
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<th>Annex 1</th>
<th>Version:</th>
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<tr>
<td><strong>Logframe Planning Matrix for Programme</strong></td>
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**Programme Number:** HU 0008-02  
**Programme Title:** ESF-type approach to promote transition from training to working life  
(Ministry of Education, Hungary)  
**Total Phare Budget:** 4 MEUR  
**Total budget:** 6.53 MEUR

### Wider Objectives
- To promote Economic and Social Cohesion by developing vocational training, lifelong learning and adult training in three regions targeted by the PNPD

<table>
<thead>
<tr>
<th>Indicators of Achievement</th>
<th>Source of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment rate in target regions increased</td>
<td>Regular national, regional education and employment reports and statistics</td>
<td></td>
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<tr>
<td>New vocational training opportunities established</td>
<td></td>
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<tr>
<td>Number of employees with EU-compatible, market oriented qualifications increased</td>
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</tbody>
</table>

### Immediate Objectives
- Develop human resources, training policies, methods and institutional structures and teacher training in accordance with EU standards
- Improve chances of disadvantaged and lower-achieving students and young adults in training and on the labour market
- Establish regional career guidance and orientation system for young adults and career starters
- Adjust the system of secondary and higher vocational education to labour market needs
- Promote regional partnerships of vocational educational institutions and enterprises

<table>
<thead>
<tr>
<th>Indicators of Achievement</th>
<th>Source of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
</table>
| Rate of drop-out, school-failure and unemployed youth and adults decreased by 15-20% in the target regions | Regional vocational school enrolment and graduation data collected in each year | Effective involvement and support of local/regional authorities
| Success rate of secondary vocational training institutions improved by 15-20% | Statistics of the supported training institutions, project monitoring reports | Efficient co-ordination mechanism for implementation
| 9 new career-guidance units established within and out-side the school system by the end of the project | Data on students’ and young adults’ achievement supported in the project | |
| Special teacher training programmes developed; Better recognition of training opportunities in the target region | Regional enrolment data on labour market trainings | |
| Access to training programmes improved | Figures of studies on public and private investment in training | |
| Regional private sector investment in training increased | | |

### Results of Projects
- New, comprehensive, multi-perspective evaluation methods and compensation programmes developed, tested and disseminated by teacher training
- New competency-based higher vocational training packages developed and tested, new courses launched
- Regional networks for career guidance and information services and infrastructure developed
- Young adults and career starters equipped with EU-compatible, market-oriented skills
- Studies for new legislation on adult training
- Council for Industry and Higher Education, Co-ordination Centre for Educational Institutions established

<table>
<thead>
<tr>
<th>Indicators of Achievement</th>
<th>Source of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
</table>
| Curricula developed for min. 20 courses per region launched, min. 800 professionals per region trained | Figures of pilot schools, evaluation reports | Disinterest of parties/institutions, regional enterprises involved
| 40 competency-based training package developed, 3000 trainees trained | School statistics on the success rate of former drop-outs, labour-market data of the three regions, project monitoring reports | Commitment of teachers not strong enough
| number of effectively operating partnerships increased | Enrolment statistics and graduation data | Intention of higher vocational training institutions, local governments and local employment offices not strong enough to establish training partnerships
| study for new legislation on adult training published | Regional surveys of secondary training efficiency and pupils’ performance | |
| number of successful career-starters increased | | |

### Inputs
- 4 MEUR from the Phare programme for grant schemes targeted at the three target regions, 2.53 MEUR co-financing from the Hungarian Government for connected activities in the 3 regions. Technical and administrative management by the ESF Implementing Agency of the Ministry of Social Affairs and the Ministry of Education.
## ANNEX 2. – Detailed Implementation Chart

<table>
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<th></th>
<th>2000</th>
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<td>J</td>
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<td>Contract Implementation and payments</td>
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</tbody>
</table>

**Legend:**
- **D**: Design
- **T**: Tendering and Contracting
- **I**: Contract Implementation and payments
ANNEX 3. - Contracting and Disbursement Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>2000</th>
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<th></th>
<th>2002</th>
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<th>2003</th>
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<td>31/03</td>
<td>30/06</td>
<td>30/09</td>
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<td>1.9 31/03</td>
<td>3.5 31/03</td>
<td>3.6 31/03</td>
</tr>
</tbody>
</table>

NB: 1. All contracting must be done by 30.09.2002
2. All disbursements must be done by 30.09.2003
ANNEX 4 - Reference to Feasibility Studies

1. Transition from initial education to working life. OECD Study. Analysis of the education/training system in Hungary (with particular emphasis on its relevance to the market economy) focusing on the economic and social background, unemployment of young people, learning methods, educational and employment policies. 1998.

Phare project HU-94.05 funded two studies prepared by the Educational Committee of OECD entitled: “Towards lifelong learning in Hungary” – OECD, 1999 and the “Transition from initial education to working life” – Country note on Hungary, 1999. The studies rely on situation-analysis of the lifelong learning/educational system in Hungary (with particular emphasis on its relevance to the market economy) focusing on the economic and social background, unemployment of young people, learning methods, educational and employment policies.
ANNEX 5 – List of Relevant Laws and Regulations

- Law on Higher Education LXXX of 1993 modified by the Parliament in 1999;
- Government Decree 45/1997 on the Accredited Higher Level Vocational Education within the School System, issued on 12 March 1997;
- Law on Vocational Education 1993;
- Law on Public Education LXVIII of 1999 that modified Law LXIX of 1993;
- Government Decision 1047/1999 on midterm policy for implementing measures aiming at the improvement of the life conditions and social status of roma population.

**Government Resolution 2073/1999. (IV.21.) on the tasks related to the accommodation of the Structural Funds and the Cohesion Fund**

In the interest of preparations to accommodate the supports provided through the Structural Funds and the Cohesion Fund of the European Union, and in line with and taking into consideration the provisions of Act XXI of 1996 on regional development and regional planning, as well as the envisaged amendment to the Act, furthermore the provisions of Government Decree 2307/1998. (XII.30.) concerning the EU-conform transformation of Hungary’s support system, the Government adopts the following resolution:

1. The Government assigns the responsibility of co-ordinating preparatory activities related to the Structural Funds and Cohesion Fund of the European Union to the Minister of Economic Affairs, with the involvement of the Minister without Portfolio in Charge of the Governmental Co-ordination of PHARE Programs.

2. With the involvement of the Minister without Portfolio in Charge of the Governmental Co-ordination of PHARE Programs and in order to make appropriate preparations to accommodate the Funds, an action plan shall be drawn up, that shall include the operational rules of co-ordination and the establishment of institutional arrangements.

*Responsible:* Minister of Economic Affairs
Ministers and Heads of Agencies with national authority concerned

*Deadline:* 30 June 1999

3. The Government establishes the order of responsibilities related to the Structural Funds of the European Union as follows:
a) the responsibility for the European Regional Development Fund (ERDF) shall be vested in the Minister of Agriculture and Regional Development, with the participation of the Ministers of the Interior, of Health, of Economic Affairs, of Environment, of Transport, Communication and Water Management, of the National Cultural Heritage, of Education, the Minister without Portfolio in Charge of the Governmental Co-ordination of PHARE Programs, the Minister of Finance, and the Minister of Social and Family Affairs;

b) responsibility for the European Agricultural Guidance and Guarantee Fund (EAGGF) and the Financial Instrument for Fisheries Guidance (FIFG) shall rest with the Minister of Agriculture and Regional Development,

c) responsibility for the European Social Fund (ESF) shall rest with the Minister of Social and Family Affairs, with the participation of the Minister of Education;

d) responsibility for the Cohesion Fund, in line with the provisions of Government Resolution 2307/1998. (XII. 30.), shall rest with the Minister of Economic Affairs, with the participation of the Minister of Environment, and the Minister of Transportation, Communication and Water Management.

4. The ministers responsible for accommodating the individual Structural Funds, with the involvement of the ministers concerned, shall elaborate operating rules and a detailed plan of action including institutional structure and legislative duties, in order to accommodate the support to be expected from the specific Structural Fund.

Responsible: as defined under 3. a), b), c) and d), with the involvement of Ministers and Heads of Agencies with national authority concerned

Deadline: 30 November 1999

5. Regular reports shall be prepared for submission to the Government on the review of preparation activities related to the accommodation of the Funds, based on the activities as provided for in paragraph 2., as well as on the status of preparation.

Responsible: Minister of Economic Affairs

Deadline: 31 December 1999; subsequently every six months