1. Basic Information

1.1. Désirée number: HU0105-03
1.2. Title: Developing entrepreneurial skills in secondary schools and higher education
1.3. Sector: Economic Social Cohesion
1.4. Location: Hungary – Northern Hungary, Northern Great Plain, Southern Great Plain

2. Objectives:

2.1. Overall objective:
- Enhanced competitiveness of the regional sector of small and medium-sized enterprises (SMEs) in the three target regions of the Preliminary National Development Plan.
- Development and implementation of new methods to form an educational system more responsive to the needs of the economy in accordance with the Preliminary National Development Plan (2.1.3.).
- Diversification and improvement of adult and further education courses to reflect the concept of lifelong learning in line with the objectives of the new law on adult education (Preliminary National Development Plan 2.2.1.).

2.2. Project Purpose:
- Enhancing the entrepreneurial spirit and shaping the entrepreneurial attitude of secondary school students to meet the requirements of a modern society.
- Creating a young entrepreneurial stratum with reliable knowledge of entrepreneurial management skills.

2.3. AP and NPAA priority

This project addresses the following 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
- development of appropriate labour-market structures
- further reinforcement of monitoring and control mechanisms in order to participate in ESA programmes after the EU accession

The project contributes to achieving the following aims of the NPAA:
- implementation of training activities
- development of the necessary human resources
- achievement of the free movement of workers, institution and infrastructure development
2.4. Contribution to the revised Preliminary National Development Plan (PNDP):

The project contributes to the PNDP-objectives of increasing employability; strengthening the adaptability of employees; increasing the flexibility of the labour market; promoting access of employees to the labour market; improving the educational and training systems with a special emphasis on the concept of lifelong learning and diminishing regional differences.

The objectives of the project reflect the PNDP priorities conceptualised on the basis of the strategies of the sectors and the development strategies of the targeted regions. These priorities are the following: development of an entrepreneurial culture and knowledge, introducing modern business methods, production and service techniques (PNDP 2001 II.1.2.1. “Development of local economy”), improving the employability, the adaptability and the enterprising spirit, establishing a knowledge-based and learning society (PNDP 2001 II.1.2.2. “Development of human resources”).

The project pays special attention to the 2nd general objective of the chapter on employment and human resources in the Overall Development Plan, which is the enhancement of the enterprising spirit. According to this “the enterprising spirit and the job creating capacity of the entrepreneurial sector are to be enhanced”.

The project also pays special attention to the tasks and measures of PNDP to be implemented between 2000-2002 under section 3.1.3. “Developing human resources in the local economy (in the frame of the Financing Memorandum 2000)”.

The objectives were designed in line with the principles of Accession Partnership for 1999 and the aims of the European Employment Policy Guidelines for 1999. In the context of achieving these objectives, the project will contribute greatly to the process of adapting the Hungarian Employment Policy to the EU Employment Strategy. The project will also contribute to the strengthening of the economy in the target regions similarly to Phare project HU 00.07-05 entitled “Enhancing the Co-operation between Enterprises”.

The three Regional Development Plans reflect the following problems conceptualised in the revised PNDP (PNDP 2001 I.2.6.2.2. “Human Resources”): in the field of employment there are significant regional differences with extremely complicated structures. The decline of economic production and employment affected the disadvantaged northeastern regions of the country much more than the central and western regions. While the unemployment rate is beneath 5% in the western and central regions, in North-Hungary and the Northern Great Plain the rate reaches 11-12%. The registered and more precise data indicate a more significant difference (4-4,5 times higher unemployment). The disadvantaged regions are in a worse position in creating new jobs (the activity rate is 48,1% in Northern Hungary) compared to the western 58,3% of the Transdanubian region. With regard to the rate of highly qualified work force, the Southern Great Plain stands at the position before the last (check meaning here ??). The economic activity indicated by the number of companies shows a similar picture to that of prosperity. Except for Central Hungary, the number of enterprises employing people between the age of 20 and 50 show an even distribution. Western Hungary is in the most favoured position, while Northern Hungary shows the most sluggish entrepreneurial activity. The number of small enterprises is the highest in Central Hungary, while the Northeastern regions are in the worst position in this respect. The economic indicators of the three eastern regions, the Southern Great
Plain, the Northern Great Plain and Northern Hungary are in the most disfavoured position.

Because of the above facts, the three Regional Development Plans have the following regional strategic priorities:

- developing the human resources, improving renewing capacities (?) (regional strategic programme: reinforcing the entrepreneurial attitude and skills)
- vocational training that is adequate for the requirements of the labour market

2.5. Cross Border Impact:

Not applicable.

3. Description

3.1. Background and justification

“The different types of governmental support for creating jobs must be brought into accord by focusing them on the development programmes of regions and small regions. This will significantly increase the chances of evolving and strengthening the enterprising spirit.” (PNDP 2001).

In Hungary, micro and medium-sized enterprises make up 97.1% of the private sector and most of them operate in the service sector. They produce almost half of the gross domestic product and provide for approximately two thirds of the work places at a regional level. Contrary to the significant role they play in the economy, they lack both financial and professional resources, especially in terms of the knowledge of management and the conditions of international co-operation. For their successful operation, it is indispensable to enhance their innovation basis and to ease their access to information.

To date, no official statistical data is available on the participation of entrepreneurs and their employees in educational and training programmes. The Hungarian Central Statistical Office and the Ministry of Education is currently working on a project as part of the unified statistical programme of Eurostat to collect reliable data on the training policy of SMEs and their participation in training and further training programmes provided to them. This project entitled as “Training programmes provided by business organisations for their employees” will provide the final results in May 2001”.

The first component of the project is especially important, because in order to increase the future competitiveness of the SME sector of the target regions it is necessary to offer training to young people on economic knowledge and entrepreneurial skills so that they can meet new expectations, as the modern social and economic environment renders it. According to surveys, secondary school students have a negative or distorted picture of enterprising, their knowledge is insufficient and their attitude is not appropriate to respond to the complicated structure and to adapt to the continuously changing circumstances. Through the project component, targeting secondary school students the programme initiates the training of young people who will be capable of steering their career individually to live up to the challenges of the labour market and to turn the negative attitude of the young population towards entrepreneurship.
The second component of the project, designing and providing in-service teacher training courses will ensure sustainability by educating teachers in the importance of teaching entrepreneurial skills as well as encouraging them to constantly improve the entrepreneurial spirit of their students. The accreditation of such courses is done by the Accreditation Commission of Pedagogy’s’ Further Training Programmes and is approved by the Minister of Education. The accreditation will be carried out within the implementation period of the project.

The third component of the project gives an opportunity of acquiring entrepreneurial knowledge at a higher level. It will also enable future entrepreneurs to adapt to the economic competition in the European Union. The project focuses on the acquisition of management skills and practical experience so that a young entrepreneurial stratum with reliable knowledge will have emerged in Hungary by the time of the country’s accession to the EU. In accordance with the new law on adult education (to be passed by the Parliament in the first half of 2001), which reflects the concept of lifelong learning, the project provides those without university or equivalent education with a chance to return to mainstream education. The new legislation will provide a better access to training and re-training programmes, and create the necessary legal environment for the accreditation of the new courses such as those courses planned under this third component.

The Preliminary National Development Plan includes the following statistical data to underpin the aims of the project:

<table>
<thead>
<tr>
<th>Number of firms per 1000 inhabitants</th>
</tr>
</thead>
<tbody>
<tr>
<td>under 10</td>
</tr>
<tr>
<td>Employees</td>
</tr>
<tr>
<td>Central Hungary</td>
</tr>
<tr>
<td>Central Transdanubia</td>
</tr>
<tr>
<td>Western Transdanubia</td>
</tr>
<tr>
<td>Southern Transdanubia</td>
</tr>
<tr>
<td>Northern Hungary</td>
</tr>
<tr>
<td>Northern Great Plain</td>
</tr>
<tr>
<td>Southern Great Plain</td>
</tr>
<tr>
<td>National average</td>
</tr>
</tbody>
</table>

*Source: Central Statistical Bureau*

Employed and unemployed persons by highest educational qualification 1993, 1999

<table>
<thead>
<tr>
<th>Highest educational qualification</th>
<th>1993</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed 1000 pers (%)</td>
<td>Unemployed 1000 pers (%)</td>
<td>Employed 1000 pers (%)</td>
</tr>
<tr>
<td>Males</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;=8 grades</td>
<td>485.0</td>
<td>24.0</td>
</tr>
</tbody>
</table>
### Vocational sch.
- Vocational sch.: 731.5, 36.2, 129.0, 40.8, 895.0, 43.0, 78.4, 45.9
- Higher education: 296.1, 14.7, 9.0, 2.8, 310.9, 14.9, 4.8, 2.8
- Together: 2020.3, 100.0, 316.0, 100.0, 2083.1, 100.0, 170.7, 100.0

### Females
- Vocational sch.: 544.5, 31.1, 92.9, 45.8, 326.2, 19.1, 39.7, 34.8
- Secondary sch.: 628.2, 35.9, 55.6, 27.4, 693.1, 40.6, 38.2, 33.5
- Higher education: 264.4, 15.1, 8.6, 4.2, 315.2, 18.5, 4.3, 3.8
- Together: 1750.0, 100.0, 202.9, 100.0, 1708.4, 100.0, 114.0, 100.0

### Together <=8 grades
- Vocational sch.: 1029.5, 27.3, 216.2, 41.7, 646.4, 17.0, 97.7, 34.3
- Secondary sch.: 1044.4, 27.7, 174.8, 33.7, 1268.9, 33.5, 110.2, 38.7
- Higher education: 1135.9, 30.1, 110.3, 21.3, 1250.1, 33.0, 67.7, 23.8
- Together: 3770.3, 100.0, 518.9, 100.0, 3791.5, 100.0, 284.7, 100.0

* Excluding conscripts


### 3.2. Linked Activities

- **Phare project HU 94-05** entitled “Education Serving the Needs of Economy”
  
  The project 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 pilot project_HU00.07-02** entitled “ESF-type Approach to Promote Transition from Education to Working Life”

  The project targets the development of educational activities and teaching material to better comply with the expectations of the economy and the labour market and the support of young people who are more successful in working life.
3.3. Results

- Improved teaching modules, which enhance the entrepreneurial spirit and form a positive attitude towards small and medium-sized enterprises in the secondary school system;
- Auxiliary materials for secondary school students published;
- Established and operating model enterprises to be operated in three secondary schools per region;
- In-service training courses for secondary school teachers on forming an entrepreneurial attitude;
- New courses in higher education institutions launched in order to improve the entrepreneurial management skills of the population of the target regions.

3.4. Activities

The project will be implemented through three grant schemes as follows:
Grant Scheme

Activity 1:
Improvement of already existing teaching modules to teach basic entrepreneurial skills and establish model enterprises in the secondary school system to be operated in three secondary schools per region.

The activities eligible for support include the following areas:

• Improving teaching modules, including the establishment of model enterprises in order to simulate the operation of small businesses. Model enterprises will be created and operated by taking regional priorities into consideration. Local employers, business and their representative organisations will be involved in designing the modules.

• Designing and publishing auxiliary materials for secondary school students.

*Target groups:* students of secondary schools of the target regions (except for those attending a school with a special economic orientation).

*Eligible Applicants:* consortia made up by secondary schools, NGOs, POs and regional enterprises, business and their representative organisations (chambers, associations, etc).

Activity 2:
Designing in-service teacher training programmes to enhance the methodological capabilities and shaping the overall attitude of teachers towards the education of entrepreneurial skills in the secondary school system

The activities eligible for support include the following areas:

• Designing and providing in-service teacher training courses for secondary school teachers.

• Designing and publishing auxiliary materials for secondary school teachers.

*Target groups:* teachers of secondary schools of the target regions.

*Eligible Applicants:* higher education institutions, NGOs, POs, business organisations in consortia or individually.

Activity 3:
Special courses on entrepreneurial skills on higher educational level

The activities eligible for support include the following areas:

• Elaboration of 120-hour courses, including practice, on the management of small and medium sized enterprises with a special emphasis on European practice and experience.

• Travel of the experts elaborating the programme, designing training material and procurement of auxiliary tools related to the programme.

• Launching new courses.

*Target group:* adults without university or equivalent education (secondary school graduates), full-time students of the relevant colleges and college/university
graduates. Students will receive a certificate from the higher educational institutions participating in the programme.

**Eligible applicants:** one higher education institution per region, local partners of the business sector. The involvement of EU based partner institutions, which already provide such competency courses, is highly desirable.

In both cases, the own contribution of the winning consortia will be min. 10%. Minimum and maximum amount of obtainable support by a consortium will be EUR 75,000 - 300,000. Number of supportable consortia per region will be approx. 10 – 30.

### 4. Institutional Framework

The institutional framework to be followed during the implementation will be in accordance with annex 7 of this fiche, with the following specific characteristics:

- **IA (Implementing Agency):** (See 6.1) Retains full responsibility for programme implementation. The Implementing Agency will receive additional assistance in monitoring and evaluation through technical assistance contracts from co-finance resources.

- **Intermediary:** Regional Development Agencies of the three beneficiary regions undertake the task of day-to-day technical management of implementation of projects and monitoring activities under the authority of the IA. The relationship between the IA and the Intermediary shall be defined in Cooperation Agreements which will reflect the institutional framework given in this fiche.

- **Rules, procedures and formats:** The grant section of the Commission Practical Guide will be strictly followed.

### 5. Detailed Budget (€ Million)

<table>
<thead>
<tr>
<th>Description</th>
<th>Phare</th>
<th>National Co-financing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Central (Ministry of Education)</td>
<td></td>
</tr>
<tr>
<td>Activity 1.</td>
<td>0,8</td>
<td>0,4</td>
<td>1,2</td>
</tr>
<tr>
<td>Activity 2.</td>
<td>0,6</td>
<td>0,3</td>
<td>0,9</td>
</tr>
<tr>
<td>Activity 3.</td>
<td>0,6</td>
<td>0,3</td>
<td>0,9</td>
</tr>
<tr>
<td>TA</td>
<td>0,0</td>
<td>0,2</td>
<td>0,2</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>2,0</strong></td>
<td><strong>1,2</strong></td>
<td><strong>3,2</strong></td>
</tr>
</tbody>
</table>

The project is jointly financed by the Phare programme and the Ministry of Education. The Phare amount is binding as a maximum amount available for the project. Up to this
maximum, the ratio between the Phare and national amount is also binding and has to be applied to the final net contract price.

**Regional distribution of funds:**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Northern Hungary</th>
<th>Northern Great Plain</th>
<th>Southern Great Plain</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity 1.</td>
<td>0,4</td>
<td>0,4</td>
<td>0,4</td>
<td>1,2</td>
</tr>
<tr>
<td>Activity 2.</td>
<td>0,3</td>
<td>0,3</td>
<td>0,3</td>
<td>0,9</td>
</tr>
<tr>
<td>Activity 3.</td>
<td>0,3</td>
<td>0,3</td>
<td>0,3</td>
<td>0,9</td>
</tr>
<tr>
<td>Total:</td>
<td>1,0</td>
<td>1,0</td>
<td>1,0</td>
<td>3,0</td>
</tr>
</tbody>
</table>

6. **Implementation Arrangements**

6.1 **Implementing Agency**

The Ministry for Agriculture and Regional Development, through its Phare Regional Development IA, will be responsible for all aspects of tendering and contracting as well as administrative and financial matters of the implementation. The PAO will be Mr. Peter Szalo Deputy Secretary of State of the Ministry of agriculture and Regional Development.

**Address:**

Ministry for Agriculture and Regional Development  
Phare Regional Development Implementing Agency  
H-1016 Budapest, Gellérthegy u. 30-32.  
Phone: +36-1-488-7171  
Fax: +36-1-488-7188

6.2. **Twinning**

During the implementation of the project the Practical Guide for Phare, ISPA and SAPARD contracts and the Twinning Manual will be strictly followed.

6.3. **Non-standard aspects**

The rules of the Practical Guide for Phare, ISPA and SAPARD Contract procedures will be strictly followed during the implementation of the grant schemes.

6.4. **Contracting**

The project will be implemented through one Service contract (Government funding) and approximately 20 Grant contracts varying between 75,000 and 300,000 € (jointly co-financed between Phare and the Government).

7. **Implementation Schedule**

<table>
<thead>
<tr>
<th>Start of Tendering</th>
<th>Project Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Start</td>
</tr>
<tr>
<td>09/2001</td>
<td>03/2002</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:

11.1. Catalytic effects: The programme mediates especially the long-term training needs of the different companies towards the regional training institutions and higher education institutions. This catalytic effect will help the institutions to play their role in regional development and the implementation of projects financed from ESF, too. The programme contributes to the modernisation and improvement of the overall educational system as well.

11.2. Co-financing The Ministry of Education’s own resources that will be added to the Phare support will contribute about 37.5% to the project’s total costs.

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

11.4. Readiness All necessary strategic studies will have been completed by the signature of the FM. Tendering and contracting activities can commence without delay upon the signature of the Financing Memorandum.

11.5. Sustainability Relevant government policies, like the new law on adult education (to be passed by the Parliament in the first half of 2001) ensure sustainability. In-service teacher training will provide the basis for the continuous maintenance and development of educational programmes. 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.

12. Conditionality and Sequencing:

No conditionality applies to the current project.
### Overall objective
- Enhanced competitiveness of the regional sector of small and medium-sized enterprises (SMEs) in the three target regions of the Preliminary National Development Plan.
- Development and implementation of new methods to form an educational system more responsive to the needs of the economy in accordance with the Preliminary National Development Plan (2.1.3.).
- Diversification and improvement of adult and further education courses to reflect the concept of lifelong learning in line with the objectives of the new law on adult education (Preliminary National Development Plan 2.2.1.).

### Objectively Verifiable Indicators
- Number of new competency courses started
- Number of partnership activities between the business sector and the educational system
- Ratio of the economically active population returning to the educational system
- Number of secondary school graduates participating in HE level courses

### Sources of Verification
- Regional statistics (Regional Development Agencies)
- EUROSTAT statistics (Ministry of Education in co-operation with the Hungarian Central Statistical Office)

### Project purpose
- Enhancing the entrepreneurial spirit and shaping the entrepreneurial attitude of secondary school students to meet the requirements of a modern society.
- Creating a young entrepreneurial stratum with reliable knowledge of entrepreneurial management skills.

### Objectively Verifiable Indicators
- Number of students enrolled
- Number of students having completed the courses

### Sources of Verification
- National statistics (Ministry of Education)

### Assumptions
- Economic environment in target regions conducive to new initiatives
- Educational institutions are receptive to the needs of the business sector

### Results
- Improved teaching modules designed
- Model enterprises functioning
- Auxiliary materials published
- In-service training courses tested and ready to start
- New courses in higher education institutions launched.

### Objectively Verifiable Indicators
- Teaching modules documents
- Nine model enterprises functioning and providing services in the three regions
- In-service training courses syllabus
- Auxiliary material publications
- Documentation for three HE courses

### Sources of Verification
- Ministry of Education Reports of the beneficiaries

### Assumptions
- Beneficiary institutions allocate appropriate human and financial resources to project tasks

### Activities

### Means

### Assumptions
- **Improving teaching modules**, including the establishment of model enterprises.
- Designing and publishing *auxiliary materials* for secondary school students.
- Designing and testing *in-service teacher training courses* for secondary school teachers.
- Designing and publishing *auxiliary materials* for secondary school teachers.
- Elaboration of 120-hour *courses* on the management of small and medium sized enterprises.
- Travel of the experts elaborating the programme, procurement of auxiliary tools related to the programme.
- Launching new courses.

<table>
<thead>
<tr>
<th>Grant scheme 1</th>
<th>Co-financing available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement of already existing teaching modules to teach basic entrepreneurial skills and establish model enterprises in the secondary school system to be operated in three secondary schools per region.</td>
<td></td>
</tr>
<tr>
<td>Grant scheme 2</td>
<td></td>
</tr>
<tr>
<td>Designing in-service teacher training programmes to enhance the methodological capabilities and shaping the overall attitude of teachers towards the education of entrepreneurial skills in the secondary school system</td>
<td></td>
</tr>
<tr>
<td>Grant scheme 3</td>
<td></td>
</tr>
<tr>
<td>Elaborating special courses on entrepreneurial skills on higher educational level</td>
<td></td>
</tr>
</tbody>
</table>

**Preconditions**

- Appropriately staffed ESF IA unit for technical management of the projects and programme.
- The Act on Adult Training will be passed by the Parliament by the commencement date of the programme
### DETAILED IMPLEMENTATION TIME-CHART

<table>
<thead>
<tr>
<th>Components</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>J</td>
<td>A</td>
<td>S</td>
<td>O</td>
</tr>
<tr>
<td>Subproject 1.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design</td>
<td>D</td>
<td>D</td>
<td>T</td>
<td>T</td>
</tr>
<tr>
<td>Tendering and Contracting</td>
<td>T</td>
<td>T</td>
<td>T</td>
<td>T</td>
</tr>
<tr>
<td>Contract Implementation and Payments</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
</tr>
</tbody>
</table>

Design

Tendering and Contracting

Contract Implementation and Payments
### CUMMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (EURO MILLION)

<table>
<thead>
<tr>
<th>Date</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30/09</td>
<td>31/12</td>
<td>31/03</td>
<td>30/06</td>
</tr>
<tr>
<td>Contracted</td>
<td>0</td>
<td>0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Disbursed</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.8</td>
</tr>
</tbody>
</table>
Reference to feasibility and pre-feasibility studies

1. Feasibility Study on SME Networking Programme in Hungary, prepared by the Danish Technological Institute, Denmark, COWI-Consult, HFEP
Annex 5

List of Relevant Laws and Regulations

1. Act XCV of 1999 on SMEs and Support Measures for their Development

2. Government Decree No. 205/1999 (XII.26.) on providing data on subsidies, loans and public procurement granted to SMEs

3. MEA Decree No. 79/1999 (XI1.26.) on the detailed ruling of the allocation, management, monitoring and functioning of the Earmarked Scheme for SMEs

4. Government Resolution No. 1161/1998 (XII.17.)

5. Government Decree No. 277/1997 (XII.22.) on the further training and professional examination of pedagogues and the benefits and allowances of participants in further training programmes

6. Government Decree No. 185/1999 (XII.13.)
Annex 6

Relevant Government Strategic plans and studies

1. “Training programmes provided by business organisations for their employees” – ongoing, to be concluded by May 2001”.

17
TEMPLATE FOR THE INSTITUTIONAL FRAMEWORK/IMPLEMENTATION ARRANGEMENTS IN CASE OF GRANT SCHEMES

• **IA (Implementing Agency):** Retains full responsibility for programme implementation

• **Intermediary:** shall be identified either as a Regional Development Agency (RDA) or any Technical Assistance Organisation (TAO) to be contracted by the IA. Undertakes the task of day-to-day technical management of implementation of projects and monitoring activities under the authority of the IA. The relationship between the IA and the Intermediary shall be defined either in a Cooperation Agreement (RDA) or in a service contract (TAO) which will reflect the institutional framework given in this fiche.

• **Rules, procedures and formats:** The grant section of the Commission Practical Guide will be strictly followed.

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 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**

   • RDA (or TAO) collects and registers incoming project proposals

   • The IA 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

• The IA nominates the members of the assessment team and evaluation committee exclusively on the basis of technical and professional expertise in the relevant area

• The 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

• In case of a scheme which results in a small number of larger grant contracts (defined as those with a Phare contribution of over 300.000) the Delegation endorses the individual contracts (after its signature by the PAO and the beneficiary)
• 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

• Projects under 300,000 Euro (Phare contribution) will be subject to ex-post control by the EC Delegation pursuant to the Practical Guide

• Tender documents and contracts above 300,000 Euro (Phare contribution) will be subject to the ex-ante endorsement of the EC Delegation pursuant to the Practical Guide

6. FINANCIAL MANAGEMENT OF THE SELECTED PROJECTS

• The IA with the technical assistance of the RDA / TAO 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. Attention is drawn to the special duty of the RDA / TAO with regard to the day-to-day monitoring of the selected projects.

INSTITUTIONAL FRAMEWORK/IMPLEMENTATION ARRANGEMENTS

• IA (Implementing Agency): Retains full responsibility for programme implementation

• Intermediary: shall be identified either as a Regional Development Agency (RDA) or any Technical Assistance Organisation (TAO) to be contracted by the IA. Undertakes the task of day-to-day technical management of implementation of projects and monitoring activities under the authority of the IA. The relationship between the IA and the Intermediary shall be defined either in a Cooperation Agreement (RDA) or in a service contract (TAO) which will reflect the institutional framework given in this fiche.

• Rules, procedures and formats: The grant section of the Commission Practical Guide will be strictly followed.
8. **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 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

9. **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.

10. **Project selection process**

- RDA (or TAO) collects and registers incoming project proposals

- The IA 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

- The IA nominates the members of the assessment team and evaluation committee exclusively on the basis of technical and professional expertise in the relevant area

- The 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

11. 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

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• Copy of the signed grant contract is sent to the Delegation

12. 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

• Projects under 300,000 Euro (Phare contribution) will be subject to ex-post control by the EC Delegation pursuant to the Practical Guide

• Tender documents and contracts above 300,000 Euro (Phare contribution) will be subject to the ex-ante endorsement of the EC Delegation pursuant to the Practical Guide

13. FINANCIAL MANAGEMENT OF THE SELECTED PROJECTS

• The IA with the technical assistance of the RDA / TAO receives and verifies the invoices and requests payment by the National Fund
14. **MONITORING OF THE PROJECTS IMPLEMENTED BY THE BENEFICIARIES**

Standard Phare monitoring instruments will be used for monitoring purposes. Attention is drawn to the special duty of the RDA / TAO with regard to the day-to-day monitoring of the selected projects.