1. Basic Information

1.1 Désirée Number: HU0105-06
1.2 Title: Supporting Tourism Development in Northern Hungary
1.3 Sector: Social and Economic Cohesion
1.4 Location: Hungary, North Hungarian Region

2. Objectives

2.1. Overall Objective

- Foster economic development in Northern Hungary through the development of tourism infrastructure.

2.2. Project purpose

- Increasing the profitability of tourism focusing on conference and business tourism development.
- Tourism services, products – built on local values - competitive in an international environment.
- Reduction of seasonal fluctuations of tourism in the region.

2.3. Accession Partnership and NPAA priority

The project is in line with the short- and medium-term objectives of the Accession Partnership as stated in its chapter on Economic and Social Cohesion. The same applies to the relation of the project to the NPAA, which covers cohesion objectives in its chapter 5.2. The implementation mechanism will contribute to the preparation of central, regional and local authorities for the implementation of Structural Policies in Hungary.

2.4. Contribution to Preliminary National Development Plan

The fiche is in accordance with the regional development strategy as laid down in the PNDP (2001) More specific the project is reflected in priority 2, measure 1 of the Northern Hungarian region “Development of infrastructure associated with outstanding unique tourist attractions of the region and competitive tourist products” (PNDP 2001, chapter 5.5, priority 2 “Productive sector development”). The project touches upon sub-measure 1’Development of outstanding tourist areas of the region and sub-measure 2 “Development of tourist products based on resources.

2.5. Cross-border Impact

Not relevant.

3. Description

3.1. Background and justification

The socio-economic importance of tourism increased dynamically in the last decade all over the country. The tourism revenue was more than three times higher in 1999 as in 1990. The total foreign exchange revenue from tourism was 3.4 billion dollars in 1999,
which was equivalent to three-quarters of the foreign trade deficit, and thus greatly contributed to reducing the current account deficit. About 250,000 people work in the tourism sector in Hungary, mainly employed by small and medium size enterprises. The support of their operation is in line with the economic strategy of the Hungarian Government.

The Marketing strategy and Marketing Plan for 2000 of the Hungarian Tourism Co. defines seven sub-sectors as priorities in tourism marketing which include Health and Wellness tourism as well as Business and conference tourism.

The North Hungarian Region ranks 7 in terms of GDP production contributing with 9% to the national production. Within this figure the share of tourism reaches up to 3-4% which is rather low taking into account the fact that the region is rich in touristic values and attractions. The region’s tourism is characterised by seasonality and a relatively short time spent on the average. The average number of tourist nights spent per year is 1,490,000 in the region, including 324,000 foreign tourist nights. The average number of days spent is 2.6 per person.

The development of tourism services and product packages is a priority in the region. The Tourism Development Strategy of the Region attributes a central role to thermal and conference tourism since they have a strong multiplicative effect on the other subsectors (e.g. equestrian, rural and wine) of tourism. Furthermore, thermal and spa tourism and conference tourism can contribute to the elimination of seasonality, attract complementary activities to the region and can also ensure higher incomes. In addition the development of the main tourism attractions generates private sector initiatives, which positively influences the economic growth of the region.

The thermal and conference tourism fit well within the existing local situation. At present, the number of medical and thermal baths in the region is 16. The average number of visitors is 224,833. The yearly average occupancy rate is 40%, which reaches a rate of 62.78% in the main tourism season.

As a result of the social upgrading and due to the spread of healthful lifestyle, the demand for thermal and spa tourism is expected to see a general increase. Apart from the general trend, a peculiar factor should be taken into consideration, namely that after the accession of Hungary to the EU the market represented by patients - health care, financed by any of the European social security systems - will open up for Hungarian local thermal baths and spas.

In order to achieve the concentration of support and economic effects on the thermal and spa tourism and on the local economy, the renovation of operating thermal baths and spas and the complex development of services is highly prioritised.

Furthermore, due to the fact that the introduction of complementary and multi-generational services of thermal and spa tourism is lagging behind and because the harmonised development of services and tourism infrastructure is missing, quality requirements must be attributed a higher priority and complex services must be gradually promoted.

Conference tourism is a new, dynamically developing branch of tourism in the region. There are 138 seminar halls of capacity of 20-100 persons, 45 conference centres of capacity of 100-500 persons and 5 conference centres of capacity of more than 500 persons. Most of them are situated in establishments having accommodation facilities.
Its advantages compared to the traditional types of tourism are as follows:

- Most conferences are held off-season therefore the continuous utilisation of the accommodation capacities and the demand for connecting tourism programs are ensured.
- According to local and international experiences and calculations the average expenditure is at least three times higher than in case of the traditional form of tourism.
- The direct and indirect incomes deriving from taxation increase at the conference sites.

To ensure the increase of tourism activities and the economic performance of the region, the establishment of congress centres with different size and capacity providing high quality services adjusted to the varying needs of the conferences (e.g. trainings, workshops, etc.) along with the development of infrastructure seems inevitable.

3.2. Linked activities

The proposed activities also build on the results and experiences of the previous Phare programmes in the fields of regional development. The North Hungarian Region benefited from the regional development schemes as summarised in the following table.

<table>
<thead>
<tr>
<th>Year</th>
<th>Target area / focus</th>
<th>Objectives of intervention</th>
</tr>
</thead>
</table>
| 1992 | Nation-wide / county focus (pilot counties: Borsod/North Hungary and Szabolcs/Northern Great Plain) | • Institution building/ legal framework  
• strategic programming on county level  
• setting up county development agencies  
• pilot actions at county/community level |
| 1997 | • North Hungary/Northern Great Plain – regional focus  
• Southern Transdanubia | • Further development of regional institutions, capacity development  
• co-financing of regional level programme implementation |

Beside the national support, the following projects related to the thermal and spa tourism have received Phare support for their development in order to reach the minimum hygienic requirements:

1995: Development of Mezőkövesd-Zsóri Thermal Bath; Municipality of Mezőkövesd
1997: Baroque bath town development sub-programme, Strandüzemeltető Ltd., Eger

The activities to exploit the unique natural characteristics of the Cave Bath, within the framework of the “Long term development plan of Miskolc-Tapolca as a special resort centre” h resulted in significant outcomes in the past 3 years. During the first three phases, new cave channels were built, the current service facilities were renewed and its park outside was extended. Both the HU-9507 programme and the HU9808 programme contributed to the development of the Cave Bath.

Finally, Phare support is provided in the framework of the FM 2000 for the training of tourism managers at regional and local level enabling them to define, organise and manage complex touristic projects and common marketing activities.

3.3. Results
3.3.1. The Complex Development of Existing Thermal Baths and Spas, the Expansion of Services

Grants will be provided to public and private organisations for the development of thermal baths and linked services in order to facilitate the establishment of centres for thermal and spa tourism building on existing values and capacities resulting in:
• Improved capacity and quality of baths and spas
• Wide-range, high quality services provided to ensure continuous growth of thermal tourism.

3.3.2. Development of Congress Centres and Related Infrastructure

Grants will be given to tourism enterprises for the establishment of small training and/or seminar halls (eg. capacity for 20-100 visitors) and the procurement of the necessary technical equipment in order to achieve the following results:
• Well-equipped seminar and workshop halls are established fuelling demand for existing local service background
• Background provided in which varying training forms can be conduced and seminar needs can be fulfilled

3.4. Activities

The project will be implemented through one competitive grant scheme with two windows corresponding to the results described under 3.3.1 and 3.3.2. All individual projects will be concluded strictly according to the stipulations of the Practical Guide.

3.4.1. Complex Development of Existing Thermal Baths and Spas, Expansion of Services

The following activities will be financed:

• Establishment and improvement of thermal pools related to the market demands and procurement of water recycling equipment for thermal bathes as well as the extension the area and the capacity of the thermal baths and pools.
• The supply of equipment connecting to the development of the services of medical and thermal baths, with special regard to the supply of equipment for the preserving of thermal water(e.g.: combinational bathtub, multifunctional stimulus-current device )

Beneficiaries eligible for support are:

• Non-profit organisations, local municipalities and non-profit companies owned 100% by the local municipalities operating medical and thermal baths.
• Private profit making organisations operating medical and thermal baths

1 *Year 1997 CLVI. law on the public utility organisations should be taken into account*
• The applicant organisations must be located in the North Hungarian Region. A consortium of public and private companies is not possible in the framework of this project.

Projects for support will be selected according to the following criteria:

• Expansion and improvement of quality of services in operating thermal and medical baths.
• Projects in areas having other significant tourist attractions, connected services and suitable infrastructure will have priority.
• The existence of a recent (max. 2 years old) business plan/strategic plan and a marketing plan which provides a justification for the proposed activity and shows the sustainability of the project.
• The existence of sufficient accommodation facilities in the proposed area.
• Readiness of the project for tendering procedures and implementation, including the availability of technical specification or drawings supporting the technical investment.

Selection of the proposals is made based on the following documents to be submitted in each case:

• The business and marketing plan of the applying organisation (Not older than 2 years).
• The planned budget of the activity proposed to be implemented.
• The annual report and other documents demonstrating the financial status of the operator of the thermal bath.
• Evaluation of the effects of the development on thermal tourism both on the sub-regional and the regional level.
• Technical specification of the equipment to be purchased.
• Technical drawings for construction.
• Evidence provided on the availability of co-finance by the beneficiary.

The combined Phare and national non-refundable support will be provided to the organisations according to the following conditions:

The non-refundable grant is limited to a maximum of 500,000 EUR per project. The minimum amount of the grant is 100,000 EUR. The maximum amount of Grant support will be a maximum of 25% of the total cost. In case of non-profit organisation fulfilling public sector obligations the amount of Grant support can exceptionally be raised to 50%.

3.4.2. Development of Congress Centres and Related Infrastructure

The following activities will be financed:
• Establishment and improvement of small training, seminar halls close to existing accommodation facilities.

• Procurement of technical equipment for the applicants in order to improve the conditions of the existing training, seminar and conference centres.

**Beneficiaries eligible for support are:**

• Private profit-making organisations

• The applicant organisations must be located in the North Hungarian Region.

**Projects for support will be selected according to the following criteria:**

• Improvement of quality of services, communication facilities.

• Projects in areas having other significant tourist attractions, connecting services and suitable infrastructure will have priority.

• The existence of a recent (max. 2 years old) business plan and a marketing plan which provides a justification for the proposed activity and shows the sustainability of the project.

• The existence of sufficient accommodation facilities in the proposed area.

• Readiness for implementation and tendering procedures.

• Availability of technical specification or drawings supporting the technical investment

**Selection of the proposals is made based on the following documents to be submitted in each case:**

• The business and marketing plan of the applying organisation.

• The planned budget of the proposals.

• The annual report and other documents demonstrating the financial status of the applicants.

• Evaluation of the effects of the development on conference and training tourism both on the sub-regional and the regional level.

• Technical description of the equipment to be purchased.

• Evidence provided of the availability of co-finance by the beneficiary.

• Technical drawings for construction.

**The following support conditions will be applied for the below activities:**

The non-refundable grant is limited to a maximum of 299,000 EUR per project. The minimum amount of the non-refundable grant is 80,000 EUR.

**3.4.3. Technical assistance**

In order to ensure the preparation of the applications and the required documents for tendering at a high quality level, 5-10% of the total project cost (Phare and national co-financing) can be used for the tender preparation (preparation tender documents, quality check and involvement independent expert at the tender evaluation). The use of this facility needs the prior approval of the Delegation.
4. Institutional Framework

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

- **IA (Implementing Agency):** Retains full responsibility for programme implementation
- **Intermediary:** Regional Development Agency (RDA) 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 in a Cooperation Agreement to be contracted with the RDA 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.

The institutional structure and procedures to be followed

5. Detailed Budget

(Million Euro)

<table>
<thead>
<tr>
<th>Component</th>
<th>Phare Support</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment I</td>
<td>Institution Building IB</td>
<td>Total Phare (=I+IB)</td>
<td>Government</td>
</tr>
<tr>
<td>Thermal Tourism Component</td>
<td>2</td>
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<td>2</td>
<td>0.67</td>
</tr>
<tr>
<td>Conference tourism Component</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0.33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.00</strong></td>
<td><strong>0</strong></td>
<td><strong>3.00</strong></td>
<td><strong>1.00</strong></td>
</tr>
</tbody>
</table>

1 MEUR of Government co-financing will be provided by the Ministry of Agriculture and Regional Development.

The project will be jointly co-financed between Phare and Government resources. The Phare amount is binding as a maximum amount available for the project. The ratio between the Phare and national amount is also binding and has to be applied to the “final contract price”.

6. Implementation Arrangements

6.1. Implementing Agency

The project will be implemented under the overall co-ordination and supervision of the Ministry of Agriculture and Regional Development, whose representative, Dr. Peter Szaló, Deputy State Secretary, will be designated as PAO.

The Ministry for Agriculture and Regional Development, through its Phare Regional Development IA (H-1016 Budapest, Gellérrthegy u. 30-32), will be responsible for all
aspects of tendering and contracting as well as administrative and financial matters of the implementation.

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

6.2. Twinning

Not applicable

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 project.

For grants **below € 300,000** (Phare contribution), procurement must follow PraG rules. The PAO is responsible for ensuring the rules are properly followed. There will be no ex ante control by the Delegation of the tendering and contracting procedures followed for the procurement.

For grants **between € 300,000 and € 2 mio** (Phare contribution), the Delegation will exercise the usual ex ante controls on tendering and contracting procedures for the procurement.

The two components of the grant scheme will be operated on the basis of a Co-operation Agreement between the IA and the RDCs, regulating the role of the parties in the project identification and the monitoring of the implementation of projects.

6.4. Contracts

The grant scheme with two windows will be operated on the basis of the PRAG. The Grant Scheme will be tendered following a local call for proposals. Beneficiaries will sign Grant Contracts with the PAO laying down the rules of the project implementation based on the list of supported projects approved by the IA and endorsed by the EC Delegation. It is expected that the number of Grants provided under the two windows will be between 10 and 20. Their size will vary between 80,000 and 500,000 € including government contribution.

7. Implementation schedule

<table>
<thead>
<tr>
<th>Component</th>
<th>Start of tendering/call for proposals</th>
<th>Start of project activity</th>
<th>Project Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant scheme for tourism development</td>
<td>12/2001</td>
<td>08/2002</td>
<td>9/2004</td>
</tr>
</tbody>
</table>

8. Equal opportunity

During preparation, implementation, and operation of the project, as well as concerning the selection of the final beneficiaries, equal participation by women and men will be
ensured. Women’s participation will be measured by exact statistical data and reports provided by the operation organisations and collected by the RDA.

9. Environment

The projects selected in the frame of the grant scheme will be carried out in full respect of all valid environmental regulations. The applicants will have to prove at the application that their projects will not pose adverse effects on the environment.

10. Rates of return

The minimum economic rate of return required will be defined in the call for proposals. The individual business plans submitted to the RDA for both windows of the grant scheme shall determine the rate of the return.

11. Investment criteria

11.1 Catalytic effect:

The project will finance activities that are high priorities in the target regions. As a catalytic effect, the turnover of SMEs operating in the tourism sector and the utilisation of supporting services e.g. pensions, hotels, sport centres, restaurants, bicycle renting service are expected to increase. In addition Phare will help mobilising funds from the private sector.

11.2 Co-financing:

The maximum amount of Grant support will be a maximum of 25% of the total cost. In case of non-profit organisation fulfilling public sector obligations the amount of Grant support can exceptionally be raised to 50%. The Ministry of Agriculture and Regional Development provides the national public contribution to the project (1 MEUR).

11.3 Additionality:

The Phare intervention does not displace other financiers. Projects receiving funding from Phare shall not be supported by SAPARD and ISPA. Both components attract major external capital investment even those projects without positive rates of return.

11.4 Project readiness and size:

Draft grant contracts, will be ready at the date of the signature of Financing Memorandum. The elaboration of call for proposals can start as soon as the PMC gives approval to the project fiche. Only projects ready for tendering will be accepted.

The Phare contribution to the Grant Scheme is 3 MEUR and meets the minimum project size requirements.

11.5 Sustainability:

Investments under Phare comply with the EU norms and standards. They are also consistent with the sector policy. Grants awarded under grant scheme, as well as big projects put forward under future maintenance and operation costs of the facilities and services will be covered by the beneficiaries. Beneficiaries commit themselves - at least for 2 years – to maintain and operate the supported facilities in order to fully comply with the objectives of the project.

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

12. Conditionality and sequencing

No additional conditions are foreseen. The sequencing will follow the structure defined in the implementation schedule.
ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period)
4. List of Relevant Laws and Regulations - Government resolution 2073/1999 (IV.21)
5. Reference to feasibility studies
6. Reference to relevant Government Strategic plans and studies
7. Template for the institutional framework/implementation arrangements in case of grant schemes.
# ANNEX I
## LOGFRAME PLANNING MATRIX

<table>
<thead>
<tr>
<th>Logframe planning matrix</th>
<th>Contracting period expires:</th>
<th>Disbursement period:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project number: HU………………… Project title: TOURISM DEVELOPMENT IN THE NORTH HUNGARIAN REGION</td>
<td>Total budget: 4.0 M€</td>
<td>Phare budget: 3 M€</td>
</tr>
</tbody>
</table>

### Overall objective

<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assumptions</strong></td>
<td>GDP and employment growth rates equal to or exceeding national averages</td>
<td>Central Statistical Office</td>
<td><strong>Sources of verification</strong></td>
</tr>
<tr>
<td><strong>Enhanced economic and social cohesion, modernisation of the economic structure of the region with the development of the infrastructure for tourism, strengthening the touristic attraction</strong></td>
<td>5% share of tourism in the regional GDP</td>
<td>Reports of Chambers of Commerce, Tourism Bureaus, and Labour Offices</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>Increase in the number of those employed in the tourism sector</td>
<td>IA/Regional Office progress reports</td>
<td><strong>Assumptions</strong></td>
</tr>
</tbody>
</table>

### Project purpose

<table>
<thead>
<tr>
<th>(5)</th>
<th>(6)</th>
<th>(7)</th>
<th>(8)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assumptions</strong></td>
<td>Increasing the income deriving from tourism</td>
<td>IA/Regional Office progress reports</td>
<td><strong>Sources of verification</strong></td>
</tr>
<tr>
<td><strong>Project purpose</strong></td>
<td>Tourism services, products – built on local values - competitive in an international environment</td>
<td>Central Statistical Office</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>Reduction of the seasonal fluctuations of tourism in the region</td>
<td>Beneficiary’s reports</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>All components completed as planned on time and within budget</td>
<td>No major economic recession in Hungary and the countries of origin of investors and tourists</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>10% growth of tourism and related services income</td>
<td>Continued Government commitment to tourism development demonstrated by investment in the required access infrastructure</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>10% growth of number of nights spent</td>
<td>Continued interest of the target group in regional tourism development</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>Increase in the number of nights spent off-season</td>
<td>Continued interest of local and regional authorities in regional tourism development</td>
<td><strong>Assumptions</strong></td>
</tr>
</tbody>
</table>

### Results

<table>
<thead>
<tr>
<th>(9)</th>
<th>(10)</th>
<th>(11)</th>
<th>(12)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assumptions</strong></td>
<td>Improved capacity of baths and spas.</td>
<td>Reports of project managers</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td><strong>Results</strong></td>
<td>Wide-range, high quality services of thermal tourism ensured.</td>
<td>IA/Regional Office progress reports</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>Well-equipped congress centre, seminar and workshop halls are established based on the existing local service background.</td>
<td>Periodical reports of Chambers of Commerce, Tourism Bureaux</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>High-quality background tailored to varying training forms and needs guaranteed.</td>
<td>Press reports</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>The construction works are carried out on time and facilities with improved total capacity are operational by the end of 2004.</td>
<td>Continued interest of the target group in regional tourism development</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>Operational programs and services.</td>
<td>Continued interest of local and regional authorities in regional tourism development</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>Congress centre, seminar and workshop halls and the connected facilities built.</td>
<td>Co-finance available when required.</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>The seasonal feature of tourism eliminated.</td>
<td><strong>Assumptions</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Activity

<table>
<thead>
<tr>
<th>(13)</th>
<th>(14)</th>
<th>(15)</th>
<th>(16)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assumptions</strong></td>
<td>Development of Congress Centres and Related Infrastructure.</td>
<td>Phare reports</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>Complex Development of Existing Thermal Baths and Spas, Expansion of Services.</td>
<td>Progress report prepared by beneficiaries</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>Grant Scheme with two windows</td>
<td>Good quality of the proposed projects regarding to the readiness for tendering</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>Phare fund: 3 M EUR</td>
<td>The national resources are available in the planned time</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>National public fund: 1.0 MEUR</td>
<td>Unchanged regulations for the project implementation</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>Minimum required own contribution</td>
<td>Unchanged institutional structure under the implementation period</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td></td>
<td>Staff input from the IA and the RDA:</td>
<td>IA registered for management of the grant schemes</td>
<td><strong>Assumptions</strong></td>
</tr>
</tbody>
</table>

### Preconditions (17)

Guidelines, calls for proposals and cooperation agreement ready and accepted by all parties by November 2001.
### ANNEX 2
**DETAILED IMPLEMENTATION CHART**

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant scheme for tourism development</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design (20% shadowing)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tendering and contracting (50%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Implementation and Payments (100 %)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## ANNEX 3

**Cumulative Contracting and Disbursement Schedule (MEUR)**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
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<td>2.0</td>
<td>2.5</td>
<td>3.0</td>
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ANNEX 4
REFERENCE TO FEASIBILITY STUDIES


The tourism marketing activities of the Hungarian Tourism Co, the RTBs and RTMDs are based on that plan. The Plan defines seven sub-sectors as priorities in tourism marketing:

1. Tourism linked to cultural heritage
2. Health tourism including wellness
3. Business and conference tourism
4. Active tourism
5. Rural tourism
6. Gastronomy and wine tourism

Preference is given to the support of marketing activities of NGOs and private companies operating in these sub-sectors.
ANNEX 5

LIST OF RELEVANT LAWS AND REGULATIONS

Government Decree No 110/1997 (25.VI.) on utilization of private accommodations for tourism
Government Decision No 1100/1995 (6.X.) on the measures and activities for the development of tourism
Government Decision No 1007/1998 (23.I.) on updating the territorial management of tourism
MIT Decree No 5/1997 (5.III.) on qualification required for activities in the fields of certain industrial, trade and tourism activities
holiday resorts with national significance
MBDS Decree No 2/1986 (27.II.) on publishing the National Housing and Construction Regulations (the paragraphs 24-31 of the Annex contain the requirements relating to holiday resorts, the paragraph 69 the regulations on placing caravans and tents, the paragraph 153 contains the requirements of accommodation establishments for temporary stay and holiday homes for periodic stay, the paragraph 161 contains requirements for holiday camps and camps)
ANNEX 6

REFERENCE TO RELEVANT GOVERNMENT STRATEGIC PLANS AND STUDIES

- Preliminary National Development Plan, (PNDP, II./1.2.1.), (PNDP, II./3.1.4.)
- Preliminary Regional Development Strategy
- Regional Tourism Strategy
- Széchenyi Plan, IV. Subprogram
ANNEX 7

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.