1. **Basic Information**

1.1 *Cris Number:* **2002/000-180-03-01**

1.2 *Title:* **Preparations for the Implementation of the Interreg III Community Initiative.**

1.3 *Sector:* Integrated Regional Measures

1.4 *Location:* all eligible NUTS III areas in Hungary

2. **Objectives**

2.1 **Overall Objectives:**

- to prepare and facilitate the successful launch and implementation of future Interreg programmes in Hungary
- to promote balanced territorial development of the Central European space during the pre-accession period, supporting the strategic spatial development initiatives set out in the European Spatial Development Perspective (ESDP)

2.2 **Project purpose:**

- Preparation of the Hungarian administration and the potential intermediaries, beneficiaries and socio-economic partners for the participation in Interreg programmes
- Development of the local absorption capacity for Interreg programmes
- Promotion of a higher degree of territorial integration across the Central European Space specifically with neighbouring countries by supporting participation in the Interreg IIIB CADSES programme
- Launching specific pilot cross-border actions with non-Accession neighbouring countries.

2.3 **Accession Partnership and NPAA priority**

The objectives are in line with:

- the priorities outlined in the NPAA chapter 5.1 on Regional policy, cohesion and co-ordination: “Hungary needs to strengthen the legal basis, the institutional system and implementation capacity of regional policy The principle of restructuring the institutional system is to ensure the absorption capacity of the Structural and Cohesion Funds and to set up an institutional framework which is able to manage the elaboration and implementation of the National Development Plan.”
- the Accession Partnership 2001 (AP) which , identifies the need to “… ensure an appropriate partnership at central and regional level with a view to both programming and future implementation of Structural and Cohesion Funds assistance …. And
“Develop the technical preparation of projects eligible for Structural and Cohesion Funds”

2.4 Contribution to National Development Plan

- Development of transnational and interregional co-operation of Hungarian institutions dealing with regional development plays a key role for the country's cohesion policy. Participation in a Community Initiative, which aims territorial integration of the whole European space, is in the core of the integration process.

- The Preliminary National Development Plan identifies the need to strengthen the transnational co-operation within the European – and more specifically the CADSES - space. In the chapter 5.6 of the PNDP, the “Cross border, Transnational and Interregional Co-operation” are defined as key development factors of the Hungarian regions. The priorities and measures of the Interreg IIIB CADSES programme are identified in the PNDP as being important development policy options for Hungary.

2.5 Cross Border Impact

- The pilot small project component will directly contribute to the removal of existing disparities between border regions and thus to the gradual alignment of economic and social development. With the Accession, the establishment of a strong and appropriate cross-border co-operation with the future external borders of the European Union is of particular importance. The Pilot Small Projects Fund Committees will be composed of representatives of the whole border region. The representatives of the neighbouring countries will be invited as observers and advisers when relevant.

- Futures Interreg IIIA programmes support projects with a cross-border impact and encourage the development of linkages between the communities’ (organisation) institutions on both sides of the border.

3. Description

3.1 Background and justification:

- The INTERREG III programme is one of the four Community Initiatives to be implemented under the current programming period 2000-2006. Guidelines for the current edition of the programme have been presented in a Communication issued by the Commission on 28 April 2000. In the current programming period, having regard to the enlargement process, the INTERREG programme encourages the participation of future Member States in all three strands of the programme. Point 6 of the Communication states that due attention will be given to the external borders of the Community, in particular in the perspective of enlargement.
The main challenge for the new phase of INTERREG is therefore to progressively develop structures for co-operation across the Community and with neighbouring countries. In accordance with point 4.3, such co-operation under strand B in the applicant countries can be supported through the national Phare programmes.

In Hungary – in line with the Aquis – 7 Interreg IIIA programmes can be launched and implemented immediately after the accession. Two or three of the cross-border programmes would probably become internal Interreg programmes, while the rest could be supporting the development of external EU borders in co-operation with the Phare, Tacis and CARDS funds operated by the eastern neighbouring countries. In 2002, during the 1st phase of the preparation for the new programme, institution building (IB) measures are to be taken in the first place to increase the absorption capacity of the border regions. In order to meet Interreg standards, programming capacity should also be strengthened and TA will be necessary to develop JPDs further. Pending the decision on the issue of the Managing Authority the assistance should only focus on the staff of the organisations is expected to be involved in the future programme or project management in local/regional level. Although there is no formal decision on the implementation structures, it is already clear that the NARD regional offices and the CDAs/RDAs will be the key actors. The former structure will be most probably responsible for the co-ordination and administrative management of the programmes, while the latter will have the major role in project development and in some specific well-defined cases they might also manage “global grants” in the region beyond their competence. In 2003 the IB component is expected to be focusing more on the development of the administrative management capacity of Interreg programmes following the formal governmental decision on managing institutions and implementing structures expected by the end of 2002.

At the moment the level the preparedness of the border regions for participation in Interreg programmes are very different depending mainly on the availability of Phare CBC funds of the last programming period. Because the non-Phare CBC border regions at the Ukrainian, Croatian and Yugoslavian borders have not received Phare CBC funds yet there is a strong need to launch some concrete pilot activities. Since official Declaration on cross-border co-operation with Ukraine is already endorsed and with Croatia is just before final endorsement, it is proposed that pilot small project facility in these two regions be started in 2002 and then be extended to the Yugoslavian border in 2003. In that context, it would be advisable that co-financing for mirror actions is mobilised on the other side of the relevant borders.

The establishment of a stronger cohesion of the whole European space is a fundamental goal for the development of all Member States and the concerned Accession Countries. The Central, Adriatic, Danubian and South-Eastern European Space (CADSES) especially lacks a common spatial development strategy and co-operation between regions. Developing a common vision of the future development of this space is quite difficult to achieve because of the apparent disparities between existing national and regional planning systems, and of the low level of transnational co-operation. As a consequence, INTERREG IIC-CADSES Program was launched in the past years and the common efforts of the participating countries is going to be continued in the frame of INTERREG IIIB Initiative. The proposed project (grant
scheme) will ensure Hungarian participation in the specific transnational projects of the Interreg IIIB CADSES Programme. The Central, Danubian and South-Eastern Space (CADSES) is one of the given European co-operation areas covered by the INTERREG IIIB Initiative. Since Hungary is one of the Accession Countries and is situated in the centre of the CADSES area, it is of vital importance for her to take an active part in the relevant programme. The project therefore seeks to increase Hungarian participation in transnational projects implemented under the INTERREG Initiative with a view to future membership in the European Union. Hungary has to upgrade its transport system, readjust the urban system and promote natural and cultural heritage. Spatial planning in the transnational and interregional perspective is hence perceived as a tool to provide local, regional and national authorities with appropriate documentation on deficits in current infrastructure as well as on the impacts of planned investments.

3.2 Linked activities:

Phare CBC programmes are operating in the following border areas since:
Austria-Hungary (1995-)
Romania-Hungary (1996-)
Slovakia-Hungary (1999-)
Slovenia-Hungary (2000-)
In each border region within the frame of the Phare CBC programme a Small Project Fund is operated.

The CREDO Programme, realised within the framework of the PHARE multi-country programmes, has identified a wide range of project proposals at the Ukrainian, Slovak, Romanian and Slovenian border regions. Due to the limited resources only a small fraction of these was implemented under the CREDO Programme by the end of 2000. Many of the project proposals that could not be taken up due to the limited size of the programme are suitable to be covered under the SPF both with respect to their size and with respect to their content and quality.

In the previous programming period Hungarian regions, cities, research institutes have taken part actively in the transnational Interreg IIC-CADSES programme. There is now strong interest in the continuation of co-operation with present and possible new partners under the INTERREG IIIB Initiative.

Preparation for the management and implementation of the Interreg programmes will not only benefit from the Phare CBC programme and from this project (allocation for Hungarian participation in the Interreg IIIB programme and for institution building related to the Interreg programme), but also indirectly from other Phare and national funds to be allocated for the preparation of Structural Funds management. As a consequence, efficient harmonisation and co-ordination of these measures are of utmost importance.

3.3 Results:

The expected results are as follows:
draft Community Initiative Programmes (CIPs) / JPDs and programme complements developed, local workshops held in order to ensure local participation in the programming process
the necessary procedural framework for implementation of future Interreg programmes defined
a wide range of potential beneficiaries will receive detailed information about Interreg programmes
experts of CDAs, RDAs and other relevant key organizations trained in Interreg project development and management
pilot small projects implemented in the Ukrainian and Croatian border region
Hungarian projects within transnational Interreg IIIB – CADSES programme implemented

to start the collection of the statistical data required for future monitoring and evaluation of the INTERREG programmes in all the regions concerned.

3.4 Activities:

The project will be implemented through 5 components:

1. Medium-term “Twinning Light” aimed at the preparation for future Interreg III programmes

Objective:

• Transfer of the experience of Member States about co-ordination of Interreg programmes, in order to get prepared to similar tasks, with special focus on techniques of efficient partnership arrangements
• Development of programme-management documentation, according to Interreg requirements
• Further training of local specialists managing cross-border co-operation programmes (through NARD regional offices)
• Efficient involvement of local actors to the programming process

Background:

As Hungary will have to prepare and implement the given Interreg III programme-package in a very short term after accession, it is necessary to start the professional and institutional preparations at the beginning of 2002. To be successful in this complex and diversified task it is important to use the relevant experiences of Member States with similar administrative characteristics as Hungary – using the results of previous cross-border and trans-national programmes and relying to its functioning structures.

Description:

The twinning component covers approximately 120 man-days of 1-2 Civil-Servant Experts from the Member States, in a maximum 6 months period. Beside direct counselling, they are to participate in the preparation of position papers regarding the management of the different strands of the Interreg programme. Main priorities while selecting twinning partners:
The country of origin has to be of similar administrative structure as Hungary
- Minimum 5 years of experience in similar tasks

Measures taken in this component should be harmonised with the other technical assistance provided by this project, and also with measures of RPP, SPPII and the different Phare CBC programmes. The twinning partners should co-operate with the network of NARD Regional offices. Involvement of all relevant local and regional actors to the programming process, has to be realised through local workshops – according to a working plan to be worked out jointly by the twinning partners.

Results:

- Preparation of background documents, working plans, evaluation materials to prepare further the development of programming documents, preparation of programme-complements, co-ordination of administrative and programme-management procedures – in the different program-fields, based on the actual situation
- Creation of the widest possible partnership networks, following experiences of Member States
- Introduction of program-management experiences of the Member States to the local actors responsible for the programme (in particular, recommendation for revision of the current JPDs and assistance for the programming with the non-experienced borders, i.e. Croatia and Ukraine).

Geographical area:

All potential Interreg III areas with a special emphasis to the “less” experienced Regions.

Target groups:

Network of NARD Regional offices dealing with cross-border and trans-national co-operations as co-ordinators and relevant local and regional actors, which should be involved, in the programming process.

Budget: 0.150 MEUR Phare contribution

Follow-up (2003):

In the 2003 programme – following the governmental decision on the management of Interreg programmes – we suggest that a further Twinning Light component be developed which would focus on strengthening central co-ordination, harmonising administrative procedures of “mainstream” programmes, as well as harmonising Hungarian Interreg programmes with other EU policies.

2. Technical assistance (TA) and training programme aimed at improvement of local project-management capacities

Objective:
Preparation of the key local and regional organisations, potential beneficiaries of the different Interreg strands, to project identification, generation, development and successful implementation.

Background:

According to the experiences from cross-border and trans-national programmes the project-developing and implementing capacity in Hungary is far from acceptable, and also critical, from an institution-building point of view. The preparation of the organisations to be involved to project development and management is essential for the successful implementation of the programmes. As the regional development programmes are dealing with similar problems, the RPP and SPP II programmes also focus on supporting project development. Institution building component preparing for Interreg programmes, will directly built on measures of RPP and SPP II, and it will focus on the special characteristics of the development of Interreg projects, and the support of the projects’ technical preparation. The separated analysis of regional and Interreg projects helps to focus on the specific goals of the Interreg programmes.

The institution building component focuses on the Regional and County Development Agencies, dealing with local and regional development. A considerable part of the resources is concentrated to the development of a network of well-prepared regional/local institutions dealing with Interreg project development, covering all border regions, and every potential programme strand. In addition it is necessary to inform a wider range of potential beneficiaries (local governments, NGO-s, micro-regions, local and regional deconcentrated bodies, etc.) about the possibilities and conditions of future programmes.

Description:

The two main measures of the technical assistance component are:

- Training programme for the local/regional development institutions (detailed training manual, 19 county workshops)(A)
- General information and preparation of a wider range of potential beneficiaries (8 open seminars, with 50-250 participants depending on the size of the region). The seminars will be kept open to all potential Interreg beneficiary from the non-profit sector. In the Terms of Reference the range of the potential beneficiaries will be defined and the way of selecting them will be indicated. This component also includes the costs of issuing of a booklet for the higher effectiveness of the project (B)

Around 8-11 experts – mainly of special Interreg experience – executes the tasks in around 420 man-days.

Results:

A. Training programme for the project developing local/regional institutions:

- Manual for development of future Interreg projects in Hungary (which includes the special conditions of Interreg projects, techniques for the development of a network of project-partnership, preparing an Interreg project-pipeline, technical requirements of project development, marketing plans, feasibility studies, environmental impact assessment, budget planning, project management techniques, etc.)
- Two day workshops in all the counties (19 workshops), with the participation of 15 local/regional experts
B. Programme for general information and preparation of a wider range of potential beneficiaries

- Organisation of seminars in the Interreg IIIA border-regions and another for Interreg IIIB/C programmes, with 50-250 participants depending on the size of the region (8 seminars in total, approx. 800 participants in total)
- Preparation of an approx. 80-page colour booklet about the future of Interreg programmes in Hungary (1000 copies)

Geographical area:
All potential Interreg IIIA areas, and all the 19 counties of Hungary in connection with the Interreg IIIB/C programmes (19 NUTSIII regions)

Target groups:
A. Special local and regional decentralised bodies dealing with project development with the main focus on the Regional and County Development Agencies
B. Potential (non-profit) beneficiaries of the future Interreg programmes: non-profit organisations in the future programming areas, playing a role in project development and implementation

Budget: 0.450 MEUR Phare contribution

Follow-up (2003):
In the 2003 programme – relying on the 2002 results – we are planning a technical assistance of the same size, which would focus on supporting detailed professional preparation of the potential investments (preliminary studies, plans, feasibility studies, environmental impact assessment, etc.). To find out the possible fields of support, we suggest the use of a simplified open procedure on the bases of the JPDs and in close co-operation with the neighbouring countries concerned.

3 / 4. Pilot Small Project Fund in the Hungary/Ukraine and Hungary/Croatia border regions

Objectives:
- Developing existing institutions and administrative capacities in order to strengthen the economic potential of border regions and the existing cross-border co-operation structure.
- Decreasing the peripheral character of border regions, improving the standard of living
- Facilitate people to people action amongst the people living in the cross-border Region

Description:
In case of the border regions not supported by Phare CBC (Hungary-Ukraine, Croatia, Yugoslavia) it is expected that external Interreg IIIA programmes will be launched. Co-operation in these border regions will be based on Tacis and CARDS programmes and is expected to be rather difficult based upon the past experiences. Because of the lack of specific expertise at local/regional level and the complexity of these border regions and financial instruments to be used, it is a very important and urgent task to start a pilot activity already during the pre-accession period.
In the previous years some minor development projects were financed by the CREDO programme in the Hungary–Ukraine border region. The general good and strong co-operation between the Hungarian border-county and the Ukrainian border-“oblast” has been further strengthened by the yearly routine of the joint flood prevention activities related to the river Tisza. On a governmental level a declaration about the launch of cross-border co-operation has been signed. A development plan of the border region is under preparation. The draft document is being circulated among the local actors of the eligible county.

In the case of the border between Hungary and Croatia the declaration about the launch of cross-border co-operation has been signed at the government level on 21st of November 2001. A draft development concept of the border region is under preparation.

The two distinct Pilot Small Project Funds components will promote small scale soft projects in the two concerned border regions. These specific grant schemes will be implemented in line with Phare SPF rules laid down in SPF General Guidelines and according to the relevant sections of the PRAG. In each border region, a so-called “Specific Small Projects Fund Guidelines” will be elaborated based upon the Phare CBC SPF Guidelines. These specific guidelines – together with the call for proposal and other relevant documents – will be endorsed by the Delegation of the European Commission to Hungary prior to the launch of the exercise. The basis of the Implementation Arrangements is described in Annex 6.

The goal is to harmonise the Pilot Small Project Fund with the Ukrainian and Croatian national funds as well as with TACIS and CARDS to the greatest possible extent. As a minimum requirement - regardless of what extent the funds will be co-ordinated - representatives of regional institutions from Ukraine and Croatia will be invited to participate in the decision-making processes at program level. Project proposals will be assessed within the cross-border impact/co-operation context, thus joint projects will always be of top priority.

Only projects with a budget between 5,000 and 50,000 Euro can be supported. Projects must be implemented in maximum 1 year. 25% of the project costs must be financed from national resources from which a minimum of 12.5% is to be paid by the beneficiary (in cash or in kind), while the other 12.5% of the project costs will be financed by the Ministry of Agriculture and Regional Development.

Project proposals should relate to the priority indicated in the No 2760/98 Phare CBC Regulation. The proposed priorities are in correspondence with the provisions of SPF General Guidelines and also taking into account the experiences of the Hungarian CBC Small Project Funds operating in the different border regions. By all means, the Pilot Small Project Fund should support – with respect to the eligible areas on the other side of the border – strengthening co-operation between people living in the border regions. Up to 7% of the Phare amount dedicated to the Small Project Funds can be used by the IA for technical assistance tasks related to the management of the SPF.

Geographical areas: Hungary-Ukraine and Hungary-Croatia border regions

In the 2 border regions, project proposals can be submitted from the following border counties:

- **Hungary-Ukraine border region:** Szabolcs-Szatmár-Bereg county
- **Hungary-Croatia border region:** Baranya, Somogy and Zala counties
Potential beneficiaries: Regional and local non-profit organisations (in line with SPF regulations)

Budget:

0.500 MEUR Phare contribution for the Pilot Small Project Fund facility in the Hungary/Ukraine border regions

0.500 MEUR Phare contribution for the Pilot Small Project Fund facility in the Hungary/Croatia border regions

Follow up (2003):

It is expected that the Hu/Hr and Hu/Uk Pilot SPF will continue next year and will be also proposed for the border region between Hungary and Yugoslavia.

5. Project fund for financing the participation of Hungary in the transnational projects of the Interreg IIIB CADSES programme

The component will be implemented through Specific Guidelines, which will be developed in accordance with the PRAG Manual and approved by the Delegation. The basis of the Implementation Arrangements is described in Annex 6.

The specific objectives of the component are:

- Promotion of balanced territorial development of the European space,
- Widening the scope of strategic spatial and regional development efforts in Europe as it is set out in the European Spatial Development Perspective,
- Promotion of sustainable spatial development measures in the CADSES in order to increase economic and social cohesion,
- Enhancing the future territorial integration of Hungary into the European Union with a substantial Hungarian contribution to fulfil the general aim of the Initiative,
- Inclusion of Hungarian regional and other institutions into transnational co-operation between national, regional and local authorities to promote a higher degree of territorial integration across the CADSES area, with a view to achieving sustainable, harmonious and balanced development in Hungary,
- Preparation of Hungarian regions, administration, research institutions for the participation in the transnational projects,
- Strengthening interregional co-operation between Hungarian and other CADSES regions to improve the effectiveness of policies and instruments for regional development

Description:
The programme is based upon the co-operations established within the Interreg IIC programme managed by the National Committee and the Secretariat set up in 1997. The eligibility of project proposals and beneficiaries, the project selection criteria and programme management procedures will all be regulated by the Hungarian Guidelines based upon the CIP and the programme complement of the CADSES programme and to be elaborated in line with Phare regulations.

Concerning administrative support for operating the project funds, the Phare contribution may finance costs up to 7% of the total amount available for the component.

The Commission Services approved the Community Initiative Programme on 27th of December 2001. The finalization of the programme complement is expected by April 2002.

Priorities and measures: see annex 5

Geographical area: whole territory of Hungary

Potential beneficiaries: national, regional and local non-profit organisations (in line with Phare regulations)

Budget: 1.000 MEUR Phare contribution

National co-financing: minimum 25% covered half by the Ministry of Agriculture and Regional Development and half by the beneficiaries (in cash or in kind).

Follow up: The project is expected to continue in 2003 and it will be amended with a specific fund supporting the interregional co-operation under Interreg IIIC programme.

3.5 Lessons Learned:

Under the interim evaluation report, prepared by OMAS on Cross-Border Co-operation 96 and 97 programmes, recommendations were made which are relevant to the Small projects Funds and Grant Scheme foreseen in the current project. Design recommendations have been addressed while drafting the current project fiche and in particular the independence of the voting members and assessors in the project selection process. They should “have the expertise to participate but no vested interest in geographic or projects terms”.

4. Institutional Framework (see Annex 6)

The programme will be implemented under the supervision of the Ministry of Agriculture and Regional Development (MoARD) who is responsible for regional and spatial planning policy. The co-ordination of the implementation of the components is the task of the National Agency for Regional Development (NARD) which is managing cross-border and transnational co-operation programmes (Phare CBC, CREDO, Interreg IIC) since 1995.
NARD covering each border regions will have an important co-ordination role in managing the projects and ensuring suitable local partnership arrangements.

5. Detailed Budget

<table>
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<tr>
<th>Contract 1</th>
<th>Phare</th>
<th>Support</th>
<th>Total Phare (I+IB)</th>
<th>National Cofinancing</th>
<th>IFI*</th>
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<tr>
<td>Light Twinning</td>
<td>Investment Support</td>
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<td>0.150</td>
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<td>pilot small project fund facility in the Croatian border</td>
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</table>

The Government co-financing for the twinning activity is an estimated indicative amount and will not be part of the budget of the twinning covenant. It provides an indication of the resources in cash or in kind that the beneficiaries will have to mobilise to cover the necessary counterpart expenses arising from the implementation of the twinning. The co-financing for the Service contract and the Grant Schemes should be intended as joint co-financing 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.

With regard to the 25% total national co-financing of the project, minimum 12.5% of the cross-border and transnational projects will be provided by the Recipients in cash or in kind, while the rest will be covered by the Ministry of Agriculture and Regional Development. Contract 1 and contract 2 will be co-financed by the Ministry of Agriculture and Regional Development.

6. Implementation Arrangements

6.1 Implementing Agency

The grant scheme component will be managed under the overall responsibility of the Ministry of Agriculture and Regional Development (MoARD), whose representative will be designated as PAO. The MoARD through its National Agency for Regional Development as Implementing Agency will be responsible for all technical, administrative and financial matters concerning the implementation of the contracts 2-5 of the project.

Implementing Agency: National Agency for Regional Development of the Ministry of Agriculture and Regional Development, 1016 Budapest, Gellért tér 30-32

PAO: Dr Szaló Péter, Deputy Secretary of State, Ministry of Agriculture and Regional Development, 1051, Kossuth tér 11.

6.2 Twinning and services

In case of the twinning and service component, the CFCU will be the Contracting Authority and in that capacity will issue and evaluate tenders, endorse contracts, authorise the Treasury to make contractually related payments. The Director General of the CFCU will act as PAO: Ms. Judit Rózsa, CFCU, Hungarian State Treasury, H-1052 Budapest, Deák Ferenc utca 5.
The Deputy State Secretary of the Ministry of Agriculture and Regional Development will be acting as SPO. The National Agency for Regional Development will be responsible for the technical part of the project in terms of design, evaluation follow-up and monitoring and will be the project leader of the twinning covenant.

6.3. **Non-standard aspects**

- in case of the TA service tenders, the PRAG Manual will strictly be followed
- in case of the small pilot project fund and Interreg IIIB fund components, Specific Guidelines will be elaborated in line with PRAG requirements for grant schemes on the basis of the:
  - CADSES CIP and programme complement (Hungarian CADSES Guidelines)
  - General Small Project Fund Guidelines (Specific Guidelines for the Pilot Small Project Funds in the Hungarian-Croatian and Hungarian-Ukrainian border regions)

The three Guidelines will be subject to the endorsement of the EC Delegation.

6.4 **Contracts**

- “Twinning light” component of 0.150 M EURO (contract 1)
- Service contract of 0.450 M EURO for TA and training (contract 2)
- Taking into account the expected average size of the pilot small projects it is estimated that approximately 40-40 (total 80) pilot small projects will be granted in the Ukrainian and the Croatian border
- Taking into account the expected average size of INTERREG strand B projects it is estimated that roughly 10-20 joint PHARE/INTERREG transnational projects will be granted in Hungary from the financial resources of the Project.

<table>
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<th>Activity</th>
<th>1 component (twinning)</th>
<th>2 component (TA)</th>
<th>3/component (Pilot SPF)</th>
<th>5 component (Int.IIIB)</th>
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<td>06 2002</td>
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<td>03 2003</td>
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<td>12 2003</td>
<td>12 2004</td>
</tr>
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</table>

8. **Equal Opportunity**

Procedures used in project implementation will be based on the Hungarian law ensuring equal opportunity for all interested entities and physical persons irrespective of their sex, race and nationality.

9. **Environment**
In case of the Interreg IIIB CADSES program only those project proposals, which are in line with the national and European environmental prescriptions will be taken into consideration by the IA checking the eligibility criteria. Compliance with the environmental criteria is among the transnational evaluation priorities.

10. Rates of return

n/a

11. Investment criteria

n/a

12. Conditionality and sequencing

- continued commitment of the Ukrainian and Croatian authorities and partners on development of the common border region
- Hu/Uk and Hu/Hr Joint Co-operation Committees are set up in 2002
- CADSES transnational structures are set up by the end of 2001
- CADSES CIP is ready and approved by the Commission in 2001
- CADSES programming complement is ready and approved by the Transnational Monitoring Committee by April 2002
- Guidelines for the pilot SPF Facilities are endorsed by the Delegation by September 2002
- Guidelines for the Interreg IIIB project facility are endorsed by the Delegation by April 2002
- Phare funds are available in the first half of 2002 in order to make the joint project development possible
- transnationality ensured by the transnational joint structures of the Interreg IIIB CADSES programme during the project development period
- national and local co-finance available
- appropriate Contractor will be found for the TA/service component
- Interreg IIIB projects co-ordinated successfully with ERDF during the whole implementation period
- clear decision on the Interreg MA and implementing institutions in 2002

ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format
2–3. Detailed implementation chart, contracting and disbursement schedule by quarter for full duration of programme
4. Preliminary Institution Development Proposal
5. Overview of priorities and measures of the Interreg IIIB CADSES Operational Programme
6. Implementation Arrangements for Grant Schemes
**Annex 1**

**Phare logframe**

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<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX FOR Project</th>
<th>Programme name and number</th>
<th>2002/000-180-03-01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation for participation in Interreg III programmes</td>
<td>Contracting period expires:</td>
<td>Disbursement period expires 11/2005</td>
</tr>
<tr>
<td></td>
<td>- For IB 11/2004</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- For Grant Schemes 06/2004</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total budget : 3.467 M EURO</td>
<td>Phare budget : 2.6 M EURO</td>
</tr>
</tbody>
</table>

### Overall objective

- successful launch and implementation of future Interreg programmes in Hungary facilitated and prepared
- balanced territorial development of the Central European space supporting the development and implementation of European strategic spatial development initiatives, set out in the European Spatial Development Perspective, promoted

### Objectively verifiable indicators

- Interreg programmes implemented successfully by December 2004.
- number of stable transnational and cross-border co-operation structures, institutions are increased and strengthened between Hungary and the CADSES countries by December 2004.
- • programme evaluation reports
- • Regional/national/European statistics
- • Reports of the European Commission
- • Intergovernmental reports and agreements

### Project purpose

- preparation of the potential intermediaries, beneficiaries and socio-economic partners for the participation in the Interreg programmes in local level
- development of the local absorption capacity for the Interreg programmes
- promotion of a higher degree of territorial integration across the Central European space specifically with the neighbouring countries by supporting participation in the Interreg IIIB CADSES programme
- launching specific pilot cross-border actions with non-Accession neighbouring countries

### Objectively verifiable indicators

- programme planning, monitoring, implementing institutions and mechanisms with clear responsibilities are operational by the time of Accession
- Interreg programme documents are ready by the time of Accession
- 100% absorption capacity for Interreg by the time of Accession
- the number of well defined project ideas ready for implementation increased in every border region
- results of the pilot projects and Interreg IIIB projects utilised, lessons learned by December 2004.

### Sources of Verification

- • programme evaluation reports
- • implementation and monitoring reports
- • EU and Hungarian audit reports

### Assumptions

- continued commitment of the EU and the Hungarian government on Interreg policy objectives
- The identified tasks are completed effectively and on time
<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• draft CIPs and programme complements developed, local workshops held in order to ensure local participation in the programming process</td>
<td>• the background documentation of 6 CIP documents prepared</td>
<td>• Phare monitoring reports</td>
<td>• smooth communication and effective cooperation between EU and Hungarian experts</td>
</tr>
<tr>
<td>• the number of transnational and highly integrated CADSES projects (AA-type) increased</td>
<td>• background documents of programme management procedures are drafted by the support of TA</td>
<td>• implementation reports</td>
<td>• availability of the Hungarian co-financing</td>
</tr>
<tr>
<td>• the background documentation of 6 CIP documents prepared</td>
<td>• Manual for Interreg project development is prepared</td>
<td>• EU and Hungarian audit reports</td>
<td>• availability of feasible project proposals</td>
</tr>
<tr>
<td>• the background documentation of 6 CIP documents prepared</td>
<td>• at least 19, 2-day regional workshops in the border regions for supporting project development held</td>
<td>• notes from members of the JCCc, Small Project Fund Committees, Transnational Steering and Monitoring Committees of the CADSES programme, Interreg III National Committee</td>
<td>• documents prepared (CIPs, background documents)</td>
</tr>
<tr>
<td>• at least 285 local experts trained in Interreg project management issues</td>
<td>• approx. 800 potential beneficiaries trained in Interreg project development in at least 8 seminars</td>
<td>• evaluation reports on training /study tours</td>
<td>• project implementation reports and progress reports</td>
</tr>
<tr>
<td>• approx. 80 small-scale cross border projects implemented</td>
<td>• approx. 10-20 Hungarian projects implemented within the Interreg IIIB programme</td>
<td>• approximately 10-20 Hungarian projects within transnational Interreg IIIB – CADSES programme implemented</td>
<td>• documents prepared (CIPs, background documents)</td>
</tr>
<tr>
<td>• approx. 10-20 Hungarian projects within transnational Interreg IIIB – CADSES programme implemented</td>
<td></td>
<td></td>
<td>• evaluation reports on training /study tours</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• project implementation reports and progress reports</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Member States expertise for the preparation of Interreg</td>
<td>Twinning light</td>
<td>• the European financial aid available in due time</td>
</tr>
<tr>
<td>• Technical Assistance inputs procured through service tenders</td>
<td>service tender for procurement of TA</td>
<td>• Appropriate twinning partner selected</td>
</tr>
<tr>
<td>• establishment of pilot small project fund facility for the Ukrainian and Croatian border region</td>
<td>two separate envelopes will be earmarked from which pilot small projects will be financed in the Croatian and Ukrainian border region</td>
<td>• appropriate Contractor will be found for the TA and service components</td>
</tr>
<tr>
<td>• establishment of project fund facility for the Hungarian participation within the Interreg IIIB CADSES programme</td>
<td>a separate envelop will be earmarked from which the Hungarian Interreg IIIB CADSES projects will be financed</td>
<td>• commitment of the CADSES partners on the joint implementation of the</td>
</tr>
</tbody>
</table>
## Preconditions

- CADSES CIP and programming complement are ready and approved by the end of 2001
- Guidelines for the pilot SPF Facilities and Interreg IIIB project facility are ready and endorsed by the Delegation
## Implementation, contracting and disbursement schedules

### Preparation for the participation in Interreg III programmes

<table>
<thead>
<tr>
<th>Date of Drafting:</th>
<th>August 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning Period:</td>
<td>November 2001 – December 2004</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Implementation schedule</th>
<th>PLANNED</th>
</tr>
</thead>
<tbody>
<tr>
<td>D/C</td>
<td>C/I</td>
</tr>
<tr>
<td>I</td>
<td>II</td>
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<tr>
<td>II</td>
<td>III</td>
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<td>X</td>
<td>XI</td>
</tr>
</tbody>
</table>

### Budget Allocation

<table>
<thead>
<tr>
<th>Cost Estimate Phare (in MEUR)</th>
<th>PLANNED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I 2002</td>
</tr>
<tr>
<td></td>
<td>II 2002</td>
</tr>
<tr>
<td></td>
<td>III 2002</td>
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<td>III 2004</td>
</tr>
<tr>
<td></td>
<td>IV 2004</td>
</tr>
</tbody>
</table>

### Explanations:

- **D** = design of sub-projects
- **C** = tendering and contracting
- **I** = contract implementation and payment
- * amounts in M Euro, cumulative

<table>
<thead>
<tr>
<th>Measure</th>
<th>2002 (M EUR) Phare</th>
<th>2003 (M EUR) Phare</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. “Twinning Light” aimed</td>
<td>0,15</td>
<td>0,15</td>
</tr>
<tr>
<td>• at the elaboration and development of the programme documents/procedures based on the partnership principle</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• at the preparation of the local and central programme management bodies (all potential Interreg III programmes, 1st and 2nd phase)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Technical assistance (TA) and training programmes aimed</td>
<td>0,45</td>
<td>0,6</td>
</tr>
<tr>
<td>• at the improvement of project development capacities at the local level (primarily through workshops, seminars with potential beneficiaries, regional/county development agencies in all potential Interreg III areas) (1st phase)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• at helping local organisations in the various intervention areas of Interreg elaborate feasibility studies, environmental impact studies and plans, marketing plans, etc as necessary (technical assistance, 2nd phase)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Pilot Small Project Fund in border regions with non-accession neighbouring countries to be managed according to “Specific Pilot Small Projects Fund Guidelines” subject to endorsement by the Delegation of the European Commission and to be elaborated based upon the Phare CBC SPF Guidelines. Hungary-Ukraine and Hungary-Croatia border regions: 2002 and 2003 (1st and 2nd phase)</td>
<td>1.0</td>
<td>1.5</td>
</tr>
<tr>
<td>Hungary-Yugoslavia border region: 2003 (2nd phase)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Project fund for financing the participation of Hungary in the transnational projects of the Interreg IIB CADSES programme</td>
<td>1.0</td>
<td>2.0</td>
</tr>
<tr>
<td>The programme is based upon the transnational co-operation already established within the Interreg IIC programme managed in Hungary by the National Committee and the Secretariat set up in 1997. The eligibility of project proposals and beneficiaries, the project selection criteria and programme management procedures will all be regulated by the Hungarian Guidelines based upon the CIP and the programme complement and to be elaborated in line with Phare regulations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Project fund for financing the participation of Hungary in the interregional projects of the Interreg IIC programme</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participation of Hungary in European interregional co-operations financed under the Interreg IIC programme. The eligibility of project proposals and beneficiaries, project selection criteria and programme management procedures will all be regulated by the Hungarian Guidelines to be elaborated based on the Interreg guidelines, in line with Phare regulations and taking into account the opinion of the Commission and the Member States.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total | 2.6 | 5.25 |
Total for 2002-2003 | 7.85 |
Annex 5: Overview of priorities and measures of the INTERREG III B CADSES programme

<table>
<thead>
<tr>
<th>Priority 1</th>
<th>Priority 2</th>
<th>Priority 3</th>
<th>Priority 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting spatial development approaches and actions for social and economic cohesion</td>
<td>Efficient and sustainable transport systems and access to the information society</td>
<td>Promotion and management of landscape, natural and cultural heritage</td>
<td>Environment protection, resource management and risk prevention</td>
</tr>
<tr>
<td>Measure 1.1 Supporting joint strategies and actions for implementation</td>
<td>Measure 2.1 Developing efficient transport systems with regard to sustainable development</td>
<td>Measure 3.1 Protecting and developing cultural heritage</td>
<td>Measure 4.1 Promoting environmental protection and resource management</td>
</tr>
<tr>
<td>Measure 1.2 Shaping urban development, promoting urban networks and co-operation</td>
<td>Measure 2.2 Improving access to knowledge and the information society</td>
<td>Measure 3.2 Protecting and developing natural heritage</td>
<td>Measure 4.2 Promoting risk management and prevention of disasters</td>
</tr>
<tr>
<td>Measure 1.3 Shaping rural development</td>
<td>Measure 3.3 Protecting and developing landscape</td>
<td>Measure 4.3 Promoting integrated water management and prevention of floods</td>
<td>Measure 1.4 Spatial impact of immigration</td>
</tr>
</tbody>
</table>
Annex 6: INSTITUTIONAL FRAMEWORK/IMPLEMENTATION ARRANGEMENTS for Grant Scheme

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

- **Intermediary:** shall be identified either as a Regional Office, 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**

   - The appointed Secretariat 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 by the PAO 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 appointed Secretariat 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 appointed secretariat with regard to the day-to-day monitoring of the selected projects.