1. Basic Information

1.1 Désirée Number: 2002/000-315.01.05
1.2 Title: IT in Primary Schools
1.3 Sector: Economic and Social Cohesion
1.4 Location: Hungary

2. Objectives

2.1 Overall Objective(s):

- Increase Economic and Social Cohesion through the promotion of equal opportunities in education for children in disadvantaged regions

2.2 Project purpose:

- Improve access to good quality primary education for children in scarecely populated areas and economically underdeveloped micro regions

2.3 Accession Partnership and NPAA priorities:

In its section on Social Policy and Employment, the 2001 Accession Partnership requests a national strategy with a view to future participation in the European strategy on social inclusion. Furthermore, in the section on Human Rights and the Protection Of Minorities, the 2001 Accession Partnership demands an improvement of the integration of the Roma minority in the Hungarian society through more transparent and efficient implementation of the medium-term Roma action programme, with particular emphasis on promoting access to mainstream education.

The project is in line with the initiative of the European Commission entitled “eLearning: Designing tomorrow’s education”, which is part of the eEurope Action Plan, adopted on 24 May 2000 and launched on the basis of the conclusions of the Lisbon European Council.

NPAA PRIORITIES (Chapter 2.1. – Education and Training):

- developing initial education in order to establish appropriate learning capacities for all pupils and avoid school failure
- improve access to education for socially disadvantaged young people.
- reducing regional disparities in education
- universal adoption of Information and Communication Technology in education in order to improve access to education and encouraging lifelong learning
• promotion of new pedagogical approaches supported by the wider use of ICT
• Universal adoption of ICT in education

2.4. Contribution to the Preliminary National Development Plan:

The project addresses the following main priorities and connects coherently to the following measures of the Preliminary National Development Plan of Hungary:

**Priority 5.3.1.4.: Fighting poverty**
**Measure 5.3.1.4.3:** Offering better access to initial education for people living in scarcely populated regions and small settlements

2.5. Cross Border Impact:

Not applicable

3. Description

3.1 Background and justification:

Safeguarding equal opportunities to all children at the level of initial education is a basic pre-condition for avoiding employment problems due to territorially and socially inbalanced economic development. The establishment of appropriate learning skills and avoiding school failure is *sine qua non* for success in the later stages of education and training. Thereby, the principle of positive discrimination has to be applied.

The school structure in micro regions is fragmented and inbalanced, therefore an enhanced co-operation of school maintainers in micro regions would contribute to the cost efficient maintenance of schools, thus improving the access of children to better quality education and ensuring the sustainability of the achievements of the programme.

According to statistical data on Hungary, the access to good quality primary educational facilities is subject to major variations, which should be remedied. There are several factors to be considered\(^1\):

- **Population density:** In scarcely-populated areas a large number of settlements does not have an own local primary school. This can be the case even in NUTS II regions, which are otherwise better better developed.

- **Economic development:** The disadvantaged social and economic status of a settlement often results in the lack – or bad condition – of school infrastructure. This is particularly true of the region of North-East Hungary, and Southern Transdanubia, where there is a large number of small villages in economically depressed areas. As local governments of underdeveloped small settlements usually

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\(^1\) For supplementary information – such as a list of definitions and supporting data – please refer to Annex 6
have very limited operational or investment budgets, schools in these areas have little chance to be properly developed, unless targeted financial support from the state can be made available. (Annex 6– Figure 2)

- **Status of school infrastructure**: About 50% of Hungary’s primary school buildings are in need of reconstruction. 40% of them needs partial refurbishment, 9% would require complete reconstruction. 1% of school buildings cannot be renovated any more. On the national level, only 6% of all school buildings can be considered new, having been constructed after 1990. More than twice as many date back to the 19th century. 40 % of the buildings were built before World War II. These are in technically poor condition: their size, interior design and lighting system is unsatisfactory and insufficient, their operation and maintenance is a heavy financial burden for the responsible local authority. In a number of cases, even the sanitary installations in primary schools are sub-standard, and would require urgent upgrading. (See Annex 4)

- **Demographic situation**: As a knock-on effect of the baby-boom of the 1970s, it is expected that the general birth-rate will increase during the next few years. Consequently, the demand for elementary school rooms will increase. Territorial differences will be significant. The need to enlarge the physical capacity of primary schools is particularly pressing in the small settlements surrounding bigger cities (*such as Budapest, Miskolc, Szeged, Debrecen*), where the existing number of schools and classrooms is insufficient in view of the the growing number of families moving away from the industrial centres to the rural suburbs. (Annex 6 – Figure 4)

At the same time, school buildings are not the only essential aspect of educational infrastructure. In line with recent economic development trends, even primary education needs to put much emphasis on the use of Information and Communication Technology (ICT). While ICT knowledge is more and more becoming a basic pre-condition for later employability in practically all sectors, experience also shows that information technology and e-learning can play a vital role in reducing inequalities. Experience shows that children with multiple disadvantages achieve much better results in subjects learnt using ICT than in subjects within the framework of traditional education. Using ICT, students

- can better absorb knowledge in certain topics,
- have a wider access to information, better chances for building contacts (e.g. “Kidlink”: Internet-based children’s dialogue network)
- are required to improve critical thinking because of the information overload received.

Furthermore, E-learning can extensively promote subject-integration, teamwork and tailor-made individual education and evaluation. It can also significantly increase the level of motivation and the efficiency of learning, it makes the flexible alteration of curricula possible and ensures better access to supplementary materials in a virtual library.
Naturally, the physical upgrading of ICT networks must go together with a modernisation of curricula, and the in-service training of teachers.

To sum up, there are strong territorial divergences with regard to access to primary educational facilities in Hungary. The economic situation in disadvantaged settlements makes state intervention indispensable.

In order to promote the equality of chances and the reduction of regional and social disparities the Ministry of Education is proposing a project supporting the complex development of primary school infrastructure in Hungary. In order to be effective, the physical improvement of school premises should in all cases be combined with the extension of the use of Information and Communication Technology in all beneficiary institutions.

The proposed project fits into the overall policy objective of the Hungarian government to promote the wider use of ICT at all levels of education. This objective is being achieved through a multitude of national support measures, most prominently through

- the so-called “SULINET” (“schoolnet”) initiative, which aims at providing all primary and secondary schools with computers and internet access;
- the National Information Infrastructure Development Programme, which strives to promote the development of the national information networks of educational institutions through providing state-of-the art equipment and technical support to users in order to promote the use of modern communication and data processing methods. (www.niif.hu)

It goes without saying that the development of schools in small villages must follow an economically sustainable pattern. The simultaneous extension of similar capacities in all settlements is, in many cases, not a cost-effective solution. Consequently, the rationalisation of the school network is a top priority of national educational policy. One way to achieve such rationalisation is to encourage the co-operation of different schools and local governments in a micro region with the aim of mutually harmonising local curricula and the co-ordinated development of facilities. In other words, nearby settlements can achieve economic gains and a better quality of education through a certain specialisation of the services provided by their schools, if this specialisation is based on a strategy of complementarity and co-operation.

Despite this regional focus, it is important that state support remains accessible to the entire national territory of Hungary. As demonstrated above, the availability and quality of school infrastructure depends on a number of different factors. While for most of these criteria the levels of development are uneven throughout the country, territorial patterns do not overlap. Coherent trends justifying an *a priori* geographical focus of development assistance – for example at the NUTS-II level – cannot be established. The appropriate solution is therefore a national-level support scheme, targetting funds on the basis of complex criteria combining all above aspects.

The proposed programme foresees support in three main areas:

- the physical upgrading of primary education buildings
- improving the Information and Communication Technology background of primary schools
- promoting the wider use of ICT and e-learning in the education of children in disadvantaged regions.

The focus of the supported projects must in all cases be on the wider use of ICT. Therefore, all applications must either contain a supply component providing ICT equipment to the beneficiary educational institution, or be targeted at the development of curricula or teacher training. Assistance to reconstruction works will not be available without a strong ICT element in each application.

3.2 Linked activities:

- Within the framework of the **TEMPUS JEPs “Ideal” and “Pannonia”** eLearning and Open and Distance Learning methods were used for the training of teachers and the development of course-content.

- The highly successful **Phare-project HU 9405 entitled „Strengthening the links between education and economy“** The project reinforced the co-operation between the key participants of the spheres of economy and education. One of the four main educational-economic fields targeted by the programme was the development of distant teaching curricula.

- The **Phare Multi-country Programme for Distance Education** with its 3 sub-programmes – Course Module Development, ODL-Strategic Studies (Accreditation, Legislation, Quality Assurance), Building of 4 new Distance Education centres in 4 major Universities – contributed significantly to the spread of the physical and mental infrastructures of eLearning, Open and Distance Learning.

- **Phare Project HU-99.04.01 entitled “Social Integration of Disadvantaged Youth, with Particular Emphasis on the Roma Minority”** was launched by the Ministry of Education in co-operation with the Ministry of Social and Family Affairs. As the Roma issue in Hungary is considered as much a social question as it is an ethnic one, the approach chosen was of a wider social nature, aiming at the social integration of disadvantaged youth. Specific objectives were: raising the standards of primary education, prevention of social exclusion, and promoting social integration through fostering the creation of a Roma middle class, serving as a role model for the still disadvantaged strata of the society. Preventive measures were envisaged to reduce the primary school drop-out rate among the socially disadvantaged, especially the Roma; facilitating their access to education at all levels. The project was successfully contracted, and is now in its final phase of implementation.

- **Phare Project HU-00.08.02 entitled “ESF-type Approach to Promote Transition from Training to Working Life”** targets different levels and areas of the educational system and presents a complex approach towards improving its main weaknesses. One of these weaknesses is drop-out and school failure in primary education, which
the project aims to reduce. It also promotes the increase of the number of students getting access to secondary schools that provide a certificate of final examination.

3.3 Results:

- Wider use of Information Technology and E-Learning in the education of children in disadvantaged regions
- Improved IT infrastructure in primary schools of scarecely populated regions
- Physical improvements to school buildings in small settlements
- More efficient, harmonised and better organised inter-municipal educational services in micro regions, with special regard to ICT

3.4 Activities:

A. Development of ICT-based teaching material
B. In-service teacher training in ICT
C. Provision of ICT devices for educational institutions
D. Reconstruction of existing educational premises (primary schools)

The project will be implemented via two grant schemes.
- Grant scheme 1. Will cover investment activities (C and D above): purchase of equipment, refurbishment and reconstruction

Projects submitted must aim at the modernisation of primary school education, and must encompass the following main elements:

1. physical improvement of school buildings, including refurbishment or extension
2. procurement of Information Technology devices – personal computers, peripheries, network equipment necessary for both establishing intranets and connecting the school’s computer network to the Internet.

Funding for physical improvements of schools cannot exceed 60% of the total Grant amount.

- Grant scheme 2. Covers activities (A and B above) supporting the development of teaching materials and teacher training. Project submitted must aim at the modernisation of educational methods and the further development of services via the wider use of Information and Communication Technology, including, as appropriate, the development of teaching materials within the national standards, including ICT-related in-service training of teachers.
The target group for all activities are pupils and teachers in primary education in underdeveloped and scarcely populated areas.

Applications will be invited from local consortia of primary educational institutions and their maintainers (local authorities, Churches, foundations) NGOs and private organisations in scarcely populated and underdeveloped regions or any other organisations, institutions relevant for the implementation of the project but not excluded as such by the PRAG.

Care will be taken to ensure that the implementation of the two Grant schemes is properly linked and co-ordinated to ensure that when the equipment is delivered in a given schools the teaching material has been elaborated and the teachers have been properly trained.

Project applications should also contribute to the rationalisation and harmonisation of primary educational facilities and services at the micro-regional level. For example, certain functions could be undertaken by one of the partner institutions of the local consortium for all other members, or the entire micro-region, through unifying the available resources.

More specifically, the eligible activities include the following:

Grant scheme 1.

**Refurbishment and Reconstruction of educational premises**

Upgrading of existing educational premises in primary educational institutions in disadvantaged regions fulfilling the criteria for a 21st century educational institution: multi-purpose utilisation, flexibility according to local social needs, comfort, good quality, environment-friendly buildings with special attention to the architectural traditions of the given area.

**Procurement of ICT equipment and devices:**

Infrastructure development in educational institutions. The target is to provide the participating institutions in underdeveloped regions with information technology equipment and network devices linked to the Internet and interior networks as well as with the necessary (off-the shelf) software. The application of new technologies will also enable the youth to use the elements of E-learning along with the priorities of the educational policy, and to use them flexibly, in harmony with the traditional face-to-face learning.

Grant scheme 2.

**E-learning content development, teacher training and programme implementation**
Elaborating and developing ICT (E-learning) teaching material which can be implemented in the schools involved and which can be used in a playful way to help develop mother tongue communication abilities and logical, reading, writing and numerical skills.

Project applications should also provide for the ICT-related in-service training of teachers. As with the introduction of new technologies the role of the teacher is continuously changing, a continuous upgrading of their skills and methodologies is essential. This would enable the schools to implement the national ICT framework curriculum efficiently and to form their local curriculum on the basis of their own needs.

Supported activities could focus on teacher training in the following three E-learning-related fields:

- Training information technology teachers taking part in infrastructural and Internet/intranet development for the introduction of E-learning training systems;
- Training leading teachers developing the content, the curricula of E-learning training programmes, for the application of E-learning didactics and the development of their content;
- Training education organisers and head persons of training institutions for the management of training programmes via E-learning.

Grant scheme 2 will be implemented in two windows. Window 1 will provide support to the development of teaching materials contributing to the wider use of ICT in primary education. Window 2 will support teacher training to prepare primary school teachers to make better use of information technology in education. Applications can target both windows or any one of the two.

3.5 Lessons Learned

ESF type projects, and in particular HU-0008-02 quoted under para 3.2 above have been evaluated in March 2002. Most of the recommendations of the assessors touched on the management structure and in particular on the ESF implementing Agency. Following a Gap assessment report an action plan is currently being finalised with the steps necessary to arrive the acceptance of the ESF Agency as a Phare Implementing Agency. The report also recommended to "link closely assistance for Regional Development with the emerging NDP". This point has been addressed strengthening the link of the project with the pNDP and including it in a framework aimed at preparing for the implementation of structural funds.
4. Institutional Framework:

The institutional framework is set out in Annex 7.

The ministry responsible for the implementation of the project is the Ministry of Education. In order to safeguard the application of the partnership principle a Steering Committee will be formed encompassing the representatives of

- the Ministry of Education and its decentralised institutions
- NUTS – II Regional Development Councils / Agencies
- Representatives of leading NGOs active in the area.

The Steering Committee will meet at least on a quarterly basis to discuss the progress of individual grant projects, and the entire grant scheme as a whole.

In order to allow a meaningful participation of Hungarian NUTS – II regions at least 20% of assessors and experts evaluating grant scheme applications will be proposed by the regions.

5. Detailed Budget:

<table>
<thead>
<tr>
<th>Component</th>
<th>Phare Support 2002</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment Support</td>
<td>IB</td>
<td>Total Phare (=I+IB)</td>
<td></td>
</tr>
<tr>
<td>Grant Scheme 1</td>
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<td>0,0</td>
<td>1,8</td>
<td>1,20</td>
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<tr>
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<td>0,2</td>
<td>0,14</td>
</tr>
<tr>
<td>Total</td>
<td>2,0</td>
<td>0,0</td>
<td>2,0</td>
<td>1,34</td>
</tr>
</tbody>
</table>

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 the national amount is also binding and has to be applied to the final contract price.

The above table reflects the commitments under the Phare 2002 budget. As for all Economic and Social Cohesion Projects, the grant schemes are expected to continue under next year’s programme. The indicative budgetary perspective for 2003 is given below:

<table>
<thead>
<tr>
<th>Component</th>
<th>Phare Support 2003 (Indicative)</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment Support</td>
<td>IB</td>
<td>Total Phare (=I+IB)</td>
<td></td>
</tr>
<tr>
<td>Grant Scheme 1</td>
<td>12,6</td>
<td>0,0</td>
<td>12,6</td>
<td>8,38</td>
</tr>
</tbody>
</table>

9
It is planned that the project will receive funding from two consecutive Phare National Programmes (2002 and 2003). There will be two financing memoranda, one for 2002, to be signed in September 2002, and one for 2003, to be submitted for approval before the end of this year.

6. Implementing Arrangements:

6.1 Implementing Agency

Upon condition of successful accreditation the administrative aspects of programme implementation will be the responsibility of the European Social Fund National Implementing Agency Public Service Company, which will carry out and/or supervise (as appropriate) all tendering and contracting as well as the administrative and financial functions according to the implementation arrangements outlined in Annex 7.

Address:
European Social Fund
National Implementing Agency Public Service Company
Telephone: 343-6354/270
Fax: 468-3424

Representative: Dr. Ferenc Tátrai

The PAO for the project will be the Administrative State Secretary of the Ministry of Education.

Address:
Hungarian Ministry of Education
1055 Budapest, Szalay u. 10-14.
Telephone: 473-7754
Fax: 302-0038

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 grant schemes. Non-standard components are not envisaged.

6.4. **Contracts:**

The programme will be implemented in the framework of two grant schemes.

The programme will be implemented in the framework of two grant schemes. The following table provides an indications of the expected number of Grants:

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Min. Grant amount</th>
<th>Max pr.Number</th>
<th>EUR 3.000.000,00</th>
</tr>
</thead>
<tbody>
<tr>
<td>II</td>
<td>2002m</td>
<td>83000</td>
<td>36,14</td>
</tr>
<tr>
<td></td>
<td>Max. Grant amount</td>
<td>Min pr.number</td>
<td>EUR 340000,00</td>
</tr>
<tr>
<td>II</td>
<td>2002m</td>
<td>17000</td>
<td>20,00</td>
</tr>
</tbody>
</table>

The consecutive allocations are expected to be allocated in a single call for proposals during late 2002 – early 2003. Contracting is foreseen for the first quarter of 2003, by when the funds from the 2003 Phare budget are expected to be available for payment.

7. **Implementation Schedule**

<table>
<thead>
<tr>
<th>Component</th>
<th>Start of Tendering</th>
<th>Start of Project Activity</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Scheme 1</td>
<td>03/2003</td>
<td>09/2003</td>
<td>09/2005</td>
</tr>
<tr>
<td>Grant Scheme 2</td>
<td>03/2003</td>
<td>09/2003</td>
<td>09/2005</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**

No discernible effects on the environment are expected.

10. **Rates of return**
11. Investment criteria

11.1. Catalytic effect

The project contributes to the implementation of local development projects, which, in the absence of central funding, would not have taken place.

11.2. Co-financing:

The Ministry of Education’s own resources that will be added to the Phare budget will contribute about 30% to the project’s total costs. At least 10% of project costs must be contributed by the final beneficiary consortia.

11.3. Additionality:

Phare funds are expected to mobilise a considerable amount of government support, as well as local resources. Phare will not displace other financiers.

11.4. Project readiness and Size:

All applicants under the grant scheme must support their case with complete technical and financial plans for their construction projects, as well as complete technical specifications for the supply component.

11.5. Sustainability:

Government Decision 2097/2002 (III.29.) contains the 7 main development programmes of the education and research sectors for the period of 2002-2006, including the “XXIst century school and kindergarten programme”, a public education institution development initiative. (See annex 4 for details) These government programme ensure the sustainability of the programme. The obligations of local governments as regards the maintainance of schools are regulated by law. Part of the necessary funding is provided by the central budget as “per capita” normative financing. The sustainability of grant projects will be a key criterion for allocating funding.

In-service teacher training will provide the basis for the continuous maintenance and development of educational programmes. Funds for the operation will be provided by the Central Budget and local authorities.

Annex 5 contains the relevant laws and regulations, which also contribute to sustainability.

11.6. Compliance with state aids provisions

All actions financed by Phare will respect the state aid and competition provisions of the Europe Agreement
12. Conditionality and sequencing

**ANEXES TO PROJECT FICHE**

1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule for the full duration of the programme (including disbursement period)
4. List of relevant Laws and Regulations
5. Reference to relevant Government Strategic plans and studies (may include Institution Development Plan, Business plans, Sector studies etc)
6. Supplementary information – tables and figures
7. Institutional Framework/Implementation Arrangements for Phare grant schemes
## LOGFRAME PLANNING MATRIX

<table>
<thead>
<tr>
<th>Programme name and number</th>
<th>IT in Primary Schools 2002/000-315.01.05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracting period expires:</td>
<td>06/2004</td>
</tr>
<tr>
<td>Disbursement period expires:</td>
<td>11/2005</td>
</tr>
<tr>
<td>Total budget:</td>
<td>Phare budget:</td>
</tr>
<tr>
<td>2002: 3,34 M EUR</td>
<td>2002: 2 M EUR</td>
</tr>
</tbody>
</table>

### Overall objective
- Increased Economic and Social Cohesion through the promotion of equal opportunities in education for children in disadvantaged regions

### Objectively verifiable indicators
- number of pupils failing to pass to the next grade reduced by 50% in supported schools based on project start date (2002) and project completion

### Sources of Verification
- statistical survey in the supported micro-regions

### Project purpose
- Improve access to good quality primary education for children in scarecely populated areas and economically underdeveloped micro regions

### Objectively verifiable indicators
- schools improved by 10% (e.g. reduction of drop-out rate, rate of successful applications into secondary education) based on project start date (2002) and project completion

### Sources of Verification
- school records

### Assumptions
- opportunities for further education, including professional qualifications ensured for children in all regions
- positive social environment encouraging participation in education and life-long learning

### Results
- Wider use of Information Technology and E-Learning in the education of children in disadvantaged regions
- Improved IT infrastructure in primary schools of scarecely populated regions
- Physical improvements to school buildings in small settlements
- More efficient, harmonised and better organised inter-municipal educational services in micro regions, with special regard to ICT

### Objectively verifiable indicators
- Schools renovated 2002: about 48
- Number of children having access to e-learning in 2002: about 2400
- Number of teachers receiving IT training: in 2002: about 240
- Schools renovated 2003: about 270
- Number of children having access to e-learning in 2003: about 13 500
- Number of teachers receiving IT training: in 2003: about 1 350

### Sources of Verification
- project reports by beneficiaries
- statistical surveys in supported schools

### Assumptions
- Sustainability of modernised schools ensured by continued state and local government support

### Activities
- Provision of ICT devices for educational institutions
- Reconstruction of existing educational premises (primary schools)
- Development of ICT-based teaching material
- In-service teacher training in ICT

### Means
- 2 grant schemes

### Assumptions
- Full commitment of and good co-operation among local partners
- Efficient project management by beneficiaries

### Preconditions
• ESF Agency to receive accreditation as IA
• provision of co-financing by the Hungarian Government
### DETAILED IMPLEMENTATION TIME-CHART

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Scheme 1</td>
<td>D D D D D D T T T T T T T T T T I I I I I I I I I I I I I I I I I I I I I I I I I I</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant Scheme 2</td>
<td>D D D T T T T T T T T T T T T T T I I I I I I I I I I I I I I I I I I I I I I I I I I</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Design**
- **Tendering and Contracting**
- **Contract Implementation and Payments**
Annex 3

CUMMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (EURO MILLION)

<table>
<thead>
<tr>
<th>Date</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
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<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>0</td>
<td>0</td>
</tr>
<tr>
<td>Disbursed</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
LIST OF RELEVANT LAWS AND REGULATIONS

- Act LXV of 1990 on local authorities
- Act CXXXIII of 2000 on the budget of the Republic of Hungary for the years of 2001-2002
- Act XXI of 1996 on regional development and physical planning
- Parliament Decree 24 of 2001 (IV.20) on the principles of decentralisation and regional development subsidies, on the conditions of classification of beneficiary areas
- Government Decree 219 of 1996 (XII.24.) on the Register of underdeveloped settlements defined on the ground of their socio-economic and infrastructural background and their rate of unemployment
REFERENCE TO GOVERNMENT STRATEGIC PLANS

Special programme for Public Education Infrastructure Development (The school of the 21st century) – Government proposal

PUBLIC EDUCATION SCHOOL DEVELOPMENT PROGRAMME
(The school of the twenty-first century)

Introduction

Besides framework curricula and teacher career models the third basic element of the programme aimed at the renewal of Hungarian public education is architectural refurbishment and the modernisation of the equipment base of schools. Similarly to the creation of new infrastructure at the beginning of the 21st century in the field of housing, motorways, public institutions, cultural and sports facilities, health care, transportation, telecommunication or higher education and science, the network of institutions serving the purpose of Hungarian public education also needs to be modernised. The following chapters contain my proposal for this school development programme.

1. Current Situation

From the point of view of the technical condition of buildings used for the purpose of public education one can find a very varied picture. Based on statistical data compiled by the Central Statistical Office in the spring of 2001, the number of registered buildings in Hungary used for the purpose of education (i.e. kindergartens, primary schools, professional schools, grammar schools, etc.) was 13,868. 40% of these were built prior to the Second World War, i.e. the buildings are more than 56 years old. 13% of the buildings were built before 1900. The following pie chart depicts the composition of Hungarian school buildings by the date of building:
Approximately 40% of the buildings used for educational purposes required minor renovation and modernisation brooking no delay, and almost one tenth (9.2%) should be reconstructed or completely overhauled, and within this group there are buildings that cannot be saved. There are still auxiliary classrooms in Hungarian kindergartens and schools. In the case of kindergartens these account for 7.1% of all classrooms, while in the case of schools this figure stands at 5%.

The following table contains the composition of educational buildings by technical condition in the various regions of the country:

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of buildings</th>
<th>Buildings not requiring renovation</th>
<th>Buildings requiring partial renovation</th>
<th>Buildings requiring complete renovation</th>
<th>Buildings the renovation of which is prohibitively costly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-Hungary</td>
<td>2381</td>
<td>49.1</td>
<td>40.9</td>
<td>8.7</td>
<td>1.3</td>
</tr>
<tr>
<td>Mid-Transdanubian region</td>
<td>1503</td>
<td>55.8</td>
<td>36.1</td>
<td>6.7</td>
<td>1.4</td>
</tr>
<tr>
<td>Western Transdanubian region</td>
<td>1650</td>
<td>49.7</td>
<td>42.1</td>
<td>6.8</td>
<td>1.5</td>
</tr>
<tr>
<td>Southern Transdanubian region</td>
<td>1604</td>
<td>48.8</td>
<td>42.8</td>
<td>6.9</td>
<td>1.6</td>
</tr>
<tr>
<td>Northern Hungary</td>
<td>1956</td>
<td>53.3</td>
<td>38.5</td>
<td>6.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Northern Great Plain</td>
<td>2644</td>
<td>49.1</td>
<td>39.4</td>
<td>8.2</td>
<td>3.2</td>
</tr>
</tbody>
</table>
The amounts invested in the preceding decades were not sufficient even for the maintenance at the same level of the technical condition of the buildings. Within the educational expenditure of the central budget the amount spent on the construction/renovation of public educational buildings dropped drastically. While in 1991 the proportion of expenditure spent on construction/renovation was around 10%, the same figure in 1999 hardly exceeded 3%. Between 1990 and 2000 the central budget allocated only HUF 20 billion for the purpose of public educational investments in the form of earmarked funds or subsidies to be provided for a specific purpose.

The most important investment required to be made for the purpose of enabling the provision of public education:

- The renovation of institutions whose condition is life threatening and harmful to health is especially urgent, since from 2002 there will be no special purpose subsidies for the educational sector;
- A significant increase in the number of children can be observed in the vicinity of large towns (Budapest, Debrecen, Szeged, Miskolc), and existing kindergartens and primary schools are already overburdened and cannot admit more children, while the local governments charged with the task of running these institutions lack the financial resources to build more classrooms;
- The condition of buildings where children, students receive special education and care is not satisfactory. (Currently this is the area where the buildings are in the worst condition.)

2. Tasks

This situation can only be resolved by launching a central modernisation-development programme, the key features of which are as follows:

1. The new or refurbished public educational institutions should be suitable for use as multi-purpose buildings (primary school in the morning, adult educational institution in the afternoon, and also a building used by the local community for cultural purposes).
2. The refurbishment/modernisation is based on co-ordinated local and regional social needs and is in line with the pedagogical programme.
3. The schools and kindergartens are capable of providing the conditions for mastering a healthy lifestyle (sports, health promotion, health education).
4. Future schools and kindergartens should provide a degree of comfort that is observable in the houses/apartments of the middle classes of society, and should be built from high quality, environment-friendly, long-lasting materials.
5. Schools and kindergartens of the 21st century should reflect the architectural traditions of the various regions of the country, and should be in harmony with the
natural geographical conditions of the various regions of Hungary. A public educational building should have an aesthetic design of which the local community and all the citizens of the country can be proud.

6. The system of subsidies should be aimed at the elimination of the fragmentation of the institutional system.

7. It should promote development as a result of which in 10 years each and every part of the public educational institutional system is capable of providing education that meets the demands posed by the 21st century.

3. Financial Resources of the Development Programme: Existing and Required

The following table shows the composition of buildings by the type of entity running the institution, the current present value of the buildings and the detailed costs of renovation of the buildings:

<table>
<thead>
<tr>
<th>Type of institution</th>
<th>Entity operating the institution</th>
<th>Number of classrooms</th>
<th>Specific cost of renovation (HUF million/classroom)</th>
<th>Total cost of reproduction (HUF million)</th>
<th>Present value (adjusted by 40% obsolescence) (HUF million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kindergarten</td>
<td>Local government (state)</td>
<td>13617</td>
<td></td>
<td>476595</td>
<td>285957</td>
</tr>
<tr>
<td></td>
<td>Church, foundation, other</td>
<td>1719</td>
<td>35</td>
<td>60165</td>
<td>36099</td>
</tr>
<tr>
<td>School</td>
<td>Local government (state)</td>
<td>63159</td>
<td></td>
<td>2526360</td>
<td>1515816</td>
</tr>
<tr>
<td></td>
<td>Church, foundation, other</td>
<td>6409</td>
<td>40</td>
<td>256360</td>
<td>153816</td>
</tr>
<tr>
<td><strong>Total (HUF million)</strong></td>
<td>-</td>
<td>-</td>
<td></td>
<td><strong>3319480</strong></td>
<td><strong>1991688</strong></td>
</tr>
</tbody>
</table>

Source: TAH, OKI of Gyor, Central Statistical Office, own calculations and in the case of specific costs, applications for subsidies provided for a specific purpose
- The amount comprises the cost/classroom of other communal (i.e. jointly used) areas of the buildings (such as toilets, sports halls, dining rooms, corridors, etc.).

**Method of calculating the required funding:**

Based on our calculations the rebuilding of the current public educational institutions at the technical level conforming to the effective planning regulations would cost HUF 3,300 billion. For a period of 100 years this means approximately HUF 33 billion a year, i.e. this is the amount that should be spent on the renovation of public educational buildings to ensure a
constantly refurbished and modernised institutional system. Taking into account the current situation and a rate of obsolescence of 40%, this figure still stands at HUF 19 billion.

The amount of funding required and the composition of the funds are as follows:

Assuming that the entities running the institutions provide 50% of the funds required, an amount of HUF 10 billion should be allocated from the central budget every year starting from the year 2003 which should be in the form of a fund earmarked within the budget of the Ministry of Education.

In this case the Ministry of Education could influence the use of the funds available from other sources (i.e. the decentralised subsidies managed by the local governments, portions of the indemnity provided for churches). This could enable the consolidation and integration of the currently available resources and the application of these to the achievement of the objectives set in the programme.

**Further funding:**

- County and regional development councils: HUF 2 billion p.a.
- Indemnity provided for churches affecting local authorities – HUF 2-3 billion p.a. (up to the year 2011)
- Own resources of the entities operating the schools: HUF 3-7 billion

Thus, altogether HUF 17-22 billion/year increasing in proportion with the rate of inflation.

**4. Distribution of Funds**

Central subsidies will be distributed by way of a system of applications, based on priorities set at the beginning of each year. When distributing funding the alleviation of the above mentioned tensions is a priority.

Decisions will be taken by the Minister of Education.

The other ministries affected (Ministry of the Interior, Ministry of Finance, Ministry of Youth and Sports) will be involved in the preparation and evaluation of the application system.

The requirement that applicants should provide 50% of the funding from their own resources should be treated flexibly (disadvantaged settlements, building of institutions serving a whole district).
SUPPLEMENTARY INFORMATION

Definitions

Micro-region\(^2\): a regional unit which is composed of several small settlements being bordered by each other in intensive connection.

Underdeveloped area\(^3\): where the infrastructural development and the social indicators of the economy are less favourable than the national average.

Types of underdeveloped areas\(^4\):
1. Underdeveloped areas on the ground of socio-economic indicators
2. Areas of industrial structural reform
3. Areas of regional development

Small settlement\(^5\): where less than 120 people live within 1 square km. (120 capita/km²)

The list of underdeveloped and scarcely populated areas:

The Government Decree 219 of 1996 (XII.24.) on the Register of underdeveloped settlements defined on the ground of their socio-economic and infrastructural background and their rate of unemployment has an Annex which contains the names of the 1485 settlements which fall into the above mentioned category. The register was prepared on the basis of 19 different indicators.

Figure 1A - Number of settlements per sq. km – (small settlements)

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\(^2\) Act XXI of 1996 on regional development and physical planning
\(^3\) Act XXI of 1996 on regional development and physical planning
\(^4\) Parliament Decree 24 of 2001 (IV.20) on the principles of decentralisation and regional development subsidies, on the conditions of classification of beneficiary areas
\(^5\) Parliament Decree 24 of 2001 (IV.20) on the principles of decentralisation and regional development subsidies, on the conditions of classification of beneficiary areas
Figure 1B – Number of schools as a percentage of the number of settlements

Figure 2 – Spatial structure of the economy - levels of economic development at the NUTS – IV level (Legend: Blue: backward regions … Red: dynamically developing regions)
Figure 3 – Number of pupils as a percentage of schools capacity
INSTITUTIONAL FRAMEWORK/IMPLEMENTATION ARRANGEMENTS
FOR PHARE 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

1. **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.

2. **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.

1. **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.

1. **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

1. **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

1. **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.