STANDARD SUMMARY PROJECT FICHE

1. Basic Information

1.1 CRIS Number: 2003/004-347-05-02

1.2 Title: Preparations for the Implementation of the Interreg III Community Initiative 2003

1.3 Sector: Regional Development

1.4 Location: all eligible NUTS III areas in Hungary

2. Objectives

2.1 Overall Objectives:

- to promote balanced territorial development of the whole 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 future Interreg programmes
- Promotion of a higher degree of integration of Hungary to the European space by supporting cross-border, transnational and interregional co-operation

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 communities, 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 (Candidate Countries) 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 the Guidelines, such co-operation under strand B and C in the applicant countries can be supported through the national Phare programmes.
• The **Central, Adriatic, Danubian and South-Eastern European 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 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 especially 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.

• The overall objective of the **INTERREG IIIC Program**, which focuses on interregional cooperation, is to improve the effectiveness of policies and instruments for regional development and cohesion in a structured way – through large-scale information exchange and sharing of experience. The INTERREG IIIC Program, in particular, aims at promoting the Europe wide cooperation among regions and municipalities to transfer and exchange information, knowledge and good practice from different types of activities supported by different Structural Fund Programs. It has an emerging importance to involve and integrate relevant Hungarian partners to this Europe-wide process as early as possible.

• During the negotiations with the EU on regional policy issues (Chapter 21), the Hungarian Government expressed its interest and intention to participate in all three strands of the Interreg Initiative. In the latest position paper (9 July 2002), Hungary also made apparent that possible future Interreg Managing Authority role and other Interreg related functions will be delegated to the **National Office for Regional Development (NORD) of the Prime Minister’s Office**. The intermediary organization of the Interreg programs to be implemented in Hungary will be the **National Agency for Regional Development (NARD): MEH/VÁTI TFI**. Another pivotal task shall be the co-ordination of various Interreg programmes on a national level as well as the co-ordination of Hungarian participation in related special programmes and instruments like Interact, ESPON etc. Preliminary setting up of managing authorities and further institutional development of the intermediary organization can be started/continued in the near future, however – especially as regards internal cross-border programs – the necessary structures may only be fully established as a result of the bilateral negotiations during the year 2003.

• According to preliminary information and discussions, Hungary will participate in min. 6 Interreg programs (IIIA, B and C) between 2004 and 2006. As their character and content of such programs strongly differ; tasks connected with the preparation will also vary to a great extent. Hungary will probably be responsible for Managing Authority functions for one internal and at least one external Interreg IIIA CIP. Furthermore, Hungary and Hungarian partners will probably participate in and play an important co-ordination, information and executive role in two further internal cross-border programs, as well as in the Interreg IIIB CADSES and Interreg IIIC programs. Regional and county development agencies shall play pivotal role in the development
and implementation of the projects. The exact content of such responsibilities can only be defined during negotiations to be conducted with the concerned countries and with the EU Commission; however the first steps have already been taken by the end of 2002.

- In 2003, during the 2nd phase of the preparation for the new programmes, 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.

- On the contrary, due to their “multilateral” character, the Interreg programs require a basically new management style, also differing from the “mainstream” of the Structural Funds. The special program management issues of the Interreg (first of all as regards the operation of common structures, financial procedures and “multilateral” control and audit, application of the Lead Partner Principle, etc) are not entirely known to Hungary. These management procedures – especially in case of the internal program – substantially differ both from the Phare CBC practice and from the solutions planned for the Structural Funds’ mainstream, therefore they should also be managed separately. Another serious concern is that there were only few chances to develop real cross-border projects within the framework of the Phare CBC program, mainly due to the given financial and programming constrains of the Phare regulations. Therefore strategic project planning could neither become of general practice. Furthermore, it is also a serious difference that –except for the Small Projects Fund to a limited scope - only relatively limited types of organizations have had a chance to actively collaborate in the majority of cross-border programs (partly due to the totally non profit character of the programs and to the low number of projects, except SPF), while full scale involvement of non-governmental organizations and of the economic and social partners on program level has not occurred in any of such programs.

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 been 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.

As the first step for the preparation for the participation in Interreg programmes, an institution building project has been approved within the 2002 national Phare budget. The Phare supported CADSES project fund has been launched and assessed in parallel with the CADSES-Interreg IIIB Programme. TORs for the twinning and TA components have also been drafted, but further discussion is needed with the Commission on the Interreg programmes to be launched with Hungarian participation/management after the Accession. Guidelines and Call for Proposals for the Pilot Small Project Fund at the Ukrainian and Croatian borders are also being finalized and will be launched at the end of 2002 or at the very beginning of 2003.

3.3 Results:

The expected results are as follows:

- Community Initiative Programmes (CIPs) and programme complements elaborated
- the necessary procedural framework for implementation of future Interreg programmes developed (especially in case of new internal Interreg IIIA programmes)
- local and regional programme management and project development potential increased at the Ukrainian, Serbian and Croatian border regions
- Hungarian partners are involved in transnational and interregional Interreg projects/networks and thus they can contribute to the common objectives of the Interreg IIIB – CADSES and Interreg IIC programmes – already during the transition period
3.4 Activities:

The project will be implemented through 6 components:

I. Technical assistance (TA) aimed at Interreg programme and project development

Objective:

Preparation of the key documents for Interreg IIIA programmes and projects to be implemented partly in Hungary and dissemination of the results of the programming process.

Background:

Due to their trans-national character and to their direct connection to the European development policy, Interreg programs are very complex instruments both as regards strategic planning and programming, and in respect of management processes. It is a well-known fact that similar co-operation programs require expenditure of human resources well in excess of the average.

Preparation for the Interreg programs is in addition encumbered by the fact that such complicated processes have to be prepared for a half program period, at a time of transition, when Hungary is still a Non Member State.

Obviously it is of utmost importance to prepare all Interreg CIPs and programme complements in time and in good quality. During the preparation-phase it is very important to focus on the most specific and complex issues, which are necessary for programming and implementation of successful Interreg programmes and projects. Therefore we are planning to focus on \textit{ex-ante evaluation of the programmes, documents related to control, monitoring and management and also on preparation of measures/key Interreg projects}. The detailed terms of reference of the tasks will also be based on the results of the twinning component of the 2002 project.

Measures to be taken in this component should be \textit{harmonised with the twining and technical assistance components of the 2002 Interreg fiche and also with measures of RPP, SPP II and the different Phare CBC programmes}. The TA contractors should co-operate with the NARD central office, network of NARD Regional offices and in case of internal Interreg programme(s) with the key institutions of the concerned neighbouring country. Involvement of all relevant actors in the programming process, has to be realised through local workshops and/or direct contacts – according to a working plan to be worked out jointly by the beneficiary and the experts.

Institution building components preparing for Interreg programmes, will directly build on measures of RPP and SPP II, but \textit{will focus on the special characteristics of the development of Interreg programmes and projects}.

A considerable part of the resources should be concentrated to the preparation of measures/key projects to be financed by future Interreg programmes. Handling regional and Interreg projects separately helps focusing on the specific goals of the Interreg programmes.
The component will have its main focus on the internal Interreg IIIA CIP where Hungary will most probably be responsible for the MA tasks, but it is also important to support the setting up of suitable “national” procedures and arrangements for the other Interreg programmes as well. Also, special emphasis should be taken on harmonising the procedures with the relevant external funding instruments (Phare, Tacis, Cards). During implementation of the component, the results of the Interact program should be taken into account, as far as possible.

As the service components are related to internal and external Interreg programs, representatives of the relevant organisations of Hungary and the neighbouring countries will be invited to take part in the work of the Evaluation Committees. In the drafting process of the TORs and during the implementation process as well, participation of the relevant organisations (relevant Departments of the Prime Minister's Office, Ministry of Finance, State Audit Office, etc) will be ensured.

**Description:**

The four main elements of the technical assistance are to be implemented through different and specific service contracts.

- **1.1 contract: Ex ante evaluation** for the new Interreg programmes (2 new Interreg IIIA CIPs)

  The detailed terms of reference will be based on the relevant working paper (Ex Ante Evaluation and Indicators for INTERREG (October 2000, Strand A and B) of the European Commission and will focus on the specific nature of each targeted programme.

  As far as possible, the ex-ante evaluation should be performed partly parallel to the programming process, while ensuring feedback. Within the framework of the 2003 Phare program, the ex-ante evaluation of those two programs which probably will have their Managing Authority in Hungary is to be supported.

  The Beneficiary requires commissioning an expert team. The expert team has to carry out the ex-ante evaluation of one internal and one external Interreg IIIA programme for the period 2004-2006 as required by the Council Regulation. (EC) No 1260/99. It is expected to provide a critical assessment of the draft CIPs and the related documents. The ex-ante evaluation should offer an independent analysis of the plans rationale and its consistency with identified needs, objectives, means and impacts. The ex-ante evaluation should promote coherence and quality for the exercise as a whole.

  The preliminary versions of the two CIPs are expected by July 2003 and a first draft probably will be submitted to the EC in September 2003 - preferably together with the first results of the ex ante evaluation. As a result of the ex-ante evaluation further adjustment of the CIPs will be carried out.
1.2 contract: Preparation of Programme complements and measure implementation (2 Interreg IIIA CIPs)

The component will have its main focus on the internal Interreg IIIA CIP where most probably Hungary will be responsible for the MA tasks, but it is also important to support setting up of suitable “national” procedures and arrangements for the other Interreg programmes as well. A special emphasis should also be taken on harmonising the procedures with the relevant external funding instruments (Phare, Tacis, Cards).

It is expected that a group of experts – mainly of special Interreg - SF management and local experience – execute the tasks related to the component. During the first phase of the mission the relevant chapters of the PCs are to be developed.

On the basis of the first phase detailed feasibility studies of the proposed measures/key projects and description of the procedures will be worked out together with the relevant documents and other materials (flowcharts, rules of procedures, legal documents/agreements, specific contract forms, draft call for proposals, etc.)

The detailed terms of reference will be based on the relevant working paper (VADEMECUM for Structural Funds Plans and Programming Documents) of the European Commission and other relevant documents (MEANS, etc.)

In order to achieve a general understanding of the objectives and measures of the Interreg IIIA programs, regional conferences will be organized at the beginning of 2004, where the new Community Initiative Programs will be presented for the widest possible public. Therefore these conferences are regarded more as publicity events than specific seminars for potential beneficiaries.

1.3 contract Financial management, internal control and audit - (all CIPs, with special emphases to the new internal program)

The financial processes, payments and their control and audit, as well as the connected legal documents, contracts and procedures of the cross-border programs basically require special and program-specific solutions. The elaboration of these solutions requires time and necessitates involvement of competent external experts. The task also covers the harmonization of the procedures and documents through co-operation with the authorities of the neighboring (future) Member States concerned. During implementation of the component, the results of the Interact program should be taken into account, as far as possible.

The detailed rules on financial management, control and audit should be developed taking into account the specific legal environment of the (internal) Interreg programmes. According to the Interreg III Guidelines (31): In case of operation involving partners in different Member States, the Final Beneficiary will be the partner in charge of the operation which will undertake financial management and co-ordinate the various partners in the operation. This Lead Partner (LP) will bear financial and legal responsibility to the Managing Authority (MA). With regard to exchange actions it is more difficult for the MA to ensure the reality of the service carried out and the declared expenditure. Difficulties may be overcome by placing the responsibilities for systematic checks at the most appropriate level as identified by the
MA. MA should organise the detailed rules for this as regards the correctness, legality and the eligibility of the expenditure where this type of checking cannot be done effectively by the LP.

As the result of the service - following detailed consultation and negotiation - a draft Guidance Manual on Financial Management (commitments, payment on account, interim payment, forecast, etc), Manual for Auditing and an Internal Control Manual for the concerned Interreg Programmes will be elaborated.

- **1.4 contract: Information and monitoring system 2 Interreg IIIA programmes**

  An information system to be implemented intends to manage and monitor financial, physical and procedural progress under the Interreg III community programmes for which Hungary acts as the Managing and Paying Authority. If it is possible the system will be developed as a module of the “mainstream” SF monitoring system to be set up in Hungary. The purpose of the system is to collect information from the concerned cross-border programmes in order to provide the Managing Authority with a viable tool to perform their institutional tasks. Information deemed of interest will be retrieved from the Monitoring and Managing systems of the concerned Interreg IIIA programs by different actors participating in the monitoring and managing process (relevant actors of the concerned neighbouring countries are also included). The system should be designed to foster communication and participation among the different partner countries involved in the implementation of the programmes. As a result, it will have to customise the presentation of the information according to the *official languages of each programme*.

Results:

- Preparations of working plans, ex-ante evaluations, background documents/chapters for Interreg IIIA programmes and programme-complements, manuals for financial management, internal control and audit. Organisation of the necessary co-ordination meetings and direct consultation. Creation of the widest possible partnership networks.
- Preparation of measures/projects
- Dissemination of the information related to the results of the programming process

Geographical area:

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

Target groups:

A. Interreg Managing Authority(s) located in Hungary, network of NARD central and regional offices dealing with cross-border and trans-national co-operations as co-ordinators
B. Other relevant national organisations responsible for SF management, audit and control
C. Relevant local and regional actors to be involved in the programming process
D. Potential beneficiaries of future Interreg programmes: organisations in future programming
areas playing a role in project development and implementation

Budget:

Total budget: 1,866,667 EURO (1,400 MEUR Phare contribution with 25% national co-financing). The 25% national co-financing apply to each service contracts:

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2/3/4 Pilot Small Project Fund in the Hungary/Ukraine, Hungary/Serbia 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, Serbia) 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 generally 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 governmental level a declaration on launching a cross-border co-operation program has been signed. The development plan of the border region is under preparation. The first round of the Pilot Small Project Fund financed by the 2002 national Phare programme is also under preparation.

As for the border between Hungary and Croatia, the declaration on launching a cross-border co-operation program has been signed at the governmental level on 21st of November 2001. A draft
development concept of the border region is under preparation. The first round of the Pilot Small Project Fund financed by the 2002 national Phare programme is also under preparation.

The three distinct Pilot Small Project Fund components will promote small scale soft projects in the three 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 proposals 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, Serbian 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 – the representatives of regional institutions from Ukraine, Serbia 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.

Project proposals should relate to the priority indicated in the N° 2760/98 Phare CBC Regulation, as amended by Regulation No 1596/2002. 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, Hungary-Serbia and Hungary-Croatia border regions

In the 3 border regions, project proposals can be submitted from the following border counties:

- Hungary-Ukraine border region: Szabolcs-Szatmár-Bereg county
- Hungary – Serbia border region: Csongrád and Bács-Kiskun countries
- Hungary-Croatia border region: Baranya, Somogy and Zala counties

Potential beneficiaries: Regional and local non-profit organisations (in line with SPF regulations)

Budget: Total budget: 2MEUR (1,5 M EUR Phare support 0,5 MEUR national co-financing)

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

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

The component will be implemented through Specific Guidelines, which will be developed in accordance with the PRAG Manual and will be 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 CADSES Community Initiative Programme on 27th of December 2001. The first call for proposals was launched at transnational level in June 2002. Parallel with the transnational call a Hungarian Phare Projects Fund was launched. Assessment of the project proposals are being carried out in a harmonized way. This co-operation is to be continued under the 2003 Interreg fiche as well, with main emphasis on the own initiatives of the Hungarian partners (Hungarian functional Lead Partners) and the involvement of non Member States.
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: Total budget 1,333 MEUR (1.000 MEUR Phare contribution and 0.333 MEUR national co-financing.

6. Project fund for financing the participation of Hungary in the interregional projects of the Interreg IIIC programme

The INTERREG IIIC Programme is one of the three strands of the European Community Initiative INTERREG III.

The overall objective of the INTERREG IIIC Program, which focuses on interregional cooperation, is to improve the effectiveness of policies and instruments for regional development and cohesion in a structured way – through large-scale information exchange and sharing of experience. The INTERREG IIIC Program, in particular, aims at promoting wide cooperation among regions and municipalities with an aim to transfer and exchange information, knowledge and good practice from the types of activity supported under Objective 1 and 2 programs, the INTERREG Community initiative, URBAN Community initiative and urban development, and the regional innovative action programs.

This component of the fiche (which provides financing Hungarian partners within the interregional projects) will be implemented through Specific Guidelines, which will be developed in accordance with the PRAG Manual and will be approved by the Delegation. The basis of the Implementation Arrangements is described in Annex 6.

The specific objectives of the component are:

- to improve the effectiveness of policies and instruments for regional development and 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 interregional co-operation
- preparation of Hungarian regions, regional and local institutions for the participation in the interregional projects,
- strengthening interregional co-operation between Hungarian and other European regions to improve the effectiveness of policies and instruments for regional development

Description:
INTERREG IIIC should encourage regional and other public authorities, whether eligible for structural funds support or not, to view interregional cooperation as means of enhancing their development through access to the experiences of others. In this way, the added value of the individual structural fund interventions in the different regions can be expanded throughout Europe.

The INTERREG IIIC co-operation area covers the entire territory of the European Union, including insular and outermost areas. Furthermore, the program encourages the participation of third countries as widely as possible, especially the EU candidate countries, Norway, Switzerland and the MEDA countries.

Topics for Co-operation

The following topics for co-operation are supported in the framework of the Program:

- a) Exchange on type of activities supported under Objective 1 and 2 of the Structural Funds.
- b) Exchange on interregional cooperation linking public authorities or equivalent bodies involved in other INTERREG programs.
- c) Exchange on interregional cooperation in the field of urban development.
- d) Exchange on interregional cooperation linking regions involved under the three themes of the regional innovative actions for 2000-2006.
- e) Exchange on other subjects appropriate to interregional cooperation
- f) Co-operation on border regions with the candidate countries

The activities of the Program can be performed through 3 Types of Operations (called “operations” further in text):

- **Regional Framework Operations (RFO):** A mini-program involving partnership of cooperating regions and based on jointly developed strategy addressing limited number of topics and joint priorities. RFO should involve partners from at least three countries, at least two of which are EU Member States. In these operations the objective of the 2003 Phare support is to make limited resources available to the Hungarian regional bodies to take part in the RFOs’ work from the very beginning (1\textsuperscript{st} call for proposals on EU level has been launched on 10 October 2002, the 2\textsuperscript{nd} Call is expected in spring 2003.) The detailed description of the requirements will be laid down in the Specific Guidelines to be developed later and approved by the EC Delegation.

- **Individual interregional cooperation projects:** A cooperation project involving partners from at least three countries, of which at least two are EU Member States, an exception being operations on border regions, which should involve at least three partners from at least two countries. In case of individual projects, participation of Hungarian organizations will be supported by Phare 2003.

- **Networks:** A networking activity aimed at exchange of experience and dissemination of information. Networks must involve partners from at least five countries, of which at least three are EU Member States, an exception being operations on border regions, which should involve at least five partners from at least three countries. In case of networks, participation of Hungarian organisations will be supported by Phare 2003.
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 Interreg IIIC 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.

**Geographical area:** whole territory of Hungary

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

**Budget:** Total budget 1,333 MEUR (1,000 MEUR Phare contribution and 0.333 MEUR national co-financing.

### 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 also relevant to the Small projects Funds and Grant Schemes foreseen in the current project. Recommendations have been addressed concerning 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 National Office for Regional Development (NORD) of the Prime Minister’s Office 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 has been managing cross-border programmes and co-ordination of transnational co-operation programmes in Hungary (Phare CBC, CREDO, Interreg IIC) since 1995. Regional offices of the NARD covering each border region will have an important co-ordination role in managing the projects and ensuring suitable local partnership arrangements.
5. **Detailed Budget**

<table>
<thead>
<tr>
<th></th>
<th>Phare Investment Support</th>
<th>Support Institution Building</th>
<th>Total Phare (=I+IB)</th>
<th>National Public Co-financing</th>
<th>IFI*</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component 1</td>
<td>1 400 000</td>
<td>1 400 000</td>
<td>466 667</td>
<td>1.866.667</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Component 2</strong></td>
<td>500 000</td>
<td>500 000</td>
<td>166 667</td>
<td>666.667</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Component 3</strong></td>
<td>500 000</td>
<td>500 000</td>
<td>166 667</td>
<td>666.667</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Component 4</strong></td>
<td>500 000</td>
<td>500 000</td>
<td>166 667</td>
<td>666.667</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Component 5</strong></td>
<td>1 000 000</td>
<td>1 000 000</td>
<td>333 333</td>
<td>1 333 333</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Component 6</strong></td>
<td>1 000 000</td>
<td>1 000 000</td>
<td>333 333</td>
<td>1 333 333</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3 500 000</td>
<td>1 400 000</td>
<td>4 900 000</td>
<td>6 533 333</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The project is jointly co-financed by Phare and Government resources. Government co-financing on Component 1 is net of VAT. 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. The national co-financing of the project is min. 25% of the total project cost which will be provided by the Prime Minister’s Office. In case of grant schemes (component 2,3,4,5 and 6) the Beneficiaries will have to provide min. 10% as own contribution additionally to the Phare and national grant support.

6. **Implementation Arrangements**

6.1 *Implementing Agency*
The grant scheme component will be managed under the overall responsibility of the National Office for Regional Development (NORD) of the Prime Minister’s Office, whose representative will be designated as PAO. The National Office for Regional Development (NORD) of the Prime Minister’s Office 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 components 2-5 of the project.

Implementing Agency: National Agency for Regional Development (NARD) of the National Office for Regional Development (NORD) (1016 Budapest, Gellértgy u. 30-32)

PAO: Mr Tamás Lunk, National Office for Regional Development (NORD) of the Prime Minister’s Office

6.2 Services
In case of the 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 National Office for Regional Development (NORD) of the Prime Minister’s Office 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.

6.3. Non-standard aspects
Taking into account the specific character of the Interreg programmes, in case of the TA service tenders for ex-ante evaluation (contract 1.1) the simplified procedure will be followed.

In case of the Pilot Small Project Fund and Interreg IIIB and C fund components, Specific Guidelines will be elaborated in line with PRAG requirements for grant management.

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

6.4 Contracts
- Service contract of 0.190 M EURO for ex ante evaluation (contract 1.1)
- Service contract of 0.933 M EURO for development of programme complements and measures (contract 1.2)
- Service contract of 0.190 M EURO for Interreg control, audit, monitoring and financial management (contract 1.3)
- Service contract of 0.553 M EURO for the development of information and monitoring system (contract 1.4)

- Taking into account the expected average size of pilot small projects, it is estimated that approximately 40-60 (total 120) pilot small projects will be granted in the Ukrainian, Serbian and the Croatian border
• Taking into account the expected average size of INTERREG strand B projects it is estimated that roughly 8-15 joint PHARE/INTERREG transnational projects will be granted in Hungary from the financial resources of the Project.

• Taking into account the expected average size of INTERREG strand C projects it is estimated that roughly 10-25 joint PHARE/INTERREG interregional projects will be granted in Hungary from the financial resources of the Project.

7. Implementation Schedule

<table>
<thead>
<tr>
<th>Activity</th>
<th>1 comp.* (TA)</th>
<th>2,3,4 comp. (Pilot SPF)</th>
<th>5 comp (Int.IIIB)</th>
<th>6 comp (Int.IIIC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1 Start of tendering/Call for Proposals</td>
<td>04 2003</td>
<td>04 2003</td>
<td>06 2003</td>
<td>06 2003</td>
</tr>
<tr>
<td>7.2 Start of project activity</td>
<td>06 2003</td>
<td>10 2003</td>
<td>12 2003</td>
<td>12 2003</td>
</tr>
<tr>
<td>7.3 Project Completion</td>
<td>07 2004</td>
<td>06 2004</td>
<td>12 2005</td>
<td>12 2004</td>
</tr>
</tbody>
</table>

*Detailed Implementation Schedule for component 1 (TA)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Contract 1.1</th>
<th>Contract 1.2</th>
<th>Contract 1.3</th>
<th>Contract 1.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1 Start of tendering/Call for Proposals</td>
<td>04 2003</td>
<td>04 2003</td>
<td>06 2003</td>
<td>05 2003</td>
</tr>
<tr>
<td>7.3 Project Completion</td>
<td>12 2003</td>
<td>06 2004</td>
<td>07 2004</td>
<td>07 2004</td>
</tr>
</tbody>
</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
• Negotiations with the neighbouring countries can officially start at the beginning of 2003 and agreements on the main issues (location of the MA, PAs, JTSs, division of tasks between the different structures, working plan, setting up/nomination of programming committees) - should be drawn up by April 2004
  • Informal discussions start late December/early January (IA)
  • Official communication of the European Commission on Interreg issues (DG Regio)
  • Relevant organisations and responsible persons clearly nominated in Hungary
  • Relevant organisations will be nominated in the neighbouring countries as well
  • Starting discussions at national level in order to achieve clear negotiation mandate (NORD, Prime Minister’s Office, Ministry of Foreign Affairs, other relevant ministries and the regions, IA)
  • Application of “overall solution” for distribution of management responsibilities (EC, Candidate Countries, NORD, IA)
  • Flexible negotiation attitude of each neighbouring countries and the Commission

• TA procurement will be finished in time in order that the results of the service projects be applied in the shortest possible period
  • clear guidelines received from HQs in relation to the application of the new Financial Regulations
  • Workforce available at the Implementing Agency (NARD), CFCU and the EC Delegation as well (NORD, IA, Delegation, CFCU)
  • FM signed in March/April 2003 (EC, DG Enlarg)
  • TORs prepared and discussed in advance (IA, Delegation, CFCU)
  • In order to receive enough suitable offers, a realistic timeframe should be drawn up. Information on the tendering should reach all potential contractors (IA, CFCU)
  • Efficient communication between the Implementing Agency and the European Commission (EC Delegation, DG Enlarg, DG Regio)
  • Efficient communication between the IA and the CFCU

• TA contracts will be implemented in time and in good quality
  • Efficient application of the available twinning light expertise (IA)
  • Agreement on a realistic timetable with the Commission (DG Regio, NORD, IA)
  • Clear links to be established between the different components financed by the 2002 and 2003 Interreg preparation fiche and other related activities (IA, NORD)
• The results of the Interact program available (in time) for the Candidate Countries as well, the Interact programme is managed in a “demand driven” way, the Candidate Countries will be officially and more substantially involved (IA, Interact MA, EC)

• Available contacts/suitable matching workforce from the partner countries (IA, other Candidate Countries)

• Ensuring the cross-border character of the Pilot Small Project Fund through establishing joint structures

• Facilitating the joint implementation of the external cross-border small project funds by harmonizing Phare/Tacis and Cards procedures
  
  • continued commitment of the Ukrainian, Serbian and Croatian authorities and partners on development of the common border region
  
  • declaration/agreement is developed and signed with the relevant Serbian authorities to support and develop the cross border programmes between the two countries (IA, Prime Minister’s Office, Ministry of Foreign Affairs, NORD)

  • Hu/Uk and Hu/Hr Joint Committees are set up in 2002, Hu/Yu Joint Committee is set up by 06/2003 (IA)

  • Guidelines for the pilot SPF Facilities are prepared in good quality by the IA and endorsed by the Delegation by May 2002

  • Local participation is ensured by the IA

  • national and local co-finance available (NORD, IA, Beneficiaries)

  • preliminary discussion and negotiation on harmonizing Phare/TACIS and Cards SPF, already during the preparation and implementation of the 2002 PSPF (IA, NORD, concerned Neigbouring Countries, Delegations, HQ)

• Interreg IIB and IIC “Phare” projects co-ordinated successfully with ERDF during the whole implementation period
  
  • CADSES transnational structures work properly, enhanced transnational project development is ensured (IA, MA CADSES, CCPs of the Partner States)

  • Links to be established to Interreg IIC management structures by March 2003 (NORD, IA, Interreg IIC MAs and JTSs)

  • Guidelines for the Interreg IIB and IIC project facilities (2003) are prepared in good quality by April 2004 and endorsed by the Delegation by May 2004 (IA, Delegation)

  • national and local co-finance available (NORD, IA, beneficiaries)
• further development of the legal and procedural framework of the Phare/Interreg projects (with especial emphasis on the application of the Lead Partner principle) (IA, JTS, MA)
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
5. Overview of priorities and measures of the Interreg IIIB CADSES Community Initiative Program
6. Implementation Arrangements for Grant Schemes
### Annex 1: Phare Logframe

**LOGFRAME PLANNING MATRIX FOR**

#### Project

**Preparation for participation in Interreg III programmes**

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>• balanced territorial development of the European space supporting the development and implementation of European strategic spatial development initiatives, set out in the European Spatial Development Perspective, promoted</td>
<td>• 6 Interreg programmes implemented successfully (4 Interreg IIIA programmes, IIIB Cadses, IIIC including ESPON and Interact)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 6 stable transnational and cross-border co-operation structures</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 45 persons involved to cross-border, transnational and inter-regional co-operation</td>
<td>• programme evaluation reports</td>
</tr>
<tr>
<td></td>
<td>• programme planning, implementing institutions and mechanisms with clear responsibilities are ready by 05/2004</td>
<td>• Regional/national/European statistics</td>
</tr>
<tr>
<td></td>
<td>• draft CIPs are ready by 09/2003</td>
<td>• Reports of the European Commission</td>
</tr>
<tr>
<td></td>
<td>• Approx. 100% absorption rate for the relevant Interreg programmes (2004-2006)</td>
<td>• Intergovernmental reports and agreements</td>
</tr>
<tr>
<td></td>
<td>• 15 projects co-ordinated with Cards and Tacis projects</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 5 transnational and highly integrated CADSES projects (AA-type)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 15 experts/staff experienced in Tacis and Cards procedures</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• preparation of the Hungarian administration, intermediaries and potential final beneficiaries for the participation in future Interreg III programmes</td>
<td>• programme planning, monitoring, implementing institutions and mechanisms with clear responsibilities are ready by 05/2004</td>
<td>• programme evaluation reports</td>
<td>• continued commitment of the EU and the Hungarian government on Interreg policy objectives</td>
</tr>
<tr>
<td>• promotion of a higher degree of territorial integration across the European space specifically with the neighbouring countries by supporting participation in each Interreg strands</td>
<td>• draft CIPs are ready by 09/2003</td>
<td>• implementation and monitoring reports</td>
<td>• TA tendering procedures are carried out successfully/in the possible shortest period</td>
</tr>
<tr>
<td></td>
<td>• Approx. 100% absorption rate for the relevant Interreg programmes (2004-2006)</td>
<td>• EU and Hungarian audit reports</td>
<td>• The identified tasks are completed effectively and in time</td>
</tr>
<tr>
<td></td>
<td>• 15 projects co-ordinated with Cards and Tacis projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 5 transnational and highly integrated CADSES projects (AA-type)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 15 experts/staff experienced in Tacis and Cards procedures</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Programme name and number**

2003/004-347-05-02

**Contracting period expires:**

- For IB: 30/11/2005
- For Grant Schemes: 30/06/2005

**Disbursement period expires:**

30/11/2006

**Total budget:** 6.533M EURO

**Phare budget:** 4.900 M EURO
<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• CIPs and programme complements developed</td>
<td>• CIPs, Ex ante evaluations, PC prepared</td>
<td>• Phare monitoring reports</td>
<td>• smooth communication and effective co-operation between EU and Hungarian experts</td>
</tr>
<tr>
<td>• the necessary procedural framework for implementation of future Interreg programmes is in place</td>
<td>• Manuals are prepared, financial management, control, audit 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 local program and project development potential is increased at the Ukrainian, Serbian and Croatian border region</td>
<td>• Information and monitoring system in place</td>
<td>• EU and Hungarian audit reports</td>
<td>• availability of feasible project proposals</td>
</tr>
<tr>
<td>• Hungarian partners are involved to the transnational and interregional projects/networks and thus they can contribute to the common objectives of the Interreg IIIB – CADSES programme and interregional IIIC programme</td>
<td>• approx. 120 small-scale cross border projects implemented</td>
<td>• notes from members of the JCCc, SPFund Committees, Transnational Committees of the CADSES programme, documents prepared (CIPs, background documents)</td>
<td></td>
</tr>
<tr>
<td>• CIPs, Ex ante evaluations, PC prepared</td>
<td>• approx. 8-20 Hungarian projects implemented within the Interreg IIIB programme</td>
<td>• evaluation reports on training /study tours</td>
<td></td>
</tr>
<tr>
<td>• Manuals are prepared, financial management, control, audit procedures are drafted by the support of TA</td>
<td>• approx. 15-25 Hungarian projects implemented within the Interreg IIIC programme</td>
<td>• project implementation reports and progress reports</td>
<td></td>
</tr>
<tr>
<td>• Information and monitoring system in place</td>
<td>• approx. 120 small-scale cross border projects implemented</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• approx. 120 small-scale cross border projects implemented</td>
<td>• approx. 8-20 Hungarian projects implemented within the Interreg IIIB programme</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• approx. 15-25 Hungarian projects implemented within the Interreg IIIC programme</td>
<td>• approx. 120 small-scale cross border projects implemented</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• CIPs, Ex ante evaluations, PC prepared</td>
<td>• approx. 8-20 Hungarian projects implemented within the Interreg IIIB programme</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• approx. 120 small-scale cross border projects implemented</td>
<td>• approx. 8-20 Hungarian projects implemented within the Interreg IIIB programme</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• approx. 15-25 Hungarian projects implemented within the Interreg IIIC programme</td>
<td>• approx. 8-20 Hungarian projects implemented within the Interreg IIIB programme</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Member States and local expertise for the preparation of Interreg</td>
<td>• service tenders for procurement of TA</td>
<td>• the European financial aid available in due time</td>
</tr>
<tr>
<td>• Technical Assistance inputs procured through service tenders</td>
<td>• three separate envelopes will be earmarked from which pilot small projects will be financed in the Croatian, Serbian and Ukrainian border region</td>
<td>• appropriate Contractor will be found for the TA service components</td>
</tr>
<tr>
<td>• establishment of pilot small project fund facility for the Ukrainian, Serbian and Croatian border region</td>
<td></td>
<td>• commitment of the CADSES partners on the joint implementation of the CADSES programme</td>
</tr>
<tr>
<td>• establishment of project fund facility for the Hungarian participation within the Interreg IIIB CADSES programme and in the Interreg IIIB programme, respectively</td>
<td></td>
<td>• commitment of the U, Y and Hr partners on development of the common border region</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Preconditions</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• negotiations (on the basic Interreg issues) between the EU and Hungary are finished by the end of 2002, programme preparation can start at the beginning of 2003 as the latest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Procurement of the TA will be carried out in the possible shortest time</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Guidelines for the pilot SPF Facilities, Interreg IIIB and Interreg IIIC project facility are ready and endorsed by the Delegation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Preparation for the participation in Interreg III programmes – 2nd phase (2003)**

### Budget Allocation

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>II</td>
<td>III</td>
<td>IV</td>
<td>V</td>
<td>VI</td>
<td>VII</td>
<td>VIII</td>
<td>IX</td>
<td>X</td>
<td>XI</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>at the preparation of the local and central programme management bodies (all potential Interreg III programmes, 1st phase)</td>
<td>0,15</td>
<td>-</td>
</tr>
<tr>
<td>definition key factors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TORs for TA tendering (2nd phase)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>internal structures (MA, intermediary)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>sharing experience on practical solutions for harmonisation of different financial instruments (Tacis, Phare, ‘Cards?’)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Technical assistance (TA)</th>
<th>2002 (M EUR)</th>
<th>2003 (M EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st phase, 2002 programme:</td>
<td>0,60</td>
<td>1,40</td>
</tr>
<tr>
<td>Project preparation for Interreg programmes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>local workshops, seminars, manual – 600,000 EURO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd Phase, 2003 programme</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ex ante evaluation (2-new CIPs)-190,000 EURO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PCs, preparation of measure implementation with all necessary informal consultation – 700,000 EURO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>financial management, control and audit – 190,000 EURO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>information and monitoring system _ 320,000 EURO</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| 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. | 1.0 | 1.5 |
| Hungary-Ukraine and Hungary-Croatia border regions: 2002 and 2003 (1st and 2nd phase) | | |
| Hungary-Yugoslavia border region: 2003 (2nd phase) | | |

| 4. Project fund for financing the participation of Hungary in the transnational projects of the Interreg IIB CADSES programme | 1.0 | 1.0 |
| 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 | | |

| 5. Project fund for financing the participation of Hungary in the interregional projects of the Interreg IIC programme | - | 1.0 |
| 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. | | |

Total | 2.60 | 4.90 |
Total for 2002-2003 | 7.50 |
**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</td>
<td>Measure 2.1</td>
<td>Measure 3.1</td>
<td>Measure 4.1</td>
</tr>
<tr>
<td>Supporting joint strategies and actions for implementation</td>
<td>Developing efficient transport systems with regard to sustainable development</td>
<td>Protecting and developing cultural heritage</td>
<td>Promoting environmental protection and resource management</td>
</tr>
<tr>
<td>Measure 1.2</td>
<td>Measure 2.2</td>
<td>Measure 3.2</td>
<td>Measure 4.2</td>
</tr>
<tr>
<td>Shaping urban development, promoting urban networks and co-operation</td>
<td>Improving access to knowledge and the information society</td>
<td>Protecting and developing natural heritage</td>
<td>Promoting risk management and prevention of disasters</td>
</tr>
<tr>
<td>Measure 1.3</td>
<td>Measure 3.3</td>
<td>Measure 4.3</td>
<td></td>
</tr>
<tr>
<td>Shaping rural development</td>
<td>Protecting and developing landscape</td>
<td>Promoting integrated water management and prevention of floods</td>
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<tr>
<td>Measure 1.4</td>
<td>Measure 4.3</td>
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<tr>
<td>Spatial impact of immigration</td>
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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.