Standard Summary Project Fiche

1. Basic Information
   1.1 **CRIS Number 2003**: 2003/004-347-05-05  
      **CRIS Number 2002**: 2002/000-315-01-06
   1.2 **Title**: Promotion of integrated local development actions  
   1.3 **Sector**: Regional Development  
   1.4 **Location**: Hungary

2. Objectives
   2.1 **Overall Objective(s)**  
      • Reduce economic and social disparities within the regions
   2.2 **Project purpose**  
      • Create attractive business and social environment through local initiatives in selected settlements located in disadvantaged small regions
   2.3 **Accession Partnership and NPAA priority**  
      The objectives of the project are in line with the short- and medium-term objectives of the Accession Partnership. The implementation mechanism indirectly contributes to the preparation of Hungarian central and regional authorities for the implementation of the Structural Funds.
   2.4 **Contribution to the preliminary National Development Plan**  
      The development objectives of the grant scheme are in line with the following objectives of the Preliminary National Development Plan (PNDP):

      **Northern Hungarian Region**: Development of integrated town network. (PNDP 5.5.1 chapter, 2. priority Measure 12), Protection of man-made environment (PNDP 5.5.1 chapter, 3. priority Measure 3). Development of infrastructure associated with outstanding unique tourist attractions of the region and competitive tourist products (PNDP Section 5.5.1, Priority 2, Measure 1), development of the entrepreneurial infrastructure (PNDP Section 5.5.1, Priority 2, Measure 11), development of integrated town network through constructing by-pass roads (PNDP Section 5.5.1, Priority 2, Measure 12), Development of human resources of the municipalities, organisations of the municipalities and the NGOs (PNDP Section 5.5.1, Priority 1, Measure 4), Support of the economic and social integration of the disadvantaged and roma population (PNDP Section 5.5.1, Priority 1, Measure 8).

      **Northern Great Plain Region**: Preservation of the national and cultural assets as well as the natural and man-made environment in the region. (PNDP 5.5.1 chapter, 4. priority Measure 2). Establishment and development of industrial areas, logistic centres, incubation houses and industrial parks and their infrastructure development (PNDP Section 5.5.2, Priority 1, Measure 1), Improvement of the arterial access network of the region, construction of main and bypass roads in the settlements (PNDP Section 5.5.2, Priority 2, Measure 1), Development of the road and cycle path network that ensures the connection of the settlements and the restructuring of the present configuration and improves the travel and access conditions (PNDP Section 5.5.2,
Priority 2, Measure 2). Improving employability and long-term employment of multiply-disadvantaged groups (PNDP Section 5.5.2, Priority 3, Measure 2), Ensuring equal opportunities for the multiply-disadvantaged groups (PNDP Section 5.5.2, Priority 3, Measure 8).

**Southern Great Plain Region:** Environmentally sound development of the infrastructure of the settlements, farms (PNDP 5.5.1 chapter, 4. priority Measure 4). Business-related infrastructure (PNDP Section 5.5.3, Priority 4, Measure 1). Development of the internal accessibility conditions of the region with special emphasis on rural areas (PNDP Section 4.2, Priority 3, Measure 2). Improving employability and long-term employment of multiply disadvantaged groups (PNDP Section 5.5.3, Priority 3, Measure 2).

**Western Transdanubian Region:** Integrated regional development (PNDP 5.5.1 chapter, 3. priority Measure 2). Our heritage – preserving heritage of the natural, cultural and artificial environment, complex development of regional attractions of tourism (PNDP 5.5.1 chapter, 4. priority Measure 2). Accessibility – to develop traffic infrastructure (PNDP Section 5.5.6, Priority 3, Measure 1). ‘Kútfõ’ (Source) – for innovative community initiatives (PNDP Section 5.5.6, Priority 1, Measure 1), ‘Esély’ (Chance) – for the development of the labour market (PNDP Section 5.5.6, Priority 1, Measure 2).

**Central Hungarian Region:** Development of Leisure Time Economy and of Cultural Management (PNDP 5.5.1 chapter, 1. priority Measure 4), Protection and Development of the Built Environment (PNDP 5.5.1 chapter, 3. priority Measure 3), Reinforcing of the Functions of Settlement Centres (PNDP 5.5.1 chapter, 4. priority Measure 3). Improving the Region’s Internal Accessibility (PNDP Section 5.5.4, Priority 3, Measure 1). Furthering Social and Labour Market Integration of Disadvantaged People (PNDP Section 5.5.4, Priority 2, Measure 2), Collectivity Development, Supporting Civil Organisations (PNDP Section 5.5.4, Priority 2, Measure 3).

**Central Transdanubian Region:** Promoting activities that improve the state of the environment and raise awareness, improving the image of settlements and conservation of monuments (PNDP 5.5.1 Section, 3. priority Measure 4). Revival of tourism – through the development and construction of minor roads and parking places improving the access of attractions of tourism (PNDP Section 5.5.7, Priority 1, Measure 3). Job creation and maintaining measures (PNDP Section 5.5.7, Priority 3, Measure 1), Program for helping unemployed people back to labour market; (PNDP Section 5.5.7, Priority 3, Measure 2).

**South Transdanubian Region:** Development of the road network in the region (PNDP Section 5.5.5, Priority 1, Measure 2). Support to rehabilitation and provision for equal chances of disadvantaged groups in labour market (PNDP Section 5.5.5, Priority 2, Measure 2), Promotion of co-operation between enterprises and encouragement of developing clusters (PNDP Section 5.5.5, Priority 3, Measure 1), Promotion of investment activities at regional level (PNDP Section 5.5.5, Priority 3, Measure 5), Improvement of tourist program packages (PNDP Section 5.5.5, Priority 4, Measure 3), Development of conference and trade fair tourism (PNDP Section 5.5.5, Priority 4, Measure 4).

### 2.5 Cross Border Impact

Not relevant.

### 3. Description

#### 3.1 Background and justification

The economic and social development level of Hungary is far below the EU average, while considerable disparities exist within the country. The GDP per capita is 2.5 times higher (230 percent in 2000) in the most
developed region (Central Hungary) than in the least developed one (Northern Great Plain). The new socio-economic structure of Hungary has developed as a result of the economic transition. While some areas have known dynamic development, (although with differences in pace among them), other small regions have stagnated, mainly due to the unfavourable situation of scattered settlements in peripheral transport situation and because of a low-skilled labour force. One third of the small regions in Hungary can be regarded as developing ones, which are situated in the central and north-western parts of the country and in the areas surrounding larger settlements.

The moderation of disparities among regions in terms of income, employment, economic infrastructure, living conditions, education, social care, accessibility and environmental assets is vital for balanced development.

The economic transition required significant sacrifices to be made, with the result that, apart from the last few years, no financial sources were available for the development of local communities necessary to reach the expected EU development level. As a consequence not only the situation of the small regions lagging behind worsened, but also the potentials for economic growth have remained underdeveloped.

The stagnant, underdeveloped small regions, where the economic structural changes have started but not been completed yet can be characterised as follows:

- employment problems, an unemployment rate higher than the national average, higher proportion of young and long-termed unemployed, inflexible employment structures
- low educational level of the labour force
- slow and bad-quality accessibility conditions between the employment centres of the regions and other settlements
- unused industrial sites with poor accessibility conditions
- unused economic potential of cultural and environmental assets
- derelict and degregated living environment, dangerous for public health
- low income levels (the total revenue subject to income tax is lower than the national average)
- out-migration, especially among the young and the more highly-qualified people

The more developed small regions, which nevertheless leave their economic potentials undeveloped, are characterised as follows:

- unused economic potential of cultural and environmental assets
- unused and degregated industrial sites, military bases
- settlement centres in poor conditions with a decreasing number of functions, but rich in architectural values
- mismatch between the educational level of the labour force and economic or market demands.
- slow and unsafe accessibility (roads and cycle paths) of industrial sites, tourist attractions, scarce regional road networks.

Regardless of the regions’ development level, it is essential to ensure the sustainability of the development activities, contributing to the strengthening of settlement centres and the improvement of human resources in order to increase employment and income levels.

The decrease in the disparities among the regions’ development level can be attained by accelerating the development activities. Regional development funds are allocated according to the criteria set by the Parliament.

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1 See Annex 8 for regional statistical data
Resolution 24/2001(IV.20.) on the principles of regional development support, decentralisation and the classification of beneficiary regions, which take into account the GDP per capita, population size and the proportion of small regions lagging behind. Regional Development measures should take into account the specific situation of the regions. According to the principle of subsidiarity, intervention areas are identified at a regional level, based on the social economic analysis and SWOT analysis developed for the regions. Depending on the development level of the small regions, the development activities aim at either enhancing their income-generating capacity or avoiding economic depression.

In order to achieve the highest impact, it is necessary to ensure concentration of resources within the regions. Therefore, infrastructure development activities and employment programmes will target small regions, with settlements in poor conditions with economic potential and will focus on unused or under-exploited industrial areas, unused military sites, or depressed urban areas. Prioritised areas will be identified according to the social-economic analysis and the SWOT of the region. Based on local initiatives, an attractive economic and social environment can be created through developments in the following fields:

- infrastructure developments improving the economic and living environment
- accessibility of settlements and their appearance
- employment related to the social economy, practice-oriented and flexible training programmes that meet local market demands

The programmes in the above fields will boost entrepreneurship, increase the employment level, prevent the outflow of the population from the regions lagging behind, enhance the economic stability of the developing regions as well as improve their capacity to attract capital investments.

In addition to the economic, social and environmental catalytic effects of the programme, its institution-building impacts are also to be considered. As the defined development objectives reflect important regional needs, the activities funded under this Phare programme are foreseen to be continued under the Structural Funds as measures of the future OPRD. Both ERDF and ESF type actions will be started, reflecting the plurifund approach planned to be followed in the OPRD.

The launch of these developments from pre-accession resources and the extension of the scope of the programme to all statistical regions in Hungary allow the regional actors to acquire practical experience in European type programme management, adapt and prepare themselves for the possible new requirements concerning human resource capacities, knowledge and organisational structure.

3.2 **Linked activities**

The following activities and programmes supported by governmental or other European resources are related to the direct objectives of this programme and contribute to strengthening its impacts:

- **ISPA programme** supports the improvement of accessibility of the regions, their connection to the international transport networks as well as the development of environmental infrastructure in settlements and areas characterised by a higher rate of population density.

- **SAPARD programme** supports the modernisation of agriculture in rural areas, reformation of production methods and tools, protection of the environment, and minor infrastructure development actions in certain villages.

- The main focus of the Széchenyi plan is to improve the competitiveness of enterprises by providing them direct support. It encourages innovative and research activities, diffusion of information and technologies
related to the information society, as well as it contributes to better conditions for the solution of housing problems.

*Phare financed programmes related to road building*

- HU0008-06-02 Development of business related infrastructure: Development of the capacity of the road leading to Záhony in the Northern Great Plain Region.
- HU0014 Development of by-pass road network in the Southern Great Plain Region

*Phare financed cross-border programmes and projects related to road building*

- HU9914-01-01 Modernization of road no. 43109 leading to Kiszombor-Csanád border cross
- HU9914-01-02 Modernisation of the national public road National border-Battonya-Mezokövesd-Orosháza, II. phase
- HU0009-01-01 Modernisation of bordercross Csengersima-Petea, II. phase
- HU-0109-01 : Development of the road connection between the city of Balassagyarmat and the Slovakian border
- HU0108-01 Bucsu bypass road leading from the border to the crossroad of road no. 89.

*Phare financed programmes relating to human resources in the eastern regions*

- HU0008-02 PNDP vocational training – ESF-type Approach to Promote Transition from Training to Working Life.
- HU0008-03 Employability and long-term employment of multiply disadvantaged groups.
- HU0105-03 Improvement of entrepreneurial abilities in the secondary and higher education
- HU0105-02 System approach development of the employment rehabilitation means.

*Phare financed cross-border programmes and projects related to human resources*

- HU0015-04: Integrated regional information system (Regional labour market and regional development information system)

**Phare 2002 cross border cooperation programming**

Two projects for CBC 2002 are being developed that are complementary to this project. These are:
- Development of co-operation in the area of vocational education
- CBC Environmental Infrastructure Networks (Grant schemes).

### 3.3 Results

- Urban and settlement areas re-generated with a view to the creation or development of job creating economic activities;
- Access to road infrastructure within depressed urban areas or settlement areas in poor conditions improved;
- Employment based local initiatives promoted.

### 3.4 Activities
The results will be achieved through three programme components that will be implemented in each region. Territorial focus and synergic effects of projects supported under the different components by regions are of primary importance. Projects originating from small regions with settlements in poor social and economic conditions will be given priority during the evaluation of the proposals. Furthermore investments should focus on unused or under-exploited industrial areas or unused military sites, or depressed urban areas. Prioritised areas will be identified based on the social-economic analysis and the SWOT of the region. The criteria that will be used to determine the eligible settlements will be provided by the regions during the preparation of the Call for Proposal.

Activities under component 3.4.1 can be financed as individual projects, while activities under components 3.4.2 and 3.4.3 will be supported only in conjunction with activities funded under component 3.4.1. The submitted combined project proposals are evaluated as one application in order to ensure appropriate consideration of the synergic effects.

In case of a combined project proposal a common application should be submitted including the projects per component and a description of common objective and co-operation. A project leader should be appointed who will be the contact for the IA.

The programme will be implemented through one call for proposal with three windows including regional specifications in annexes.

The programme components are the following:

- Regeneration of settlement areas for the establishment of economic or public functions
- Improving accessibility within regions through the development of public road infrastructure
- Promoting employment based on local initiatives

An integrated project proposal cannot include more than one project element from the same component.

3.4.1 Urban and settlement areas re-generated with a view to the creation or development of job creating economic activities (1st component)

This component aims at implementing development actions in a specific, clearly identified area of the settlement. Developments scattered throughout the settlement cannot be supported. Accordingly, the applicant must identify the targeted area to be developed.

Supported activities:

- Integrated development and regeneration of depressed urban areas, or settlement areas in poor conditions in small regions with unused economic potential in order to induce primarily small-scale retail business activities or to improve the attractiveness of the settlement for tourism, in particular investments in infrastructure where modernisation or regeneration is a prerequisite for the creation or development of job-creating economic activities.
- Regeneration and conversion of unused or under-exploited industrial areas or military sites, which also contribute to a change in the function of the zone, if possible. The implemented developments should contribute to improvement of the employment and should lead to the revival of economic activities.

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3 similar to a measure under the SF
4 e.g. centers of settlements
Indicative criteria that will be taken into account during the preparation of the Call for Proposals

Activities not eligible:

• All investments related to private housing

Eligible organisations:

• Municipalities, association of municipalities
• Institutions of municipalities, and economic companies with public utility character, which do not generate profit.
• Non-profit organisations (e.g. foundation, associations, non-profit companies)
• Treasury Property Directorate

Criteria of eligibility:

• Results of the project proposal are in line with the objectives of the grant scheme
• Joint applications covering more than 1 component should include a consortium agreement.

Documentation required for application:

• Availability of necessary permits and construction plans (e.g. construction permits, monument protection expert's report, permits from responsible authorities)
• In case of developments that are not subject to construction permit, planning documentation appropriate for the professional evaluation of the planned investments must be submitted
• Statement of competent city architects or mayors confirming the coherence of the project with the effective physical plans (settlement fabric plans and regulation plan)
• Studies justifying the rationality of the investment (e.g. feasibility study, cost-benefit analysis, environmental impact assessment)
• Certification of clear ownership conditions
• Certification of the availability of own resources
• Outline summary of the settlement or the small region’s development plan or any other available strategy that justifies the investments and its sustainability in the regional or local context.
• Indication of the applicant organisation how the functional use of the regenerated area will be secured.

5 Areas that are apt for industrial activities and characterised by the dominance of industrial function. As a consequence of the structural changes in the economy, the production and other economic activities have either ceased or decreased in intensity. Other economic functions demanding a similar level of usage have not replaced industrial activities, therefore the quality of buildings and of other infrastructure is declining continuously, the function played in the structure of the settlement is decreasing, which is enhanced by the lack of renewals and investments.

6 Sites that are built for military purposes and are no longer used for such purposes.

7 The criteria mentioned are for information and guidance however it should be noted that detailed and exact criteria will be defined in the call for proposal.

8 In Hungary an economic company can have a non-profit character if in the charter of the company the members of the company state not to take out the produced profit and to use it instead for certain public tasks. The examination of the non-profit feature is decided on an individual basis during the evaluation. For further explanation please refer to Annex 10.

9 Kincstári Vagyonigazgatóság
Indicative list of project selection criteria (criteria for professional evaluation)

Relevance

• Relevancy of the proposal to the needs of the region (socio-economic analysis, regional SWOT and regional strategy)

• Coherence with settlement or the small region’s development plan

• Relevance of the proposal to the project purpose

Methodology

• The preparedness and elaboration of the project proposal

• Realistic implementation of the proposal’s schedule

Sustainability

• The project will be part of an overall strategy for the upgrading of the action zone.

• Guaranteed sustainability and functional use of the regenerated area and the developments implemented in the frame of the grant scheme

• Social, economic impacts of the project, with special regard to sustainable job-creation

• Multiplier effects of the development

Budget and Cost effectiveness

• Clear and realistic financial plan

• Detailed budget

• Cost effectiveness of the development

Management capacity and expertise

• Availability of personal and organisational capacity requirements for implementing the proposal

• Previous experience in similar projects

Synergy in case of proposals combined with activities financed under 3.4.2 and/or component 3.4.3

• The projects of the combined proposal for the various components serve a common development goal within a limited geographic area.

• Coherence of the elements of the combined proposal

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10 The detailed evaluation criteria will be worked out in the call for proposals and the assessor’s the guidelines based on the PraG standard evaluation grid.

11 e.g. local government could provide space against cheap rent for a certain period of time
Rate of support

The rate of Phare contribution cannot exceed 50% of the total cost of the project. The rate of the available maximum support (Phare and national co-financing) is 90% of the total cost of project.

Minimum and maximum amount of support

The minimum amount of support (Phare and national co-financing) cannot be less than 500 thousand EUR; the maximum amount of support cannot exceed 3MEUR.

3.4.2 Access to road infrastructure within depressed urban areas or settlement areas in poor conditions improved (2\textsuperscript{nd} component)

The activities under this component can only be financed in conjunction with activities financed under the component 3.4.1.

Supported activities:

- As a matter of priority, the construction or improvement of roads to urban areas or sites identified under component 1, including access roads, roads connecting settlements in case of joint application of settlements, junctions and bicycle paths within those areas, will be co-financed under this component.

  Roads, junctions or bicycle paths within the geographical areas covered by the applicant organisation (incl. partners) can be eligible in exceptional and duly justified circumstances if they show a clear synergy effect in combination with component 1.

Eligible organisations:

- Municipalities, state and municipal institutions,
- Economic companies with public utility character, which do not generate profit.\textsuperscript{12} (e.g. the Forestry Company Ltd.), if they are the maintainer of the road constructed in the frame of the support
- County road management non-profit companies

Indicative criteria that will be taken into account during the preparation of the Call for Proposals\textsuperscript{13}

Criteria of eligibility:

- Results of the grant scheme are in line with the objectives of the component.
- The roads or road sections to be constructed or to be improved is ensured for public utilisation
- Consortium agreement in case proposal involves partners.

Documentation required for application:

- Statement of the chief architect or the mayor on the conformity with the effective settlement physical plan (settlement fabric plan and regulation plan) and the settlement development plan.

\textsuperscript{12} In Hungary an economic company can have a non-profit character if in the charter of the company the members of the company state not to take out the produced profit and to use it instead for certain public tasks. The examination of the non-profit feature is decided on an individual basis during the evaluation. For further explanation please refer to Annex 10.

\textsuperscript{13} The criteria mentioned are for information purposes only. The criteria will form a guidance however it should be noted that detailed and exact criteria will be defined in the call for proposal.
• Availability of necessary permits and construction plans (e.g. approved construction plan, establishment permission in terms of water management, if required, environmental permit)
• Certification of clear ownership conditions
• Certificate on the availability of the own resources
• Availability of studies justifying the rationality of the investment (e.g. feasibility study, cost-benefit analysis, environmental impact study, expected traffic and security impacts of new roads).

Indicative list of project selection criteria (criteria for professional evaluation)\textsuperscript{14}

**Relevance**

• Relevancy of the proposal to the needs of the region (socio-economic analysis, regional SWOT and regional strategy)
• Compliance with the settlement development and/or small regions development plan
• Relevancy of the proposal to the project purpose

**Methodology**

• The preparedness and elaboration of the project proposal
• Realistic implementation of the project’s schedule

**Sustainability**

• Guaranteed sustainability and functional use of the developments implemented within the frame of the application
• Favourable social and economic impacts of the projects
• Multiplier effects of the development

**Budget and Cost effectiveness**

• Transparency and rationality of the financial plan
• Detailed budget
• Cost-effectiveness of the project proposal

**Management capacity and expertise**

• Availability of personal and organisational capacity for the implementation of the project
• Previous experience in similar projects

**Synergy in case of proposals combined with activities financed under 3.4.1 and/or component 3.4.3**

• The projects of the combined proposal for the various components serve a common development goal within a limited geographic area.
• Coherence of the elements of the combined proposal

\textsuperscript{14} The detailed evaluation criteria will be worked out in the call for proposals and the assessor’s the guidelines based on the PraG standard evaluation grid.
Rate of support
The rate of Phare contribution cannot exceed 50% of the total cost of the project. The rate of the available maximum support (Phare and national co-financing) is 90% of the total cost of project.

Minimum and maximum amount of support
The minimum amount of support (Phare and national co-financing) cannot be less than 500 thousand EUR; the maximum amount of support cannot exceed 3 MEUR.

3.4.3 Employment based local initiatives promoted (3rd components)

Supported activities

a) Employment programme in the field of social economy\(^{15}\)
Launching and maintaining employment programmes in the field of social economy\(^{16}\) for the disadvantaged (primarily for the long-term unemployed and for unemployed youth by providing full or part-time jobs). The projects can include the following main activities:

- alternative labour-market services in order to improve employability of programme employees
- training programmes for the programme employees
- financing of the employment costs of the programme employees
- purchase of the equipment necessary for the employment programme
- purchase of services necessary for the successful implementation of the programme in the following fields:
  - training of the staff participating in the management and implementation of the programme
  - marketing activities related to the products manufactured throughout the employment programme
  - management and professional consulting services

b) Implementation of training programmes\(^{17}\) for people of employable age, which meet local labour market needs in order to reduce or avoid unemployment.
Within one training project, training programmes in several fields can be implemented with a minimum of 5 participants in each programme. The applicant must provide evidence and ensure that practice or employment related to the subject of the programme is provided for the participants. Besides the training programmes, purchase of equipment necessary for the practice or employment is possible.

c) Eligible organisations

- Non-profit organisations (associations, foundations, public bodies, and non-profit companies) founded before 1 January 2002
- Municipalities, public institutions
- Regional Training Centres\(^{18}\)
- County Labour Centres

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\(^{15}\) Hereafter referred to as employment programmes.
\(^{16}\) For a definition of social economy and possible programme areas see annex 7.
\(^{17}\) Hereafter referred to as training programmes.
\(^{18}\) Regionális Munkaero Fejlesztő és Képző Központok.
• Chambers of industry and commerce, foundations for enterprise promotion
• Association of counties and small regions
• Institutions of vocational training, adult training
• SME-s as partners only in case of training projects

Indicative criteria that will be taken into account during the preparation of the Call for Proposals

Criteria of eligibility

Applicable to the employment projects:
• Statement to undertake the employment of a minimum of 5 persons.
• The employment period must cover a minimum of 12 months.
• A preparation period of maximum 6 months can precede the employment, during which the eventual alternative labour market services, the training of the employees and the purchase of the necessary equipment must take place.
• The total cost of services purchased according to the rules and procedures of the PRAG cannot exceed 10 percent of the total support.

Applicable to the training projects:
• In case the participant is unemployed, a practice period of at least 3 months must be ensured.
• In case of consortia, the leader of the consortium must be the training institution.
• In case of the training projects, one of the applicant institutions is authorised to provide training in the given field.

Applicable to both the employment and training projects:
• The project is in line with the purpose of the grant scheme.
• The amount of the purchase of equipment cannot exceed 30 percent of the total support.
• Consortium agreement in case of joint application of several organisations.

Documentation required for application:
• Employment plan, in case of employment programmes and training plan in case of training programmes.

Indicative list of project selection criteria (criteria for professional evaluation)

Relevance

19 The criteria mentioned are for information and guidance however it should be noted that detailed and exact criteria will be defined in the call for proposal.
20 See 5th bullet point among the supported activities.
21 The detailed evaluation criteria will be worked out in the call for proposals and the assessor’s the guidelines based on the PraG standard evaluation grid.
• Relevancy of the proposal to the needs of the region (socio-economic analysis, regional SWOT and regional strategy)

• Compliance with the settlement development or area development programmes and considering the employment projects accordance with the local plan providing public services.

• Contribution of the project to reduction of unemployment in the region (number of long-term unemployed targeted by the project; number of new jobs created) Considering training projects the content of the training programmes should be in accordance with the content request of the adult education act.

Methodology
• The preparedness and elaboration of the project proposal.
• Realistic implementation of the proposal's schedule.
• Number of co-operative partners participating in the project.

Sustainability
• The applicant ensures the employment of the people trained and employed by the project, for at least one more year after the termination of the project, on the basis of the employment plan, (in case of employment projects), or the training plan (in case of training projects).
• Projects, whose training materials can be further used as part of training programmes registered in the National Registry of Training Programmes (NRTP).

Budget and cost effectiveness
• Realistic and transparent financial plan
• Detailed budget

Management capacity and expertise
• Availability of personal and organisational capacity requirements for implementing the project
• Previous experience in similar projects
• Capacities and knowledge of the leading partner and its role during the implementation

Synergy in case of proposals combined with activities financed under 3.4.1 and/or component 3.4.2
• The projects of the combined proposal for the various components serve a common development goal within a limited geographic region or area.
• Coherence of the elements of the combined proposal

Rate of support
The ratio of Phare contribution cannot exceed 50% of the total cost of the project. The ratio of the generally available maximum support (Phare and national co-financing) is 90% of the total cost of project. With respect to the training projects, in case of purchase of equipment for enterprises providing training or ensuring employment, the maximum amount of support cannot be more than the 25% of total amount of the purchase of equipment.
Minimum and maximum amount of support

The minimum amount of support (Phare and national co-financing) cannot be less than EUR 50 thousand; the maximum amount of support cannot be more than EUR 300 thousand.

3.4.4 Technical assistance

Two technical assistance contracts will be financed from Phare 2002 budgetary sources. The first technical assistance contract will aim to support potential beneficiaries to prepare their project proposal. The technical assistance will be provided in the form of workshops in order to ensure equal opportunities for all potential applicants. At least 3 workshops per region will be organised with the participation of national and local experts, familiar with project design and PHARE grant schemes. Furthermore, experts should be familiar with the type of investments concerned. The technical assistance will also provide input for the updating of the internet home page of the NARD regarding the grant scheme. The web-site will include the possibility to ask questions via internet. The technical assistance will be tendered in accordance with the PraG rules.

The second technical assistance will be available for the preparation of the secondary tendering under the Grant Contracts where necessary. A pool of experts will be contracted according to the PRAG rules on service contract. This contract will cover assistance for the Grantees which will participate to both the 2002 and 2003 calls for proposals.

3.5 Lessons learned

With the experience of the Phare 2000-2001 programmes, the Regional Programme planning was brought closer to Structural Funds, as grant schemes were drawn up in the programming, corresponding to the measures in the system of the Structural Funds. This responds to the EMS’s and OMAS’s recommendations (see Interim Evaluation Report No. R/HU/REG/01019 Chapter 4.2.1 and R/HU/REG/02002 Chapter 4.2.1 respectively) and in particular the need for a closer link with the emerging Hungarian NDP. Separate pre-defined investment projects were not planned in the Phare 2002-03 programme. Programming discussions focussed on the definition of objectives and project selection criteria, while the selection of the projects will be done at local level.

The programme contains three components centred around settlement regeneration which should be present in every application. It aims at achieving a priority level objective through the implementation of three measures, with special attention to the synergic effects, therefore a clear, coherent and verifiable system of objectives is guaranteed. (see Interim Evaluation Report R/HU/SME/01017 Chapter 4.2.3).

During the preparation of this Project Fiche the experiences of the implementation of the “SME Co-operation” grant scheme were taken into account in particular in relation to the tender documentation and application evaluation. This was the first regional grant scheme implemented according to the rules of the PRAG. In the implementation system of the programme – which is accompanied by continuous monitoring (in accordance with the recommendations of Interim Evaluation Report R/HU/REG/01019 Chapter 4.2.1 and R/HU/REG/02002 Chapter 4.2.1) -, the regionally-based organisation will be involved and the positive past experiences were taken into account.

4. Institutional Framework

IA (Implementing Agency): Retains full responsibility for programme implementation.
**PAO (Programme Authorising Officer):** Professional leader of the Implementing Agency, responsible for the programme implementation.

**Intermediary:** shall be identified as a Regional Development Agency (RDA) to be contracted by the IA. It undertakes the task of day-to-day technical management of implementation of projects and monitoring activities under the authority of the IA. The relationship between the IA and the Intermediary shall be defined in a Co-operation Agreement (RDA) which will reflect the institutional framework given in this fiche.

The institutional structure and procedures to be followed are described in Annex 8.

The institutional framework for this project will take into account the planned implementation structure of the OPRD, as was decided in Government Decision no. 1218/2002 (XII.29.). The Annex of the Government Decision nominates NARD and the RDA as planned Intermediate Bodies for the OPRD.

The programme takes into account the actual results of the OPRD drafting process. In this process a position paper has been prepared on the proposed regional strategy, which is under negotiation. The programme aims at financing activities that will be included as measures in the future OPRD.

The project fiche will be implemented through one call for proposal with three windows including regional annexes.

The objective of the grant scheme is defined at priority level and will be achieved by the implementation of three measures.

In order to achieve significant impact, and to incite synergic effects, the submission of combined project proposals will be strongly supported. While activities under component 3.4.1 can be financed as individual projects, activities under components 3.4.2 and 3.4.3 should be supported only in conjunction with activities funded under component 3.4.1. The combined project proposals should include the projects prepared for the measures and also include a description of the common objectives, the common problems to be solved as well as the methods and means of co-operation of the project holders.

Good quality, professional evaluation and selection of proposals, with emphasis on the synergetic effects must be ensured. The combined project proposals will be evaluated per region taking into account the defined regional criteria. The projects will be evaluated based on the quality of the individual elements of the project in accordance with each window as well as the synergetic effect of the application. In order to ensure effective management, separate grant contracts will be signed for each component of the combined applications.
## 5. Detailed Budget

### 2002 (MEUR)

<table>
<thead>
<tr>
<th>Region</th>
<th>Phare Investment Support</th>
<th>Phare Institution Building</th>
<th>Total Phare (=I+IB)</th>
<th>National Public Co-financing</th>
<th>IFI</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>Northern Hungary</td>
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<td>2.24</td>
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### 2003 (MEUR)

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<th>Phare Institution Building</th>
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<th>National Public Co-financing</th>
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<td><strong>32.80</strong></td>
<td><strong>73.80</strong></td>
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</tbody>
</table>
The allocations for the regions are based on the Parliament Resolution 24/2001 (IV.20.) on the principles of regional development support, decentralisation and the classification of beneficiary regions.

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

6. Implementation Arrangements

6.1 Implementing Agency

The project will be implemented under the overall co-ordination and supervision of the Prime Minister’s Office, whose representative, Mr. Tamás Lunk, will be designated as PAO. The National Agency for Regional Development (Hungary, 1016 Budapest Gellérthegy u. 30-32.), which is the Implementing Agency of the programme will be responsible for administrative and financial aspects of the project.

Prime Minister’s Office
National Agency for Regional Development
H-1016 Budapest, Gellérthegy u. 30-32.
Tel: +36 1 488 7171
Fax: +36 1 488 7188

6.2 Twinning

Not relevant

6.3 Non-standard aspects

Not relevant

6.4 Contracts

One call for proposal with three windows including regional annexes will be launched covering the 2002 and 2003 budget. The rules of the European Commission’s Practical Guide to Phare, Ispa and Sapard contract procedures will strictly be followed during the implementation of the grant scheme.

Two service contracts will be concluded under the Phare 2002 budget in accordance with the Practical Guide to Phare, ISPA and SAPARD. The first service contract will provide assistance to potential beneficiaries of the Phare Grant scheme to prepare their project proposals. The second service contract will provide assistance to selected beneficiaries of the Grant scheme to prepare the tender documentation for the secondary tendering.

7. Implementation Schedule

7.1 Publication of call for proposals: May 2003

7.2 Start of project activity (Conclusion of grant contracts): December 2003

---

22 The calculation takes into account the ‘Gross Domestic Product’, ‘the residential population of the sub-regions that have a preferential status’ and ‘residential population of the regions’
7.3 **Expected Project completion:** 30 November 2005 (In case of particularly complex projects the project completion of projects financed under the 2003 FM can exceptionally go beyond 30/11/05, however never later than 30 September 2006.

8 **Equal Opportunity**

During the implementation of the programme women’s participation will be encouraged. The results of the projects must be available for everybody, evidence for which must be provided in the application. Besides the positive employment effects of the developments carried out in the first two components, the social economy-type employment programmes (especially in the field of social services) with its flexible work arrangements, as described in the third component, improves women’s employment possibilities, thus compensating the employment trends of the 90’s, which affected women more adversely. By the end of the 90’s, women’s employment rate was 23.1 percentage point lower than at the beginning of the decade, while men’s employment rate fell only by 18.7 percentage points in the same period. The sharp decrease in the part-time job opportunities affected women more than men. Even though women’s unemployment rate is still lower than men’s, they are more likely to become long-term unemployed or inactive, once they lose their job. Therefore the participation of women both in the employment and the training programmes will be encouraged. Data on the proportion of women participants will be available from the final reports of the projects.

9 **Environment**

The realisation of integrated local settlement development actions contributes to the provision of balanced and sustainable living conditions, to the development of the general state of cleanliness of the settlements. The activities supported might have a favourable impact on the protection and biodiversity conservation of natural values and habitats located within the settlements. The construction of roads under this grant scheme can have effects on ecosystems and the landscape. The traffic generated on the road contributes to increased air and noise pollution. If these effects are considerable, mitigation measures should be applied and the location of the road should be carefully planned. In case the new road diverts traffic from a more congested area, the air and noise pollution will decrease in the loaded area. The activities to be implemented in the framework of the social economy component do not have a direct impact on the state of the environmental elements, though the increase of employment it might contribute to the strengthening of sustainable development at a local level.

In the case of investments projects where an environmental impact assessment is to be carried out, the provisions of Government Decree no. 20/2001 (II.14.) on Environmental Impact Assessment should be taken into account. In the field of environmental impact assessment the Hungarian legislation is in full conformity with related EC legislation (Council Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment as amended by Council Directive 97/11/EC). Only investment projects already having all necessary permits and authorisations are eligible for support under the grant scheme.

10 **Rates of return**

The individual business plans submitted by the applicants shall determine the rate of return of individual investments, which will be a selection criterion during the evaluation in case of infrastructure projects.

11 **Investment criteria**

11.1 **Catalytic effect**

This programme gives financial support to new development actions that has not previously received support under the national aid programmes. These measures contain innovative new elements. The project accelerates the economic development in the target areas with special respect to the service-related infrastructure. Without
Phare support, the project would take place much later. In addition Phare will help mobilising funds from the private sector and contribute to the installation of new private businesses in the target areas by providing better conditions. The overall objective of the programme clearly reflects to the expected catalytic effects. The projects will finance activities that are high priorities in the regions. The measures are planned to be continued in the Regional Operative Programme financed by the Structural Funds, contributing to the preparation for the reception of the Structural Funds.

11.2 Co-financing
National co-financing will be provided by the Prime Minister’s Office. The national co-financing will represent 40% of the total amount of support. The applicant must normally provide at least 10% of the total amount of the project budget as own resources. In exceptional and justified cases this requirement may be waived.

In case of purchase of equipment for enterprises providing the training or ensuring employment within the framework of component 3 the maximum amount of support (Phare and co-finance) however cannot be more than the 25% of total amount of the purchase of equipment (keeping the same ratio between Phare and National resources).

With the above exception the rate of required own resources is the same for the three components (i.e. 10%).

In case of investments (supply and works) implemented under the Grant scheme the co-financing from Phare and National Resources will be joint. The ratio between the Phare and the national amount is binding and has to be applied to the "final contract price”.

11.3 Additionality
The grants awarded under this grant scheme will not displace any other financial sources. Supported investments and programmes will not displace private financial sources, as they do not generate financial profit.

11.4 Project readiness and Size
The call for proposals should be ready for approval by the EC Delegation by the time of signing the Financing Memorandum for the Phare 2003 budget. In case of each component, only projects ready for tendering can be supported.

11.5 Sustainability
Sustainability shall be described in the applications or in the required documentation. This precondition will form one of the selection criteria.

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

11.7 Contribution to National Development Plan
This grant scheme is part of a modelling exercise aimed at pilot-testing the integrated approach of the Structural Funds with a view to supporting local development and employment initiatives. This is particularly relevant in the context of the elaboration of the future Operational Programme for Regional Development is likely to adopt an integrated approach.

12. Conditionality and sequencing:
Conditionalities:

- The planned 2003 national budget should include the planned amount of national co-financing of the programme.

ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format for Phare 2002 and 2003 budget
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter for full duration of programme
4. List of relevant Laws and Regulations
5. Reference to relevant Government Strategic plans and studies
6. Definitions
7. Regional Statistics
8. Template For The Institutional Framework/Implementation Arrangements In Case Of Grant Schemes
9. Expicatory Note On The Economic Companies With Public Utility Character
# LOGFRAME PLANNING MATRIX FOR

**Project:** Promotion of integrated local development actions

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
</table>
| Reduce economic and social disparities within the regions | 800 new jobs created and maintained in the target areas by 2008  
325 newly launched businesses in the targeted areas by 2008  
3% decrease of long-term unemployed between 2000 and 2006 | IA based on the reports of beneficiaries, and, County Labour Offices  
Central Statistical Office |

<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| Create attractive business and social environment through local initiatives in selected settlements located in disadvantaged small regions | Considerable increased satisfaction rate in 2006 of inhabitants and businessmen with the living, environmental and business conditions of target area against a 2004 baseline  
8% decrease in journey time between 2000 and 2006 in the targeted area  
170 people completed the training and 120 being employed by the employment programme in 2006 | RDA surveys  
IA involving County Road Companies  
County Labour Centres | Existing investment and tourist interest in the target area  
Unpredictable local hindrance impeding economic activity in the target area does not exist or will not emerge |

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • Urban and settlement areas re-generated with a view to the creation or development of job creating economic activities;  
• Access to road infrastructure within depressed urban areas or settlement areas in poor conditions improved;  
• Employment based local initiatives promoted. | 28 regenerated and/or renewed settlement areas in 2006  
35 km constructed and refurbished road  
170 disadvantaged people participating in the employment programmes until 2006  
20 training courses and employment programmes organised in 2004 | Implementing Agency on the basis of project reports | Good community and leisure time programmes in the target areas  
Good public safety in the target areas  
Demand for the utilisation of the newly renovated buildings  
The participant of the employment programmes will stay employed after the end of the programme |
Activities | Means | Assumptions
---|---|---
**Component 1**  
- Integrated development and regeneration of depressed urban areas, or settlement areas in poor conditions in small regions with unused economic potential in order to induce small-scale retail business activities or to improve the attractiveness of the settlement for tourism.  
- Renovation of buildings or groups of buildings of architectural value, where primarily non-profit making activities are to be placed  
- Regeneration and conversion of unused or under-exploited industrial areas or military sites  

**Component 2**  
- Construction or improvement of roads to urban areas or sites identified under component 1 or creating synergy in combination with component 1. This includes access roads, roads connecting settlements in case of joint application of settlements, junctions and bicycle paths.

**Component 3**  
- In combination with component 1 social economy type employment programmes and flexible adult training programmes adapted to the local needs

**SERVICE TENDER**  
- Assistance for the preparation of the project applications  
- Assistance for the preparation of the tender documentation of the secondary tendering under the Grant contracts.

15MEUR + 50MEUR Phare support  
12MEUR + 40MEUR national co-financing  
Grant scheme  
TA  
Implementing Agency  
- Own financial resources available at project beneficiaries  
- Time schedule respected during the programme and project implementation.
## Detailed implementation Chart

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
</table>

- **Integrated local development actions (1st and 2nd component)**

- **3rd component**

- **Preparation of application**
- **Call for proposal and grant contracting**
- **Public procurement and contracting**
- **Project activity and disbursement**
- **Overlap of two stages**

---

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
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</thead>
</table>

- **TA project preparation**
- **TA preparation of tender documentation**

- **Preparation of tender**
- **Tendering and contracting**
- **Project activity and disbursement**
## ANNEX 3

### CONTRACTING AND DISBURSEMENT SCHEDULE*

#### Phare 2002

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<tr>
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#### Phare 2003

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<td>31,16</td>
<td>34,44</td>
<td>37,72</td>
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</table>

* Only Phare contribution

Based on the assumption that implementation of Phare 2002 and 2003 budgetary sources will be based on the disbursement deadline of 2002 Phare sources.
ANNEX 4

LIST OF RELEVANT LAWS AND REGULATIONS

• Act No. XXI of 1996 on regional development and regional planning
• Act no. CI of 2001 on adult training
• Act no. LXXVI. of 1993. on vocational training
• Decree no. 48/2001 of the Ministry of Education on the detailed rules of registering institutions providing adult training
• Act no. CLVI of 1997 on public benefit organisations
• Act no. I. of 1998 on public transport with uniform structure of Decree no. 30/1988 (IV.21.) of the Ministerial Council
• Decree no. 15/2000 (XI.16.) of the Ministry of Transport and Water Management on the licensing of road construction, opening and closure
• Act no. LXXVIII. of 1997 on the formulation and protection of the built environment
ANNEX 5

REFERENCE TO RELEVANT GOVERNMENT STRATEGIC PLANS AND STUDIES

• National Development Plan – Regional Strategy, measures of the Regional Operational Programme (January, 2002.)
• National Regional Development Concept (Resolution of the General Assembly no. 35/1998)
• Report of the Government of Hungarian Republic on spatial processes, on the implementation of spatial development policy and the National Regional Development Concept (J/3919, March 2001.)
• Hungarian Transport Policy, 1996
• Joint Assessment of the Employment Policy of Priorities of Hungary (November 2001.)
• National Employment Action Plan (under preparation)
EMPLOYMENT PROGRAMMES IN THE FIELD OF SOCIAL ECONOMY:

The social economy fulfils a double function. On one hand, non-profit organizations provide services that are important for the local community, but not offered by market forces and not (or only partially) provided by public institutions either. On the other hand, it provides employment for the long-term unemployed. Social economy includes among others employment in the field of personal/social services, information services, education, leisure-time activities, cultural programmes, environment, settlement development, reconstruction of public buildings, activities related to information and communication technology and manufacturing products. The local employment projects increase the chances of the long-term unemployed to return to the primary labour market and at the same time provides permanent jobs for those who cannot find employment in the long run.
### General statistics of the regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Area (sq. km)</th>
<th>Population (head)</th>
<th>Population density (head/sq. km)</th>
<th>Settlement density (settlement/100 sq. km)</th>
<th>Rate of town population (%)</th>
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<td><strong>3.4</strong></td>
<td><strong>63.6</strong></td>
</tr>
</tbody>
</table>

Source: STO, 2000

### Most characteristic economic indicators of the Regions

<table>
<thead>
<tr>
<th>Region</th>
<th>GDP/capita (1000 HUF)</th>
<th>Agriculture GDP/empl.</th>
<th>Industrial GDP/empl.</th>
<th>Service GDP/empl.</th>
<th>Income/capita (1000 HUF)</th>
<th>Average nights spent by tourists</th>
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<td>3594.5</td>
<td>380.4</td>
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<td>3.5</td>
</tr>
<tr>
<td>South-Great-Plain</td>
<td>843</td>
<td>4123.1</td>
<td>2420.9</td>
<td>3444.9</td>
<td>275.7</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>Hungary</strong></td>
<td><strong>1132</strong></td>
<td><strong>3679.8</strong></td>
<td><strong>3410.2</strong></td>
<td><strong>3852.5</strong></td>
<td><strong>351.9</strong></td>
<td><strong>3.0</strong></td>
</tr>
</tbody>
</table>

Source: STO, 2000
### Most characteristic demographic indicators of the Regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Natural growth 1990-2000 (%)</th>
<th>Migration balance 1990-2000 (%)</th>
<th>Population growth 1990-2000 (%)</th>
<th>Migration balance per 1000 inhabitants</th>
<th>Unemployment rate (%)</th>
<th>Long-term unemployed rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Hungarian</td>
<td>-4.6</td>
<td>1.6</td>
<td>-6.2</td>
<td>-0.1</td>
<td>5.2</td>
<td>21.0</td>
</tr>
<tr>
<td>Central-Transdanubian</td>
<td>-1.9</td>
<td>0.9</td>
<td>-2.8</td>
<td>3.2</td>
<td>4.8</td>
<td>23.4</td>
</tr>
<tr>
<td>Western-Transdanubian</td>
<td>-3.7</td>
<td>0.7</td>
<td>-4.4</td>
<td>1.5</td>
<td>4.2</td>
<td>22.1</td>
</tr>
<tr>
<td>South-Transdanubian</td>
<td>-3.8</td>
<td>-0.3</td>
<td>-3.5</td>
<td>-0.3</td>
<td>7.8</td>
<td>27.6</td>
</tr>
<tr>
<td>Northern-Hungarian</td>
<td>-2.9</td>
<td>-2.3</td>
<td>-0.6</td>
<td>-1.1</td>
<td>10.1</td>
<td>34.3</td>
</tr>
<tr>
<td>North-Great-Plain</td>
<td>-0.8</td>
<td>-2.0</td>
<td>1.1</td>
<td>-1.5</td>
<td>9.2</td>
<td>32.7</td>
</tr>
<tr>
<td>South-Great-Plain</td>
<td>-4.4</td>
<td>-0.1</td>
<td>-4.3</td>
<td>-0.5</td>
<td>5.1</td>
<td>27.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>-3.4</strong></td>
<td><strong>0</strong></td>
<td><strong>-3.4</strong></td>
<td><strong>-</strong></td>
<td><strong>6.4</strong></td>
<td><strong>29.3</strong></td>
</tr>
</tbody>
</table>

Source: STO, 2000

### Main traffic indicators of the Regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Main road (km)</th>
<th>Other national road (km)</th>
<th>Total</th>
<th>National roads per 100 sq. km</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Motorway, motor road</td>
<td>Trunk road</td>
<td>Second-rank</td>
<td></td>
</tr>
<tr>
<td>Central Hungarian</td>
<td>158</td>
<td>293</td>
<td>247</td>
<td>1905</td>
</tr>
<tr>
<td>Central-Transdanubian</td>
<td>138</td>
<td>359</td>
<td>563</td>
<td>2907</td>
</tr>
<tr>
<td>Western-Transdanubian</td>
<td>72</td>
<td>239</td>
<td>782</td>
<td>3742</td>
</tr>
<tr>
<td>South-Transdanubian</td>
<td>18</td>
<td>274</td>
<td>702</td>
<td>3337</td>
</tr>
<tr>
<td>Northern-Hungarian</td>
<td>64</td>
<td>299</td>
<td>516</td>
<td>3776</td>
</tr>
<tr>
<td>North-Great-Plain</td>
<td>-</td>
<td>418</td>
<td>739</td>
<td>3748</td>
</tr>
<tr>
<td>South-Great-Plain</td>
<td>56</td>
<td>291</td>
<td>782</td>
<td>3883</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>505</strong></td>
<td><strong>2173</strong></td>
<td><strong>4330</strong></td>
<td><strong>23299</strong></td>
</tr>
</tbody>
</table>

Source: STO, 2000
Accessibility of the settlements of regions in relation to the region's nearest county seat

Accessibility of the settlements of regions by analysing accessibility by road in relation to the region's settlements
ANNEX 8

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

Preparation of the package of call for proposals, guidelines for applicants and application form according to the Practical Guide

IA drafts the call for proposals, 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). The call for proposals contains the specific regional features that are different for each region based on the regional Social Economic Analysis, SWOT analysis and in line with the the strategy of the OPRD in so far available. The Regional Development Councils comment on the prepared call for proposals and related documents before their submission to the EC Delegation. The Delegation receives all background documentation (social economic analysis, SWOT, OPRD Strategy) that served as a basis for the decision of the Regional Development Council on the prioritised areas. Any changes requested to the Call for Proposal by the EC Delegation should not lead to a renewed approval procedure by the Regional Development Councils.

IA submits the final version of the documents to EC for approval.

EC Delegation endorses the documents.

Publication of the call for proposals

The IA takes all appropriate measures to ensure that the nationally and regionally publicised call for proposals reaches the target groups in line with the requirements of the Practical Guide. In practice the call for proposals will be published in countywide-distributed daily papers and it will also be available on the website of the organisations which participate in the implementation of the programme.

Project selection process

- RDA ensures that necessary information on the grant scheme is available for the target group in the period between the publishing date of the call for proposals and the submission of applications and provides information on it to the potential beneficiaries if required.
- RDA collects and registers incoming project proposals.
- The IA selects (in agreement with the co-financing ministry/ies involved, if relevant) and approves the teams of formal and professional assessors in each participating region, after consultation with the RDAs, in accordance with the rules of the PRAG. The selected assessors are responsible for the assessment of administrative compliance, eligibility and assessment of technical and financial quality of the proposals.
- The IA (PAO) nominates one evaluation committee in each region for the evaluation of all projects submitted in the framework of the programme (non-voting chairman and secretary, and voting members) after consultation with the RDAs and including a representative of the Ministry responsible for Regional Development and other relevant co-financing ministry/ies involved.
• The IA nominates the members of the team of assessors and the regional evaluation committees exclusively on the basis of technical and professional expertise in the relevant field and in the relevant region.

• The Delegation endorses the assessor teams and the composition of the evaluation committees. The Delegation nominates an observer to follow all or part of the proceedings of the Evaluation Committees. Prior approval is needed from the Delegation for the participation of other observers.

• The regional evaluation committee draws up its recommendations and makes its decisions according to the assessor team's written assessment of each proposal on the basis of the published evaluation grid, evaluates the synergic effects of the projects and approves the list of high professional quality projects to be supported.

• The PAO approves the evaluation report prepared by the regional evaluation committee and submits the evaluation report and the list of proposed applicants to be supported, to the Delegation.

• The Delegation endorses (ex-ante) the evaluation report on the selection process and the final lists of grants to be awarded per region.

• The IA notifies each applicant in writing of the result of the selection process.

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.

• 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 projects with a procurement contract of over 300,000 Euro (Phare contribution) 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.

Implementation of the selected projects by the beneficiaries

• Beneficiaries subcontract suppliers of goods, services or works, in line with Phare procurement regulations laid down in Annex IV of the Grant Contract and in the Practical Guide.

• Projects with contracts under 300,000 Euro (Phare contribution) will be subject to ex-post control by the EC Delegation pursuant to the Practical Guide. In that case prior endorsement of the contract and the procurement process by the Delegation is not required, the procurement is carried out under the control and approval of the IA.

• 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.

Financial management of the selected projects

• The IA receives and verifies the payment requests and the annexes professionally and financially controlled by the RDAs, and submits the payment claims to the State Budget Office.
Monitoring of the projects implemented by the beneficiaries

Standard Phare monitoring instruments will be used for monitoring purposes. The NARD takes the overall responsibility for the monitoring of the project. The RDA will be responsible for the day-to-day monitoring of the selected projects, and filling data to the monitoring information system. The County Labour Centres may be involved in the monitoring process of the projects supported under the component “Improvement of human resource quality”.
ANNEX 9.

EXPLICATORY NOTE ON THE ECONOMIC COMPANIES WITH PUBLIC UTILITY CHARACTER

In Hungary the form of investment company does not legally exist. An economic company (mostly joint ventures) can have a non-profit character if it is stated in the company's chart. This non-profit character is peculiar to companies aiming at renewing urban areas. Co-operation of public and private sector can be typically described as follows. The municipality and private partners (usually from financial business) form a non-profit joint venture, in which the decision-makings in strategic issues remain the task and responsibility of the public body (having 50+1 votes in the decision-making of the company). A non-profit economic company can have profit-generating projects related to its activities, but the profit is used only to cross finance company goals that are only socially but not financially profitable. The profit cannot be taken out of the company and must be re-invested in the company.