1. Basic information

Desiré number: HU0109.02
SR0102.02
Title: Joint Small Projects Fund
Sector: Cross-border Co-operation
Geographical location: Hungarian - Slovak border region

The Joint Small Projects Fund will finance small projects for the programme area described in the Joint Programming Document (JPD).

In Hungary the following NUTS III regions are targeted: Gyor-Sopron-Moson, Komárom-Esztergom, Pest, Nógrád, Heves, Borsod-Abaúj-Zemplén counties.

In Slovakia the Joint Small Projects Fund will finance projects for the following regions: Bratislava, Trnava, Nitra, Banska Bystrica and Kosice.

2. Objectives:

The Joint Small Projects Fund (JSPF) supports the key objectives of the Hungarian-Slovak PHARE CBC Programme, namely to help the border regions to overcome specific development problems resulting from their relative isolation in the framework of national economics. The JSPF also supports the establishment and development of co-operative networks on both sides of the border and the creation of linkages between these networks and wider European Union networks.

2.1. Wider objectives:

The JSPF aims at:
- supporting the further development of the economic potential of the border regions by strengthening existing structures;
- reducing the peripheral character of these areas, thereby improving the quality of life and creating a co-operative network on both sides of the border;

In pursuing these objectives, the JSPF provides a flexible approach to funding smaller-scale actions, which are defined on the basis of local/regional needs, and which have a cross-border impact.

2.2. Immediate objectives

The projects shall support development in particular in the fields of small-scale activities across the border according the priorities and measures set up in the Joint Programming Document.

In overall terms, the JSPF will support:
- the development of tourism, as an important contributor to the local/regional economic and employment development of the eligible districts of the five Euroregions on the Slovak-Hungarian border;
• the development of cultural co-operation between neighbouring regions on both sides of the border;
• the support and increase in numbers of cross border meetings of various groups of the population, especially of youth;
• the support of educational activities for institutions and individuals involved in local/regional development, in local government and in organisations of public interest;
• the raising of the level of public awareness and information on cross-border co-operation affairs and on the process of European integration.
• encourage local involvement in the Phare CBC Programme and to support small-scale actions which may form the basis for larger cross-border co-operation projects;
• build and develop the specialist resources of local and regional institutions involved in regional development, groundwork and implementation of cross-border projects in line with EU practice;
• stimulation and support to the creation of permanent structures among the local and regional organisations in the border region in question, particularly organisations with membership for both sides of the border;
• develop and enhance co-operation between the communities on either side of the border with a view to joint improvement of economic development, living conditions and on-going contact.

2.3. Accession partnership

The JSPF plays a key part in the process of preparation of Slovakia and Hungary for accession, in particular through the capacity building dimension of local/regional actors. These funds are part of a process of creating "integration-minded" border regions. The project represents thus an important element in the preparation of Hungary and Slovakia for the adoption of Structural Funds. In addition, the project supports the social and economic integration between the border regions of candidate countries.

2.4. Cross-border impact of the project

The Programme will contribute to the removal of existing disparities between regions on both sides of the border and thus to the gradual alignment of economic and social development. This is particularly important in view of future integration into the European Union. Full membership will require the approximation of levels of economic activity and living standards in particular in border regions in order to avoid undue problems connected to the removal of borders and the introduction of the principle of free movement.

The JSPF emphasises projects with a cross-border impact and encourages the development of linkages between the communities’ (organisation) institutions on either side of the border. In general, the "people-to-people” character of the individual projects and the general direction of the fund guarantee a high degree of cross-border relevance of the scheme.

The Joint Small Projects Fund Committee will be composed of representatives of the border region.
3. Description:

3.1. Project background

The Hungarian-Slovak border is nearly 700 km long. It consists of four regions in both side of the border with very different economic, cultural, and natural background. The direct involvement of the relevant actors from the whole border area is essential for a successful and balanced future Cross Border Co-operation Programme. As a consequence, the maximum possible amount of 400,000 Euro is being allocated by the two countries for funding the JSPF activities.

The Joint Small Projects Fund (JSPF) will be established in alignment with the Commission Regulation (EC) No 2760/98 concerning the implementation of a program for cross-border co-operation in the framework of the PHARE programme. The Funds will also respect the provisions contained in the Joint Small Project Fund Guidelines, which will be settled out by the SPF authorities and endorsed by the European Commission (Delegations in Bratislava and Budapest). Together with large-scale activities, supported from the main part of the programme, the JSPF will be a complementary tool in the framework of pre-accession measures in support of the regional development.

The CREDO Programme, realised within the framework of the PHARE multi-country programmes, has identified a wide range of project proposals. Due to the limited resources only a small fraction of these could be implemented under the CREDO Programme. Many of the project proposals that could not be taken up due to the limited size of the programme are suitable to be covered under the SPF both with respect to their size and with respect to their content and quality. The inclusion of the JSPF in the 2001 Hungarian-Slovak CBC Programme reflects the overall PHARE CBC Programme strategy in Hungary and in the Slovak Republic, in this case a flexible funding mechanisms, beginning with Small Projects Fund in Trilateral PHARE CBC Hungary-Austria-Slovakia 1996 Programme and Bilateral PHARE CBC Hungary-Slovakia 1999 Programme. Past experience has demonstrated that the fund approach is an efficient mechanism to address small-scale intervention. Moreover funds are as ideal mechanism for the “maturing” of cross-border co-operation through allowing greater possibilities for the definition and preparation of joint projects.

To summarise, the inclusion of the JSPF into the programme is a logical step forward in the overall context of the Hungary’s and the Slovak Republic’s future accession to the EU, and in the specific context of the development of cross-border co-operation and evolution of the Phare CBC programme in the pre-accession context.

3.2 Linked activity

No linked activities

3.3. Results

The establishment of a JSPF will provide financial support to small-scale actions in the border regions.

3.4. Activities
The Joint Small Projects Fund supports projects implemented according to the Phare guidelines (in particular applying the Practical Guide to Phare, Ispa & Sapard contract procedures) and respecting the selection criteria that are described in the relevant Joint Small Projects Fund Guidelines (Specific Guidelines) to be completed by Hungary and Slovakia. Validity of the JSPF implementation is one year.

**The project will support:**

- “Non-investment, people-to-people” projects located in the Hungarian-Slovakian border region across the priority areas described in the Joint Programming Document in order to encourage local involvement and to facilitate the implementation of small-scale actions that constitute the basis for larger cross-border co-operation projects which can be implemented in the next programming periods.

- **Administrative costs for operating the fund.** Concerning administrative support for operating the fund, the Phare contribution may finance indirect (overhead) costs up to 7% of total amount eligible costs.

The grants will only be made for projects of non-investment nature and whose immediate objective is non-commercial and strictly non profit-making. Under no circumstances may grant give rise to profits (i.e. it will be restricted to the amount required to balance income and expenditure for the project).

The projects will have to address the following priority areas included in the Joint Programming Document:

**Priority 1 Accessibility**
- Transport organisation and engineering, logistics.

**Priority 2 Human resources**
- Enhancing socio-economic condition for stopping out migration
- Networking measures
- Development of integrated emergency system

**Priority 3 Economic co-operation (Cross-border business co-operation)**
- Co-operation of SME’s.

**Priority 4 Sustainable cross-border spatial development**
- Supporting join strategies and programmes
- Rural development actions

**Priority 5 Nature and environment**
- Environmental planning and monitoring
- Co-operation in Natural Protection

The eligible measures and actions are described in details in the Joint Programming Document and specifically in the Joint SPF Guidelines and Guidelines for applicants.

In general terms the eligible actions should meet the following conditions:

- have a strong and evident cross-border impact (joint projects or mirror projects co-financed jointly by Hungarian and Slovak project partners will be particularly prioritised)
- be financially assessed as realistic and transparent
- be ready for implementation
• availability of co-financing, minimum co-financing will be 10% of the cost of the project (The JSPF will support non-investment projects only)
• contain innovative approaches (e.g. pilot projects)
• comply with the minimum and maximum level of project support

**Eligible beneficiaries**

Eligible beneficiaries will include all non-profit-making decentralized, local organizations, such as:
- Public Authorities (towns and municipalities, districts) within the relevant border region
- Associations of municipalities
- Associations of legal entities, Euroregions
- Organizations founded or run by municipalities
- Professional Chambers (e.g. commercial, economic and agricultural chambers), social partners and professional associations
- Schools and other educational institutions
- Foundations
- Public welfare organizations
- Civil associations
- Other NGOs, non-profit organizations.

Profit making organizations, political parties and private persons are not eligible.

**Selection process**

The Hungarian and Slovak Implementing Authorities will issue a call for proposals that must be open and fair to all eligible organisations. The submitted applications will be assessed and evaluated by the Evaluation Committees for each country. On the basis of these recommendations, a joint evaluation will be performed and the final decision will be taken.

4. **Institutional framework (Annex 4):**

**A Joint Regional Small Project Fund Committee** will be established for the whole Slovak-Hungarian border region. This Committee will consist of representatives of the local / regional public administration and of other relevant institutions and organisations in the regions. Representatives of the European Commission will participate in the meetings of the Committee as observers.

The JSPF will operate following the Specific Guidelines developed for the 2000 JSPF and approved by the Commission Services (EC Delegations) and the Practical Guide to Phare ISPA and SAPARD. On this basis, the different steps of the Selection process as well as the final Selection of the projects will have to be endorsed by both EC Delegations in Slovakia and in Hungary. The implementation will follow the procedures described in Annex 4.

In Hungary, the National Agency of Regional Development (NARD) of the Ministry of Agriculture and Regional Development as the Implementing Agency will be the organisation in charge of launching and advertising the call for proposals in the participating Hungarian regions. The Budapest, Sopron and Eger Regional Offices of the NARD will do the registration of project proposals and the checking of formal criteria.
In Slovakia, the Ministry of Construction and Regional Development will be in charge of the overall project supervision (in particular for checking of the formal criteria and participating actively in the selection of projects). The regional state authorities, as well local authorities actively co-operate on the JSPF.

5. Budget (in MEURO):

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The maximum size of the projects in the year of 2001 is 50.000 Euro.

6. Implementation arrangements:

**In Hungary** the project will be implemented under the overall co-ordination and supervision of the Ministry of Agriculture and Regional Development, whose representative, Dr. Péter Szaló, Deputy Secretary of State, will be designated as PAO. The Implementing Agency of the JSPF is the National Agency for Regional Development (NARD) of the Ministry of Agriculture and Regional Development. The NARD retains overall responsibility for the implementation of the whole programme.

**In Slovakia** the Implementing Authority is the Ministry of Construction and Regional Development. The project will be implemented by the Implementing Agency for Regional Development.

7. Implementation schedule:

| Establishment of the Regional Steering Committee | 02/2002 |
| First call for proposals                        | 2/2002  |
| Contracting                                     | 6/2002  |
| Completion of projects                          | 09/2004 |

8. Equal opportunity:

In the whole process of preparation and implementation of the projects no discrimination between men and women will be made.

9. Environment:
Not applicable (only non-investment projects will be granted)

10. Rates of return

Not applicable.

11. Criteria:

Catalytic effect: Hungary and Slovakia according to their geographical position share a common infrastructure and economic problems. The implementation of projects within the Joint Small Projects Fund is extremely important to improve the relations between both countries and to promote cross-border co-operation from both countries as well as preparation of projects ready for financing in the future. The objective of the project is clearly in line with those of the Hungarian and Slovak governments and the Accession Partnership. Without the foreseen Phare support, the joint small projects could not be realised in the mid-term.

Sustainability: The development of the Hungarian–Slovak border region is part of the Hungarian and Slovak reciprocal government’s strategy of maintaining good relations with its neighbours. Hungary and Slovakia have signed several bilateral agreements to underline and intensify bilateral relations. The results of the small projects must be sustainable in the long term, i.e. beyond the date of accession if it is applicable. They must therefore comply with EU norms and standards and be in line with EU sector policy acquis. They must be financially sustainable.

Competition: It is confirmed that all aspects of the above mentioned studies is open to competitive open tenders within the European Union and Phare recipient countries, and all Phare procedures regarding competition and transparency are fully complied with.

12 Conditionality and sequencing

No conditionalities apply.
Annexes:

1. Logframe planning matrix
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period)
4. Template for the institutional framework/implementation arrangements in case of Joint Small Projects Fund
## ANNEX 1 - LOGFRAME PLANNING MATRIX

### LOGFRAME PLANNING MATRIX FOR

**Project:** Joint Small Projects Fund

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<tr>
<th>Programme Name and Number</th>
<th>HU01.09.02-SR01.02.02</th>
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| Contracting period expires: | April 30.11.2003 |
| Disbursement period expires: | 30.11.2004 |

| Total Budget | 0.44 MEUR |
| Phare Budget | 0.4 MEUR |

### Overall Objectives

Support the further development of the economic potential of the border regions by strengthening existing structures
Reduce the peripheral character of these areas, thereby improving the quality of life and creating a cooperative network on both sides of the border.

### Indicators of Achievement

Regional GDP/capita and rate of employment grows faster than national average
Increase of the number of inhabitants wishing to stay in the area in the next 5 years.

### Source of verification

Regional and national economic statistics

### Project purpose

Support development in the fields of small-scale activities. Encourage local involvement and strengthening local co-operation across the border.

### Indicators of Achievement

Increased local/regional capacities to design and implement development programmes and projects who successfully completed the training programmes.
Increased number of qualified institutions
Increased number of cross-border applications per available fund
Number of cross border economic actions increased

### Source of verification

Regional economic statistics
Project reports

### Results

- Development of cross border economic and cultural co-operation
- Enhanced co-operation between local authorities and NGOs in the border regions
- Development of tourism activities
- Raising level of public awareness and co-operation on cross border co-operation and on the process of EU integration.
- Existing permanent structures for co-operation of local and regional organisations in the border regions
- Skilled human resources of local and regional institutions involved in regional development and cross border co-operation.

### Indicators of Achievement

- Number of participants in the organised training courses
- Volume of training course received
- Number of projects receiving financial support.
- Number of people-to-people actions carried out
- Number of joint investment projects prepared in the border region for the programme.

### Source of verification

Project reports
Monitoring and assessment reports

### Assumption

- Sustained interest of the border regions’s population in development and co-operation
- Continued commitment of the government towards the priorities of the programmes and regional development
- Continued commitment of local and regional actors

### Assumptions

- Favourable economic environment
- Efficient programme management
### Activities

**Supporting projects in the field of:**
- Accessibility: Transport organization and engineering logistics
- Human resources: Enhancing socio-economic condition for stopping out migration, networking measures, development of integrated emergency system, institution building, training in regional development
- Economic co-operation (Cross border business co-operation): Co-operation of SMEs
- Sustainable cross border spatial development: Supporting joint strategies and programmes, rural development actions
- Nature and environment: Environmental planning and monitoring, co-operation in Natural Protection.

### Means
- The Joint Small Projects Fund is in operation and used.
- 0.440 MEUR of funding, 0.4 MEUR Phare funding

### Source of verification
- NARD (Hungary)
- Ministry of Construction and Regional Development (Slovakia)

### Assumptions
- Good quality of the proposed projects regarding their readiness for tendering
- National resources are available in the planned time
- Unchanged regulations for the project implementation
- Unchanged institutional structure under the implementation period
- Functioning co-ordination between CBC-HU and CBC-SK as well as between all relevant partners
- Availability of qualified staff and institutional support

### Preconditions
Good quality of call for proposal, guidelines ready and accepted by all parties by February 2002
# ANNEX 2 – DETAILED IMPLEMENTATION CHART

HU0109.02 – Joint Small Projects Fund  
SR0102.02 – Joint Small Projects Fund

|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|

T: Call for Proposal  
C: Contracting  
I: Implementation  
D: Disbursement
ANNEX 3 A– CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE BY QUARTER for:

*HU0109.02–. Joint Small Project Fund*

### Cumulative Quarterly Contracting Schedule (EURO)

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ANNEX 3 B– CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE BY QUARTER for:

**SR0102.02 – Joint Small Project Fund**

### Cumulative Quarterly Contracting Schedule (EURO)

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Annex 4

TEMPLATE FOR THE INSTITUTIONAL FRAMEWORK/IMPLEMENTATION ARRANGEMENTS IN CASE OF Joint Small Projects Fund

- **The Hungarian and Slovak IAs (Implementing Agency):** Retain full responsibility for programme implementation respectively in Hungary and in Slovakia.

- **Two Secretariats shall be identified: on the Hungarian side, the Regional Office in Budapest (in close co-operation with the Sopron and Eger Regional offices) of the National Agency for Regional Development. On the Slovak side the Secretariat will be established and nominated later by the Implementing Agency. The two secretariats will undertake in their respective country, the task of day-to-day technical management of implementation of projects and monitoring activities under the authority of the IA.**

- **Rules, procedures and formats:** New Specific Guidelines based on the grant section of the Commission Practical Guide will be strictly followed.

- **Language:** The language of the grant contract is English and the official Hungarian/Slovak translation of the contract is attached to the signed English language contract. All communication between the Delegations and the Implementing Agencies will be in English including evaluation reports. The project applications will be submitted in national language with a short English summary according to the Specific Guidelines. All other project level documents, communication will be in national language.

1. **Preparation of the package of call for proposal, guidelines for applicants and application form according to the practical guide**

- IAs draft the call for proposals, the guidelines for applicants and the application form in agreement and on the basis of the recommendations of the Joint Small Projects Fund Committee.

- Each IA submits the final version of the documents to the respective EC Delegation for approval

- EC Delegations endorse the documents

2. **Publication of the call for proposal**

The IAs take 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.

3. **Project selection process**

- The Regional Offices collect and register incoming project proposals
• The IAs select and approve the assessor teams (one for each country) for the assessment of administrative compliance, eligibility and assessment of technical and financial quality of proposals

On the basis of the recommendations of the Joint Small Projects Fund Committee, The IAs (PAOs) nominate the JOINT evaluation committee (non-voting chairman and secretary, and voting members).

• The IAs nominate the members of the assessment team and evaluation committee exclusively on the basis of technical and professional expertise in the relevant area

• The EC Delegations endorse the teams of assessors and the composition of the Joint evaluation committee. The EC Delegations nominate an observer to follow all or part of the proceedings of the Joint Evaluation Committee. Prior approval is needed from the Delegations for the participation of other observers

• The Joint 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 of each country approves the evaluation report prepared by the joint evaluation committee and forwards the evaluation report and any award proposals to the EC Delegations.

• The EC Delegations endorse (ex-ante) the evaluation report on the selection process and the final list of grants to be awarded

• The IAs notify each applicant in writing of the result of the selection process

4. **Contracting (PAO designated in the responsible implementing agency) for each country**:

• The format of the grant contract is drafted according to the Practical Guide using the standard grant contract format and its annexes

  • The format of the grant contract is to be approved by the Delegation (in cases where the call for proposals results in the award of a large number of grants which all have the same grant contract conditions)

• The PAO signs the grant contracts with the selected beneficiaries based on the final list of grants approved by the Delegation.

• A copy of the signed grant contract is sent to the relevant EC 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
6. **FINANCIAL MANAGEMENT OF THE SELECTED PROJECTS**

- The IA with the technical assistance of the Secretariat (Regional Office) 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 Secretariat with regard to the day-to-day monitoring of the selected projects.