

STANDARD SUMMARY PROJECT FICHE

1. Basic Information

- 1.1. CRIS-number: 2003/004-628-01 (Hungary)
2003/004-616-01 (Slovak Republic)
- 1.2. Title: **Development and Support of Business Sites and Infrastructure, innovation activities and human resources in Border Areas**
- 1.3. Sector: **Economic Co-operation**
Cross-border Business Co-operation
- 1.4. Location: The following NUTS III regions: Győr-Sopron-Moson, Komárom-Esztergom, Pest (micro-regions of Pilisvörösvár, Szentendre, Szob, Vác), Nógrád, Heves, Borsod-Abaúj-Zemplén counties in Hungary; Trnava, Nitra, Banska Bystrica and Kosice counties in Slovakia.

2. Objectives

2.1. Overall Objective

- Promoting regional economic growth through the development of the economic potential of the innovation activities and human resources

2.2. Project Purpose:

- Development and consolidation of economic relations in the Hungarian-Slovakian border areas.

2.3. Accession Partnership and NPAA priority

The objectives of the Grant Scheme are in line with AP and NPAA.

Slovakia:

Accession Partnership (AP)

Economic criteria:

- Continue enterprise restructuring and promote private sector development; complete the privatisation process

National Plan for the Adoption of the Acquis (NPAA)

Medium-term priorities (chapter 16 of the NPAA)

Hungary:

Accession Partnership (AP)

Economic criteria:

- Continue to promote the development of small and medium sized enterprises, in particular by improving access to credit.

The implementation mechanism will also contribute to the preparation of central, regional and local authorities for the implementation of Structural Policies.

According to the revised PNDP, based on sectoral strategies and development strategies of the target regions, the objectives of the Grant Scheme reflect one of the key priorities of the regions: Priority 3:” CROSS-BORDER ECONOMIC CO-

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OPERATION” measure 1 of “Development of areas and economic infrastructure suitable for economic co-operation” (PNDP 2001, Chapter 5.6.).

2.4. Contribution to the Joint Programming Document

The project is in line with Measure 1 (Development and Support of Business Sites and Infrastructure in Border Areas) and Measure 2 (Co-operation of SME’s) of Priority 3 (ECONOMIC CO-OPERATION-CROSS-BORDER BUSSINESS COOPERATION).

2.5. Cross-border Impact

The Programme will contribute to the removal of existing disparities between regions on both sides of the Hungarian-Slovak 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. 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 Grant Scheme aims at supporting services for the SMEs and at the development of business infrastructure in the Hungarian-Slovakian border areas.

Project proposals are expected from the territory of the counties forming the border region. Priority will be given to joint project proposals.

Both Implementing Agencies will take these aspects into consideration in the Call for Proposals and during the evaluation of the project proposals.

3. Description

3.1. Background and Justification

One of the main characteristics of the region’s economic development since the 90s is the dominance of multinational companies in majority of the sectors and as a consequence the structure of the economy is unbalanced. At the same time, the private sector is characterised by a large number of small companies.

These companies are primarily small and micro enterprises and are characterised by low level of investments, obsolete technology and low productivity. These shortcomings are coupled with gaps in management skill base, lack of quality awareness, poor foreign market competitiveness. Additionally SMEs have to face such external factors as weak business infrastructure, varying quality of SME support services and fragmented SME support.

Although approximately 35 industrial parks and enterprise zones were created in the Hungarian side of the region during the last five years, capacity for indigenous development is still low particularly in the East. The successful industrial parks are situated in the western part of the region where the leading force is generally a multinational company. However their number is quite limited (4-5) and the majority of the region’s industrial sites have severe business infrastructural problems. Therefore creating appropriate conditions for economic development as well as mutual trade is of fundamental importance.

SME initiatives for cross-border co-operation are also to be strengthened as the SME sector is lacking of information on the possibilities and market offers existing beyond the border. Cross-border connections are still quite weak among SMEs due to the

general under capitalisation, meanwhile multinational companies have a relatively strong presence on both side of the border area.

To foster the cross-border co-operation one of the basic tool is the common innovative actions of SMEs. However the innovative activity of the companies in the whole territory of Hungary has declined over the nineties, the number of registered trademarks fell back to 551 in 1998 from a number of 1805 in 1990 and the number of approved patents fell back to 350 from 1479 in the same period. This tendency has contributed to the fall of competitiveness and productivity of companies. Since 1998, a gradual intensification of research and development activity and innovation can be observed, primarily as a result of the inflow of foreign direct investment into large companies.

The establishment of an adequate environment for the promotion of SMEs as well as for higher education institutions and research centres could be assisted by the catalytic effect of innovative and technological activities in the whole region. The general lack of own capital and credits available hinders the enterprises in utilising research and development results. The gap in research and development activities described above could be bridged by introducing new methods for the promotion of innovative activities that could help to change the production structure towards know-how based economic activities from those based on cheap labour and producing low added value. In addition, the institutional and educational background for the improvement of innovative activities already exists in the dominant settlements of the region (Kosice, Miskolc).

It is widely recognised that with the EU Accession, without addressing the above-described deficiencies, local businesses will meet major difficulties in the competitive environment. Therefore, it is vital to establish high skill levels in the SME sector on which a substantially more competitive economy can be built. Acquiring these skills is also important for individual entrepreneurs so that they will have the ability to adapt and change, to be aware of technology developments, make effective use of internal resources and combine them with external ones. SMEs have limited experience in exporting, encouraging and assisting small companies in entering cross-border trade are also key factors to the building of competitive potential.

Activities, services provided by the applicant organisations give the opportunity for smaller businesses to compete on the same playing field as larger corporations. The organisations that provide business services to enterprises (chambers, enterprise promotion agencies, enterprise centres, training centres etc.) are important elements of the region's economy. These organisations usually operate at the county level. However, because of the lack of co-ordination, the efficiency of their operation is often restricted, therefore they cannot satisfy the demands of the enterprises. Establishing better co-ordination and the training of the staff operating in this field is one of the primary conditions of cross-border economic co-operations. Although the services are developing dynamically, there are many disused possibilities in the sector alongside the border.

The grant scheme established under the programme will contribute to strengthen these organisations and create unified skills' base.

3.2. Linked Activities

Current Hungarian state support programmes:

Title, content	Ministry/ Responsible authorities
Preparation for the EU accession (SZT-2002-VE-4) Promotion of wide range of business services for SMEs provided by non-profit organisations, chambers, public foundations, trade unions, professional associations in order to stimulate their preparation for the EU integration	Ministry of Economic Affairs – Széchenyi Plan Enterprise Promotion Program
Development of industrial territories and incubation houses	County TFC
Projects in the field of production and enterprise-development not supported by regional development councils including: <ul style="list-style-type: none"> • waterworks supporting the creation of fishing lakes • communication, information technology • regional waste management 	County TFC

HU0008-04 „Development of Human Resources at Small- and Medium-Size Enterprises” – In the frame of the project a comprehensive training will be carried out to experts who will be able to manage the innovation centres, incubator houses and provide consultancy services for the relevant partners. The target group of training will involve managers of industrial parks, incubator houses, logistics, science and innovation centres. The training will focus on the method of specific service provision expected by the tenants, service needs assessment, improvement of service quality, methods of reinforcing inter-firm co-operation and sub-contracting activities amount tenants, legal aspects of tenancy and financial management.

HU0008-05 'Strengthening the co-operation of enterprises' implemented by NARD has offered grants to joint ventures, consortia or sub-suppliers of min. 2 SMEs to the joint procurement of technology, machinery, know-how transfer, share of workforce and information.

HU 2002/000-627-02 „Cross-Border Economic Development – Hungarian-Romanian border region” – The project is tended to strengthen the Hungarian-Romanian economic co-operation by supporting organisations that provide business services in the border region. The establishment of favourable conditions and institutional framework will support economic actors to develop cross-border relations. The increase of the organisational capacity of the economic actors on both sides of the border will facilitate the exploitations of the potentials of cross-border co-operation and will improve the economic position of the region. There are no overlapping between the Hungarian-Romanian and the Hungarian-Slovakian regions.

Past Phare Activities in Slovakia:

Programmes	Ministry/ Responsible authorities
<u>SR 9906.02 Economic reform</u> <ul style="list-style-type: none"> • Technology and incubator centre in Banská Bystrica 	National Agency for Development of Small and Medium Enterprises (NADSME)
<u>SR 0009.01 Improvement of business infrastructure in the Eastern regions of Slovakia</u> <ul style="list-style-type: none"> • Improvement of business infrastructure environment for SMEs • Establishment of technology incubators in Prešov and Košice 	National Agency for Development of Small and Medium Enterprises (NADSME)
<u>Programme 2001-Economic and Social Cohesion</u> <ul style="list-style-type: none"> • SR 0107.04 Industrial Parks in Humené • SR 0107.05 Industrial Parks in Rožňava • SR 0107.06 Industrial Parks in Spišska Nova Ves 	Regional Development Support Agency of the Ministry of Construction and Regional Development SR
<u>2002/000.610-12 Industry Development Grant Scheme (Economic and Social Cohesion)</u> <ul style="list-style-type: none"> • Enhancement of products and production processes • Increasing innovation capacity 	National Agency for Development of Small and Medium Enterprises(NADSME)

3.3. Results

- Improving efficiency of cross border co-operation among research institutions, including networking and information flow between research and development institutions and innovation centres.
- Improving conditions for business infrastructure on both sides of the border, including the level of business services provided for SMEs.
- Encouraging SMEs' initiatives for cross-border co-operation by providing them with access to the information on the possibilities and markets existing beyond the border.
- Improvement of the standard and efficiency of consulting and other services provided in the border region.
- Increasing co-ordination and networking of SMEs in the fields of training and research in the cross-border region also through exploitation of synergies (e.g.: by joint location marketing activities), thereby decreasing social disparities.

3.4. Activities

The Grant Scheme will be implemented in two windows:

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3.4.1. Window 1. Studies, Business Services and Vocational Training Activities:

This window shall provide grants in an amount of 50.000 – 150.000 EUR (Phare and National Co-financing).

The following activities are eligible for support:

- Elaboration of construction plans, business plans and feasibility studies.
- Support and implement of joint research projects between R&D institutions and businesses with direct relevance to the border region.
- Ensuring training activities for the staff of organisations providing business services, aiming at promoting SMEs' co-operation and research activities.
- Legal and economic counselling, counselling and advice in business start up matters, business planning, technology transfer, patents, legal affairs, finances and marketing.
- Information services for the to the entrepreneurs active in the border region.

3.4.2. Window 2. Investment actions:

This window shall provide grants in an amount of 50.000 – 500.000 EUR (Phare and National Co-financing). Eligible activities are the following:

- Building or modernisation of buildings for technology incubators (offices, workshop, presentation rooms and, where required, laboratories) and the related common services.
- Purchase of equipment for offices, presentation rooms, etc. and establishment of high quality IT infrastructure for innovation and technology centres.
- Purchase of equipment necessary to develop new products and technologies in the regions on both sides of the border
- Investments in information technology infrastructure in the border region to foster co-operation between industrial parks, innovation, technology, and logistics centres

Organisations eligible for support:

- Non-profit organisations
- Local governments
- Municipalities, public institutions
- County Labour Centres
- Chambers of industry and commerce
- Association of counties and micro-regions
- Institutions, organisations for enterprise promotion
- Other institutions, organisations providing services for SMEs

Profit oriented organisations are not eligible. The applicant organisations must be registered in the eligible border region.

Projects in Window 1 and in Window 2 will be selected upon compliance with the following criteria:

Required documentation

- Studies (feasibility study, cost-benefit analyses, environmental impact study) justifying the rationality of the infrastructural developments in case the works element exceeds 30% of the total project costs.
- Availability of the necessary permits and construction plans

CBC criteria:

- The projects directly generate added value in the border area
- Applicant organisations must have at least one project partner from the other side of the border.
- Expected economic impact of projects is justifiable on both sides of the border

Formal selection criteria (in accordance with the evaluation grid of PRAG):

- Studies, trainings and information campaigns prepared under Window 1 of the Grant Scheme may be related to activities that are eligible under Window 2.
- The technical content of the project proposal does not overlap with other internationally financed projects.
- Consortium in case of joint application of several municipalities or organisations

Relevance:

- Relevance to the particular needs and constraints of the cross-border region (including conformity with regional development plans and the Joint Programming Document for the HU-SK CBC programme)
- Compliance with the objectives of this grant scheme. The applicants must justify that the proposed programmes are adapted to the demands of the cross-border region with special regard to the market
- Clearly defined, strategically chosen target groups
- Relevance of the project to the needs of the target group
- Coherent, appropriate and practical activities
- Added value, new, innovative approaches

Methodology:

- The preparedness and elaboration of the project proposal.
- Involvement of the partners in the elaboration and implementation of the project proposal.
- Realistic time-schedule for implementing the project proposal.

- Objectively verifiable indicators for the project outcomes, methodology for follow-up of the project results

Sustainability:

- Further utilisation and long-term sustainability of the project results.
- Beneficial social, economic impacts of the project results.
- Possible multiplier effects of the project results.

Budget and cost effectiveness:

- Reality and transparency of the financial plan of the project proposal
- Justification of the planned budget
- Cost effectiveness of the development

Management capacity and expertise:

- Availability of the necessary administrative, organisational and institutional capacity for the implementation of the project proposal.

3.5. Lessons Learned

This programme is the second Hungarian - Slovak PHARE CBC programme to be implemented in the form of *grant scheme*, nevertheless during the preparation of the project fiche the experiences of previous PHARE CBC programmes and other state support programmes (see 3.2 Linked activities) - especially in the field of economic development - were taken into account. The recommendations of the 2002 OMAS Report Final Assessment (e.g. concerning the necessity of verifiable indicators) were also taken into consideration during the programming phase and will be carefully watched in the course of programme implementation.

4. Institutional Framework

Implementing arrangements are set up according to the Phare CBC rules. While the JCC is a common body to the Slovak and Hungarian parties, each country will keep its own implementation structures. However, in order to facilitate that joint projects are developed, implementation procedures should be harmonised.

In each country CBC programmes will be managed in accordance with the "Practical Guide to Phare, ISPA and SAPARD Contract Procedures". The Call for Proposals is to be prepared by the two Contracting Authorities and is to be approved/endorsed by the JCC and the EC Delegations, respectively.

Formal decisions related to the projects are made by the Joint Evaluation Committee representing the national authorities and local institutions of the two countries.

The project selection criteria should be defined jointly by the two IAs. Although not only joint projects can be supported, the jointly prepared projects will be given priority through the project selection criteria.

In Hungary, overall responsibility for the Phare CBC Programme Hungary-Slovakia will rest with the National Agency for Regional Development (NARD) under the Prime Minister's Office as the Contracting Authority of all sub-programmes of the

Programme. Co-ordination on programme level is managed by the National Agency for Regional Development under the Prime Minister's Office. Financial management and implementation will be done by the NARD as well.

In the Slovak Republic, responsibility for the Phare CBC Programme Slovakia-Hungary will rest with the Ministry of Construction and Regional Development SR. The Regional Development Support Agency of the Ministry of Construction and Regional Development SR will be responsible for the technical and financial management of the Grant scheme.

5. Detailed Budget (MEUR)¹

Component	Phare Support			National Co-financing ¹	IFI	TOTAL
	Invest – ment (I)	IB	Total Phare (=I+IB)	Public		
<i>Studies and HRD – Hungary</i>	0.5	-	0.5	0,166	-	0,666
<i>Investment actions – Hungary</i>	1.3	-	1.3	0,434	-	1,734
<i>Studies and HRD – Slovakia</i>	0.5	-	0.5	0,166	-	0,666
<i>Investment actions – Slovakia</i>	1,3		1,3	0,434	-	1,734
Total (Grant scheme)	3.6	-	3.6	1.2	-	4.8

¹ The allocation between windows is indicative and can be revised during the project selection according to the quality of projects submitted in terms of preparedness, CBC impact etc.

² See below 11.2

The National contribution has already been earmarked in national budget.

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

6. Implementation Arrangements

6.1. Implementing Agency

In Hungary:

The Prime Minister's Office, through its National Agency for Regional Development (NARD), will be responsible for all aspects of tendering and contracting as well as administrative and financial matters of the implementation. The PAO will be Mr. Tamás Lunk, Government Commissioner.

Address:

National Agency for Regional Development
H-1016 Budapest, Gellérthegy u. 30-32.

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Phone: +36-1-488-7171

Fax: +36-1-488-7188

In Slovakia:

The Ministry of Construction and Regional Development has been defined as the Implementing Authority for all measures to be implemented on the Slovakian side of the border in the framework of the JPD. The Regional Development Support Agency of the Ministry of Construction and Regional Development SR will be responsible for the technical administrative and financial management of the Grant scheme. The PAO will be Mr. Július Slovák.

Address:

Regional Development Support Agency
of the Ministry of Construction and Regional Development SR
Špitálska 8, 816 44 Bratislava, Slovak Republic
Phone: +42125975 3413
Fax: +421259753438

6.2. Twinning: not applicable

6.3. Non- standard aspects

The rules of the Practical Guide for Phare ISPA and SAPARD Contract procedures will be strictly followed during the implementation of the project.

6.4 Contracts

The Grant Scheme with two windows will be implemented through an open call for project proposals according to the stipulations of the PRAG on Grant Schemes. Beneficiaries will sign Grant Contracts with the PAO laying down the rules of the project implementation based on the list of supported projects approved by the IA and endorsed by the EC Delegation in case of the Phare co-financed projects. Tendering and contracting of the required services and supplies will follow the PRAG manual.

7. Implementation Schedule

Financing Memorandum	Publication of Call for Proposal	Start of project activity	Project Completion
2nd quarter 2003	4th quarter 2003	2nd quarter 2004	2nd quarter 2006

8. Equal Opportunity

Equal opportunity principles and practices in relation to participation in the project will be guaranteed.

9. Environment

No environmental impact study has been completed for the project during the preparation of the project fiche. It will be a requirement of each individual application in case an environmental impact is to be carried out.

10. Rates of return

Rates of return will be established for each individual grant scheme application. The criteria for selection are attached to this document and include: financial sustainability, budget effectiveness and budget accuracy. The individual applications submitted to the IA for grants shall determine the rates of return of individual investments.

11. Investment criteria

11.1 Catalytic effect:

The Phare contribution will help meeting the development needs outlined in the Joint Programming Document (JPD) of the Hungarian–Slovakian border region. Without Phare support, the steps and objectives included in the programme could be implemented only much later and at a much slower speed.

11.2 Cofinancing:

The project will be jointly co-financed between Phare and national resources. The ratio - *75% Phare and 25% national co-financing* - is binding and has to be applied to the final contract price.

25% of the total project cost will be financed from governmental sources.

11.3 Additionality:

Financial support to be provided by Phare will not replace any other funding.

11.4 Project readiness and Size:

A draft of the Co-operation Agreement, Call for Proposal, Application form, Guidelines for applicants and Grant Contracts will be elaborated by all concerned organisations by the time of signing the Financing Memorandum. All documents shall be prepared according to the PRAG template and submitted to the Delegation for endorsement prior to the launch of the Call for proposals.

Only projects ready for tendering can be supported.

The Fund will provide grants to projects in an amount of €50.000-150.000 (Window 1) and €50.000-500.000 (Window 2). The Phare contribution to the Grant Scheme is €3.6 million and meets the minimum project size requirements.

11.4 Sustainability:

All infrastructures built through the grant scheme will be operated by the beneficiaries. The beneficiaries will be responsible for the sustainability of the project

and will provide the administrative staff and the necessary funds for the operational costs. The ability of the applicant to finance the long-term operation and maintenance of the infrastructural instalments shall be proved in the application and checked at the project selection phase.

12. Conditionality and sequencing

Implementing agencies will establish adequate institutional capacity to implement the project by the time the Financing memorandum is signed.

ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format (compulsory)
2. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period) (compulsory)
3. Detailed implementation chart (compulsory)
4. List of relevant Laws and Regulations
5. Template for the institutional framework/implementation arrangements in case of grant schemes

LOGFRAME PLANNING MATRIX FOR

<p>Development and Support of Business Sites and Infrastructure, innovation activities and human resources in Border Areas</p>		<p><i>Programme Name and Number: 2003/004-628-01 and 2003/004-616-01</i></p>	
		<p><i>Contracting period expires: 30 November 2005</i></p>	
		<p><i>Disbursement period expires: 30 November 2006</i></p>	
<p>Intervention logic</p>		<p><i>Total Budget: 4.8 M€</i></p>	
<p>Overall objective</p>		<p><i>Phare Budget: 3.6 M€</i></p>	
<ul style="list-style-type: none"> Promoting regional economic growth through the development of the economic potential of the innovation activities and human resources 	<p>Objectively verifiable indicators</p> <ul style="list-style-type: none"> Common actions to solve common concerns with the utilisation of local innovative and human potentials (5) 	<p>Sources of verification</p> <ul style="list-style-type: none"> Reports of the Central Statistics Office (KSH) Regional/ County statistics SME Surveys Regional reports 	
<p>Project purposes</p> <ul style="list-style-type: none"> Development and consolidation of economic relations in the Hungarian-Slovakian border areas. 	<p>Objectively verifiable indicators</p> <ul style="list-style-type: none"> Number of new investments attracted to the region (10) Number and types of formally constituted partnerships and other long-term co-operation arrangements across the border(5) SME market share in local and export markets SMEs with new export activity (10) SME income growth (3%) 	<p>Sources of verification</p> <ul style="list-style-type: none"> Questionnaire based surveys among beneficiaries KSH regional statistics Regional reports 	<p>Assumptions</p> <ul style="list-style-type: none"> Development of the border region keeps being a priority for regional and national authorities Resources available for development are in place and are compatible with each other (available in a coherent scheme)
<ul style="list-style-type: none"> Improving efficiency of cross border co-operation among research institutions, including networking and information flow between research and development institutions and innovation centres. Improving conditions for business infrastructure on both sides of the border, including the level of business services provided for SMEs. Encouraging SMEs' initiatives for cross-border co-operation by providing them with access to the information on the possibilities and markets existing beyond the border. Improvement of the standard and efficiency of consulting and other services provided in the border region. Increasing co-ordination and networking of SMEs in the fields of training and researches in the cross-border region also through exploitation of synergies (e.g.: by joint location marketing activities); thereby decreasing social disparities. 	<p>Objectively verifiable indicators</p> <ul style="list-style-type: none"> No. of the established cross-border business centres (4) Improvement in the telecom. indicators of local business infrastructure (new telephone lines or access to the Internet) Number of new, joint research ventures (2) Number of newly established workplaces in the industrial sector(50) Number and type of projects successfully carried out(10) Number of events (workshops, training courses) (15) Number of participants in the trainings (150) 	<p>Sources of verification</p> <ul style="list-style-type: none"> Reports of beneficiaries Reports prepared by the Chambers Analysis of Phare evaluation reports Reports of the Central Statistics Office (KSH) Country Labour Centres Monitoring reports Project dossiers 	<p>Assumptions</p> <ul style="list-style-type: none"> The players of the economy are interested in cross border co-operation There are research institutes with free capacities for co-operation Free capacities to develop local infrastructures

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Activities	Means	Sources of verification	Assumptions
<p><i>Studies, Business Services and Vocational Training Activities:</i></p> <ul style="list-style-type: none"> ▪ Elaboration of construction plans, business plans and feasibility studies. ▪ Support and implement of joint research projects between R&D institutions and businesses with direct relevance to the border region. ▪ Ensuring training activities for the staff of organisations providing business services, aiming at promoting SMEs' co-operation and research activities. ▪ Legal and economic counselling, counselling and advice in business start up matters, business planning, technology transfer, patents, legal affairs, finances and marketing. ▪ Information services for the to the entrepreneurs active in the border region. <p><i>Investment actions:</i></p> <ul style="list-style-type: none"> ▪ Building or modernisation of buildings for technology incubators (offices, workshop, presentation rooms and, where required, laboratories) and the related public utilities. ▪ Purchase of equipment for offices, presentation rooms, etc. and establishment of high quality IT infrastructure for innovation and technology centres. ▪ Purchase of equipment necessary to develop new products and technologies in micro-regions on both sides of the border ▪ Co-operation between industrial parks, innovation-, technology-, and logistics centres, investments in information technology infrastructure in the border region 	<ul style="list-style-type: none"> • Phare supports of EURO 1,8 million + adequate own resources available • Tendering system/ documentation in place • Monitoring system 	<ul style="list-style-type: none"> • Progress reports of Implementing Agency 	<ul style="list-style-type: none"> • Satisfactory number and quality of applications ▪ The resources are in place • Transparent and effective project management

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CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (MEUR)

For Slovakia:

	Date												TOTAL
	1.Q.2004	2.Q.2004	3.Q.2004	4.Q.2004	1.Q.2005	2.Q.2005	3.Q.2005	4.Q.2005	1.Q.2006	2.Q.2006	3.Q.2006	4.Q.2006	
Contracted	1,8	1,8	1,8	1,8	1,8	1,8	1,8	1,8	1,8	1,8	1,8	1,8	1,8
Disbursed			0.5	0.75	1.0	1.2	1.4	1.6	1.7	1.8	1.8	1.8	1.8

For Hungary:

	Date												TOTAL
	1.Q.2004	2.Q.2004	3.Q.2004	4.Q.2004	1.Q.2005	2.Q.2005	3.Q.2005	4.Q.2005	1.Q.2006	2.Q.2006	3.Q.2006	4.Q.2006	
Contracted	1,8	1,8	1,8	1,8	1,8	1,8	1,8	1,8	1,8	1,8	1,8	1,8	1,8
Disbursed			0.5	0.75	1.0	1.2	1.4	1.6	1.7	1.8	1.8	1.8	1.8

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Detailed Implementation Chart

Grant scheme	2003			2004			2005			2006																	
	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S		

	Call for Proposals
	Project evaluation and selection
	Contracting (Grant contracts)
	Implementation and disbursement

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List of relevant Laws and Regulations

In Hungary:

- Act no. XXI/1996 on Regional Development and Physical Planning;
- Act no. XCII/1999 amending Act XXI/1996 on Regional Development and Physical Planning;
- Act. no. CXLIV of 1997 laying down the general rules on companies;
- Act no. XCV. of 1999 on Small- and Medium-sized Enterprises and on the support of SME's development
- Act no. LXXVI. of 1993 on vocational training

- Government decree no. 185/1996. (XII. 11.) on the nomination of Industrial Park
- Government decree no. 95/1999. (VI. 23.) on the operation of the National Information Infrastructure Development Programme
- Government decree no. 1161/1998. (XII. 17.) on the mid-term strategy of the development of micro-, small- and medium-sized enterprises
- Government decree no. 201/2000. (XI. 29.) on the rules of the completion of National Research and Development Programme
- Ministry of Economy decree no. 1/2001. (I. 5.) on the regulation of the entrepreneurial appropriation of the Ministry of Economy

In Slovakia:

- Act no 193/2001 Z.z. Support the establishment of Technical Parks
- Act no 503/2001 Z.z Support the Regional Development
- Act no 130/2002 Sb. Support the National Research and Development Programme
- Act no 426/2002 Business Code on Small- and Medium-sized Enterprises and on the support of SME's development
- Act no 121/1996 Code of Laws 9 RC's SCCI play irreplaceable role in regions and in partnership
- Act no 447/2001 about property of the commune

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Template for the institutional framework/implementation arrangements in case of grant schemes

- ***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:*** *The Specific Guidelines based on the grant section of the Practical Guide to Phare, Ispa & Sapard contract procedures 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

- The Secretariats from both countries will draft the Call for Proposals, the Guidelines for Applicants and the Application Form according to the indications of the Contracting Authorities and respective EC Delegations.
- Each CA/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.

ORIGINAL

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.
- The IAs (PAOs) nominate the Joint Evaluation Committee (non-voting Chairman, Secretary, and voting members).
- The IAs nominate the members of the Assessment Team and the Joint Evaluation Committee exclusively on the basis of their 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.

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 in line with the Practical Guide.

ORIGINAL

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.