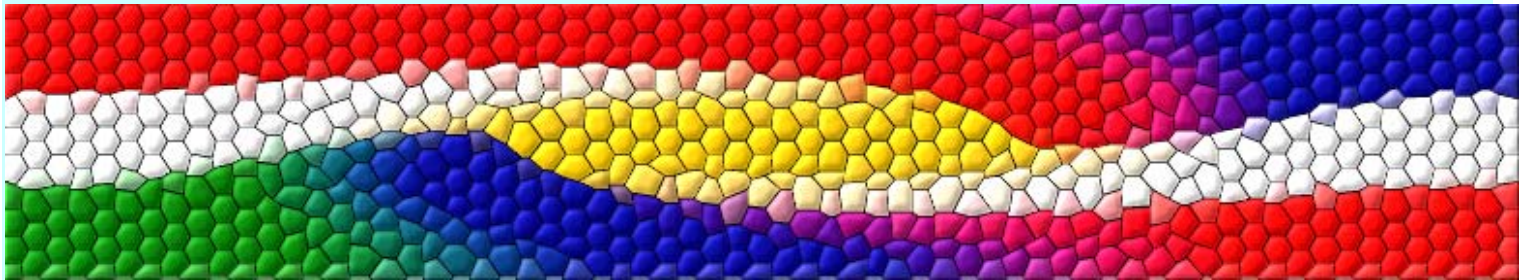




PROGRAMME COMPLEMENT

***Hungary-Romania and Hungary-Serbia and Montenegro
Cross-Border Co-operation Programme
2004-2006***



JULY 2005

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1. Introduction

1.1. Introduction

The Hungary – Romania and Hungary – Serbia and Montenegro Cross-Border Programme was prepared with the purpose to introduce new forms of cross-border co-operation instruments, like an INTERREG-Phare CBC programme on the Hungarian-Romanian border and the newly developed Neighbourhood Programme concept along the border of Hungary and Serbia and Montenegro in the period of 2004-2006.

Neighbourhood Programmes support cross-border and transnational co-operation along the external border of the Union and build on existing or planned INTERREG programmes and structures. For the first time, they allow for joint project presentation, selection and implementation along these borders. Neighbourhood Programmes will also be able to support a wider range of activities, and will require the full and active participation of the neighbouring countries concerned.

The Programme Complement (PC) supplements the Hungary – Romania and Hungary – Serbia and Montenegro Cross-Border Co-operation Programme¹. It sets out the operational details at measure level of the programme strategy and priorities, which are described in the programme document taking into account of the current social and economic situation of the region. The PC has been developed in conjunction with the European Commission guidance set out in Methodological Working Paper No.1, which describes the elements to be included in the PC document. The Joint Monitoring Committee approves the PC, which is also responsible for agreeing amendments.

1.2. How to use this document

The PC will be of value to project applicants in participating in the programme. In particular it provides details of the range of activities eligible for support under the programme, indicative financial allocations at Measure level and quantified targets against which programme performance will be measured. The PC also includes guidance on the application procedures and processes, the scoring and appraisal system, the management and decision making structures, monitoring requirements and responsibilities, publicity requirements and payment claims procedures. Detailed guidance for project applicants with regard to eligibility issues and completion of the application form will be made available separately according to the content of the Information and Publicity Plan included in this document.

1.2.1. Responsible bodies

Joint and national/regional based managing structures for the programme implementation are developed as a network which provide suitable framework for the implementation of common projects focusing to common goals and objectives of the eligible region.

Managing Authority

In accordance with point 38 subsection 2 of the INTERREG guidelines, the overall responsibility for the INTERREG programme shall lie with the *Managing Authority* within the meaning of Article 9 lit. n and Article 34 Council Regulation 1260/99.

¹ INTERREG IIIA/Phare CBC Programme Hungary-Romania and Neighbourhood Programme Hungary-Serbia & Montenegro

Managing Authority (MA):
Hungarian Office for Territorial and Regional Development
Hattyú utca 14.
1015 Budapest
HUNGARY

The INTERREG Managing Authority works in close co-operation with the National Authorities responsible for the Phare CBC in Romania and Cross Border Cooperation programmes in Serbia and Montenegro supported by CARDS. The responsibilities of the National Authorities are outlined in their programme agreements with the relevant Commission Services.

National Authority responsible for the Phare CBC Programme in Romania

Ministry for European Integration
17, Apolodor Street,
Bucharest 5
ROMANIA

Programme Coordination Unit responsible for the CBC programmes in Serbia and Montenegro:

Ministry of International Economic Relations
Gracanicka 8,
Belgrade
Republic of Serbia

Paying Authority

Concerning the INTERREG IIIA programmes on external borders, the general Regulation² requires the designation of a Paying Authority for financial administration of the related INTERREG IIIA programme element funded by ERDF.

The Paying authority for INTERREG IIIA will be the Hungarian Ministry of Finance:

József nádor tér 2-4.
H-1051 Budapest,
HUNGARY
Phone: (+36 1) 318 2066, (+36 1) 327 2100
Fax: (+36 1) 318 2570 (+36 1) 327 2749

In Romania and Serbia and Montenegro the responsible institutions carry out similar payment related tasks on the basis of the financial regulations of the concerned co-financing instrument (Phare CBC, CARDS, national funding, etc.)

Joint Technical Secretariat

The Joint Technical Secretariat for the programme is established in the VÁTI Hungarian Public Non-profit Company. The JTS is based in the headquarters with the support of the regional office in Békéscsaba. The JTS directly provides services for the Managing Authority and Paying Authority with the operational management of their respective responsibilities but also supports the activity of the National Authority in Romania and Serbia and Montenegro.

At least one neighbouring country national employee as part of the programme secretariat will be recruited or appointed.

² Article 9(o) and 32 of the general Regulation.

Joint Technical Secretariat Hungary/Romania/Serbia and Montenegro:

VÁTI Hungarian Public Non-profit Company for Regional Development and Town Planning
(VÁTI Területfejlesztési Igazgatóság)
Gellérthegy u. 30-32.
1016 Budapest,
HUNGARY
Phone: (+36 1) 224 3278
Fax: (+36 1) 224 3291

To ensure efficient project development covering the whole programme space, **Sub-Programme Secretariats** – serving as *technical co-ordination bodies at national level* - should be established by the National Authorities in Romania and Serbia and Montenegro. Their main task will be to give assistance to the potential project applicants in order to develop Phare or Cards applications, implement national level publicity actions and participate in the project selection and monitoring activities in close co-operation with the Joint Technical Secretariat.

Sub-secretariat in Romania:

Ministry of European Integration of Romania in cooperation with the CBC Regional Office in Oradea.

Sub-secretariat in Serbia and Montenegro:

Ministry of International Economic Relations of the Republic of Serbia and Montenegro.

Joint Monitoring Committee (JMC)

The Joint Monitoring Committee on behalf of the parties is responsible for supervising and monitoring the programme implementation according to the Article 35 of Council Regulation (EC) No. 1260/1999. Full participation and full membership of each (Hungary, Romania, Serbia and Montenegro) partner in the Joint Monitoring Committee is assured. The Joint Monitoring Committee shall be chaired by the Managing Authority and co-chaired by the participating Partner States.

The Joint Monitoring Committee mainly consists of representatives of the eligible regions of the programme (NUTS III and NUTS II level) and national authorities. Representation of the local level, economic and social partners and of non-governmental organisations of the border region will be provided by the regional or county (NUTS II/III) members of the committee where it is applicable.

The Joint Monitoring Committee consists of representatives of the regional and local authorities and the national authorities and are in particular:

Hungary	Romania	Serbia and Montenegro
1. Representative of the Hungarian Office for Territorial and Regional Development (and its VÁTI Public Non-profit Company)	1. Representative of the Ministry of European Integration, Secretary of State PAO	1. Ministry of Foreign Affairs of Serbia and Montenegro
2. Representative of the Szabolcs-Szatmár County Development Council	2. Representative of Ministry of European Integration, General Director for Regional Development PAO	2. Ministry of International Economic Relations of the Republic of Serbia
3. Representative of the Hajdu-Bihar County Development Council	3. Representative of Arad County Council	3. Executive Council of Vojvodina
4. Representative of the Békés County Development Council	4. Representative of Bihar County Council	4. Ministry of Science and Environmental Protection of the Republic of Serbia
	5. Representative of Satu Mare	5. Ministry for Capital Investments

County Development Council 5. Representative of the Csongrád County Development Council 6. Representative of the Bács-Kiskun County Development Council 7. Representative of the Bilateral Hungarian-Romanian Chamber of Commerce and Industry 8. Representative of the Bilateral Hungarian-Serbian Chamber of Commerce and Industry 9. National Development Office, 10. Ministry of Foreign Affairs 11. Ministry for Economy and Transport, 12. Ministry for Environment and Water Management	County Council 6. Representative of Timis County Council 7. Representative of Regional Development Agency West 8. Representative of Regional Development Agency North West 9. Representative of EuroRegion Bihor-Hajdu/Bihar 10. Representative of EuroRegion Carpatica 11. Representative of EuroRegion Dunare / Cris / Mures / Tisa	6. Ministry of Economy 7. Serbian Agency for Development of SMEs and Entrepreneurship 8. Municipal Infrastructure Agency of the Republic of Serbia 9. Chamber of Commerce of Serbia 10. Standing Conference of Towns and Municipalities – representative one of the local level 11. Standing Conference of Towns and Municipalities – representative two of the local level 12. Standing Conference of Towns and municipalities – representative three of the local level
Managing Authority, Paying Authority JTS and sub-secretariats will participate at the meetings in an advisory capacity		

Representatives of the Commission (DG Regio, DG Relex, DG Enlargement, ECDs and, where appropriate, the European Agency for Reconstruction) will participate in the work of the Joint Monitoring Committee in an advisory capacity. From the Hungarian side representatives of the RDAs, and from the Romanian side representatives of the Regional Agency for Environment (Decentralised service of the Ministry of Environment and Water Management in Romania), and Ministry of Foreign Affairs will participate as observers.

Joint Steering Committee (JSC)

The main responsibility of the Joint Steering Committee is the joint selection and approval of projects and the monitoring of their implementation as foreseen in point 29 of the INTERREG guidelines. Projects shall be selected in compliance with the selection procedure and criteria set out in the Programme Complement (Hungary) and Financing Memorandum (Romania). In Romania an Evaluation Committee, which will include Hungarian and Serbia-Montenegro members (both as observers), will be set up according with the Practical Guide (PRAG) rules (as described in the Phare CBC Project Fiche – Annex 7).

Full participation and full membership of each partner (Hungary, Romania, Serbia and Montenegro) in the Joint Steering Committee is assured. The Evaluation Committee organised in Romania will report to the JSC.

Hungary	Romania	Serbia and Montenegro
1. Representative of the Hungarian Office for Territorial and Regional Development and its VÁTI Public Non-profit Company	1. Ministry of European Integration, co-chairman of the JSC	1. Ministry of International Economic Relations of the Republic of Serbia
2. Representative of the Szabolcs-Szatmár County Development Council	2. Representative of Regional Agency for Development West	2. Ministry of Foreign Affairs of Serbia and Montenegro
3. Representative of the Hajdu-Şimón County Development Council	3. Representative of Regional Agency for Development North-West	3. Executive Council of Vojvodina
	4. Representative of Arad County	4. Ministry of Economy

Bihar County Development Council 4. Representative of the Békés County Development Council 5. Representative of the Csongrád County Development Council 6. Representative of the Bács-Kiskun County Development Council 7. Representative of the Ministry of Environment 8. Representative of the Ministry of Economy and Transport	Council 5. Representative of Bihar Country Council 6. Representative of Satu Mare Country Council 7. Representative of Timis Country Council	5. Ministry of Capital Investments 6. Standing Conference of Towns and Municipalities
Managing Authority, Paying Authority JTS and Sub-secretariats will participate at the meetings in an advisory capacity		

Representatives of the European Commission (DG Regio, DG Relex, ECDs and where appropriate the European Agency for Reconstruction) will participate in the work of the Joint Steering Committee as observers.

Implementing Agencies (Operative management on project level)

The overall responsibilities of the operative management on the project level remains within the Managing Authority and the National Authorities, Commission Services and the European Agency for Reconstruction responsible for the Phare CBC and Cards programmes in Romania and Serbia and Montenegro. However, where it is applicable tasks related to project implementation could be delegated to the Implementing Agencies, whereas the whole legally binding responsibilities lies within the Managing Authority, Paying Authority and the National Authorities (and the Commission where it is applicable).

Implementing Agencies in Hungary:

VÁTI Hungarian Public Non-profit Company for Regional Development and Town Planning (VÁTI Területfejlesztési Igazgatóság)
 Interreg Office
 Gellérthegy u. 30-32.
 1016 Budapest
 Hungary

VÁTI Regional Offices in Békéscsaba, Szeged, Debrecen and Mátészalka
 Derkovits sor 2., 5601 Békéscsaba, Hungary
 Gogol u. 3., 6722 Szeged, Hungary
 Simonffy u.4-6., 4025 Debrecen, Hungary
 Szalkai László u. 9., 4700 Mátészalka, Hungary

The functions of bodies responsible for the operative management of the programme in Hungary on project level are in particular:

- Providing advice for parties seeking assistance with regard to call for proposals and the terms and conditions attached to INTERREG assistance;
- Preparation and/or concluding subsidy contracts relating to ERDF funds on the basis of the decisions passed by the JSC based on the templates prepared beforehand by the Managing Authority;
- Checking the project financial statements and reports submitted by the final recipient of the assistance (with regard to their meeting the terms and conditions laid down in the assistance agreement and the evidence provided with regard to costs eligible for

assistance and any other financing the project may have received) as well as confirming the correctness of the financial statements in terms of content and compliance with accounting regulations.

- Entering the data of approved projects into the monitoring system in Hungary.

Implementing Agencies in Romania:

The Implementing Agency (IA) and Contracting Authority (CA) for the Romanian part of the programme is the Ministry of European Integration, through its Cross-Border Co-operation Directorate. The IA/CA will have overall responsibility for programme implementation through grant scheme management, tendering and contracting as well as administrative and financial matters related to implementation. The Payment Directorate within the Ministry will be responsible for payment of invoices.

The Programme Authorising Officer (PAO) will head the CA/IA and will be responsible for all operations carried out by the agency.

Contracting Authority: Ministry of European Integration
PAO: Minister of European Integration
Address: Apolodor 17 , Bucharest 5, Romania

A CBC Regional Office (with legal status) will be set up in Oradea (Bihar County). This Office will be responsible for the overall management of the implementation of the measures supported by the programme.

It should be noted that technical assistance for the implementation of all measures will be supported through Priority 3. The total budget is EUR 0,25m/year.

Implementing Agencies in Serbia and Montenegro:

The Contracting and Paying Authority for the Serbia and Montenegro part will be the European Agency for Reconstruction. The implementing partner will be the Ministry of International Economic Relations. The Programme Coordination Unit in this ministry will be responsible for:

- The coordination of the neighbourhood/CBC programme, in all stages of the project cycle from project identification to monitoring and evaluation;
- The coordination and facilitation of the technical assistance to programme applicants through a Local Expert Pool (including project formulation and implementation support);
- Assisting and cooperating with the joint structures of the NP/CBC programme (e.g. JMC, JSC and JTS), according to NP/CBC rules;
- Planning, co-ordination, supervision and monitoring of all activities to be implemented under the grant agreements with EAR;
- Cooperation with other administrative structures that are affected by the neighbourhood/CBC programmes

Contact address of the Programme Coordination Unit is:

PCU Cross Border Cooperation
Ministry of International Economic Relations
Gracanicka 8
11000 Belgrade, Serbia and Montenegro

1.2.2. Financing instruments and their co-ordination.

Taking into consideration that the implementation of projects supported by three different EC financial instruments (INTERREG, Phare CBC and CARDS), are dissociated on a fund specific basis into two separate implementation programmes: Hungary – Romania programme and Hungary – Serbia and Montenegro programme.

1.2.2.1 INTERREG

INTERREG projects are financed by ERDF as well as national co-financing from governmental sources, which are automatically included into the support to be applied for through the application procedures.

In general all project partners coming from objective 1 regions of the EU member states are entitled to receive up to 75% ERDF co-financing of the total eligible costs of the projects. In Hungary this maximum 75% is supplemented by minimum further 20% from the Hungarian State Budget. Taking these into account, the project beneficiary has to finance in general 5% of the total project cost from its own resources. In special cases the grant rate can be up to 100%, which cases will be defined in the specific call for proposals.

A total of 31,907,766 EUR is available for supporting eligible projects over the course of the programme period as detailed in the Indicative financing plan of the NP. 69% of total expenditures have been allocated to Priority 1, 24% to Priority 2, and 5+2% to Priority 3 (Technical Assistance). Although Priority 1 only includes two measures, whereas Priority 2 includes 4 measures, the nature of measures under Priority 1 (development of cross-border infrastructure and addressing environmental and flood-prevention challenges, requiring significant financial resources) justifies the higher proportion allocated to Priority 1. The indicative allocation for each measure is laid down in chapter 2, when describing the contents of the measures.

1.2.2.2 Phare CBC

Phare supports cross-border cooperation through the Phare CBC Programme. For the three-year programming period 2004-2006 Phare will support cross-border cooperation between Romania and Hungary with an annual budget of EUR 5m for activities on the Romanian side.

Combined with the Romanian national contribution, a total of EUR 19,74 million is available over the three year programming period for eligible projects as detailed in the indicative financing plan of the CIP and Phare CBC Project Fiche. In the Romania-Hungary border area 57% of that financial support (Phare CBC and Romanian funds) is allocated to Priority 1, and 39% to Priority 2. Up to 4% of the total Phare support will be allocated to Priority 3.

Romanian co-financing of Phare CBC activities will be assured jointly by the State (public funds) and grant beneficiaries. The rate of the maximum grant (Phare and Romanian public fund) is 90% of the total cost of the projects to be supported. The rate of the Phare support within the maximum grant will be calculated on the basis of a 75%-25% split between Phare CBC funds and Romanian public funds.

1.2.2.3 CARDS

For the Cards component of projects, the Neighbourhood Programmes will also operate on the principle that the EU will cover only a certain part of the costs. Projects must be co-financed according to the percentages set out in the *Implementing Guidelines for INTERREG/Tacis and INTERREG/Cards borders*.

This co-financing must be ensured either by the beneficiary or by other donors (i.e. EU internal funding cannot be used as co-financing)

The co-financing rates to be applied:

- Projects up to 50,000 EUR min. 5% co-financing
- Projects from 50,001 to 300,000 EUR min. 10% co-financing
- Projects over 300,001 EUR min. 25% co-financing

In Serbia and Montenegro a yearly allocation defined in the respective neighbourhood programme Financing Memorandum is available for supporting eligible projects over the course of the programme period. For 2004 this amounts to a total of 1 million euro. Similar amounts are expected for 2005 and 2006, subject to the availability of resources. In addition resources from the national CARDS programme will be made available to complement the Neighbourhood Programme resources.

1.2.2.4 Co-ordination between INTERREG, Phare CBC and CARDS

By introducing the Neighbourhood Programme concept, the neighbouring countries have an equal role in the programme. A responsible authority is nominated at national level, and a wide partnership at regional, local and non-governmental level is involved, as it is done on the Member State side in INTERREG programmes. The role of neighbouring countries in the programme Committees is expanded (more balanced membership, wider cross-section of organisations represented).

Increasing harmony between INTERREG programme, the Phare CBC programme and the Neighbourhood Programme objectives is likely to be adopted in terms of joint project identification and selection, which under no circumstances can overwrite the efforts to ensure full compliance with the specific regulations of the Structural Funds (INTERREG programmes), Phare CBC and CARDS respectively and to comply with the N+2 rule during the implementation of the programme. In cases when despite the attempt to introduce the joint procedures described in the following are unsuccessful, the different elements of the programme will be implemented separately to fulfil all requirements of the respective regulations.

1.3. Programme Summary

The subsequent paragraphs provide a brief synopsis of the programme strategy and the priorities and measures.

Eligible Area

The eligible **Hungarian** border area is located in the south-eastern part of Hungary, covering a significant area (one third) of the total area of the country; it is part of the Hungarian Great Plain. A number of rivers cross the border counties, including the two biggest rivers of Hungary, the Danube and the Tisa; the rivers also link the border region with the neighbouring countries, thus offering specific opportunities for cross-border co-operation.

The five counties represent over one quarter of the total population of the country; the population density is 82 habitant/km², (Hungary: 109 habitant /km², EU15: 118 habitant /km²) which reflects the mainly rural character of the area.

In **Romania**, the eligible border area is located in the north-western and western part of Romania and has a surface of 28,413 km², representing 12% of Romania's territory. From a geographical point of view, the area includes all forms of terrain, from plains to hills and

mountains, and important rivers that cross the border area, namely the Mures, Cris, and Tisa.

The multiethnic population living in this area accounts for about 9.6% of the total population of the country. The population density is 74 inhabitants/km², with higher values in the northern part (82-88 km²), which is still lower than national average density of 94 inhabitants/km².

In **Serbia and Montenegro** the eligible border area is situated in the northern part of the country, covering 24.758 km², which represents 28% of Serbia and Montenegro's territory. There are various terrain types: plains and two major hills (Fruška Gora and Vršачki Breg). Hilly forms of terrain are also present in the south western part of the eligible area. The major rivers that cross the border area are the Danube, Sava and Tisa. A system of hydro accumulative canals (Danube-Tisa-Danube) can be also found here, and there are also five large lakes (Ludos, Palic, Bela Crkva, Belo blato, and Obedska bara).

The population living in the eligible border area accounts for almost half of the total population of the country (48.12%) and similarly, is also characterised by a multiethnic structure. The average population density is 146 /km², with higher values in the metropolitan areas (148/km² in Južno-bački district and 489/km² in Belgrade), which average is significantly higher than the national average (97/km²), as well as the EU15 average.

Overview of the socio-economic situation

The overall level of economic development of the co-operation area is very low compared to the EU15 average. In relative terms however, while the Hungarian co-operation area lags behind, in comparison with the rest of Hungary, the Romanian and Serbian co-operation area belongs to the most developed regions of Romania and Serbia and Montenegro, respectively, compared to the rest of the country.

Looking at the sectoral fabric of the economies of the eligible areas, both similarities and differences can be identified. Complementary factors are obvious in agricultural production and food processing, as well as in some areas of the manufacturing industries, but further detailed investigation of the various sectors in the eligible areas would be necessary, in order to properly exploit the co-operation and networking opportunities.

The border area is characterised by a clean natural environment; the level of various forms of pollution is relatively low. Cross-border pollution of rivers in the area, however, causes serious problems from time to time.

Significant parts of the border area were struck by serious floods recently; although major developments of flood prevention facilities have been undertaken.

Broad Strategic Issues

The backbone of the joint cross-border development strategy can be formulated around a single key message: to get the different actors – people, economic actors and communities – closer to each other.

On this ground, the main elements of the joint cross-border development strategy shall be based on the identification of the topics where common interests can be established and developed. Based on the SWOT analysis, these core elements can be formulated as follows:

- The physical and infrastructural barriers hindering co-operation shall be eliminated.
- Establishing common business interest shall drive the improvement of the level of economic co-operation and prevent the economic divergence between the border regions of the three countries.

- The natural features of the area represent valuable assets that may only be safeguarded through joint interventions.
- Knowing each other is the basic requirement for both economic and social connections, which shall be reflected in the priorities given to social and cultural linkages.

The programme focuses on the establishment of the essential pre-requisites of the co-operation, and with different means, inspires the actors to establish and develop the cross-border connections.

The overall aim of the programme is to bring the people, communities and economic actors of the border area closer to each other in order to establish a sound basis for balanced economic and social development, assuring optimal development opportunities for all three countries.

The overall aim of the programme, with the core elements of the strategy derived from the SWOT analysis, together lead to the formulation of the following specific objectives:

- Specific objective No. 1: To establish and develop the physical and infrastructural systems supporting co-operation.
- Specific objective No. 2: To establish and develop a joint system to protect and capitalise on common natural resources promoting sustainable development.
- Specific objective No. 3: To reinforce economic connections between the border regions in order to boost sustainable economic development building on joint assets.
- Specific objective No. 4: To develop social and cultural coherence among people and communities.

Operational Issues

1. The establishment and development of the interconnections between the infrastructural networks and the systems of the management of natural resources, and the intensification of the permeability of the national borders will all facilitate the successful co-operation between the nations and economic actors alongside the border area. To this end, the actions will include the physical development of the cross-border infrastructure including the border crossing points and the diverse transportation infrastructure of the border area, and the build-up and enhancement of establishments with the purpose of joint protection of water base and water system, and joint flood prevention activities.

2. In order to make use of the complementarity of economies of this area, it is important to create an environment conducive to business-to-business co-operations. The cooperation of enterprises is only one, although very important, aspect of cooperation; the involvement of various other actors is also necessary to achieve sustainable, mutually advantageous and balanced development of the border area of the three countries. Specific actions, therefore, might include the development of quality business infrastructure and business services available for enterprises from the entire area, as well as the promotion of specific, day-to-day cooperation of businesses, institutions and local communities. Furthermore, specific actions have to be identified to encourage co-operation in the fields of Research and Technical Development (RTD) and human resource development, which are considered of key importance in the development of the area.

2. Strategic priorities and measures

2.1 Priority 1 - Strengthening the spatial, physical and infrastructural integrity of the cross-border area

Preface

This priority aims at the strengthening of the spatial, physical and infrastructural integrity of the cross-border area. The territories and regions targeted by the programme represent an integral entity from natural, geographical and spatial aspects. The establishment and development of the interconnections between the infrastructural networks and the systems of the management of natural resources, and the intensification of the permeability of the national borders will all facilitate the successful co-operation between the nations and economic actors alongside the border area.

2.1.1 Measure 1.1

1. Operational Programme	Hungary-Romania and Hungary-Serbia and Montenegro Cross-Border Programme		
2. Priority	1. Strengthening the spatial, physical and infrastructural integrity of the cross-border area		
3. Measure	1.1 Improving cross-border infrastructure		
4. Field of Intervention Code	Code	Name	Estimated share
	311	Rail	5 %
	312	Roads	55 %
	314	Airports	20 %
	315	Ports	7.5 %
	316	Waterways	7.5 %
	318	Multimodal transport	5 %
5. Description	<p><i>Introduction</i></p> <p>Under this measure, funds will be used to improve the transport related physical infrastructure of the border area instrumental to facilitating cross-border passenger and freight traffic.</p> <p><i>Rationale</i></p> <p>The state borders represent the most important physical barrier hindering the development of economic and social integration and coherence. The existence of these borders is evident, and in the scope of the current programming period, their importance can even escalate, as this borderline will become the external border of the European Union. Although the current network of border stations has sufficient capacity, the infrastructure facilitating the provision of quality services needs upgrading in many cases.</p> <p>As the analysis and the SWOT of the Neighbourhood Programme have clearly pointed out, the transportation facilities of the border area can be considered underdeveloped on a European scale and on national level as well. The quality of the infrastructural establishments – roads, railways, harbours, etc. – needs to be improved. The interlinking between the national transport network, and the basic facilities underpinning efficient multi-modal transportation are poor. Access infrastructure to the border-crossing points also requires improvement.</p>		

	<p>The deficiencies regarding the transport infrastructure and the border crossing points are also presented in the SWOT analysis.</p> <p><i>Objectives and results</i></p> <p>This measure directly contributes to Specific Objective No. 1.(To establish and develop the physical and infrastructural systems supporting co-operation.).</p> <p>As the existence of proper cross-border infrastructure, however, is a prerequisite for any type of cross-border co-operation, this measure helps to achieve the other three specific objectives as well.</p> <p>The expected result of this measure:</p> <p style="padding-left: 40px;">a. Improved cross-border accessibility.</p> <p><i>Method of implementing of the objectives set</i></p> <p>This measure will focus on development of the different types of transportation infrastructure of the border regions, and the border crossing points in order to facilitate efficient border management. The projects financed under this measure shall contribute to the development of the cross-border commercial activities, tourism and the movement of labour force.</p> <p>Given the size of the funds available, mainly small or medium scale projects of local or regional character will be supported. Due to the difference in financial resources of partner countries under this programme, no large infrastructural projects can be expected in Serbia and Montenegro, therefore in relation with Serbia Montenegro the cooperation aspects of projects should be stressed. Projects aiming at the preparation of large-scale investments, however, may also be eligible in case the cross-border benefits of the planned investment are clearly demonstrated.</p>
6. Activities	<p><i>Specific objective:</i></p> <p>Under this measure, funds will be used to improve the transport related physical infrastructure of the border area instrumental to facilitating cross-border passenger and freight traffic.</p> <p><i>Indicative specific activities under this measure:</i></p> <p><u>Component 1</u>^{.3,4,}</p> <p>Component 1 promotes investment type of activities related to improvement of cross border infrastructure. Elaboration of detailed construction plans may also be involved in the project, but other project preparation studies and plans are not eligible under Component 1.</p> <p>Action 1: Development of existing border crossing points, improvement of the infrastructure of existing border crossing points (the building or renovation of edifices and facilities of border stations and other establishments related to the state borders, development of the IT background and other equipments of the border crossing points; building other establishment needed for efficient border management).</p> <p>Action 2: Establishment of new border-crossing points (detailed activities are the same as in case of Action 1).</p>

3 In Romania, works on "Corridor IV" and "Bors – Cluj - Brasov Corridor" roads are not eligible under this measure. Also, building and rehabilitation of national road, maintenance of waterways and building and rehabilitation of railway stations in Action 3 and 4 are not eligible for funding under Phare CBC.

4 As the border between Hungary and Romania shall become a EU internal border, Actions 1 and 2 are not eligible in the case of Romania and Hungary under Component 1 or 2 (and will apply only in the case of Hungary and Serbia & Montenegro).

	<p>Action 3: Building and rehabilitation of roads, bicycle routes, road junctions and rehabilitation of waterways (construction, reconstruction, widening and pavement reinforcement of national public roads as well as those owned by municipalities, construction of connecting junctions and maintenance of waterways (e.g.: dredging of river basin) if they aim at improving accessibility of the border crossings, or business infrastructure establishments supported under Measure 2.1).</p> <p>Action 4: Building and rehabilitation of railway stations, airports, harbours on rivers crossing the border (construction, reconstruction, extension and modernisation of railway stations, ports, harbours if they aim at improving accessibility of the border crossings, or business infrastructure establishments supported under Measure 2.1) In case of railway, only activities exclusively related to passenger transport can be supported.</p> <p><u>Component 2</u></p> <p>Component 2 covers the preparation of large-scale investments described in Component 1 (elaboration of feasibility studies, engineering design documents, architectural plans, environmental impact assessments, market research and purchase of IT background). The cross-border benefits of the planned investments should be clearly demonstrated in every case. Investment is not eligible under this component.</p> <p><small>*)Having in view that the border between Hungary and Romania shall become a future EU internal border, therefore Action 1 and 2 will not be eligible for support in this border section neither in Component 1 nor in Component 2. Action 3 and 4 are eligible in the whole border area of the programme, either between Hungary – Romania and between Hungary and Serbia/Serbia and Montenegro.</small></p>
7. Relation of this measure to other measures	<p>As the existence of proper cross-border infrastructure is a pre-requisite for any type of cross-border co-operation, this measure will contribute to the existence of proper infrastructural background for the activities and results of all other measures.</p> <p>Direct relation will be established with Measure 2.1, as the accessibility of the business infrastructure establishments supported under that measure, will be improved by the activities of this measure.</p> <p>This measure also supports Measure 2.2 and Measure 2.3, as the improvement of cross-border infrastructure facilitates more active co-operation between businesses, as well as between institutions and communities.</p>
8. Form of support	Non-refundable support (Grant)
9. Upper limit of support Regulations justifying exceptions	<p>Indicative support rate:</p> <ul style="list-style-type: none"> ▪ rate of total support/total eligible costs: maximum 95-100% (the maximum rate is generally 95%, but in special cases can be 100%, which is defined in the relevant call for proposals depending on the type of activity and the beneficiary organisation) ▪ rate of own contribution/total eligible costs: minimum 0-5 % (see above) ▪ rate of SF from total eligible expenditures, maximum: 75% <p>Project size: <i>Component 1</i> Minimum amount of support: EUR 150,000 Maximum amount of support: EUR 2,500,000</p> <p><i>Component 2</i> Minimum amount of support: EUR 50,000 Maximum amount of support: EUR 500,000</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">INTERREG</p>

	Phare CBC	<ul style="list-style-type: none"> ▪ <u>Total Support</u> = CBC Grant + Romanian Public Co-financing ▪ <u>CBC Grant</u> = 75% of Total Support (max) and 67.5% of total Eligible Costs (max) ▪ <u>Romanian Public Co-financing</u> = 25% of Total Support (min) ▪ <u>Total Eligible Cost</u> = CBC Grant + Romanian Public Co-financing + Beneficiary Contribution ▪ <u>Beneficiary Contribution</u> = 10% of Total Eligible Cost (min) ▪ <u>Total Support</u> = 90% of Total Eligible Cost (max) ▪ <u>Phare CBC Support</u> = 75% of Total Support (max) <p><u>Project size</u> <i>Component 1</i> Minimum Grant: EUR 300,000 (EUR 50,000*) Maximum Grant: EUR 600,000 (EUR 150,000*) (* Bicycle routes)</p> <p><i>Component 2</i> Minimum Grant: EUR 50,000 Maximum Grant: EUR 150,000</p>
	CARDS	<p><u>Indicative support rate:</u> Projects from 50,000 to 300,000 EUR: max 90%</p> <p><u>Project size:</u> <i>Component 1</i> Minimum amount of support: EUR 150,000 Maximum amount of support: EUR 300,000</p> <p><i>Component 2</i> Minimum amount of support: EUR 50,000 Maximum amount of support: EUR 300,000</p>
10. Typical beneficiaries (Lead Partners or Partners of the projects for both component)	INTERREG	<ul style="list-style-type: none"> - public authorities, especially local self governments and their associations - county public road management companies - border guard and customs authorities - regional development agencies - railway companies - organisations related to water management and maintenance (e.g.: water directories) - universities
	Phare CBC	<ul style="list-style-type: none"> • public authorities, public services, non-profit legal entities dealing with local / county transport infrastructure network in the border area
	CARDS	<ul style="list-style-type: none"> - public authorities, especially local self governments and their associations, provincial Government - public road and water management companies - public local utility companies - Government agencies - Government Commission for Border Crossings - Universities and Institutes
11. Target group	Individuals, businesses and communities of the co-operation area	

12. Monitoring and evaluation Indicators					
Intervention Level	Description	Indicator	Data Source	Basis	Target
<ul style="list-style-type: none"> ▪ Output (monitoring) 	Improve transport related physical infrastructure	<ul style="list-style-type: none"> - X km of transport lines built (, road, waterways) - Z km of transport lines renewed (, road, waterways) - Y m2 of station, airport and border-crossing buildings constructed - m2 of station, airport and border-crossing buildings refurbished - Nr. of new/ improved timetables of border crossing public transport 	Final beneficiaries		
<ul style="list-style-type: none"> ▪ Result (monitoring) 	<ul style="list-style-type: none"> - Better access of border crossing points - Travel time reduced 	<ul style="list-style-type: none"> - Average access time reduced by X % on supported lines between main settlements affected - Reduced waiting time (in case of border crossings) - Nr. of infrastructure works improving cross- border accessibility as a result of studies 			
<ul style="list-style-type: none"> ▪ Impact (evaluation) 	Enhance and facilitate cross-border passenger and freight flows	Flows of passengers and freight between counties affected increased by Y%			
13. General topics					
<ul style="list-style-type: none"> ▪ Environmental protection 	<p>All supported projects must comply with the effective environmental legislation. In general, the improvement of regional accessibility in the border regions strengthens the cross-border communities, and thus it is not against the horizontal objective of sustainability. If not planned properly, however, it may easily have negative impacts on the environment. This measure is expected to have environmental impact, as the development of the road network increases land use and natural resource use, modifies to a certain extent the landscape, the environmental elements and values. These negative impacts may be reduced to a certain extent with the formulation and implementation of appropriate system of requirements, which will be detailed in the call for proposals. During the implementation special emphasis is needed to be taken in order to ensure the minimisation of negative environmental effects, and in order to consider nature protection aspects, such as impacts on the Natura 2000 network. The rationale use of natural resources (material, energy) should be prioritised in order to promote sustainable resource use (such as protecting belts, noise barriers).</p>				
<ul style="list-style-type: none"> ▪ Equal opportunities 	This measure does not have any real impact on equal opportunities, it can be considered as neutral in this respect.				
14. State aid	Under this measure if beneficiaries are not business enterprises, but public/non-profit institutions, support does not qualify as State aid. Otherwise aid compatible with the de minimis rule will be provided.				

2.1.2 Measure 1.2

1. Operational Programme	Hungary-Romania and Hungary-Serbia and Montenegro Cross-Border Programme		
2. Priority	1. Strengthening the spatial, physical and infrastructural integrity of the cross-border area		
3. Measure	1.2. Addressing common challenges in the field of environmental protection and flood prevention		
4. Field of Intervention Code	Code	Name	Estimated share
	332	Renewable sources of energy	10 %
	343	Urban and industrial waste (including hospital and dangerous waste)	10 %
	344	Drinking water	10 %
	345	Sewage and purification	25 %
	351	Upgrading and rehabilitation of industrial and military sites	20 %
	353	Protection, improvement and regeneration of the natural environment	25 %
5. Description	<p><i>Introduction</i></p> <p>Under this measure funds will be used to support the joint protection of the environment and the natural values of the cross-border area, with primary focus on the protection of the common water base and surface waters, as well as on joint flood prevention activities.</p> <p><i>Rationale</i></p> <p>As indicated in the Wider Europe Communication, environmental threats in the border area “require joint approaches in order to be addressed comprehensively”, more specifically, environmental protection, and the protection of natural values in the cross-border area can only be undertaken effectively by joint management systems and facilities capable of joint actions. This is especially true for the protection of rivers and other surface waters: any damage caused in one of the countries has consequences – negative impacts – in the neighbouring countries.</p> <p>Beside the actions supporting joint environment protection, water base protection and flood prevention, all interventions within this measure have been designed to strongly support the establishment of the basic pre-conditions of the sustainable development of the area, thus directly contributing to one of the key horizontal objectives of the Programme.</p> <p>The analysis and the SWOT of the Neighbourhood Programme has explicitly presented the situation regarding environment protection in the cross-border area. The lack of water management activities, high level of pollution in certain areas and also the lack of joint flood prevention structures are only a few issues that need to be addressed through the interventions of this measure in order to avoid natural disasters.</p> <p>The deficiencies regarding the environment infrastructure are also presented in the SWOT analysis.</p> <p><i>Objectives and results</i></p> <p>The interventions constituting the measure directly contribute to the specific objective No.2 (To establish and develop joint system to protect and capitalize on common natural resources promoting sustainable development).</p>		

	<p>The expected result of this measure are as follows:</p> <ol style="list-style-type: none"> a. Increased portion of population served by environmental infrastructure services b. Larger natural areas and rivers protected c. Higher level of protection against floods d. Decreased level of polluted areas <p><i>Method of implementing of the objectives set</i></p> <p>This measure will support small scale solid and waste water management projects, rehabilitation of polluted areas, development of joint nature protection areas and nature parks, joint river protection activities, or establishment of joint or harmonised flood prevention monitoring and information systems. The projects financed under this measure shall contribute to the development of the cross-border activities and tourism as well.</p> <p>Given the size of the funds available, mainly small or medium scale projects will be supported. Due to the difference in financial resources of partner countries under this programme, no large infrastructural projects can be expected in Serbia and Montenegro, therefore in relation with Serbia the cooperation aspects of projects should be stressed. Projects aiming at the preparation of large-scale investments, however, may also be eligible in case the cross-border benefits of the planned investment are clearly demonstrated.</p>
6. Activities	<p><i>Specific objective:</i></p> <p>Under this measure funds will be used to support the joint protection of the environment and the natural values of the cross-border area, with primary focus on the protection of the common water base and surface waters, as well as on joint flood prevention activities.</p> <p><i>Indicative specific activities under this measure:</i></p> <p><u>Component 1</u></p> <p>Component 1 promotes investment type of activities related to improvement of cross border infrastructure. Elaboration of detailed construction plan may also be involved in the project, but other studies and plans are not eligible under component 1.</p> <p>Action 1: Construction and rehabilitation of infrastructural establishments of solid and waste water management with cross-border impact (e.g. industrial and urban waste, sewerage and purification, collection and treatment systems for solid waste)⁵.</p> <p>Action 2: Rehabilitation of cross-border polluted areas (rehabilitation and cleaning up of contaminated sites)⁶</p> <p>Action 3: Investments related to the development of joint nature protection areas and nature parks (including construction or rehabilitation of buildings and other edifices and infrastructural establishments, ICT development, purchase of specific equipments, training)</p>

⁵ In case of industrial waste state aid issues might arise in Hungary and Romania. In the case of Hungary, the construction of landfills is not eligible for support as this activity is covered by the EC Cohesion Fund.

⁶ State aid issues may arise in Romania.

	<p>Action 4: Investments related to the development of joint river protection and flood prevention monitoring and information systems (including construction or rehabilitation of buildings and other edifices and infrastructural establishments, ICT development, purchase of specific equipments, related training activities)</p> <p>Action 5: Support the use of renewable energy sources with a cross border impact (construction and development of facilities producing energy from renewable resources, related information campaigns)</p> <p><u>Component 2</u></p> <p>Component 2 covers the preparation of large-scale investments described in Component 1 (elaboration of feasibility studies, engineering design documents, architectural plans, environmental impact assessments, market research and purchase of IT background). The cross-border benefits of the planned investments should be clearly demonstrated in every case. Under this component investment type of activities are not eligible.</p>
7. Relation of this measure to other measures	Direct relation will be established with Measure 2.2, as several institutions responsible for environmental protection, flood prevention issues or management of protected areas and natural parks, promoting works and equipments components under the current measure may link their co-operation activities under Measure 2.2.
8. Form of support	Non-refundable support (Grant)
9. Upper limit of support Regulations justifying exceptions	<p>INTERREG</p> <p><u>Indicative support rate:</u></p> <ul style="list-style-type: none"> ▪ rate of total support/total eligible costs: maximum 95-100% (the maximum rate is generally 95%, but in special cases can be 100%, which is defined in the relevant call for proposals depending on the type of activity and the beneficiary organisation) ▪ rate of own contribution/total eligible costs: minimum 0-5 % (see above) ▪ rate of SF from total eligible expenditures, maximum: 75% <p><u>Project size:</u> <i>Component 1</i> Minimum amount of support: EUR 150.000 Maximum amount of support: EUR 2.000.000</p> <p><i>Component 2</i> Minimum amount of support: EUR 50.000 Maximum amount of support: EUR 500.000</p>

	Phare CBC	<ul style="list-style-type: none"> ▪ <u>Total Support</u> = CBC Grant + Romanian Public Co-financing ▪ <u>CBC Grant</u> = 75% of Total Support (max) and 67.5% of total Eligible Costs (max) ▪ <u>Romanian Public Co-financing</u> = 25% of Total Support (min) ▪ <u>Total Eligible Cost</u> = CBC Grant + Romanian Public Co-financing + Beneficiary Contribution ▪ <u>Beneficiary Contribution</u> = 10% of Total Eligible Cost (min) ▪ <u>Total Support</u> = 90% of Total Eligible Cost (max) ▪ <u>Phare CBC Support</u> = 75% of Total Support (max) <p><u>Project size</u> <i>Component 1</i> Minimum Grant: EUR 300,000 Maximum Grant: EUR 600,000</p> <p><i>Component 2</i> Minimum Grant: EUR 50,000 Maximum Grant: EUR 150,000</p>
	CARDS	<p><u>Indicative support rate:</u> Projects from 50,000 to 300,000 EUR: max 90%</p> <p><u>Project size:</u> <i>Component 1</i> Minimum amount of support: EUR 150,000 Maximum amount of support: EUR 300,000</p> <p><i>Component 2</i> Minimum amount of support: EUR 50,000 Maximum amount of support: EUR 300,000</p>
10. Typical beneficiaries (Lead Partners or Partners of the projects)	INTERREG	<ul style="list-style-type: none"> - public authorities, especially local self governments and their associations - county and regional water management, solid waste management, waste water management, river protection and flood protection companies and public bodies - county/regional environment protection agencies/authorities - regional development organisations, e.g. RDAs and county development organisations - environmental NGOs - universities - non-profit organisations - public organisations responsible for the management of natural parks and protected areas
	Phare CBC	<ul style="list-style-type: none"> • public authorities, public services, non-profit legal entities dealing with: water management; water supply; waste water management; solid waste management; river protection; flood prevention; environmental issues; and, management of natural parks and protected areas • public utility companies • educational institutions and non-profit research organisations • environment protection agencies and authorities • public authorities owning and / or operating environment infrastructure.

	CARDS	<ul style="list-style-type: none"> - public authorities, especially local self governments and their associations, provincial Government - public road and water management companies - public utility companies - Government agencies - Universities and Institutes - Environmental non-governmental organizations - Non-profit organisations 			
11. Target group	Citizens, communities of the co-operation area				
12. Monitoring and evaluation Indicators					
Intervention Level	Description	Indicator	Data Source	Basis	Target
<ul style="list-style-type: none"> ▪ Output (monitoring) 	Improve environment related infrastructure	<ul style="list-style-type: none"> - X km of sewerage built / renewed -increased wastewater purification capacity -nr.of new investments in national parks -surface of rehabilitated area (m2, ha) -number of joint studies, -number of new joint monitoring systems -Y m2 of buildings constructed / refurbished 	Final beneficiaries		
<ul style="list-style-type: none"> ▪ Result (monitoring) 	- Improved level of protection of natural resources and flood prevention	<ul style="list-style-type: none"> - decreased level of pollution going to soil or surface water or to common waterbase in the areas developed - improved co-operation between environmental institutions - increased joint investments related to environment, nature and flood protection 			
<ul style="list-style-type: none"> ▪ Impact (evaluation) 	Reduction of pollution	<ul style="list-style-type: none"> - number of people who's environmental or security situation improved - surface of area with increased protection (ha) 			
13. General topics					
<ul style="list-style-type: none"> ▪ Environmental protection 	All supported projects must comply with the effective environmental legislation. Furthermore, all activities within this measure are targeted on the protection of common environmental and natural resources, surface water and water base. The specific objectives and the activities of this measure are directly focusing on environmental protection issues and sustainable development, therefore the measure is clearly considered to have positive effect on the environment.				
<ul style="list-style-type: none"> ▪ Equal opportunities 	This measure does not have any real impact on equal opportunities, it can be considered as neutral in this respect.				
14. State aid	Not relevant				

2.2 Priority 2- Promotion of co-operation initiatives in order to facilitate the integration of markets and enhance coherence between local societies

Preface

The spatial, physical and infrastructural integrity of the cross-border area is essential and serves as a necessary pre-condition of effective co-operation. In order to make use of the complementarity of economies of the co-operation area, it is important to create an environment conducive to business-to-business co-operations.

The co-operation of enterprises is only one, although very important, aspect of cooperation; the involvement of various other actors is also necessary to achieve sustainable, mutually advantageous and balanced development of the border area of the three countries.

Specific actions within Priority 2, therefore, might include the development of quality business infrastructure and business services available for enterprises from the entire border area, as well as the promotion of specific, day-to-day co-operation of businesses, institutions and local communities. Furthermore, specific actions have been identified to encourage co-operation in the fields of RTD and human resource development, which are considered of key importance in the development of the area.

2.2.1 Measure 2.1

1. Operational Programme	Hungary-Romania and Hungary-Serbia and Montenegro Cross-Border Programme		
2. Priority	1. Promotion of co-operation initiatives in order to facilitate the integration of markets and enhance coherence between local societies		
3. Measure	2.1 Development of business infrastructure and joint business services		
4. Field of Intervention Code	Code	Name	Estimated share
	161	Investment in physical capital (plant and equipment)	55 %
	164	Shared business services	45 %
5. Description	<p><i>Introduction</i></p> <p>Under this measure, funds will be used to improve the business infrastructure instrumental to better business services and to encourage the co-operation of businesses.</p> <p><i>Rationale</i></p> <p>One of the key aspects of this cross-border programme is to encourage economic co-operation, more specifically, the regular interaction of businesses.</p> <p>The analysis has clearly pointed out, that there are complementarities in the economy of the border areas, especially in the fields of agribusiness as well as in manufacturing. It is also obvious, that the small and medium sized businesses play a role of increasing importance in the economy of the eligible areas, however, their level of development, as well as the availability of shared business services for SMEs differs from one country to the other.</p> <p>The geographic location of SMEs in the border area offers them additional development potential, namely the opportunity for co-operation with businesses from the neighbouring countries. Currently, however, this opportunity is very rarely used, co-operation on the level of SMEs is mainly restricted to trade, there are very few examples of business-to-business cross-border co-operations in production, research and development, marketing and sales.</p>		

	<p>The establishment of sustainable business-to-business co-operations requires the existence of quality business infrastructure, professional assistance and other important services for enterprises – primarily for SMEs – equally available across the entire border area. Such a network of infrastructure and services is currently lacking, there are major disparities in the level of development of business infrastructure and services, and the co-operation between the various SME service facilities and organisations is restricted.</p> <p><i>Objectives and results</i></p> <p>This measure directly contributes to Specific objective No. 3 (To reinforce economic connections between the border regions in order to boost sustainable economic development building on joint givens).</p> <p>The expected result of this measure is as follows:</p> <p>a. Improved systems for business support services in the border area</p> <p><i>Method of implementing of the objectives set</i></p> <p>Based on the needs described above, this measure is aimed at establishing an inspiring business environment that includes a co-operating network of various business infrastructure facilities, offering high quality business services (with special attention to services supporting the cross-border business-to-business co-operations). In order to achieve this, support will be given to the creation of various shared business infrastructure facilities.</p>
6. Activities	<p><i>Specific objective:</i></p> <p>Under this measure, funds will be used to improve the business infrastructure instrumental to better business services and to encourage the co-operation of businesses.</p> <p><i>Indicative specific activities under this measure:</i></p> <p>Action 1: Development and extension of existing business infrastructure facilities, including, among others, business incubators, industrial parks and trade centres (providing services and office / storing capacity for businesses involved in cross-border trade; modernisation, extension and refurbishment of existing buildings, development of IT and technical infrastructure in the facilities).</p> <p>Action 2: Establishment of new business infrastructure facilities including, among others, business incubators, industrial parks and trade centres (construction of new buildings, refurbishment of existing buildings currently out of use, or used for other purposes; development of IT infrastructure and provision of necessary equipment).</p> <p>Action 3: Preparation of major business infrastructure development projects facilitating better cross-border business co-operation; (elaboration of feasibility studies, engineering design documents)</p>
7. Relation of this measure to other measures	<p>As the existence of proper business infrastructure and high quality services is one of the pre-requisites of successful business-to business (cross-border) co-operation, this measure will directly contribute Measure 2.2 (Support co-operation of enterprises).</p> <p>This measure will also directly support Measure 2.4, as co-operation in the field of research and technological development is only possible if quality services and RTD infrastructure are available.</p>
8. Form of support	Non-refundable support (Grant)

9. Upper limit of support Regulations justifying exceptions	INTERREG	<p><u>Indicative support rate:</u></p> <ul style="list-style-type: none"> ▪ rate of total support/total eligible costs: maximum 95-100% (the maximum rate is generally 95%, but in special cases can be 100%, which is defined in the relevant call for proposals depending on the type of activity and the beneficiary organisation) ▪ rate of own contribution/total eligible costs: minimum 0-5 % (see above) ▪ rate of SF from total eligible expenditures, maximum: 75% ▪ The rate of total support/eligible costs: maximum 50% in case of business enterprises. <p><u>Project size:</u> Minimum amount of support: EUR 50.000 Maximum amount of support: EUR 2.000.000 In case of business enterprises the maximum amount of support is 100.000 EUR according to the de minimis rule.</p>
	Phare CBC	<ul style="list-style-type: none"> ▪ <u>Total Support</u> = CBC Grant + Romanian Public Co-financing ▪ <u>CBC Grant</u> = 75% of Total Support (max) and 67.5% of total Eligible Costs (max) ▪ <u>Romanian Public Co-financing</u> = 25% of Total Support (min) ▪ <u>Total Eligible Cost</u> = CBC Grant + Romanian Public Co-financing + Beneficiary Contribution ▪ <u>Beneficiary Contribution</u> = 10% of Total Eligible Cost (min) ▪ <u>Total Support</u> = 90% of Total Eligible Cost (max) ▪ <u>Phare CBC Support</u> = 75% of Total Support (max) <p><u>Project size</u> Minimum Grant: EUR 50,000 Maximum Grant: EUR 300,000</p>
	CARDS	<p><u>Indicative support rate:</u> <u>Projects from 50,000 to 300,000 EUR: max 90%</u></p> <p><u>Project size:</u> Minimum amount of support: EUR 50,000 Maximum amount of support: EUR 300,000</p>
10. Typical beneficiaries (Lead Partners or Partners of the projects)	INTERREG	<ul style="list-style-type: none"> • public authorities, especially local self governments and their associations • regional and county development agencies, local enterprise agencies • economic chambers • non-profit organisations • business enterprises (SMEs)
	Phare CBC	<ul style="list-style-type: none"> • public authorities, public services, government agencies, non-profit legal entities, and non-profit research organisations dealing with: business infrastructure and joint business services • chambers of commerce agriculture and industry • educational institutions

	CARDS	<ul style="list-style-type: none"> • public authorities, especially local self governments and their associations, provincial Government • business interest organizations and other business associations • Chambers of Commerce • Government agencies • SME Agencies • non-profit organizations 			
11. Target group	businesses, primarily small and medium sized enterprises of the co-operation area				
12. Monitoring and evaluation Indicators					
Intervention Level	Description	Indicator	Data Source	Basis	Target
<ul style="list-style-type: none"> ▪ Output (monitoring) 	Establish and develop business infrastructure facilities	<ul style="list-style-type: none"> - X m2 of new business infrastructure facilities built - Y m2 of existing facilities refurbished - Nr. of preparatory plans/studies that will have a follow-up 	Final beneficiaries		
<ul style="list-style-type: none"> ▪ Result (monitoring) 	Shared services available for the SMEs	<ul style="list-style-type: none"> - X enterprises using the services of the new / refurbished business infrastructure (50% of which are involved in cross-border business) - m2 business infrastructure created as a result of a study/ preparatory plan 			
<ul style="list-style-type: none"> ▪ Impact (evaluation) 	Economic co-operation of the border areas enhanced	- nr. of start-ups with cross-border links in relation to the activities financed			
13. General topics					
<ul style="list-style-type: none"> ▪ Environmental protection 	In general, the improvement of the business infrastructure facilities strengthens the cross-border economies, and thus it is not against the horizontal objective of sustainability. If not planned properly, however, it may easily have negative impacts on the environment. This measure is expected to have some environmental impact. In order to avoid any negative environmental impacts, only projects that comply with the effective environmental legislation will be eligible for support.				
<ul style="list-style-type: none"> ▪ Equal opportunities 	This measure is aimed at the establishment of improved systems for business support services in the border area, in order to facilitate the development and cross-border business co-operation. As such, the measure does not have direct impact on equal opportunities.				
14. State aid	Under this measure if beneficiaries are not business enterprises, but public/non-profit institutions, support does not qualify as State aid. Otherwise aid compatible with the de minimis rule will be provided.				

2.2.2 Measure 2.2

1. Operational Programme	Hungary-Romania and Hungary-Serbia and Montenegro Cross-Border Programme		
2. Priority	1. Promotion of co-operation initiatives in order to facilitate the integration of markets and enhance coherence between local societies		
3. Measure	2.2 Support co-operation of enterprises		
4. Field of Intervention Code	Code	Name	Estimated share
	161	Investment in physical capital	40 %
	163	Business advisory services	15 %
	164	Shared business services	30 %
	173	Shared services for the tourism industry	15 %
5. Description	<p><i>Introduction</i></p> <p>Under this measure, funds will be used to support various forms of specific business-to-business co-operation initiatives.</p> <p><i>Rationale</i></p> <p>One of the key aspects of this cross-border programme is to encourage economic co-operation, more specifically, the regular interaction of businesses.</p> <p>The analysis presented in the Neighbourhood Programme has clearly pointed out, that there are complementarities in the economy of the border areas, especially in the fields of agribusiness as well as in manufacturing. It is also obvious, that the small and medium sized businesses play a role of increasing importance in the economy of the eligible areas, however, their level of development, as well as the availability of shared business services for SMEs differs from one country to the other.</p> <p>The geographic location of SMEs in the border area offers them additional development potential, namely the opportunity for co-operation with businesses from the neighbouring countries. Currently, however, this opportunity is very rarely used, co-operation on the level of SMEs is mainly restricted to trade, there are very few examples of business-to-business cross-border co-operations in production, research and development, marketing and sales.</p> <p>The establishment of sustainable business-to-business co-operations on the one hand requires the existence of quality business environment conducive to business-to-business co-operations. Although Measure 2.1 supports the establishment of such a business environment, in itself this is not sufficient; enterprises may only enter into co-operation if they can identify clear mutual interests with counterparts they trust. In addition, the SMEs in the area lack previous experience in building cross-border co-operations. In order to eliminate this barrier, it is important to catalyse and support cross-border co-operation projects of SMEs.</p> <p><i>Objectives and results</i></p> <p>This measure directly contributes to Specific objective No. 3 (To reinforce economic connections between the border regions in order to boost sustainable economic development building on joint givens).</p> <p>The expected results of this measure are long-term cross-border co-operations of businesses established.</p> <p><i>Method of implementing of the objectives set</i></p> <p>Based on the needs described above, this measure is intended to support specific co-operation initiatives. providing opportunities for SMEs from the</p>		

	partner countries to enhance cross-border business links. Such initiatives may include the organisation of various events facilitating the meeting of businesses, as well as the various actions of business support organisations aimed at inducing joint activities of businesses in various fields (such as production, quality assurance, marketing, sales, training)	
6. Activities	<p><i>Specific objective:</i></p> <p>Under this measure, funds will be used to support various forms of specific business-to-business co-operation initiatives.</p> <p><i>Indicative specific activities under this measure:</i></p> <p>Action 1: Support of cross-border business events facilitating the meeting of small and medium sized businesses; such events may include business meetings, sectoral conferences, trade fairs, study tours, business missions.</p> <p>Action 2: Support for enterprise cross-border cooperation: support for the development of common IT tools, development and introduction of common production and quality standards, common market research and marketing activities (with special regard to tourism, including the development of joint tourism packages), common training projects, organisation of cross-border clusters, development of sectoral cross-border co-operation strategies, purchase of equipment and machinery to boost the joint economic activity and co-operation, product and product innovation etc.</p>	
7. Relation of this measure to other measures	This measure on the one hand strongly builds upon Measure 2.1 (Development of business infrastructure and joint business services), on the other hand it also supports that measure through encouraging and supporting the joint use of business infrastructure facilities.	
8. Form of support	Non-refundable support (Grant)	
9. Upper limit of support	INTERREG	<p><u>Indicative support rate:</u></p> <ul style="list-style-type: none"> ▪ rate of total support/total eligible costs: maximum 95-100% (the maximum rate is generally 95%, but in special cases can be 100%, which is defined in the relevant call for proposals depending on the type of activity and the beneficiary organisation) ▪ rate of own contribution/total eligible costs: minimum 0-5 % (see above) ▪ rate of SF from total eligible expenditures, maximum: 75% ▪ The rate of total support/eligible costs: maximum 50% in case of business enterprises. <p><u>Project size:</u> Minimum amount of support: EUR 20.000 Maximum amount of support: EUR 500.000 In case of business enterprises the maximum amount of support is 100.000 EUR according to the de minimis rule.</p>
Regulations justifying exceptions		

	Phare CBC	<ul style="list-style-type: none"> ▪ <u>Total Support</u> = CBC Grant + Romanian Public Co-financing ▪ <u>CBC Grant</u> = 75% of Total Support (max) and 67.5% of total Eligible Costs (max) ▪ <u>Romanian Public Co-financing</u> = 25% of Total Support (min) ▪ <u>Total Eligible Cost</u> = CBC Grant + Romanian Public Co-financing + Beneficiary Contribution ▪ <u>Beneficiary Contribution</u> = 10% of Total Eligible Cost (min) ▪ <u>Total Support</u> = 90% of Total Eligible Cost (max) ▪ <u>Phare CBC Support</u> = 75% of Total Support (max) <p><u>Project size</u></p> <p>Minimum Grant: EUR 50,000 Maximum Grant: EUR 300,000</p>
	CARDS	<p><u>Indicative support rate:</u> <u>Projects from 20,000 to 300,000 EUR: max 90%</u></p> <p><u>Project size:</u> Minimum amount of support: EUR 20,000 Maximum amount of support: EUR 300,000</p>
10. Typical beneficiaries (Lead Partners or Partners of the projects)	INTERREG	<ul style="list-style-type: none"> • public authorities, especially local self governments and their associations • regional and county development agencies, local enterprise agencies • economic chambers • NGOs with training activities in the field of business promotion and networking • Universities and colleges • non-profit organisations • business enterprises (SMEs)
	Phare CBC	<ul style="list-style-type: none"> • public authorities, public services, government agencies, non-profit legal entities, and non-profit research organisations support cooperation of enterprises • chambers of commerce, agriculture and industry • educational institutions
	CARDS	<ul style="list-style-type: none"> • public authorities, especially local self governments and their associations, provincial Government • SME Agencies • business associations • Chambers of Commerce • Government agencies • non-profit organizations and NGO's with training activities in the field of business promotion and networking • Universities, Institutes and Colleges
11. Target group		businesses, primarily small and medium sized enterprises of the co-operation area

12. Monitoring and evaluation Indicators					
Intervention Level	Description	Indicator	Data Source	Basis	Target
<ul style="list-style-type: none"> ▪ Output (monitoring) 	Increased involvement of enterprises in cross-border co-operation projects	X (number) of enterprises involved in events X (number) of enterprises provided with devices	Final beneficiaries		
<ul style="list-style-type: none"> ▪ Result (monitoring) 	Long-term business-to-business co-operations established	y % of participating firms having partnerships across the border 1 year after the intervention			
<ul style="list-style-type: none"> ▪ Impact (evaluation) 	Economic co-operation of the border areas enhanced	X % increase in foreign trade turnover of the eligible counties within the firms involved			
13. General topics					
<ul style="list-style-type: none"> ▪ Environmental protection 	In general, the support of co-operation initiatives of businesses strengthens the cross-border economies, and thus it is not against the horizontal objective of sustainability. Given the nature of the actions supported though, this measure is not expected to have direct environmental impact.				
<ul style="list-style-type: none"> ▪ Equal opportunities 	Events supported in the frame of this measure shall be organised in a way that they provide equal opportunities for participation for women and for disadvantaged people.				
14. State aid	Under this measure if beneficiaries are not business enterprises, but public/non-profit institutions, support does not qualify as State aid. Otherwise aid compatible with the de minimis rule will be provided.				

2.2.3 Measure 2.3

1. Operational Programme	Hungary-Romania and Hungary-Serbia and Montenegro Cross-Border Programme		
2. Priority	2. Promotion of co-operation initiatives in order to facilitate the integration of markets and enhance coherence between local societies		
3. Measure	2.3. Encourage cooperation between institutions and communities		
4. Field of Intervention Code	Code	Name	Estimated share
	21	Labour market policy	10 %
	22	Social inclusion	5 %
	23	Developing educational and vocational training not linked to a specific sector (persons, firms)	20 %
	24	Workforce flexibility, entrepreneurial activity, innovation, information and communication technologies (persons, firms)	15 %
	166	Services in voluntary/third sector (safety, cultural activities)	25 %
	172	Non-physical investment (development and provision of tourist services, sporting, cultural and leisure activities, heritage)	25 %

<p>5. Description</p>	<p><i>Introduction</i></p> <p>This measure is primarily aimed at encouraging cross-border contacts and co-operation at regional and local level, mainly in the fields of cultural, social and sports as well as institution building.</p> <p><i>Rationale</i></p> <p>One of the key objectives of our strategy is to get people closer to each other. In the light of the accession of Hungary to the EU, it is also “important that the new external EU border is not seen as a barrier to existing contact and co-operation at the local level”⁷. This can only be achieved, if co-operation is perceived as a natural part of the everyday life of people living in the border area. This requires people-to-people actions: specific occasions for people to get to know each other, to work together and to take part in various other forms of joint activities on a regular basis. The analysis of the border area has identified the multicultural traditions of the eligible area as a major strength. It has also pointed out, that as a result of previous cross-border co-operation programmes, there do already exist strong cross-border initiatives in the form of the joint actions of institutions, communities and NGOs, primarily on the Hungarian-Romanian border. Furthermore, the experiences from the implementation of the PHARE funded Small Project Fund have clearly demonstrated that there is an abundance of people-to-people co-operation projects seeking for support in the eligible border area. Since such projects play a pivotal role in creating favourable environment for long-term cross-border co-operation, there is a need for an instrument supporting a wide variety of small-scale co-operation initiatives.</p> <p><i>Objectives and results</i></p> <p>This measure directly contributes to specific objective No. 4 (To develop social and cultural coherence among people and communities)</p> <p>The expected results of this measure are as follows:</p> <ol style="list-style-type: none"> a. Cross-border co-operation of communities, NGOs and institutions enhanced b. Direct involvement of people in cross-border co-operation strengthened. <p><i>Method of implementing of the objectives set</i></p> <p>This measure will build upon the positive experiences of the PHARE CBC Small Project Fund successfully implemented on the Hungarian-Romanian border.</p> <p>Support will be available to encourage a wide variety of occasions for the citizens of the eligible border area to get involved in cross-border co-operation, primarily (but not exclusively) in the following fields:</p> <ul style="list-style-type: none"> • Sports • Culture • Social activities <p>Such occasions may include joint events in the above fields, as well as the co-operation of various institutions facilitating the meeting and interactions of people from the eligible areas.</p>
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⁷ See Communication from the Commission: Paving the way for a New Neighbourhood Instrument

6. Activities	<p><i>Specific objective:</i></p> <p>This measure is primarily aimed at encouraging cross-border contacts and co-operation at regional and local level, mainly in the fields of cultural, social and sports as well as institution building.</p> <p><i>Indicative specific activities under this measure:</i></p> <p><u>Component 1: People-to-people actions (Small Projects Fund)</u></p> <p>Action 1: Support of cross-border events and people-to-people actions, including – among others - conferences, joint seminars, sports events, joint social activities, study tours, joint cultural events, etc.</p> <p>Action 2: Support of training for common understanding (e.g. activities sustaining identity and traditions of local communities, joint courses on languages, laws etc.), preparation of cross-border projects, learning joint management of cross-border institutions, cross-border partner searching workshops.</p> <p><u>Component 2: Institution building actions</u></p> <p>Action 1: Support for the co-operation of institutions (educational and research institutions are excluded), communities, joint institution building, transfer of knowledge and experience in various areas, with special attention to issues related to the European integration.</p> <p>Action 2: Support of building up the network of cities and regional management including innovative local community development</p>
7. Relation of this measure to other measures	<p>This measure does not have a specific direct link with either of the measure of the programme. On the other hand, though, the enhanced co-operation of communities, NGOs and institutions – the regular interactions of people – are beneficial to the cross-border co-operation as a whole, and thus indirectly contribute to all other measures of the programme.</p>
8. Form of support	<p>Non-refundable support (Grant)</p>
<p>9. Upper limit of support</p> <p>Regulations justifying exceptions</p>	<p><u>Indicative support rate:</u></p> <ul style="list-style-type: none"> ▪ rate of total support/total eligible costs: maximum 95-100% (the maximum rate is generally 95%, but in special cases can be 100%, which is defined in the relevant call for proposals depending on the type of activity and the beneficiary organisation) ▪ rate of own contribution/total eligible costs: minimum 0-5 % (see above) ▪ rate of SF from total eligible expenditures, maximum: 75% <p><u>Project size:</u></p> <p><i>Component 1</i> Minimum amount of support: EUR 10,000 Maximum amount of support: EUR 50,000</p> <p><i>Component 2</i> Minimum amount of support: EUR 50,000 Maximum amount of support: EUR 300,000</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">INTERREG</p>

	Phare CBC	<ul style="list-style-type: none"> ▪ <u>Total Support</u> = CBC Grant + Romanian Public Co-financing ▪ <u>CBC Grant</u> = 75% of Total Support (max) and 67.5% of total Eligible Costs (max) ▪ <u>Romanian Public Co-financing</u> = 25% of Total Support (min) ▪ <u>Total Eligible Cost</u> = CBC Grant + Romanian Public Co-financing + Beneficiary Contribution ▪ <u>Beneficiary Contribution</u> = 10% of Total Eligible Cost (min) ▪ <u>Total Support</u> = 90% of Total Eligible Cost (max) ▪ <u>Phare CBC Support</u> = 75% of Total Support (max) <p>Project size <i>Component 1</i> Minimum Grant: EUR 10,000 Maximum Grant: EUR 50,000</p>
	CARDS	<p><u>Indicative support rate:</u> Projects up to 50,000 EUR: max 95% Projects from 50,000 to 300,000 EUR: max 90%</p> <p><u>Project size:</u> <i>Component 1</i> Minimum amount of support: EUR 10,000 Maximum amount of support: EUR 50,000</p> <p><i>Component 2</i> Minimum amount of support: EUR 50,000 Maximum amount of support: EUR 300,000</p>
10. Typical beneficiaries (Lead Partners or Partners of the projects))	INTERREG	<ul style="list-style-type: none"> • Public authorities, especially local self-governments and their associations • Institutions and authorities • NGOs • Regional and county development agencies
	Phare CBC	<ul style="list-style-type: none"> • public authorities, public services, government agencies, non-profit legal entities, and non-profit research organisations dealing with: cooperation between institutions and communities • chambers of commerce, agriculture and industry • educational institutions
	CARDS	<ul style="list-style-type: none"> • public authorities, especially local self governments and their associations, provincial Government • SME Agencies • Civil society organizations • Institutions and Government Agencies • non governmental non-profit organizations • Universities, Institutes and Colleges
11. Target group		Citizens of the co-operation area

12. Monitoring and evaluation Indicators					
Intervention Level	Description	Indicator	Data Source	Basis	Target
▪ Output (monitoring)		Number co-operation projects supported	Final beneficiaries		
▪ Result (monitoring)	Enhanced cross-border co-operation	Number of organisations / communities involved in co-operation projects.	Final beneficiaries		
	Increased involvement of people in co-operation	Number of people directly involved in co-operation	Final beneficiaries		
▪ Impact (evaluation)	Enhanced social and cultural coherence	- Increase in number of joint cultural and social events / initiatives - Increase in co-operation agreements			
13. General topics					
▪ Environmental protection	All supported projects must comply with the effective environmental legislation. Most of the projects to be supported under this measure are not expected to have any impact on the environment. As co-operation of environmental organisations is also envisaged, this measure may result in indirect benefits to the environment.				
▪ Equal opportunities	Under this measure people-to-people actions are supported. In the case of all projects supported, special attention will be given to providing women with equal opportunities for participation in / benefiting from the projects.				
14. State aid	Not relevant				

2.2.4 Measure 2.4

1. Operational Programme	Hungary-Romania and Hungary-Serbia and Montenegro Cross-Border Programme		
2. Priority	2. Promotion of co-operation initiatives in order to facilitate the integration of markets and enhance coherence between local societies		
3. Measure	2.4. Promotion of co-operation in the field of Research and Technical Development (RTD) and human resource development		
4. Field of Intervention Code	Code	Name	Estimated share
	181	Research projects based in universities and research institutes	15 %
	182	Innovation and technology transfers, establishments of networks and partnerships between businesses and/or research institutes	20 %
	183	RTDI Infrastructure	35 %
	184	Training for researchers	10 %
	23	Developing educational and vocational training not linked to a specific sector (persons, firms)	20 %

<p>5. Description</p>	<p><i>Introduction</i></p> <p>This measure is aimed at enhancing co-operation in the fields of human resource development as well as research and technological development.</p> <p><i>Rationale</i></p> <p>The border regions in all three countries can build on solid research and educational background provided by universities and other institutions, and also on high quality human resources. Joint actions in this field can further promote the effectiveness and prosperousness of the HRD and RTD activity, and may serve as a basis for economic and social co-operation.</p> <p>As the analysis and the SWOT presented in the Neighbourhood Programme have clearly pointed out, one of the major strengths of the cross-border area is the extensive network of various higher education institutions and the high level of scientific and research human resources potential, representing a wide knowledge base and valuable resource for R and D activities.</p> <p>The strengths and opportunities regarding the RTD infrastructure and human resources potential are also presented in the SWOT analysis.</p> <p><i>Objectives and results</i></p> <p>This measure directly contributes to specific objective No. 3 (To reinforce economic connections between the border regions in order to boost sustainable economic development building on joint givens).</p> <p>This measure also contributes to the achievement of Objective 4 (To develop social and cultural coherence among people and communities).</p> <p>The expected results of this measure are as follows:</p> <ul style="list-style-type: none"> a. newly established cross-border networks or partnerships between businesses and/or research institutes b. increased long term RTD cooperation c. more harmonised training systems in some specific fields <p><i>Method of implementing of the objectives set</i></p> <p>This measure will focus on the development of the different types of joint RTD projects, collaboration between research institutes or universities. Co-operation in the field of education and vocational training will also be supported, including the establishment and maintenance of mutual scholarship and traineeship programmes, the development of joint educational curricula or training standards. The projects financed under this measure shall also contribute to the development of the cross-border commercial activities, communication, innovation and technology transfers.</p>
<p>6. Activities</p>	<p><i>Specific objective:</i></p> <p>This measure is aimed at enhancing co-operation in the fields of human resource development as well as research and technological development.</p> <p><i>Indicative specific activities under this measure:</i></p> <p>Action 1: Establishment of new partnerships, collaboration between research institutes or universities in the field of research and development activities, as well as social sciences (conferences and other events; development of scholarship programmes to researchers; implementation of joint pilot research projects; etc).</p>

	<p>Action 2: Co-operation in the field of education and vocational training (conferences and other events; development of scholarship programmes to university students; curriculum development and training material development for joint training and educational programmes; introduction of new training courses based on adaptation of existing ones across the border, transfer of knowledge and experience related to education and training methodologies, study tours, elaboration of joint training standards; pilot training projects in thematic fields related to cross-border co-operation)</p> <p>Action 3: ICT and RTD infrastructural development related to co-operation projects (ICT investments related to the development of joint electronic networks of educational institutions and research institutes; development of existing RTD infrastructure serving the purposes of cross-border co-operation, purchase of specific equipments, establishment of new RTD infrastructure facilities, creation of research and technological development centres (construction, provision of IT infrastructure, and equipment), laboratories).</p>	
7. Relation of this measure to other measures	<p>Business infrastructure developments under Measure 2.1. may be linked to specific joint RTD activities belonging to the current measure. Furthermore this measure supports Measure 2.1. (business infrastructure development and Measure 2.3. (encouraging cooperation between institutions and communities), as the improvement of joint RTD activity facilitates more active co-operation between businesses, as well as between institutions and communities.</p>	
8. Form of support	Non-refundable support (Grant)	
9. Upper limit of support Regulations justifying exceptions	INTERREG	<p><u>Indicative support rate:</u></p> <ul style="list-style-type: none"> ▪ rate of total support/total eligible costs: maximum 95-100% (the maximum rate is generally 95%, but in special cases can be 100%, which is defined in the relevant call for proposals depending on the type of activity and the beneficiary organisation) ▪ rate of own contribution/total eligible costs: minimum 0-5 % (see above) ▪ rate of SF from total eligible expenditures, maximum: 75% <p><u>Project size:</u> Minimum amount of support: EUR 10.000 Maximum amount of support: EUR 500.000</p>
	Phare CBC	<ul style="list-style-type: none"> ▪ <u>Total Support</u> = CBC Grant + Romanian Public Co-financing ▪ <u>CBC Grant</u> = 75% of Total Support (max) and 67.5% of total Eligible Costs (max) ▪ <u>Romanian Public Co-financing</u> = 25% of Total Support (min) ▪ <u>Total Eligible Cost</u> = CBC Grant + Romanian Public Co-financing + Beneficiary Contribution ▪ <u>Beneficiary Contribution</u> = 10% of Total Eligible Cost (min) ▪ <u>Total Support</u> = 90% of Total Eligible Cost (max) ▪ <u>Phare CBC Support</u> = 75% of Total Support (max) <p><u>Project size</u></p> <p><u>Project size:</u> Minimum Grant: EUR 50,000 Maximum Grant: EUR 300,000</p>

	CARDS	<u>Indicative support rate:</u> Projects from 20,000 to 300,000 EUR: max 90% <u>Project size:</u> Minimum amount of support: EUR 50,000 Maximum amount of support: EUR 300,000			
10. Typical beneficiaries (Lead Partners or Partners of the projects)	INTERREG	- research institutes, - public or non-profit educational and training organisations - NGOs active on the education and training field			
	Phare CBC	- public authorities, public services, government agencies, non-profit legal entities, and non-profit research organisations dealing with: promotion of cooperation in the field of Research and Technical Development (RTD) and Human Resources Development (HRD) - chambers of commerce agriculture and industry - educational institutions			
	CARDS	<ul style="list-style-type: none"> • public authorities, especially local self governments and their associations, provincial Government • Institutions and Government Agencies • public or non-profit educational and training organizations • Universities, Institutes and Colleges 			
11. Target group	Individuals, students, researchers and businesses of the co-operation area				
12. Monitoring and evaluation Indicators					
Intervention Level	Description	Indicator	Data Source	Basis	Target
<ul style="list-style-type: none"> ▪ Output (monitoring) 	Networking	-Number of joint RTD and HRD projects supported -Number of people trained, number of new joined R&D related curricula, number of people involved in exchange programmes	Final beneficiaries		

<ul style="list-style-type: none"> ▪ Result (monitoring) 	<p>Improved level of co-operation in RTD and HRD fields</p>	<ul style="list-style-type: none"> - Number of newly established, functioning joint RTD systems (e.g. joint partnership agreements, joint research projects) - Number of training or scholarship programmes and training standards - Number of researchers, university students and trainees being involved in the new networks - Number of product development oriented clusters involving businesses -Number of newly developed qualifications accepted across the border 			
<ul style="list-style-type: none"> ▪ Impact (evaluation) 	<p>Improved innovation</p>	<ul style="list-style-type: none"> - Number of joint research results within 2 years - Number of enterprises profiting of research results or improved human resources - Increase of the number patents of cross border clusters 			
<p>13. General topics</p>					
<ul style="list-style-type: none"> ▪ Environmental protection 	<p>All supported projects must comply with the effective environmental legislation. Most of the RTD activities under this measure serves the purposes of innovation leading to a more sustainable development, furthermore in some specific fields (biotechnology, environment protection, etc.), RTD results may have direct positive effect on environmental sustainability.</p>				
<ul style="list-style-type: none"> ▪ Equal opportunities 	<p>HRD activities targeted on disadvantaged groups or women will also enjoy special consideration in the project selection procedures under this measure.</p>				
<p>14. State aid</p>	<p>Under this measure the beneficiaries are non-profit tertiary education institutes or research institutes. Article 2.4. of the Community framework for state aid for research and development (OJ C 45, 17. 02. 1996.) should be applied in case of collaboration with industry, so that the support granted to these institutions does not qualify as state aid according to Article 87 (1) paragraph of the EC Treaty. Otherwise aid compatible with the de minimis rule will be provided.</p>				

2.3 Priority 3 – Technical Assistance

Preface

Technical Assistance (TA) within Priority 3 is an essential resource for effective delivery and transparent management as well as smooth operation of the programme. Successful delivery of the programme will require robust administration systems.

Consequently, Priority 3 will be implemented through specific measures focusing on programme operation activities and on programme support type activities.

In general, activities under measures 3.1 and 3.2 are exclusively financed from ERDF and will be implemented by the JTS. Additional TA funds may be provided by the Phare CBC and CARDS.

Measure 3.3 will provide management support to the implementation of programme measures through the Ministry of European Integration in cooperation with the CBC Regional Office in Oradea

2.3.1 Measure 3.1

1. Programme	Hungary-Romania and Hungary-Serbia and Montenegro Cross-Border Programme		
2. Priority	Technical Assistance		
3. Measure	Technical assistance - Programme administration and management		
4. Field of Intervention Code	Code	Name	Estimated share
	411	Preparation, implementation, monitoring and publicity	100%
5. Description and Strategy of Measure	<p>The main focus of activities under this measure will be the efficient implementation of the programme. These activities are horizontal with the other measures of the programme thus they ensure the efficient implementation, management and monitoring of the programme operation activities.</p> <p>Under this measure activities necessary to implement the programme will be financed such as preparation, selection, evaluation and monitoring of the assistance and operations, functioning of joint structures (JTS, IP, JSC, JMS), payment procedures, financial control, monitoring functions as well as external contracts that support (legal and financial experts) or control (audits, on-the-spot checks) programme operation.</p> <p>All activities mentioned above will be carried out in accordance with the relevant regulations related to Structural Funds.</p> <p>Objectives:</p> <ul style="list-style-type: none"> • Efficient operation of programme-relevant structures • Efficient and in-time technical programme implementation • Co-ordination of cross-border co-operation at programme level 		
6. Activities	<p>Within the scope of TA-1, the following activities are planned:</p> <ul style="list-style-type: none"> - Activities in connection with the preparation, selection, evaluation and support of assistance and operations - Setting up, management and work of the Joint Technical Secretariat, personnel, workplace, travel expenses - Activities in connection with the functioning of joint structures (Managing Authority, Paying Authority, Info Point) - Activities involving meetings of the Joint Monitoring and the Steering 		

	Committees relating to the implementation of the assistance, costs of experts and other participants in these Committees included <ul style="list-style-type: none"> - Examination, audit and on-site checks of operations - External contracts (translation, interpretation) - Costs of experts (financial, legal matters) - Running and management of a monitoring database 			
7. Type of Support				
8. Maximum Aid Rate	INTERREG	<ul style="list-style-type: none"> - rate of total support/total eligible costs, maximum: 100% - rate of SF from total eligible expenditures, maximum: 75% 		
	Phare CBC	Romania: 100% of Phare CBC grant		
	CARDS	<ul style="list-style-type: none"> - rate of total support/total eligible costs, maximum: 100% 		
9. Final Beneficiaries	(as identified according to 1260/1999/EC) <ul style="list-style-type: none"> • the joint institutions set up for the managing of the programme and projects • VÁTI Hungarian Public Non-profit Company for Regional Development and Town Planning 			
10. Eligibility criteria	Costs incurred in managing and implementing the Structural Funds according to the Commission Regulation (EC) No. 448/2004 of 10 March 2004, amending Commission Regulation (EC) No. 1685/2000 <ul style="list-style-type: none"> - Installation and operation of the Joint Technical Secretariat - Personnel and material costs of JTS members and Info Points - ERDF PA and Monitoring functions - Joint Monitoring and Steering Committee meetings - External contracts: translation, audits, on-site checks, experts (legal, financial) - Other similar types of expenditures 			
11. Monitoring & Evaluation Indicators				
Intervention Level	Indicator	Source of Data	Baseline	Target
▪ Output (monitoring)	Organization and financing of all request tasks			
▪ Result (monitoring)	Fulfilment of the complete technical and organizational tasks			
▪ Impact (evaluation)	Function of labour conditions for the programme management			

2.3.2 Measure 3.2

1. Programme	Hungary-Romania and Hungary-Serbia and Montenegro Cross-Border Programme		
2. Priority	Technical Assistance		
3. Measure	Programme support activities		
4. Field of Intervention Code	Code	Name	Estimated share
	412	Evaluation	
	413	Studies	
	414	Innovative actions	
	415	Information to the public	
5. Description and Strategy of Measure	<p>The measure aims to increase public awareness of the role played by the European Union in cross border development to increase transparency about funding opportunities and to create a coherent picture of the Hungary-Romania and Hungary-Serbia and Montenegro Cross-Border Programme across participating countries in the programme as well as across partner states. The activities will promote the INTERREG programme to enable as broad as possible participation of potential project applicants and thus absorption of funds available.</p> <p>Activities under this measure will be mostly implemented through the Joint Technical Secretariat in co-operation with the Sub-Programme Secretariats (Romania, Serbia and Montenegro), which will organise publicity activities, conferences, seminars, information days first and foremost for potential project applicants. They will ensure a common identity for the programme and provide up-to-date information through the website and promotional materials. Additional activities will be organized for other target groups to promote understanding of the significance of cross border cooperation and importance of projects implemented under the programme.</p> <p>Activities under this measure will be carried out in accordance with Commission Regulation (EC) No 1159/2000 of 30 May 2000 on information and publicity measures to be carried out by the Member States concerning assistance from the Structural Funds.</p> <p>The strategy for information and publicity is presented in the chapter Information and Publicity Strategy.</p> <p>Objectives:</p> <ul style="list-style-type: none"> - Efficient operation of programme-relevant structures - High level of interest in the programme - High quality of programme-funded projects - Proper information flow to designated target groups 		
6. Activities	<p>Within the scope of TA-2, the following activities are planned:</p> <ul style="list-style-type: none"> - Information and publicity activities of the programme pursuant to Article 46 of Regulation No 1260/1999 - Promotion and assistance to potential project applicants - Working out a common corporate identity for the programme - Publishing promotional material - Establishment of a common web-side - Realisation of seminars and conferences – in connection with the implementation of the intervention - Programme evaluation and disclosure activities 		

	<ul style="list-style-type: none"> - Preparation of studies - Collection, processing and documentation of data - Acquisition and installation of computerised systems for management, monitoring and evaluation 			
7. Type of Support				
8. Maximum Aid Rate	INTERREG	<ul style="list-style-type: none"> - rate of total support/total eligible costs, maximum: 100% - rate of SF from total eligible expenditures, maximum: 75% 		
	Phare CBC	Romania: 100% of Phare CBC grant		
	CARDS	<ul style="list-style-type: none"> - rate of total support/total eligible costs, maximum: 100% 		
9. Final Beneficiaries	(as identified according to 1260/1999/EC) <ul style="list-style-type: none"> • VÁTI Hungarian Public Non-profit Company for Regional Development and Town Planning 			
Eligibility criteria	Costs incurred in managing and implementing the Structural Funds according to Commission Regulation (EC) No. 448/2004 of 10 March 2004, amending Commission Regulation (EC) No. 1685/2000 <ul style="list-style-type: none"> - Actions/events beneficial to fostering cross-border links and to inform designated target groups about the programme - Preparation of promotional materials or publications - Creation and maintenance of the website - Costs related to the acquisition and installation of a computerised monitoring system - Studies (evaluation) - Costs related to training and similar activities - Personnel and material costs - Consulting fees - Other similar types of expenditures 			
10. Monitoring & Evaluation Indicators				
Intervention Level	Indicator	Source of Data	Baseline	Target
<ul style="list-style-type: none"> ▪ Output (monitoring) 	Organization of publicity measures, organization of monitoring and evaluating			
<ul style="list-style-type: none"> ▪ Result (monitoring) 	Realized publicity for EU-projects; realized monitoring and evaluation			
<ul style="list-style-type: none"> ▪ Impact (evaluation) 	Results affirmed by the EU-Commission			

2.3.3 Measure 3.3 (Romania)

1. Programme	Romania-Hungary Cross-Border Programme		
2. Priority	Technical Assistance		
3. Measure	Programme support activities		
4. Field of Intervention Code	Code	Name	Estimated share
	412	Evaluation	25%
	413	Studies	25%
	414	Innovative actions	25%
	415	Information to the public	25%
5. Description and Strategy of Measure	<p>Administrative support for Programme activities under Measure 3.3 – Programme support activities - is an essential resource for efficient, effective and transparent management and smooth operation of the Phare CBC programme.</p> <p>Successful delivery of the programme through the grant schemes and small project fund will require a strengthening of the administrative capacity. From the beginning of the Romania-Hungary CBC programme (starting in 1996), cooperation bodies were established at the central and local levels. In the current funding round (2004-06) the existing structure is being expanded and strengthened especially at the county level in the border area. One of the aims of the Measure 3.3 is to support the structure to fulfil the goals of this programme. The new Regional CBC Office established in Oradea (which may include the current JSPF Office in Arad), is responsible for the administrative and technical implementation of the CBC programme measures under Priority 1 & 2 and will require appropriate support (Measure 3.3: Programme support activities).</p> <p>Activities under Measure 3.3 will help ensure equal opportunities for funding applicants and will support the target groups of the border region and beneficiaries of projects and all institutions involved in programme management, in project development and in the preparation of technical documentation.</p>		
6. Activities	<ul style="list-style-type: none"> • launching calls for proposals for Priority 1 & 2 • awareness campaign, seminars and provision of information and advice to applicants for project appraisal • organisation and participating in the evaluation sessions • preparation and updating of project pipelines • assistance in project preparation (feasibility studies, EIA, CBA etc. etc) • project design and tender documents • assistance in primary and secondary contracting process • assistance in project management • other similar types of expenditure 		
7. Type of Support	Non-refundable support (Grant)		
8. Maximum Aid Rate	INTERREG		

	Phare CBC	Romania: 100% Phare CBC grant		
	CARDS	-		
9. Final Beneficiaries	<ul style="list-style-type: none"> Ministry of European Integration, Phare CBC Regional Office in Oradea 			
Eligibility criteria	Costs incurred in providing administrative support to help the Ministry of European Integration, Phare CBC Regional Office in Oradea, in the management of the programme.			
10. Monitoring & Evaluation Indicators				
Intervention Level	Indicator	Source of Data	Baseline	Target
▪ Output (monitoring)	Contracting of at least 85% of the available grant scheme budget by the official deadline			
▪ Result (monitoring)	Effective management of the programme and capacity building			
▪ Impact (evaluation)	Incremental increase in the level of development in the border region.			

2.4 Detailed Financial Plan

HUNGARY (2004-2006)

Financial table for Programme Complement													
Title: Hungary-Romania and Hungary-Serbia and Montenegro Cross-Border Co-operation Programme													
CCI Number:													
Structure	Fields of intervention (code+%)	Total Eligible Cost	Public (EURO)								Private Eligible Cost	Other Financial instruments	EIB Loans
			Total Public Eligible Cost	Community participation		National public participation							
				Total	ERDF	Total	Central	Regional	Local	Other			
1=2+10	2=3+5	3	4	5=6to9	6	7	8	9	10	11	12		
1. Strengthening the spatial, physical and infrastructural integrity of the cross-border area		22.026.889	22.026.889	16.520.166	16.520.166	5.506.723	4.405.378	0	660.807	440.538	0	0	0
Measure 1.1	311(5%), 312(55%), 314(20%), 315(7.5%), 316(7.5%), 318(5%)	11.013.445	11.013.445	8.260.083	8.260.083	2.753.362	2.202.689	0	330.404	220.269	0	0	0
Measure 1.2	332(10%), 343(10%), 344(10%), 345(25%), 351(20%), 353(25%)	11.013.444	11.013.444	8.260.083	8.260.083	2.753.361	2.202.689	0	330.403	220.269	0	0	0
2. Promotion of co-operation initiatives in order to facilitate the integration of markets and enhance coherence between local societies		7.661.528	7.661.528	5.746.146	5.746.146	1.915.382	1.532.306	0	229.846	153.230	0	0	0
Measure 2.1	161(55%), 164(45%)	3.217.842	3.217.842	2.413.381	2.413.381	804.461	643.568	0	96.535	64.358	0	0	0
Measure 2.2	161(40%), 163(15%), 164(30%), 173(15%)	1.149.229	1.149.229	861.922	861.922	287.307	229.846	0	34.477	22.984	0	0	0
Measure 2.3	21(10%), 22(5%), 23(20%), 24(15%), 166(25%), 172(25%)	1.915.382	1.915.382	1.436.537	1.436.537	478.845	383.077	0	57.462	38.306	0	0	0
Measure 2.4	181(15%), 182(20%), 183(35%), 184(10%), 23(20%)	1.379.075	1.379.075	1.034.306	1.034.306	344.769	275.815	0	41.372	27.582	0	0	0
3. Technical Assistance		2.234.612	2.234.612	1.675.959	1.675.959	558.653	558.653	0	0	0	0	0	0
Measure 3.1	411 (100%)	1.596.151	1.596.151	1.197.114	1.197.114	399.037	399.037	0	0	0	0	0	0
Measure 3.2	412, 413, 414, 415 (25% each)	638.461	638.461	478.845	478.845	159.616	159.616	0	0	0	0	0	0
TOTAL		31.923.029	31.923.029	23.942.271	23.942.271	7.980.758	6.496.337	0	890.652	593.768	0	0	0

ROMANIA (2004-2006)

Priority/Measure	Measures	EU Support (EURO)			National Co-financing (EURO)*	IFI*	TOTAL
		Investment Support	Institution Building	Total EU (=I+IB)			
Total for Priority 1		8 370 000	0	8 370 000	2 790 000		11 160 000
1. Priority: Strengthening the spatial, physical and infrastructural integrity of the cross-border area	Measure 1.1	4 185 000	0	4 185 000	1 395 000		5 580 000
	Measure 1.2	4 185 000	0	4 185 000	1 395 000		5 580 000
Total for Priority 2		3 900 000	1 980 000	5 880 000	1 950 000		7 830 000
2. Priority: Promotion of co-operation initiatives in order to facilitate the integration of markets and enhance coherence between local societies	Measure 2.1	1 395 000	0	1 395 000	465 000		1 860 000
	Measure 2.2	1 395 000	0	1 395 000	465 000		1 860 000
	Measure 2.3	0	1 980 000	1 980 000	660 000		2 640 000
	Measure 2.4	1 110 000	0	1 110 000	360 000		1 470 000
Total for Priority 3		0	750 000	750 000	0		750 000
3. Priority: Technical Assistance	Measure 3.1	0	0	0	0		0
	Measure 3.2	0	0	0	0		0
	Programme support activities	0	750 000	750 000	0		750 000
EUR Total		12 270 000	2 730 000	15 000 000	4 740 000		19 740 000

SERBIA AND MONTENEGRO (2004-2006)

Priority/Measure		indicative allocation (MEUR)	Community
			CARDS (MEUR)
1. Priority: Strengthening the spatial, physical and infrastructural integrity of the cross-border area	1.1. Measure	0.9	0.9
	1.2. Measure	0.75	0.75
2. Priority: Promotion of co-operation initiatives in order to facilitate the integration of markets and enhance coherence between local societies	2.1. Measure	0.3	0.3
	2.2. Measure	0.3	0.3
	2.3. Measure	0.45	0.45
	2.4. Measure	0.3	0.3
3. Priority: Technical Assistance	3.1. Measure: TA-1		
	3.2. Measure: TA-2		
MEUR Total		3,0	3,0

3. General Eligibility criteria

3.1. Eligible cost time frame

Starting date for implementation of the project and eligibility of costs:

Hungary

1st May 2004 is considered as a starting date from which expenditures for projects and TA actions within the programme are eligible for contribution from the ERDF. Of course for projects, a pre-condition is that it is finally approved by the Joint Steering Committee and the expenditures of the project are eligible according to the eligibility rules for ERDF funds and the eligibility criteria of the Call for proposals.

The implementation should not start later than three months after the decision of the Joint Steering Committee. If in case of force majeure no costs occur within 3 months after the project's approval, the last day of this three-month period (counted from the date of approval) will be considered as the project's official starting date.

Romania and Serbia and Montenegro

The grant contract enters into force on the date when the last of the parties signs the contract. Cost are only eligible, and the implementation of the project can start, only after the contract and Financing Memorandum are signed by all parties.

End date for implementation of the project financed from ERDF and eligibility of their costs:

- Starting date + the project period as specified in the subsidy contract.
- Not after the 30th June 2008 at the latest, while the final date for the project is stated in the subsidy contract.

End date for implementation of the project financed from Phare CBC / Cards and eligibility of their costs:

- Starting date + the project period as specified in the subsidy contract.
- Not after than the deadline for disbursement specified in Financing Memorandum and Project Fiche of the relevant EU external aid programme.

Project period:

- The period or duration of an approved project - between the official starting date and the official end date.
- It is stated in the subsidy contract in months.
- Project period cannot exceed 24 months (12 months in the case of Measure 2.3 in Romania)
- Any change of the implementation schedules must be reported to MA/IB immediately.

Each project has to have a defined time schedule of activities (work packages) and milestones when planning the time period needed for implementation. Counting from the starting date of the project, the project partners commit themselves to implement the activities as stated in the time schedule. Each project is responsible for the timely implementation of the project according to the contract.

3.2. Eligibility of applicants and partners

Definitions		
Applicant	INTERREG	the bodies and public (or private – exclusively in Hungary) companies submitting an application with a view to obtaining a grant
	Phare CBC	eligible body submitting an application with a view to obtaining a grant
	CARDS	eligible body submitting an application with a view to obtaining a grant
Beneficiary	INTERREG	applicant who receives a grant, signs the subsidy contract and is responsible for implementing the project
	Phare CBC	<ul style="list-style-type: none"> • Grant Beneficiary: the body signing the grant contract • Final Beneficiary: the target group benefiting from the operation
	CARDS	applicant who receives a grant, signs the subsidy contract and is responsible for implementing the project
Partner	INTERREG	the bodies and public (or private – exclusively in Hungary) companies that are interested in the project's success, in attaining its objectives. Partnership shall cover the preparation, financing and implementation of the project
	Phare CBC	the eligible bodies participating in all stages of a project. All partners shall meet the same eligibility criteria as the Lead Partner.
	CARDS	the eligible bodies participating in all stages of a project. All partners shall meet the same eligibility criteria as the Lead Partner.
Target Group	INTERREG	the group / entity that will be positively affected by the project at the project purpose.
	Phare CBC	
	CARDS	

Eligible applicants

The call for proposals for Hungary-Romania and Hungary-Serbia and Montenegro Cross-Border Cooperation Programme 2004-2006 is open to applicants complying with the following conditions:

In general in order to be eligible for a grant, applicants must:

- (a) be non-profit-making legal entity.
 - Note: (i) Hungary: under measures 2.1, 2.2 where enterprises can also be eligible under the *de minimis* rule in Hungary exclusively; and
 - (ii) Romania: see the definitions of eligible beneficiaries shown in the tables above for all measures;
- (b) have their headquarters in the specified programme area*
 - Note: in the case of Romania, legally registered in the counties of Arad, Bihor, Satu Mare and Timis;
- (c) be directly responsible for the preparation and management of the action, not acting as an intermediary;
- (d) have stable and sufficient sources of finance to ensure the continuity of their organisation throughout the project and, if necessary, to play a part in financing it;
- (e) be experienced and able to demonstrate their capacity to manage larger-scale activity corresponding to the size of the project for which a grant is requested;
- (f) have at least one eligible partner on the other side of the border;

- * In Hungary and Serbia if the applicant is a regional branch of a national organisation, and the national organisation's *headquarter is not situated* in the eligible regions, and the regional *branch is a legal entity*, the *regional branch shall apply* for assistance, and in case of contracting it shall be the beneficiary;

Or if the applicant is a regional branch of a national organisation, and the national organisation's *headquarter is not situated* in the eligible regions, and it's regional *branch is not a legal entity*, the *national organisation shall apply* for assistance, and in case of contracting, it shall be the beneficiary. In this case, the organisation shall prove its distinct role in the border region with the following:

- One year of existence of a local organisational unit must be justified by the annexes attached to the Project Application. If this is not evident from the compulsory annexes (The Statutes and/or Articles of Association), than other official documents must be attached as proof.
- The leader of the branch office is fully authorised to act on behalf of the national organisation in the scope of the project. (The authorisation document shall be attached)
- Local staff must be involved in project management.

Special rules applicable for Hungary:

Under measures 2.1., 2.2 if beneficiaries are SME's, aid compatible with the de minimis rule (Commission Regulation (EC) No 69/2001 of 12 January 2001) will be provided. De minimis aid is considered also in case of target group of project activities and is not limited only to beneficiaries, i.e. project applicants.

The total de minimis aid granted to any SME shall not exceed EUR 100 000 (calculated in HUF) during the period of three years from the date such aid has been granted. This ceiling shall apply irrespective of the form of the aid or the objective pursued.

De minimis rule applies to aid granted to SME's in all sectors, with the exception of:

- the transport sector (railway, pipeline, international overland, water, air)
- aid directly linked to export-related activities, namely aid to the development and operation of export activities
- aid contingent upon production, processing and marketing of agricultural products listed in Annex 1 of the EC Treaty.

Beneficiaries in the fields of the above mentioned sectors are not entitled to aid under the *de minimis* rule.

The Managing Authority may only grant the de minimis aid after having checked that this will not raise the total amount of de minimis aid received during the relevant period of three years to a level above the amount of 100 000 EUR.

Records regarding de minimis aid shall be maintained by the Beneficiary for 10 years from the date on which the aid was granted. On request of the Managing Authority the Beneficiary shall provide all the information that the Managing Authority considers necessary for assessing whether the conditions of the de minimis rule have been complied with.

Compliance with the de minimis rule is the Beneficiary's responsibility.

Should the total de minimis aid granted to the Beneficiary in three years exceed the de minimis ceiling, the grant qualifies unlawful and should be recovered.

The upper limit of total support rate in case of enterprises can not exceed the 50% of the eligible costs.

3.3. Eligibility of expenditures

The rules for the eligibility of expenditures within the programme are different due to the three different financial instruments. The relevant regulations and rules are the followings:

- **Hungary (ERDF)**

Expenditures to implement interventions under ERDF funds in Hungary will be eligible according to the provisions of the Commission Regulation (EC) No. 1685/2000, amended by the Commission Regulation (EC) No. 448/2004, laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards eligibility of expenditure of operations co-financed by the Structural Funds, and of Commission Regulation (EC) No. 1783/99. It is important to note that stricter national rules may apply without prejudice.

General rules for eligibility of costs within the programme:

- Only costs actually incurred by the beneficiaries and the payment of these costs can be verified on the basis of original invoices or accounting documents of equivalent probative value and other supporting documents are eligible.
- Costs incurred during the implementation period specified in the subsidy contract are eligible costs taken into consideration the followings:
 - The Steering Committee can approve the costs of preparation of the project, which cannot exceed 10 % of the total eligible costs of the project. The activities financed should show direct, demonstrable connection to the development of the project. Preparation costs can only be eligible if they were incurred on or after the the 1st of May 2004 and before the date of submission of the Application. The preparation costs should be listed in the approved Application.
 - Only costs directly related to the project and listed in the approved project budget are eligible costs.
- The eligibility of costs is geographically bound to the eligible regions for ERDF of the Programme. The only exceptions also being eligible for ERDF assistance are:
 - travel and subsistence expenses by partners or participants from EU Member State of the Programme (Hungary) on parts of projects that take place in the third country of the programme (Romania, Serbia and Montenegro) and are vital for the success of the project as a whole.
 - likewise, travel and subsistence expenses by partners or participants from third country of the Programme (Romania) provided that the activities are vital for the success of the project as a whole.

The eligible costs within the programme:

STAFF COSTS: The costs of the personnel executing tasks related to the project are eligible expenditures. Members of the project team should be employees of the Lead partner/project partner's organisation.

In case, the Lead partner or the partner's organisation does not have the adequate professionals to perform the tasks related to the project, they can require external experts for these tasks. The costs of external experts should be listed between the costs of services. External experts should be selected according to the Public Procurement law in force in the project period.

TRAVELLING, PER DIEMS AND ACCOMMODATION: Travel and subsistence costs (per diems and accommodation costs) of work performed on external locations directly related to the implementation of the project.

INVESTMENTS/ SUPPLIES AND SERVICES: The contractors of investments/ supplies and services should be selected according to the rules of the relevant Public Procurement law. The contractor cannot be partner of the beneficiary.

Constructions and purchase of land and real estate: the costs of constructions and purchase of land and real estate related to the supported activities are eligible.

Supply of equipments: the value of the purchases of equipments necessary for project activity are eligible costs.

Services: Services directly related to the project and ordered from an external party are eligible.

ADMINISTRATIVE COSTS: administrative costs are eligible within the programme according to the conditions of the call for proposals. The administrative costs should be proved by invoices or accounting documents of probative value in each cases.

Ineligible expenditures:

- Any costs paid outside the eligible period of the project (with exception of preparatory costs)
- Expenditure which is already supported by a Community, or other international or national grant
- Subcontracting which adds to the cost of execution of the operation without adding proportionate value to it, Subcontracts with intermediaries or consultants in which the payment is defined as a percentage of the total cost of the operation unless such payment is justified by the final beneficiary by reference to the actual value of the work or services provided.
- VAT and other taxes which are recoverable by the final beneficiary or which are not borne by the beneficiary
- The remuneration of civil servants, in case it is related to usual day-to-day management tasks and statutory responsibilities of the employee.
- Costs of financial and banking operations (opening and keeping bank account, transaction fees, etc) settlement of interest payable, cost of overdrawing, other payment related costs (except the costs of opening and administering the bank account are eligible costs in case the beneficiary is obliged to open a separate bank account for the management of the project)
- Currency exchange commissions and losses
- Commissions and dividend, profit payment
- Purchase of business share and share,
- Costs of guarantees provided by bank or other financial institution
- Fines, financial penalties and expenses of litigation
- In kind contribution
- Overheads, indirect costs except for 3.1. and 3.2. measures
- Costs of purchase of equipment not related to the project
- Purchase of vehicles, except the purchase of vehicle directly serving the project objectives, and necessary for the realisation of the project and the vehicle can be used only for the purposes of the project.
- The costs of writing the Application

All income and revenues received by a project within the period of its co-financing or up to the closure of the assistance have to be deducted from the operation's eligible expenditure.

▪ **Romania (Phare CBC)**

Expenditures to implement interventions under Phare CBC in Romania will be eligible according to the rules relating to EU external aid. The eligible expenditures for Phare CBC are described in the Practical Guide to Contract Procedures Financed from the General Budget of the European Communities in the Context of External Actions (PRAG). The eligible expenditure related to the secondary contracting will be in line with the Romanian appropriate legislation.

▪ **Serbia and Montenegro (CARDS)**

Expenditures to implement interventions under CARDS in Serbia and Montenegro will be eligible according to the rules relating to EU external funding. The eligible expenditures for CARDS listed in Annex 2 of the Implementing Guidelines for INTERREG / CARDS borders of the Neighbourhood Programmes 2004-2006 are as follows:

To be eligible, costs must:

- be necessary for carrying out the action, be provided for in the contract annexed to the Application Pack (Guidelines for applicants) and comply with the principles of sound financial management, in particular value for money and cost-effectiveness;
- have actually been incurred by the beneficiaries or their partners during the implementing period for the action, whatever the time of actual disbursement by the Beneficiary or a partner; this does not affect the eligibility of final audit costs;
- be recorded in the Beneficiary's or the Beneficiary's partners' accounts or tax documents, be identifiable and verifiable, and be backed by originals of supporting documents.

Subject to those conditions and where relevant to the contract-award procedures being respected, eligible direct costs include:

- the cost of staff assigned to the action, corresponding to actual salaries plus social security charges and other remuneration-related costs; salaries and costs must not exceed those normally borne by the Beneficiary or his partners, as the case may be;
- travel and subsistence costs (= per diems) for staff taking part in the action, provided they do not exceed those normally borne by the Beneficiary or his partners, as the case may be; any flat-rate reimbursement must not exceed the scales approved annually by the European Commission;
- the cost of purchasing equipment (new or used) and services, provided they correspond to market rates;
- the cost of consumables and supplies;
- subcontracting expenditure;
- costs arising directly from the requirements of the contract (dissemination of information, evaluation specific to the action, audit, translation, printing, insurance, etc.) including financial service costs (in particular the cost of transfers and financial guarantees).

The following costs are **not eligible**:

- debts and provisions for losses or debts;
- interest owed;
- items already financed in another framework;

- purchases of land or buildings, except where necessary for the direct implementation of the action, in which case ownership must be transferred to the final beneficiaries at the end of the action;
- currency exchange losses;
- taxes, including VAT, unless the Beneficiary (or the Beneficiary's partners) cannot reclaim them and the applicable regulations authorise coverage of taxes.

In any case in the period of the project implementation national relevant legislation has to be observed in order to achieve the eligibility of project costs.

Detailed explanation of costs considered as eligible under the programme will be provided in the application pack to the calls for proposals.

4. Programme implementation

4.1. Programme Implementation

4.1.1 Types of projects

In the course of implementation of the cross-border programme, the following types of projects are expected:

- Joint Projects: projects prepared jointly in anticipation of joint implementation activities by the respective partners. The joint project application is submitted by the Lead Partner on behalf of the project partners;
- Mirror Projects: complementary projects where an activity on one side of the border is accompanied by a similar activity on the other side – i.e. activities should take place on both sides of the border and show some kind of coherence. Applications are submitted from partners from both sides of the border;
- Individual Projects: projects prepared in cooperation with partner(s) on the other side of the border although only one application is presented. The project is realised on one side of the border with only one applicant organisation.

4.1.2 Project development

In order to receive quality project proposals in the course of the call for project proposals, the JTS and sub-secretariats will assure information and consultation support for applicants.

The Joint Technical Secretariat and the sub-secretariats will assist project applicants in project development by providing information on:

1. Project development tools
2. Possible project partners on the other side of the border
3. Conditions and requirements contained in the NP and PC
4. Other relevant projects in the territory of the programme and other applicants
5. Info Days and other awareness raising activities

4.1.3 Project evaluation and selection

The call for proposals for the programme will be simultaneously launched in all eligible border regions of the partner countries. The Hungarian projects and actions carried out in Hungary will be financed from the ERDF from the INTERREG IIIA budget together with the national contribution indicated in the programme document, which is indicatively 31,923,029 EUR out of which 23.942.271 EUR will be financed from ERDF contribution.

The Romanian projects and actions under joint projects will be financed from the Phare CBC budget allocated for this programme (EUR 15,000,000). The projects in Serbia and Montenegro will be financed out of the CARDS Neighbourhood Programme resources.

The project proposals must follow the relevant guidelines and contain sufficient details to allow an effective evaluation using the relevant project selection criteria. The proposals are to be presented in national languages with a summary description of the projects in English

(as listed below) to provide adequate information for the joint committees and relevant EC services to substantiate the final decisions taking into account complementary actions from the other side of the border.

Language: the applications should be submitted as follows:

- Hungarian applicants apply in Hungarian, providing a summary of the project proposal (template is attached in the Application Form) in English. If the partner is Romanian, a Romanian summary of the project proposal must also be presented. The budget must be in Hungarian and English in all cases;
- Romanian applicants apply in Romanian, providing a summary of the project proposal (template is attached in the Application Form) in English and Hungarian. The budget must be in Romanian and English;
- Applicants from Serbia and Montenegro apply in Serbian, providing a summary of the project proposal (template is attached in the Application Form) in English. The budget must be in English and Serbian.

The applications proposed for financing should include:

- information on the legal and economic situation of the responsible applicant for assistance,
- project partners involved on the other side of the border,
- objectives and content of the project with specific reference to its cross-border impact,
- the location or (in the case of immaterial projects) the territory impacted by the project,
- the estimated project costs including the most important components and the planned financing (giving detailed information on any other public assistance obtained and indicating the cash value of such assistance)

Detailed requirements and information about the filling in of the application form and submission of proposals are included in the Guidelines for Applicants published in the application package, which is available at sources defined in the Call for Proposals.

The call for proposals along with the application package (including the guidelines for applicants, application form with its annexes, etc.) should be approved by the JSC to ensure exactly the same content for all sides of the border, which is to be endorsed by the EC Delegation in Bucharest and the European Agency for Reconstruction in Belgrade.

Launching the Hungary-Romania and Hungary-Serbia and Montenegro Cross-Border Co-operation Programme, at the first phase two separate but harmonised application procedures will be introduced. It is the common intention of all sides to improve this system into a procedure that is harmonised to the most extent that the implementing rules of the relevant programmes allow.

I. Hungary-Romania INTERREG IIIA/Phare CBC Programme

The proposals in Hungary are collected by the JTS and entered to the monitoring system. The proposals on the Romanian side are collected and registered by the Romanian sub-secretariats. The registration list is immediately sent (including basic data of the proposals) to the JTS who will enter the applications to the database.

The opening of the proposals is organised jointly by the JTS and the sub-secretariat on the Romanian side.

In Hungary the JTS with the assistance of the VÁTI Regional Offices performs the administrative compliance and eligibility check of the proposals to identify the missing documents and the eligibility criteria failed to meet by the applicants. In case of incompleteness an official letter is sent to the applicants who have maximum 10 working days to provide the missing documents and to fulfil the eligibility criteria identified by the JTS for correction.

In Romania the administrative and eligibility checks are performed according to PRAG procedures. On both sides of the border the assessment of administrative compliance and eligibility is carried out using the same administrative compliance and eligibility grids. However, the quality evaluation grid (the main evaluation grid) will vary slightly according to the source of funding (Phare CBC or INTERREG).

The report of the administrative compliance and eligibility check is entered to the monitoring system and central project database used by the JTS and the sub-secretariats.

The Joint Steering Committee examines the applications from both sides of the border and based on the available information identifies the ongoing and planned complementary actions on the other side of the border. The applications are crosschecked in terms of partners and proposals submitted in the other country where relevant. The applications are categorised according to the project type (joint, mirror, individual).

Applications for joint and mirror projects are encouraged due to the stronger cross-border relationship required (compared with individual projects).

The quality of applications for projects in Hungary is assessed by the JTS. In Romania the assessment is carried out with the assistance of sub-secretariats which can use the services of independent technical experts to perform the assessment using the PRAG compliant evaluation grid described above. The scores are collected into a list by the JTS – with the support of the sub-secretariats – and presented to the Joint Steering Committee which makes a final decision on the selected projects for financing. In Romania the Evaluation Committee submits the evaluation report to the EC Delegation in Bucharest for approval.

II. Hungary-Serbia and Montenegro Neighbourhood Programme

The proposals both from Hungary and Serbia and Montenegro are collected by the JTS and encoded into the monitoring system.

The opening of the proposals is organised by the JTS and supported by the sub-secretariat.

The administrative compliance and eligibility check will be done after an opening session conducted by the selection committee (which is the sub-committee of the JSC) in the presence of an observer from EAR. JTS supported by the PCU in Serbia and Montenegro will perform this check to identify the missing documents and the eligibility criteria failed to meet by the applicants. In case of incompleteness an official letter is sent to the applicants who have maximum 10 working days to provide the missing documents and to fulfil the eligibility criteria identified.

The assessment of administrative compliance and eligibility is carried out using the administrative compliance and eligibility grid.

The report of the administrative compliance and eligibility check is encoded into the joint database.

The Selection Committee reviews the set of applications for both sides and based on the available information identifies the ongoing and planned complementary actions on the other side of the border. The proposals are arranged into different categories concerning their cross-border partnership attribution. The different categories of projects are awarded the pre-defined scores depending on the category they were classified to.

The quality of applications is assessed by the selection committee, with the support of independent assessors from Hungary and Serbia and Montenegro. The scores are collected into a list by the JTS to be presented to the Joint Steering Committee to make the decision about the selected projects for financing. Once approved, the evaluation report will be submitted to the Managing Authority and EAR for endorsement.

Joint Selection of Projects

The project selection is carried out by the JSC on the basis of the scores given according to the evaluation criteria. The JTS prepares a list of evaluated applications in a table containing the scores and other relevant information. The Joint Steering Committee shall draw up and approve the final ranked list of selected projects. The successful and unsuccessful applicants will be informed of the status of their application, in writing, by the Managing Authority / National Authority respectively.

The results will be published also on the joint web site once the contracts have been signed.

In the event of disputes in relation to applications from Romania the PRAG rules will be followed in consultation with the JSC. In other situations the Joint Steering Committee may obtain external statements (e.g. expert opinions, assessments by the concerned municipalities, etc.), put forward additional requirements, which will be then negotiated by the competent Intermediate / Implementing Agencies with the potential lead partners, or reject project proposals.

The evaluation report including the ranked list of selected projects for the whole programme is the subject of endorsement by the Managing Authority, EC Delegation in Bucharest and the European Agency for Reconstruction in Belgrade as well. The final list of approved projects is entered into the monitoring system and central database for project management and monitoring purposes.

4.1.4 Project selection criteria

The JTS in cooperation with the sub-secretariats and the responsible Implementing Agencies will examine the following aspects:

- Administrative Compliance and Eligibility (similar process in all countries)
- Technical and Financial Assessment (evaluation grids vary according to funding source)

ADMINISTRATIVE COMPLIANCE
- the application was submitted in due time in the required formats
- the application form is properly filled in and requested documents are attached
ELIGIBILITY
- the project owner and its partners meet the eligibility requirements stated in the programme document, PC, call for proposals
- the proposed activities are in line with the programme and PC and are of a cross-border character
- the co-financing rates are observed
- the costs are eligible according to the PC and Commission Regulation (EC) No 1685/2000 amended by (EC) No 1145/2003
- the project excludes double financing from other EU or national funds

- the financial structure is coherent with the project (planned activities and expected results)
- the project is in line with relevant national and EU legislation and policies
- the project is in line with horizontal principles

Detailed evaluation grids shall be provided in the application pack for calls for proposals in each country.

After completing the examination in relation to **Administrative Compliance** and **Eligibility** the individual aspects listed in the grids above are scored “yes” or “no”. A list of all applications (accepted and rejected) will be presented to the Joint Steering Committee. The JSC will approve the list of compliant and eligible proposals and identify the ongoing and planned complementary actions on the other side of the border and crosscheck the mirror applications in terms of partners and proposals submitted in the other country. The applications are categorised according to the project type (joint, mirror, individual).

The Technical and Financial Assessment is then carried out using a pre-defined **scoring system** (using grids which will vary slightly according to the source of funding e.g. INTERREG, Phare CBC) on the basis of which a ranked list of projects will be drawn up. The evaluation in this section will be organised by the JTS together with the sub-secretariats / evaluation committee (including technical experts, IB's, line ministries and regional experts).

The applications for support from ERDF and CARDS funds will be evaluated according to the following criteria (Romania will use a PRAG compliant Technical and Financial Assessment grid):

PROJECT QUALITY (technical and financial assessment)	
Relevance 60-70%	<ul style="list-style-type: none"> - the description of the problem and the project objectives are clear and relevant to the programme - the project results provide value added for the programme area (to what extent do project objective comply with the objective of the measure)* - the cross-border impact
Feasibility 5-10%	<ul style="list-style-type: none"> - there is coherence between the identified project objectives, the activities to achieve them and the expected outputs and results - the work-plan and time table is clear and realistic (including properly defined milestones)
Sustainability 5-10%	<ul style="list-style-type: none"> - the cooperation expected after project completion
Financial and Operational Capacity 10-15%	<ul style="list-style-type: none"> - the project partners have adequate financial, professional and management capacities

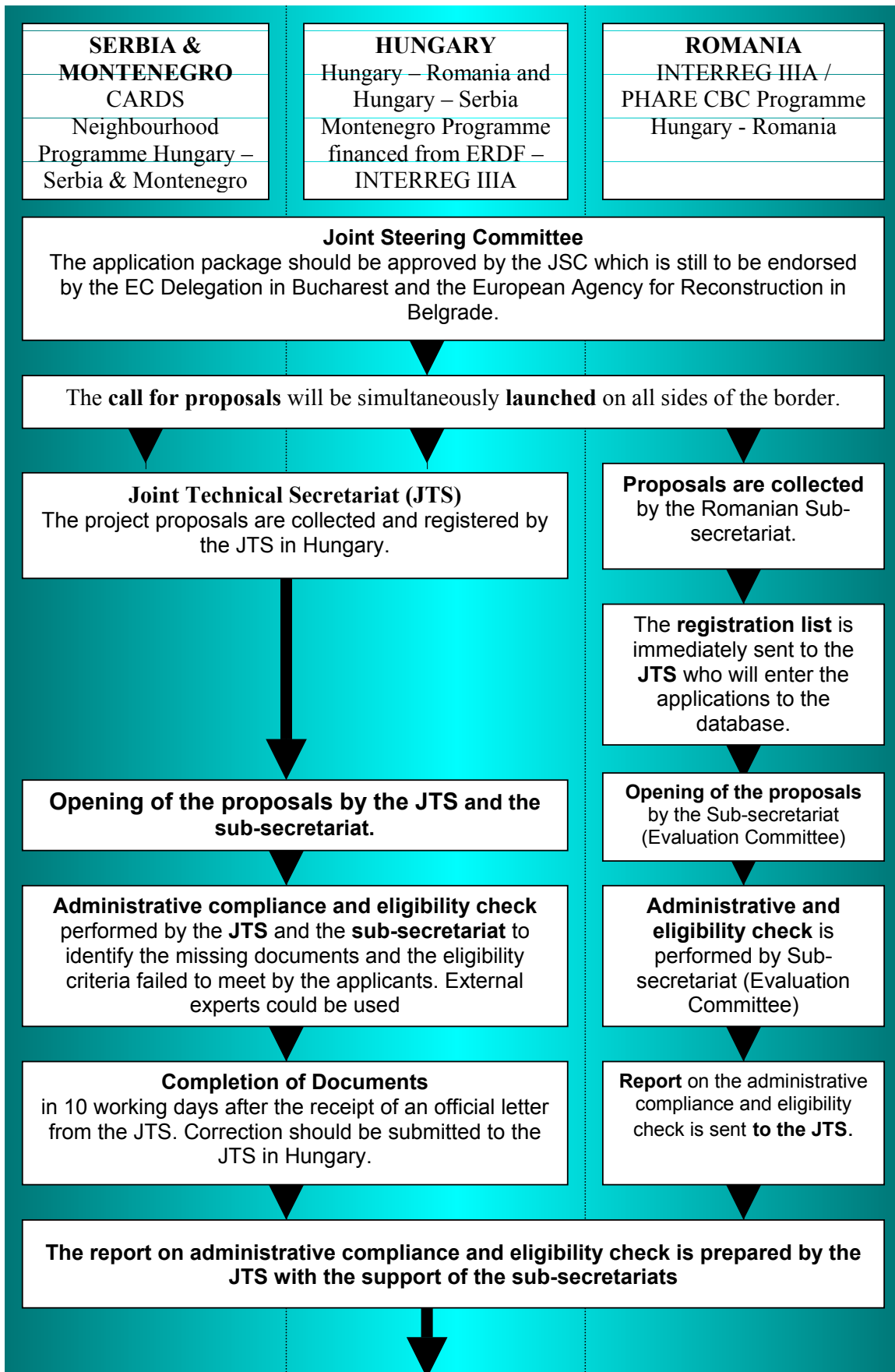
*the added value in terms of complying with the objectives of the specific measures are evaluated against measure specific criteria described in the following table:

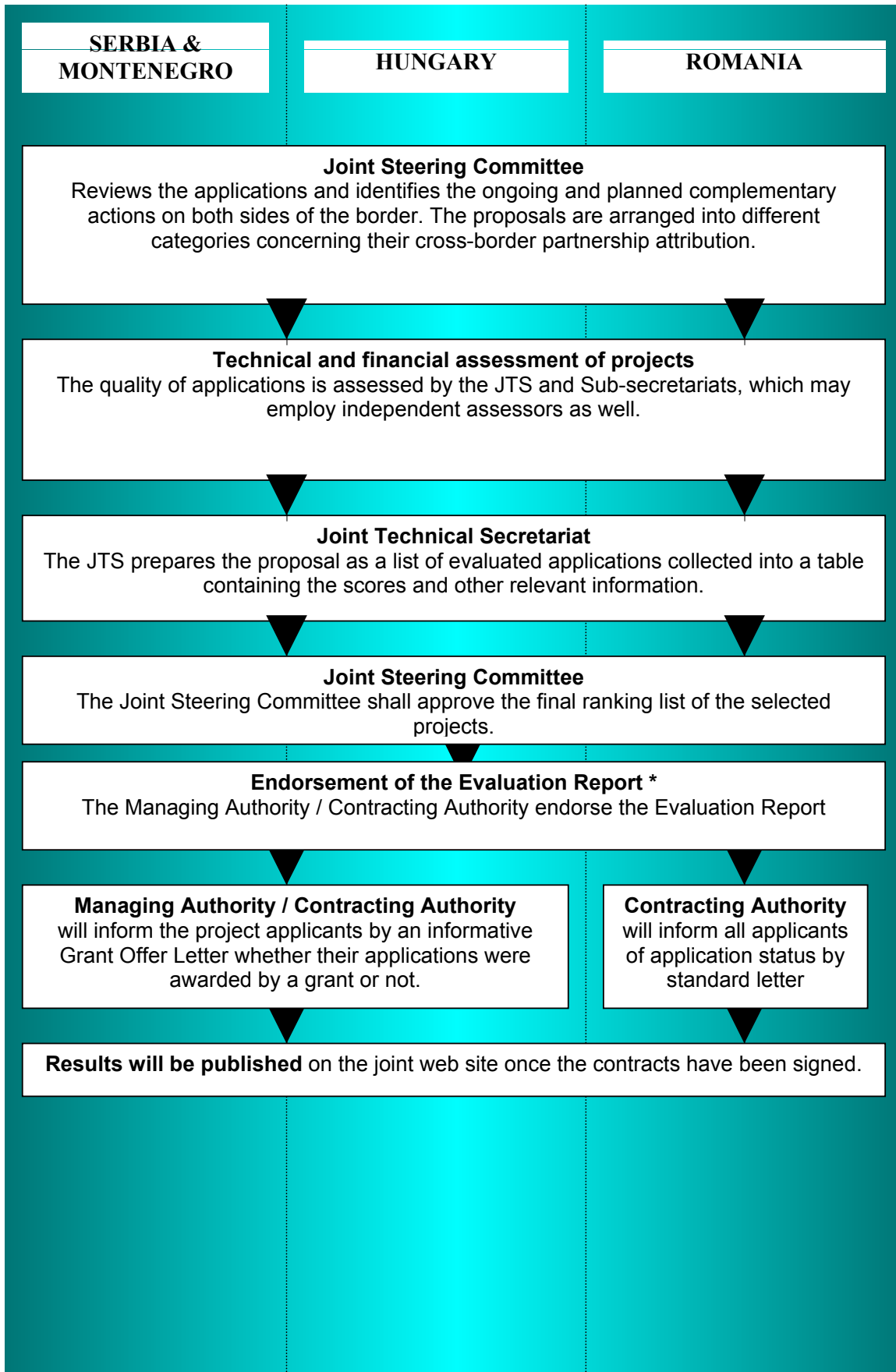
ERDF and CARDS		
Priority	Measure	Criteria
Strengthening the spatial, physical and infrastructural integrity of the cross-border area	Improving cross-border infrastructure	<ul style="list-style-type: none"> • New transport lines can only be established where they do not threaten natural habitats neither change their ecological features, nor cause segregation within a given habitat. • Linked to interventions under other measures of the programme, especially to business infrastructure development under Measure 2.1 • Linked to other interventions and developments under other programmes (mainstream SF programmes in Hungary, national and community programmes in Romania and Serbia and Montenegro) • Contributing to projects involving infrastructure development on both sides of the border • Contributing to an improved accessibility of the border areas and the reduction of travel time between cross-border destinations • Estimated number of future users of the new or the improved infrastructure
	Addressing common challenges in the field of environmental protection and flood prevention	<ul style="list-style-type: none"> • Concentrating on the major rivers of the eligible area: Danube, Tisza/Tisa, Szamos/Someş, Maros/Mureş, Körös/Criş (Actions 1-2 and 4-6) • Aimed at the protection of natural parks and landscape protection areas (Action 3) • Linked to interventions under other measures of the programme, especially to co-operation between institutions under Measure 2.2 (Action 3) • Linked to other interventions and developments by other programmes (mainstream SF programmes in Hungary, national and community programmes in Romania and Serbia and Montenegro) • Contributing to projects involving environment infrastructure development on both sides of the border • Linked to Natura2000 programme • Purchase of land permitted only if the municipality does not have land available • Land function should fit within the spatial plan • Allowing cleaning up activities only if it is part of a larger development project • Cleaning up activities which aim the protection of vulnerable water bases
Promotion of co-operation initiatives in order to facilitate the integration of markets and enhance coherence between local societies	Development of business infrastructure and joint business services	<ul style="list-style-type: none"> • Linked to interventions under other measures of the programme, especially to co-operation of enterprises under Measure 2.2 (Actions 1-3) • Linked to other interventions and developments in other programmes (mainstream SF programmes in Hungary, national and community programmes in Romania and Serbia and Montenegro) (Actions 1-3) • Contributing to projects involving infrastructure development on both sides of the border (Actions 1-3) • Responding to clearly demonstrated needs of SME's (Actions 1-3) • Establishing facilities supporting or inducing direct cross-border co-operation of businesses (demonstrating that at least 50 % of firms that will use the services of the supported facility will be involved in cross-border trade / business) (Actions 1-2)
	Support co-operation of enterprises	<ul style="list-style-type: none"> • Linked to interventions under other measures of the programme, especially to development of business infrastructure and joint business services under Measure 2.1 (Actions 1-2) • Linked to other interventions and developments in other programmes (mainstream SF programmes in Hungary, national and community programmes in Romania and Serbia and Montenegro) (Actions 1-2) • Directly involving businesses, primarily SME's at least from two countries; (Actions 1-2) • Responding to clearly demonstrated needs of SME's (Actions 1-2) • Resulting in long-term co-operations of enterprises from the eligible area (Actions 1-2)

	Encourage co-operation between institutions and	<ul style="list-style-type: none"> • Projects that involve direct interactions of people at least from two of the eligible border areas; • Projects that build upon and / or strengthen the multicultural traditions of the eligible border areas; • Projects that involve and mobilise a large number of people • Projects that prepare / lay the foundations of long-term co-operations; • Projects directly linked to other interventions of the programme.
	Promotion of co-operation in the field of RTD and human resource development	<ul style="list-style-type: none"> • Projects carried out with the participation of the higher education and research centres of the eligible area • RTD and HRD projects with relation to sectors relevant (e.g. industry, agribusiness and trade) for the cross-border economic co-operation of the border regions • Projects involving businesses in R&D cooperation clusters • Projects with linkage to interventions under other measures of the programme, especially to business infrastructure development under Measure 2.1. and encouraging cooperation between institutions and communities under Measure 2.3. • Projects with linkage to other interventions and developments be other programmes (mainstream SF programmes in Hungary, national and community programmes in Romania and Serbia and Montenegro) • In case of RTD component, projects shall contribute to innovation serving the purposes of sustainable development (Actions 1-3) • In case of HRD component, projects shall consider the specific needs of disadvantaged groups or women (Action 2)

The quality assessment will entail also the assessment of the quality of the cross-border co-operation and cross-border impact, which will be verified again by the Joint Steering Committee in the joint selection phase. The horizontal criteria to ensure a balanced distribution of funds through the programme area should also be observed by the Steering Committee.

The JTS will collect the results of the evaluation and prepare a joint recommendation and make a final check if all information for making a decision on projects is available.





4.1.5 Project implementation, monitoring and audit and co-ordination measures between INTERREG / Phare / CARDS

The project implementation from contracting to project closure will be executed according to the regulations and rules relevant for the financial instruments of the Programme: for the Hungarian project parts the regulations for INTERREG (ERDF funds); Romania and Serbia and Montenegro shall apply the Practical Guide as rules for EU external funding (Phare CBC and Cards).

Each Partner State and the relevant Commission services will be responsible for contracting, assuring national co-financing and financial control at national level.

Contracting

After the decision of the JSC and endorsement of the Managing Authority (ERDF) and the relevant Commission Services (Phare, CARDS), each partner state will organise the preparation of the contracts for its side of the border to assure that the relevant standards and regulations are respected. The contracts will be based on the joint templates developed beforehand.

Joint projects: separate subsidy/grant contracts will be concluded for the ERDF funded project parts between project beneficiaries of the different project parts (one in each participating country) and the Implementing Agencies/ Contracting Authority of the relevant county. The contracting should be harmonised in time on the relevant sides of the border.

Mirror projects and individual projects: One subsidy contract is signed for the project, between one final beneficiary and the Implementing Agency/ Contracting Authority of the relevant county

Contracting procedure in Hungary

The Grant offer letter issued by the Managing Authority on the basis of the Joint Steering Committee decision constitutes the basis for the Implementing Agency to proceed with contracting.

In case additional negotiations are not necessary, the Implementing Agency will prepare the draft subsidy contract and start the procedure for contracting.

In case additional negotiations with the potential lead partner are needed, Implementing Agency will be given detailed recommendations/instructions from the Joint Steering Committee on the framework for negotiations. The JTS will prepare the report on negotiations with the lead partner and present it to the Joint Steering Committee at the first Joint Steering Committee meeting or via written procedure in order to speed up contracting.

The Implementing Agency (VÁTI Public Non-profit Company) on behalf of the Managing Authority concludes the subsidy contract for the EU and national contribution only with the Lead Partner (project owner) for the Hungarian project part.

The subsidy contract shall be reported by the Implementing Agency to the monitoring system.

Contracting Procedure in Romania

The Programme Authoriser Officer (PAO) will head the Contracting Authority. The PAO has full responsibility for selection and implementation (tendering, contracting and management) of all projects.

The Ministry of European Integration (the Contracting Authority) will issue a Call for Proposals (with guidelines to applicants, application form etc.) after approval by the EC Delegation, and will sign primary contracts with project beneficiaries.

Each grant contract is drafted by the CA according to the Practical Guide using the standard grant contract format and its annexes (Practical Guide). The list of grants to be awarded is then approved by the EC Delegation.

The PAO signs the grant contracts with the selected beneficiaries based on the final list of grants approved by the EC Delegation. The language of the grant contract is English and the official Romanian translation of the contract is attached to the signed English language contract.

A copy of the signed grant contract is sent to the EC Delegation.

Contracting Procedure in Serbia and Montenegro

Following the approval of the evaluation report and the subsequent endorsement by the European Agency for Reconstruction the Contracting Authority will send a notification to the applicants and proceed with the preparation and signature of the grant contracts with the beneficiaries. The contract enters into force from the moment when the last party signs. Contracting will be in line with the regulations of the Practical Guide to contract procedures financed by the general budget of the European Communities in the context of external actions. The Contracting Authority prepares the standard contract with annexes. After having signed the contract the CA sends the 3 signed copies together with a standard letter to the Beneficiary, who must countersign it within 30 days of receipt and return two copies to the Contracting Authority together with a payment request and any financial guarantee required in the contract.

Responsibilities of the Lead Partner

Responsibilities of the Lead Partner – Hungary

The Lead Partner assures that the project is implemented in accordance with the subsidy contract. The contract obliges the Lead Partner to ensure the correct use of funds within the project and to comply with the conditions and requirements with regard to reporting, auditing and repayment.

The Lead Partner is responsible for the co-ordination of all involved project partners.

In case of joint projects, the Lead partner will be responsible for the co-ordination of the separate project parts, harmonising joint project activities, keeping contact with all project partners from each participating countries of the project, and preparing joint interim report on the whole project activity and financial progress.

Responsibilities of the Lead Partner – Romania

Projects will be implemented through primary contracts, normally with the Lead Partner, and secondary contracts with contractors (for works, supplies or technical assistance). The IA / CA, in cooperation with the lead partner and contractor, assures that the project is implemented in accordance with the primary and secondary contracts. The primary contract obliges the lead partner to ensure the correct use of funds within the project and to comply with the conditions and requirements with regard to reporting, auditing and repayment.

The lead partner is responsible for the co-ordination of all involved project partners.

Responsibilities of the Lead Partner – Serbia and Montenegro

The Lead Partner assures that the project is implemented in accordance with the grant contract. The contract obliges the Lead Partner to ensure the correct use of funds within the project in line with the rules and regulations outlined in the Practical Guide to contract procedures for External Actions financed from the general budget of the European Communities and to comply with the conditions and requirements with regard to reporting, auditing and repayment.

The Lead Partner is responsible for the co-ordination of all involved project partners.

In case of joint projects, the Lead partner will be responsible for the co-ordination of the separate project parts, harmonising joint project activities, keeping contact with all project partners from each participating countries of the project, and preparing joint progress report on the whole project activity and financial progress.

Project Implementation- public procurements and secondary contracting

In case of purchase of equipment, construction works and services related to the project implementation, the beneficiary of the project is obliged to apply the relevant procurement rules. Different rules will apply for each project parts depending on the sources of funding and national regulations.

Project Implementation - Hungary

The project shall be started and implemented according to the application approved by the Joint Steering Committee.

Procurements related to the project implementation shall be executed in line with the regulations of the Hungarian Public Procurement Law and the special conditions set in the Subsidy contract.

The Lead Partner has to submit the secondary contracts and the tendering documentation of the project before the Payment Claims to the Implementing Agency. The Implementing Agency reviews the secondary contract and the tendering documentation in order to make sure that the documents are in line with the regulations.

Project Implementation – Romania

The project shall be started and implemented according to the application approved by the IA/CA and EC Delegation.

Secondary contracts related to project implementation shall be executed by the grant beneficiares (lead partner) acting as Contracting Authority in line with Phare Practical Guide procedures and the special conditions of the contract itself.

A CBC Regional Office (with legal status) was set up in Oradea (Bihar County). This Office is responsible for the overall management of the implementation of the measures supported by the programme (Priority 1 - Measures 1.1, 1.2, and priority 2 – Measures 2.1, 2.2, 2.3, 2.4

Project Implementation – Serbia and Montenegro

The project shall be started and implemented according to the application approved by the European Agency for Reconstruction.

Secondary contracts related to the project implementation shall be executed in line with the regulations of the PRAG and the special conditions set in the secondary contract.

Reporting Obligations

Reporting will be required by subsidy/ grant contracts concluded for a project. In case of joint projects, single interim report should be prepared by the lead partner for the whole project.

Reporting Obligations - Hungary

The Lead Partner has to inform the Implementing Agency of the progress of the project and may request payments by providing proof of progress as described in the work plan of the project. Therefore, the Lead Partner has to present progress reports on the basis of standardised form and covering the whole project activity. Each project partner regularly contributes to the progress report. The progress report consists of activity and financial reports. It includes a table indicating the reporting period and the corresponding expenditure relating to each budget line of the subsidy contract, in order to illustrate the implementation and the financial progress of the project.

The first progress report must be submitted to the Implementing Agency (relevant Regional Office and Interreg Office of VÁTI) at the end of the first work-package of the project. Subsequently progress reports should be submitted at the closure of every work-packages of the project implementation and the final report should be submitted with the last payment claim after completion of the project.

Additionally interim reports should be submitted describing the general progression and the realisation of partnership in every six months.

In order to ensure the necessary data and reports to Implementing Agency, the Lead Partner shall ensure the maintenance (filing and archiving) of financial data, supplementary documents and reports of the whole project.

Reporting obligations – Romania

The Lead Partner will report to the CBC Regional Office in Oradea. The office in Oradea will collect all the reports, check them and transmit a consolidated progress report to IA/CA for all projects (under all measures).

Projects will be implemented through both primary and secondary contracts. Requests for payment for the grant contracts, together with proof of progress, will be submitted to the IA/CA by the Regional Office in Oradea for all the measures after a complete checking.

Regional Office Oradea will check all the payments made by the Lead Partner/ grant beneficiary and will ensure a sound financial management.

At the same time, the lead partner has to present progress reports on the basis of standardised forms covering the whole project activity (all contracts). Each project partner regularly contributes to the progress report. The progress report consists of activity and financial reports. It includes a table indicating the reporting period and the corresponding expenditure relating to each budget line of the subsidy contract, in order to illustrate the implementation and the financial progress of the type of project.

The first progress report must be submitted to the IA/CA three months after the start of the project. Subsequently progress reports should be submitted every three months of the project implementation and the final report should be submitted with the last payment claim after completion of the project.

In order to ensure the necessary data and reports to IA/CA, the lead partner and CBC Regional Office shall ensure the maintenance (filing and archiving) of financial data, supplementary documents and reports of the whole project.

Reporting obligations – Serbia and Montenegro

General conditions applicable to European Community financed grant contracts for external aid actions state that "the beneficiary must provide the Contracting Authority with all required information on the implementation of the action". To that end the beneficiary must draw up interim reports and final report.

These reports shall consist of a technical section and a financial section. They shall cover the action as a whole, regardless of which part of it is financed by the Contracting Authority. Further details of reporting requirements are laid down in article 2 of the general conditions and in the special conditions of the grant contract.

4.1.6 Financial Management models and payment procedures

Financial management of projects will be separated according to financial instruments of the programme.

Financial management models are developed for the ERDF financed project parts and the audit trails are described in the Procedures Manual for Financial management of the Hungary – Romania and Hungary – Serbia and Montenegro Cross-border Cooperation Programme 2004-2006.

The financial management of the Phare CBC and CARDS funded project parts will be executed separately, in line with the regulations for EU external funding.

Financial management of projects depends on the type of project. Two financial management models are possible for the Programme:

- Model for joint projects
- Model for mirror and individual projects

Model for Joint Projects

Financial management of the project will be done separately for the subsidy contract / grant contracts concluded for project parts in Hungary, Romania and Serbia and Montenegro in terms of payments, while reporting of financial progress is required jointly by the Lead partner for the whole project.

Hungary

The Lead Partner of the Hungarian project part shall collect all paid invoices or accounting documents of equivalent probative value with supporting documents from all Hungarian project partners. First level control (Article 4. of EC Regulation 438/2001) of the project will be done at national level and will be performed by VÁTI.

The Hungarian Lead Partner should prepare the Request for payment for the Hungarian project part. The Managing Authority/VÁTI in Hungary transfers the amount of ERDF funds and national contribution directly to the Hungarian Lead partner.

Romania

The lead partner of the Romanian project part is responsible to collect all paid invoices and the required documents (from the project partners).

Requests for payments from the lead partner (Primary Contract) and contractor (Secondary Contract) for the Romanian project part are submitted for financial control to the CBC Regional Office and IA/CA. Phare CBC funds and public contribution are paid by the Romanian National Fund to project partners.

Serbia and Montenegro

The lead partner of the project part in Serbia and Montenegro is responsible to collect all paid invoices and the required documents from the project partners.

Request for payments from the lead partner from Serbia and Montenegro are submitted for control to the European Agency for Reconstruction for endorsement and processing. Payments of the CARDS contribution of the project will be made by the contracting authority into a dedicated project account established by the lead partner.

The joint progress report should be submitted with the request for payment containing data on the financial progress of the whole project (Hungary, Romania and/or Serbia and Montenegro project parts) to the JTS and to the Implementing Agency (VÁTI Regional Office)/ Contacting Authorities.

Model for mirror projects and individual projects:

Financial management of the project will be implemented independently for the single subsidy / grant contract concluded for the project in the relevant country in terms of payments and reporting financial progress.

The Lead Partner of the mirror / joint project shall collect all paid invoices or accounting documents of equivalent probative value with supporting documents from all project partners. First level control (Article 4. of EC Regulation 438/2001) / financial control (in case of Phare CBC and CARDS funding) of the project will be done at national level and will be performed by the relevant IA/CA.

The lead partner of the project part in Serbia and Montenegro is responsible to collect all paid invoices and the required documents from the project partners.

Request for payments from the lead partner from Serbia and Montenegro are submitted for control to the European Agency for Reconstruction for endorsement and processing. Payments of the CARDS contribution of the project will be made by the contracting authority into a dedicated project account established by the lead partner.

The Lead Partner of the mirror / individual project should prepare the Request for Payment for the whole project. Progress report submitted with the request for payment should contain a financial report covering all expenditures of the mirror / individual project.

The amount of ERDF funds and national contributions are transferred directly to the Hungarian Lead partner.

Advance payments in Hungary

The Managing Authority can grant advance payment to final beneficiaries. In Hungary, the advance payment provided by the MA to final beneficiaries cannot exceed 25 % of the total eligible cost of the subsidy contract. The conditions and proportion of advance payment will be described in the subsidy contracts according to the national regulations.

Subsidy retention in Hungary

There is a standard ceiling on total project payments, in that 10 % of funds is held back, this means that payments will not exceed 90% of the ERDF funds until the conditions applicable to final request for payment have been satisfied.

Advance payments in Romania and in Serbia and Montenegro

All grants under Phare and CARDS function on the basis of advance payments. Generally payments are made in accordance with Article 15 of the General Conditions and Special conditions applicable to European Community grant contracts for external aid of the Practical Guide.

Financial controls and audits

Financial audit of the project by an independent auditor can be required for the final payment and the project closure, depending on project size and relevant regulations of the funds used within the projects. The audit costs of the project should be planned in the project budget by the Applicants. The audit should be performed at subsidy/ grant contract level. The actual regulations for planning correctly the project budget will be specified in each Call for Proposals.

Retention of records

The Lead partner and all project partners are obliged under European Commission rules to retain all invoices and accounting documents relating to project expenditure for four years after the last payment for the Programme has been made, so that the European Court of Auditors can have full access to these for audit purposes, should the need arise. In practice, this means, that records should be retained until 31st December 2012.

For the external aid part of the project all records and documents related to the project should be retained for **seven years** of the programme closure date.

4.1.7 Irregularities, Financial Corrections and Liability – Hungary, Romania, Serbia and Montenegro

Partner states will be separately liable for irregularities according to Article 38 and 39 of the Council Regulation (EC) No. 1260/1999. In case of irregularities discovered during an operation the Managing Authority will request repayment of the ERDF funds in whole or in part from the Lead Partner.

In Hungary: Irregularities related to the project implementation may be announced either to the Contracting Authority or to the Managing Authority. In case the revision proves any irregularity, the Department responsible for Irregularities within VÁTI prepares a report and submits it to the Managing Authority. The Managing Authority decides on the sanctions of the irregularity and informs the Financial Department of the Contracting Authority. The Financial Department of the Contracting Authority takes the necessary steps (interrupts the payment process, request repayment e.g.) in order to minimize the losses. The Financial Department registers irregularities into the monitoring system. Irregularities will be reported to the European Commission by the Managing Authority.

In Romania: Irregularities related to project implementation may be reported to the CBC Regional Office. After investigation and proof of irregularity the CBC Regional Office submits a report to the IA/CA. The IA/CA decides on the relevant sanction and informs the Financial Department of the IA/CA. The Financial Department takes the necessary steps (e.g. interrupts the payment process, request repayment etc) in order to recover and minimise any losses. The Financial Department registers irregularities into the monitoring system.

In Serbia and Montenegro: Irregularities related to the project implementation must be announced to the European Agency for Reconstruction. In case the revision proves any irregularity, EAR decides on the sanctions of the irregularity and takes the necessary remedial action (e.g. interruption of payments, request for repayments) in order to minimize the losses. The EAR will register irregularities into the monitoring system of the programme and inform the Managing Authority.

5. Information and Publicity Plan – Hungary, Romania and Serbia and Montenegro

5.1. General principles and scope

The communication strategy is based on the Hungary – Romania and Hungary – Serbia and Montenegro Cross-border Co-operation Programme 2004-2006, and it is set out in accordance with Commission Regulation (EC) No 1159/2000 and Council Regulation (EC) No 1260/1999.

All three partner-countries have to ensure effective awareness campaigns in order to inform potential applicants of the application conditions.

5.2. Aims

The general objectives of the communication strategy are the following:

- increasing public awareness about the role of the European Union in cross border development through Structural Funds,
- increasing transparency about funding opportunities and administrative procedures,
- creating a coherent picture of the Hungary – Romania and Hungary – Serbia and Montenegro Cross-border Co-operation Programme 2004-2006 part-financed by the ERDF across participating countries in the programme as well as across the Member States.

The specific objectives of the communication strategy are the following:

- informing the public about the role of the European Union and about the significance of Structural Funds, Phare CBC and CARDS in the Hungary – Romania and Hungary – Serbia and Montenegro Cross-border Co-operation Programme 2004-2006,
- delivering adequate information about the programme, its role, impact and aims to the designated target groups,
- informing the institutions involved in the implementation of the programme about their role in information and publicity with special regard to the requirements detailed in Commission Regulation (EC) No 1159/2000,
- ensuring transparency to achieve broad participation of potential project applicants and thus absorption of the funds available.

5.3. Target groups

First and foremost communication should be directed to potential / eligible applicants to ensure that they are properly and in time informed about the opportunities of funding and about calls for proposals as well as to make sure that they understand the whole administrative process. The second target group is the general public as indirect beneficiaries who should be aware of the results and benefits achieved by the projects. Information should also be provided to institutions involved in the preparation and implementation of the programme.

5.4. Means of communication

The message to communicate to a given target group determines the measures to be used in the communication. All means of communication will have a common corporate identity

that needs to be elaborated by an external PR company. The main means of communication are the following:

- Key documents
- Publications
- Internet homepage
- Events
- Press and electronic media coverage

5.4.1. Key documents

Hungary-Romania and Hungary-Serbia and Montenegro Cross-border Co-operation Programme 2004-2006

The document Hungary-Romania and Hungary-Serbia and Montenegro Cross-border Co-operation Programme 2004-2006 forms the basis for cross border cooperation in the Hungary-Romania-Serbia and Montenegro border region from 2004 to 2006. It describes the border region, outlines priorities and measures, designates competent authorities and provides information on programme and project implementation as well as financial implementation and control.

Hungary-Romania-Serbia and Montenegro 2004-2006 Programme Complement

The Programme Complement complements the Hungary-Romania and Hungary-Serbia and Montenegro Cross-border Co-operation Programme 2004-2006, giving additional information on measures, objectives, on expected outputs and results.

Romania-Hungary 2004-2006 Project Fiche and Financing Memoranda

The provisions of the above documents will apply in the implementation of the programme.

5.4.2. Publications

Flyers

Flyers are symbolic business cards of the programme; they are appetisers in so far as they contain general information about the programme. The target groups of flyers are the potential applicants, the general public, the NGO's, trade and professional bodies, economic and social partners, public authorities and project promoters. They are aimed at encouraging a wide participation in the programme as well as at helping to spread information about the programme. The content of flyers will be developed by the Joint Technical Secretariat (JTS) in cooperation with partners, assisted by an external PR company if necessary.

Brochures

If flyers are the business cards, brochures are the product catalogues of the programme, which give a comprehensive survey of the given programme period with a handful of projects summarising the activities, the results and the outcomes. They are targeted at applicants and at institutions involved in programming and implementation as well as NGO's, trade and professional bodies, economic and social partners, public authorities and project promoters. Such as flyers brochures will also be developed by the JTS in cooperation with partners, assisted by an external PR company if necessary.

Specific publications

Specific publications include materials for seminars and conferences like presentations and handouts. These are prepared by the JTS or the Sub-Programme Secretariats (Romania, Serbia and Montenegro) taking into account to meet the needs of information at each occasion.

5.4.3. Internet homepage with electronic newsletter

A programme level homepage will be created, which is linked to national and regional level homepages, thus creating a network. The homepage is the key source of up-to-date information, it provides information about the programme, about priorities and measures and it indicates contact details. All relevant documentation will be available as downloads such as the application pack or the programme documents. It will have a news section with a newsletter, a common internal surface and an electronic partner forum. The newsletters will be placed in the form of archives on the website. The homepage will feature a list of links to other useful websites as well. An external web designer company will be responsible for design and construction and it will develop an editing system allowing the staff of the JTS to enter information and to update the website rapidly.

5.4.4. Information events

In order to strengthen personal relations events will be organised to market the programme to potential applicants and to the wider public. Information and partner search facilities are provided to potential applicants by these opportunities. These events will be organised by the JTS in co-operation with partner institutions, with the help of experts if necessary.

Conferences and seminars

Contacts between actors involved in the programme as well as proper information flow to potential applicants/final beneficiaries and to the general public are ensured by means of conferences and seminars held in the frame of the programme. Potential applicants/final beneficiaries, NGO's, trade and professional bodies, economic and social partners, public authorities, project promoters, institutions involved in programming and implementation, politicians and representatives of the media will be invited to these events.

Information days and partner search forums

To help potential applicants to develop their projects and to search for partners information days and partner search forums will be organised by the JTS in co-operation with the Sub-Programme Secretariats (Romania, Serbia and Montenegro). These occasions will give way to discuss project ideas, management and implementation issues, to meet potential applicants and to facilitate partner search. These information days are to cover areas that participate in the programme.

5.4.5. Press and electronic media coverage

Advertisements

Calls for proposals published in nationwide and in regional daily papers as well as in professional magazines will make Hungary-Romania and Hungary-Serbia and Montenegro Cross-border Co-operation Programme 2004-2006 more transparent in the programme area to the general public. Regional papers will cover each participating county in the programme area.

Press releases and electronic media coverage

The JTS will work in close co-operation with professional magazines to release brief informative articles in them and with the electronic media to inform them about the main stages and results of the programme. Furthermore the JTS will be responsive to request of information from the press, TV or radio.

5.5. Responsibilities

The communication plan will be implemented under the responsibility of the Managing Authority/Joint Technical Secretariat.

The implementation of the measures at programme level will be carried out by the JTS and the Sub-Programme Secretariats (Romania, Serbia and Montenegro). At project level the bodies responsible for the operative management of the programme, that is the Implementing Agencies/Info Points, will provide necessary information to potential applicants.

The **Joint Technical Secretariat** has the following tasks in co-operation with the Managing Authority and the Sub-Programme Secretariats:

- to develop a strategy for information and publicity and to develop an overall system for public relations connected to the programme,
- to elaborate a common corporate identity for the programme to be used in all means of communication,
- to develop informational material for dissemination,
- to prepare power point presentations or other specific publications to be used in public events,
- to create, maintain and update the Internet homepage,
- to organise information events with partners from the programme area,
- to maintain necessary public relations with the media,
- to be responsive to any request of information,
- to appoint a person responsible for information and publicity,
- to involve representatives of the European Commission in information and publicity,
- to explore and select pilot projects and pilot applications for dissemination,
- to maintain constant information on committed funds, for further dissemination and project development.

The **Implementing Agencies** at project level have the following tasks in co-operation with the JTS/Sub-Programme Secretariats:

- to present and represent the programme at local level so that local partners are able to collect information necessary for developing projects,
- to deliver programme information to potential project applicants and to receive enquiries for support in project development,
- to develop and deliver information on project proposals to the JTS for use on the Internet site.

Indicative budget

These joint information and publicity measures will be financed as appropriate.

Evaluation criteria

In order to evaluate the information and publicity strategy the following evaluation criteria can be used:

Results indicators:

- Number of project applications
- Number of eligible projects - number of approved projects
- Number of publications sent out
- Number of information events arranged
- Number of participants at seminars and conferences (compared to the number invited)
- Number of website visits
- Press and electronic media coverage

Quality indicator:

- Quality of publications
- Quality of events

Financial indicator:

- Actual expenditure compared with planned expenditure

6. Monitoring

The **Hungarian Office for Territorial and Regional Development (HOTRD)** will act as *Managing Authority* for the Hungary-Romania and Hungary-Serbia and Montenegro CBC Programme and will be responsible for the efficiency and correctness of management and implementation of the Interreg IIIA components and in particular for:

The setting up a system to gather reliable financial and statistical information on implementation, for the monitoring indicators, and for evaluation; and for forwarding this data in accordance with arrangements agreed with the Commission, using where possible computer systems permitting the exchange of data with the Commission.

The management of data on the Hungarian side of the concerned border regions will be done by the Implementing Agency responsible for:

- **Importing** data on project proposals, project approvals, project progress reports and project final reports
- **Importing** financial data on project implementation upon financial reports submitted by the lead partners in the monitoring system, and
- **Exporting** data required for the “standard” documents to the “national” monitoring system via an interface.

Although both the Phare CBC and Cards program will operate under its own official monitoring system, it will be necessary to collect data from the concerned Phare and Cards programmes as well.

The preparation of decisions, registry and monitoring of Hungarian **State Aids** is done through the National Support Monitoring System (OTMR) in the State Treasury. The system has been in use since 1998. Furthermore, the CSF Managing Authority has been preparing a Single Monitoring and Information system (EMIR) for the **Structural Funds**.

The Interreg IIIA monitoring and information system - to be prepared and to become fully operational for the start of Interreg project-implementation - has to be able to support the programmes throughout the whole programming period to the greatest possible extent. The procedures which are the basis for the processes for the programs (application phases, statuses) are being finalised and are subject to constant changes. Therefore, special attention has to be paid to designing the information system in such a way, that it will be able to handle changes in the program processes without any major modification.

The Hungarian system will be covering – as official programme monitoring system – solely the use of ERDF funding and its co-financing, however, data derived from the monitoring of PHARE/CARDS funding conducted at project level by the respective Contracting Authorities in Romania and Serbia and Montenegro should be reported to the system in order to provide single reports to the members of the Joint Monitoring Committee and the Commission covering both internal and external activities. Data regarding to the reports should be available to the responsible authorities in Romania and Serbia and Montenegro as well. As for project level reports, Beneficiaries will submit project progress reports together with payment claims. The project progress reports will describe achieved results made against the quantified targets set, and will provide a basis for qualitative assessment of the developments made and help identify needed actions. The last progress report will also serve as the final report of the project and also as input for the assessment of the effectiveness and efficiency of certain measures and the CIP as a whole.

All reporting and evaluation must differentiate between internal and external expenditure, although in the framework of a single reporting structure.

In Ministry of European Integration in Romania uses an Integrated Regional Information System (IRIS). This system will be available for CBC programming, implementing, monitoring and evaluating process, according with Art 18 (3) (e) of the General Regulation (SF) EC 1260/1999 Regulation.

7. EX-ante Evaluation

7.1. Introduction

7.1.1. Scope of this chapter

This part of the evaluation report contains the comments of the Ex Ante Evaluators of the Programme Complement of the Cross-Border Co-operation Programme Hungary-Romania and Hungary-Serbia and Montenegro, (Hu-Ro-Se) Version 2.3. Comments already made within the evaluation report on the Programme document will not be repeated here. The comments in this report will be restricted to the further detailing and operational details elaborated within the Programme Complement.

This chapter deals with the following topics, followed by conclusions and recommendations:

- Observations on the process
- General remarks
- Priorities and Measures
- Cross cutting themes
- Financial plan and instruments
- Implementation issues
- Information and publicity plan

7.1.2. Observations of the process

In the period September – April 2004 a lot of effort was made to elaborate the Programme Complement. In this process, the experts drew up the measures sheets in a professional and structured way. Discussions on the implementation arrangements took place within the task forces. Conclusions on these practical aspects were somewhat delayed due to the fact that during the process new decisions had to be made on the eligible area, as the Commission decided that the border between Romania and Serbia and Montenegro is not an eligible border for this Programme.

The discussions of the task forces were characterised by constructive discussions and pragmatic solutions. However, the whole process of tuning the procedures and other implementation aspects of the different instruments (INTERREG, PHARE and CARDS) were hindered by the fact that the European Commission did not provide clear guidelines on this topic yet.

7.1.3. Overall assessment

In general the Programme Complement is of high quality, with a sufficient level of detail, and informative in nature. Previous remarks from the evaluators have been dealt with in most cases and the quality of the document has been further improved.

The overall internal coherence of the document is quite satisfactory, but could be improved in some aspects (see below). Especially the terminology used to indicate the bodies involved in the implementation is not always clear and consistent. In this version of the PC, some uncertainties in the implementation arrangements still remain, especially in the nomination of responsible institutions in Romania and Serbia and Montenegro. As a consequence there are still some gaps in the Programme Complement. However, it seems that these will be filled in during the finalisation of the document.

7.2. Priorities and measures

7.2.1. General remarks

Clear structured measure sheets

The priorities and measures as described in the CIP are further elaborated within the measure sheets that are part of the Programme Complement. The structure of the measure sheets is very clear and provides for an easy-reference manual. The measure sheets are extensively and very well elaborated and in general the comments of the ex ante evaluators have been processed.

Coherence good

The coherence between the Programme Document and the Measure sheets is good as well as the internal coherence of the measure sheets themselves. The expected results have a clear link with the objectives and activities described. The targets of the measures are clear and there is no overlap in targets or activities.

Clear indication on mutual working measures

The measure sheets are well described, with well described activities and a clear indication on the coherence of the different measure within the Programme. It is clearly indicated how the measures can reinforce their mutual working.

Ensure as much as possible homogeneity under the different instruments

Within the measure sheets a distinction is made in the upper level of support as well as in the final beneficiaries within the different instruments (INTERREG, PHARE-CBC, CARDS). For the level of support such a distinction is right, if there are real differences in Regulations for these instruments. Otherwise, it is not clear why this distinction is being made.

The rationale behind the distinction in final beneficiaries is not clear for the evaluators. Differentiation in final beneficiaries should be avoided, as a measure should be directed to the same target group.

Some realistic targets have still to be set

Due to the fact that a wide range of activities can be financed under the measures, a rather wide number of indicators are presented. Targets for the monitoring and evaluation indicators are not yet included in the version of the PC that the evaluators commented on. In the process of defining the targets for the indicators the budget available should be taken into consideration. Only in this way the values will present a realistic target.

Minimum support rates are recommended

Concerning the support percentages it is suggested to define not only maximum support rates, but also minimum support rates. This can be helpful by realizing the rule that the intervention percentage per measure should be above 50% of the total eligible public expenditure.

Link selection criteria to measure sheets

The selection criteria that were included in earlier versions of the measure sheets are now presented in a separate chapter of the PC. It would be useful to refer to this chapter within the sheets, as these criteria provide more focus to the measures. This will help potential applicants in assessing their chances for approval.

7.2.2. Specific remarks for measures under priority 1

Be realistic in the ambition level

The activities of the measures under priority 1 contain a wide range of possible, relatively small scale, infrastructure works. Relating the budget available to the costs of infrastructure makes clear that a rather limited output can be generated. As a consequence, also the impact and visibility of the outcomes of the actions will be modest.

Wide scope of measures could hamper project selection

Due to the fact that a wide range of activities will be financed under the measures of priority 1, it could be difficult to organise the selection of projects under these measures. The risk lies in the fact that the projects are difficult to compare and to rank, which might complicate the decision making process. As the implementation period of the programme is short the risk of delay should be avoided.

Ensure timely implementation of the projects

As Hungary joined the EU in the middle of a programme period, the time left for implementation will be limited. All projects have to be committed before 31 December 2006 and the Programme as a whole has to be closed financially two years later. However, the running time of physical infrastructure projects are in most cases relatively long and often subject to delay. The evaluators recommend committing as much as possible of the projects under priority 1 at the start of the programme, to avoid the risk of under spending.

7.2.3. Remarks for measures under priority 2

Be realistic in ambition level

The scope of the activities under the measures of priority 2 is more focused than these under priority 1. This is also reflected in the number of indicators. However, a relatively limited budget is available. This will have especially influence on the ambition level of measure 2.1. (development of business infrastructure).

Ensure timely implementation of physical projects

For the activities under measure 2.1, the same counts as for the activities under priority 1: in general physical infrastructure projects have a longer running time and a higher risk of delay. As the running period of the programme is relatively short, the evaluators recommend commitment of these projects in the very beginning of the programme period.

Small projects; be realistic in the management burden

The minimum project size of the projects under the measures 2.2 – 2.4 is rather small. This runs the risk of ending up with a large number of projects, despite the fact of a relatively limited budget per measure. This will have management consequences, as a large number of small projects will generate a relatively huge administrative load and increases the monitoring efforts needed. A solution could be stimulating the development of “programmes”, e.g. clustering of rather small activities under one project.

7.3. Cross-cutting themes

Now that the measure sheets are further elaborated, a more detailed assessment of the impact of the programme on horizontal aspects can be made. In the following table is indicated whether the influence is expected to be negative, neutral or positive.

Measure	Environment	Equal opportunities
1.1 Improving cross border infrastructure	N/-	N
1.2 Addressing the common challenges in the field of environmental protection	++	N
2.1 Development of business infrastructure and joint business services	N/-	N
2.2 Support of cooperation of enterprises	N	+
2.3 Encourage cooperation between institutions and communities	N	+
2.4 Promotion in the field of RTD and Human Resource Development	N/+	+

In the programme complement is indicated that actions will promote equal opportunities. However, in the selection criteria for measure 2.2 and 2.3 “equal opportunities” are not included as a priority criterion. This makes it uncertain whether women and disadvantaged people will really be targeted within the projects.

7.4. Financial plan and instruments

Within the PC the financial plan is presented in greater detail than in the Programme, as the budget is presented on measure level. In general, the remarks made by the evaluators in the evaluation of the CIP apply here as well.

Tuning of instruments; risk for undermining the neighbourhood concept

The programme is financed through three instruments (INTERREG, PHARE CBC, CARDS). In the management process described an effort is made in tuning the processes of the different instruments. However, how this will work out in practice is not yet clear. Alternatives are built in within the implementation process if the progress is behind. We consider this as wise, especially in the light of the short programming period and the N+2 rule. However, it may not lead to a decreased effort to implement the Programme in a bilateral and trilateral way, as this may undermine the character of the Programme. Here lies also a task for the European Commission, in providing –timely- guidelines for the harmonizing of the several financial instruments.

Within the Programme Complement the Programme is divided within two sub programmes: ERDF-PHARE CBC (Hungary-Romania), ERDF – CARDS (Hungary – Serbia-Montenegro). In the light of the discussion of the eligibility of the border between Romania and Serbia and Montenegro border, such a presentation is understandable. However, in the opinion of the evaluators trilateral projects remain possible within the scope of this cross-border co-operation programme and should be aimed at if relevant.

Co-financing

Within the Programme Complement is indicated that the Hungarian part of the Programme will be co-financed from the State Budget, which solves already potential co-financing problems. How this will be arranged under PHARE-CBC and CARDS is not indicated.

For the co-financing of projects of profit-making bodies under PHARE-CBC is indicated that these bodies have to co-finance the project themselves. However, this is against the eligibility rules; PHARE pays a maximum of 75% of the public expenditure. As a consequence, the bodies concerned have to find public co-financing as well. Private co-financing is not a substitute for public co-financing.

7.5. Implementation

7.5.1. The implementation structure

The organisation structure - the bodies involved in implementation - are described within the CIP. The CIP provides the information on the tasks of these bodies. In the PC, the addresses of most of the bodies involved are provided.

Representation in the JMC

The members of the Joint Monitoring Committee (JMC) and the Hungarian Members of the Joint Steering Committee are indicated within the programme complement. The number of members per participating country appears to us as rather unequal (12 from Hungary, 10 from Romania and 2 from Serbia and Montenegro). From Romania and Serbia and Montenegro representatives of Ministry and county level are included, while Hungary included the Chambers of Commerce as well.

The members for the Joint Steering Committee are not yet indicated for Romania and Serbia and Montenegro in the version of the PC that the evaluators commented on.

Consider distinction between voting and advising members of JMC and JTS

As the JMC and probably also the JSC contains a relatively large group of people and as the distribution of members over the countries is quite uneven, the evaluators recommend a distinction between members with voting rights and members with non-voting rights. The basic principle remains that decisions will need be taken on a basis of consensus. However, in cases of dispute, the voting members would have the right of conclusion.

7.5.2. Programme implementation

Process well-described

The programme implementation procedures are well described. During the process the parties involved took a lot of effort in defining the procedures and harmonizing them as far as possible. Remarks made by the evaluators in earlier stages are processed and the logic of the process improved. Both the responsibilities of the bodies involved in implementation and the final beneficiaries as well as the procedures are well elaborated. In the version that the evaluators commented on, some details in the text still have to be completed and the consistency of the names of the bodies involved with the names presented in the introduction and CIP should be checked.

Logic selection procedure

The selection procedure seems logical and pragmatic, having first the eligibility and administrative checks, than the ranking and the decision making by the JTS. Despite the fact that the running time of the procedure is not indicated, it seems that this procedure can be relatively quick. However, this is dependent on the possibilities for coordination and harmonisation of the procedures. As already indicated, this is also subject to decisions of the EC. As mentioned in the evaluation of the programme document, full and continued commitment of all partners is required overcoming the bottlenecks that are inherent to the implementation of such a challenging programme.

7.5.3. The project eligibility and selection criteria

The eligibility criteria

For the general eligibility criteria are elaborated well for the ERDF part of the programme. The criteria are clearly described and will give first guidance to applications and management. The ones for PHARE-CBC and CARDS are still lacking in the version the evaluators commented on.

Starting term rather long: risk for implementation

Concerning the starting date of the implementation of a project, a term of 3 months is foreseen. This seems to be a long period seen in the light of the running time of the programme and the N+2 rule. The evaluators suggest shortening this period. Furthermore, the text on force majeure is somewhat confusing.

Extended level of detail in project selection criteria; distinguish between exclusion criteria and priority criteria

The logic of the selection criteria for project quality and on measure level could be further improved by distinguishing between exclusion criteria and priority criteria. The administrative and eligibility criteria are in any case excluding criteria.

Concerning the criteria on project quality, it should be noted that feasibility and financial and operational capacity are exclusion criteria. The way it is presented now projects not fulfilling these criteria could be approved, which should be avoided in any case.

In the Programme Complement is indicated that further selection criteria will be published in the calls. Mind that uncertainty about selection criteria might hinder timely project pipeline development, as applicants will hesitate preparing projects if they are not be sure about the priorities of the programme.

7.6. Information and publicity plan

The information and publicity plan is clearly described and well elaborated. The plan targets a broad group of people / institutes, but is mainly directed to potential beneficiaries. Several means of communications are indicated and worked out already, and the responsible bodies are indicated. It is highly appreciated that even for the measurement of the effectiveness of the publicity indicators are formulated.

7.7. Conclusions and Recommendations

General

The Programme Complement is set up in a clear and structured way and well elaborated. It will be a good first guide to applicants and programme management.

Measure sheets

The measure sheets have a clear structure. The coherence between the Programme and the measure sheets is good as well as the internal coherence of the measure sheets. However, the evaluators have some recommendations.

- *In target setting, the ambition level should match the resources available:* the targets for the indicators are not yet presented. Keep in mind the resources available in setting the targets. This especially important for priority 1, as there are many indicators for relatively expensive actions.
- *Ensure timely implementation of infrastructure projects* (priority 1 and measure 1 under priority 2). These projects generally have a longer running time and contain risks for delay. The evaluators recommend committing these types of projects as early as possible to ensure timely implementation.
- *Avoid high management burdens connected to small projects.* Small projects could cause a huge management and monitoring burden. To avoid such a burden, the evaluators suggest bundling these projects in larger projects.
- *Avoid the risk that the wide objectives of measures under priority 1 hamper project selection.* These measures are characterised by a wide scope that could hamper project selection, as the comparability and prioritisation of the projects might be difficult. This is a risk that should be dealt with, as timely implementation will be important due to the N+2 rule and the relatively short period for implementation.
- *Consider the use of minimum support rates,* as the intervention rate per measure should be 50% or more of eligible public expenditure.

Instruments

- *All partners involved, including the European Commission, should continuously take efforts to ensure joint implementation.* Whether the tuning of the procedures of the instruments will work is not yet clear. However, escapes are built in avoiding delay in implementation, which will form a risk for undermining the neighbourhood concept.

JMC and JTS

- *Consider a distinction between voting and non-voting members within the JMC and JTS.* The representation of the participating countries within the JMC and JTS is uneven. Besides, the number of members is rather high. In order to enable a smoothly decision-making process, the evaluators recommend appointing a limited number of voting members. The other members could be non-voting members. The aspiration should be to make decisions on the basis of consensus.

Project selection

- *Consider making a distinction between selection and exclusion criteria.* Some selection criteria presented are actually exclusion criteria and should be presented that way.