Two countries, one goal, joint success!

Methodology

Methodological study aiming to promote project performance and resource allocation efficiency as well as to support preparations for the programming period 2014-2020

“Towards an Effective Regional Resource Allocation” (TERRA)

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Hungary-Romania Cross-Border Co-operation Programme
2007-2013
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I. Introduction – TERRA project and challenges of the year 2013

In December 2012 the Hungarian operative programme structure related to the EU programming period 2014-2020 was formed. The Hungarian institutional system of development policy undergoes significant changes, while the projects implementation of the period 2007-2013 is still in full swing and the institutions participating in the implementation are still engaged in the utilization of the available and callable funds.

At the same time the decision-makers of EU Member States are focusing on the debates concerning the legal and financial framework of the period 2014-2020 already. Accordingly, the Hungarian actors have also started the preparations, the projecting at sectorial level is in progress, the situation analyses related to regional and county concepts have been completed and the elaboration of the development concepts is also in progress. The preparations have also started on the Romanian side; however, the optimization of the resource allocation requires considerable human resources there as well.

Hungary has taken important steps for the preparation. On 17 November 2012 the Government has made a decision on the establishment of the Office for National Economic Planning, which has identified its major duties as professional strengthening and coordination of national economic strategic planning. As a result of the work performed by the Office, the Government released the National Development and Territorial Development Concept (OFTK) for public consultation. By taking the socio-economic, sectorial and regional development needs of the country as starting points, the Concept determines a long-term vision as well as targets and principles for the development policy and earmarks the most important national points in terms of policy for the period 2014-2020. The deadline for closing the public consultation on the document is 20 February 2013.

The Government resolution number 1600/2012 was issued on 17 December 2012, which earmarks significant actions in relation to the preparations for the period 2014-2020. First of all it sets the most important deadlines: the first version of the partnership agreement until 31 January 2013 and the first versions of the operative programmes until 28 February 2013. The resolution delegates the controlling and regulatory duties related to the operative programmes to line ministries and provides primary role for the counties in the planning of the territorial development resources.

The implementation of the resolution is in progress. In the second half of 2012 and in 2013 the Member States, including Hungary, should focus on the preparatory works so that the calls for proposals may be issued as early as the
first year of the new programming period, in 2014. The strategic planning should be given high priority, furthermore, it is essential to ensure the development of the institutions and experts’ teams that are suitable for the performance of the duties at a high standard under considerably changed planning and professional conditions.

The CSF Regulation (Common Strategic Framework) was released in September 2012. Although the document is not final yet, it lays down a number of findings and a few basic principles, including principles governing the support for the CSF funds, the concept of strategic approach and programming as well as defines the 11 thematic objectives.

The time available for the preparation of the programmes in Hungary is tight. The experts participating in the TERRA project are aware of the significance the appropriate preparation has for the successful implementation of any strategic programme. For that very reason, we intend to make a contribution to the support of the spatial planning and by surveying and analysing the experience accumulated in the cross-border area and we also want to give assistance to the actors of the programme area so that they will be better prepared for the forthcoming development period.

EU co-financed projects in the field of tourism and business sector, such as development of spas and industrial parks, or urban areas, implemented in the programme area not only affect their micro-environment but also have an impact on their wider environment.

Accordingly, our task undertaken in the TERRA project aims to collect and evaluate information on the experience gathered during the development and implementation of projects, especially in the fields of tourism, business development and urban development, effectuating a complex assessment methodology for ERDF financed projects with cross-border effect. In parallel with this, we intend to make a contribution to TERRA aims to assist the beneficiaries on how to further develop their projects through intensifying their cross-border effects and also utilise EU resources more effectively in the next multi annual EU financial programming period. Besides, we aim to provide background information for decision makers how to allocate financial resources more effectively.

There are two base line studies (based on results of surveys) prepared during the project (one of them was prepared by the Romanian partner and the one by the Hungarian partner). The studies aim at the evaluation of the outcome of the tourist, urban- and economic development projects implemented through EU co-financing resources. The first stage of the evaluation was the organization of the

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research required for the preparation of the baseline study. We carried out 150 project surveys, out of which we collected some 80 meaningful responses.

The first partnership-building workshop organized on 30 October 2012 also served the purpose of the evaluation of the experience to be unfolded in more details in the baseline study. Beyond the activities supporting and promoting the partnership, the issues arisen concerning the preliminary findings of the baseline study were discussed and the further working process was planned as well. The essential content element of the workshop was the joint work in which the participants made models for development of regional integrated programme packages for a fictive territory. The workshop was organized in Szeged with participation of tenderers and developers; the discussion was a contribution for finalising the professional content of the baseline study.

By taking into account the findings of the baseline study, this joint methodological document is prepared as the most important project output with the aim to improve the efficiency of projects and to elaborate the strategic focus for the financial period 2014-2020. The preparation of the methodological study was preceded by the second professional workshop in Szeged, which focused on the foundation of the methodological study and management of the arising problems. The third workshop organized in Oradea, which summarized the Romanian experience, also contributed to the completion of the methodological document and the training program based on it.

According to all these, we earmarked reinforcement of sustainability and competitiveness as the general project objectives in the cross-border area and joint development of tools supporting efficient resource allocation as the specific objective. Beyond all these benefits, the TERRA project also contributes to the strengthening of cross-border relations and dissemination of bilingualism and partnership attitude. The dissemination of the information and knowledge accumulated in relation to the project is also a goal in the course of the project implementation, to this end bilingual publications (in the first and last stage of the project) and project summary are compiled. The opening and closing conferences and the own website also promote the dissemination of the information related to the project performance.
II. Aim of the preparation of the methodological study and the structure of the document

In 2014 a new EU planning and development period will commence. During the period between 2007 and 2013 in Hungary there was considerable resource allocation, although at the beginning of 2013 it is too early to clearly state that the resource mass allocation has been successful; the results achieved so far allow to draw numerous significant conclusions.

Since the objective is earmarked as enhancement of efficiency of projects and degree of resource allocation, our methodological study focuses on areas which may make a contribution in a relevant manner to these objectives. Accordingly, we have planned the content structure of the document as follows:

- Summary of the experience and lessons contained in the baseline studies: we sum up the baseline studies prepared by the partners in a few pages, highlighting the most important findings and those also considered significant in the aspect of the methodological study
- Experience gained in the course of the project implementation during the programming period 2007-2013: the chapter attempts to summarize the experience gained partly in the period 2004-2006 and partly in the period 2007-2013; while elaborating the chapter, we relied on the survey results as well as on the authors’ experience gained in respect of their participating organization and process of project implementation; we dwell on the following subject matters in the chapter:
  - Experience related to resource allocation: experience resulting from temporal and spatial features of the resource allocation; devoting special attention to the problem of disadvantageous areas;
  - Sustainability of the projects and enhancement of the programmes performance: developments will achieve effectiveness if the sustainability or possible improvement of the investments is considered and solved; sustainability may imply difficulties for any actor in both the economic- and public sector; at the same time guarantee of sustainability is a fundamental Community requirement in case of development projects, therefore a thorough examination of this issue may definitely contribute to a successful project design;
  - Strengths and weaknesses of the indicator system: the conscious design of indicators is one of the prerequisites for any programme
performance; the programme indicators basically determine the indicators relating to the developments as well, which can promote realization of the objectives and targets (and that of the indicators intended to be used for their measurement) set out in the programme; the preliminary establishment of the indicators is a complex task during the programme designing, however, one of the difficulties is caused by the necessity that the designers should also take into account the logic of the actors involved in the subsequent development projects;

- Cross-border effects of the programmes: in case of a cross-border area the emphasis on the cross-border effects is an aspect not be ignored; it is not only about how the various developments are linked with each other but it is also about how it is possible to avoid implementation of parallel developments by joint strategic planning;
- Institutions linked with EU resource allocation: the institution networks are not identical at the level of Member States and none of them may be clearly declared to be good or bad; however, the existence of differences in practices offers a chance to get to know possibly good examples and to attempt to use any positive experience;

- New methodological approaches regarding the period 2014-2020: the most emphatic part of our study in the terms of methodology; it contains all the methodological recommendations that are known in early 2013 in relation to the forthcoming programming period and that may have reference with the improvement of projects' effectiveness; the chapter covers the following topics:

  - Advantages of multi fund programme financing
  - Strengthening of the territorial integration approach
  - Basic principles for the development of integrated programmes
  - Criteria for sustainability of projects
  - Optimization of resource allocation – conscious strategic planning
  - New requirements and approaches linked with project development
  - Analysis and use of the opportunities resulting from the cross-border effects in the course of planning – promotion of shared understanding and joint development
  - Approach to the period 2014-2020 in respect of the 11 main development areas
III. Summary on the experience and lessons to be learned from the baseline studies

1. Summary of the study prepared in Hungary

The baseline study related to the Hungarian programme was to summarize the professional observations and experience of the beneficiaries of the projects associated with tourism, urban and economy development which have been implemented (or which are being implemented) by EU co-financing resources. Furthermore, the study intended to convey a complex approach; accordingly, it contains a detailed analysis on the programme area concerned in respect of Hungary. To achieve this objective the content structure is built on the following chapters:

- In the course of the statistical analysis of the Hungarian programme area in the Southern Great Plain Region we prepared a comprehensive situation analysis relying on the most important economic and social indicators and by using the time series data.
- We examined how the available development resources have been utilized in the programming period 2007-2013. We also analysed the resource allocation associated with regional and sectorial operative programmes in respect of the programme area.
- We provided detailed description on the organization of the survey, on the eligible target group, on the development areas touched upon in the analysis as well as on the related development and tender logic.
- We examined the special tender methodological tools and the experience associated with priority and two-round procedure of the period 2007-2013 in an individual chapter. We paid special attention to the issue of project development, since the practice and experience developed during the period allow us to draw significant conclusions. At the same time we took into account the likelihood of the alternative that the project development will have a new role within the programming and project implementation process in the forthcoming period.
- The detailed analysis of the surveys formed one of the most important parts of our study. We presented the survey results broken down by development area and topic.
- We devoted one chapter to the presentation of cross-border developments and to the discussion of the lessons and conclusions that may be drawn from the analyses.
We glanced out toward to opportunities associated with the integrated programming of the development period 2014-2020. In relation to this we also described the model test in which we worked on the theoretical development of ITI programme packages with our partners in the workshop.

We closed the study with a summary and we drafted recommendations.

The situation analysis based on statistics for the programme area and the Southern Great Plain Region

The first thematic chapter of the baseline study focuses on the economic-social environment in which the programmes in the field of economy development tourism and urban development analysed by us will be implemented. Accordingly, we reviewed in details what trends dominated the changes in the most important economic, social and infrastructural indicators for the Southern Great Plain Region and three counties, including Csongrád- and Békés County, which belong to the program area. In the course of the statistical analysis first we drafted an overall summary on the most significant changes in the studied area than we provided a topic-specific review on each major area.

Population: In 2005 the number of inhabitants in the Southern Great Plain Region was 1,347,000, which shows a steady decline. In 2009 the Region had a population of 1,318,214, and in 2011 the population amounted to 1,299,418 persons; the rate of the decrease until 2011 compared with the 2005 rate was 3.53 %. One of the definite reasons for the population decline is the unfavourable change in the natural population growth: between 2002 and 2011 the difference between birth and mortality rates was always negative. According to the mortality indicators in 2011, 18,097 persons deceased (Csongrád County: 5,568 persons, Békés County: 5,484 persons and Bács-Kiskun County: 7,044 persons). The total number of live birth in the Region was 10,330 persons in 2011 (Csongrád County: 3,346 persons, Békés County: 2,677 persons and Bács-Kiskun County: 4,308 persons).

Another unfavourable impact on the changes in the population is caused by the migration which shows significant differences by area, but in total it also results in the decline of the number of inhabitants. Between 2002 and 2011 the difference between migration there and from showed negative value at regional level in each year, consequently, the number of persons moving to the Southern Great Plain Region was permanently exceeded by the number of those leaving the Region. The destination of the migration within the Region was primarily the region centre, Szeged, and the destination outside the Region was the region Central Hungary. The negative values originating in the internal migration were as follows: in 2008 3,694 persons, in 2009 3,520 persons, in 2010 3,653 persons. In 2011 the loss in population caused by migration came to 2,200 persons, which refers to certain improvement compared to the previous years.

Employment: In 2000 the number of working population within the age group of 15 to 74 was 508,000, in 2009 it came to 475.500 persons, in 2010 483,100 and
in 2011 481,100 persons. The employment rate has also fallen; in 2000 it was 48.7%, in 2010 48.0% and a slight decrease of 0.1% was registered in 2011. Since 2006 the number of registered job seekers shows a permanent rise, except for the year 2010. In 2006 the number of job seekers was 61,900 in the region, in 2009 it rose to 89,300, whilst – following certain decrease – it had dropped to 86,800 by 2010. The unemployment rate also shows a similarly deteriorating trend; following a rate of 5.2% in 2000, the employment rate for the Southern Great Plain Region was 7.8% in 2006, and the data for the past three years show an identical rate of 10.6%.

**Economic processes:** According to the analysis, comparing the regions, by EUROSTAT published on 18 February 2010, four Hungarian convergence regions, including the Southern Great Plain, are among the 20 poorest regions of the European Union. Out of the regions included in the list comparing the regions’ according to GDP per capita calculated in PPS (EU27 average=100%), the Northern Great Plain reached the 43% of the EU27 average, Northern Hungary 40%, Southern Great Plain 42% (with this rate it comes to the 255th place in the list containing 272 regions) and the Southern Transdanubian Region is indicated with 43% of the EU27 average.

In 2008 the GDP per capita was HUF 1,782,500 in the Southern Great Plain Region, and it was HUF 1,692,400 in 2009. By 2010 the value rose to HUF 1,723,000. Within this it is also worth taking a look at the data of the counties for 2010, since the GDP per capita amounted to HUF 1,954,000 in Csongrád County (in 2009 it was HUF 1,907,000), however in Békés County it was only HUF 1,479,000. The situation of Bács-Kiskun County is a little more favourable, as the GDP per capita was HUF 1,698,000 and HUF 1,707,000 in 2010.

The data above show decline in absolute value, or stagnation in regional comparison, since in 2002 the Southern Great Plain Region came to the 242nd place in the list with a rate of 40.4% of the EU25 average.

When analysing the economy of the region, it is worth studying the changes in the number of the registered enterprises. According to the data of the Central Statistical Office (KSH) between 2000 and 2010 the number of enterprises rose from 123,013 to 236,752 units.

Between 2001 and 2010 the value of the industrial output increased from HUF 970.3 billion to 1,488.9 billion, and the trend also continued in 2011, since the value amounted to HUF 1,680.3 billion, corresponding to an extension by 12.8% comparing with the previous year. The performance of the counties also show diversity in this aspect, as in Csongrád County the value of the output doubled by rising from HUF 334.4 billion to HUF 622.9, while in Békés County the value in 2001 and 2010 was only HUF 258.5 billion and HUF 330.9 billion, respectively.

The most considerable growth was seen in Bács-Kiskun County, where the value of the industrial production grew from HUF 377.3 billion to HUF 726.5 billion during the same period.

**Features of the territorially differentiated resource allocation in the programme area and in the region**
The chapter aims to show the resource allocation – in the aspect of the regional developments – in case of the regional operative programme. The objective analysis describes what features typical of the region differentiate the three counties from each other. The exploration of the reasons for the differences would require a separate study.

For the planning period 2007-2013 the total resource amount for the Southern Great Plain Operative Programme is EUR 880,841,000, which equals to HUF 246,635,000 at an exchange rate of 280 HUF/EUR. Major part (96.4%) of this amount is distributed among the five development priority axes, while the expenses of the programme arrangements may be covered from the amount of HUF 31,713,000, allocated for the technical assistance.

<table>
<thead>
<tr>
<th>Priority axis</th>
<th>Resource amount (in millions of HUF)</th>
<th>Resource amount (in billions of HUF)</th>
<th>Percentage distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1: Regional economic development</td>
<td>152,843</td>
<td>42,796</td>
<td>17.35%</td>
</tr>
<tr>
<td>Priority 2: Tourism development</td>
<td>161,334</td>
<td>45,173</td>
<td>18.32%</td>
</tr>
<tr>
<td>Priority 3: Improving transportation infrastructure</td>
<td>186,053</td>
<td>52,094</td>
<td>21.12%</td>
</tr>
<tr>
<td>Priority 4: Development of human infrastructure</td>
<td>165,580</td>
<td>46,362</td>
<td>18.80%</td>
</tr>
<tr>
<td>Priority 5: Spatial development actions</td>
<td>183,317</td>
<td>51,328</td>
<td>20.81%</td>
</tr>
<tr>
<td>Priority 6: Technical assistance</td>
<td>31,713</td>
<td>8,879</td>
<td>3.60%</td>
</tr>
<tr>
<td>Total</td>
<td>880,841</td>
<td>246,635</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Southern Great Plain Operative Programme

It can be seen from the table that the highest resource amounts were allocated to transportation development (20.12% of the available resource) and spatial development (20.81%) in the period 2007-2013. The lowest resource support was allocated to regional economic development (17.35%), however, due to the relatively low support (50% on average) extra resources could be mobilized through direct contribution from applicants in the field of regional economic development and tourism.

In the next section we examine the resource absorption indicators for three counties within the frame of a comparative analysis, with especial regard to the number of submitted, supported and contracted projects.

Summarized resource absorption indicators for Bács-Kiskun, Békés and Csongrád County I.
Source: bar chart based on the data of http://www.nfu.hu
Legend: (from left to right)
Number of received tenders (number) Number of subsidized projects (number) Number of contracted projects (number)

The figure above clearly shows that in the period under survey 2,600 tenders were received in all, including 1,004 tenders (38.45%) from Bács-Kiskun County, 749 (28.68%) from Békés and 858 from Csongrád. Out of the all supported applications (1,204) 37.54% (452 tenders) is linked with Bács-Kiskun County, while 25.66% (309 tenders) with Békés County and 36.79% (443 tenders) with Csongrád County. When taking a look at the percentage of the applications supported by juries, we can find that this rate is 45.1% in case of Bács-Kiskun County, while it comes to 51.63% in case of Csongrád County. Concerning the number of the subsidy winning projects, the applicants from Csongrád County were more successful by around 10% than those from Békés County and by around 6.6% than those from Bács-Kiskun County in the surveyed period. Out of 1,017 tenders contracted so far 36.08% (367 tenders) is linked with an implementation site in Bács-Kiskun County; 26.45% (269 tenders) will be implemented in Békés County and 37.46% in Csongrád County.

**Description of the background research**

The questionnaire was prepared with the aim to collect information from the developers implementing the supported projects in the programming period 2007-2013 in relation to the given tendering procedure which allows drawing relevant conclusions following an appropriate summary. Accordingly, the questionnaire differentiates the 5 stages of the tendering system or project cycle, covering the procedure from the project planning up to the
implementation, including even the maintenance period. We intended to deal with the possible and real effects the projects had in the cross-border area.

Prior to the survey we drafted the following preliminary hypotheses, which are detailed in the baseline study.

The target group of the survey consisted of developers linked with the following three professional fields: economic development, tourism and urban development. We selected the developers to be surveyed from the data base accessible on the website of the National Development Agency, and we contacted them via both telephone and electronic mail.

The questionnaires were elaborated following preliminary negotiations between the Hungarian and Romanian partners. The basic version of the questionnaire was prepared by the experts of the leading partner and it was finalized following the receipt of the feedback by the partner.

We selected the respondents from the list of the recipients found on the website of the National Development Agency. Since on the website there are no direct contact details linked with the various projects, we had to collect the names of the contact persons and/or the central e-mail addresses.

We sent the questionnaires as appendix to a side letter through e-mail to the respondents. We confirmed our request concerning the questionnaire on phone whenever it was possible.

We included the results of the completed in questionnaires received back in a summarizing table and then we analyzed the responses by topic and target group.

Description of the applicants’ experience: summary of the survey results

We provided a detailed description on the survey methodology and structure in the baseline study. This chapter aims to show the survey results by topic. It is worth highlighting once again that we requested 100 project developers to complete the questionnaire and we received 40 questionnaires completed with meaningful responses. In most cases the degree of completion was high.
The baseline study contains a detailed analysis, and in this summary we focus on the conclusions.

- **Experience and findings related to the proposal phase:**

  The quality of calls for tenders and guidelines was fluctuating, which is supported by the differences in the satisfaction level of the applicants from the three topic areas. While most applicants in the fields of economic and tourist development found the tender documentation good and easy to understand, the respondents referred to more problems in case of urban development.
  The work of the Intermediate Body may also promote to successful application.
  In the period under survey – in contrast to our preliminary findings - there were quite many information days organized, and according to the respondents the questions asked by the applicants were answered at an appropriate professional level.

- **Experience and findings related to the “preparation for decision-making” phase:**

  Our preliminary findings showed that the “preparation for decision-making” phase often dragged on in the past few years. Our assumption was supported by most of the completed questionnaires: while the evaluation and decision making processes really kept on (lasting sometimes for an extremely long time) in case of tourist and urban development programmes, it was less typical of the economic development programmes. At the same time, our hypothesis that the change in the original schedule could have caused difficulties for developers both in professional and financial terms proved to be true.
  With reference to the financing terms the successful proposers indicated that they were especially hard hit by cost-cutting. The critique on cost-cutting was expressly highlighted in the field of urban development.

- **Experience and findings related to the contracting phase:**

  Concerning the making of the Grant Agreement (TSZ) we deemed that the procedure drags on in most cases and the applicants (recipients) also request for an extended time limit subject to the special permission of the Orientation Authority of the regional development programmes. Our assumption was partly supported by the survey results: exceeding the time limits meant that the procedure took quite a long time in certain cases; however it was less typical of the urban development projects. While in case of the projects linked with the theme of economic development the typical length of time ranged between 60 and 90 days and in case of tourist projects it was only between 30 and 60 days, the time required for contracting in case of urban development complex projects
was between 90 and 150 days, but in 15% of the cases it took even longer. Although logical explanation may be given for the reasons, the duration of the procedures is to be optimized by all means in the future. According to the survey the performance of the Intermediate Body was satisfactory in this phase as well, so it facilitated smooth arrangements of contracting procedure. This opinion was confirmed in case of all topic areas even in those where the contracting procedure dragged on – consequently, the recipients did not refer to poor performance of the Intermediate Bodies to cause delay.

- **Experience and findings related to the implementation phase:**

  We assumed beforehand that in the implementation phase the project performance mainly depends on the quality and reliability of the external actors, service providers and suppliers hired by the Recipients. The extension of the actors’ circle results in the rise of the risk level. Concerning public procurement procedures we assumed in advance that the selection of external contractors caused problems in many cases, and the prolonged public procurement procedure also causes modification of the schedule of the project and resource allocation, and it may also cause even liquidity problems. When surveying the issue linked with public procurement procedures we saw that it did not give rise to any difficulties for most tourist projects and concerning the economic development projects such problem was indicated only in four cases, however, the most recipients of urban development projects considered the selection of external contractors according to laws as quite a difficult task. We think that this survey result is partly due to the fact that in case of urban development all recipients were organizations falling under the scope of the public procurement law and they had to carry out procurements of high value, but in the other two topic areas the recipients mostly did not have to face the complicated procedures stipulated by the applicable laws. In case of the project management hiring of external management seems to be typical in the field of tourist and urban development; more than the half of the recipients took the advantage of such opportunity. According to the survey the economic development projects were featured of self-management. The occurrence of contract amendments and content changes in high number is typical of the urban development projects. The 60% of the developers of urban development projects initiated more than 5 amendments in the course of the project, while the number of amendments initiated in the projects in the other two topic areas was only between 1 and 3. The management of modifications causes time lag, the Intermediate Body bears significant responsibility concerning this issue as well.

- **Experience and findings related to sustainability, operation and improvement:**
We expressed our opinion beforehand that developers, complying with the tender system developed in line with the European Union requirements, undertake to operate and maintain the outputs produced within the framework of the projects for a certain period of time. We also assumed that the maintenance costs were not available at every time and were not guaranteed in the long run due to the fact that the majority of recipients were local governments.

The survey results showed the presence of the risks and problems related to the maintenance in case of economic development projects. In another approach this means that local governments (quasi state-financed organizations) respect the requirements related to maintenance and operation to a less extent than self-supporting companies.

- **Experience and findings related to the impact of the project performance in the cross-border area:**

Our assumption that applicants hardly took into account the effects of the development on a broader territory and they expected still less that it might have cross-border effects was supported by the survey. Most of the developments should be identified and assessed in themselves, consequently, conscious strategic planning and any broader outlook or careful examination are missing.

Concerning the continuance of the projects quite many responses suggest that the projects are worth improving and expanding at international level.

- **Findings related to preparations for the period 2014-2020:**

Our hypotheses, that at the end of 2012 the majority of the respondents have no sufficient information to form or give an objective opinion on the next programming period, was also verified by the survey results. This also means that they are not aware of the new subsidy forms or the planning process either. The survey results allow us to state that most successful applicants of the period 2007-2013 the majority of the participants (75% of the respondents) are determined to take advantages of the opportunities provided by the EU support system again.
Study of cross-border projects

The general objective of the Hungary-Romania Cross-Border Co-operation Programme is to bring people, communities and economic operators living in the cross-border area closer to each other in order to foster the joint development of the area concerned, relying on the strengths of the border region. This general objective can be realized through the projects to be implemented in the fields of intervention set out within the framework of the priority axes defined below.

Priority axis 1: Improve the key conditions of joint and sustainable development of the cooperation area

The objective of this priority is to improve the key conditions of the co-operation area. This includes the developments of the transportation and communication infrastructure as well as public transport facilities of the area and the interventions aimed at conservation and protection of the pure and safe natural environment.

Priority axis 2: Strengthen social and economic cohesion of the border area

The overall aim of the priority axis is to enhance the economic competitiveness of the area by development of the business environment and improvement of the human resources.

We provided a brief analysis on the cross-border projects supported in the field of economy and tourism.

Outlook to the programming period 2014-2020

We have already highlighted at the end of the analysing chapter of the baseline study that the developers of the ongoing projects are determined to make use of the development resources from the EU Funds in the next funding period as well. The CSF Regulation referred to earlier makes the necessity of the strategic approach clear for us. The new funding methods already being outlined requires conscious preparation, intensive communication linked with active partnership and proactivity stronger than before from each actor.
New programming systems in the planning period 2014-2020: opportunities and significance of the integrated development

The development guidelines sketched in the documents available, such as Europe 2020 Strategy and Draft CSF Regulation require a new approach in respect of the development of smart, inclusive and sustainable society. The complex approach is especially justifiable if complex urban development programmes may be implemented within the framework of integrated territorial investments (Integrated Territorial Investment – ITI) between 2014 and 2020. The integrated territorial investment is a set of new instruments which allows combining the resources available for financing multi-dimensional cross-sectorial programmes with various priority axes.

Its aim is to ensure the implementation of the integrated strategies linked with the particular area, providing flexibility to the development of the operative programmes as well as the efficient implementation of integrated actions through simplified financing. Basically, it is a top-down approach, building upon initiatives from government institutions, but bottom-up-actions can also be linked to it.

Its implementation can be delegated partly or wholly to local levels; however, at least partial delegation is compulsory where 5% of ERDF resources allocated for urban development is used.

It is essential to develop a cross-sectorial integrated development strategy that addresses the development needs of the area concerned. The strategy will need to be designed in a way that the actions can build on the synergies produced by coordinated implementation.

With regard to all these, the ITI is an ideal instrument for the support of the integrated actions implemented in a particular urban area, since it enables the integration of funds linked to different topics, including the integration of the funds allocated to the priority axes and operational programmes supported by the ERDF, ESF and Cohesion Fund.

Any geographical area with particular territorial features can be the subject of an ITI, ranging from specific urban neighbourhoods to the urban, metropolitan, urban-rural, sub-regional, or inter-regional levels. It is not compulsory for an ITI to cover the whole territory of an
administrative unit – in line with this it is suited to the delivery of actions in the context of European territorial cooperation (ETC). The actions to be implemented through ITI shall contribute to the thematic objectives of the relevant priority axes of the participating operational programmes. They can be financed by the European Social Fund (ESF), European Regional Development Fund (ERDF) and Cohesion Fund.

Another new tool is Community-led local development (CLLD), which is based on LEADER approach, operating since 1991, and on its performance in the field of Community rural development. The sites of its utilization are at levels under regions, supplementing with development funds at local level. Its aim is to mobilize and involve local communities and organizations, keeping in mind the objectives of Europe 2020 Strategy (smart, inclusive and sustainable growth). Its key components include local action groups according to the experience of LEADER programmes (they should be made up of representatives of local public and private socio-economic interests in a way that civil society and private sector partners should have at least 50% of the decision-making power and no single interest group should have absolute majority of votes) and local development strategies. The latter aim is to define development needs and potentials of the area as well as to outline the objectives and the action plan of the strategy. Compared with the current programming period it is another novelty that a single methodology for community-led local development will be applicable across all Funds and regions; support from the CSF Funds will be consistent and coordinated and various financial incentives have also been integrated. In the case of operational programmes where an entire priority axis is delivered through CLLD instruments, the maximum co-financing rate from the ERDF / ESF at the level of a priority axis will be increased by 10 percentage points, in the case of EAFRD the maximum co-financing rate CLLD can vary between 80% and 90%, and for the EMFF the maximum co-financing rate is 75%. Community-led local development is optional for the ERDF, the ESF and the EMFF, it compulsory for the EAFRD.

According to the documents available, it can be stated clearly that between 2014 and 2020 result-oriented developments will come to the front. Accordingly, clearly defined indicator structure and parallel with it, the permanent monitoring will be vital for the efficient allocation of EU resources. Local bottom-up organizations which can manage independent development programmes, if necessary, with full or partial decision making competences will be of great significance.

Joint elaboration of possible integrated development models

The partnership professional workshop linked with TERRA project was organized on 30 October 2012. By using the draft rules still under discussion and available EU documents we intended to foster the preparation of participants for the challenges of the EU period 2014-2020.
The participants got acquainted with three fictive area types – rural development area, urban development centre and border area – defined previously within the frame of the workshop. Following the overview of the 11 EU thematic objectives the participants set their own projects and project concepts in a territorial context and then they jointly explored the interfaces between the developments constituting the programme package in view of a specific aspect.

We had earmarked several objectives for the workshop previously. On one hand, by selecting the invitees and participants with great care we intended to strengthen the partnership relations between the Hungarian and Romanian partners. Furthermore, as a first stage of the joint work, we presented the most important findings laid down in the baseline study. Our experts presented the principles of the planning period 2014-2020, the related development objectives and the major aspects linked with integrated developments. During most programmes of the workshop the participants were the main actors. The joint professional work contributed to both raising participants’ awareness of the objectives of the next period and the development of the partnership.

This is not the design of integrated development models – as they were drafted in relation to fictive territorial levels – that is to be mentioned as the major outcome of the work but the fact that the participating experts were able to cooperate in the work as real partners. Taking into consideration that among the participants of the workshop there were experts of cities with county rights and those of towns as well as county regional development experts, non-profit and profit-oriented organizations, and colleagues of other local organizations playing a significant role in terms of development policy were also involved, the joint work is to be considered as a positive outcome of the workshop by all means.
The concept and set of objectives established in the project was reinforced by the workshop. Such kind of activity, as the one performed by the workshop, is needed, since, on one hand, it aims at the assessment of the strengths and weaknesses linked with the present support system with the participation of local partnership actors and on the other hand, it provides the actors concerned with information, partly focusing on the next period and gives them assistance in the preparation, and in addition, it also outlines methodological recommendations concerning the future support system.

Summary

We emphasised at the end of our baseline study that through preparation and implementation of the project “Towards an Effective Regional Resource Allocation” (TERRA) we would make an attempt to collect and systematize the experience gained in Hungary and Romania in the course of the project to be implemented within the framework of territorial development and EU co-financing as well as to make a proposal in a coherent approach on the further improvement of the methodology for earlier regional programmes implemented from EU resources.

In parallel with the Hungarian study, our Romanian partner also prepared their baseline study built on the same topics as ours. This methodological document provides a framework and opportunity to summarize the results of the two studies.

In our baseline study, by following the set of the specific criteria established by us - and relying on the topics of the questionnaire shown in the annex - we intended to analyze the operation of the development institutional network of the two countries and to identify the major problems which may impede the implementation of developments in the course of the whole project cycle. We found through the analysis that in respect of certain topic areas our hypotheses set up earlier proved to be true or in some cases, partly true. We must point out to the fact as a significant finding that in some cases the three topic areas showed considerable differences from each other which will need to be managed by the experts and the institutions in the course of the preparation for the next programming period.

In view of the development trends as well as the economic and social processes of the Hungarian programme area, we can state that it is beyond doubt that our region – including the area represented by our Romanian partner – will need further substantial support to mitigate the existing disadvantages. In 2012 the preparation of the next planning period commenced, whose process is burdened with the difficulties accompanying the transformation of the Hungarian institutional system under changed EU regulations.

Summarizing the experience gained in the work with our partners and participating experts – as well as in line with the concept embedded in EU
regulations - we must emphasise that it is expressly recommended to rely on the local professional competences (as well) in the course of the preparation of operative programmes. It is especially justifiable in the cases of cross-border programmes, where the existing experience may serve as a starting point to the further performance. Concerning the development of complex integrated programmes this aspect needs to be specifically highlighted.

Our baseline study provides a brief summary on the local and territorial experience linked with the territorial resource allocation during the past 6 years as well as on the differences, underlining the subjective difficulties related to the identification of the possible reasons for such differences.

We believe that project generation and project development will be among the key issues during the next multi annual financial period. Our study has presented the earlier Hungarian experience and in view if that we will make a specific proposal in the methodological document to be prepared in the future in which we will highlight the opportunities and difficulties hidden in integrated development programmes. In our related workshop we dealt with the importance of project development in details, emphasising its significance in the aspect of the new methodological approaches being outlined.

In the baseline study we underlined that we intend to strengthen the inland and cross-border partnership to the greatest extent in the course of both preparation and implementation of the developments. The draft regulations clearly express that in relation to the period 2014-2020 the partnership approach will have a new and extended content, and according to the present concepts the requirements – at level of the Member States as well as at lower levels – will be more significant. Concerning the transnational and cross-border developments all these changes especially justify the preparation of partnership plans at the appropriate level.

In the course of the implementation, even during the preparation of the projects sustainability and the issue of indicators will be given much greater emphasis than at present. The developments will need to be implemented in compliance with the criteria of result-orientation and sustainability and by taking into consideration and calculating upon possibilities of an accidentally prolonged economic crisis as well.

2. Summary of the study prepared in Romania

Description of the Romanian side of the programme area (Județul Bihor and Județul Satu Mare)
Location and area

The Romanian programme area of the TERRA project covers an area of 11.962 km². It includes two counties: Județul Bihor and Județul Satu Mare, which are situated in the north-west of Romania, in its Northern-Western Development Region, in the area “Partium” as a historic-geographical unit. Județul Bihor covers an area of 7.544 km², by this size it is the sixth largest administrative unit of Romania, while Județul Satu Mare has an area of 4.418 km², a small size administrative unit (the 36th largest).

Both of them directly border the Hungarian territory of state: Județul Bihor borders Békés County (and together with this the Southern Great Plain Region) and Hajdú-Bihar County (North Great Plain Region), while Județul Satu Mare borders Szabolcs-Szatmár County (and with the Northern Great Plain Region). Județul Bihor furthermore borders Județul Satu Mare, Județul Sălaj, Județul Cluj, Județul Alba and Județul Arad counties. The previous ones are also part of the North-West Development Region (Regiunea de Dezvoltare Nord-Vest - 34.159 km²), while Județul Alba County is part of the Central Development Region (Regiunea de Dezvoltare Centru – 34.100 km²), and Județul Arad is component of the West Development Region (Regiunea de Dezvoltare de Vest – 32.028 km²). Internal neighbours of Județul Satu Mare: Județul Bihor, Județul Sălaj and Județul Maramureș; all of them are part of the North-West Region. Județul Satu Mare furthermore borders a Ukrainian county, entitled Zakarpattija Oblast. The Hungarian-Romanian-Ukrainian triple border is located approximately four kilometres from the town of Bercu situated in Județul Satu Mare.
Natural endowments

The areas of Județul Bihor and Județul Satu Mare constitute north-eastern perimeters of the greater partial basin – entitled the Pannon Basin- of the Carpathian Basin. Both areas gain altitude to the direction of west-east. Only smaller part of Județul Bihor is flat. Typically identical flatland regions continue along both sides of the border, but on the Romanian side they only constitute a narrow strip of land. On the southern and northern sections of the Bihor state border this bordering flatland may reach up to 25 to 35 kilometres width, while in the middle border section (close to Oradea) it narrows down to a width of 8 to 10 kilometres. The flatlands are diversified by lower-lying, flood plains (e.g. Eriu, Sárrét) and by higher terrains. To the east of the higher terrains, hilly landscape can be found with altitudes not exceeding 400 metres. These hilly areas also stretch deep into the spurs of the Apuseni Mountains (Romanian: Munții Apuseni), creating sort of “bays”. On the eastern border region the Vladeasa and Bihor Mountains - the highest areas of the Apuseni Mountains- constitute significant traffic burdens. Both of their height exceeds 1.800 meters. These hills constitute excellent natural endowments due to the mountain tourism development, despite of the negative infrastructural impact.

Județul Satu Mare in terms of the terrain is a lot flatter, mainly constitutes of flatland areas. The extensive wetland area between the Rivers Szamos and Kraszna Flatland end up at the region stretching over the nearly completely drained Ecsed Moor border. The Eriu Valley Flatland is located at the south-western part of the county. In the south and in the east the county is crowned by higher terrains. In the north-eastern part of the county two lower-lying volcanic chain of mountains are located, entitled Avas and Gutin, which cuddle the Avas Basin and which are bordering mountains towards Județul Maramureș and Ukraine.
The topography of Partium

The area has a moderately continental climate. Precipitation in the flatland areas is around 600 to 650 mm. This value increases by the altitude. The highest precipitation values (1400 to 1500 mm) in Romania are measured at Stâna de Vale situated within the Vladeasa Mountains.

The watercourses of the area show very well the east-west direction of the geographical powers. The most significant water courses arrive from the Apuseni Mountains, such as the White, Black and Sebes Körös Rivers, Berettyó River and Kraszna, Egregy, Almás Rivers located in Județul Satu Mare, furthermore River Szamos also gains part of its water flow from the Apuseni Mountains. Certain parts of the rivers crossing Județul Satu Mare gain their water flow from the Eastern Carpathian Mountains: River Szamos (partially), furthermore Rivers Homoród, Tálna and Túr.

Northern section of the Romanian-Hungarian border

The programming area (Județul Bihor and Județul Satu Mare) border section affects the northern 59.1% of the Romanian-Hungarian state border (with a total length of 448 kilometres), namely 265 kilometres. Practically the entire state border is artificial, identical terrains (both in terms of natural endowments and history) continue both sides of the border. The state border skims the external areas of 48 towns, out these towns 8 have direct infrastructural connections with the towns located on the other side of the border. Previously it was considered as a border section difficult to cross, but since the change of the system the number of public road crossings increased to 11 and the number of railway crossings to 5, but after the Schengen border opening several new local roads and maybe two to five railway connections will be established.

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Szilágyi, Ferenc: A Partium közigazgatási földrajza, Debreceni Egyetem, 2007 [Public administration geography of Partium, Debrecen University, 2007]
Affected section of the Romanian-Ukrainian state border

The entire length of the Romanian-Ukrainians state border is 366 km, out of this 250 km touches the North-West Region and only 83.5 km (22.8%) borders the Județul Satu Mare county section. Apart from the Hungarian-Romanian border it is a lot more characteristic, actual defining boundary. Within this border section the only (railway and road) crossing is located at the town of Halmi.

Social geographical description of the programming region

Number of population at the time of the 2002 and 2011 censuses

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bihor</td>
<td>600246</td>
<td>549752</td>
</tr>
<tr>
<td>Bistrița-Năsăud</td>
<td>311657</td>
<td>27761</td>
</tr>
<tr>
<td>Cluj</td>
<td>702755</td>
<td>659370</td>
</tr>
<tr>
<td>Maramureș</td>
<td>510110</td>
<td>461290</td>
</tr>
<tr>
<td>Satu Mare</td>
<td>367281</td>
<td>329079</td>
</tr>
<tr>
<td>Salaj</td>
<td>248015</td>
<td>217895</td>
</tr>
</tbody>
</table>

Source: Anuarul Statistic 2011 INS și RPL 2011

The total population of the two north-western Romanian counties add up to 878.831 people\(^3\), out of this 549.752 people live in Județul Bihor (62.5% of the programming region); whilst 329.079 people (37.5%) live in Județul Satu Mare. This represents 35% of the population of the entire North-West Region (2.495.247 people\(^4\)). The density of the population with respect to the entire territory of the two counties (11.962 km\(^2\)) reaches 73.5 person/km\(^2\); in Județul Bihor 72.8 person/km\(^2\), in Județul Satu Mare 74.5 person/km\(^2\), which values correspond to the regional average (73 person/km\(^2\)).

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As for the structure of the population, the ratio of women in both counties reaches 51.25%, while in Județul Bihor 51.16% and in Județul Satu Mare 51.4%, which show slightly higher values than the regional average (50.8%)\(^5\). The ratio of population living in towns with respect to the programming region is only 46.9%, in the case of Județul Bihor slightly higher at 48.4%, but in the case of Județul Satu Mare it is only around 44.3%. This is slightly lower than the average of the North-West Region (51.7%)\(^6\). With respect to age setup the ratio of young people (under the age of 15) in Bihor is around 15.9%, while in Județul Satu Mare it is around 16.2%. The ratio of adults (ages 15 to 64) in Județul Bihor is around 69.7%, while in Județul Satu Mare around 71.5%. The older generations represent in Județul Bihor 14.4% and in Județul Satu Mare around 12.3%\(^7\).

The expected lifespan at birth is the lowest in Județul Satu Mare at around 70.51 years, while the regional average is around 73 years.

Birth rate in the counties of the region between 2005 and 2010

The Romanian side of the programming region shows a mixed ethnical, language and religious background. The population speaking Romanian as mother tongue within the programming region makes up for 64.8% (in Bihor: 68.6%, in Județul Satu Mare 58.3%, while at regional level their ratio is significantly higher: 76.6%). Hungarians represent the smallest linguistic minority, who make up for 31.4% of the population within the programming region (in Județul Satu Mare: 39.9%, in Județul Bihor 26.3%, at regional level: 19.2%). Other minorities, representing small ratio, are people with Roma, Slovakian (mainly in Județul Bihor) mother tongue, furthermore Germans and Ukrainians (mainly in Județul
Satu Mare\(^8\). Major religions: Romanian orthodox religion represents 54.5\% of the population of the programming region (in Județul Bihor 58.4\%, in Județul Satu Mare 49.2\%), Calvinists represent 17.6\% (in Județul Bihor 17.1\%, Județul Satu Mare 18.4\%), Roman Catholics represent 12.2\% (in Județul Satu Mare 18.2\%, in Județul Bihor 8.7\%), Greek Catholics represent 4.3\% (in Județul Satu Mare 7.6\%, in Județul Bihor 2.3\%), Pentecostalists represent 5.5\% (in Județul Bihor 6.9\%, in Județul Satu Mare 3.1\%), Baptists represent 2.7\% (in Județul Bihor 4\%, in Județul Satu Mare 0.6\%, etc.\(^9\))

Ethical setup in the counties of the North-West Region in 2011

![Graph showing ethnic setup in counties of North-West Region in 2011](image)

Source: Recensământul populației și locuințelor 2011 INS

With respect to public administration: Județul Bihor has four municipalities (Oradea, Salonta, Marghita and Beiuș), six towns (Valea lui Mihai, Săcueni, Alesd, Stei, Vașcău, Nucet), and 429 settlements constituting 90 parishes. In Județul Satu Mare there are two municipalities (Satu Mare and Carei), four towns (Ocolis, Tâșnad, Livada, Ardud), 58 parishes and within this 228 settlements\(^10\). Largest towns are the followings: Oradea (Județul Bihor) – 183.123 residents and Satu Mare\(^*11\) (Județul Sate Mare) – 94.948 residents. Oradea with the neighbouring 11 parishes constitutes the Oradea Metropolis Region with a total area of 753 km\(^2\) and a population of 230.000 people.

**Economic description of the programming region**


\(^10\) [http://www.cij.INSSE.ro/cmscluj/rw/resource/org_adm_terit_t1_reg.htm](http://www.cij.INSSE.ro/cmscluj/rw/resource/org_adm_terit_t1_reg.htm)

\(^11\)* with the attached town(s)
In 2008, prior to the economic crisis the programming region had 426,500 wage-earners (Județul Bihor 275,600, Județul Satu Mare 150,900). One third of them, namely 140,600 people worked in agriculture, 106,400 people worked in various industries. Construction industry employed 25,800 people, trade and commerce employed 53,300 people, catering 6,600 people, transportation and communication industry employed 19,300 people, finance 3,700 people, other services employed 15,400 people, public administration employed 8,700 people, educational jobs amounted to 20,800, health care employed 20,200 people, and 5,700 people pursued other economic activities. The number of unemployed in the two counties in 2008 was 13,396 people; in 2009 this significantly increased and doubled reaching 26,816.

The regional GDP in 2008 was 5,277 EUR. This value is slightly lower within the programming region at 5,129 EUR. Vast difference was experienced with respect to the two counties, as in Județul Bihor 5,685 EUR, while in Județul Satu Mare 4,196 EUR was registered. At an absolute value the GDP of Județul Bihor in 2008 was 13,751,500.000 RON, while that of Județul Satu Mare 6,075,600.000 RON.

With respect to income level the counties of the programming region together with numerous North-Transylvanian counties are among the first within Romania. Based on the income level of 2011 Județul Satu Mare with its 1,108 RON (252 EUR) value came as the seventh lowest, while Județul Bihor with its 1,152 RON (262 EUR) value came as the 11th lowest among the 41 Romanian public administrative units.

Infrastructure

According to the data published by the development agency of the North-West Region, majority of the public road network of the entire region (12,459 km) is located in Județul Bihor (24%), while the share of Județul Satu Mare - with a smaller area - is only 13.2%. In the last decade the growth of the network at regional level was around 5%, but in the counties of the programming region it was only around 1 to 2%. It is also negative, that the two affected counties are still not connected to the motorway network. One section of the North-Transylvanian Motorway is being built in Județul Bihor, between the towns of Bors and Suplacu de Barcău, but until this day unfortunately none of it has been handed over to the public.

<table>
<thead>
<tr>
<th>Road network (km)</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
</table>

Traffic load of the main roads of the North-West Region in 2005

Source: INS Tempo Online

Traffic load of the main roads of the North-West Region in 2005

Source: ADR Nord-Vest, date conform MTI

Railway infrastructure

The length of the network at a regional level reached 1668 kilometres in 2011. Out of this 312 kilometres are electrically powered and 244 kilometres are double railed. The network is denser than the national average in Judetul Bihor and Județul Satu Mare, but with respect to technical levels both counties are weak compared to the national average level. In these two counties there are no railway tracks, which could be electrically powered and the double railing is only established for a few kilometres in Bihor. Oradea is the head-end of major line No. 300, while Satu Mare represents the head-end of the major line No. 400. Oradea is the largest railway junction of the region, while lower-level junction points have also been established in Satu Mare, Carei, Valea lui Mihaián, Săcueni, Salonta and Ciumeghiu.

Railway lines in the North-West Region

Source: ADR Nord-Vest, date conform MTI

Air traffic

With respect to air traffic the region is in a favourable situation. It has four civil airfields: Cluj Napoca, Oradea, Satu Mare and Baia Mare. Out of these four, the first two has obtained the international airport status, but actually only the Cluj Napoca airport manages significant air traffic.
Operating cross-border cooperation in the Bihor and Satu Mare region

We are dealing with the northern part of the border zone, namely the participating Hajdú-Bihar and Szabolcs-Szatmár-Bereg Counties, and Bihor and Satu-Mare Counties. 201 winning tenders were submitted from the area of the four counties, namely that many leading partners hold a registered seat within the region. The ratio of Hungarian leading partners is slightly higher, which is indicated by the below charts at a national and county level breakdown.

Chart 1: National-level distribution of the leading partners. [Blue: Hungarian parties, Red: Romanian parties]

Chart 2: County-level distribution of the leading partners.

The charts indicate a significant backlog in the case of the Romanian part of the Județul Satu Mare to the contrary of the Hungarian part and the Hajdú-Bihar Region, which show a lot more balanced state. The reasons for the above may be
possible attributed to the economical backlog of the county, relative isolation and inactive entrepreneurs.

Chart 6: Value of the tenders submitted alongside the two priority axis (EUR)
Blue: Priority axis 1 - The cooperation area is joint, improvement of the key criteria required for sustainable development
Red: Priority axis 2 - Strengthening of social and economic cohesion in the border region

If we further break down the previous results, as per as intervention areas, we get the following chart:
Cooperating in the areas of labour market, business and community level makes up for nearly fifty percent of the winning tenders (49%), nearly in an even breakdown (16 to 17%). However if we look at the aggregate value, the dominance of transportation development cannot be debated (33%), followed by business cooperation, environmental protection, health care and supporting the averting of danger, also in a very nearly even breakdown (12 to 14%).
Unfortunately in the case of both parties, but mainly in the case of Romania it is
typical that the withdrawal of EU sources shows a low efficiency, which is due to
several things and reasons, but mainly refers to inexperienced tender writers,
bureaucratic difficulties, special characteristics of the Central-Eastern working
culture and negative features of the entrepreneurial culture. Despite of the above
in the next tender period the border actors can enter the competition with a
significant experienced accumulated.

IV. Experience gained during the implementation of the
projects in the period 2007-2013

By now it is obvious that the successful implementation of the European Union
programmes depends besides several objective factors in multiple, non-
foreseeable and non-plannable criteria. An efficient institutional system is
unambiguously a fundamental criteria, however the specific characteristics of the
given member states- area size, public administration related characteristics and
historical endowments- significantly influence the optimum administrative and
institutional frameworks.
The macro-economical environment and statutory framework system similarly
have an impact on resource allocation. The previous one has an impact on the
resource absorption ability of the entrepreneurial sector, while the latter has an
impact usually on the method of resource utilisation, for example tendering
structure, extent of own resources or the previously mentioned institutional
system matters.

In the followings we will summarise in short the resource allocation learning for
the period 2007-2012 and the spatial and temporal utilisation of resources.

1. Experience concerning resource allocation

With respect to resource allocation we wish to present the learning from the
Southern Great Plain Operative Programme and cross-border programs affecting
the counties of the region.

1.1 Temporal evolution of resource allocation

In the followings we have elaborated a short overview of the resource allocation
of the Southern Great Plain Operative Programme for the period starting from
2007 and finishing in November 2012. Due to the exact calculations we have
applied public expenditure based calculations.
The resource framework calculated at an exchange rate of 280 HUF/EUR in the case of the Southern Great Plain Operative Programme was around 246 billion HUF for seven years. The learning of past years shows that the critical mass of resource utilisation – payments - can be detected from 2008, mainly from 2009, namely one or two years prior to launching the program. All of this happened this way, despite of the fact that in 2007, first year of the programming period, already several tenders – disburdenment, cycle route development- appeared.

The above chart includes data calculated based on public expenditure, as the given member states are also entitled to charge to the European Union the own resource ratio of the projects financed from central resources through various sub-systems of the national budget.

The chart shows that during the inspected period the public expenditure of the subsidised projects was around 200 billion HUF, which is 80% of the entire framework. In the case of contracted projects the same value was around 187.59 billion HUF, 76% of the available framework. The total payment amount exceeded half (50.71%) of the operative programme framework.

Currently the institutional system manages the further acceleration of disbursements as an unambiguous priority. The increase of the available advance amounts, furthermore the shortening of internal procedural deadlines at the Cooperating Organisations all serves this purpose. It is also important to note that the submission of disbursement applications in many cases is delayed,
because tenderers are unable to raise the resource ratio required for the subsidy, namely the internal cash flow is inappropriate. The management of this issue cannot be resolved via the tendering system; it fundamentally goes back to unfavourable economic-financial environment.

1.2 Territorial analysis of resource utilisation

With respect to the territorial analysis we have been using data from spring 2012, but the ratio indicated in the tables – looking at the tendency of the last so many years- based on our judgement has not significantly changed in the last year.

The absorption data of the Southern Great Plain Operative Programme resource in a county-level breakdown I.

<table>
<thead>
<tr>
<th></th>
<th>Requested total subsidy (HUF)</th>
<th>Awarded total subsidy (HUF)</th>
<th>Contracted total subsidy (HUF)</th>
<th>Disbursed total subsidy (HUF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bács-Kiskun County</td>
<td>111 631 688 957</td>
<td>55 635 545 156</td>
<td>47 658 421 550</td>
<td>28 316 234 140</td>
</tr>
<tr>
<td>Békés County</td>
<td>84 902 887 384</td>
<td>41 789 362 065</td>
<td>36 694 646 337</td>
<td>23 829 730 714</td>
</tr>
<tr>
<td>Csongrád County</td>
<td>118 576 447 234</td>
<td>73 386 620 684</td>
<td>65 961 928 979</td>
<td>42 510 251 399</td>
</tr>
<tr>
<td></td>
<td>315 111 023 575</td>
<td>170 811 527 905</td>
<td>150 314 996 866</td>
<td>94 656 216 253</td>
</tr>
</tbody>
</table>

Source: NFÜ data, own editing

The above table indicates the major indexes of the period starting from 2007 and finishing at summer 2012 in a county-level breakdown. It can be seen that from the three counties a total subsidy requirement exceeding 300 billion HUF was received related to the tenders issued within the framework of the Southern Great Plain Operative Programme. It can be seen that in the case of Békés County this requirement significantly lags behind the other two counties, and this tendency carries on in relation to the awarded subsidy, contracted amount size and disbursements.

The awarded subsidy in total is over 50% of the total requirements, however within this amount the favourable position of Csongrád County can be clearly revealed.

It can be stated that out of the tenderers of Bács-Kiskun, Békés and Csongrád Counties, the tenderers of Csongrád County done the best at the tenders of the Southern Great Plain Operative Programme. But we could not identify a single and exclusive reason for the above. In the case of the most resource-demanding economy development tenders the under representation (e.g. cluster) of the tenderers from Bács-Kiskun County sticks out, while in other cases we have not detected such learning.
In the case of Békés County on several accessions indications were made – also in relation to economy development tenders- that 50 to 60% subsidy intensity is too low, as the local entrepreneurs are unable to apply for tenders under such conditions.

The absorption data of the Southern Great Plain Operative Programme resource in a county-level breakdown II.

<table>
<thead>
<tr>
<th>Permanent population, 2010 (people)</th>
<th>Requested subsidy (HUF/person)</th>
<th>Awarded subsidy (HUF/person)</th>
<th>Contracted subsidy (HUF/person)</th>
<th>Disbursed subsidy (HUF/person)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bács-Kiskun County</td>
<td>538 456</td>
<td>207 318,13</td>
<td>103 324,22</td>
<td>88 509,41</td>
</tr>
<tr>
<td>Békés County</td>
<td>374 448</td>
<td>226 741,46</td>
<td>111 602,58</td>
<td>97 996,64</td>
</tr>
<tr>
<td>Csongrád County</td>
<td>422 746</td>
<td>280 491,00</td>
<td>173 595,07</td>
<td>156 032,06</td>
</tr>
<tr>
<td>Regional average</td>
<td>235 923,35</td>
<td>127 886,44</td>
<td>112 540,71</td>
<td>70 869,03</td>
</tr>
</tbody>
</table>

Source: NFÜ data, own editing

With the help of the above table we can record population-proportionate subsidy placement indicators. In this case, we are reporting about a controversial sequence compared to the previous ones, as for the second and third place. Bács-Kiskun County, featuring the largest population, significantly lags behind in terms of requested subsidy per person, awarded subsidy, contracted subsidy and disbursements Békés –scoring at the second place-, but also behind the regional average.

The leading position of Csongrád County is unquestionable, as in terms of all four inspected criteria we have recorded data exceeding the regional average. In the case of Békés County we have recorded values matching the regional average in terms of requested subsidy and disbursed subsidy (96% and 90% of the regional average), but also in the case of the other two indicators we have measured 86 to 87%.

In total it can be stated that in relation to the tendering system the enforcement of the regional specifications was only possible to a small extent; the Békés regions with less developed and smaller economic potential show lower resource absorption indicators.

In the followings we are inspecting the Hungarian-Serbian and Hungarian-Romanian cross-border program resource utilisation.

Territorial data of the Hungary-Romania cross-border cooperation program

<table>
<thead>
<tr>
<th>HU-RO CBC</th>
<th>Number of subsidised project (parts)</th>
<th>Awarded amount (HUF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Békéscsaba</td>
<td>16</td>
<td>1 155 498 316</td>
</tr>
</tbody>
</table>
In the frame of the Hungarian-Romanian program within the programming area a total of 10 billion HUF was awarded as a subsidy. Approximately 60% of the amount relates to the projects received from Békés County. The transportation development and environmental protection investments represent the highest subsidy amount, thus the lower number of projects is justified. It is interesting to assess the position of the county seats in terms of the subsidised projects. Only one quarter of the total subsidised projects can be connected with Békéscsaba and its direct region, while Szeged acquired nearly two-third of them. It also plays an important role that in Békés County several towns maintain active relations with Romanian towns, whilst in terms of geographical location Szeged, Mórahalom and Makó have the most favourable locations in the county.

Territorial data of the Hungary-Serbia cross-border cooperation program

<table>
<thead>
<tr>
<th>Békés</th>
<th>2</th>
<th>63 016 649</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gyula</td>
<td>11</td>
<td>1 781 713 419</td>
</tr>
<tr>
<td>Mezőkovácsúhaza</td>
<td>5</td>
<td>1 250 465 602</td>
</tr>
<tr>
<td>Orosháza</td>
<td>3</td>
<td>30 496 973</td>
</tr>
<tr>
<td>Sarkad</td>
<td>16</td>
<td>1 115 450 286</td>
</tr>
<tr>
<td>Szarvas</td>
<td>8</td>
<td>397 859 820</td>
</tr>
<tr>
<td>Szeghalom</td>
<td>4</td>
<td>201 948 827</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>65</td>
<td>5 996 449 892</td>
</tr>
</tbody>
</table>

Csongrád County

<table>
<thead>
<tr>
<th>County</th>
<th>0</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Csongrád</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Hódmezővásárhely</td>
<td>1</td>
<td>17 761 702</td>
</tr>
<tr>
<td>Kistelek</td>
<td>3</td>
<td>101 455 082</td>
</tr>
<tr>
<td>Makó</td>
<td>17</td>
<td>979 743 892</td>
</tr>
<tr>
<td>Mórahalom</td>
<td>13</td>
<td>486 949 019</td>
</tr>
<tr>
<td>Szeged</td>
<td>86</td>
<td>2 872 591 394</td>
</tr>
<tr>
<td>Szentes</td>
<td>9</td>
<td>227 822 440</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>129</td>
<td>4 686 323 529</td>
</tr>
</tbody>
</table>

HU-RO CBC total

| 194 | 10 682 773 421 |

Source: NFÜ data, own editing

**HU-SRB IPA**

<table>
<thead>
<tr>
<th>County</th>
<th>Number of subsidised project (parts)</th>
<th>Awarded amount (HUF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bács-Kiskun County</td>
<td>Baja</td>
<td>11 723 239 282</td>
</tr>
<tr>
<td></td>
<td>Bácsalmás</td>
<td>1 37 718 240</td>
</tr>
<tr>
<td></td>
<td>Jánoshalma</td>
<td>1 5 843 040</td>
</tr>
<tr>
<td></td>
<td>Kalocsa</td>
<td>1 5 697 720</td>
</tr>
<tr>
<td></td>
<td>Kecskemét</td>
<td>21 412 739 079</td>
</tr>
<tr>
<td></td>
<td>Kiskőrös</td>
<td>0 0</td>
</tr>
</tbody>
</table>
If we assess the resource utilisation in a Hungarian-Serbian relation, it can be stated that the tenderers of Csongrád County received nearly three-quarter of the awarded subsidies, and with respect to the number of projects subject to subsidy the ratio is very similar. Also in the case of the subsidised projects within the county, and also in total the advantage of Szeged is significant, as 105 subsidised projects amount to a total awarded subsidy of 2.8 billion HUF. In the case of the winning projects we have to emphasize the role of the University of Szeged, and governmental organisation suitable for tendering, such as ATIKÖVIZIG.

Kecskemét acquired nearly half of the 40 subsidised projects in Bács-Kiskun County; however the county only managed to acquire third of the awarded subsidised amount.

The international projects meant typically supplementary subsidy resources for the parties accomplishing tenders on the Hungarian side of the programming area. The results of strengthening the cross-border business relations and foundation of the joint regional identity will show its results in the long term. All of these developments however serve as a good basis for the complex regional programs to be accomplished within the development period of 2014-2020, for example in the form of European regional groupings, enabling the application of the practical learning during the programming, planning and implementation phases.

In the followings we will shortly introduce the highest volume complex regional programme implemented in the Southern Great Plain Region between 2007 and 2013, a development program supporting the inclusion of the most disadvantaged micro-regions subject to a complex program.
1.3 Resource utilisation learning of integrated programmes (Most Disadvantaged Micro-Regions Programme)

In the national-level development policy documents regional inclusion, improvement of regional competitiveness and improvement of the living conditions of the residents appear as featured goals. Based on the content of the Southern Great Plain Operative Programme the comprehensive goal of the Southern Great Plain region is to ensure sustainable development, expand employment, furthermore to even out regional differences. As a specific goal it was also recorded to improve the stratigraphical and environmental conditions, which define the living conditions of the residents, in order to strengthen the cohesion of the region.

The improvement made in the area of the achievement of the above goals, the evaluation of the related figures and indicators accordingly are taken into consideration with similar weight during the definition of the successfulness of the Southern Great Plain Operative Programme and related indicators.

During the period 2007-2013 within the framework of the Most Disadvantaged Micro-Regions complex inclusion program the planned resource for the Southern Great Plain region was 9 billion HUF. The planned resource broken down to priorities for regional economy development was 2 billion and 700 million HUF, for the development of infrastructure development 2 billion and 600 million HUF was allocated, while for the development of HR infrastructure 2 billion and 900 million HUF, whilst in the case of regional development promotions it amounted to 800 million HUF.

The planned resource for the Most Disadvantaged Micro-Regions has already been made fully available in the period 2007-2010, namely in the value of 9 billion HUF, with unchanged distribution among the priorities.

During 2011 the strategic planners of DARFÜ Nonprofit Kft. elaborated a professional analytical study by processing the data of the year 2010 and 2011 about the resource absorption ability of the most disadvantaged micro-regions subject to be supported in the frame of a complex programme.17

Distribution of the Southern Great Plain Operative Programme’s KLH framework by priority axles

<table>
<thead>
<tr>
<th>Name of the priority axle</th>
<th>Allocated resource (million HUF)</th>
<th>Distribution (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Regional economy development</td>
<td>2 700</td>
<td>30,0</td>
</tr>
<tr>
<td>3. Transportation infrastructure development</td>
<td>2 600</td>
<td>28,88</td>
</tr>
<tr>
<td>4. HR infrastructure development</td>
<td>2 900</td>
<td>32,22</td>
</tr>
<tr>
<td>5. Regional development promotions</td>
<td>800</td>
<td>8,88</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9 000</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

According to our above table it can be stated that the resource framework did not have any impact on tourism, however the resources were allocated among the remaining 4 priorities in a similar ratio, in terms of its order of magnitude.

Distribution of the Southern Great Plain Operative Programme’s KLH framework by micro-regions

<table>
<thead>
<tr>
<th>Name of the micro-region</th>
<th>Allocated resource (million HUF)</th>
<th>Distribution (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bácsalmás micro-region</td>
<td>1 315,050</td>
<td>14.61</td>
</tr>
<tr>
<td>Jánoshalma micro-region</td>
<td>1 044,66</td>
<td>16.05</td>
</tr>
<tr>
<td>Kistelek micro-region</td>
<td>1 271,075</td>
<td>14.12</td>
</tr>
<tr>
<td>Mezőkovácsháza micro-region</td>
<td>2 826,150</td>
<td>31.4</td>
</tr>
<tr>
<td>Sarkad micro-region</td>
<td>1 883,750</td>
<td>20.93</td>
</tr>
<tr>
<td>Residue</td>
<td>259 315</td>
<td>2.88</td>
</tr>
<tr>
<td>Total</td>
<td>9 000</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Tapasztó, Dénes – Tóth, Róbert: Development experience from the most disadvantaged micro-regions of the Southern Great Plain region between 2007 and 2010

The above table shows the preliminary distribution of available resources among the given micro-regions. These are namely amounts in relation which the tenderers of the micro-region did not have to compete with other tenderers to win the subsidies. In the case of priorities with a separated KLH resource framework we have investigated the number of tenders submitted, their subsidy requirement and/or how many projects were subsidised with what kind of subsidy amounts. We have also analysed the data related to contracted tenders.

The results of previous analyses referring to the financial- and professional advancement of the Operative Programme clearly showed that regional headquarters show a lot better absorption ability compared to other towns/settlements of the region. Therefore it was important for us to investigate separately the data referring to the entire micro-region and to the regional headquarters.

In the most disadvantaged micro-regions of the Southern Great Plain region significant developments were carried out and not only to the expense of the Southern Great Plain Operative Programme Most Disadvantaged Micro-Regions. In the micro-regions using the resources of the so-called sectoral operative programmes significant investments were made.

The authors of this material in June 2011 in the frame of an analytical study investigated the resource absorption ability of micro-regions to be supported in the frame of a complex programme. The authors besides the analysis of statistical and traditional tender resource data also recorded the opinion of local participants in the document in a questionnaire format.

One of the key comments received from the local participants referred to a generally negative learning from the tendering period of 2007-2013. This
comment highlighted resource allocation, which was lacking a major concept. The LHH programme made a few attempts with respect to the above, achieving more of less success. From the scope of tenders competing within the tendering system and representing professionally rather different levels, not always the most justified – in terms of objective reality- developments came out as winners and won the subsidies required for implementation.

In the reflection of all the above it is useful to overview the most important development ideas, receiving priority at local level within the given most disadvantaged micro-regions, and the opportunities available for their accomplishment. As a first step it is recommended – in order to establish a local partnership- to organise a workshop series, whereby the planned local development opportunities can be assessed in terms of the given micro-regions.

Unfortunately the inclusion of the most disadvantaged micro-regions is not considered as a success story. The unfavourable demographic and economic processes cannot be stopped; the negative processes fail to slow down. The migration of the wage-earner population, aging population and outstanding unemployment further hits these peripheral areas.

The establishment of an appropriate partnership structure, local level preparation of programming and its earliest commencement are of crucial importance in order to ensure that from 2014 projects are available, which can be subsidised and managed in a sustainable manner.

2. Sustainability of projects and enhancement of the programmes performance

The sustainability of projects represents issues in several developing countries. Sustainability often causes issues in the case of projects implemented with larger budgets. Financing organisations, such as the World Bank or the Asian Development Bank expressed their concerns on multiple occasions in relation to this matter.

But what does sustainability actually mean, how can this concept be defined? Sustainability refers to a project ability, which enables the projects to ensure its operation and the services provided by the project also in its future lifespan.

In relation to project implementation – see PCM approach – the investigation of the matter of sustainability and its enforcement is a fundamental requirement, already during the phase of planning-preparation. As the sustainment of the project results for a stipulated period of time is the fundamental criteria of EU subsidy application, the European Union regulates the matter of sustainability at a regulation level.
Council Regulation (EC) No. 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund as a horizontal principle of subsidies (Article 17.) defines the assurance of sustainable development. “ The objectives of the Funds shall be pursued in the framework of sustainable development and the Community promotion of the goal of protecting and improving the environment as set out in Article 6 of the Treaty.”

During the utilisation of the subsidy resources we need to comply with the horizontal principle, even if it is not included directly among the goals of the subsidy. Tenderer, based on this shall pay special attention to ensure the contribution for sustainable development, independently from the fact that it appears among the objectives of the tender or not!

During the inspection of the long-term sustainability of a project it is necessary to ensure in relation to the planned investment (service) that the project is able to operate/function also after the expiration of its lifespan. Therefore tenderer shall issue a declaration stating that the operational costs are provided in the long term, furthermore that the investment complies with all respective stipulations of the EU and the investment has no negative impact on the environment. Already in the planning phase we need to consider what will happen to the project when the planned maturity period expires.

Unfortunately during the development period of 2007-2013 several such development programmes took place, whereby not sustainability, but long-term operability was very uncertain. During the preparation of the Southern Great Plain bath complex projects very often actual market need has been ignored, furthermore the market analysis often fails to include a detailed competitor survey.

With respect to the sustainability question it is important to investigate several criteria and factors. In terms of the efficiency of development programmes the improvement of resource absorption ability, and the achievement of the defined project results- and accordingly the achievement and delivery of indicator target values are considered as featured criteria. All these during the planning and programming send us a message about the necessity of setting realistic goals. During the preparation of complex and integrated programs we have to tribute special attention to the issue of sustainability, as the results of programme-level associated projects in many cases cannot be operated on their own, but only together in a sustainable manner (for example an industrial park and a road section leading to the industrial park, or an education development programme and the infrastructure housing the above).

During complex programming another criteria is to involve and mobilise a versatile scope of partners, in certain cases including parties having counter-
interest with respect to certain developments, already at the beginning of the process. The mediation of conflicts generated in such manner may result in a lengthy procedure, which may impose significant impediment to the time-consuming preparation of developments.

In order to improve the efficiency of the development program it is fundamental that already at the time of the launch appropriately prepared projects and project packages are made available. During the preparation of this development period already from 2004-2005 structured project generation took place, and in this process also local participants (county-level local governments and micro-region associations) were involved. Currently the county-level local governments are the key participants of regional development; program generation at local level is within their competency. However during this activity it is definitely worse to revise and evaluate the learning obtained during the preparation and implementation of previous developments, in a way that the participants of the economic-civil sphere are also involved.

3. Strengths and weaknesses of the indicator system

Indicators both at programme and project level are designed to measure and show the extent of the achievement of the set goals. The appropriate establishment of indicators is a rather complex task; it requires conscious planning. In the period between 2007 and 2013 the indicator system used in Hungary is however logically appropriate, but during the implementation of the programmes several questions and issue arose in relation to the indicator system. The issues can be broken down into two groups:

- issues relating to the preliminary defined scope of indicators and
- issues relating to the target values preliminary defined as programme expectations.

To start with it is worth to overview the reasons, which lead to the fact that the preliminary and consciously designed indicator system still fails to function at an appropriate level:

- Change of the external economic-social environment: significant economic and social changes may have fundamental impact on the achievability of goals set forth by the programmes. The subsidy period of 2007-2013 is an excellent example for this as the global financial crisis starting at the end of 2008 significantly overwrote the expectations designed in the optimistic economic mood of 2005-2006. The economic growth and reduction of unemployment – looking at the near-bankruptcy situation of several EU
member states – could only be enforced temporarily and in economically stronger countries. However the renewed Lisbon strategy – to which also the member state programmes refer – focus on two major tasks: implementation of a stronger and more permanent growth, furthermore creation of more and better quality jobs. As the goals were fundamentally tailored to these expectations, the indicators were also adapted to these goals.

- The definition of the scope of indicators was not appropriate: project-level indicators relate to the indicators set forth by the programme, or in a direct (mainly output), or indirect manner (typically result and impact indicators). Obviously it is impossible to indicate all relevant indicators to be delivered in the frame of the projects, but the most important ones have to be logically displayed. According to our experience the member states amended the programme-level indicators on several occasions; it was also required to make changes in the case of the Southern Great Plain Operative Programme. The reason of the amendment was fundamentally due to two things: the preliminary recorded target value of certain indicators was incorrectly estimated, and the scope of indicators has been extended.

- The establishment of indicator target values and preliminary estimation was inaccurate: inaccuracy on its own should not be an issue, as the accomplishment of target values is influenced by several circumstances. Certain parts of the defects derive from the underestimation of target value data, while the other part derives from over estimation. The preliminary indication of target values is a complex and difficult task, therefore the monitoring of indicators at project level and the summary of results is a featured task for the cooperating organisations managing the programmes.

- The definition of indicators by type fails to comply with the measurement intention: the scope of indicators associated with the goals at program level according to the most general classification may be output, result and impact indicator. It is very important that appropriate level (result and impact) indicators are associated with the goals, and some of these probably will define medium-term expectations, however it is also important that indicators are designated for the direct outputs of the projects. If within one programme only the impact and result indicators are displayed, and/or only these represent significant majority, this indicator system will not be suitable to measure the results of the interim period of accomplishment. In the case of result indicators there will be detectable changes even 2 years after project closure, while in the case of impact indicators even after a longer period.

Namely in the case of indicator structures to be established during the programming period we need to take into consideration the scope of indicators,
which can be appropriately used at programme and project level and the indicator system needs to be established in a way that the results of developments related to the programme detected within a shorter or longer period can be both channelled in.

During the establishment of project-level indicators several problems may arise, which may occur during the daily practice. In the followings we wish to outline a few of these. The management of these under appropriate care can be managed; however they can also be prevented via conscious planning.

- inappropriate definition-level of the indicators: only well-described indicators supplied with a measurement methodology may mean appropriate basis for the measurement of the program results; this is also inevitable for the beneficiaries to unambiguously interpret the given indicators, and thus the values can be cumulated; if interpretation issues are arising in relation to an indicator, it is necessary to review, check and if required amend the definitions;
- it is important to handle the volume of the value related to the base value: several issues may arise due to the fact that in the case of a base value associated with a specific indicator no compulsory „0” value is defined; naturally not in the case of all indicators shall the base be „0”, however in the case this is the basis of the calculation, it shall be highlighted;
- the unit of measures shall also be appropriately defined and uniform; a change can be measured at absolute value and in terms of percentage in a given case; values appearing at project level can only be cumulated if their units of measures are appropriately managed; it can also result in significant differences if the units of measures in relation to the projects are not handled in a uniform manner in their professional reports (e.g. usage of meters instead of kilometres or instead of m² hectare is used);
- continuous monitoring is the responsibility of the cooperating organisation managing the projects; periodical summaries and inspections may bring the defects and issues to the surface.

The question of indicators will be even more significant in relation to the period 2014-2020 than in relation to the period 2007-2013. As sanctions are getting tighter, already during the preparation of the programmes more and more attention required for the designation of indicators. Chapter V/6 of our study wishes to provide the readers with a basis for the designing of indicator systems.

4. Cross-border effects of the programmes

Conscious planning of the cross-border impacts of the programmes and projects may significantly contribute to the increasing of efficiency and to the optimising
of resource utilisation. It is especially true in the case of areas, which are located directly next to each other, but within the territory of two different countries. Joint or at least coordinated planning may result in several advantages. We would like to focus on a few of these advantages:

- complementarities: certain improvements may complement each other in a way, that for example a service package to be established as part of a development is based on a service to be provided on the other side of the border; this may typically appear in the area of tourism; lined infrastructure developments, nature protection or environmental protection investments may also complement each other;
- establishment of sister town relations: cooperation may contribute to the establishment of even tighter contact systems between towns/settlements, to the establishment of more acceptor and inclusive societies, and to getting to know the cultural, artistic and other values;
- cooperation in the area of research: dissemination and mutual acknowledgement of educational, higher educational and research results may also strengthen the acceptance of the neighbouring country and its residents;
- quality improvement of the system of relations between countries: as a result of the above the quality of the contact system existing between the countries may also improve at national level; mutual acceptance defined at political level may also strengthen the volume and quality of cooperation;
- existing, but non-active human (relative and friends) relations: cooperation and continuous opening may also appear at the level of direct human relations, mutual trust may contribute to the rejuvenation of human relations and to establish new ones with respect to the people living on both sides of the border.

After the period of 2007-2013 also in the new programming period the cross-border cooperation will get special attention. While currently it is possible to mainly accomplish local, spot developments, in the new period we need to base our strategy on complex cooperation. Therefore it is crucial that during the planning of such programs the local interest comes to the surface at appropriate level, furthermore it is also important that already prior to the opening of the resources the cooperation commences, which lead to the establishment of proper level cooperation projects.

Chapter V.8. is dealing with the methodological recommendations related to cross-border developments.

5. Institutions related to the use of EU resources
In the belows we would like to focus on the major elements of the institutional system fundamentally defining the utilisation of European Union funds. In Hungary the National Development Agency controls and manages the coordination of resource utilisation and the programming-implementation procedure. The Agency was established by the Government decree No. 130/2006. (VI. 15.) on the National Development Agency, as the legal successor of the National Development Authority.

According to the justification the Agency was established in order to deliver long- and medium-term development and planning tasks, to elaborate plans required for the utilisation of the subsidies offered by the European Union, to prepare the operative programmes and to establish the institutional system required for the utilisation of the received funds. The administrative authorities established within the Agency organise the execution of the operative programmes and inspect the utilisation of the received EU and national budgetary funds. Furthermore the Cooperating Organisations (CO) are also important participants, who enter into a contract – called the SLA contract- with the National Development Agency and they deliver operative management tasks. The inspection of the implementation results of the programme is the task of the monitoring committees. In the followings we would like to introduce in more detail these organisational participants. This shall be followed by the short description of the programme implementation institutional system – as accepted in accordance with the actual plans- in the European Union development period of 2014-2020.

Before these let’s review in short the scope of tasks of the so-called Paying Authority has in relation to programme implementation.

**Paying Authority**

With respect to the Structural Funds the Ministry of Finance has been appointed as a Paying Authority, and in virtue of this appointment it is responsible for compiling and submitting the withdrawal applications, furthermore to receive the payments from the European Commission. Furthermore the followings fall under the scope of the Payment Authority:

- submission of the cost-estimates to the Commission each year, latest by 30th April,
- management of the payments taking place to the account of the Funds,
- compiling the certified withdrawal applications and submission of them to the Commission based on the actual expenditures arising on the side of the final beneficiaries,
- ensuring that the final beneficiary receives the EU subsidy as soon as possible,
- reimbursement of financial corrections to be applied due to the revelation of administrative errors, due to events and irregularities arising during the management of programmes, towards the Funds; elaboration of the declaration referring to refund and submission of this declaration to the Commission.

Operative Programme Managing Authorities

Managing Authorities ensure the efficient and appropriate control and implementation of the Operative Programmes; during the delivery of this task they need to ensure that the implementation is in line with the respective domestic policies and in relation to the given development area they ensure higher -economic- profit. The Managing Authorities in cooperation with the ministries and other partners shall ensure the followings:

- elaboration of the Operative Programmes and programme-supplementary documents,
- operation of the Operative Programme Monitoring Committee, including the delivery of the required logistics and trade-related activities,
- implementation of programmes in compliance with the needs of the sector based on the guidance, opinion of the respective Monitoring Committee, the stipulations of the Operative Programme and in compliance with the European Union regulations and in line with the domestic policies,
- delivering the indicators - output, result and impact – set forth by the Operative Programme, and/or if possible exceeding them, in the frame of the uniform monitoring IT system regular data provision referring to the implementation,
- elaboration of the annual execution report and submission to the European Commission after the approval of the Monitoring Committee,
- establishment of Operative Programme level regulators, procedural policies, directives and setting up the control methods and monitoring of its application,
- preparation of the cooperating organisations participating at the implementation of the Operative Programme; monitoring of their performance and operation,
- delivering Operative Programme level information and public promotional tasks; furthermore delivering evaluation tasks.

Cooperating Organisations (CO)

While the Managing Authorities keep the strategic functions (e.g. monitoring, financial management, evaluation) in relation to the operation of the Operative
Programmes, so-called cooperating organisations will be appointed to deliver several tasks arising during the daily operation. Accordingly the role of the given cooperating organisations will be defined by the tasks delegated by the Managing Authority. The scope of these tasks may be different by each Operative Programmes. In general it can be stated that the cooperating organisations deliver the following tasks, mainly related to tender management:

- receipt of tenders, inspection in terms of format and content, evaluation,
- operating an evaluation committee,
- entering into subsidy contracts; if required amendment of the above, monitoring the content set forth by the contract (project implementation),
- inspection of the received reports and related invoices, payment authorisation and
- providing up-to-date and realistic statistical and financial information in the frame of a uniform monitoring IT system, elaboration of regular and ad-hoc reports to the Managing Authority.

Operative Programme Monitoring Committee

Every single Operative Programme in charge of the implementation of the Structural Funds has a separate Monitoring Committee, which is the highest level coordination and strategic decision-maker organ of the Operative Programme. The scope of tasks and reliability of the Monitoring Committee is summarised as follows:

- approval of the programme-supplementary document, if required amendment of the above, including physical and financial indicators referring to the monitoring of the subsidy,
- defining the selection criteria for the activities subject to subsidies within the framework of the given measures, six months within the acceptance of the Operative Programme,
- regular inspection of the improvement achieved during the implementation of the objectives of the subsidy, review of the results of the implementation, with special respect to the achievement of goals set forth in relation to the given measures,
- analysis and approval of the annual and final feasibility reports elaborated by the Managing Authority prior to the submission to the European Commission,
- submitting recommendations referring to changes to be made to resource utilisation or supervision towards the Managing Authority, which may foster the achievement of the goals set forth by the Structural Funds and/or improve the management of subsidies, including the delivery of financial management tasks.
During the period 2014-2020 due to the implementation of integrated and complex programmes as an option new participants may also appear in the institutional system. While the above organisations and bodies will mainly operate within the administrative institutional system, the local – for example county or town level – governments may be appointed with cooperating organisational functions in the areas of integrated regional investments and local programs organised and managed by the community. This way besides the enforcement of the principle of subsidiarity, the efficiency of resource utilisation can be ensured providing more balanced resource absorption in terms of the different areas.

The recommendations referring to the institutional system for the development period 2014-2020 are being currently outlined. In virtue of the Government decree No. 1600/2012 the Managing Authorities designated to the certain programmes will be designated to the ministry responsible for planning the given operative programme. Accordingly the structure of the managing authorities shall be as follows:

<table>
<thead>
<tr>
<th>Operative Programme (indicative description)</th>
<th>Placement of the Managing Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economy Development and Innovation Operative Programme (EDOP)</td>
<td>Ministry for National Economy</td>
</tr>
<tr>
<td>Competitive Central-Hungary Operative Programme</td>
<td>Ministry for National Economy</td>
</tr>
<tr>
<td>Regional Development Operative Programme (RDOP)</td>
<td>Ministry for National Economy</td>
</tr>
<tr>
<td>Intelligent Transportation Development Operative Programme (ITDOP)</td>
<td>Ministry of National Development</td>
</tr>
<tr>
<td>Environmental and Energetic Efficiency Operative Programme (EEEOP)</td>
<td>Ministry of National Development</td>
</tr>
<tr>
<td>Human Resource Development Operative Programme (HRDOP)</td>
<td>Ministry of Human Resources</td>
</tr>
<tr>
<td>„Rural development, fishery” OP</td>
<td>Prime Minister’s Office</td>
</tr>
<tr>
<td>Coordination Operative Programme (COP)</td>
<td>Ministry of Rural Development</td>
</tr>
</tbody>
</table>

Source: Annex to the Government decree No. 1600/2012 (XII.17.)

It can be seen that the Ministry for National Economy besides the Economy Development Operative Programme will also be responsible for the management of another two regional operative programmes, while the Ministry of National Development will be responsible for two operative programmes. The Ministry of Human resources, the Prime Minister’s Office and the Ministry of Rural Development will host managing authorities responsible for one-one operative programme.
V. New methodological approaches in respect of the period 2014-2020

Territorial inclusion and the strengthening of territorial cohesion is still highlighted priority of the European Union. In all three counties of the Southern Great Plain Region there are most disadvantaged micro-regions to be found, which are subject to support in the frame of complex programmes, thus these goals within our region are considered relevant.

During the period of 2014-2020 compared to the preliminary calculated amount an additional amount of nearly 1.5 billion EUR will be made available for the accomplishment of the planned development within the Hungarian convergence regions. Compared to previous learning, a completely new system of ways and means and legal institutional framework will define the method of programme preparation and implementation.

1. Advantages of multi-fund programme financing

Between 2014 and 2020 the member states will have the opportunity to combine the ERDF, ESF and Cohesion Fund in the frame of a so-called multi-fund programme system in order to improve local reconciliation and to accomplish integrated development.

New criteria were implemented in order to ensure that the EU financing efficiently contributes to the accomplishment of the objectives set forth by the Europe 2020 strategy. Certain criteria need to be met prior to the completion of the payments from the Funds, for example appropriate operation of public procurement systems.

It is also an important element, that during the planning of integrated programs the potential beneficiaries are aware of the opportunities offered by multi-fund financing. They can prepare their developments and projects in a way that the activities carried out in the frame of them can be both financed from the Structural Funds and Cohesion Fund. All of these are especially true for community-led local developments (CLLD), whereby out of the multiple financing funds a leader fund has to be named, through which the accounting of the programme takes place in the future.

The measures to be accomplished by the ITI also must contribute to the thematic objectives of the priority axis of the participating operative programme(s), furthermore to the development objectives of the territorial strategy.

They can be financed via the European Regional Development Fund (ERDF), the European Social Fund (ESF) and via the Cohesion Fund, but it is not compulsory to use all of the funds in the case of a given ITI. It is however recommended to
use the ERDF and ESF jointly for the ITIs, as in the case of integrated approach the non-physical investments shall be joined with investments to physical infrastructures. This is especially true in the case of sustainable town planning.

The implementation of integrated programmes – such as ITI and CLLD – this way can be planned for a longer term; by designing a complex programme including multiple action plan periods it can be avoided that the certain projects are implemented in a tender structure, which includes multiple operative programmes independently from each other and this way the entire system becomes very difficult to plan.

It is important to highlight, that during the management of programmes in the frame of multi fund financing the beneficiaries obtain such professional- organisational experience, which can be utilised during the operation of project results and further development. This way even the participation at the JESSICA programme can also be a realistic option. JESSICA – a Joint European Support for Sustainable Investment in City Areas – is an initiative established by the European Commission in cooperation with the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB). The initiative supports sustainable town planning and rehabilitation through financial planning mechanisms.

Financial planning tools, similar to JESSICA usually offer refundable subsidies from the structural funds for investments, which are expected to return the investment and thus the investors get their money refunded. This means a more sustainable alternative to traditional supports offered in a non-refundable structure.
2. Strengthening of the approach focusing on the spatial integration

2.1 Spatial integration – why is it necessary

In 2013 Hungary will participate at the management of the second European Union development-planning period. The learning and understanding of the EU development policy and special methodology referring to the acquirements of the resources takes years, despite of the fact that Hungary prior to the 2004 EU accession received support from the pre-accession funds and during these programmes our tenderers gained extensive experience with respect to learning about strategic approach and project-level way of thinking.

However the early EU programmes introduced to Hungary also contained unambiguous regional aspects and relevancies, in total it can stated that the regional approach, especially the deeper appearance of regional integration until this date appears very rarely in our development policies. Even though at the end of the 1990s regions were established, but the application of this spatial unit could not be engrossed by the public awareness, furthermore the year 2011 brought significant changes in this area: the venues of regional planning became the counties based on the adapted territorial development act, and as a result regions became practically irrelevant. At the end of 2011 regional councils were abolished and the plan, which was aimed at having an impact on the local governing structure of regions, was also lost.

However the regional differences detected within the country require that the certain regions take the necessary steps in order to enforce their own interest. We have to note that regional integration is present also in the Hungarian practice – its application is not engrossed though. During the past years several attempts were taken to establish integrated programmes, but most of the over-complicated development ideas failed until this day. The so-called pole programmes are a good example, which could have been the most significant developments of the given regions. Before 2007 all Hungarian regions allocated significant preparation resources for the elaboration of their own pole programmes, but these programmes at the end could not be implemented in the format originally designed. Accordingly they could not receive featured and allocated resources, thus it was only possible to implement certain program elements, mainly via financing of tenders submitted to various operative programmes.

One of the actually implemented version of integrated programs appeared in the area of town planning. Within the topic of town planning the function extending social town rehabilitation tools planned and managed at action area level
investigate the complex issues of a given urban area and offer development opportunities through integrated programmes.

We have mentioned it on multiple occasions that during the EU 2014-2020 period the relevant planned regulations promote the introduction and application of new development tools based on regional integration. At the beginning of 2013 in terms of methodology the criteria related to the application of the method is not yet clear. Even though the knowledge is not complete, but the fundamental advantages – non-exclusive list- are worth to be mentioned:

- Regional and thematic coordination: due to the regional coordination within a given area it becomes possible to mutually get to know the planned developments, and as a result of the above the efficiency of resource utilisation may increase; which can be complemented by thematic coordination within the given development area (e.g. economy development, development of small- and medium-sized enterprises) for the comparison of the planned developments.
- Developments strengthen each other: coordination may unambiguously contribute to the fact, that such developments are planned which are able to operate in a complementary manner, furthermore in certain cases they may even closely be built on each other.
- Parallelism is reduced alongside the number of developments confronting each other: one of the highlighted negative experience – and at the same time one of the major contradictions of the traditional, tendering system – is that within the currently operating system very often such developments appear, which focus within a given topic to a very narrow topic. It is important to note that such investments are not supported by the market processes, furthermore they filter them, but they often appear in the subsidy system. The sustainability of these developments is strongly questionable.

Besides the advantages we also have to emphasize the most important difficulty too: extensive and operating partnerships are crucial elements of the integrated programs, and they shall follow the given programme through all phases of preparation, implementation, maintenance and operation. However the operation of the partnership requires significant expertise and time effort, which requires daily cooperation of several participants. It is also worth referring to the finding stated by our questionnaire-based survey, which highlights the consortium-based cooperation as one of the biggest impediments of project implementation.
2.2 Definition of territorial integration, principles and types

Integration is a Latin word; it refers to the insertion of small parts into a larger unit. The content applied frequently in the development policy is very similar to the original meaning: joint application of developments closely related to each other, interpreted within a given regional level. The expression itself is used by several areas; it has been used in the area of territorial development for about 20 to 30 years.

In the planning related to territorial development the fundamental characteristics reflecting this approach can be listed as follows:

- The integrated approach always includes the detailed mapping of social, economic and environmental amenities, searching the correlation between the given features, thinking long-term, mapping of development tendencies and setting up forecasts.
- Coordination of development interests and needs, balancing partnership relations: finding the mutual interest of the participants of the given region is vital in order to ensure long-term development of the area. Appropriate management and enforcement of partnership, a kind of balancing development policy approach is required, which is able to represent actual and sustainable development.

In terms of the types of territorial integration there are two fundamental forms in place:

Bottom-up

- Needs of various participants of a given region: a principle to be applied in development policy, which is based on the cooperation of various territorial levels (region, county, micro-regions/districts, settlements) and its participants. The cooperation shall also include sectoral participants.
- Participants: territorial and urban local governments, public administrative organisations and public service bodies.

In this case the emphasis is on local initiatives: joint initiative coming from the bottom is the driving engine and cumulative power of the coordination of development ideas. With respect to the implementation of territorial integration in such way, during the planning phase the given area’s location is crucial, which is described appropriately by the related economic and other characteristics and the local answers given to these questions.

Top-down
• Integration of the given sectors and development programme topics: in order to ensure the development of the given territory, various sectoral and thematic contents are integrated, namely the top to bottom development opportunities (interventions) are tailored according to the territorial requirements.

• Participants: central or regional-sectoral administrative bodies or public organs

The fundamental difference is that the direction of local developments is not defined by local-level initiatives, but development directions defined centrally. Thus the enforcement of development goals, defined by the given policies, takes place in the case of the given region in the frame of a defined intervention package.

Presence of the integrated approach in planning and implementation

• Situation assessment: analysis of social, economic and environmental resources and issues, in a concentrated and focused manner

• Multi-aspect analysis: revelation of the background and correlations of a given issue

• Analysis of the scope and interest of the affected parties: revelation of the mutual interests and reconciliation of counter-interests, and their filtering

• Definition of the goals based on an integrated approach: when we define the goals we are not looking for the answer for resolving a specific issue, but we are dealing with the aggregate issues of a given region.

• The participant responsible for the execution of the integrated development coordinates multiple developments executed by other regional participants (project package or programme)

• In order to achieve certain goals the integration of a development, having an impact on multiple sectors, may also be necessary

• Continuous feedbacks and evaluations are essential, furthermore continuous communication with the local participants and other participants of the planning.

Issues and risks related to regional integration

• Multi-participant story – the establishment of partnerships is crucial. Syndicated implementation – according to the current experience- is one of the practices, which is very difficult to accommodate. By now the organisations (institutions, companies) both in Hungary and in Romania were able to learn the project approach, which is required for the accomplishment of a traditional, single-participant project. The situation looks different in the case of projects with multiple beneficiaries. The
sharing of task, responsibility and resources, the complexity of the project
and the featured responsibility of the tenderer create a situation, which
shall be managed by a completely new management and project
approach.

- In terms of both preparation and implementation it is rather time-
  consuming. The so-far established project implementation duration was 12
to 24 months, in certain rare cases 36 months. The accomplishment of
integrated programmes in order to ensure the regional integration requires
continuous planning, implementation and rolling financial implementation;
while the duration of the programmes may be the entire programme
duration.

- Complex and complicated verification and monitoring. The complexity of
the program requires continuous feedbacks. Programmes made of multiple
project elements and activities need to have several indicators, which are
suitable for reflecting the outputs, results and impacts. The ever-
tightening criteria, which are related to the delivery of indicators in
relation to the period 2014-2020, give enough reason to carefully design
and set up the complex programme monitoring systems. However,
integrity itself verifies the need that a control structure shall be
established carefully as a programme element and at programme level,
which will monitor the entire implementation and maintenance phase.

- The coordination of the implementation requires serious expertise:
  professional sagacity, conflict management and deadlines. The completion
  of such task requires a stable organisational and personal background. The
  leading organisations shall have appropriate reference, professional and
  organisational level potential in order to ensure that they are able to
  control and organise the partners. Furthermore it also needs to be stable
  in terms of the finances; liquidity is also crucial. The management tasks
  also require the inclusion of experts experienced in partnerships, with high
  level communication and negotiating skills. The activities are not only
  complex and their number is high, but they are also built on the top of
each other, accordingly accurate scheduling may also be key to a
successful implementation.

- Scope of responsibilities, competences and organisational frameworks. As
the programme consists of several elements, projects and activities,
already for planning and for the future implementation complex team work
will be required. It is crucial that the programme leading unit is
appropriately chosen and receives such authorisations – based on
competencies- which enable the unit for the management of the
programme. In order to ensure the operation it is required to connect the
partners on a contractual basis, by clarifying the tasks and related
responsibilities. The entire organisational framework needs to be recorded
in a way that all participants are aware of their tasks and responsibilities.
2.3 How is territorial integration practised in Hungary, international learning

The approach related to integrated development is not new to Hungarian strategic planning. The principle, the germ of the idea has already been present in the period 2004-2006 in the Hungarian practice, this period however has not been characterised by the definite outlining of territorial focus. During the three-year long, incomplete period (in the case of Hungary) the regional decision-makers were not given actual political and decision-making competencies, and the seven regions shared the resources of a joint operative programme.

Territorial integration during the preparation of the period 2007-2013 – at the beginning of the planning phase – was considered as an approach being as one of the principles. The preparation of the regional operative programmes started alongside this professional-theoretical principle, but later on a so-called sectoral or thematic leadership and organising principle replaced the previous one. While according to the original ideas the priorities of the regional operative programmes would have fundamentally integrated programmes and projects with a territorial approach -also building from various development funds (ERDF and ESF) into a larger unit-, at the end the officially accepted and final version was elaborated based on a completely different development principle.

Accordingly the operative programmes of the regions became complementary to the sectoral programmes: for example larger volume investments of the Economy Development Operative Programme were complemented by the regional economy development priorities, and large scale projects of the Transport Development Operative Programme were complemented by smaller scale and less significant developments of the regional transport development priorities.

The National Development Agency (NDA), which at institutional level shall reflect the integration approach, only oversees and coordinates the developments, without a true integration approach. It is also true that certain positive initiatives were launched by the NDA; we wish to list these ones in the followings in short.

• A complex program for the inclusion of the most disadvantaged micro-regions (Most Disadvantaged Micro-Regions Programme)

Until this day opinions significantly vary on the Most Disadvantaged Micro-Regions Programme. Most people believe that it was a positive initiative, which due to the failures of timing, lack of preparation and management could not be implemented at appropriate level. The Most Disadvantaged Micro-Regions Programme did not constitute part of the New Hungary Development Plan, framework programme for the period 2007-2013. Accordingly a fundamental issue came to the surface in 2008, when the preparation of the programme started. Namely for this period the resource allocation system within the given programmes had already been established and accepted, furthermore the
resources had already been allocated among the measures. Therefore for the Most Disadvantaged Micro-Regions Programme the resources had to be allocated retrospectively within the given relevant operative programmes.

As an issue we need to outline that the measure structure of the Most Disadvantaged Micro-Regions Programme was very rigid: however the goal would have been to allow the appearance of the specific Most Disadvantaged Micro-Regions Programme’s territorial needs in the individual project package, the programme did not make this available. It could not allow it, because it was bound by the development guideline of the related operative programme, thus it was unable to accept developments falling outside its scope of authority.

Maybe the following issue was even a greater issue than the previous one: namely that the Economy Development Programme and the New Hungary Rural Development Programme failed to get a place within the Most Disadvantaged Micro-Regions Programme. As majority of the Most Disadvantaged Micro-Regions are rural areas with fundamentally agricultural traditions in terms of the economy, due to the lack of the New Hungary Rural Development leg it left a great big abyss behind, and it fundamentally questioned the relevance of the programme on the side of the Beneficiaries. Furthermore the fact that the programmes had not been properly isolated from the operative programmes often caused antipathy on the side of the applicants; it had no evaluation system on its own, thus in many cases the projects received from the affected regions got blocked by the traditional (based on competitive approach) evaluation system.

In relation to the Most Disadvantaged Micro-Regions Programme it can be stated that it was unable to step out of the traditional project approach and it was unable to give appropriate answers to the complex issues of the region. Lack of preparation may be one of the reasons. The fact, that the programme was not listed in the national fundamental programme and during the establishment of the micro-region packages only a very moderate preparation was carried out, unfortunately had a negative impact on implementation, but also on the external judgement of the programme. It was also very negative, that the own management of the Most Disadvantaged Micro-Regions Programme tried to manage the programme independently from the National Development Agency (within this independently from the given Managing Authority and from the involved cooperating organisations) and later on after the submission of the projects they often had to realise that the elaborated projects were not considered appropriate by the evaluators due to their adaptation or other professional reasons.

However we would also like to outline the positive side of the programme: the initiative tried to provide integrated answers to complex territorial issues. Unfortunately the circumstances for this were not favourable, which gives a warning to us referring to the importance of carefully designing and preparing integrated interventions.
• Integrated urban development strategy based, integrated complex urban development/town planning

Later on (in Chapter 3.3) we will introduce in detail the reasons, which are for joint application of urban development and territorial integration. It is important to note that maybe this is the area, where the implemented projects or the projects under implementation in terms of methodology resemble the most to the integrated approach.

During the period 2007-2013 a new, modern approach appeared within urban development. The basis of the idea and practice is given by a development guideline based on mid-term and detailed analysis with a strategic approach and orientation. This is supported in terms of strategy by the integrated urban development strategy elaborated at town level. By building on the strategies several integrated development projects were accomplished- which were related to multiple functions- by the towns, tackling at the same time complex issues of a given action area. Unfortunately we also have to outline, that this strategic thinking at this level was only detected in the case of a very few towns/villages. Majority of the projects only planned the most necessary interventions, and major part of the project investment amounts were spent on town beautification goals. The integrated programmes to be managed at action area level looked like a lose garland of project packages and projects.

*If we look at the international experience*, we can find numerous examples, which point towards actual integrated projects. Among others we would like to highlight the project entitled 4D Cities, with the aim of establishing foundation for new producing sectors in partner towns, to improve the living conditions of the residents, strengthening regional cohesion and exchange of learning between the towns. Activities included in the project: mapping cooperating between the participants (universities, town management, economic sphere, health care), elaboration of integrated strategies in the area of health care-innovation and elaboration of local action plans.

The fundamental goal of the project entitled Jessica4Cities was to develop a so-called “JESSICA Guide” for towns, furthermore to support the towns creating sustainable results in the frame of projects accomplished with the support of JESSICA.

Activities: elaboration of appropriate organisational models for accepting the funds from JESSICA, programme- and project development

The NEHOM (Neighbourhood Housing Models) was an international project, but also included Hungarian aspects. The project was implemented in two phases. During the 1st phase (1st December 2000 – 31st May 2002) 7 research groups of 6 European Union member states (Norway, Great Britain, France, Italy, Germany and Sweden) and research teams from two, at the time only associated countries (Hungary, Estonia) carried out researches in their own countries in order to investigate innovative residential programmes, which at the same time developed part of a town and the community living there. The Hungarian
researchers (Hungarian Academy of Sciences- Geographical Institute, Research Centre) investigated 4 Budapest-based rehabilitation action areas: Central-Józsefváros, Central-Ferencváros, Kőbánya-Centre, Újpest-Centre. In the first project phase the researchers interviewed the local residents of Central-Józsefváros, the officials of the Józsefváros Local Government and the experts of the rehabilitation asset management company of the local government entitled Rév8 Rt. The first research phase was closed by a conference organised in Budapest, whereby the people active in 4 action areas had the chance to get to know each other’s work and the results of the research. The implementation of the actual goals of the Project took place in the second phase (1st June 2002 – 31st January 2004): based on the research work carried out in the first phase the main question was the transferring ability of the given innovative residential programmes. While the researchers compiled a manual and a CD for the experts, the task of the two practical participants -Rév8 Rt. and EKHHL – was to establish experimental projects within their own project area based on the project templates identified in the frame of the first phase and to write a report on the transferability of the Western-European learning. Rév8 Rt. established four experimental projects: Apartment House Programme, Creation of jobs, Establishment of a residential information portal on the internet, Establishing Open school courtyards. For more information on the program please use the link indicated in the previous footnote.

2.4 Issues of the territorial integrated developments

The application of the territorial integrated approach is recommended in the case of certain development packages. The scope of this can be extended; the below-listed examples shortly review the potential application opportunities considered as typical based on the current learning.

- CLLD-type developments: top to bottom territorial initiatives based on the learning of previous LEADER programmes. During the programming period 2014-2020 based on the recommendations of Brussels we are forecasting the significant headway of community-led local development initiatives. In relation to the planning and implementation of Community-Led Local Development Programmes – CLLDs – the role of local action groups is extremely defining. The CLLD accordingly is a specific tool, which can be used at a level beneath region level and complements other development supports at local level. CLLD is able to mobilise and involve local communities, organisations in order to ensure that they contribute to the smart, sustainable and inclusive development set forth by the Europe 2020 strategy, to support territorial cohesion and completion of specific policy related objectives.
Programmes implemented in regions differentiated based on certain aspects (e.g. disadvantaged situation). Featured importance in the case of a given territory may be supported by several reasons: a territory based on complex indicators can be considered as breakaway, but based on certain indicators an area can be threatened in terms of natural, economical or social aspects, or by the cumulative impact of the above and it might require integrated intervention. At the same time the not appropriate utilisation of an existing potential may lead to the establishment of a complex intervention.

Integrated, complex town planning programmes: we have already mentioned the integrated opportunities in town planning. Both the multitude of urban functions and the complexity of possible issues require that in the case of a significant urban town not point-based but integrated interventions are carried out.

R+D programmes, which are based on the cooperation of higher education and enterprises. The cooperation between the researchers of universities and colleges and innovative enterprises may exceed traditional project level cooperation. Not only the multiple participants arriving from various sectors, but also the possible project activities and their territorial connections also point towards an integrated approach.

Programmes related to tourism, environment and energetics, furthermore programmes of public use. Territorial integration in principle may appear in all listed areas. In the area of tourism programmes and attractions may be worth interconnecting in order to establish a uniform approach spanning over a larger region and to win over visitors. Environmental and energetics related investments should anyway be interpreted in larger units, and this should also facilitate the more efficient utilisation of costs if we are not aiming for individual developments. Public services shall also be interpreted in larger territorial units, due to the fact that they are operating a centrally established basic scheme.

2.5 Policy-related questions

In the current practice in relation to the selection of projects subject to subsidies fundamentally the tendering system dominates the market, which is not suitable for the management of integrated programmes. In this system competitive approach dominates: based on certain, preliminary recorded aspects the project recommendations submitted by the tenderers are scored and evaluated. The winning tenders are always among the projects reaching higher professional scores, usually up to the extent of the preliminary recorded resource extent. One of the defects of the long-time established and widely accepted method, which can be actually appropriately used in terms of various aspects, is that it is only able to view and manage projects individually. It is unable to take into
consideration the possible multiplicative impact of projects building on the top of each other during the development process; it is unable to manage and evaluate the joint impact of developments between the projects and building on the top of each other.

In the case of the implementation of integrated programmes it is recommended to apply other methods, as due to the result of approaches building on separate projects the main and joint goal of integrated programmes may fail due to the fallout of a given project.

One of the methods of managing territorial integrated programmes would the so-called negotiation-based programming approach. The method is based on continuous project generation and project development, and/or on multiple-stage decision mechanism. The projects reaching the so-called project channel could reach the level of implementation via a coordinated dialogue between the tenderers and the institutional system, based on route map development.

Significant developments are required for the application of the method. The related methodology needs to be elaborated in detail; an institutional system shall be built up, which is suitable for delivering the task and which has significant experience and potential in project development and monitoring activities. It is important to note that the management of such programmes requires a completely different approach from all participants.

3. Principles for development of integrated programmes

3.1 Thematic objectives of the 2014-2020 cohesion policy and consideration of the related investment priorities

According to the proposal for a regulation on the Common Strategic Framework: „In order to achieve the goals and objectives of the EU’s smart, sustainable and inclusive growth strategy the subsidies provided by the CSF Funds shall be focused on limited number of thematic objectives.” Furthermore „...The operative programmes shall define the priority axis, which comply with the thematic objectives selected for the given programme,...”. Based on the above it is clear that the 11 thematic objectives set forth in compliance with the EU 2020 strategy fundamentally define the content of the territorial development programmes, if these programmes receive funding in the future from operative programmes built on priorities adapting to the thematic objectives.

Besides the thematic objectives we have also outlined the Europe 2020 strategy, which defines the below 5 featured goals:

- increase employment,
- strengthen research-development,
significantly cut greenhouse gas emissions,
- decrease the level of early ending of school attendance,
- significantly decrease the number of people threatened by poverty or exclusion within Europe.

The objectives can be achieved by the continent via the tools and means of smart, sustainable and inclusive growth within the next seven-year development period.

The Europe 2020 strategy through the definition of the major objectives to be accomplished by the CSF Funds and most important measures to be implemented in the frame of the eleven thematic objectives, the common strategic framework may serve as an additional guide with respect to the belows: how can the CSF Funds be used more efficiently serving the purposes of growth in the partnership contracts and programmes?

In the followings we present the summary of the 11 thematic objectives (Annex No.1 to this study includes in detail the thematic objectives and the related investment priorities).

<table>
<thead>
<tr>
<th>1. Strengthening research, technological development and innovation</th>
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<tbody>
<tr>
<td>The goal is to improve the innovation of enterprises. In the frame of this promoting the transfer of new technologies – especially crucial basic technologies – through research and education, technology transfer, applied research, cooperation between the participants active in the area of technology development and demonstrational facilities, in order to ensure that the companies develop more and more innovative products, procedures, marketing and services, and/or diversify the national/regional economy by measures promoting new and large growth.</td>
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<tr>
<th>2. Enhancing access to and use and quality of information and communication technologies</th>
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<tr>
<td>The goal is to develop information and communication technology applications, which may contribute to combating future social challenges and to the exploitation of new opportunities, e-health care, ageing of society, reduction of carbon-dioxide emissions, resource efficiency, education, digital social inclusion, energy-efficiency, integrated information and communication technology solutions developed for “smart towns”, investments aimed at the wider scope proliferation of information and communication technology based innovations within the regions and between the regions for combating the most important social challenges.</td>
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</tbody>
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<tr>
<th>3. Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)</th>
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</thead>
<tbody>
<tr>
<td>The goal is to establish new business models, for example new value chains and marketing organisations, mainly in order to ensure international level operations.</td>
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<tr>
<th>4. Supporting the shift towards a low-carbon economy in all sectors</th>
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<tbody>
<tr>
<td>The goal is to achieve energy-efficiency, and/or application of heating and cooling in public buildings, built on sources of renewable energy; mainly presenting examples of emission-free and energy surplus generating buildings, furthermore the extensive</td>
</tr>
</tbody>
</table>
5. Promoting climate change adaptation, risk prevention and management

Elaboration of strategies, action plans and risk prevention and management plans aimed at adaption to climate change at national, regional and local levels; establishment of a knowledge base, data monitoring capacity and information exchange mechanisms in relation to the adaption to climate change, furthermore increased investments related to risk prevention and risk management among others in the following areas: damage avoidance of the built environment and other infrastructures and improving their resistance; protection of human health; mitigation of the future pressure on the water stocks; investments related to flood protection; furthermore mitigating the vulnerability of eco-systems in order to promote the improvement of the duress of eco-systems and eco-system based adaption.

The goal is to ensure a sustainable water management policy, within this through the efficiency of water utilisation (in terms of the eco-system) by establishing household reservoirs, supporting cultivation methods applying effective water utilisation, furthermore establishment and management of forest protection bands combating erosion.

6. Protecting the environment and promoting resource efficiency

The goal is to promote investments aimed at efficient water supply, sewage treatment and water re-utilisation, among others supporting new investments aimed at the implementation of seepage reduction and catch basin management plans.

The goal is to support investments aimed at the green infrastructure, among others investments within the Natura 2000 and other areas for the protection of biological diversity and eco-system services and their restoration; mitigation of the impacts of climate change and adaptation to the above; protection against floods and fires, protection of sea shores, soil protection and other risk-prevention measures; mitigating the division of natural areas in order to improve water supply and to restore the significantly altered areas and habitats, sustainable integrated urban development, among others measures aimed at sustainable urban drainage and soil isolation, furthermore supporting the rehabilitation of polluted areas and of the cultural infrastructure, increasing the efficiency of agricultural water utilisation via investments aimed at more efficient irrigation systems, consultancy services related to the efficiency of water utilisation and preservation of the buffer- and filtering ability of the soils;

Improving the quality of waters and soils and contribution to the protection of the soils against erosion, compaction, salinification, landslides and organic substance loss.

7. Promoting sustainable transport and removing bottlenecks in key network infrastructures

Eliminating the bottlenecks in inland water route capacity, furthermore reduce to the minimum the essential changes made to river beds and investments related to more environmental-friendly operation of fleets and river information systems.

8. Promoting employment and supporting labour mobility

Featured support for starting up enterprises and their development, for the unemployed, disadvantaged citizens and inactive persons, in all sectors, including care and health care services, labour market inclusion, green jobs and community developments. This subsidy includes skill development, information and communication technology, entrepreneurial and leadership skills, mentoring and consultancy, furthermore inclusive enterprise development and financial service provision for individuals starting up
enterprises. The goal is to set up business incubator houses, furthermore investment support for self-employment and starting up enterprises, especially within areas with new growing resources, such as environmental-friendly economy, sustainable tourism (including the "silver economy"), and/or health care and social services.

9. Promoting social inclusion and combating poverty
The goal is to establish an integrated approach uniting various types of measures increasing employment, for example individually tailored support, consultancy, guidance, access to general education, specialised education and training, furthermore to services such as health care and social services and to child care and internet-based services.

10. Investing in education, skills and lifelong learning
The goal is to establish and strengthen partnerships between the higher educational, business and research sphere; implementation of strategies aimed at employees and promoting life-long learning in cooperation with social partners, including the training and skill development of employees, furthermore updating their transversal competencies, such as language knowledge, digital expertise and entrepreneurial ability; adaptation of the special training and educational systems to the actual labour market needs, educational programmes based on work experience, for example development of practical training schemes in vocational training by entering into contract with the students, furthermore incentives for the companies to take on more apprentices.

11. Enhancing institutional capacity and an efficient public administration
The goal is to establish sectoral and territorial agreements in the areas of employment, social inclusion, health care and education, at all territorial levels.

During the establishment of the 2014-2020 programmes (operative programmes and the related integrated territorial investment programmes) it is crucial to take into consideration the 5 featured goals of the EU 2020, and/or the 11 thematic objectives.

3.2 Significance of the establishment of a partnership and participation structure building on the involvement of multiple interest groups

Partnership constitutes one of the principles of the EU’s Cohesion Policy. Besides concentration, programming and additionality, the appropriate application of partnership fundamentally contributes to the accomplishment of the cohesion goals. The partnership principle is a fundamental European Union expectation, which expects from the given member states concrete measures defined and enforced at programming level.

With respect to the new period a Proposal for a Regulations of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the

The proposal includes joint elements of strategic planning and programming, including the stipulations governing the partnership contracts to be entered into by and between the given member states. Partnership-based cooperation both with respect to programme- and/or to project implementation comes in the foreground. In relation to complex and integrated programmes it is rightful to ensure that the tasks and obligations of the cooperating parties are recorded in a formal method. This can take place in the frame of a partnership plan and contract.

### 3.3 Integrated town planning during the 2014-2020 programming period

Town planning plays a significant role in terms of various aspects within the subsidy system of the EU. In one hand due to its involvement, as significant part of the European residents live in an urban area, thus through the development of urban areas we can reach large number of people. On the other hand urban areas are actually in the need of developments, as these areas are not only residence of the locals, but also venues for the events of economy, education, culture and other cultural affairs; such functions are concentrated in urban areas which ensure the accessibility of various services for the entire population and not only for the residents of the given town/city. Based on the preliminary available information town planning also in the future remains one of the featured investments subject to funding from EU subsidies. The goal of this chapter is to provide a short summary on the information currently available to us at this point of time in relation to the above topic.

Chapter 3.1 described the 11 EU thematic objectives. Due to the above-detailed reasons in relation to all thematic objectives we can detect certain level of correlation with the town planning topic, but in the case of the objectives “Enhancing access to and use and quality of information and communication technologies”, “Promoting sustainable transport and removing bottlenecks in key network infrastructures”, “Promoting employment and supporting labour mobility”, “Promoting social inclusion and combating poverty” the correlation is completely clear. These are namely the topics, which will define the focuses of the operative programme priorities establishing the financial framework of town planning.

During the establishment of town planning programmes special attention shall be tributed to the appropriate implementation of the strategic approach. The Integrated Urban Planning Strategy has become integral tool of town planning during the period 2007-2013. The towns appropriately and consciously applying the methodology obtained such professional literature through the Integrated
Urban Planning Strategy, which is able to record mid-term the major development ideas, with special focus on ideas targeting complex and integrated interventions. The Integrated Urban Planning Strategies define the necessary measures and activities at action area level. Also in the next programming period the programming method shall be followed, which is based on the principle of the preliminary indicated area, but the Integrated Urban Planning Strategy is replaced by the integrated territorial development strategy, which is thinking in a functional territorial unit concept and not at urban level. The establishment of a comprehensive, integrated development strategy including the various sectors will be crucial for defining the development needs of the affected territory.

The previously introduced urban planning topics showed a switch towards complex programmes after 2007. Function-extending urban rehabilitation provided opportunities for the development and establishment of urban and territorial functions and for the renewal of the related infrastructure. Possible functions subject to development may include economic, community, urban-public area and public sphere topics. The integrated projects to be established also had to contain so-called soft elements, for the benefit of the local society. Social urban rehabilitation projects could also contribute to the development of various territorial functions, with the difference that the basis of developments was always the disadvantaged situation of the residents living within the intervention area, and accordingly the focus of the various project elements was on residential and human elements. Social urban-rehabilitation projects furthermore contained developments having an impact on residential functions.

During the period 2014-2020 the programmes can be financed from multiple funds. This transparency is favourable for the establishment of even more complex projects. The future’s integrated projects can be planned with respect to a wide issue spectrum of a given area. Furthermore the actual programme area (action area) may exceed the public administration areas of the given towns, which opens up wider development possibilities. As a result the place of traditionally understood action areas can be taken over by functional urban areas.

4. Criteria for the sustainability of projects

In Chapter IV.2. we have previously investigated the issue of project sustainability. We have highlighted that due to the new tools (ITI and CLLD) to be presented during the 2014-2020 period, planning and programming will involve a lot higher risks in terms of setting appropriate project goals and results. It is not unnecessary to review the criteria to be inspected in relation to sustainability.

For the evaluation of these criteria – more accurately for the inspection of the factors, which have a negative or positive impact on the sustainability of a
project – so-called sustainability studies are elaborated. Sustainability studies usually focus on the investigation of the below criteria:

- Relevance
- Acceptability
- Economic- and financial viability
- Environmental sustainability
- Implementation and monitoring strategy
- Operation and maintenance following the implementation

The sustainability studies in relation to **relevance** fundamentally inspect the assimilation to goals recorded in sectoral, national and regional level strategies. In relation to **acceptability** the attitude of the local and wider community towards the project and the acceptance represented by the local representatives and participants responsible for the project implementation need to be investigated.

During the assessment of **economic and financial viability** the economic and financial income generating ability of the project and project results are evaluated, whereby the realistic relation of manufacturing costs and actual product price compared to the actual market value needs to be proved.

In relation to **environmental sustainability** it is required to assess the environmental impacts, which may have an effect on the operation of the project and in the long-term on sustainability. Upon unfavourable conditions the behindhand interventions may result in low efficiency and unsustainable projects. In relation to this topic it is recommended to inspect the organisational structure of the project and its efficiency.

The **implementation and monitoring strategy** assesses the aspects related to project management (e.g. are the schedule and length of implementation realistic). Is there an appropriately defined implementation plan available with well-defined scope of authorities and competencies? Within this scope it is worth assessing the organisational structure of the project, as in many cases weak management is one of the highest risk factors in relation to the sustainability of a project.

It is also important to highlight the significance of the **operation and maintenance after project implementation**, as in order to ensure the long-term operation of project results, sustainment subsidy (in a given case maintenance subsidy) is crucial; absence of the above may pose a significant risk to the project.
Let’s review the aspects based on which the financial sustainability of a project can be inspected and the optimum organisational structures; furthermore how to ensure the sustainability of project results, and/or how can the results be achieved in the frame of the project and how to be further developed.

4.1 Promoting financial sustainability

Financial sustainability in the case of a project is guaranteed, if the preliminary need assessment and economic-return calculations show the long-term national economy return of the investment. In relation to this the followings need to be inspected:

- target group affected by the project results (market segmentation)
- elaboration of the tools established as most effective for achieving the identified target groups (marketing plan)
- project cost structure, income achievable during the operation of the project result
- extent of return based on the actual market needs

Besides the above, it is also recommended to preliminary assess the financing structure of project implementation, as the project’s cash flow can be easily influenced by the bank account monies or in certain cases by a bank loan ensuring the own resources. However during the current development period the extent of advance payments in certain cases may reach up to 50% of the awarded subsidy, due to the post-financed projects the developers shall present significant resources already at the beginning of the projects. Business plans fundamentally investigate the above aspects, but besides these any possible risks are also evaluated separately. The stability of legal-financial environment is crucial, which as an external factor may significantly influence the financing ability of a given project and its long-term financial stability.

4.2 Promoting the organisational sustainability of projects

Organisational efficiency is criteria – with respect to organisational management- which shall be evaluated during the investigation of sustainability. In a given case, during the development of a concrete project the establishment of a divisional unit may come up, but in certain cases the establishment of an independent organisation may also be justified.

In relation to town planning programmes the towns established a town planning company for the management of complex programmes. Later on, when towns became owners of larger volume investments (e.g. in Szeged the project developing on the electric public transportation of the town) their organisational setup also became more and more complex. In relation to certain projects
vertical organisational hierarchies, containing multiple points of decisions may be ideal, while in other cases a horizontal organisational setup may be required.

During the implementation of European Union projects the matrix type organisation setup is very frequent and is considered as an effective solution. In this case the experts working on the given projects are taken out from already operating organisational units, who carry out their work under the control of an authorised leader. The hierarchy remains the same within this organisational culture, at the same time there is more space for specialisation, which is a significant advantage in the area of the implementation of European Union tenders.

In relation to organisational sustainability we have to highlight the significance of proactiveness and organisational level educational skills. If an organisation is able to react to the changes promptly, in certain cases it is proactive during the definition of the answers, it will be able to restructure its operation in a more successful way. If this is teamed up with a learning process, the acquired knowledge and innovation can be inserted in a systematic way into the operation of the organisation.

**4.3 Sustainability of the professional project results**

The sustainability of professional results (make it building infrastructure, educational programmes or job creation) is a key issue in relation to the European Union programmes.

In order to ensure the long-term operation of project results, it is recommended to define the goals, activities and project outputs already during the project planning phase that they satisfy the existing needs in the future. In relation to an educational programme it is recommended to accredit the given educational programme, or in a given case include other educational institutions (e.g. universities, colleges, and training institutions) in the educational programme. It is also recommended to define the curriculum of the given programme in a way that it can be educated in the frame of a system subject to tuition fee payment.

In the case of an entrepreneurial incubator house it is crucial that the rental fees paid by the settling companies and the fees paid for the services offered by them provide sufficient income for the return of the investment. Appropriate assessment of the needs and the establishment of a most optimum company portfolio are crucial.

The public sphere, or in a given case the local government faces the subject matter of project and project result sustainability. They record their functions and the tasks delivered by them in the frame of statutory regulations. If these framework regulations are modified, unnecessary capacities may arise and the
operation of this may result in significant additional costs for a civil organisation, health care institution or local governments.

4.4 Project further development opportunities

The enforcement of sustainable development not only increases the chances of obtaining European Union subsidies, but it also serves the medium- and long-term interest and goals of the tenderer. This is especially true, if the established project result can be further developed, thus it can be inserted into the strategy of the organisation through a different aspect.

The scope of further development is of course a very complex matter, as the project result on its own needs to be viable, and its performance and parameters need to be recorded with the help of indicators. During the planning phase however it is important to assess whether the operation of a given development can be made more effective or not in the future or how can be the results transferred to a new target group.

In the case of the development of a touristic route it needs to be taken into consideration that maybe in the frame of a cross-border development programme it can be connected to an already existing and operating similar touristic attraction on the other side of the border. This way the rate of utilisation of the infrastructure established alongside the route can be easily increased, and/or the service package offered to the tourists can become a more complex offer.

The further development of project results is also a key question for the participants of the public sphere. A local government may contribute to the more effective operation of an educational institute by installing an energetic system using renewable sources of energy, but of course it may also bring in new functions to an institution (e.g. organisation of community programmes), which will improve the living conditions of the local population.

After the elaboration of the sustainability studies – reviewing the previously discussed criteria – it is recommended to elaborate a sustainability strategy, ensuring that all factors supporting the sustainability of the project have already been taken into consideration during the planning phase.

5. Optimization of resource allocation – conscious strategic planning

The European Union programming period 2007-2013 includes significant learning in terms of several other aspects both with respect to the Hungarian and to the Romanian member state. At the beginning of 2013 it can be clearly stated that the availability of EU resources on its own does not represent a guarantee for the
actual implementation of the planned developments. In the belows we wish to list a few criteria, which are inevitably necessary for successful resource utilisation.

- **Conscious strategic planning:** the preparation of the programmes shall take place in the reflection of the forming EU laws and regulations under continuous harmonisation works. The member states based on the fundamental EU logic shall also take into consideration the local and territorial development needs to full extent and they need to establish their own development portfolio by applying the principle of partnership.

- **Establishment of an accordingly structurized institutional system in relation to resource utilisation:** after the acceptance of the programmes in Brussels the main role will be given to the national level coordination organisations, and/or to the various implementation levels designated to them (managing and paying authorities, contributing organisations, etc.). It can be stated that the knowledge of these institutions and the ensurance of continuous operations are vital for the smooth implementation of the programmes.

- **Establishment of the advisory system:** the application of appropriate expert staff is vital for all well-structured institutional systems. As the staff number of institutions due to varying HR requirements cannot be increased to infinity, the authorities need to take into consideration the available companies and experts with appropriate references.

- **Continuous monitoring of resource utilisation and goal accomplishment:** tightening expectations, which are related to the delivery of the undertaken results unambiguously point to the direction that the measurement of results needs to be made much stricter compared to previous periods. In the next chapter we provide some support for the appropriate establishment of the indicator system, which may significantly contribute to the appropriate management of the issue of result measurement during planning, tendering and monitoring.

## 6. Planning of the indicator system

Appropriate establishment of the indicators is one of the most important elements in terms of the proper implementation of a complete programme. The indicators need to be assigned to goals defined at various level, thus logically they need to be defined during the application of the logical framework matrix. During the establishment of indicators fundamentally the so-called “SMART” criteria system needs to be taken into consideration. The indicators defined
alongside the below 5 characteristics will be actually suitable for measuring the appropriate level outputs.

- **Specific**
- **Measurable**
- **Available**
- **Relevant**
- **Time**

Besides the above, the indicators shall also ensure certain sensitivity, namely that they are able to measure the results of specific interventions and/or also smaller changes and impacts.

*Comparability* is also an essential feature: indicators need to be suitable to ensure the comparability of values, in one hand between projects and on the other hand in accordance with the programme schedule/plan, also between territorial levels (e.g. at micro-regional, district, county, regional level).

The third essential characteristic is called *understandability*: the indicators need to be understandable and easy to interpret for all users. Furthermore during their establishment we need to take into consideration the principles of *reliability and costliness*: the place of origin of the indicators needs to be reliable (verifiable data source, or it needs to come from an institution, whose reliability is clear), and/or the establishment costs of the indicator -within reason- need to stay low.

We have previously mentioned that depending on the level of intervention it is required to apply various indicators. In practice the application of the following types is common:

- output indicators: indicator applied at project level, “measure” of the project, its contractual undertaking;
- result indicators: they are used at programme level, to cumulatively measure the development generated by the projects, and/or for the measurement of the accomplishment of specific goals, namely direct impacts; it is important to ensure their measurement in all project cycle phases, they are in close correlation with the outputs delivered by the projects;
- impact indicators: they are aimed at measuring comprehensive goals set forth by the programmes, and/or for the measurement of long-term economic-social impacts.

### 7. New requirements and approaches to project development

Between 2014 and 2020 the complex programmes elaborated and prepared by the certain regional participants will play a significant role, and/or the resources
they are able to immobilise for their development. According to our views despite of the practice effective during this programming period, project generation and project development need to be carried out on a continuous basis, which shall have an appropriate organisational framework and significant financial background in accordance with the significance of the task.

In the followings we wish to overview the principles, alongside the enforcement of this development logic, by taking into consideration the specific characteristics of the areas inspected in the frame of the TERRA project, such as economic development, tourism and town planning.

### 7.1 Possible areas of application of the project channel principle

Between 2007 and 2013 project development was fundamentally limited to so-called two-round and featured project scopes. These two approaches – which in terms of procedural policy are similar- were mainly applied in the case of more complex projects requiring long preparation, in a way that after the so-called first round of submissions the project’s professional content was only finalised and accepted after a time-consuming project development period.

A detailed agenda was elaborated for the two-round system based on previous project development experience; furthermore the Project Channel Operating Manual elaborated in the frame of the PHARE-project entitled "Project Assessment Development Facility (PADF)".

The fundamental goal of the two-round and featured agenda is to ensure in the case of larger investments that the rejected projects do not need to be elaborated in detail, furthermore that the projects are elaborated in the possible best quality.

The application of the two-round system is justified, whereby resources are tight (it is forecasted that not all participants will receive as much as they would need), and the competing of project owners (and not their central appointment) is justified. Furthermore essential element of the two-round system is that the project development is embedded in project execution, therefore its application is only relevant in the case of projects requiring significant preparation, at absolute value and/or compared to the cumulative project value. This is typical mainly in the case of projects financed by the ERDF, at the same time the two-round method can also be justified in the case of certain ESF-type interventions.

According to the current experience the two-round method is time consuming, usually 1 year, therefore it was only recommended to use whereby the project size is rather large and the number of projects is relatively low. As additional criteria it can be stated that the cooperating organisation shall offer free professional consultancy service for project development, and the time requirement of project selection does not endanger the implementation of the programme by the due deadlines (so-called n+2 rule). Due to these a two-round
procedure in the case of an operative programme cannot be a dominant procedure.

In relation to the development period of 2014-2020 the draft decrees referring to the funds – constituting part of the Common Strategic Framework- stipulate the methods of regionally coordinated project planning and implementation as follows:

- Interventions planned in the frame of community-led procedures and controlled at Community level indicated by Article 28, Chapter II
- Interventions carried out in the frame of Territorial Development – Integrated territorial development tools indicated by Article 99, Chapter IV

It is common with respect to the two referred and recommended methods that they both promote the implementation of territorially coordinated operations, which can be financed from one or more priorities of a program, and/or from multiple priorities of multiple programmes.

In relation to economy development, tourism and town planning it is recommended to use different approaches.

- **Economic development:** by taking into consideration the stipulations of Article 99 of the CSF decree fundamentally it is recommended to develop such territorial central areas, whereby knowledge concentration and scientific sphere, furthermore the cooperation of economic participants offers good basis for the establishment of the so-called innovation poles. This logic is related to the pole programme of the current subsidy period, thus the continuity of the development programmes can be ensured by building on the existing medium- and long-term strategies.

  *Recommended development directions: accredited innovation clusters, development of technological incubators.*

- **Development of tourism:** this topic during the current programming period can be fundamentally supported from the regional operative programmes, but in the future it can be considered as featured topics of the CLLDs and/or key element of the local development strategies. Based on the foundations of touristic destination management it is possible to establish such local brands and service packages, which take into consideration the characteristics of the given region to the full extent.

  *Recommended development directions: development of touristic destination management organisations, complex accommodation development with attraction development.*

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• **Town planning:** Based on the draft decree it will be possible to elaborate programmes in relation to economic, environmental protection, climate and social challenges affecting the urban areas of towns. During the definition of the programs it is a crucial criterion, that they do not conflict with other general subsidy programmes, or cover a development area excluding other tender measures, or mean an additional, special intervention for parts of a town.

Recommended development directions: *improvement of the urban environment, business environment development, development of segregated areas, energy-saving development of residential properties.*

In relation to integrated territorial investments – based on preliminary information – we need to talk about programming framework amount for multiple years, namely it will be possible to implement a long-term territorial strategic programme. Prior to the programme launch the certain projects will be scheduled, their preparation shall be accordingly taking place in a continuous manner. Based on this it can be forecasted that both the project development activity and in the given case project generation will be a permanent work process, namely in order to ensure effective resource allocation and internal cash flow the complex project package needs to be broken down into sections, if required at action plan level.

7.2 Project generation by the involvement of local participants

Partnership is one of the four principles of the Cohesion policy represented by the European Union. Besides concentration, programming, additionality and the appropriate application of partnership fundamentally contribute to the accomplishment of the cohesion goals. The partnership principle is a fundamental European Union expectation, which expects from the given member states concrete measures defined and enforced already at programming level. COUNCIL REGULATION (EC) No 1083/2006 (of 11 July 2006) unambiguously took measures on the principles of partnership with respect to the programming period 2007-2013 as follows.

In virtue of the stipulations the objectives of the funds shall be implemented in the frame of a close cooperation (partnership) established between the European Commission and the given member state. The member state in the given case and in accordance with the effective national regulations and practice establishes a partnership among others with the following authorities and organs:

a) respective regional, local, town-level and other public authorities;
b) economic and social partners;
c) any other appropriate organisation representing the civil society, environmental protection partners, non-governmental organisations, furthermore organisations responsible for promoting equal rights between men and women.

In compliance with the national regulations and practice all members states shall appoint at national, regional and local levels, furthermore in the areas of economy, social matters, environmental protection and other areas the partners, who are able to represent the given matter in the most appropriate way (hereinafter referred to as: partners), by taking into consideration equal treatment of both women and men, furthermore the necessity of supporting sustainable development to be achieved by the integration of requirements referring to the protection of our environment and improvement of its conditions.

In the course of the establishment of local partnership plans and management of the partnership the involvement of multiple affected parties is required for designing a complex programme, if:

- joint implementation of multiple activities is required for achieving a significant impact or a set leading goal.
- local participants know the most which activities need to be implemented.
- one single organisation or participant is unable to ensure the accomplishment of the given activities; the cooperation of multiple organisations is required.
- it is necessary to establish local commitment among multiple partners affected by the development.
- the subsidy-related environment becomes calculable for the participants taking part in the subsidy programme and the given developments become plannable.

During project generation the involvement of the affected parties is definitely recommended already in the programming phase or latest during the elaboration of strategies. The mutual acceptance of the target hierarchy may contribute to the establishment of development programs and project packages adapting to comprehensive and strategic goals. During project generation it is furthermore recommended to set up a local professional coordination body, which continuously ensures the monitoring of project establishment. All groups shall be entitled to delegate members to this forum, but the appropriate representation of the responsible professional organisations (ministries, and their background institutions) responsible for planning is also very important.

7.3 Project development and town planning
Town planning and the establishment of sustainable urban environment have been defined as featured priorities also in this current programming cycle. We need to mention, even in short, this topic because in the period 2014-2020 the development of urban regions may be given an even more important role.

Project development in terms of the development of urban areas was an inevitable functional element. The programmes prepared by the cities/towns, after the evaluation of the first round went through project development procedures with a duration between 6 to 12 months, and during this period among other the further development of plan documentations (elaboration of working drawings, obtainment of permits, etc.) also took place, furthermore the final action region plan was also elaborated. Project development took place in the case of towns of county rank in the frame of featured, while in the case of micro-regional centres in the frame of two-round policies.

Between 2014 and 2020 the developments related to functional urban regions will take place in the frame of so-called integrated territorial interventions with respect to county-level towns. Towns can establish their developments in the frame of a longer term strategic framework, by the elaboration of an integrated territorial strategy. This strategy will not only focus on the developments defined within the public administrative borders of the town/city, but by limiting the functional urban areas they will record the complex development programmes of the town/city and its catchment area.

The idea is not new, as already in 2007 the Leipzig Charter indicated that it is required to establish urban level cooperation (partnership), as fundamentally cities/towns are responsible for the establishment of the territorial cohesion of their region. The functional urban area this way refers to the city, as a space organiser, labour-market and service provider centres and the area integrated by the city (two or more centres also possible).

In relation to project development the impact studies will play a significant role, as long as not only within the public administrative borders of the town but also with respect to the catchment area the indicator values are defined, which need to be achieved during the implementation. Similarly the methodology used for limiting a functional urban area will also be important, as a given economic-public administration centre by providing for multiple functions will establish an urban network around itself at different depths and intensity.

Urban planning companies will play a significant role also during the implementation of the developments. According to our views it is not very good if the planning-expert skills and knowledge is only available in the form of external experts involved as sub-contractors, therefore we would recommend the development of such human capacities within the towns.
8. Analysis and use of the opportunities resulting from the cross-border effects – promotion of shared understanding and joint development

In this programming period the international cooperation provided a complementary resource framework for the developments besides the national EU financing. In the next development period lot larger resources will contribute to the preparation and implementation of higher volume and complex programmes.

By taking into consideration their increased role, cross-border territorial cooperation needs to be assessed at programme level and during the preparation it needs to be ensured that it gets integrated into the national programmes, such as strategies, operative programmes, etc.

8.1 European Grouping for Territorial Cooperation, as the participants responsible for programming and planning

Since 1st August 2007 in Hungary such non-profit groups can be established, which are aimed at ensuring the success of a cooperation established between the local governments, local or regional participants of two or more member states.

The European Union in 2006 enabled the member states to establish a group with a legal entity in order to ensure the efficiency of the utilisation of European Union resources and to ensure the success of the already existing or future cooperation, entitled European Grouping for Territorial Cooperation (EGTC).

The EGTC acronym, as indicated above refers to European Grouping for Territorial Cooperation. In the frame of this organisational framework cross-border, trans-national cooperation and cooperation between regions can be achieved.

Between 2014 and 2020 the European territorial cooperation will be implemented in the form of programmes, which can be classified under three categories:

- cross-border cooperation – financing of projects implemented by the cooperation of regions and local authorities located on both sides of the common state border; for example French-German projects aimed at promoting the cross-border utilisation of the local infrastructure. Nearly all of the border regions of the EU participate at some kind of cooperation programmes.
• trans-national cooperation – financing of projects, which are implemented in the frame of the cooperation of member states, regional and local authorities within a larger geographical area, for example around the Baltic Sea or in the Alps.

• cooperation programmes between regions – for promoting the sharing of implemented practices in relation to innovation, energy-efficiency, town planning and other topics.

So far in the Southern Great Plain the „Banat – Triplex Confinium” Limited Liability European Grouping of Territorial Cooperation (BTC EGTC) has been registered.

The aim of the European Grouping of Territorial Cooperation – in the territory of the Hungarian, Romanian and Serbian triple border – is to affirm the economic and social cohesion with the territorial cooperation.

The cooperation’s aim is to dynamize those border areas which marginalized in the last few decades, and to improve their competitiveness. So particularly the BTC EGTC wishes to elaborate development strategies in the areas of agricultural innovation, exploiting of renewable energy sources, infrastructure, education and training, and wishes to implement such strategies by applying to various EU funds.

The EGTC’s main aim is the implementation of territorial cooperation programmes or projects co-financed by the Community through the European Regional Development Fund, the European Social Fund and/or the Cohesion Fund. For the sake of the causes they achieve individual actions within the confines of the members’ cooperation, with the Community financial contributions or without.

Between 2014-2020 in relation to the EGTCs the preparation of integrated investments and the implementation of related projects will be a featured priority, as the cross-border cooperation in certain cases may also be granted programme management competencies. The local decision-making process paired with an appropriately prepared programming process in this case may contribute to the improvement of resource utilisation and may support the territorial inclusion of the given area.

**8.2 Tasks of the local territorial participants, such as counties, town-level local governments**

By 1st January 2012 in Hungary the statutory framework governing the scope of tasks and competencies of the participants of territorial development has been
changed. In virtue of the stipulations of the amended act, counties became defining participants of the medium level of territorial development.

Act CXCVIII. of 2011 on the amendment of acts related to territorial development and country planning requires the significant restructuring of the institutional system and system of ways and means of the territorial development area, as the act with an effect of 1st January 2012 transferred the scope of authority related to the tasks of territorial development and country planning to the responsibility of the county-level local governments.

At the same time – except for the featured regional councils (e.g. Lake Balaton)- the regional development councils (among others also the DARFT) were eliminated, and also the county-level territorial development councils and micro-region development councils. The act with respect to these institutions settled the matter of necessary legal succession. The county-level local government, respective of the area, has become accordingly the legal successor of the regional development and county-level territorial development councils. The Southern Great Plain Regional Development Agency, which used to be owned by DARFT, was transferred to the property of the Hungarian State, under the governing of the Ministry for National Development. The new regulations stipulate as the featured task of the regional development agencies the followings: in relation to the county-level development programme implementation the preparation and implementation of development decisions, furthermore the supporting of the work of the territorial development institutions.

The territorial development scope of authority of the county-level local governments includes investigations constituting the foundation of territorial development decisions, elaboration of county-level concepts, elaborating opportunities for entering into international cooperation agreements, furthermore opinion-making rights with respect to several significant issues and matters. The county-level local government furthermore shall decide on the utilisation of development resources dedicated to its scope of authority.

In parallel to this, the county-level local governments also suffered significant function- and competence losses, as most of the institutions previously maintained by them have been transferred under the government’s umbrella. This process had an impact on the social-, health care and educational institution system.

The micro-region territorial development councils were eliminated by the latest amendment of the territorial development act in 2011. However the institution of the Grouping of the Local Governmental Territorial Development, as an optional development cooperation opportunity was left under the control of the town-level
local governments (Paragraph 10). The respective county-level governmental office supervises the groupings of the local governmental territorial development. With the effect of 1st January 2013 instead of the micro-regions districts and district offices are established- which used to be integral parts of the Hungarian public administration in the past- as the organisation units of the county-level governmental offices.

In parallel also the scope of tasks referring to the town-level local governments has also significantly changed. However several tasks were taken away from the town-level local governments, they remained key participants of the local public administration besides the district offices. The preparation of territorial development programmes – and the integrated territorial investments furthermore the community-led local developments – in the future will fall under the scope of the town-level local governments. The functions and tasks of the local governments will be as follows in the next programming period:

- **Beneficiary of the tender:** similarly to the current programming period in order to ensure the quality improvement of the tasks falling under of its scope of authority the party may apply to tenders financed by the given operative programmes.
- **Programme management:** as a member of local action groups, local governments may also participate at the management of community-led local developments, as the element of a wider partnership network.

Based on the above changes, after reviewing we can state that the new and previous participants of territorial development are looking for their place within the development structure. According to our views in the future the program preparation process needs to be built on exclusively partnerships and also formally well-defined cooperation. Micro-region associations may be given significant tasks during the establishment of local action groups, if they are able to provide a platform/forum for the confrontation of various interests and for the making of a consensus-based decision.

The role of county-level local governments is unquestionable; accordingly they also play an important role in the utilisation of the European Union resources and/or with respect to its coordination.

In terms of territorial policy there are two institutions in the picture. One of them is the group of county-level territorial development councils, playing an important role in the elaboration of the county-level territorial development concepts and programmes; the other refers to county-level local governments entitled to authorise county-level country planning. The chairman of the county-level assembly is the chairman to the territorial development council. The major task of the council involves the integration of the development ideas presented
by the town-level local governments, micro-regions and local business associations and their coordination through governmental development programmes. From 1999 the dominance of the regional territorial development councils has been enforced with respect to the de-centralised distribution of territorial development resources, while the county-level territorial development system mainly kept its competency with respect to micro-region and territorial development matters.

The institution of county-level territorial development council was eliminated by the Act CXCVIII of 2011 amending the territorial development act, transferring its scope of tasks to the county-level local governments, which practically means an internal organisational rationalisation. At the same time the amendment, due to Paragraph 14/A offers an opportunity to establish a county-level territorial development consultation forum by the inclusion of towns of county rank, in order to ensure a standpoint with respect to county-level matters with an impact on territorial development.

Based on the above various scripts may be possible in terms of the casting of county-level local governments:

- **Programme implementation:** the county-level local governments are currently preparing their concept and strategy related to the development period 2014-2020. At the same time they also need to start the preparation of the integrated programmes. County-level local governments may be leaders of a beneficiary consortium as the implementer of integrated territorial investments, which is responsible for the implementation of the project package having an impact on its territory.

- **Programme management:** the county-level local government is granted a decision-preparatory function, thus also the program management, including preparation of call for tenders, acceptance of tenders and their evaluation, etc., will also be part of its scope. In this case the county-level local government may operate as part of a decentralised organisational structure.

- **Programme implementation and management:** by the combination of the above two task packages it proceeds as a mediator with respect to certain elements of the integrated territorial programme and may even manage smaller tender constructions besides its programme implementation tasks.

9. **Approach to the period 2014-2020 in respect of the 11 main development areas**

By taking into consideration the European Union determinations it can already be seen that in the near future the member state operative programmes will be established in a menu-based system. The investment priorities designated to the
11 thematic objectives unambiguously define the margin, which may be enforced upon the establishment of the thematic framework of future resource allocation.

9.1 Identification of the featured development areas

When limiting the economic development, tourism development and town planning it is a clear goal to aim for assimilation towards the investment priorities. Economic development and within this the improvement of the competitiveness of enterprises is a featured priority, similarly to the promotion of environmental-friendly investments. In the followings we wish to overview the investment priorities related directly to the investment priorities:

<table>
<thead>
<tr>
<th>Economic development</th>
</tr>
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<tbody>
<tr>
<td>1.2. promoting the R+I investments of the enterprises, relations and synergies between enterprises and R+D centres and higher education institutions, especially the promoting of product- and service development, technology transfer, social innovation and public service applications, demand intensification, network building, clusters and open innovation via intelligent specialisation</td>
</tr>
<tr>
<td>1.3. promoting technological and applied research, experimental programmes, early product certification measures, furthermore promoting the developed manufacturing capacity of base technologies and supporting the first production, proliferation of technologies for general purposes</td>
</tr>
<tr>
<td>3.1. promoting the entrepreneurial spirit, especially by the facilitation of the economic utilisation of new ideas, furthermore by promoting the foundation of new companies, also including business incubation</td>
</tr>
<tr>
<td>3.2. elaboration of a new corporate model for small- and medium-sized enterprises and its implementation, mainly with the aim of becoming international</td>
</tr>
<tr>
<td>3.3. supporting and establishing up-to-date capacities referring to product- and service development</td>
</tr>
<tr>
<td>3.4. supporting the capacities of small- and medium-sized enterprises in order to ensure growth and innovation</td>
</tr>
<tr>
<td>3.5. improving the competitiveness of small- and medium-sized enterprises by promoting the adoptability of enterprises and employees and by increasing investments to human assets</td>
</tr>
<tr>
<td>8.1. establishment of business incubator houses, furthermore supporting self-employment, micro-enterprises and company foundation through investments</td>
</tr>
<tr>
<td>8.9. adaption of employees, enterprises and entrepreneurs to the changed circumstances</td>
</tr>
</tbody>
</table>

Based on the review of the investment priorities it is obvious that fundamentally the innovation-oriented development of small- and medium-sized enterprises marketing products representing high added value, furthermore the development of human capacities are considered as featured objectives. Besides the above it is recommended to mobilise significant resources for the supporting of enterprise foundation and strengthening of new (start-up) companies.
Development of tourism

1.2. promoting the R+I investments of the enterprises, relations and synergies between enterprises and R+D centres and higher education institutions, especially the promoting of product- and service development, technology transfer, social innovation and public service applications, demand intensification, network building, clusters and open innovation via intelligent specialisation

8.10. active and healthy ageing
9.9. local development strategies managed at the level of the communities

Within active tourism it is necessary to define the major development guidelines by taking into consideration the specific characteristics of ageing societies. Rural tourism, within this gastro-tourism is a featured area. Within tourism health tourism and related research-development may also get priority in the next development period.

Town planning

1.1. strengthening the capacity aimed at the development of the outstanding performances of research and innovation infrastructure (R+I) and especially supporting competency centres with a European interest

2.3. strengthening of the application of Information Communication Technologies of e-government, e-learning, e-admission, e-culture and e-health care

4.3. supporting energy-efficiency and the use of sources of renewable energy in infrastructural facilities, including public buildings and residential property branch

4.5. supporting development strategies with low carbon-dioxide emission in the case of all territorial units, especially in towns; including the promotion of sustainable town mobility and mitigation of the negative impacts of relevant adaptation measures

7.3. development of environmental-friendly and low carbon-dioxide emission transportation systems – including river and sea transport, ports and multi-modal junction hubs as well – and promoting sustainable town mobility

9.1. investment to health care and social infrastructure ensuring national regional and local development; reduction of health care-related status unevenness, furthermore transfer from institutional services to community-based services

9.2. supporting the needy town and village communities and promoting physical rehabilitation of the regions, furthermore supporting economic and social upturn

9.9. community-led local development strategies

11.4. increasing the institutional capacity of the parties affected by the elaboration of employment-, educational- and social policy; sectoral and territorial pacts for the promotion of national, regional and local level reforms

In the next period with respect to town planning developments the featured development areas include the followings: environmental-friendly transportation systems, development of community-level transportation. Besides the physical rehabilitation of segregated areas the increase of the institutional capacity of the
parties involved in the elaboration of employment-education and social policy is also defined as a supported activity in the future.

The above investment priorities may serve as guidelines during the establishment of the development programmes. If the establishment of the target hierarchy takes place by taking into consideration these and the development objectives, it will be possible to establish a coherent programme in line with the EU2020 strategy.

The investment priorities need to be taken into consideration also during the establishment of the complex programme package, thus it is recommended to establish a system of thematic interventions within the package.

9.2 Establishment of the indicator system related to the developments

In the next programming period result-based planning and implementation are considered as priorities. Thus in relation to resource utilisation the achievement of results, and the delivery of the target value of the indicators dedicated to the results will be the featured goal.

At member state level continuous reporting is required about the progress made in the area of programme implementation. This process is monitored by the monitoring committees (MC) designated for the given operative programmes.

Articles 41.-43. of the CSF regulation defines in detail the system of criteria for the operation of the monitoring committees, while Articles 44.-46. set forth in detail the submission methods of the so-called implementation reports and progress reports as follows:

<table>
<thead>
<tr>
<th>Report type</th>
<th>Content of the report</th>
<th>Submission date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation report</td>
<td>Annual implementation reports shall set out information on implementation of the programme and its priorities by reference to the financial data, common and programme-specific indicators and quantified target values, including changes in result indicators, and the milestones defined in the performance framework.</td>
<td>From 2016 to 2022 each year</td>
</tr>
<tr>
<td>Progress report</td>
<td>E.g.: changes in the</td>
<td>By 30 June 2017 and by</td>
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</tbody>
</table>
development needs in the Member State since the adoption of the Partnership Contract; whether the actions taken to fulfil ex ante conditionalities not fulfilled at the date of adoption of the Partnership Contract have been implemented in accordance with the timetable established; 30 June 2019, the Member State shall submit to the Commission a progress report on implementation of the Partnership Contract as at 31 December 2016 and 31 December 2018 respectively.

During the programming period the managing authorities based on the evaluation plan carry out the evaluation of all programmes, including the evaluation of productivity, efficiency and impacts. During the programming period it shall be evaluated at least once how the subsidy from the Common Strategic Framework funds contributed to the objectives of the given priorities. The monitoring committee shall assess all evaluations and shall forward them to the European Commission.
Annexes

1. The European Union’s 11 thematic objectives for the programming period 2014-2020 and related investment priorities

<table>
<thead>
<tr>
<th>Thematic objectives</th>
<th>Fund</th>
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</thead>
<tbody>
<tr>
<td><strong>1. Strengthening research, technological development and innovation</strong></td>
<td></td>
</tr>
<tr>
<td>1.1. strengthening the capacity aimed at the development of the outstanding performances of research and innovation infrastructure (R+I), especially supporting competency centres with a European interest</td>
<td>ERDF</td>
</tr>
<tr>
<td>1.2. promoting the R+I investments of enterprises, relations and synergies between enterprises and R+D centres and higher education institutions, especially promoting product-, and service development, technology transfer, social innovation and public service applications, demand intensification, network building, clusters and open innovation via intelligent specialisation</td>
<td>ERDF</td>
</tr>
<tr>
<td>1.3. promoting technological and applied research, experimental programmes, early product certification measures, furthermore promoting the developed manufacturing capacity of base technologies and supporting first production, proliferation of technologies for general purposes</td>
<td>ERDF</td>
</tr>
<tr>
<td>1.4. promoting research, technological development and innovation, elaboration of post-graduate training courses via researcher education programmes, furthermore via network-building activities and partnership between higher educational institutions, research-, and technology centres and enterprises</td>
<td>ESF (only secondarily)</td>
</tr>
<tr>
<td><strong>2. Enhancing access to and use and quality of information and communication technologies</strong></td>
<td></td>
</tr>
<tr>
<td>2.1. expanding broadband network establishment and establishment of high-speed networks, furthermore supporting upcoming technologies and network in order to ensure a digital economy</td>
<td>ERDF</td>
</tr>
<tr>
<td>2.2. further development of ICT-enabled products and services, e-trade and stimulation of the need for ICT-related products and services</td>
<td>ERDF</td>
</tr>
<tr>
<td>2.3. strengthening of the application of Information Communication Technologies of e-government, e-learning, e-admission, e-culture and e-health care</td>
<td>ERDF</td>
</tr>
<tr>
<td>2.4. promoting access to information and communication technologies and enhancing the utilisation and quality of technologies via the development of digital experience and e-learning, furthermore via investments related to digital experience and appropriate entrepreneurial skills</td>
<td>ESF (only secondarily)</td>
</tr>
<tr>
<td><strong>3. Enhancing the competitiveness of small and medium sized enterprises (SMEs)</strong></td>
<td></td>
</tr>
</tbody>
</table>
3.1. promoting the entrepreneurial spirit, especially by the facilitation of the economic utilisation of new ideas, furthermore by promoting the foundation of new companies, also including business incubation  
3.2. elaboration of a new corporate model for small- and medium-sized enterprises and its implementation, mainly with the aim of becoming international  
3.3. supporting and establishing up-to-date capacities referring to product- and service development  
3.4. supporting the capacities of small- and medium-sized enterprises in order to ensure growth and innovation  
3.5. improving the competitiveness of small- and medium-sized enterprises by promoting the adoptability of enterprises and employees and by increasing investments to human assets  

**4. Supporting the shift towards a low-carbon economy in all sectors**  
4.1. promoting the manufacturing and distribution of sources of renewable energy  
4.2. promoting the energy-efficiency and utilisation of the sources of renewable energy in the case of enterprises  
4.3. supporting energy-efficiency and the use of sources of renewable energy in infrastructural facilities, including public buildings and residential property branch  
4.4. development and implementation of low- and medium-voltage intelligent distribution systems  
4.5. supporting development strategies with low carbon-dioxide emission in the case of all territorial units, especially in towns; including the promotion of sustainable urban mobility and mitigation of the negative impacts of relevant adaptation measures  
4.6. promoting the research, innovation and adaptation of low-carbon technologies  
4.7. promoting the application of high-efficiency heat- and power generation based on useful heat demand  
4.8. promoting the switch to an energy-efficient and environmentally sustainable economy with low-carbon emission and resistance to the impacts of climate change via the reform of educational and training systems, by the adaptation of skills and qualifications according to the labour market needs, increasing the educational level of employees, furthermore via job creation in sectors related to environment and energy  

**5. Promoting climate change adaptation, risk prevention and management**  
5.1. supporting targeted investments aimed at the adaptation to climate change  
5.2. promoting investments targeted at the management of individual risks, ensuring the resistance to disasters and investments related to the development of disaster prevention and management systems
### 6. Protecting the environment and promoting resource efficiency

| 6.1. | satisfying the significant investment needs of the waste management sector in order to comply with the requirements set forth by the EU’s environmental protection achievements | ERDF, CF |
| 6.2. | satisfying the significant investment needs of the water management sector in order to comply with the requirements set forth by the EU’s environmental protection achievements | ERDF, CF |
| 6.3. | protection, promotion and development of cultural and natural heritage | ERDF, CF |
| 6.4. | protection and restoration of biological diversity, promoting of soil protection and restoration and eco-system services, including NATURA2000 and green infrastructures | ERDF, CF |
| 6.5. | measures related to urban environment development, including restoration of rust regions and reduction of air pollution | ERDF, CF |
| 6.6. | promoting innovative technologies in order to enhance environmental protection and resource efficiency within the waste- and water management sector, soil protection and in order to reduce air pollution | ERDF |
| 6.7. | supporting industrial transmission to a resource-efficient economy in order to ensure green growth | ERDF |

### 7. Promoting sustainable transport and removing bottlenecks in key network infrastructures

| 7.1. | promoting the multi-modal uniform European Transportation Region by the investment into the Trans-European Transport Network (TEN-T) | ERDF, CF |
| 7.2. | promoting regional mobility by connecting the secondary and tertiary junction points to the TEN-T infrastructure | ERDF |
| 7.3. | development of environmental-friendly and low carbon-dioxide emission transportation systems – including river and sea transport, ports and multi-modal junction hubs as well – and promoting sustainable town mobility | ERDF, CF |
| 7.4. | development and rehabilitation of comprehensive, high-level and inter-operational railway systems | ERDF, CF |
| 7.5. | intelligent gas- and power distribution, storage and transmission systems | ERDF |

### 8. Promoting employment and supporting labour mobility

| 8.1. | establishment of business incubator houses, furthermore supporting self-employment, micro-enterprises and company foundation through investments | ERDF |
| 8.2. | supporting employment-friendly growth by the development of endogen potentials set forth by the territorial strategies in the special areas, including the structure change of declining industrial regions, furthermore increasing access to special natural and cultural resources, furthermore the development of these resources | ERDF |
| 8.3. | supporting community-led local development initiatives and structures offering neighbouring services in order to establish new jobs, whereby these activities fall outside the scope of application of the ESF | ERDF |
| 8.4. | investment in the national employment service infrastructure | ERDF |
| 8.5. | access to the labour-market for job-seekers and inactive persons, among others by the promotion of locally-led employment initiatives and employment mobility | ESF |
| 8.6. | sustainable labour-market integration of the young generation, with special respect to the unemployed and to the young ones not in education | ESF |
| 8.7. | self-employment, entrepreneurial skill and enterprise foundation | ESF |
| 8.8. | ensuring equality between genders, reconciliation of work and private life | ESF |
| 8.9. | adaptation of employees, enterprises and entrepreneurs to the changed circumstances | ESF |
| 8.10. | active and healthy ageing | ESF |
| 8.11. | modernisation and strengthening of labour market institutions, including trans-national geographical mobility incentive activities | ESF |

### 9. Promoting social inclusion and combating poverty

| 9.1. | investment in health care and social infrastructure ensuring national, regional and local development; reduction of the unevenness of health care status, furthermore switch from institutional services to community-based services | ERDF |
| 9.2. | supporting the physical rehabilitation of urban and countryside communities and regions in the need, furthermore supporting their economic and social upturn | ERDF |
| 9.3. | supporting social enterprises | ERDF |
| 9.4. | active inclusion, with special respect to improving employment-ability | ESF |
| 9.5. | integration of peripheral communities, such as the Roma | ESF |
| 9.6. | fight against discrimination based on gender, race, ethnic background, religion or belief, disability, age or sexual orientation | ESF |
| 9.7. | ensuring better access to affordable and quality services, including health care services and social services of public interest | ESF |
| 9.8. | promoting social economy and enterprises | ESF |
| 9.9. | community-led local development strategies | ESF |

### 10. Investing in education, skills and lifelong learning

| 10.1. | by the development of educational and training infrastructure | ERDF |
| 10.2. | prevention of leaving school early, reducing the number of early school-leavers; promoting equal access to quality education both with respect to early education and primary-and secondary education | ESF |
| 10.3. | improving the quality, efficiency and access to higher education or similar level education, by increasing the participation rate in education and in order to improve the qualification levels | ESF |
10.4. promoting the access to life-long learning opportunities, updating the skills and competency of employees, furthermore adapting the educational and training systems to the labour market needs, including specialised educational and training quality improvement, establishment of apprentice systems and work-based learning, for example dual educational systems  

<table>
<thead>
<tr>
<th>11. Enhancing institutional capacity and an efficient public administration</th>
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<tbody>
<tr>
<td>11.1. enhancing institutional capacity and public administrative efficiency and public services related to the ERDF implementation, furthermore supporting the measures referring to the institutional capacity subsidised by the ESF and to the efficiency of public administration</td>
</tr>
<tr>
<td>ERDF</td>
</tr>
<tr>
<td>11.2. enhancing institutional capacity and public administrative efficiency and public services related to CF implementation</td>
</tr>
<tr>
<td>CF</td>
</tr>
<tr>
<td>11.3. investments into increasing the institutional capacity and efficiency of public administrative bodies and public services, with the goal of implementing reforms, better regulations and responsible governing</td>
</tr>
<tr>
<td>ESF</td>
</tr>
<tr>
<td>11.4. increasing the institutional capacity of the parties affected by the elaboration of employment-, educational- and social policy; sectoral and territorial pacts for the promotion of national, regional and local level reforms</td>
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<td>ESF</td>
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</table>

2. Local development strategy and integrated territorial project related chapters of the proposal for a regulation of the Common Strategic Framework

**Article 28**

**Community-led local development**

1. Community-led local development, which is designated as LEADER local development in relation to the EAFRD, shall be:
(a) focused on specific sub-regional territories;
(b) community-led, by local action groups composed of representatives of public and private local socio-economic interests, where at the decision-making level neither the public sector nor any single interest group shall represent more than 49% of the voting rights;
(c) carried out through integrated and multi-sectoral area-based local development strategies;
(d) designed taking into consideration local needs and potential, and include innovative features in the local context, networking and, where appropriate, cooperation.

2. Support from the CSF Funds to local development shall be consistent and coordinated between the CSF Funds. This shall be ensured inter alia through coordinated capacity-building, selection, approval and funding of local development strategies and local development groups.

3. Where the selection committee for the local development strategies set up under Article 29(3) determines that the implementation of the local development strategy selected requires support from more than one Fund, a lead Fund may be designated.

4. Where a lead Fund is designated, the running costs, animation and networking activities for the local development strategy shall be financed from the lead Fund only.

5. Local development supported by the CSF Funds shall be carried out under one or more priorities of the programme.

Article 29.

Local development strategies

1. A local development strategy shall contain at least the following elements:
(a) the definition of the area and population covered by the strategy;
(b) an analysis of the development needs and potential of the area, including an analysis of strengths, weaknesses, opportunities and threats;
(c) a description of the strategy and its objectives, a description of the integrated and innovative character of the strategy and a hierarchy of objectives, including clear and measurable targets for outputs or results.
The strategy shall be coherent with the relevant programmes of all the CSF Funds involved;

(d) a description of the process of community involvement in the development of the strategy;

(e) an action plan demonstrating how objectives are translated into actions;

(f) a description of the management and monitoring arrangements of the strategy, demonstrating the capacity of the local action group to implement the strategy and a description of specific arrangements for evaluation;

(g) the financial plan of the strategy, including the planned allocation of each of the CSF Funds.


3. Local development strategies shall be selected by a committee set up for this purpose by the relevant managing authorities of the programmes.

4. The selection and approval of all local development strategies shall be completed by 31st December 2015 at the latest.

5. The decision to approve a local development strategy by the managing authority shall set out the allocations of each CSF Fund. It shall also set out the roles of the authorities responsible for the implementation of the relevant programmes for all implementation tasks relating to the strategy.

6. The Commission shall be empowered to adopt delegated acts in accordance with Article 142 concerning the definition of the area and population covered by the strategy referred in paragraph 1(a).

Article 30.

Local action groups

1. Local action groups shall design and implement the local development strategies. Member States shall define the respective roles of the local action group and the authorities responsible for the implementation of the relevant programmes, for all implementation tasks relating to the strategy.

2. The managing authority shall ensure that the local action groups either select one partner within the group as a lead partner in administrative and financial matters, or come together in a legally constituted common structure.
3. The tasks of local action groups shall include the following:

(a) building the capacity of local actors to develop and implement operations;

(b) drawing up a non-discriminatory and transparent selection procedure and criteria for the selection of operations, which avoid conflicts of interest that shall ensure that at least 50% of the votes in selection decisions are from the non public sector partners, providing for the possibility of appeal against selection decisions and allowing selection by written procedure;

(c) ensuring coherence with the local development strategy when selecting operations, by prioritising them according to their contribution to meeting the strategies’ objectives and targets;

(d) preparing and publishing calls for proposals or an ongoing project submission procedure, including definition of selection criteria;

(e) receiving applications for support and assessing them;

(f) selecting operations and fixing the amount of support and, where relevant, presenting the proposals to the responsible body for final verification of eligibility before approval;

(g) monitoring the implementation of the local development strategy and the operations supported and carrying out specific evaluation activities linked to the local development strategy.

Article 31.

Support from the CSF Funds for local development

Support for local development shall include:

(a) the costs of preparatory support;

(b) implementation of operations under the local development strategy;

(c) preparation and implementation of cooperation activities of the local action group;

(d) running costs and animation of the local development strategy up to the limit of 25 % of the total public expenditure incurred within the local development strategy.

Chapter IV.

Territorial development
Article 99.

Integrated territorial investment

1. Where an urban development strategy or other territorial strategy or pact as defined in Article 12(1) of Regulation...[ESF] requires an integrated approach involving investments under more than one priority axis of one or more operational programmes, the action shall be carried out as an integrated territorial investment (an 'ITI').

2. The relevant operational programmes shall identify the ITIs planned and shall set out the indicative financial allocation from each priority axis to each ITI.

3. The Member State or the managing authority may designate one or more intermediate bodies, including local authorities, regional development bodies or non-governmental organisations, to carry out the management and implementation of an ITI.

4. The Member State or the relevant managing authorities shall ensure that the monitoring system for the operational programme provides for the identification of operations and outputs of a priority axis contributing to an ITI.
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