

IMPLEMENTATION OPERATIONAL PROGRAMME
(Technical Assistance)

CCI No.: 2007HU161PO010

04-07-2007

EXECUTIVE SUMMARY

TECHNICAL ASSISTANCE IN THE NEW HUNGARY DEVELOPMENT PLAN

In the programming period 2007-2013, resources for Technical Assistance will appear in two places: in the Technical Assistance priorities of the Operational Programmes and in the horizontal *Implementation Operational Programme* (IOP).

The Technical Assistance funds of the IOP and the OPs are distinguished as follows:

- The IOP priorities are meant to support strategic activities at system level in relation to the implementation of the National Strategic Reference Framework (hereinafter referred to as New Hungary Development Plan, NHDP) and all Operational Programmes (*e.g. tasks of the National Development Agency and the horizontal organisations*).
- The Technical Assistance priorities of the Operational Programmes support the technical-operational implementation of each programme, primarily the project-related activities of OPs (*mainly activities of the Intermediate Bodies*).

IMPLEMENTATION OPERATIONAL PROGRAMME

The regular and effective implementation of the NHDP is an unprecedented challenge for the country. In the programming period 2007-2013, EU resources will almost quadruple in relation to the previous period. Their efficient and timely utilisation will only be possible if the necessary organisational, technical and human resources are provided for. The aim of this Operational Programme is to make available, in conjunction with the Technical Assistance (TA) priorities of the sectoral and regional OPS, and the national budget, the financing needed to supply those resources. Its overall objective is to ensure the efficient and effective implementation of the NHDP, and facilitate the full and timely absorption of the resources made available in the period 2007-2013.

The OP's **specific objectives** contributing to attaining the overall objective are:

1. *The high-standard functioning of institutions involved in the implementation of EU cohesion policy in Hungary.*
2. *Ensure the availability of effective monitoring and evaluation systems required for the efficient use of support.*
3. *Fulfilling all requirements concerning information and publicity, and the provision of locally accessible advisory services to (prospective) beneficiaries.*

The tools serving the achievement of the objectives appear under the following priorities:

1. Operation and development of the central and horizontal institutions

- Providing for the capacity of central institutions responsible for the utilisation of support,
- Elaboration and implementation of educational and organisational development measures designed to assist the continuous development of the institutional system as a whole.

2. Tools required for the high-standard utilisation of support

- Development of an IT system to comply with EU requirements and to actively support the execution of the duties of those working within the institutional system;
- Evaluation of programmes, operate a system of on-going evaluations;

- Provide continuous and comprehensive information to potential beneficiaries, carry out publicity activities;
- Operation of a locally accessible network of advisers assisting (potential) beneficiaries in their efforts to generate and implement quality projects.

The allocation of resources among priorities will be the following:

Priority axis	Support (euro)	Allocation of resources (%)
1. Operation and development of central and horizontal institutions	255 339 698	68.9
2. Tools required for the high-standard utilisation of support	115 404 934	31.1
Total	370 744 632	100

(Figures at current prices, incl. 15% national co-financing)

CONTENTS

EXECUTIVE SUMMARY.....	2
Technical Assistance in the New Hungary Development Plan.....	2
Implementation Operational Programme	2
CONTENTS	4
1. SITUATION ANALYSIS	6
1.1 Background	6
1.1.1. <i>Development programmes for the 2007-13 period</i>	6
1.1.2. <i>Regulatory background</i>	6
1.1.3. <i>Conformity with Community and National Strategies</i>	7
1.1.4. <i>Demarcation between the IOP and the Operational Programmes</i>	8
1.2 Experience of the period 2004-06	9
1.2.1. <i>Implementation of the Community Support Framework (2004-2006)</i>	9
1.2.2 <i>Most important experiences on the implementation of 2004-2006 period</i>	11
1.2.3. <i>Technical Assistance programs in the period 2004-2006</i>	13
2. STRATEGY	15
2.1 objectives of the Implementation OP	15
2.2 Interrelation of the OP objectives and the priorities	17
2.3 findings of the ex ante evaluation	18
2.4 Official statement on the strategic environmental assessment of the IOP.....	20
2.5 Partnership process	24
2.6 Equal opportunities and sustainability.....	25
3. PRIORITY AXES	26
3.1. Operation and development of central and horizontal institutions	26
3.1.1. <i>Providing the capacity of central and horizontal institutions</i>	26
3.1.2. <i>Elaboration and implementation of educational and organisational development measures designed to assist the continuous development of the institutional system as a whole</i>	30
3.2 Tools required for the high-standard utilisation of support	31
3.2.1 <i>Development of an IT system to comply with EU requirements and to actively support the execution of the duties of those working within the institutional system</i> ..	31
3.2.2. <i>Evaluation of programmes, operate a system of on-going evaluations</i>	33
3.2.3. <i>Provide continuous and comprehensive information to potential beneficiaries, carry out publicity activities</i>	33
3.2.4. <i>Operation of a locally accessible network of advisers assisting (potential) beneficiaries in their efforts to generate and implement quality projects</i>	35
4. FINANCIAL TABLE.....	37
5. Interrelation with the actions financed by the European Agricultural and Rural Development Fund and the European Fisheries Fund	39
6. Implementing PROVISIONS for the implementation Operational Programme	40
6.1 Management.....	40
6.2 Monitoring and Evaluation.....	47
6.3 Evaluation	49
6.4 Financial Management and Control	51
6.5 Provisions related to Information and Publicity.....	55
6.6 Community policies and horizontal principles – Sustainability, Equal Opportunities and partnership, State Aid, Public Procurement	56
APPENDICES	61
Appendix No. 1: The indicator system of the Implementation OP	61
Appendix No. 2: Contribution of resources deriving from Community funds to the Operational Programme by category	62

GLOSSARY

ARDOP – Agrarian and Rural Development Operational Programme

AA – Audit Authority

SMIS – Single Monitoring Information System (EMIR)

EARDF– European Agricultural and Rural Development Fund

ECOP – Economic Competitiveness Operational Programme

HROP – Human Resources Operational Programme

MA – Managing Authority

EIOP – Environmental and Infrastructural Operational Programme

IB – Intermediate Body

CSF – Community Support Framework

NDP – National Development Plan

NDA – National Development Agency

NSRF – National Strategic Reference Framework

OP – Operational Programme

OPPCC – Operational Programme Planning Coordination Committee

ROP – Regional Operational Programme

TA – Technical Assistance

IOP – Implementation Operational Programme

NHDP – New Hungary Development Plan

1. SITUATION ANALYSIS

1.1 BACKGROUND

1.1.1. *Development programmes for the 2007-13 period*

Tens of thousands of projects are going to be realised under the NHDP in areas like improved competitiveness, human resources, environmental and regional development amounting to a total of over HUF 10,000 bn.

In the period between 2007 and 2013, Hungary can use as much EU resources each year as in the 2004-2006 planning period altogether. The efficient utilisation of these resources is only possible if an appropriate system of management institutions, along with the necessary financial resources is available. To this end, this Operational Programme aims at providing for the effective and efficient implementation of the NHDP, and to facilitate the full absorption of resources made available in the 2007-2013 period.

1.1.2. *Regulatory background*

For the regular, effective and efficient utilisation of EU support, the member state is obliged to meet the requirements set forth in Regulation No. 1083/2006/EC of the Council of the European Union (hereinafter referred to as "the General Regulation") in the fields of management, monitoring, controlling, evaluation and information supply. Pursuant to paragraph 65 of the Preamble of the General Regulation, *"In accordance with the principles of subsidiarity and proportionality, Member States should have the primary responsibility for the implementation and control of the interventions"*.

It is the member state's responsibility to provide for the setting up and operation of management and control systems as specified in article 58 of the General Regulation. For the implementation of the Plan, on the basis of articles 59 and 60, the appointment and operation of a Managing Authority, a Certifying Authority, and an Audit Authority is compulsory.

Pursuant to article 46 of the General Regulation, the Funds may contribute to the financing of the preparation, management, monitoring, evaluation, information and controlling activities of the Operational Programmes, together with the reinforcement of the administration capacities required for the utilisation of Funds. Pursuant to paragraph 2 of article 46, member states may choose, on a complementary basis, to carry out such tasks in a specific TA operational programme.

In accordance with the limits set out in paragraph 1, subparagraph "a" of article 46, Technical Assistance activities under the NHDP represent 3.9% of the available funds. From this,

- Technical Assistance priorities of the Operational Programmes combined represent 2.6% of the NHDP's total budget;
- the present OP receives 1.3% of the funds available.

As regards geographical eligibility, the OP is mono-objective, covering only the Convergence regions. Activities linked to those contained in this OP, but in favour of the Regional Competitiveness Region (Central Hungary) are financed from the national budget, outside the OP and the NHDP. Where needed, the related costs shall be calculated as 8.15% of project expenditure, corresponding to the share of Central Hungary's from the NHDP's total budget. For these costs, no contribution from the funds will be claimed.

1.1.3. Conformity with Community and National Strategies

Pursuant to the National Lisbon Action Programme (NAP) *“there is a close link between the Lisbon objectives and European Cohesion Policy that mutually strengthen each other. The European Cohesion Policy is an investment with a high return, which provides help in overcoming the structural obstacle in the way of development and which can mobilise a considerable growth potential. In addition, it contributes to the widest possible exploitation of opportunities offered by the European regions and the reduction of the territoriale disparities”¹.*

In the preparation of the development plan and the Operational Programmes, Hungary has paid special attention to harmonising their contents with the objectives specified in the renewed Lisbon Strategy. This is ensured by the new government structure, according to which the management of both processes is the task of the government commissioner in charge of the development policy.

In the implementation of NAP priorities, EU development funds have a substantial role. Pursuant to section 1.3.4 of the Community Strategic Guidelines – CSG), *„the Structural Funds may play a significant part in supporting the successful formation and implementation of policies, extending on all participants covering a broad range of areas.”*

In line with the above, it is essential that the administration and management system related to the implementation of the Plan does not hinder, but actively contributes to the achievement of the objectives. At the same time, the possibility of continuous monitoring and evaluation of impacts and results should be ensured. This latter goal also appears in the NAP: *„ The continuous monitoring of the various department policy strategies and measures is indispensable for the implementation of the Lisbon Strategy objectives”².*

In line with the above objectives, the Implementation OP serves, on the one hand, for financing activities helping to improve the efficiency of implementation; and to measure and evaluate the efficiency, compliance, success and effectiveness of the cohesion policy, on the other. Through this, development resources can be utilized in the most effective manner, resulting in the creation of the highest possible number of new jobs, maximising the country's potential for growth and competitiveness.

To achieve this, it is necessary to finance

- on the basis of actual performance and efficiency, the operation of institutions involved in implementation,
- communication activities,
- an IT system improving management efficiency,
- as well as a system of evaluations and studies.

Thereby, the requirement of compliance with rules and regulations is to be taken into consideration at all times.

As a result of attaining its objectives, the OP contributes to the attainment of the objectives of the NAP through:

- ensuring the effective, efficient, regular and transparent implementation of the NHDP;
- allowing for the highest possible rate of absorption of resources available for the period 2007-2013;
- contributing to the evolution of development policy;

¹ Section 1 (Introduction, Page 6) of the REVISED NATIONAL LISBON ACTION PROGRAMME FOR GROWTH AND EMPLOYMENT

² Section 2.2 (Follow-up and Monitoring of the Measures) of the REVISED NATIONAL LISBON ACTION PROGRAMME FOR GROWTH AND EMPLOYMENT

- facilitating the overall improvement of the state administration and public services as a whole.

When using IOP resources, the basic principles, guidelines and objectives laid down both in the Integrated Growth and Employment Guidelines, the National Reform Programme, as well as in the Community Strategic Guidelines must be taken into account to the maximum extent. Therefore, *„as in previous programming periods, through Technical Assistance the fund reinforced the management capacities of member states and the Managing Authorities in the implementation of regulations, this should be applied in the period between 2007 and 2013, too, since the so-called intelligent governance is a fundamental requirement for economic growth and employment“* (CSG section 1.3.4).

1.1.4. Demarcation between the IOP and the Operational Programmes

The starting point for the identification of the IOP's activities is the centralised planning of the NHDP, and the definition of a standardised legislative and procedural environment for its implementation.

Centralised tasks – the coordination of planning and implementation, the operation of the Managing Authorities, the monitoring system, information and PR activities etc. – are consolidated under the auspices of one organisation – the National Development Agency.

During implementation, Managing Authorities shall concentrate primarily on

- the preparation and implementation of decisions of a strategic importance in terms of achieving the objectives of the Operational Programme
- and on the supervision (external control) of Intermediate Bodies through sample-based as well as system-level checks.

Further control and certification activities prescribed by EC regulations shall continue to be performed by horizontal organisations (Certifying Authority and Audit Authority). Day-to-day technical and operational tasks related to the implementing the OPs shall be performed by intermediate bodies, on the basis of an assignment received from the Managing Authority.

The structure of the IOP corresponds to the structure of the institutional system of the NHDP: the separation of TA activities at IOP and OP levels has been defined with a view to

- the division of tasks among the different levels of institutions
- the distribution of costs resulting from the functioning of the organisations concerned.

Consequently, as a general rule, the technical assistance priorities of the sectoral and regional operational programmes shall finance activities related mainly to implementation tasks at the project-level, while the IOP will concentrate strategic, system-wide tasks with a relevance to the NHDP as a whole.

Within this:

- the **TA priorities of the OPs** support all activities that are related exclusively to the implementation of the Operational Programme concerned, including mainly the following:
 - operation of the OP monitoring committees, including related secretarial tasks;
 - annual implementation reports, studies, analyses; evaluations not included in the overall NHDP-level evaluation plan, including evaluations at the initiative of monitoring committees;
 - OP-level communication activities not covered by the IOP (*see chapter 3.2.3. for details*).
- **the IOP** finances all activities of a horizontal nature – covering all or several OPs – that can be realised more efficiently at the central level.

The table below illustrates the separation of Technical Assistance activities under the NHDP concerning the TA priorities of this Operational Programme and the OPs:

Groups of Technical Assistance activities	Implementation OP	OP TA Priority Axes
Providing the capacity of the NDA and the horizontal institutions	X	
Performing the tasks of OP Intermediate Bodies		X
Operation of the OP monitoring committees, performing their secretariat tasks		X
Preparation of evaluation methodologies, coordination of evaluation activities and financing of evaluations included in the NHDP-level evaluation plan	X	
Evaluations not included in the NHDP-level evaluation plan and evaluations at the initiative of monitoring committees		X
Overall communication concerning the NHDP	X	
Targeted communication activities connected to the specific OP or OP Priority Axis		X
Network of experts for the preparation and implementation of high-quality projects	X	
Single monitoring information system	X	
Annual implementation reports, studies and analyses concerning OP implementation		X

1.2 EXPERIENCE OF THE PERIOD 2004-06

1.2.1. Implementation of the Community Support Framework (2004-2006)

The Community Support Framework's (CSF) long-term strategic objective was the improvement of the quality of life. Its overall objective for the planning period was the reduction of the development gap in relation to the EU average of per capita income.

In order to underpin these overall objectives, and to promote their realisation, four specific objectives have been defined:

- more competitive economy,
- better utilisation of human resources,
- better environmental quality,
- and the promotion of a balanced regional development.

The measures designed to achieve these objectives are being realised through five Operational Programmes.

Up to March 2007, 41,189 project proposals have been received since the publication of the calls for application in January 2004, 88% of which have already been decided upon. The amount of support allocated to projects approved (commitment) exceeded the total three-year budget (670 bnHUF). The number of projects supported was 17,200.

The amount of support already disbursed – to a total of 12,618 beneficiaries, 78% of those in possession of a valid support contract – exceeded 407 bnHUF, more than 61% of the three-year budget. More than three quarters of the disbursement, amounting to nearly 340 bnHUF, were paid *ex-post*, on the basis of certified expenditure, with the remaining amount representing advances according to national legislation.

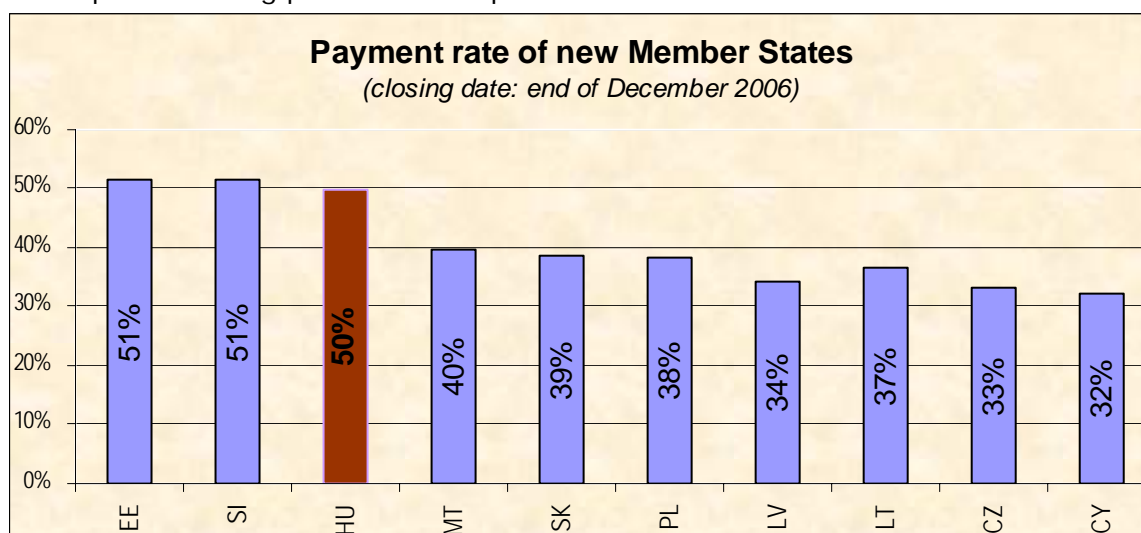
Judging on the basis of macro-level figures, implementation is definitely successful, the financial indicators achieved meet or exceed expectations. The progress of disbursing Community funds is satisfactory and, as recent figures show, currently there is no imminent risk of losing commitments due to the n+2 rule.

On the other hand, the time required for the processing of applications, the conclusion of support contracts and for disbursements is, in general, unacceptably long. This creates undue difficulties for many beneficiaries. In order to eliminate these problems, beneficiaries have, since Spring 2005, the possibility to receive a 25% advance payment to bridge-finance their projects. Simultaneously, based on proposals by the CSF MA, the documentation as well as guarantees required when submitting applications has been significantly reduced. Furthermore, the allocation of tasks between the Managing Authority and the Intermediate Bodies in NDP 1 has been reviewed in order to eliminate overlaps, and make the implementation and control systems more efficient and transparent.

Procedures for the 2007-2013 period have been developed much on the basis of experience from the previous implementation period. The resulting system is much simpler and more consistently regulated than the initial system of NDP I. At the same time, the methods for allocating support were re-defined and standardised so that the toolbox managing authorities can use to deliver their OP objectives is now more transparent and – due to the introduction of new allocation methods – also more sophisticated. Last, but not least, the way in which the tasks of intermediate bodies are defined and financed has been revised focussing on quality and performance indicators.

Based on experience, we can build on the following strengths in the forthcoming planning period:

- *Good progress concerning the utilisation of funds:* based on available figures, Hungary fulfilled the dominant part of objectives defined during the past years in terms of absorbing EU funds – with special regard to commitments. As a result, Hungary occupies a leading position in comparison with other new member states.



Source: DG BUDG – Structural Funds: Report on the Evolution of Payments; 31/12/2006

- *A functional institutional system capable of absorbing the funds:* the experience of the first years indicates that Hungary will be able to fully utilize the support within the time available. The institutional system is functional and has been able to live up to the challenge. Although, efficiency can and should still be improved, implementation in the next period can be based on the existing organisations.
- *Available human resources:* in the course of the implementation of programmes launched in 2004 – thanks, to a considerable extent, to Technical Assistance – , a human resource base skilled in managing funds has developed; the working processes and competences have been defined in detail in the operation manuals of the

organisations. Many of these manuals and the working processes therein have already been audited.

1.2.2 Most important experiences on the implementation of 2004-2006 period

The institutional system engaged in the utilisation of earlier support will face new requirements in the period 2007-13. On the one hand, the legal framework for EU structural and cohesion policy changes. At the same time, the amount available each year in the framework of the development plan is going to quadruple. These increasing resources can only be handled by an efficient system of organisations capable of properly reacting to challenges.

Key figures and operation costs of the institutional system

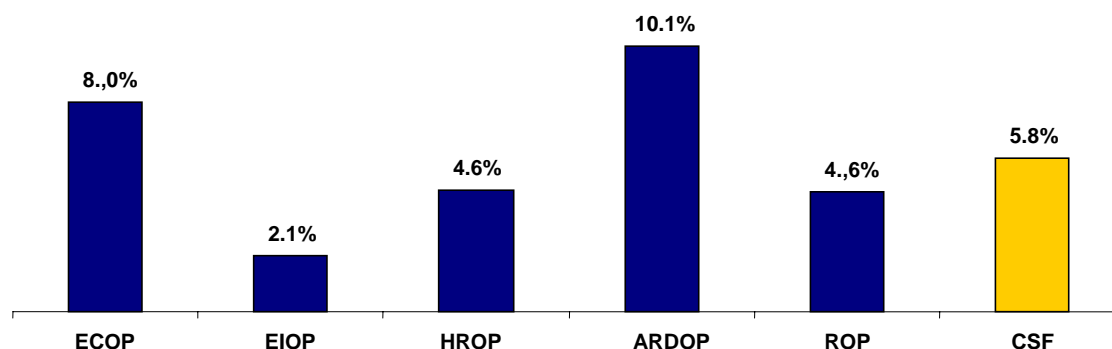
The implementation of the CSF (NDP 1) involved 5 OP Managing Authorities (plus the CSF MA) and 21 Intermediate Bodies, employing altogether about 1300 people.

In the spring of 2006, an independent expert study assessed the capacity and operational costs of the CSF's institutional system³. The study's conclusions can be summarised as follows:

- the estimated operational costs of Managing Authorities and Intermediate Bodies amounted to nearly 6% of the total programme budget of HUF 670 bn, available between 2004 and 2008.
- If the costs of the organisations with a horizontal responsibility (control institutions, paying authority, CSF Managing Authority etc.) are also included, about 7-8% of the CSF budget needed to be used for the operation of the structural funds.
- Furthermore, as administrative requirements prescribed in the EU regulations have not been reduced

The radical increase of available resources leads to a growing demand for administrative capacity. As a result, the workload of the institutional system will also increase. This entails considerable costs. Consequently, Technical Assistance resources will need to continue to be used primarily for financing the institutional system.

Implementation costs in OPs as a percentage of funds managed (Survey of the operation of the CSF institutional system, March 2006)



Most important experiences in relation to the operation of the institutional system

An interim evaluation by independent experts early in 2006⁴ revealed in detail the experience gathered on the operation of the institutional system during NDP I. The most impor-

³ Assessment of the management of the CSF institutional system, IFUA Horváth & Partners Kft, 2006.

⁴ Interim evaluation of the CSF institutional system, Ex-Ante Kft., HBF Hungaricum Kft, 2006.

tant findings of this study are the following.

Most of the problems encountered in the course of the implementation of NDP I were the result of frequent **overlaps between the objectives, tasks and responsibilities**. Most members of the institutional system identified the prevention of irregularities as their primary responsibility. Furthermore, the functional division of labour (when different tasks related to the implementation of a call for applications is carried out by different organisations, or when one task is carried out jointly by several organisations) was very cumbersome in practice. Demand for coordination was high; the organisations often declined to take responsibility and preferred to wait for each others' actions.

In NDP I, responsibility to take decisions has been pushed up to the level of the MA. Simultaneously, MAs **over-control** the decisions made at lower levels, reviewing every single transaction. This has rendered the functioning of the institutional system overcomplicated and slow. The level of autonomy of action of the Intermediate Bodies is lower than necessary.

In the course of implementing NDP I, the **time required to take carry out administrative functions proved to be unacceptably long**, and no substantial improvement was detected to date.

One of the basic deficiencies of the current system is that it is not based on the **principle of performance**. The pre-conditions of evaluating performance at the level of organisations are missing. At the level of individual employees, performance evaluation is usually in conflict with organisational cultures. Regulations in force are also making the use of efficient employee motivation systems difficult.

The rate of fluctuation of employees within the institutional system is high. The fluctuation rate is 10-20%, with one third of the organisations having to replace the whole staff of certain organisational units within one year. The willingness of employees to stay with their organisation (55%) is lower than the national average (62%). Organisations with higher standards of commitment function evidently more successfully in terms of both efficiency and results.⁵

Most organisations suffer from a chronic shortage of staff, with employees having to work under constant „peak load“. This doesn't only cause temporary problems, but it is also surely unsustainable over the longer term.

The Single Monitoring Information System (EMIR) – due to the complicated nature of procedures, but also as a result of its own complexity – is, for many users, *a factor of bureaucracy, which further slows down processes*, although it was designed to facilitate implementation. This has to change. Even if problems encountered when using EMIR can be attributed to procedural rather than to IT problems, in parallel with the simplification and standardisation of procedures, EMIR has to be further developed, as well. The introduction of many new functions is necessary (such as electronic application forms, electronic signatures). These will *significantly* accelerate processes. An important task is, furthermore, the extension of the possibility of electronic data transmission between the IT systems of the central budget, and other governmental databases other than the treasury monitoring support system.

Based on the above considerations, further important tasks emerge in the institutional system in the following areas:

1. The coordination of the utilisation of support – both in terms of substance and processes – should be reinforced. The concentration of the Managing Authorities in a single organisation will clearly improve the conditions of the coordination of implementation. The coordination of the substance of the operational programmes is provided for by the stronger strategic role played by the Managing Authorities and the national-level Action Plans to be introduced from 2007.

⁵ *Audit of the HR background of the Structural Funds institutional system*, based on independent expert assessment (Hewitt Inside Consulting Kft, 2005).

2. Labour division among different levels of the institutional system has to be reconsidered in order to eliminate overlaps and reducing red tape. In order to avoid the overlapping of functions, the strategic management and control tasks shall be performed by the Managing Authorities, while project-level tasks shall be allocated completely to the Intermediate Bodies.
3. The time needed to carry out administrative procedures has to be reduced significantly.
4. In order to maintain efficiency at the organisational level, the performance of all institutions has to be evaluated on a regular basis. The financing of implementation activities – both at the level of organisations and individuals – must be based on performance indicators, such as programme targets and the quality indicators of administration.
5. The quantitative and qualitative administrative capacity required for the utilisation of support has to be ensured applying a wide range of appropriate motivation tools.
6. The institutional and procedural system of implementation has to be simplified and standardised. The coordination of implementation means first of all the harmonisation of the legislative and procedural environment, and the continuous harmonisation of the formal and substantial criteria for the selection of operations.
7. Apart from supplying monitoring information, EMIR has to effectively support the daily work of staff. Furthermore, it has to be able to deliver aggregate information in order to provide a basis for high-level decision-making. It is important to correct any deficiencies of the system, and to develop it further with substantial new functions.
8. In terms of increased efficiency of procedures, electronic administration methods play an important part. Several elements of this – electronic calls for applications, information to applicants via the Internet, electronic submission of progress reports and expenditure declarations – has already been realised in the current planning period. A further task is the considerable improvement of the process support functions of the IT system.

1.2.3. Technical Assistance programs in the period 2004-2006

In the 2004-2006 programming period, all TA priorities included in the Operational Programmes are meant to promote the implementation of the OP in question. The realisation of the Community Support Framework as a whole has been supported through a separate CSF TA measure, containing operations for which implementation at the central, CSF level improved efficiency. Due to technical reasons, the CSF TA measure was included into the Regional Operational Programme (ROP), falling under the responsibility of the ROP Managing Authority (rather than the CSF MA). In practice, this arrangement repeated led to difficulties, which was an important lesson with regard to the structure of the NHDP.

In line with section 2.7, rule 11 of the General Regulation No. 448/2004/EC) all TA measures shall be implemented through two submeasures:

- *Type one: OP/CSF management, implementation, monitoring and control;*
- *Type two: other activities (information and publicity, training, studies, evaluations, IT system development).*

The three-year budget for TA within the CSF (NDP I) amounted to HUF 29.9 bn, from which the share of the CSF-level TA was the lowest (8%) and that of the HRD OP TA was the highest (32%). (Further shares: ECOP – 20%, ROP – 16%, EIOP – 15%, ARDOP – 9%.)

47% of available TA resources was allocated to "type one" activities (e.g. *guidance, implementation, management and control*), while 53% of the resources finance *other – "type two" – activities*. Thereby, allocations to "type one" activities fell under legal restrictions⁶.

Breakdown of TA funds by Operational Programme, 2004-2006 (in bn HUF)

OP TA activity groups	3-year budget (EU+co-financing)	Share from the total budget
ARDOP	2,7	9%
Management, implementation, monitoring and control	1,7	6%
Other activities	1,0	3%
ECOP	5,8	20%
Management, implementation, monitoring and control	3,1	10%
Other activities	2,8	9%
HROP	9,6	32%
Management, implementation, monitoring and control	3,6	12%
Other activities	5,9	20%
EIOP	4,5	15%
Management, implementation, monitoring and control	2,4	8%
Other activities	2,1	7%
ROP	4,9	16%
Management, implementation, monitoring and control	2,6	9%
Other activities	2,3	8%
CSF	2,4	8%
Management, implementation, monitoring and control	0,7	2%
Other activities	1,8	6%
Total	29,9	100%
Management, implementation, monitoring and control total	14,1	47%
Other activities total	15,8	53%

⁶ Sections 2.4 and 2.5 – rule 11 of the Regulation No. 448/2004/EC.

2. STRATEGY

2.1 OBJECTIVES OF THE IMPLEMENTATION OP

The IOP provides for the use of funds in line with the principles and rules of partnership, programming, evaluation, (financial) management, monitoring and control, on the basis of shared responsibility between the member state and the Commission, in compliance with the provisions of Regulation No. 1083/2006 EC. Beyond all this, the IOP contributes to the realisation of cohesion policy priorities specified in the Community Strategic Guidelines, as well. In line with the latter, as described in the chapter "Situation Analysis", administrative and organisational activities should ultimately contribute to the objectives contained in the Community Strategic Guidelines. Accordingly, it must be ensured, that the implementation of development policy is supported by an efficient institutional system, and that impacts and results can be followed-up and evaluated on a continuous basis.

The **overall objective** of the Implementation Operational Programme **is to ensure the efficient, effective, regular and transparent implementation of the NHDP, and the full absorption of resources available in the 2007-2013 period.** Thereby, the term absorption refers to the utilisation of the available resources in a way that is both effective (achieving objectives) and regular.

Indicators:

<i>Indicator</i>	<i>Explanation</i>	<i>Type</i>	<i>Unit</i>	<i>Target rate</i>	<i>Related objective</i>
Absorption of NHDP resources	The ratio of resources spent on regularly and effectively implemented and closed NHDP projects in relation to the total available NHDP framework	Result	%	100% (2015)	Overall objective

The **specific objectives** underpinning the overall objective are the following:

1. *The high-standard functioning of institutions involved in the implementation of EU cohesion policy in Hungary.*
2. *Ensure the availability of effective monitoring and evaluation systems required for the efficient use of support.*
3. *Fulfilling all requirements concerning information and publicity, and the provision of locally accessible advisory services to (prospective) beneficiaries.*

1. High-standard functioning of institutions involved in the implementation of EU cohesion policy in Hungary.

Taking into account the available commitment budgets, the utilisation of the structural funds is a considerable challenge for the country. Based on this, as well as the experience of previous years concerning the institutional system, as described in the chapter "Situation Analysis", the comprehensive development of the institutional system and the availability of the required administrative capacity – in sum: *the high-standard functioning of the institutional system* – is a particularly important criterion.

Based on the experience gathered during the implementation of NDP I, for the *high-standard and efficient execution of tasks* by the central institutions it is inevitable that sys-

tem-level strategic tasks and administrative tasks of implementation are separated. Concerning the latter, each task and/or decision-making responsibility should be deployed to the level where the required knowledge, information and competence are available.

Besides providing a higher rate of autonomy of action for the Intermediate Bodies, during implementation, the activity of the Managing Authorities shall be restricted exclusively to the discharge of system-level strategic functions.

Experience shows that a “functional” division of tasks is complicated and ineffective, while the demand for coordination is high. In order to improve coordination efficiency, the Managing Authorities of the central coordination and of the Operational Programmes have been concentrated in one organisation, the National Development Agency. This step has undoubtedly improved the conditions for the coordination of implementation. This way, the work of the Managing Authorities and the decision-making process concerning the programmes can be organised a lot more efficiently.

Such a concentration of organisations also implies certain risks. Therefore, in order to reduce these risks, special attention must be paid to the cooperation between line ministers responsible for individual policy areas and the Managing Authorities in charge of the implementation of development projects.

As the situation analysis has highlighted, the principle of performance is largely missing from the current institutional system. Efficiency (whether individual or organisational) requires the regular measurement and evaluation of performance. Therefore, the establishment and continued operation of controlling systems is inevitable.

At present – although there is no explicit staff shortage – work overload is typical of most of the organisations, and „peak performance” cannot be sustained on the long run. The institutional system as a whole is characterized by a rate of fluctuation higher than the national average, and the lower inclination of staff members to stay with their current employer. All this calls for action. High-standard functioning, namely, inevitably requires *motivated human resources qualified in the management of support*.

Accordingly, an efficient and modern institutional system should be built up that - based on the existing institutions and procedures, but with much lower costs - carries out its activities through more efficient, simple and consistent operations.

The Implementation Operational Programme provides efficient management and financial tools for all actors involved in the management, implementation, monitoring, certification and control of the structural funds, both at programme and at project level.

The **first specific objective** is reached through the following following **operational objectives**:

- more efficient execution of tasks by central and horizontal institutions,
- human resources motivated and qualified for the management of support.

2. Ensure the availability of effective monitoring and evaluation systems required for the efficient use of support

An important prerequisite for the utilisation of EU support is the development of *well-functioning monitoring and evaluation systems*, which – apart from being required by law - are indispensable for the efficient management of support.

On the basis of experience as well as of the new challenges expected to arise in the 2007-13 period, the monitoring system has to be kept up and further developed in order to ensure the monitoring of projects and programmes and to serve as an efficient management tool for the organisations involved in implementation.

It should be ensured that the structural fund support is used in a way that objectives are fully achieved. This requires the execution of regular *evaluations to feed-back practical experience into implementation*.

Accordingly, the *second specific objective* will be underpinned by the following **operational objectives**:

- providing for a consistent and efficient management and monitoring information system,
- studying the achievement of objectives and the efficient utilisation of resources.

3. Fulfilling all requirements concerning information and publicity, and the provision of locally accessible advisory services to (prospective) beneficiaries

Pursuant to Art. 69 of Council Regulation No. 1083/2006, member states and the Managing Authorities shall *provide information* on the available support both to potential beneficiaries and to the broader public. The aim of this is to promote awareness of the role of the European Union as well as to ensure that the support provided by the funds is transparent. Besides statutory requirements, the awareness of the public concerning EU support opportunities is of primary importance also for the generation of **quality projects** needed for the full absorption of the EU-funding available.

Based on all this, the *third specific objective* is substantiated through the following **operational objectives**:

- providing information on available support and to ensure their transparency,
- presenting quality projects capable of utilizing the support.

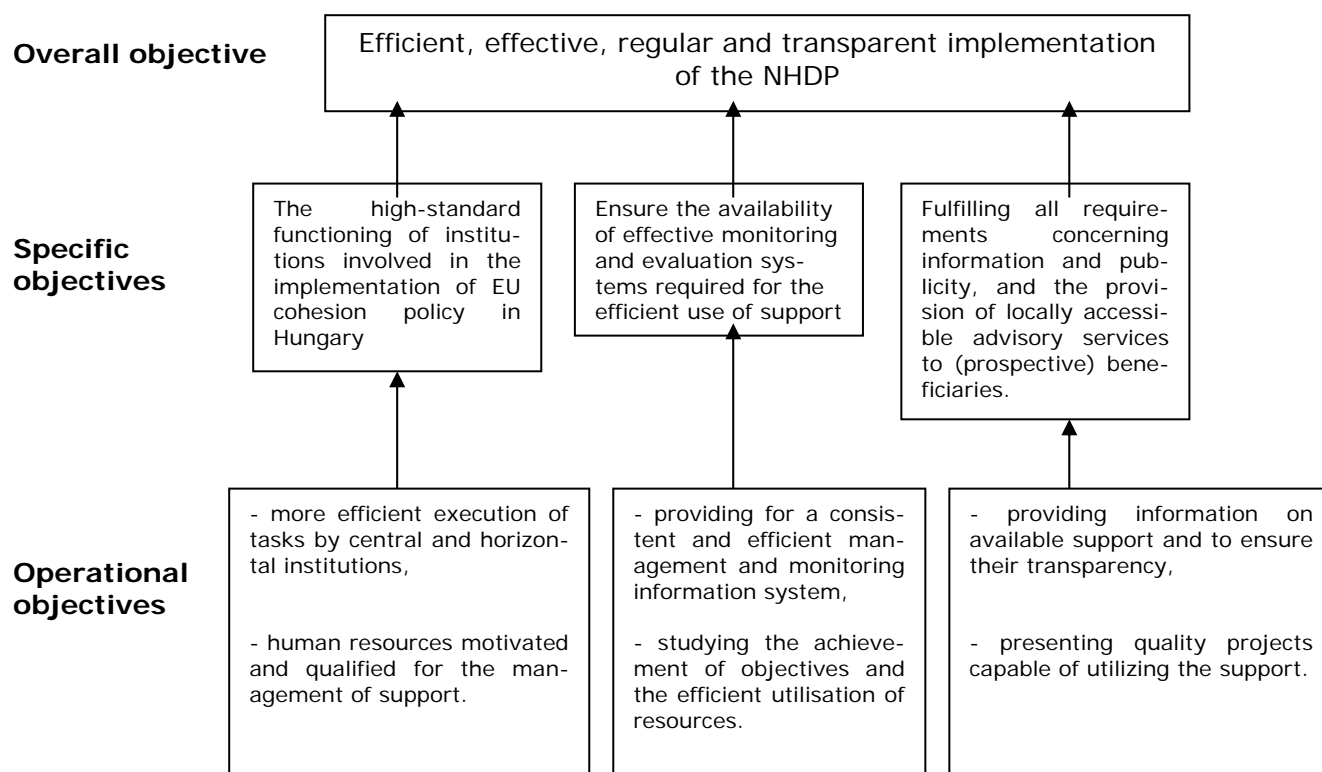
2.2 INTERRELATION OF THE OP OBJECTIVES AND THE PRIORITIES

The tools serving the achievement of the outlined objectives appear under the following priorities:

- 1. Operation and development of the central and horizontal institutions*
- 2. Tools required for the high-standard utilisation of support.*

The following chart and table illustrate the objectives set out in the Operational Programme and indicate their relation to the priorities of specific objectives.

The set of objectives of the Implementation Operational Programme



Relation of the Implementation OP priorities to the specific objectives

IOP priorities	Specific objectives of the IOP		
	1. The high-standard functioning of institutions involved in the implementation of EU cohesion policy in Hungary	2. Ensure the availability of effective monitoring and evaluation systems required for the efficient use of support	3. Fulfilling all requirements concerning information and publicity, and the provision of locally accessible advisory services to (prospective) beneficiaries.
Priority 1 – <i>Operation and development of central and horizontal institutions;</i>	+		
Priority 2 – <i>Tools required for the high-standard utilisation of support</i>		+	+

2.3 FINDINGS OF THE EX ANTE EVALUATION

The methodology applied during the ex ante evaluation of the OP strictly adheres to the relevant Commission guideline compiled for the 2007-13 period. It relies mainly on MEANS, the EU's methodological guide for programme evaluation⁷, and represents its adaptation to the specific Hungarian context.

In the framework of the ex ante evaluation, the evaluators examined the relevance of the OP, its internal consistency, external coherence, feasibility, set of indicators, and analyzed its strategies and priorities.

⁷ Evaluation Methods for Actions of Structural Nature - Evaluating Socio Economic Development, The GUIDE

The methods used during evaluation are:

- document analysis,
- interviews,
- workshops,
- personal consultations.

Final opinion of evaluators

In general, the ex ante evaluation process had a very strong effect on the contents of the OP. Its technical substance, degree of elaboration, the logic of interventions and its practical feasibility significantly improved. The planning authorities agreed with most of the problems raised by the evaluators, accepted most of their proposals. For most of the debated issues mutually agreed approaches could be developed. On this basis, it can be concluded that the ex-ante evaluation considerably supported the development of the IOP and contributed to the improving its quality. As a result of multiple bi- and multilateral discussions with the ex ante evaluators, the following key areas have changed positively:

- Demarcation and coordination of IOP and OP TA resources,
- Situation analysis of the OP,
- Hierarchy of objectives of the OP,
- Intervention logic of the OP,
- Indicators of the OP.

As regards **demarcation**, the OP deals dedicating a separate chapter to the connection of the IOP and the individual OP's TA priority axes, as well as to the resources assigned to them.

The **situation analysis** has been complemented by context indicators measuring the operation of the institutional system and the absorption of the community sources. The conclusions of the different evaluation studies prepared on the institutional system and on the progress of the OPs during the previous programming period have been built into the OP. The IOP is dedicated to the implementing those conclusions in practice.

The hierarchy of **objectives of the OP** has gone through a very significant change both in the terms of the overall and the specific objectives. The notion of "absorption" is adequately defined by the OP. As the result of the discussions with the planning authorities the formulation of the specific objectives has improved, they are now indeed defined as *objectives*.

The **intervention logic** has become more consistent, the connection between the specific objectives and the different priority axes has been made clear; the table showing the connection between the objectives and the priority axes adequately describes their relationships.

The **set of indicators** used by the OP has been developed significantly in the course of ex-ante evaluation. It can be stated that an adequate indicator has been defined to the overall objective, and each specific objective also has at least one relevant and specific indicator.

In response to the **final report**, the following additional amendments were made:

- The **identification of potentials** in the Situation analysis chapter was underpinned by concrete figures.
- The text was now adequately defines **demarcation with the Electronic Administration OP** as regards the electronic change of data among the IT systems used by the budgetary authorities.
- The Strategy now includes the analysis of potential risks and the approaches to be used to deal with them.
- The implementation chapter was amended by the full list of institutions taking part in implementation.

- More emphasis was put on horizontal aspects in the implementation chapter.
- The second intervention area of Priority Axis 1 (*3.1.2. Elaboration and implementation of training and human resource management programmes to help the preparation of the institutional system as a whole*) was worked out more in detail. The demarcation with other training activities has been improved.
- The connection between the OP and the NHDP was made more explicit.

2.4 OFFICIAL STATEMENT ON THE STRATEGIC ENVIRONMENTAL ASSESSMENT OF THE IOP

This section sums up the conclusions of the Strategic Environmental Assessment of the OP, with regard to how environmental considerations have been integrated into the Implementation OP, how the environmental report was prepared, the opinions expressed and how the results of evaluating potential transboundary effects were taken into account, and the reasons for choosing the programme as adopted, in the light of the other reasonable alternatives dealt with. Moreover, this section summarises the measures decided upon for monitoring significant environmental impact.

This section is the **official statement of the Hungarian Government** related to the operational programme adopted, based on article 11 of Hungarian Government Decree 2/2005 (I.11.) "The environmental assessment of certain plans and programs" and based on Article 9 of the Directive 2001/42/EC of the European Parliament and of the Council on the assessment of the effects of certain plans and programmes on the environment.

2.4.1 The process of the strategic environmental assessment for the OP

In order to facilitate the application of the sustainability and environmental aspects, as well as to comply with legal regulations (Directive 2001/42/EC – hereafter Directive – and its national adaptation, Hungarian Government Decree 2/2005 (I.11.) – hereafter Government Decree), strategic environmental assessments (SEA) for the operational programmes have been commissioned by the National Development Office (predecessor organisation of the National Development Agency, hereafter NDA). The objective of the environmental assessment was to encourage in cooperation with the ex-ante evaluators and the social partners, the integration and application of environmental and complex sustainability aspects during the preparation process for the NHDP's operational programmes.

During the SEA process, special emphasis was put on consultation, communication with partners and presenting partners' ideas to planners.

The NDA, being responsible for drawing up Operational Programmes, selected a consortium through open public procurement to carry out the SEA procedure;⁸ this consortium was led by Respect Kft.

The methodology of the SEA report, based on Annex 4 of the Government Decree, and Annex 1 of the Directive was available to be viewed by official and social partners (according to Article 7 of the Government Decree), and was discussed at a partnership forum on 19 June 2006. Official bodies (stipulated by Annex 3 of the Government Decree), representatives invited from NGOs and scientific organizations, as well as government bodies participated at the forum, some of whom also submitted their opinion in writing.

In line with approved methodology, the preparation of the SEA has been supported by documented reconciliation with the planners.

The preparation of the Implementation Operational Programme yielded several opportunities for official, state and social partners to put forward their opinion, especially on environmental and sustainability issues, as follows⁹:

- During the first partnership of the Implementation OP (between 18 October 2006 and 8 November 2006, social partners were notified by post about the

⁸ Other members of the consortium were: Corvinus University of Budapest (Department of Environmental Management and Technology, as well as the Department of Landscape Planning and Regional Development), Environment Awareness Corporate Management Association and BFH Európa Kft.

⁹ The process also provided the opportunity to mediate discussions between the SEA evaluators and the planners.

implementation of, among others, their environmental comments between 14 February 2007 and 31 May 2007).

- In the process of the ex-ante evaluation (the official participating bodies of the process)
- In the process of the SEA evaluation (civil organizations and bodies taking part in the interviews and forums of the SEA).
- The consultation of the SEA Report and the OP (between 15 November 2006 and 14 December) was open to any social stakeholder, and specific invitations was sent to the main environmental authorities and NGOs.

The above processes were based on the same draft of the OP (16 October version). The text of the OP was completed while incorporating the findings of all of the consultations.

During SEA consultations (15 November – 14 December 2006), open for all, where relevant environmental NGO's and state organizations were directly addressed. In accordance with Article 8 of the Government Decree and Article 6 of the Directive, the SEA report was subject to consultation from 15 November 2006 for a 30-day period. The consultation was made available to the general public on the NDA website and in a national newspaper.

During SEA consultation, the NDA provided a multi-channel option for receiving partners' comments: partly on the website of the NDA and partly through a web interface. In case of the IOP, a forum was held on 29 November 2006, together with Transport OP, with the participation of the organisations defined by the Government Decree.

The comments on the SEA of the IOP reconfirmed most of the findings of the SEA, and suggested some further issues. After amending the SEA report in accordance with the consultation, the SEA team discussed the new version with the planners. Following these negotiations, final versions of Operational Programmes were handed over to the Commission. Following the submission of the programme, the NDA published the final SEA report and a summary, which are available at the www.nfu.gov.hu website. The final SEA report clearly shows how the comments and responses have influenced the OP.

2.4.2 Summary of how environmental considerations have been integrated into the programme¹⁰

A detailed and comprehensive evaluation on the development of the IOP as a result of the SEA can be found in the following report: "A Végrehajtás Operatív Program környezeti vizsgálata". This document can be downloaded from the website of the NDA.

The main conclusions of the SEA and the position of the planners

Proposition	Responses
The structure of the situation assessment of the IOP is not uniform, it contains numerous elements not fitting into a situation assessment (e. g. proposals, tasks, etc.). Moreover, it is highly deficient, it does not reveal the causes of briefly indicated problems, their logical relationships, the presentation of the manifestation of horizontal considerations, the success of partnership processes and related problems is missing entirely.	Reasons for choosing the programme as adopted, in the light of the other reasonable alternatives dealt with ¹¹ The chapter has been reworked according to the opinions, moreover, horizontal considerations have been manifested more emphatically.
Just as with the other OPs, the implementation support mechanism of the IOP does not exploit in the system of programming,	Due to the special, technical nature of the Implementation operative program (the beneficiaries of the program are the actors

¹⁰ According to Article 11(b) of the Government Decree, and Article 9.1.b. of the Directive

¹¹ According to Article 11(b) of the Government Decree, and Article 9.1.b. of the Directive.

<p>implementation, management and controlling tasks the opportunity for full social participation which would make possible through participation in the processes the manifestation of environmental considerations, their adaptation to the programs and utilization as a monitoring consideration.</p>	<p>of the institutional system, themselves), the partnership program exhibited some differences as well with respect to those applied in sectoral or regional programs: no widespread social partnership was created in its classical sense in the course of planning the OP. (During negotiations, the European Commission was in agreement with this choice). Irrespective of the latter, we upheld the principle of partnership and involved the stakeholders in the planning process. The fundamental forum of this is the Operative Program Planning Coordination Committee (OPTKB) and its sessions. Moreover, representatives of social partners are members in the IOP monitoring commission.</p>
<p>Out of the elements of full-scale social participation, namely, openness – publicity, transparency and influencing capability, the principle of participation and partnership and finally, feedback – assessment, the IOP) only addresses the issues of publicity and those of information provisions facilitating said publicity. Thus, it places an emphasis on the unidirectional information transfer towards society and pushes bidirectional information flow, i. e. actual communication to the background, which would be a precondition of real partnership.</p>	<p>The IOP upholds these principles in an indirect manner, through the institutional system financed by said program.</p>
<p>The IOP supports the implementation and control of horizontal environmental policy in a narrowly construed manner (opportunities are mainly implicit). Thereby, the OPs supported by the IOP receive partial support for the horizontal integration of the environmental policy. In the course of planning and implementing the IOP, efforts should be made to satisfy the requirements of the National Sustainability Strategy related to sustainability in the UMFT (New Hungary Development Plan) and the CSG (Community Strategic Guidelines). A guarantee for this could be among others the regular periodic evaluation of the establishment and implementation of accepted minimum sustainability criteria with regard to transparency and partnership requirements.</p>	<p>Minimum criteria have been manifested: only those projects can receive support which satisfies these.</p>
<p>The direct effect of the present OP according to sustainability considerations is not significant, all the more significant is the OP's effect in implementation on the satisfaction of considerations related to environmental protection and equal opportuni-</p>	<p>In the final text of the OP, sustainability criteria have been more emphatically manifested.</p>

ties.	
The structure of the situation assessment of the IOP is not uniform, it contains numerous elements not fitting into a situation assessment (e. g. proposals, tasks, etc.). Moreover, it is highly deficient, it does not reveal the causes of briefly indicated problems, their logical relationships, the presentation of the manifestation of horizontal considerations, the success of partnership processes and related problems is missing entirely.	The chapter has been reworked according to the opinions, moreover, horizontal considerations have been manifested more emphatically.
The SEA recommends the introduction and application of integrated regional evaluations, which are based on the assessment of regional ecological systems with the help of geographic information systems, as well as the analysis of spatial and temporal patterns (e.g. based on the MÉTA5 Programme). For each operational programme, detailed assessment criteria and a monitoring plan should be developed parallel to the development of action plans, containing the programme of measures to follow the SEA.	This will be incorporated into the monitoring system and the monitoring measures.

The social partners' and national authorities' main comments:

Proposition	Responses
	Reasons for choosing the programme as adopted, in the light of the other reasonable alternatives dealt with ¹²
Just as with the other OPs, the implementation support mechanism of the IOP does not exploit in the system of programming, implementation, management and controlling tasks the opportunity for full social participation which would make possible through participation in the processes the manifestation of environmental considerations, their adaptation to the programs and utilization as a monitoring consideration.	In the final text of the OP, sustainability criteria have been more emphatically manifested. (The implementation section as well as a separate section – 2.6 – addresses equal opportunities and sustainability).
Each phase of evaluation and monitoring as well as partnership should be united in an integrated process model built on the principles of sustainability. Upon preparing plans providing for efficient and high-quality performance of implementation tasks, the principles of sustainability should be upheld. Guidelines for working out plans should be provided in this regard, as well.	See the previous observation.
Along with intensifying local-level participation, development of social partnership at regional, national and international (EU) level is also indispensable. Partnership development must extend along with planning	The OP provides maximum opportunities for this.

¹² According to Article 11(b) of the Government Decree, and Article 9.1.b. of the Directive.

and decision preparation to preparation, implementation and monitoring as well, while creating continuous cooperation frameworks.	
Both authorities and NGO's emphasised the importance of monitoring, the role of civil control in implementation, and the minimum sustainability criteria in the project selection.	See section on Monitoring Measures

2.4.3 Transboundary effects¹³

With regard to the strategic character of the OP and its detailed information content, it has been analysed in the course of the SEA process whether transboundary effects could be detected. It has been found that – according to the text of the OP – the territorial character of the planned strategic measures, and their implementation's influence on environment could not be identified by lack of specification, thus information on specific territorial effects – including transboundary effects – is not available.

The SEA pointed out that according to Article 4, Section 3 of the Directive, within the hierarchy of strategic documents primarily those sectoral strategic programmes, concepts should be analysed from this point of view, which had been prepared before the OP. However, lower than OP level documents (action plans, tenders) should also be investigated regarding transboundary effects, when relevant data become available. With the above considered, the Hungarian Government presented the NHDP-level plans – as a strategic frame above the OPs – at bilateral meetings with neighbouring countries' governments. We commit ourselves to investigate cross-border effects on the Action Plan level in the whole 2007–2013 planning period.

2.4.4 Monitoring measures¹⁴

IOP planners agree with the SEA that an unavoidable problem is posed at OP planning level, by the fact that certain objectives may act in contrary to each other. Therefore, the individual environmental effect of the application cannot be assessed based on the general text in agreement with SEA recommendations in IOP action plans and during the implementation. This means that at further Operational Programme planning levels (action plans, calls for applications), sustainability aspects of possible alternative support solutions shall have to be considered on an individual basis. Therefore, relevant guarantees were introduced in the implementation section of the IOP, with special regard to:

- sustainability criteria (minimum criteria for the acceptance of applications),
- the Sustainability Guide assisting the principle of sustainability,
- environmental organisation membership delegated to Monitoring Committees,
- evaluations targeted at sustainability and strategic environmental examinations for actions plans, as set forth by law.

Horizontal indicators, including environmental ones, will be regularly assessed as part of the OP monitoring and evaluation process.

These monitoring elements were built into the existing monitoring and management system of the IOP to avoid duplication of monitoring.

2.5 PARTNERSHIP PROCESS

Due to the special, technical nature of the Implementation Operational Program (as the programme beneficiaries are the actors of the institutional system itself), the partnership proc-

¹³ According to 9. § of the Government Decree, and Article 7 of the Directive.

¹⁴ According to 12. § of the Government Decree and Article 10. of the Directive.

ess was different from that applied in the sectoral and regional programmes: a broad social partnership process in the classical sense has not been implemented.

Nevertheless, the partnership principle was applied by involving all stakeholders in the planning process. The primary forum for this was the Operational Programme Planning Coordination Committee (OPPCC). The members of the OPPCC are the planners, the delegates of the MAs and the horizontal institutions (Ministry of Finance CSDD, NAO) – as stakeholders – as well as the ex ante evaluators. In addition to the OPPCC's meetings, the planners continuously co-ordinate with the other departments of the NDA concerned by the IOP (*Communication Department, Budget and Financial Department, Methodology, Analysis and Evaluation Department, and the NDA's Call Centre*) as well as the Paying Authority and the Central Harmonisation Unit and the State Aid Monitoring Office of the Ministry of Finance . As result of the above processes, all proposals and opinions of the stakeholder parties were taken into account.

Pursuant to the findings of the ex ante evaluation process, the evaluators consider that, through the involvement of those directly concerned by the OP, the principle of partnership was fully applied.

2.6 EQUAL OPPORTUNITIES AND SUSTAINABILITY

Given the strategic, horizontal nature of the OP, the application of horizontal principles within the IOP is important because its indirect impact on other actors inside and outside the institutional system: It has the potential to positively influence the application of the two principles at the level of each OP, and the NHDP as a whole.

Accordingly, special emphasis will be put on the principles of equal opportunities and sustainability during the operation of central and horizontal institutions.

The NDA itself shall pay particular attention to horizontal principles, above all through ensuring accessibility to disabled persons, maintaining a family-friendly work environment, and launching a 'green office' initiative. The NDA is committed to introduce "EMAS" (Eco-Management and Audit Scheme) at latest by the middle of the programming period.

Furthermore, the NDA will further develop its public information and customer service activities through provisions for targeted information and support services for disadvantaged groups, offering full access to the NDA's website to the different groups suffering from disabilities.

Last, but not least, in order to assist potential beneficiaries belonging to underprivileged micro-regions and / or the roma minority, the NDA shall operate a National Advisory Network, and involve a network of roma advisors offering advice during the preparation and implementation of development projects.

3. PRIORITY AXES

The Implementation Operational Program intends to achieve its objectives along the following priorities:

Priority 1: *Operation and development of the central and horizontal institutions;*

Priority 2: *Tools required for the high-standard utilisation of support.*

3.1. OPERATION AND DEVELOPMENT OF CENTRAL AND HORIZONTAL INSTITUTIONS

For the effective utilisation of support, prime importance should be attributed to the institutional system functioning at high standards, ensuring the availability of the administrative capacity required for the full absorption of support. This priority serves for providing the capacities of central and horizontal institutions responsible for the utilisation of support as well as for the elaboration and implementation of educational and human resource development measures assist the continuous development of the institutional system as a whole.

Indicators

<i>Indicator</i>	<i>Explanation</i>	<i>Type</i>	<i>Measurement unit</i>	<i>Starting value</i>	<i>Target value</i>	<i>Related objective</i>
HR capacity required for the implementation of the operational programmes <i>(linked to Priority 1)</i>	Availability of HR capacity required for the implementation of the OPs at central and horizontal institutions	Output	%	60%	100% (2010)	1. The high-standard functioning of institutions involved in the implementation of EU cohesion policy in Hungary
Carrying out the tasks of institutions taking part in implementing the operational programmes <i>(linked to Priority 1)</i>	Fulfilment of the tasks of the central and horizontal institutions on a yearly basis, average. (Based on the institution's yearly plans).	Output	%	0%	100% (yearly, by 2015)	1. The high-standard functioning of institutions involved in the implementation of EU cohesion policy in Hungary

3.1.1. Providing the capacity of central and horizontal institutions

i. National Development Agency

One of the key objectives for the 2007-13 period is – relying on the experience of the previous programming period and taking into account the volume increase of available resources – the building up of an efficient and modern institutional system that shall carry out its activity on the basis of the existing good practices but with lower costs, more efficiently, along simpler and consistent mechanisms, and under stronger coordination than earlier. The National Development Agency (NDA) was founded in this spirit on 1st July, 2006, to carry out, in addition to national-level coordination, the tasks of the Managing Authorities of the Operational Programmes.

Its responsibility is the coordination of the planning, programming, implementation, evaluation of the NHDP and the Operational Programmes, the continuous monitoring and measuring of implementation, the fulfilment of tasks related to information and publicity, education, and the development of training materials for the institutions involved in implementa-

tion. As of July 2006, the Managing Authorities of all OPs operate as separate organisational units within the National Development Agency.

According to Article 60 of Council Regulation (EC) No 1083/2006 the Managing Authority is responsible for managing and implementing the operational programme in accordance with the principle of sound financial management. (*For the list of the detailed tasks of Managing Authorities see the Implementing Provisions chapter*).

With regard to the **Intermediate Bodies**, responsible for delegated administrative, financial and technical tasks of implementation, the MA:

- Ensures the receipt and control of the requests for funds prepared by the intermediate bodies, countersigns and forwards verification reports prepared by the IBs to the certifying authority;
- Provides professional supervision regarding the activities of the Intermediate Bodies related to the implementation of the OP;
- Approves the internal rules of the Intermediate Bodies related to the use of the OP resources;
- Prepares instructions and rules regarding the implementation of the OP for the IB.
- Controls and evaluates the activities of IB on a regular basis.
- Manages the technical assistance budget of the operational programme.

Further organisational units of the NDA are also involved in the implementation of the tasks of OP MAs, typically in relation to horizontal tasks covering several OPs (e.g.: *Communication Department, Budget and Financial Department, Methodology, Analysis and Evaluation Department*).

Indicative information on planned operations

The activities linked to the fulfilment of the above tasks of the NDA, facilitating the operation and further development of the administrative capacity required for the effective use of Funds shall be financed within the framework of this activity, in particular:

- employment of staff by NDA units (including wages and related costs);
- ensuring the continuous development of human resources' knowledge and skills by the participation of people in professional trainings related to the activities of the organisation (training organised specifically for the institutional system will be financed under intervention area 3.1.2);
- providing for the necessary infrastructural background (including assets, overhead costs) for the fulfilment of tasks of the NDA staff in charge of NHDP and OPs;
- facilitating the exchange of experience, best practices (with special respect to horizontal principles) among the institutional system, the EU and its member states.

Activities will also include

- contracting a pool of external experts (e.g. economists, engineers, management consultants, auditors, procurement specialists, etc.) in connection with the planning, preparation, implementation, monitoring, evaluation, communication and control of the NHDP and the OPs;
- elaboration of studies, guidelines, analyses facilitating the regular, effective and efficient implementation of the NHDP and the OPs; with the purpose of identifying, adapting, disseminating best practices, including those related to horizontal principles.

ii. Certifying Authority (National Authorising Office - Ministry of Finance)

The Certifying Authority for all operational programmes financed by the Structural Funds and the Cohesion Fund is the Ministry of Finance. The work of the Certifying Authority will be based on the organisation and experience of the Paying Authority (Ministry of Finance, Office of the National Authorising Officer) in the programming period of 2004-2006.

The responsibility of the Certifying Authority is the preparation of the certified declarations of expenditure and payment claims, and their submission to the Commission. The internal control, disbursement, accounting, strategic and certification processes of the Certifying Authority jointly ensure the appropriately documented and controlled processing and certification of support. At the same time, as a fundamental EU requirement, the internal audit service shall check the compliance of processes.

(For the list of the detailed tasks of Certifying Authority see the Implementing Provisions chapter).

Indicative information on planned operations

- employment (including wages and related costs) and training of staff in connection with the above activities;
- ensuring the infrastructural background (including assets, overhead costs) for the staff in charge of the above activities;
- involving external experts (primarily for the quality assurance of internal audit);
- organisation of conferences and other events in connection with the above activities.

iii. Audit of EU support (Government Audit Office, Central Harmonisation Unit of MoF)

The regulation, harmonisation and coordination of audits related to support by the Funds is the task of the Central Harmonisation Unit (CHU - Ministry of Finance), with special regard to the following:

- Preparation, elaboration and continuous improvement of the national regulations and methodologies relating to the audit and internal control of support by the funds.
- Involvement in the development and improvement of community regulations and methodological guidelines related to audit and control, representation of the Hungarian position.
- Ensuring that audits are carried out in compliance with the corresponding international audit standards and a harmonised methodology.
- Providing for the efficient and effective utilisation of audit resources, avoiding overlaps.
- Monitoring and survey of the application and implementation of legal regulations, methodological guidelines and international audit standards in relation to the organisations performing sample checks, verification checks and system audits.
- Operation of an Audit Commission with the participation of organisations involved in the utilisation of EU support.

An additional requirement for the 2007-13 programming period is the designation of an *Audit Authority*. In relation with the utilisation of funds, a fundamental expectation of the European Union is the regular, efficient and effective utilisation of the support made available to the member states, and one of the most important guarantees of this is sufficient control activity. In Hungary, the same body performs the tasks of the Audit Authority with respect to every operational programme. The tasks of the Audit Authority, in line with the

provisions of Government Decree 312/2006. (XII. 23.), are performed by the Government Audit Office supervised by the Minister of Finance.

(For the list of the detailed tasks of Audit Authority see the Implementing Provisions chapter).

In addition to the above responsibilities, another task is providing for the internal audit of the institutional system of the NHDP – primarily the MAs and the IBs.

Indicative information on planned operations

In line with the above objectives, the establishment and financing of an efficient administrative capacity by the Government Audit Office and Central Harmonisation Unit are required, including in particular:

- The employment and training of staff in connection with the above tasks (including wages and related costs);
- ensuring the infrastructural background (including assets, overhead costs) for the staff in charge of the above tasks;
- involving external experts (primarily for the audit activities);
- organisation of conferences and other events in connection with the above tasks.

Control activities may be financed by technical assistance according to article 46 of the general regulation (1083/2006). Special attention will be put on avoiding conflict of interest when financing costs of the audit authority.

iv. Further horizontal institutions: State Aid Monitoring Office, State Treasury

To ensure compliance with state aid regulations, the State Aid Monitoring Office (SAMO) of the Ministry of Finance participates in the preparation of the programmes and action plans. Furthermore, it examines, in each case, the relevance of the state aid rules with respect to the activity to be co-financed. The compliance of the operational programme with state aid rules is ensured by the Managing Authority, with the technical control of the SAMO. Therefore all support schemes shall be pre-assessed by the SAMO.

The MA has to carry out on the spot checks based on risk-analysis at the IB over expenditure declared by the IB. In order to enhance effectiveness of this function the MA has the possibility to delegate one or more persons (treasurers) from the Hungarian Treasury to the IB to ensure the correctness and regularity of expenditure verified by the IB including correctness of data recording in the IT system.

The implementation of programmes may require the carrying out of additional horizontal tasks (e.g. activities reclaiming irregularly used support).

Indicative operations

- employment and training of staff (including wages and related costs);
- ensuring the related infrastructural background (including assets, overhead costs);
- assignment of experts in connection with the above tasks;
- organisation of related conferences and other events.

3.1.2. Elaboration and implementation of educational and organisational development measures designed to assist the continuous development of the institutional system as a whole

Concerning the institutional system as a whole, the fluctuation rate of personnel is considered too high. The readiness of staff to stick to their employer is lower than the national average: only 55% of the employees has stated their wish to continue working for their current organisation for more than 1 year, while the rate of those intending to stay for the next 3 years is 38%. Only 34% of the staff can be considered committed towards their organisations, which is again below the Hungarian average. This phenomenon deserves attention since organisations with more committed employees are set to function more successfully in terms of both efficiency and achievements.

Activities under this intervention area will focus on training and other related activities for the institutional system as a whole (e.g. standardised general trainings for Intermediate Bodies, MAs or horizontal institutions).

Participation at trainings needed for the effective administrative capacity of the central and horizontal institutions will be covered in the framework of the intervention area "3.1.1. *Providing the capacity of central and horizontal institutions*". In order to avoid double funding, where trainings are carried out by the staff of the institutions taking part in implementation the cost of trainers will be covered from intervention area 3.1.1, and only costs of facilities, training materials, etc. will be financed under intervention area 3.1.2.

The target group of these activities is the institutional system responsible for structural instruments, therefore, there is no direct connection to, or overlap with the OP State Reform.

The strategic survey of the human resources of the institutional system of structural funds programmes considered it a realistic and necessary to create a system of trainings for the entire institutional system, with – among others – the following functions:

- start-up courses for new recruitments,
- basic and advanced-level trainings on technical issues,
- skill and competence-based trainings,
- sharing of knowledge, dissemination of best practices.

The above standardised training system will offer the following benefits:

- cost efficiency (call for application of suppliers),
- possibility of planning (at present small organisations train on an ad hoc basis),
- improved quality (well-designed demand assessment through testing and measurement),
- quicker system-level response to changes (reactions to modifications in e.g. legislation, or the IT system changes could be accelerated),
- sharing experience among various Operational Programmes.

Indicative information on planned operations:

- Technical trainings, primarily
 - start-up courses for new recruitments: general knowledge about the Funds and the institutional system (including IT), specific knowledge related to the job acquired,
 - continuing education for management staff,
 - horizontal sharing of knowledge among the different units of the institutional system.
- Skill and competence based trainings, primarily
 - Survey of competency requirements, covering the whole institutional system;
 - Delivery of co-ordinated trainings based on the results of the survey.
- Complementary activities, primarily

- o Setting up a central e-learning system in order to provide easy-access to materials, centralised registration, monitoring of training needs and the satisfaction with trainings.

The indicative share of the Priority 1 activities in relation to the allocation from the Cohesion Fund to the OP is the following:

- Activities of the NDA: 30-35%,
- Activities of other central institutions: 10-12%,
- Training 1-2%,
- External consultancy: 20-25%.

3.2 TOOLS REQUIRED FOR THE HIGH-STANDARD UTILISATION OF SUPPORT

Objective: efficient implementation of the tasks to the institutional system, as derived from legislation concerning the utilisation of the Funds (*management and monitoring information system, evaluation system, information and publicity, project development*); operation of a locally accessible network of advisers assisting potential beneficiaries in their efforts to generate and implement quality projects.

Indicators

<i>Indicator</i>	<i>Explanation</i>	<i>Type</i>	<i>Measurement unit</i>	<i>Starting value</i>	<i>Target value</i>	<i>Related objective</i>
Rate of availability of the data infrastructure required for monitoring and evaluation (linked to Priority 2)	Availability of the infrastructure required for loading up the information specified in the procedures, the operation manual, and the contracts.	Output	%	40%	100% (2008)	2. Efficient and effective monitoring and evaluation systems
Rate of Funds evaluated (linked to Priority 2)	Ratio of the budgets for operations within the amounts disbursed in the framework of operations evaluated (in the framework of ongoing evaluations described in the IOP)	Output	%, within the NHDP budget	0%	90% (2015)	2. Efficient and effective monitoring and evaluation systems
Acceptance rate of the NHDP results in the adult population (Linked to Priority 2)	The perceived quality of implementation of developments carried out in the frame of NHDP.	Result	%	40%	70% (2013)	3. Information and publicity, quality projects.

Activities:

3.2.1 Development of an IT system to comply with EU requirements and to actively support the execution of the duties of those working within the institutional system

In order to comply fully with EU legislation, a comprehensive IT solution able to exchange electronic data with the European Commission is indispensable. Furthermore, it is important that the system should consistently, efficiently usefully support the management and monitoring tasks of the staff of the institutional system. It should be suitable to follow up the utilisation of Community support and the progress of programmes and projects, capable of generating up-to-date statistics and reports.

i. EMIR development

With regard to the experience accumulated in the 2004-06 period in the operation and development of the Single Monitoring Information System (EMIR), the monitoring system functions after 2007 can be implemented most efficiently by the further development and re-design of the existing EMIR system. As a result, the system will fit the simpler and more coherent institutional system of the NHDP, getting simpler, more coherent and transparent itself.

The most important objectives of the system's further development are:

1. On the basis of the currently available system and its applications, supporting of e-functions in the 2007-13 period, promoting the electronic management of calls for applications, keeping contact with beneficiaries through electronic means, :
 - electronic application forms,
 - electronic compilation and submission of expenditure declarations,
 - electronic compilation and submission of project progress reports.
2. Creating and providing for the electronic exchange of information with beneficiaries based on actual project data stored within the EMIR system:
 - Provision of automatically updated statistics in the internet, and
 - Provision of the database needed to provide individual, project-level information to applicants and beneficiaries,
 - customised query functions.
3. Providing for the complete processing and implementation of calls for application financed from community support:
 - further development of the system's currently available functions,
 - full electronic support of the application and grant management process;
 - facilitating performance measurement in the institutional system.
4. Supporting planning, analysis and evaluation.
5. Establishing further data links to other, mainly public administration IT-systems – in line with the contents of the Electronic Administration Operational Programme (EAOP)– for improving information quality and simplifying procedures. This activity contains the developments related to EMIR, while EAOP facilitates interoperability between the databases.
6. Providing for the technical/professional preconditions of information security and data protection.

ii. Procurement of infrastructure

For the implementation of the NHDP and the new Operational Programmes, the hardware infrastructure of EMIR should considerably be expanded. In doing so, priority has to be given to simpler solutions, traditional/proven technologies that function at acceptable technical standards but with significantly higher security.

iii. EMIR's operation

The procurement of the infrastructure itself is not enough, its maintenance and reliable operation require special knowledge and circumstances. The safe storage conditions of hardware components, the control, updating and setup of the software running on the servers are all primary prerequisites for the continuous and reliable availability of the system.

3.2.2. Evaluation of programmes, operate a system of on-going evaluations

Continuous evaluation supporting the simultaneous planning and implementation of development policy shall be implemented according to a systematic schedule along the evaluation plan to be prepared for a 3-year perspective. The task of the evaluation system is to make the progress of the implementation of the strategy visible, provide timely and reliable information for decision makers responsible for implementation, and promote the fine-tuning of implementation. Evaluation activities will be co-ordinated and optimised at the level of the NHDP as a whole, which ensures the efficient use of evaluation capacities as well as the high-quality flow of information between programme elaboration and implementation.

The continuous evaluation system of the NHDP is built on three pillars that jointly provide for the achievement of the above objective:

- **The system of indicators** along with regular and structured information generated throughout the implementation process;
- **Comprehensive strategic evaluations** planned and co-ordinated at system level (*ex-post evaluation of NDP I and the OPs; interim evaluation of the NHDP and its OPs; ex-ante consistency-check, final and ex-post evaluation of action plans; ex-post of the NHDP and its OPs*);
- **Operational and strategic evaluations** under the system of **on-going** evaluation (*studies of individual NDP 1 or NHDP measures, as well as comprehensive evaluations based on the pre-defined workplan, or in response to needs formulated by planners or implementors*).

Evaluation capacities in Hungary are underdeveloped. The gathering of experience concerning the implementation of development policy programmes, the mapping of the impact mechanisms of interventions or their feed-back into the elaboration and implementation of programmes are not widely practised. In order for the continuous evaluation system of the NHDP to achieve its objectives, evaluation capacities, the knowledge and methodologies used must all be improved. The final objective is to improve the quality of planning and implementation of development policy by means of evaluation as far as possible.

The development of evaluation methodology and capacity shall focus on the following areas:

- Gathering experience from analyses, forecasts as well as from the evaluation of Hungarian and international development programmes, good and bad practices, study of international benchmarks;
- Forecasting of the macro-level impacts of the NDP and the NHDP by means of macro-econometric models, and the prior examination of the impacts of each intervention by using micro-econometric models combining specific Hungarian circumstances with international experience;
- Development of a Hungarian methodological and evaluation knowledge base for development policy in order to improve the efficiency of information flow;
- Development of the evaluation management and methodological skills within the institutional system; the strengthening of the academic background for planning and evaluation skills and methodology of development policy to ensure the higher standards in evaluation, and the transfer into practice of specialist knowledge thus created by developing market capacities.

3.2.3. Provide continuous and comprehensive information to potential beneficiaries, carry out publicity activities

In line with domestic and Community legislation requirements, the NDA is responsible for the communication and publicity of the New Hungary Development Plan and the operational programmes, with special regard to the following:

- information to potential beneficiaries, economic and social partners regarding opportunities offered by the Funds. Within this, special role will be given to the efficient

mobilisation of the prospective applicants, and the provision of comprehensive information on calls for applications.

- Communication to the public of the role played by the European Union in development. Here, communication will focus on the dissemination of the results achieved through Community co-financing.

Information and publicity involve obligations both for the institutional system (NDA, Intermediate Bodies) and for the beneficiaries.

The separation of tasks between IOP and TA priorities of individual OPs

The overall, image-type communication of the NHDP as a whole will be organised at the level of the NDA, financed from the IOP. The NDA also coordinates and controls the activities of IBs concerning information and publicity.

Intermediate Bodies (using the TA budgets of the individual OPs) will provide for targeted communication activities connected to the specific OP or OP Priority Axis, aimed the potential applicants or beneficiaries of the given OP, Priority Axis, or measure.

Beneficiaries shall make their own projects as widely known as possible on the basis of the communication and publicity guidelines issued by the NDA.

Concerning information and publicity, the NDA shall prepare a comprehensive communication strategy for the NHDP as a whole, identifying objectives, message, implementation strategy, contents, social and economic target groups, evaluation criteria of communication measures, as well as the responsible organisations and their obligations. For each year, communication plans shall be prepared on the basis of the overall communication strategy. The draft for the annual communication plan of the OP and / or priorities will be compiled by the responsible Intermediate. Body, and approved by the NDA.

Indicative information on planned operations

- Communicating support opportunities, effective mobilisation of applicants

The effective mobilisation of potential beneficiaries and the communication of support opportunities are indispensable for the efficient and effective utilisation of the Funds. Particularly proactive, efficient and concentrated communication focusing on well-defined target groups (various segments of potential beneficiaries) is required in this area concerning the NHDP and the Operational Programmes.

- Presentation of the results of programmes and projects

The presentation of implemented projects advertises the effective utilisation of Funds in Hungary and makes the public aware that these funds contribute to the fast and dynamic development of the country, underline the image of the European Union, and – by showing best practices – has a motivating impact on potential beneficiaries.

- Partnership

Organisational and methodological work related to the application of the partnership principle – such as partnership strategy, partnership actions, partnership reports - in connection with the partnership process, keeping contact with the key partners, involving partners in professional cooperation, and the preparation of a strategies and reports for the Hungarian government and for the European Commission are of extraordinary importance.

In application of the principle of partnership, the NDA will ensure, on its web page, the publicity of documents, organize forums, seminars, consultations and other events, provide opportunities for expressing opinions for social partners and for all citizens.

(Beside this in the framework of the individual OP's TA priorities, IBs organize information days, forums at regional, county and micro-regional level).

- Customer service

The main task of the NDA's customer service is the operation of a customer information system and related electronic facilities. This is an area especially emphasised from the point of view of transparency and the strengthening of the customer-focussed character of the institution system. Thereby, it is important that central and local level information activities are performed within a single system. The key elements of a single customer information system are the following:

- a common internet interface with a standard quality and a common appearance for the information of citizens and applicants, and for the communication within the institutional system;
- operation of an online and a telephone service for customers (Contact Center), comprising a central unit and a decentralized network, using a common database;
- coordination of the activities of the Intermediate Bodies, development and operation of an internal information system to support and coordinate the flow of information within the institutional system;
- operation of a management information system to promote the efficiency of programme implementation and of the utilisation of funds, and to supply background materials required for providing information.

Regarding the customer service and NDA's web site, special attention will be paid to targeted activities for the different groups suffering from disabilities.

3.2.4. Operation of a locally accessible network of advisers assisting (potential) beneficiaries in their efforts to generate and implement quality projects

Apart from an efficiently functioning institutional system, the effective utilisation of support requires quality projects, as well as project managers capable of elaborating and implementing such projects.

The communication activity described in the previous paragraph – although it is of primary importance for attracting potential beneficiaries – does not automatically make project managers able to elaborate and implement project proposals meeting expectations for utilizing the available resources. Consequently **training programs are to be elaborated and implemented** for potential beneficiaries focusing on the utilisation of funds, extending to all phases of the project lifecycle, and providing practice-oriented knowledge on proven methods for the development of quality projects and the setting up and operation of a project pipeline.

The target groups of trainings are, in particular, local governments, non-governmental organisations, SMEs. The activity will mainly cover the preparation and development of training materials and curricula. Furthermore, qualifications will be provided for the training institutions in order to provide standardised trainings of good quality.

*(This activity shall focus on the training of **potential beneficiaries**; the training of the institutional system will take place under Priority 1.)*

In order to facilitate the implementation of the NDP I and the Operational Programmes, as well as the efficient, effective and regular utilisation of the Funds, since 2006, the NDA is operating a nation-wide network of local advisers at the level of micro-regions.

The number of projects under the NDP I, implemented in micro-regions, is continuously increasing. At the same time, the awareness of potential project owners of EU resources and

of their accessibility is not always sufficient. The micro-regional advisory network is, aimed among others, at resolving this problem.

Already today – established by the state administration, NGOs or enterprises – a large number of organisations are functioning today in the regions and micro-regions, with the objective of providing assistance in utilising EU support. This a significant and important step forward.

The goal of the „NDP Advisory Network“ programme is, among others, to facilitate the flow of information between these networks. It is very important that all this happens in a framework that is simple and transparent, and not bureaucratic for the project owners.

Following adequate training, the advisors involved in the programme shall provide „first-hand“ information in the micro-regions on support opportunities under the NDP I and the NHDP to local governments, civil organisations and businesses; they shall collect project proposals mature for support, participate in the solution of project-specific problems; summarise and process information regarding experiences with the functioning of the institutional system.

The advisory network will provide specific support to Roma beneficiaries.

The indicative share of the Priority 2 activities in relation to the allocation from the Cohesion Fund to the OP is the following:

- ICT infrastructure: 4-6%,
- Activities related to partnership, communication and evaluation: 25-27%.

4. FINANCIAL TABLE**Financing plan of the Implementation OP**

Reference (CCI) number of the Operational Programme: 2007HU161PO010

at current price, in Euro

Priority axis	Fund	Calculation method of co-financing	EU financing (a)	National financing (b) (= (c) + (d))	Indicative break-down of National		Total financing (e) = (a) + (b)	Rate of co-financing (f) = (a) / (e)	Data for information	
					State (c)	Private (d)			Other financial instruments	EIB loans
1. Operation and development of central and horizontal institutions	CF	Public expenditures	217 038 743	38 300 955	38 300 955		255 339 698	85,0%	n.a.	n.a.
2. Tools required for the high-standard utilisation of support	CF	Public expenditures	98 094 194	17 310 740	17 310 740		115 404 934	85,0%	n.a.	n.a.
Total			315 132 937	55 611 695	55 611 695		370 744 632	85,0%	n.a.	n.a.

Financing plan of the Implementation OP

Reference (CCI) number of the Operational Programme: 2007HU161PO010

at current price, in Euro

Year		ERFA (1)	Cohesion Fund (2)	European Union total (3) = (1) + (2)
2007	In regions without transitional support		13 657 998	13 657 998
	In regions receiving transitional support			
	Total		13 657 998	13 657 998
2008	In regions without transitional support		28 613 502	28 613 502
	In regions receiving transitional support			
	Total		28 613 502	28 613 502
2009	In regions without transitional support		44 976 553	44 976 553
	In regions receiving transitional support			
	Total		44 976 553	44 976 553
2010	In regions without transitional support		54 455 175	54 455 175
	In regions receiving transitional support			
	Total		54 455 175	54 455 175
2011	In regions without transitional support		55 915 579	55 915 579
	In regions receiving transitional support			
	Total		55 915 579	55 915 579
2012	In regions without transitional support		57 807 640	57 807 640
	In regions receiving transitional support			
	Total		57 807 640	57 807 640
2013	In regions without transitional support		59 706 490	59 706 490
	In regions receiving transitional support			
	Total		59 706 490	59 706 490
Total	In regions without transitional support		315 132 937	315 132 937
	In regions receiving transitional support			
	Grand total		315 132 937	315 132 937

5. INTERRELATION WITH THE ACTIONS FINANCED BY THE EUROPEAN AGRICULTURAL AND RURAL DEVELOPMENT FUND AND THE EUROPEAN FISHERIES FUND

There is no substantial interrelation with the **New Hungary Rural Development Programme** financed by the European Agricultural and Rural Development Fund and the European Fisheries Fund.

6. IMPLEMENTING PROVISIONS FOR THE IMPLEMENTATION OPERATIONAL PROGRAMME

The main aspects in terms of the establishment of the implementation system are to summarize the lessons of the period of 2004-2006, to establish a coordinated and effective system, to clearly separate tasks and liabilities, to avoid the overlapping of the different procedures, to ensure the transparency of the procedures, and simplify them, as well as to establish a client-friendly system. These fundamental aspects have to be monitored by all actors of the procedure, at all levels of the implementation system.

The following national legislation lays down the governing rules for implementation:

- Government decree 255/2006. (XII. 8.) on the fundamental rules and institutions in charge of implementation of support from the European Regional Development Fund, the European Social Fund and the Cohesion Fund in the programming period 2007-2013.
- MHPMO (Minister Heading the Prime Minister's Office)-MF (Minister of Finance) Joint Decree 16/2006 (XII. 28.) on general rules of implementation of support from the European Regional Development Fund, the European Social Fund and the Cohesion Fund in the programming period 2007-2013.
- Government Decree 281/2006 (XII.23.) on rules concerning establishing systems of financial management and controls in relation with receiving support from the European Regional Development Fund, the European Social Fund and the Cohesion Fund in the programming period 2007-2013.

6.1 MANAGEMENT

Strategy and Coordination

Throughout programming and implementation the following **aspects of coordination** must be ensured:

- The coherence and consistency between development assistance financed from the Funds as well as from national resources;
- The co-ordination of programming and implementation between the different Funds – EAFRD, EFF, structural funds, Cohesion Fund;
- Full exploitation of synergies between operational programmes within the NSRF, as well as eliminating duplications and conflicting activities;
- Taking into account regional considerations in case of sectoral OPs through the continuous involvement of the regional development councils;
- Ensuring that sectoral policies are represented in regional operational programmes through the participation of line ministries;
- The programming and implementation of flagship programmes financed by several operational programmes at a time, including territorial development programmes covering more than one region – e.g. the Balaton programme;
- Ensuring the promotion and respect of horizontal objectives – gender mainstreaming, equality between men and women and prevention of any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation, ensuring accessibility for disabled persons with respect to Art. 16 of 1083/2006/EC as well as sustainability with respect to Art. 17 of 1083/2006/EC.

The guarantees for coordination equally cover the phases of planning, implementation, monitoring, evaluation and feedback. In order to provide for efficient cooperation of the organisations the principle processes of coordination are defined by the legal framework.

Institutional framework

The overall coherence of strategic planning is ensured by the Government. For this, **the Government** approves

- the National Strategic Reference Framework (hereinafter referred to as the New Hungary Development Plan, (NHDP) as well as the operational programmes before they are submitted to the European Commission;
- the action plans that describe the measures to be implemented by the operational programmes in full detail – the schedule, budget, objectives, target groups, of the planned measures as well as the list of projects to be implemented without a competitive procedure, including the list of major projects;
- any proposed amendments to the operational programmes – prior to their approval by the Monitoring Committees.

The Government evaluates the progress of the implementation of the NHDP and the operational programmes on a regular basis.

In order to facilitate the co-ordination of strategic planning tasks related to the NSRF and the OPs, the National Lisbon Action Programme, the National Strategy for Sustainable Development and the rural development plan, the Government established the **Development Policy Steering Committee (DPSC)**. The DPSC has the task of discussing proposals and reports to be submitted to the Government, including the delivery of an opinion on the OPs, the action plans, the content of the calls for proposals. (These functions are without prejudice to the functions of the Monitoring Committee.)

As a further, high-level advisory body to the Government, the **National Development Council (NDC)** was set up. The NDC's members are:

- the Prime Minister,
- representatives of the regional development councils,
- delegates of the Economic and Social Council,
- distinguished experts,
- the invited members of the DPSC.

The NDC evaluates the implementation of the development policy objectives, monitors the implementation of the objectives defined by the NSRF, and the enforcement of the development guidelines of the EU, and based on that, prepares recommendations for the Government. (These functions are without prejudice to the functions of the Monitoring Committee.)

The Government's agency charged with the planning and implementation of the National Strategic Reference Framework is **National Development Agency. The NDA** is responsible for:

- the coordination of the planning, programming, evaluation and implementation of the NHDP,
- the coordination of the planning, programming and implementation of the operational programmes,
- in accordance with the Council Regulation (EC) 1083/2006 Article 27 Paragraph 4.g) ensuring coordination between the support provided by the operational pro-

grammes, as well as – in co-operation with the Managing Authority of the New Hungary Rural Development Programme – those of the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF);

- the coordination of all above financial sources with the assistance received from the European Investment Bank and the European Investment Fund and other resources;
- liaising with the European Commission regarding the questions related to the NHDP and the other operational programmes;
- the elaboration of the general procedural requirements for the implementation of the NHDP and the OPs, including the development of a single operational manual;
- the setting up, the operation and the continuous development of the single monitoring and information system;
- the enforcement and promotion of Community policies and horizontal principles such as sustainability, equality and non-discrimination, public procurements and – in cooperation with the State Aid Monitoring Office of the Ministry of Finance (MoF SAMO) – the respect of state aid rules. In the frame of this for the elaboration of documents and guidelines etc., the enforcement of these in the calls for applications and grant facilities, and the monitoring of the fulfilment of these activities.
- the development of the unified communication strategy regarding the implementation of the NHDP, as well as the requirements related to providing information and publicity on the entire NHDP;
- the organisational development of the institutional system (i.e. providing training opportunities, development of curriculum, dissemination and promotion of best practices, ensuring coordination upon the regulations)
- setting up and operation of the unified client service for the NHDP.

Coordination processes

The coherence, complementarity and coordination of the content of the **operational programmes** is ensured through the definition of detailed demarcation principles in the OPs themselves.

The operational programmes are translated into concrete operations by the so-called **action plans**, prepared, on a biannual basis, for an OP or a priority axis thereof. The action plans spell out the objectives and content of the planned operations, their schedule and indicative financial allocations. Action Plans are also required to present a detailed justification for the planned measures through describing their:

- relationship to community policies (including CSG and Lisbon strategy), sectoral and/or regional strategies and programmes (including connections with flagship programmes);
- complementarity with developments financed from national resources.

The proposals for the actions plans are prepared by the Intermediate Bodies (IBs) and the line ministries and/or regions concerned with the guidance of the Managing Authority (MA) in the framework of a working group where all ministries and regions concerned are represented (**Operational Programme Programming Coordination Committee (OPPCC)**).

In the interest of ensuring the complementarity and avoid double funding with rural development and fisheries the representatives responsible for the implementation of the **EAFRD and EFF** are also taking part in the meetings of the OPPCC, and in the monitoring committee. Small regional advisory networks for the NHDP and EAFRD-EFF will operate in close co-operation.

As an extension of the partnership principle, but also in an effort to further strengthen co-ordination between programmes and measures, the NDA invites **comments from social partners and NGOs** not just during the preparation of the NHDP and the OPs, but also when elaborating the action plans and calls for proposals. Contributions by potential stakeholders – in writing or during dedicated consultation sessions – are then taken into account when finalising the detailed content of operations.

The application of the partnership principle on the different programming-implementing documents, as well as the fact that the relevant line ministry or – in case of the ROPs – the relevant Regional Development Council may be represented in the project selection committee also ensures the realisation of coordination aspects. As members of the monitoring committees regions also take part in the drawing up of project selection criteria.

Managing Authority (MA)

As of July 2006 the Managing Authority of all OPs operate as separate organisational units of the National Development Agency.

The concentration of the management of the implementation improves the effectiveness of the coordination between the implementation of the OPs, the exchange of experience, the transparency, the accountability as well as the rationalisation of management.

Designation of the Managing Authority

In line with Art. 59 paragraph (1) of regulation 1083/2006/EC, the tasks of the Managing Authority in case of the *Implementation Operational Programme* are carried out by the NDA's Directorate General *Managing Authority for Coordination*.

Tasks and Responsibilities

According to Article 60 of Council Regulation (EC) No 1083/2006 the Managing Authority is responsible for managing and implementing the operational programme in accordance with the principle of sound financial management, and in particular for:

- Coordination of the planning of the operational programmes and the related documents that are under its responsibility. In the framework of the above, it operates with the participation of the relevant ministries, regions and experts the Operational Programme Planning Coordination Committee as a sub-committee of the Planning Operational Committee;
- Ensuring that operations are selected for funding in accordance with the criteria applicable to the operational programme and that they comply with applicable Community and national rules for the whole of their implementation period;
- Ensuring that the system for recording and storing the accounting records for each operation of the operational programme in computerised form is fed with up-to-date data, and that the data on implementation necessary for financial management, monitoring, audits and evaluations are collected;
- Ensuring that beneficiaries and other bodies involved in the implementation of the operations maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation without prejudice to national accounting rules;
- Approval of the calls for applications and the grant contract templates as well as the decisions on the project proposals;
- Ensuring the receipt and control of the requests for funds, countersigns and forwards verification reports to the certifying authority;

- Ensuring that the evaluations of the operational programmes are carried out in accordance with the relevant Community legislation. Thereby, the MA will play a lead role in defining priorities and tasks for evaluation work, in consultation with the Monitoring Committee (*see also the chapter on evaluations*);
- Preparation and continuous update of the audit trail of the operational programme; setting up procedures to ensure that all documents regarding expenditure and controls required to ensure an adequate audit trail are held in accordance with the requirements of the relevant legislation;
- Ensuring that the Certifying Authority receives all necessary information on the procedures and verifications carried out in relation to the expenditure for the purpose of certification;
- Operation of the Monitoring Committee and providing it with documents required to permit the quality of the implementation of the operational programme to be monitored in the light of its specific objectives;
- Drawing up and, after approval by the Monitoring Committee submitting to the Commission the annual and final reports on implementation;
- Providing the Commission with information to allow it to appraise major projects;
- Elaborating proposals for the amendments to the operational programme;
- Ensuring the implementation of the OP in line with the decisions of the Monitoring Committee regarding the criteria for the selection of operations, implementation of the action plans, ensuring regularity and feasibility of all operations.
- Monitoring of the implementation of the programmes under its responsibility,
- Liaising with the competent directorates-general(s) of the European Commission regarding the operational programme,
- Participation or – where the function is delegated – supervision of the fulfilment of in tasks related to providing information and publicity on the entire NHDP, as well as the operational programme;
- Handling of the system level irregularities, making the necessary corrective steps;
- Preparing proposals for the Government regarding the identification of priority projects after consultation with the relevant ministers and regional development councils.

Further organisational units of the NDA – typically regarding the horizontal tasks, related to several OPs, e.g. communication, finance – participate in the fulfilment of the tasks of the OP MA (e.g.: *Communication Department, Budget and Financial Department, Methodology, Analysis and Evaluation Department*).

In case of the Implementation OP, the MA for Coordination ensures furthermore:

- Preparation of OP action plan.
- Preparation of procedures and sample support contracts,
- Admission and appraisal of the project proposals,
- Concluding of and amendments to the support contracts.
- Verifying that the co-financed products and services are delivered and the expenditure declared by the beneficiaries for operations has actually been incurred and complies with Community and national rules;
- Monitoring of project implementation, payment of contributions, carrying out tasks regarding project closure, performing verification checks, tracking and reporting irregularities.

- Recording of data in the single monitoring information system on a continuous basis, providing an up-to-date and reliable database
- Preparation of quarterly progress reports on the implementation of the operational programme, the action plan that specifies the details of the implementation process, as well as the annual work plan, with the recommendations on the necessary measures.
- Preparation and up-dating of the audit trail.

Intermediate Body

In case of the Implementation Operational Programme **no intermediate body** was appointed. All tasks will be carried out by Managing Authority for Coordination and further units of the NDA.

Procedures in Relation to the Implementation of the OP

In order to improve the efficiency and effectiveness of the implementation, as well to further encourage transparency it is necessary to standardize and simplify the implementation process.

Selection criteria need to ensure that operations / projects:

- contribute to the social-economic objectives of the NHDP, of the operational programmes, as well as the given priority;
- have objectives that are definite, measurable, and achievable;
- are cost-effective;
- are sustainable from a financial and organisational point of view;
- contribute to the enforcement of sustainable development, equal opportunities and the principle of non-discrimination;
- demonstrate the existence of all necessary pre-conditions for their successful implementation.

In each case, specific criteria for the selection of operations will be approved by the Operational Programme **Monitoring Committee**.

Decisions on projects will be made through one of the following procedures:

Major projects: In line with the provisions of Art. 39-41 of 1083/2006/EC, operations financed by the ERDF or the Cohesion Fund comprising a series of works, activities or services intended in itself to accomplish an indivisible task of a precise economic or technical nature, which have clearly identified goals and whose total cost exceeds EUR 50 million (in case of environment exceeds EUR 25 million). In those cases where major projects are foreseen the indicative list of these projects will be part of the operational programme and the action plan and thus it is subject to public consultation.

Key projects: Projects that can be supported without a call for applications. These too will be carefully appraised in an assessment procedure, first before pre-selected in an action plan (based on preliminary project proposal), and second before approved for implementation (based on detailed project proposal).
(*Projects financed from IOP belong to this category.*)

One-stage calls for proposals: applied whenever – mainly due to the expected high number of applicants (i.e. private organisations) – it is reasonable to select beneficiaries on the basis of a fully competitive procedure.

Two-stage calls for proposals: This procedure is applied mainly in cases where the size of the target group and the expected number of applications is more limited (typically: public investments), and projects to be financed are more complex. In such cases, projects are first pre-selected on the basis of preliminary (less detailed) proposals. Proposals successful in the first stage then receive assistance, through the IB, during their elaboration into fully fledged, fundable projects.

Indirect support: cover two different procedures:

- *Indirect grants* are used in case of proposals that are below a given value limit, and the allocation of the support, the monitoring of the implementation of the projects, whether they are in accordance with the regulations and the contracts – based on the contract concluded with the Managing Authority – will be fulfilled by professional management body – e.g. non-governmental organisations.
- *Financial support instruments:* (e.g. credit, capital, guarantee instruments) are procedures for which the project selection, monitoring of implementation, auditing and the payment of the support will be carried out by financial intermediaries (e.g. banks).

Project selection procedures regarding independent measures are set out in the detailed action plans.

Administrative capacity

The budget of the development plan – and, within that, the size of the EU's contribution – has increased significantly compared to the previous period. Hungary is committed to the continued development of the institutional system, so that the full and continuous availability of appropriate institutional capacities is ensured, and EU support is used in an efficient, effective and timely manner.

In order to meet the challenges taking into account the experience of the 2004-2006 period Hungary has decided upon the structural reform of the institutional system. This comprehensive reform covers both the increasing of the efficiency of task assignment and operational management as well as in connection with that – based on preliminary measurement – the extension of administrative capacities.

Therefore:

All managing authorities were concentrated in a single institution (the NDA). As a result of that:

- The rules and procedures for programming and implementation are now standardised. This increases the transparency of the system and allows for better dissemination of best practices.
- The common background functions of all MAs (i.e. finances, accounting, communication, legal matters) are to be carried out by horizontal units of the NDA for all the MAs. This allows for increased efficiency.

The Government has revised the assignment of tasks related to programming and implementation between the MAs and IBs according to common principles. The MA will be responsible for the strategic tasks regarding the implementation of the OP while the IBs receive more autonomy and responsibility in the case of specific operational issues related to implementation. Therefore the duplication of tasks is to be eliminated, the possibility for mistakes can be reduced and the performance of all stakeholders will become unambiguously measurable and accountable.

In autumn of 2006 in the frame of an independent institutional assessment the NDA – similarly to 2003 – has performed a qualification procedure on the potential IBs. The aim of the qualification assessment was to assess the competence of the institutions as regards IB functions, as well as to identify the areas in case of each body needed to be enhanced in order to perform the task (gap assessment). The main considerations of the assessment were:

- whether or not the body is in possession of sufficient professional experience and skilled human resources;
- whether the form of organization allows for performance incentive of staff and whether it allows for autonomous performance of tasks of an IB during the 2007-13 period;
- whether the organizational functions and work is well defined and regulated;

As a result of the qualification process precise activity plans were prepared for institutional development for each of the IBs. The action plans established precise deadlines for the IBs that committed themselves to taking the measures necessary in the field of capacity and competences (which may if necessary for instance foresee the employment of additional staff required or the training of staff).

The gap assessment action plans form part of the NDA-IB task assignment contract and their execution is followed up by the MAs. It is therefore ensured that all IBs maintain adequate number of qualified and trained staff.

A comprehensive performance measuring and incentive system is introduced both at organizational as well as staff level. Thus, all members of the institutional system became interested in the efficient and as regards the content effective implementation of the programmes.

A predictable, performance-based system of financing has been introduced for the IB. Where possible, financing is based on unit costs (e.g. number of project proposals evaluated, number of payments transferred, etc.). The contract between the NDA and the IB ensures that the IB has financial interest in high standard, fast selection and management of the projects. It also ensures that the IB manages human and technical resources flexibly: they are free to increase or decrease capacities according to their mid-term tasks. Financial resources to cover the costs of the IB have been allocated to the technical assistance priority of the OP, based on a detailed assessment and calculation of the costs of the institutional system in the 2004-06 period.

Through the individual operational programmes, about two thirds of all TA resources available were earmarked for the financing of IB-level task and capacity needs.

6.2 MONITORING AND EVALUATION

Monitoring

Monitoring Committee

Tasks and Competences:

The tasks within the competence of the Operational Programme Monitoring Committee – with special regard to the efficiency and quality of implementation– are specified in Article 65 of Council Regulation (EC) No 1083/2006 and Art. 14. of Government Decree No. 255/2006. (XII.8.). Accordingly, the Committee shall

- consider and approve the criteria for selecting the operations financed within six months of the approval of the operational programme and approve any revision of those criteria in accordance with programming needs;

- periodically review progress made towards achieving the specific targets of the operational programme on the basis of documents submitted by the Managing Authority;
- examine the results of implementation, particularly the achievement of the targets set for each priority axis and the evaluations;
- consider and approve the annual and final reports on implementation, and the annually updated evaluation plans;
- be informed of the annual audit report, or of the part of the report referring to the operational programme concerned, and of any relevant comments the Commission may make after examining that report or relating to that part of the report;
- propose to the Managing Authority any revision or examination of the operational programme likely to make possible the attainment of the Funds' objectives or to improve its management including its financial management;
- consider and approve any application to amend the content of the Commission decision on the contribution from the Funds.

In compliance with Article 63 Paragraph (1) of Council Regulation (EC) No 1083/2006 a Monitoring Committee may supervise the implementation of several operational programmes.

Composition:

The Managing Authorities are responsible for establishing the monitoring committees.

In compliance with Article 64 of Regulation (EC) No 1083/2006, the composition of the operational program Monitoring Committee will be as follows:

The Monitoring Committee according to Art. 64 (1) of 1083/2006/EC is chaired by the person appointed by the Member State, the prevailing member of the Development Policy Steering Committee responsible for the programme area concerned.

Members of the Monitoring Committee will be:

- the Managing Authority,
- a delegated representative of the line ministers concerned in the implementation of the operational programme,
- the Intermediate Bodies concerned in the implementation of the OP,
- the representative of the minister in charge of the state budget,
- one person delegated commonly by the regions,
- at least one delegated representative of local government' associations,
- at least one delegated representative of the environmental protection NGOs,
- one representative of each of the employees' and employer's sides of the National Council for the Reconciliation of Interests,
- delegated representatives of non-governmental organisations – within that, at least one member representing an organisation active for 1.) the Roma people, 2.) disabled people and 3.) equal opportunities for men and women,
- one delegated representative of each of the professional and social organisations concerned.

Members attending in an advisory capacity:

- a representative of the European Commission at its own initiative or the request of the Monitoring Committee;
- the representative of MAs in charge of other OPs affected by the implementation of the OP;
- one representative each of the Certifying Authority and the Audit Authority, as well as the Central Harmonisation Unit;
- for operational programs with contributions from the EIB or EIF, one representative of each of the EIB and the EIF respectively;
- as permanent invitees, one representative each of the organisations responsible for the implementation of the EAFRD (European Agricultural Fund for Rural Development) and of the EFF (European Fisheries Fund).

Description of the Monitoring Information System – Indicators and Data Collection

Data supplied by applicants and by the beneficiaries will be entered in the monitoring information system - an upgraded version of the Single Monitoring Information System (EMIR) used for the period 2004-2006. Feeding the system with data is the responsibility of Intermediate Bodies; the NDA ensures continuous operation and upgrading of the system.

The system will ensure the collection, processing and forwarding of data, and the support of implementation, supporting the daily work of all authorities involved in the implementation of the NHDP, as well as the European Commission, and other national institutions.

It is a fundamental requirement in the programming period 2007-2013 that applicants and beneficiaries meet their data provision responsibilities, wherever possible, through electronic means.. The system has been developed by considering these criteria.

The IT system delivers real-time data from each level of the implementation system, and serves as a means of electronic communication between the European Commission and Hungary.

In order to ensure transparency the system will also be used to monitor

- compliance with Article 34 paragraph 2 of Council Regulation 1083/2006/EC as regards complementary financing between the ERDF and ESF and respecting the ceilings thereof, including the special cases laid down in Regulation 1081/2006/EC of the European Parliament and of the Council Art. 3(7) and 1080/2006/EC Art. 8;
- the use of additional assistance to the Central Hungary Region pursuant to paragraph 15 Annex II of Council Regulation 1083/2006/EC.

6.3 EVALUATION

Evaluation Plan

The evaluation of the operational programmes will take place based on the coordination specified in the New Hungary Development Plan in a systematic system in accordance with the evaluation plan. The evaluation plan enables the preparation for the evaluations, efficient management of the external and internal evaluation capacities, and utilising the opportunities of the harmonisation of evaluations.

The evaluation plan of the operational programme contains a 3-year forecast and is annually revised, as it is an ongoing evaluation system.

The evaluation plan of the OP will be submitted to the MA of the OP, – with the agreement of the organisational unit ensuring the New Hungary Development Plan level coordination of the evaluation – to the Operational Programme Monitoring Committee, which will annually approve it. (The Monitoring Committee will also have a right to initiate the carrying out of evaluations.) For the implementation period lasting until 2015, the evaluation plan contains forecasted evaluations, as well as evaluations selected annually in the system of ongoing evaluation.

The evaluation plan contains the evaluations described below:

- Mid-term revision of the operational programme strategy and implementation system (2009-2010);
- ex-post evaluation of the operational programme (2015-2016);
- annual operational evaluation of action plans (2008, 2010, 2012, 2014);
- ex-post evaluation of action plans (2009, 2011, 2013, 2015);
- ex-ante evaluation of the contribution of action plans, individual interventions and major projects to the implementation of the objectives of the operational programme, and to the enforcement of horizontal policies (2006, 2008, 2010);
- comprehensive evaluation of the operational programme regarding horizontal principles (for example: equality of opportunities, sustainability, etc.) (2008, 2010, 2012)

The rules for the potential use of evaluations (publication and availability of evaluation reports, presentation and distribution of results, monitoring the use of recommendations) are laid down in the Operation Manual. These follow the recommendations of the Commission's Working documents on on-going evaluations.

Selection Process of Ongoing Evaluation

In addition to the preliminarily planned (comprehensive, strategic) evaluations the unified evaluation plan of the New Hungary Development Plan will from year to year be complemented with evaluations related to the action plans, for which the operational programme Managing Authority will make proposals in agreement with the Monitoring Committee. In the frames of the evaluation plan the evaluations will be made:

- in case of those operations of the action plan, for which during the implementation there was a significant difference between the indicator values specified in the implementation schedule;
- to summarize the findings in connection with the measure(s) related to the operations of the action plan, and implemented in the 1st National Hungarian Development Plan (NDP1);
- 2 years after the completion of operations having no innovative domestic implementation history in order to summarize the findings of the implementation, and to explore impact mechanisms;
- to assess the intended and non-intended impacts of at least one operation per priority annually as from 2009, by ex-post evaluation.

Irrespective of the evaluation plan, it is justified to launch ad-hoc evaluation on the basis of unforeseen needs arising in the implementation system and of the requirements of the Monitoring Committee.

Evaluation Management

The organisation unit ensuring the horizontal, NHDP-level coordination of the evaluation will:

- prepare and conduct the preliminarily planned, comprehensive strategic evaluations;
- provide resources for the regular evaluations conducted based on unified methodology and the enforcement of the evaluation plan;
- prepare and carry out the evaluations conducted in issues which concern more than one of the operational programmes;
- prepare and carry out the evaluation of operations having no innovative domestic history;
- ensure that evaluation reports are available to the public.

The Managing Authority will maintain sufficient capacity for the performance of evaluation-related management duties, and will:

- be responsible for the performance of duties related to the evaluation of the operational programme and the related action plans and operations, and for the implementation of those parts of the evaluation plan of the New Hungary Development Plan, which concern the operational programme;
- coordinate, develop and stimulate the operational programme-related evaluation activity;
- make proposal for the 3 year evaluation plan of the New Hungary Development Plan;
- ensure the incorporation of evaluation results into planning and implementation;
- generate the data of the indicators related to the evaluation of the operational programme and their storage in the monitoring information system;
- revise the target values of the priority level indicators of the operational programme every second year, upon closing the action plans;
- launch, in justified cases – e.g. at the initiative of the monitoring committee –, evaluations not included in the evaluation plan of the operational programme related to the operations, and support their implementation.

Planned resources for evaluation

As regards financial resources, NSRF-level evaluations as well as preparation of evaluation methodologies, coordination of evaluation activities and financing of evaluations included in the annual evaluation plan will be financed by the Implementation OP.

Further evaluations – e.g. at the initiative of the Monitoring Committee – may be financed from the Technical Assistance resources of OPs.

As regards human resources planned for evaluation purposes, besides the staff of 6 persons in the horizontal evaluation unit of the NDA, and appropriate dedicated human resources provided by the MA will be dealing with evaluations.

6.4 FINANCIAL MANAGEMENT AND CONTROL

The Tasks of the Certifying Authority

The Certifying Authority for all operational programmes financed by the Structural Funds and the Cohesion Fund is a separate organizational unit of the Ministry of Finance. The

activity of the Certifying Authority is based on the organisation and experience of the Paying Authority (Ministry of Finance, Office of the National Authorising Officer) of the programming period of 2004-2006.

The Certifying Authority will perform the **tasks** described below:

- receiving payments from the European Commission;
- transfer of EU contributions to the national financing account of National Development Agency;
- drawing up and submitting to Commission certified statements of expenditure and applications for payment;
- certifying that the statement of expenditure is accurate, results from reliable accounting systems, and is based on verifiable supporting documents, as well as the expenditure declared complies with applicable Community and national rules, and has been paid in respect of operations selected for funding in accordance with criteria applicable to the programme and complying with Community and national rules;
- taking account for certification purposes of the results of all audits carried out by or under the responsibility of the Audit Authority;
- in order to support certification carrying out desk-based fact finding assessments and paying fact finding visits on-the-spot at organisations participating in the financial implementation,
- keeping accounting records on the turnover of the treasury accounts used to receive transfers, on the receivables and liabilities;
- keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation;
- carrying out financial corrections due to administrative errors and irregularities in the course of the implementation of the operational programme, rendering accounts on Community contributions repaid to the European Commission; sending forecasts of the likely applications for payment for the current financial year and the subsequent financial year to the European Commission latest until the end of April each year.

Rules for Financial Management and Control

Responsibilities of the MA:

- The Managing Authority is responsible for the management and implementation of the Operational Programme in line with the principle of sound financial management.
- The Managing Authority delegates the reception, processing and control of the payment claims of the beneficiaries to the intermediate body – if there is an Intermediate Body.
- The Managing Authority ensures that for the purposes of certification the Certifying Authority receives sufficient information on procedures conducted in connection with the expenditure incurred in the course of the implementation of the operational programme, and declares to the Certifying Authority that the procedures are in compliance with the Community and national regulations. The MA arranges for the submission of the verification report to the certifying authority.
- The Managing Authority ensures the control of the implementation of projects approved in the frame of the operational programme in accordance with Community and national regulations.

- The Managing Authority is responsible for the receiving, processing and performing administrative verification checks on the applications for reimbursement submitted by beneficiary, for carrying out of on-the-spot checks based on risk assessment, and for summarising the results of verifications carried out in verification report for the purpose of information supply to the Managing Authority and the Certifying Authority. The Managing Authority is responsible for payments to the beneficiaries.

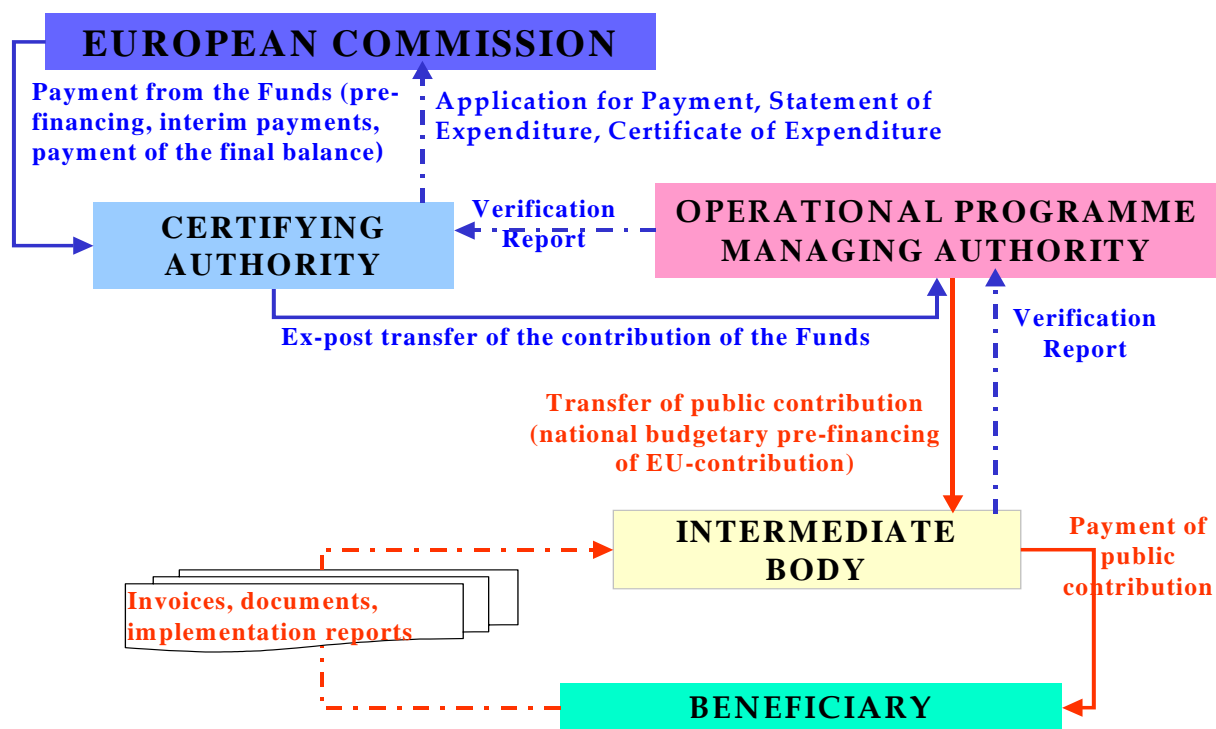
The Process of Payment to Beneficiaries

The beneficiaries of Implementation OP will submit their invoices generated in the course of the implementation of the project to the NDA together with the progress reports, on a regular basis.

The NDA will perform verification checks on applications for reimbursements financially as well as their content and form, and may conduct on-the-spot checks in accordance with the audit plan prepared on the basis of risk assessment.

On the basis of the approved reimbursement claims the NDA is responsible for payments to the beneficiaries. It informs the Certifying Authority on the results of the verifications conducted in the verification report.

The Managing Authority transfers the Community and the national contributions to the beneficiary from the central budget, which will be refunded to the Managing Authority by the Certifying Authority from the available pre-financing, and from subsequent interim payments.



(The graph demonstrates the *general* process of payment. In case of IOP since no Intermediate Body was appointed, the IB's task above will be carried out by NDA.)

Control of the European Union's Contributions

Financial Management and Control

The Managing Authority and the Certifying Authority establish and operate the financial management and control system. The financial management and control system shall

ensure that the activity of the organisations is in line with the regulations and sufficiently regulated, economical, efficient and effective, the information is accurate, and available in due time. The planning, call for proposals, the financial transaction, accounting, control and monitoring duties are functionally separated, and it is necessary to provide for the adequate regulation of these duties also in the relevant internal regulations.

The Managing Authority and the Certifying Authority are responsible for the elaboration of the audit trail, risk management and irregularity handling rules and the immediate entering up of the eventual changes.

In the course of the financial implementation, the Managing Authority is responsible for carrying out administrative verifications and risk assessment based on-the-spot checks prior to payments. In the frame of the above, it is necessary to control whether the physical and financial progress is corresponding with the programme, as well as the project support contracts, and whether the submitted invoices or documents of equivalent probative value are in accordance with the decision related to the application and the contracting terms, the fulfilment of the physical and performance indicators, and the Community and national rules on public procurement.

The chair of the National Development Agency, the Certifying Authority and the Audit Authority are in every year obliged to make a statement concerning the proper operation of the management and control systems – with content and until a deadline as specified by the legislations.

The Minister of Finance executes its tasks concerning the regulation, co-ordination and harmonisation relating to the control of EU Funds through the Central Harmonisation Unit for Public Internal Financial Control (CHU for PIFC). Regarding EU Funds the CHU elaborates and regularly reviews methodological guidelines to be used in relation to internal controls and makes recommendations for drafting and adopting relevant legislation; through the harmonisation of the audit resources it ensures the fulfilment of an effective, efficient and not overlapping audit activity; and through quality assessment it monitors the execution of relevant regulations and guidelines in relation of the internal control systems.

The minister responsible for the public finance will set up and operate an audit committee involving organisations involved in the implementation of the EU funds, in order to strengthen the transparent use of Community contributions.

The Tasks of the Audit Authority

The Audit Authority is a body designated in line with the Community and national rules, responsible for auditing the effective functioning of the management and control systems, which is functionally independent from the Managing Authority, the Certifying Authority and the Intermediate Bodies. In Hungary, the same body performs the duties of the Audit Authority with regards to every operational programme. The tasks of the Audit Authority in line with the provisions of Government Decree 312/2006. (XII. 23.) on the Government Audit Office are performed by the Government Audit Office – a central office having chapter management rights – supervised by the Minister of Finance..

The tasks of the Audit Authority are:

- according to Article 71(2) of Regulation (EC) No 1083/2006, preparation of the compliance assessment criteria of the management and controls systems, to carry out the compliance assessment, and to prepare the report and opinion on the that;
- the preparation and fulfilment of the national audit strategy, and annual reporting obligations (annual audit reports and opinions) to the Commission;
- implementation of system audits and sample checks;
- implementation of audits at the request of the European Commission;

- follow-up of the findings of the audit reports and the schedule related to the measures;
- preparation of declarations on partial closure, and closure declarations and the underpinning audit reports;
- participation in preparing member state responses to audits carried out by the European Commission, as well as in the required negotiations;
- participation in the cooperation with the European Commission according to Article 73 of Regulation (EC) No 1083/2006 in order to coordinate audit plans and exchange the results of the audits.

6.5 PROVISIONS RELATED TO INFORMATION AND PUBLICITY

In compliance with national and Community legislation requirements, the NDA (National Development Agency) will be responsible for the tasks related to the communication and publicity of the New Hungary Development Plan and the operational programmes, with special regard to the following:

- Communication to the potential beneficiaries, economic and social partners on the opportunities related to the contributions. Within this, special role will be given to the efficient mobilisation of the prospective applicants, to well-founded project generating activity and information on available calls for applications.
- Communication to the public on the role played by the European Union in the implementation of the developments. In the course of the above the communication will focus on the introduction of the results of activities implemented with Community co-financing.

The realisation of activities related to information and publicity involves liabilities on the part of both the actors of the institutional system (NDA, Intermediate Bodies) and on the part of the beneficiaries. It is necessary to coordinate the general communications activities related to the entire New Hungary Development Plan, as well as operational programme-related communications activities and partnership actions at central level. The Intermediate Bodies will participate in the performance of other communications tasks related to the introduction of the support possibilities (organisation of professional and information days, forums for the prospective applicants on the programmes at national, regional, county and micro region level), in promoting the communication activities of the beneficiaries, as well as they also carry out data collection and data provision.

On the basis of the information and publicity guidelines prepared by NDA, the beneficiaries have to introduce their own project to the widest public.

Concerning the implementation of tasks related to information and publicity, in accordance with the regulations, NDA (National Development Agency) will prepare a uniform communication strategy for the entire New Hungary Development Plan, which will define the objectives and message of the relevant measures, the strategy and content of their implementation, the targeted social and economic groups, the criteria measuring the efficiency of the measures, the proposed budget of the measures, their estimated time schedules, as well as the administrative units responsible for implementation, and their liabilities. The communications plan will be prepared annually on the basis of the communications strategy. The task of the Intermediate Body will be to prepare and submit to NDA (National Development Agency) the communication plan related to the operational programme managed and/or to the entirety of the priorities, for approval.

Main areas:

Introduction of support possibilities, efficient mobilisation of applicants, project generation

For the successful and effective use of the development resources it is indispensable to efficiently mobilise the potential beneficiaries, and to introduce the support possibilities. This area requires especially active, efficient and concentrated communication focusing on identifiable target groups (various segments of the range of potential beneficiaries). In the frame of this special attention shall be given to providing direct information and help with project generation and in case it is necessary through implementation to organizations representing the most disadvantaged groups.

Introduction of the results of development programmes realised through co-financing

The introduction of the realised projects show the success of the domestic use of the structural funds, and reinforces the image of a rapidly and dynamically developing Hungary in the public, strengthens the image of the European Union, and inspires prospective applicants – setting a positive example.

Partnership

The performance of methodological tasks related to the application of the principle of partnership – such as partnership strategy, partnership actions, partnership reports –in connection with social partnership process, keeping contacts with the preferred partners, involving of partners in professional cooperation, and the preparation of a strategy and reports related to the application of the principle of partnership are of extraordinary importance for the Hungarian government and for the European Commission. Partnership activities are carried for each OP and action plan separately. In line with the terms of delegation of tasks set out in the Operational Manual IBs will participate in partnership activities with the exception of the ROPs where IBs carry out these tasks separately.

Client-service

A special responsibility of the institutional system is the maintenance of relations with potential and winning applicants. From the aspect of the strengthening of the service provision character of the institutional system, and from the aspect of transparency, this is an important area. Accordingly, the performance of the client communication and information supply task in a unified system is necessary at central and also at local level. The main elements of the unified client-information system are: applicant-information site on the Internet, operation of online and telephone-based client services (*Contact Centre*), coordination of the information activity of the Intermediate Bodies, setting up and operation of an internal information system coordinating the flow of information.

6.6 COMMUNITY POLICIES AND HORIZONTAL PRINCIPLES – SUSTAINABILITY, EQUAL OPPORTUNITIES AND PARTNERSHIP, STATE AID, PUBLIC PROCUREMENT

Sustainability, equal opportunities and non-discrimination, partnership

In the course of the planning and implementation process, all along, criteria of sustainability (with special attention to the environmental aspects of sustainability) must be fully met taking into account the provisions of Articles 16-17 of 1083/2006/EC. To this end, an environmental assessment was completed in the case of the NSRF and all operational programmes. The NSRF and the operational programmes were submitted to the National Council for Environment Protection.

Appropriate management arrangements shall ensure at all levels of programme implementation, that possible effects which are unsustainable or unfavourable to environment, especially as concerns impacts on climate change, the maintaining of biodiversity and ecosystems, and the drawing on natural resources, are avoided or kept as low as possible, so that the environmental charges of the OP in total, will in the end be climate- and resource-neutral. The OPs positive effects and potentials for synergies in the sense of

optimising its contribution to an environmentally sustainable development, shall be exploited at best and, wherever possible, be strengthened.

The single Operational Manual to be implemented by all Managing Authorities provides guidance for the due adherence to sustainability considerations in the course of the public procurement procedures (so called "green public procurement").

In the course of the consultations on the NSRF and the operational programmes with the social partners a great number of non-governmental organisations specialised in different aspects of environment protection, or equal opportunities expressed their views which if possible, we took into account while working out the final draft of the abovementioned documents. We also extended the practice of consultations with the social partners to the action plans and calls for proposals.

Equality between men and women and integration of the gender perspective will be promoted during the various stages of the implementation of the NSRF and all operational programmes. Respect of the principle of non-discrimination (prevention of any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation) will also be ensured during all phases of the implementation, in particular in relation to access to funding. Accessibility for disabled persons is a particular criteria being observed when defining the operations of the various operational programmes and being taken into account during the various stages of implementation as well.

The Managing Authority responsible for co-ordination shall develop guidelines and compile an Operational Manual in order to ensure the full respect of the horizontal principles of equal opportunities, and non-discrimination both at all stages of programme implementation as well as with regard to the institutional system. These guidelines will be specialized by the OP MA taking into account the specificities of the Fund, the programme and potential beneficiaries and target groups. Also the Managing Authority supports and disseminates good practices, ensures the possibility of counselling for beneficiaries regarding practical application of horizontal principles during project implementation. Special attention is also given to monitoring the progress made towards equal opportunities targets on programme level.

In the course of the selection process of the projects – as minimum criteria – the full respect of environmental sustainability and that of the principles of equal opportunities, and of non-discrimination are mandatory by the law. In order to ensure full compliance with the above requirements – we have introduced as a novelty – the procedure of the two level evaluations of proposals. In the course of this selection procedure the acceptance of any proposal is subject to the compliance with the horizontal criteria.

It is mandatory to include into the Monitoring Committees at least one representative of a non-governmental organisation specialised in environment protection. Also, at least one representative each of an organisation for Roma people, for persons living with disability, and dedicated to the equality between men and women should be invited to participate in the Monitoring Committees. Due to the cross-cutting nature of the environmental dimension a representative of the ministry responsible for environment takes part in the Monitoring Committee of the OP as a permanent member.

Special reports on the compliance with the principles of sustainability and non-discrimination will be compiled, and submitted, on a regular basis to the Government, the Monitoring Committees, the Steering Committee on Development Policy, the National Development Council and Parliament.

On an annual basis, the National Council for Environment Protection shall be informed on the environmental impact of the NHDP and on the compliance with the horizontal aspects of sustainability.

In the course of implementation particular attention should be devoted to

- the monitoring of the gender equality (in particular in view of collecting data broken down by gender);

- the partnership mechanism;
- and to the effective participation of the disadvantaged groups (with special attention to the Roma minority) in the programme.

Therefore in the course of operations a widely accessible information and customer service will be put in place. It will include provision of targeted information and support services for the disadvantaged groups. The employees of this customer service will undergo specific training courses tailored to the needs of these target groups. For the sake of providing appropriate information to the different handicapped groups, we plan to offer full access to our websites. Applicants from disadvantaged regions will have access to on-site information through branches of the national orientation service established in all micro regions.

National advisory network will provide help with project preparation for potential beneficiaries in all micro-regions. Special support by Roma experts is also provided for Roma beneficiaries.

The implementation system is fully committed towards the ensuring of the horizontal principles of sustainability as well as the promotion of equality between men and women and non-discrimination, therefore the introduction of the EMAS is foreseen for the NDA. Furthermore measures will be taken in order to provide for a family-friendly work-environment.

Partnership also prevails at all stages of implementation:

- members of non-governmental organisations take part in the project selection committees (including for preparatory activities) as full members (with voting right);
- half the members of the Monitoring Committee are delegated by non-governmental organizations;
- in the frame of environmental impact assessment public consultation is mandatory for projects

STATE AID

The NDA takes into account to their full extent legislation in force regarding state aid. To ensure compliance with state aid regulations the **State Aid Monitoring Office (SAMO)** of the Ministry of Finance participates in the preparation of the programmes and action plans (see further on). Furthermore, it examines, in each case, the relevance of the state aid rules with respect to the activity to be co-financed. The Managing Authority (MA) bears responsibility for the compliance of the operational programme with state aid rules and the SAMO ensures professional control over this compliance. Therefore all support schemes shall be pre-assessed by the SAMO.

PUBLIC PROCUREMENT

Hungary has a Public Procurement Act which was adopted by the Parliament in 2003. More than 10 regulations ("secondary legislation") lays down some detailed rules of public procurements e.g. templates of call for applications, the way of publishing call for applications, special rules related to construction procurements, design contests, etc.

Intermediate bodies are responsible for ex post controls related to public procurements conducted by beneficiaries. The National Development Agency has set up a unit for ensuring regularity during public procurement procedures. The role of the Unit for Public Procurement and Control (UPPC) is to provide management control during public procurement procedures.

The rules concerning management control and ex post control are laid down in a regulation which was issued by the minister who is responsible for developments and by the minister of finance (16/2006.(XII. 28.) MEHVM-PM).

PROVISIONS RELATED TO ELECTRONIC DATA COMMUNICATION BETWEEN THE COMMISSION AND THE MEMBER STATE

The SFC2007 system of the European Commission under development will operate on the basis of electronic data provision according to the expectations of the Commission. The IT system is accessible for the institutions of the member states in two different ways (through the website – Web Application, as well as directly through electronic connections with the member state system – Web Service). It is possible to get connected to the system either using one of the methods, or by combining the two methods. The data that have to be submitted in accordance with the annexes of the regulations will be displayed up to the level of the operational programme components.

In the case of those data, which are included in the Single Monitoring Information System (EMIR), data loading will be ensured according to the specifications supplied by the Commission. Those data, which do not have to be recorded in the Single Monitoring Information System (EMIR) (to avoid duplication of data), will be entered in SFC directly by the key users of the responsible central institutions (such as central coordination, Certifying Authority and Audit Authority).

The Member State Organisation - MSO, responsible for tasks related to the system will be NDA (National Development Agency) in accordance with to domestic regulations, so the Member State Liaison, as well as the 'MS System Owner', the executive of the member state organisation responsible for technical issues will be designated also from the members of the staff of NDA (National Development Agency).

Regulations on Data Provision

Concerning the given data, the method of data provision depends on the way of connection the designated institutions use for data provision purposes out of the two options:

- if they upload the data to the SFC2007 system through the website, the authorised key users of the above assigned institutions (central coordination, Certifying Authority and Audit Authority), enter data to the tables within the competence of their organisation in the requested form, as well as verify them.
- if the member state system sends the data to the SFC2007 system through direct electronic contact, the authorised key users of the above assigned institutions (central coordination, Certifying Authority and Audit Authority) load the data into the member state system, verify and send them to SFC2007.

Irrespective of the way of data recording, – the task of the assigned institutions (central coordination, Certifying Authority and Audit Authority) is the direct and perfect loading of the data into the system(s) keeping the deadlines, so that the data provision by other institutions related to their report can also be carried out within the deadline.

The documents will be supplied upon upload into the system. The documents will be deemed to have been sent to the Commission, only if they have been validated by the authorised persons.

If the system is permanently inaccessible, especially if the deadline for the data delivery is endangered, the member state will deliver the information to the Commission in the form of paper-based document specified in the relevant regulations. If the access problem has been solved, the member state, or the designated competent organisation will subsequently carry out the loading of the information to the system (SFC2007). In such cases the official date for sending the documents will be the date of the sending of the paper-based documents.

APPENDICES

APPENDIX NO. 1: THE INDICATOR SYSTEM OF THE IMPLEMENTATION OP

IMPLEMENTATION OPERATIONAL PROGRAMME						
<i>Indicator</i>	<i>Explanation</i>	<i>Type</i>	<i>Measurement unit</i>	<i>Starting value</i>	<i>Target value</i>	<i>Related objective</i>
Absorption of NHDP funds (linked to both Priority Axes)	Ratio of funds used regularly and effectively implemented and closed NHDP projects to the total NHDP fund available	Result	%	0%	100% (2015)	Comprehensive target
HR capacity required for the implementation of the operational programmes (linked to Priority 1)	Availability of HR capacity required for the implementation of the OPs at central and horizontal institutions	Output	%	60%	100% (2010)	1. The high-standard functioning of institutions involved in the implementation of EU cohesion policy in Hungary
Carrying out the tasks of institutions taking part in implementing the operational programmes (linked to Priority 1)	Fulfilment of the tasks of the central and horizontal institutions on a yearly basis, average. (Based on the institution's yearly plans).	Output	%	0%	100% (yearly, by 2015)	1. The high-standard functioning of institutions involved in the implementation of EU cohesion policy in Hungary
Rate of availability of the data infrastructure required for monitoring and evaluation (linked to Priority 2)	Availability of the infrastructure required for loading up the information specified in the procedures, the operation manual, and the contracts.	Output	%	40%	100% (2008)	2. Efficient and effective monitoring and evaluation systems
Rate of Funds evaluated (linked to Priority 2)	Ratio of the budgets for operations within the amounts disbursed in the framework of operations evaluated (in the framework of ongoing evaluations described in the IOP)	Output	%, within the NHDP budget	0%	90% (2015)	2. Efficient and effective monitoring and evaluation systems
Acceptance rate of the NHDP results in the adult population (Linked to Priority 2)	The perceived quality of implementation of developments carried out in the frame of NHDP.	Result	%	40%	70% (2013)	3. Information and publicity, quality projects.

APPENDIX NO. 2: CONTRIBUTION OF RESOURCES DERIVING FROM COMMUNITY FUNDS TO THE OPERATIONAL PROGRAMME BY CATEGORY

CCI No. of the OP: 2007HU161PO010

Title of the Operational Programme: Implementation Operational Programme

(Figures in Euro, at current price)

Dimension 1: Priority subject

Code	Euro
85	238 832 364
86	76 300 573
Total:	315 132 937

Dimension 2: Form of financing

Code	Euro
01	315 132 937
Total:	315 132 937

Dimension 3: Territorial breakdown

Code	Euro
00	315 132 937
Total:	315 132 937