

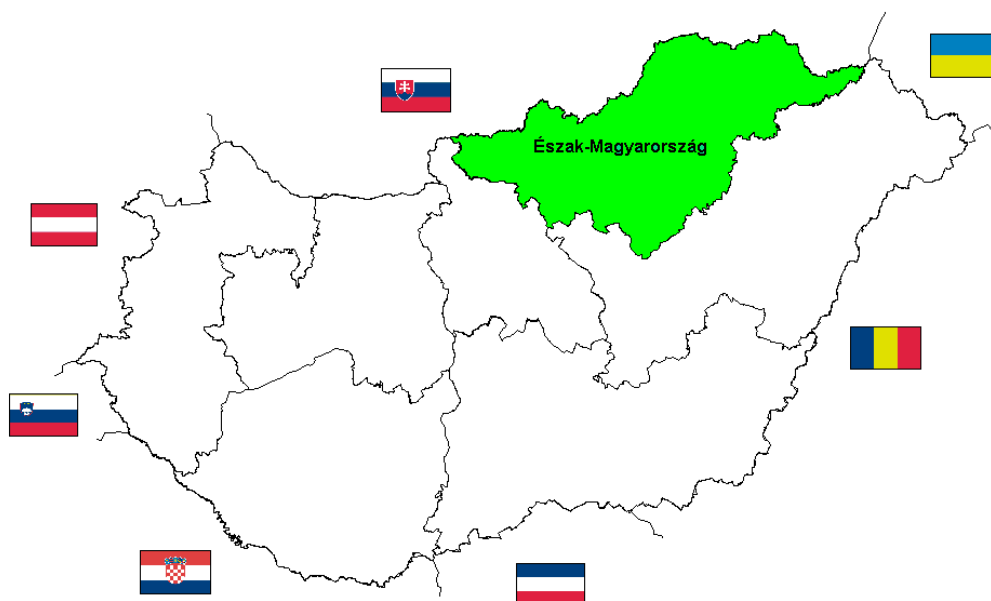


THE GOVERNMENT OF THE REPUBLIC OF HUNGARY

NORTH HUNGARY OPERATIONAL PROGRAMME

2007-2013

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Executive Summary

Taking the economic-social conditions of the region and the strategic frameworks of the period of planning for the period 2007-13 into account, the overall objective of the programme is:

To improve the economic competitiveness of the region while decreasing territorial and social-economic differences within the region.

In order to achieve the overall purpose, efforts should be based on the industrial, economic traditions and knowledge basis of the region; its natural, cultural conditions and peculiar settlement structure composed of small villages should be taken into consideration. To attain development goals, in addition to urging economic actors to cooperate, it is necessary to develop business infrastructure, to maintain sustainable utilisation of natural values, cultural heritage, to develop micro-regional centres, and to eliminate territorial differences in public services in order to create identical chances for living.

On the grounds of the above, the programme formulates the following specific objectives for the period 2007-2013:

- 1. To improve competitiveness of the economy making use of local resources, cooperation;*
- 2. Improving the capacity of tourism to produce income*
- 3. To enhance social cohesion and to develop an attracting economic and residential environment.*

The priorities of the programme must be determined so that they could properly serve the achievement of the programme purposes while ensuring an efficient and transparent implementation system. Priorities are in harmony with development purposes; they can be directly matched. The priorities below serve the implementation of the programme:

- 1. Creation of a competitive local economy** in order for the programme to help the establishment of new businesses, spreading new technologies, the exploitation of opportunities for cooperation both in the areas of the region that have significant potential and underdeveloped areas, through which businesses' operating efficiency and capacity to produce income will improve and will lead to job creation in the region.
- 2. Strengthening tourist potential** in order for the programme to further the improvement of businesses' competitiveness, job creation and sustainable utilisation of resources – through improving the quality of products and services based on natural and cultural values and structured product mix, on the one hand; and by developing network cooperation on the other.
- 3. Development of settlements** in order for large cities to draw and retain the inhabitants who have high levels of training and qualifications with a view to improve their innovative potentials; to increase the capacity of central towns of underdeveloped micro-regions in order to attract capital and provide businesses with better operating environment through developing such towns; and to reduce social and environmental tensions, strengthen social cohesion, and improve quality of life through renewing socially segregated urban areas that constitute environmental risk. Actions to develop rural settlements must be harmonised with the rural development investments of the NHRDP

4. **Development of human community infrastructure**, more specifically the renewal of human public services to be organised within the frameworks of micro-regions: public education, health care and social services, which will considerably advance the improvement of the populations' eligibility for employment and the reduction of territorial differences inherent in circumstances of living, consequently, the strengthening of social cohesion.
5. **Development of regional transport** in order to improve access to areas with significant economic potentials and tourist attractions to central settlements of micro-regions and clearways, which might enhance better access to places of work and public services.
6. **Technical assistance** in order to promote the implementation of the programme, and the achievement of the programme purposes.

The strategy of the operational programme and the allocation of resources among each area has been finalised as a result of the consultations between partners conducted pursuant to EU regulations.

Grants in EUR at current prices in total budgeted for the operational programme and the priorities are as follows:

Priorities	Grants	%
1. Priority: Creating a competitive local economy	154 076 609	14,5
2. Priority: Strengthening potential for tourism	221 402 214	20,8
3. Priority: Settlement development	302 583 025	28,5
4. Priority: Development of human community infrastructure	239 852 398	22,6
5. Priority: Development of regional transport	107 011 071	10,1
Technical assistance	38 278 906	3,6
Total	1 063 204 223	100,0
- of this ERDF	903 723 589	85,0
- of this national resources	159 480 633	15,0

The amounts granted towards the programme in accordance with the relevant decrees at current prices are set forth in the Chapter on finances.

1 Analysis of the situation

In addition to the description of the entitlement to grants and the settlement structure and environmental conditions of the region, the analysis of the region has been made within the structure of the Community Strategic Guidelines.

1.1 Proving the status of falling under Community objectives

The criteria of falling under the Community objectives are provided for under Articles 5-7 of the Council Regulation [1083/2006]. It sets forth that NUTS-II regions whose GDP per capita for the past three years (2000-2002) calculated on the basis of Community data, measured at purchasing power parity, is lower than 75% of the Community average shall fall under the convergence objective.

The 2005 Annexes to the European Parliament and Council Regulation 1059/2003/EC of 23 May 2003 sets forth that the territory of Hungary shall be divided into 7 NUTS II regions. The 7 NUTS II regions and the institutional background serving the operation of the regions are stipulated in Act XXI of 1996 on Regional Development and Planning. The GDP data of each region as shown in Figure 1 are as follows.

Table 1: The GDP data of Hungarian regions

Region	GDP/person (2000-2002) PPS	GDP/person in the percentage of the Community average (%)
Central-Hungary	18.374	89,7
Central Transdanubia	10.706	52,3
West Transdanubia	12.362	60,4
South Transdanubia	8.470	41,4
North Hungary	7.392	36,1
North Great Plain	7.436	36,3
South Great Plain	8.075	39,4

Source: Eurostat New release (issue 47/2005, 07.04.2005)¹

The Community average of the GDP calculated per capita for the period 2000–2002 is EUR 20,467. On the grounds of this figure, the region of North Hungary falls under the convergence objective.

1.2 General geographical location

The region of North Hungary is located in Hungary's north-eastern part, on the territory of the Northern Mountains and the northern part of the Great Hungarian Plain. There are three counties in its territory: Borsod-Abaúj-Zemplén, Heves, and Nógrád; its centre is Miskolc. The region borders on Slovakia in the north, on the region of Central-Hungary in the west, and on the region of the North Great Plain in the south and the east. Its territory is 13,430 km², which constitutes 14.4% of the territory of the country – this makes it the 4th largest region. Borsod-Abaúj-Zemplén constitutes 54%, Heves 27%, and Nógrád 19% of the territory of the region.

¹ <http://epp.eurostat.cec.eu.int/>

Map 1: The region of North Hungary

1.3 Settlement network

The region of North Hungary is composed of 605 settlements, including 39 towns. The concentration of the population is indicated by five of the towns being located within the micro-region of Miskolc. In view of all the regions, urban population is the lowest in this region. Approx. half of the inhabitants live in towns.

Alternating urban and rural areas

The density of population in the region is 95 people per sq km, which is higher than the average of provincial areas; only the regions of Central-Hungary and Central Transdanubia exceed it. Within the region, Borsod-Abaúj-Zemplén is more densely populated, Nógrád and Heves are less densely populated than the average. *Among micro-regions those of Miskolc, Eger, Hatvan, and Salgótarján are the most densely populated areas, while in rural micro-regions lacking towns and consequently being more underdeveloped (Abaúj-hegyköz, Mezőcsát, Bodroghöz) the density of the population is low.*

Table 2: Features of the settlement network, 2004.

	Number of settlements	Number of settlements with city rights	Number of inhabitants (persons)	Proportion of inhabitants (%)
-499	176	0	46 071	3,6
500-999	157	0	113 466	8,9
1000-1999	150	0	216 919	17,1
2000-4999	92	6	263 614	20,7
5000-9999	13	11	87 176	6,9
10000-49999	15	15	311 847	24,5
50000-99999	1	1	56 317	4,4
100000-	1	1	175 701	13,8
Total	605	34	1 271 111	100,0

Source: CSO

Reduction of population in large cities, growing agglomerations

Today the reduction of the population afflicts both villages and towns. In the past fifteen years the population of Miskolc has decreased by approx. 10 %. In this period the number of inhabitants in Eger and Salgótarján decreased as well. Simultaneously with the reduction of the population of large cities, with the demand for moving to *quieter residential areas the number of the population has grown in the agglomerations* (e.g., Kazár, Karancslapújtő, Felsőtárkány, Ostoros, Egerszalók, Kistokaj, Mályi). The growth of the population in the agglomeration represents an increasing burden on the sections of public roads leading into large cities, on transport within towns, and on providing human services of settlements.

The role of large and medium-size towns is determining in development

In the social-economic life of the region, in providing services for the inhabitants large cities (Miskolc, Eger, Salgótarján) and medium-size towns (*Balassagyarmat, Gyöngyös, Hatvan, Ózd, Kazincbarcika, Tiszaújváros, Sátoraljaújhely*) *playing a central role in the counties have a determining function*. These towns designate the axis of development of the region, and due to their role played as economic and service provider centres they have considerable capability of managing the territory within their environment. On the other hand, their potentials that draw investments are limited by under-utilised industrial areas incorporated in the structure of the town and disorderly public domain. In towns, innovation services meant to improve the competitiveness of businesses are insufficient.

Incomplete business environment and low capacity of small towns to retain the population

The central settlement of the majority of micro-regions is a small town not having or incompletely having urban functions. Taking recent rules of law into account, another five communities have been declared towns: Abaújszántó, Cigánd, and Pálháza, as well as Bélapátfalva and Kisköre. At these settlements, entrepreneurial infrastructure is underdeveloped, there are no industrial areas that can be built up, and services to encourage businesses are of low standard – all these prevent job creation and the development of local businesses. Furthermore, municipalities' institutional services are not adjusted to inhabitants' needs, and are of poor the quality. These factors, together with disorderly settlement environments arising from the poverty of settlements, especially make trained young people mostly with higher education qualifications leave the settlement. Improvement of attracting infrastructural, service providing and access conditions of service providing small towns is a prerequisite for the developed areas of the region coming abreast. Small towns have been designated to create the conditions of quality life in the settlement network study made in 2006 (Annex 2).

Communities related to axes of potential economic growth, having balanced number of population

At settlements directly related to axes of growth designated by large and medium size towns, but located outside the areas of the agglomeration, usually having more than 3,000 inhabitants, the growth of the population is balanced and public services can be operated efficiently. In the event that their basic services and technical infrastructure are developed, they might be able to receive new economic activities that would advance both employment and regional competitiveness, and to cooperate with the poles of growth.

Areas with small villages

The region, *more specifically Borsod-Abaúj-Zemplén County in the first place, is characterised by a settlement structure made up of small villages*. This is indicated by the

fact that the proportion of small villages with less than 500 inhabitants among settlements in the region is 29%, and the proportion of people living in such villages (3.6%) exceeds the national average (2.8%). The same proportions in Borsod-Abaúj-Zemplén County are 37% and 4.5%, respectively. Small villages dominate the northern closed basins of the region along the border, while along the river Tisza giant villages typical of the Great Plain can also be found. The micro-region of Edelény and the micro-region of Encs are the two areas with the most small villages, where less than 500 persons live at more than half of the settlements. In the next decade, actions must be taken to be prepared for such small villages losing their population or being turned into holiday villages as well as for increasing social problems regenerated as a result of the natural fast reproduction of the Gypsy population. The latter is projected by the fact that the number of the population is *growing in villages mostly inhabited by Roma population (e.g., at Sóshartyán, Halmajugra, Tarnabod, Pusztaradvány, Beret, Tornanádaska, Szendrölád, etc.)*, which forecasts the tendency of social segregation.

At minor settlements of areas with small villages forced to the edge of the region, the mostly Roma population typically has a low level of schooling and highly unfavourable social standing. Owing to deficiencies of public transport, due to possible drawbacks of cul-de-sac villages, the services of the (educational and social) institution system providing basic services are insufficient, and lack of jobs force younger and trained age groups to migrate. Settlements are made less attractive by incomplete settlement, environmental infrastructure, by deteriorated conditions of the environment, community buildings. Also, the settlement structure made up of small villages calls for sharing, among others, administrative, educational, economic, holidaymaking, health functions, and cooperation between settlements. At settlements that have been left untouched by mining or industrial activities, the natural surrounding is almost untouched.

1.4. Condition of the Environment

Reduction of air pollution arising from industrial activity

In the region of North Hungary, the plants in the economy that produce major air pollution are power plants, steel, and chemical companies. The branch of industry in the region that produces the most air pollution is the electricity industry, which generates more than 90% of the full emission of pollutants.

Except for Borsod-Abaúj-Zemplén County, given the decline of industrial production, the air quality of the region has shown relative improvement, which has been advanced by building a gas pipe network and technological upgrading. Contrary to industry, extending public road transport is the key source of air pollution, which causes problems especially in large cities.

Abundance of surface waters; the environmental risk of water courses coming from the other side of the border

The region of North Hungary belongs to the catchment area of the Tisza, the second largest river in our country. The significant rivers of the region are as follows: the Ipoly, the Zagyva, the Hernád, the Bódva, the Sajó, and the Bodrog. The catchment areas of each of these rivers belong only partly to the territory of Hungary. Water courses coming from the other side of the border represent environmental risks to the region as well. Recently, plants in the neighbouring countries have caused pollution on several occasions.

The quality of surface waters has recently improved in the region (as well). Unfortunately, this improvement is basically not due to the increased extent of sewage cleaning, but to the fact that polluting companies have either gone bankrupt, or due to the reduction of their production their emission of pollutants has decreased. The emission of pollutants of new

firms is usually proper, below the limit. No changes in the population's environmental awareness can be recognised. The bed of water courses flowing across settlements continue to "serve" as waste disposal sites, and the innumerable illegal waste disposal areas also pollute both the surface and under surface waters.

Floods on the Tisza, at settlements in mountainous areas and hilly countries

Owing to extremely high floods in recent years, the water management of the Tisza Valley has been reviewed to put in place proper actions to design and implement wave areas and emergency reservoirs under the Vásárhelyi Plan. Water arrangement interventions call for an integrated approach since the conditions of using territories in agricultural activities in such mostly underdeveloped micro-regions will change; simultaneously, new economic perspective is proposed to be offered to people living there.

The entire region has small villages on mountainous areas and hilly countries, where it is more difficult to solve water protection tasks than at larger settlements. Recently, the infrastructure and dwelling houses of a lot of settlements in the area of the Mátra, the Bükkalja and the Cserehát have been endangered by small brooks leaving their bed. This requires structured water management, the construction of shower reservoirs and water drainage systems for rainfall at settlements.

Condition of the soil

The southern territories of the region on the Great Plain are not eroded at all; the mountains are covered with forests to a great extent, which protects the soil from erosion. Cultivation of plants and forestation in order to produce biomass is in many cases limited by the water management conditions of the soil. Compared to the Great Plain, serious danger from inland water might arise on minor areas of the region (in the micro-regions of Sátoraljaújhely, Szerencs, Mezőkövesd, Heves and Salgótarján).

Major noise burden from traffic

The region of North Hungary is unambiguously dominated by noise generated by traffic; especially cities and people living along roads with high traffic are affected by noise above the limit. In the region of North Hungary, noise arising from industrial and mining production has been decreasing in recent years due to the termination of several shifts and low utilisation of the capacity of machines, yet the limit is exceeded in numerous cases.

Richness of nature reserves

The largest nature conservation area is located in this region of the country. The territory of the region is touched by four national parks and five nature reserves.

Table 3: Protected areas of national significance (ha)

County, region	National Park	Nature reserve	Nature conservation area	Total
Borsod-Abaúj-Zemplén	49 747	60 247	1 874	111 868
Heves	22 483	27 929	1 046	51 458
Nógrád	9 208	14 295	629	24 132
North Hungary	81 438	102 471	3 550	187 459

Hungary in total	484 126	316 677	27 688	828 491
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31 December 2004

National parks and natural conservation areas offer favourable conditions for tourism close to nature, more specifically ecotourism. Development projects related to tourism cannot be implemented unless the values of nature, more specifically protected values as priorities, are preserved.

National parks	Nature reserve regions of
Duna-Ipoly National Park	Hollókő
Bükk National Park	Kelet-Cserhát, Tarnavidék, Lázbérc
Aggtelek National Park	Karancs-Medves, Zemplén, Tokaj-Bodrogzúg,
Hortobágy National Park	Mátra, Tarnavidék, Kesznyéten
(plain with alkaline soil in Heves and Pély)	Ancient finds of Ipolytarnóc Natural Territory, Grassy Plain in Heves, Meadows in Borsod

All of the aforesaid territories constitute parts of the Natura 2000 programme. To ensure the protection of natural territories, they need stressed attention during the implementation of infrastructural development projects.

1.5. The infrastructure determining the competitiveness of the economy

1.5.1. Infrastructure of settlements, businesses

Areas of entrepreneurship of changing quality

Enterprises and especially production companies employing a large number of workers are accommodated basically in industrial parks. Several micro-regions of the region have industrial parks including both green field areas and long established industrial areas. The extent these 25 industrial parks were inhabited by companies was 57% at the end of 2005, which is higher than the average of all the industrial parks in the country (48.5%). At the end of 2005 approx. 23,000 people were employed by 533 businesses at industrial parks operated on 1,335 ha in the region, while approx. 60% of the turnover of businesses came from exports – not reaching the national average (64%). (Annex 6: Table 4: Industrial areas bearing the title Industrial Parks, 2006²)

From Figure 4 in the annex, it can be ascertained that there are industrial parks in each micro-region or central settlement (e.g., at Szécsény, Füzesabony, Pétervására, Edelény, Mezőcsát, Cigánd), however, also in these areas it is necessary to develop an attractive environment for premises which help the operation of minor companies employing workers. In addition to small settlements, the implementation of the Competitiveness Pole Programme in Miskolc calls for the extension of industrial areas providing innovative services close to the university and performing production on the northern and southern parts of the town.

The 2005 assessment study of the Ministry of Economy and Transport /GKM/ urges changes where operation does not justify bearing the title of industrial park. The reason for operation of lower standard can be poor investment-urging management, improperly built basic

² Information on the conditions of industrial parks, national data, processes (1997-2005) Ministry of Economy and Transport /GKM/, Innovation Department, 2006 source: www.gkm.hu

infrastructure, or insufficient level of common services provided for businesses. Eliminating poor infrastructure on and management of premises that prevent investments, job creation, and deficiencies in services is a challenge the region must face. In addition to installing infrastructure on premises, development projects must be focused on spreading and successfully operating incubator houses to assist recently launched businesses. In this respect the invitation for tenders between 2004-2006 in the sector was unsuccessful in the region – only one business from Gyöngyös has been granted support to extend the logistics premises. This and prestige driven infrastructure development projects in earlier years make it necessary to put in place a proactive support arrangement based on needs better reaching central settlements.

Lack of attractive settlement environment

The external appearance and look of the majority of settlements is improper; town and settlement centres are not properly taken care of and do not meet current requirements of quality of life. In recent years EU support programs and private investments mainly aimed at developing commercial functions have produced good results in improving the settlement environment but the accumulated lack of investments and renovation in the past decades and the low level of funds allocated to local governments in view of their duties make it necessary to give further support for renewing settlement environment. In addition to the basic demand for giving an orderly look of public domain, dwelling houses, and facades, the purpose of improving the settlement environment is to create favourable conditions for residential, commercial and economic functions. The improvement of the settlement environment is especially justified in settlement centres accommodating daily services and commercial activities. Besides areas having considerable economic potential, the renewal of central settlements of socially-economically underdeveloped areas must be urged to ensure job creation and to increase the capacity to retain the population.

Under-utilised brown field areas

In the region vast brown field areas organically incorporated in the settlement structure are found at the following settlements: Miskolc, Salgótarján, Ózd, Bátorfyerénye, Balassagyarmat, and Borsodnádásd. In the region there are brown field areas at another 22 settlements or in their outlying areas, while barracks out of use getting destroyed are located at 6-7 mainly minor settlements.³ In 2006, brown field areas represent a total of 2,213 ha. (Annex 3) Unsettled ownership structure involving several actors makes it difficult to develop and carry out salvage operations on these areas. Salvage operations on real estates on brown field areas are to be implemented as part of the Environment and Energy OP under the National Environmental Salvage Programme at the following settlements: Balassagyarmat, Berente, Borsodnádásd, Gyöngyösoroszi, Miskolc, Ózd, Sajóbáony, Sátorajújhely, Szerencs, and Tiszaújváros.

Former industrial areas outside towns are full of wounds to the landscape and waste heaps left from mining operations – it is indispensable to re-cultivate them and place them in the natural landscape.

³ Brown field areas in North Hungary, Register, made by Zoltán Bay, Applied Research Public Fund, Institution for Logistics and Manufacturing Technology Institution, 2005

1.5.2. Transport

Public road access to Miskolc has improved but areas under the worst circumstances (micro-regions of Salgótarján, Ózd) continue to be on the periphery

Access to the region from the key markets, especially from the markets of Western Europe, determines its competitiveness to a great extent. The recent completion of the construction of the M3 motorway up to Miskolc has improved the situation a lot *but has not basically changed the access to the peripheral areas in the north of the region (micro-regions of Salgótarján, Ózd, Sátoraljaújhely) because of the throughput and quality of the roads leading into this area.* Along the M3 motorway it can be observed that *the density of businesses and the financial muscle of enterprises are much greater near the motorway than farther away from it.*

The higher density of roads resulting from small villages calls for more quality improvement projects

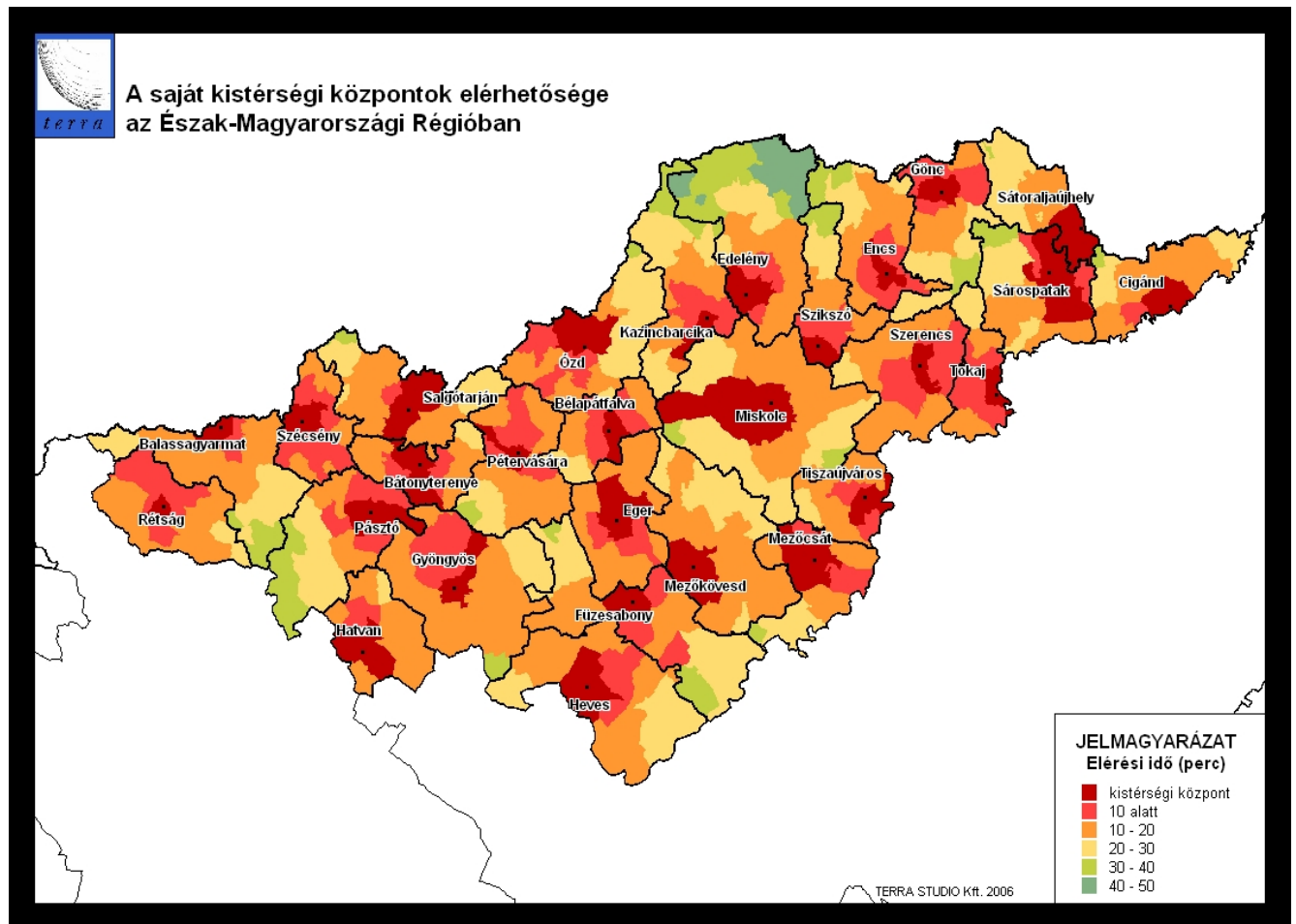
The length of the public road network in the region was 4,792 km in 2004, which has been extended in recent years as a result of the motorway development project. Road density, the length of the road network per 100 km², is 35.7 km, which is somewhat higher than the national average due to the small village based settlement structure. This also entails greater financial burdens on the region when it comes to road maintenance. (Annex: Table 5)

Bad access to underdeveloped areas

In the north, *the key problem is caused by the quality of the roads between small villages in mountainous areas.* Whereas, in the south, at settlements close to the Tisza it is the extent of roads that is insufficient; several settlements are hardly accessible; it takes a long time to get to micro-regional centres and county centres. In terms of transport, peripheral areas, more specifically areas along the borders where the number of cul-de-sac settlements is very high, are in the *worst situation.*

It is very difficult to access the centre of the region from the entire territory of Nógrád and from the Bodrogek. *As far as access from individual settlements to their micro-regional centres is concerned, it takes the longest time (30-90 minutes) to get from northern villages along the border in the micro-regions of Edelény, Encs and Szikszó, and from the micro-region of Pásztó and Balassagyarmat to the centres.*

It can be demonstrated that one of the reasons for social-economic inequalities evolving within the region is the difference between access to various micro-regions and their centres on the one hand, and the poor quality and structure of the transport network, on the other. Access on public roads is one of the key factors of economic competitiveness, which is determining, in addition to market relations, in terms of quality of life and way of life too.



Access to own micro-regional centres in the North Hungary region

LEGEND
Time of access (minutes)
- Micro-regional centre
- less than 10

Source: Terra Kft.

More than 98% of the roads in the region are covered with solid pavement; *regarding the road network primarily quality problems occur.*

It is a challenge everywhere that *bridges over rivers are of poor condition*, or have improper width, technical parameters, or are even lacking in certain areas – to build them is indispensable in order to ensure access to isolated areas (e.g., over the Tisza in the micro-region of Zemplénagárd and Balsa). On the other hand, an important regional function is fulfilled by ferries and pontoon-bridges crossing the Tisza, which substitute bridges and are *operated seasonally subject to water and weather conditions, but they are technologically out-of-date and need to be reconstructed.*

In the railway network the trunk line Budapest-Miskolc is of paramount importance – it is a line with the heaviest traffic, which provides connection with Slovakia. *Along the trunk line there are several major railway junctions (Hatvan, Füzesabony, Miskolc, Szerencs).* The proportion of the settlements having their own railway station in the region is 29%; it is the highest in Heves County (35%) and the lowest in Borsod (28%) with the largest number of small villages on mountainous areas.

The extent of interlocal bus lines is greater than that of railway lines. The proportion of settlements having a bus stop is almost 100%, although there are drastic differences in the

frequency of services. Especially bus services in small villages, which cannot be operated profitably, are infrequent. The isolation of these settlements is enhanced by lack of proper public transport timetables for going to work in several shifts and at the weekend. Only one small village in Borsod-Abaúj-Zemplén County does not have its own bus stop.

The role of air and water transport is insignificant. Upgrading shipping on the Tisza including the exploration of the potentials of the entire waterway system emerges as a remote possibility with passenger traffic and competitive sailing in the foreground.

Increasing burden of motor vehicles, especially in large cities

The pool of public road vehicles has considerably extended also in the past four years (by 22%), with a rising number of cars in the first place, which implies improving earning conditions and extending road traffic. The rate of this growth in the region has been greater than nationally, however, the level of being provided with vehicles is still considerably lagging behind. The rise in the number of motor vehicles causes increasingly great problems in traffic especially in larger cities (at Miskolc, Eger); the most heavily loaded public roads in the region are roads leading out of large cities. This is due to the central role played by cities and to moving from large cities to the agglomeration, while many people commute to work, and use public services in cities. This fact justifies the improvement of public institutions of settlements in the agglomeration and the development of internal and suburban public transport touching large cities.

1.5.3. Environmental infrastructure

Risks in drinking-water supply

Access to healthy drinking water is of paramount importance in terms of quality of life. The number of settlements in the region not having drinking-water meeting public health standards was still 157 in 1990 (one out of four settlements). This problem had been totally eliminated by 2004. At the same time, serious drinking water contamination occurred in 2006 in areas with karstic soil such as Miskolc, which calls for enhanced protection and supervision of water bases. In 2003 approx. 88% of households were connected to the waterpipe network, which is still the worst rate in the country. This problem arises mostly in the micro-regions of Abaúj-Hegyköz, Encs, and Szikszó.

Improving sewerage system

The most critical aspect of public utilities is the extent of being supplied with public sewerage system. According to the 2001 census records there are no settlements that are provided with public sewerage in the micro-region of Bodroghöz; in the micro-region of Abaúj-Hegyköz 3.3% of households are connected to the public sewerage, while at Miskolc, a city with the best public utilities, this figure is 80.9%.

In the past five years, owing to governmental, regional, and county regional development support the proportion of households connected to public sewerage system has considerably grown in several micro-regions. Between 2000 and 2004 key development projects were implemented in the micro-regions of Mezőcsát, Sárospatak, Szikszó, Pétervására, Rétság, Szécsény and Tokaj, resulting in half of the households now being connected to the public sewerage system.

Sewer building and sewage management in the region is made difficult by the changing configuration of the terrain and the settlement structure made up of small villages not included in centrally preferred target areas and sewage management agglomerations. The construction of individual, alternative sewage management procedures without support

might postpone the solution of the problem at plenty of settlements. Sewage management furthers the reduction of burdens on the environment, and is a part of developing up-to-date business infrastructure. The most urgent task is to build sewers at settlements that are close to endangered drinking water bases and have considerable economic and tourism industry potentials. (Annex: Table 6: Level of public utilities connection^a)

Low level waste processing

According to data from 2003, regular waste collection covers the majority, that is 93% of households in the region. The proportion of households involved in waste collection is the lowest in the area of Füzesabony.

Approx. one-third of the waste generated is recycled (e.g., through the improvement of the Regional waste disposal site at Hejőpapi), half of it comprises agricultural and food industry non-dangerous waste (Annex: Table 7). The situation is more unfavourable concerning industrial and other farming non-dangerous waste and the solid waste of settlements. In both cases the rate of disposal is high; therefore, trends of development must be determined to ensure that this proportion could be shifted towards utilisation (more specifically heat utilisation) but at least burning. This latter is important because none of the legal waste disposal sites conform to environmental (water protection) requirements.

Concentrated emission of industrial pollutants

Pursuant to the European Pollutant Emission Register, the (direct or indirect) emission of pollutants into the air and surface waters is the greatest at the following settlements in the region: Ózd, Salgótarján, Sajóbáony, Tiszaújváros, Visonta, Szerencs, Kazincbarcika, and Miskolc. It is at these settlements that companies in electricity production, plastic raw material manufacturing, iron, steel, and iron alloy raw materials, natural oil processing, glass industry, sugar production, and meat processing are operated whose pollutant emission exceeds the limit.

1.5.4. Energy supply service

The data of the 2001 census revealed that 64% of the households in North Hungary were connected the gas pipe network, while 11 years earlier this figure was only 26%. This extent of service can be considered favourable, especially in view of the small village based settlement structure. Further connection to the gas pipe network might be limited by the earning conditions of the population.

The rise in the number of households having up-to-date central heating results from new housing projects, which is still below the national average. Flats with district-heating are prevalent in large cities (Tiszaújváros, Miskolc, Kazincbarcika).

The natural conditions of the region and the high rate of areas covered with forests make it possible to use renewable energy sources, more specifically biomass for heating purposes. However, this is not a realistic goal in the region unless the production of “green heat” is supported with positive preference, is adjusted to district-heating systems, and at certain villages provided with gas supply solvent demand and locally available raw mater is ensured.

1.5.5 Info-communication technologies

In 2004, there were 305 telephone lines per 1000 inhabitants, 111 mobile phones per 100 households in the region. Mobile phone coverage is poor in underdeveloped micro-regions. In 2004, 80% of businesses used PCs and 60% of them the Internet. PC and Internet use among the general public is much lower than the extent observed in business organisations.

Municipalities and the population in small villages use PC, the Internet, and e-mail to an extremely low extent.

1.6. Competitiveness of businesses; structure of the economy

Decline of the industry in the 80's and 90's

Up to the nineties, the region of North Hungary had been one of the most industrialised regions of the Hungary, one of the domestic centres of mining and heavy industry (primarily, metallurgy and the engineering industry based on it) and chemical industry. However, by the end of the nineties, as a result of the decline of traditional sectors, recession in industrial production, the economic structure of the region *had dramatically changed, which led to the prolonged, permanent crisis of the region.*

These phenomena characterised primarily Borsod-Abaúj-Zemplén and Nógrád Counties which used to be dominated by huge employers and heavy industry companies. At the same time, the food industry present in Heves County with determining weight was afflicted by a recession in agriculture.

The 249th region in the EU in producing GDP per capita

While in 1995 the region produced 9.3% of the GDP of national economy, it produced only 8.1% of it in 2003, whereas the population of the region of North Hungary represents 12.7% of the population of the country (Changes in sector structure in terms of 2003 turnover: Annex: Figure 3). Compared to national figures, the performance of the region gradually decreased between 1995 and 2003: in 1995 the GDP per capita in the region receded from 72.9% to 69% of the national average, i.e., to the last place among the regions. Low industrial performance makes it even more important to ensure, in conformity with the Lisbon Strategy, the improvement of the operating environment of businesses, and to make recent technologies available to them while making ceaseless efforts to achieve renewal.

Table 8: Changes in the GDP (1995, 2000, 2003)

	1995		2000		2003	
	Per capita (€)	Per capita in proportion to EU25 average (%)	Per capita (€)	Per capita in proportion to EU25 average (%)	Per capita (€)	Per capita in proportion to EU25 average (%)
European Union (25 countries)	15513	100,0	20114	100,0	21741	100,0
10 new Member States	7196	46,4	10098	50,2	11499	52,9
Hungary	7653	49,3	10627	52,8	12897	59,3
North Hungary	5571	35,9	6866	34,1	8287	38,1

Source: Eurostat

High level of unemployment

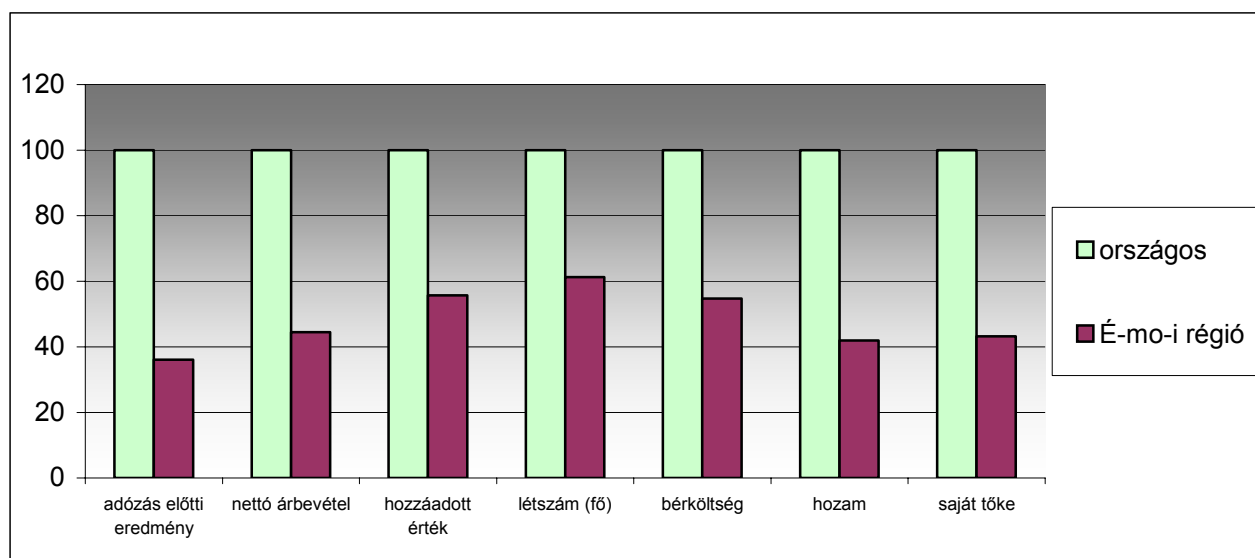
The change of the economic regime has brought sudden growth of unemployment: *the rate of unemployment in the entire region is higher than the national average*. Simultaneously, people living in the region have a significantly lower average income than the national average. *Employees with lower income and the great number of the unemployed living in the territory represent poor consumption demand, which negatively affects the main branch, the services sector, which is not directly afflicted by the disintegration of industry*. Decline can always be felt to a greater extent in underdeveloped areas with lower employment levels where businesses in the key branch, the services and repair sectors, live from day to day.

Further problems are caused by the fact *that the labour force does not have proper training or qualification; therefore, their chances on the labour market continuously worsen; and the qualified work force and young people with higher education degrees migrate*. This tendency leads to the proportion of poorer people with lower level of schooling growing on the supply side of the labour market. These unfavourable tendencies of the labour market discourage investors and prevent new businesses from moving to the region.

Low profitability of businesses

The joint impact of economic and employment problems appear when economic indices are projected onto the number of the population both on national and regional levels. The striking difference between regional and national indices is shown on the diagram below.

Figure 1: Indices of business organisations per 1000 inhabitants in 2003 compared to the national average



National
N Hun region

The diagram shows that there is a considerable difference between the region of North Hungary and national data concerning each economic index, and, regarding profitability, the region is extremely lagging behind; that is, profit before tax and yield. The latter points out that low profitability does not really allow financing further investments or improvements while the region is less attractive to investors. *Most of the businesses have not been able to accumulate the necessary funds for economic growth; and, given the high inflation rates of former years, even financing their activities on earlier levels causes serious difficulties.* The low self-financing capacity of businesses necessarily raises the issue of reasonable involvement of external funds from outside the region.

Industry is more significant than the national average

According to the division of the GDP generated between key sector groups, the proportion of services was determining also in the region of North Hungary as early as in 2001-2002, which corresponds with national tendencies. On the other hand, the weight of the industry in the economy of the region is larger than the national average (it was 8.1% larger in 2002).

The proportion of the agriculture is becoming stable. Concerning industry and services certain shifts in proportions towards services is yet to come. (Annex: Table 9)

Determining sectors: chemical industry, metallurgy, engineering industry

The sectoral structure of the region of North Hungary is highly differentiated. The outstanding value added sectors are as follows: food industry (3.5%), chemical industry (6.6%), engineering industry (7.4%), electricity industry (6.1%), which play a determining part in shaping the economic indices of the region. These four sectors produced 23.6% of the value added output of the region in 2003.

Exporting in the region is highly concentrated, *three sectors produce 90.1% of exports: engineering industry (44.1%), chemical industry (38%), and metallurgy (8.0%).*

Duality of large companies and coerced enterprises

Although the proportion of foreign-owned companies is low when looking at the entire region, *major foreign investors have settled in larger cities close to the motorway in recent years*. This process seems to continue with the prolonged construction of the motorway. On the other hand, these multinational companies are often improperly integrated into the economy of the region; their relations with local SME's are limited.

With the infrastructure having been installed and various financial allowances having been granted, the enterprises playing significant role in the economy are as follows: Borsodchem Rt. - Kazincbarcika; TVK - Tiszaújváros; Robert Bosch Elektronika Gyártó Kft - Hatvan, Eger, Miskolc; TDK Elektronika Magyarország Kft.- Rétság.

When examining the types of businesses in the region, it can be established that at variance with national average industrial companies employing *several employees, and plenty of forced entrepreneurs trying to avoid unemployment are more typical*. Changes in the proportion of business organisations operating in the region in comparison: Annex: Table 10.

Table 11: Key data of registered businesses in 2004 (items)

County, region	Partnerships	Individual enterprises	Businesses in total	Businesses per 1000 inhabitants
B.-A.-Z.	20 146	35 355	55 501	76
Heves County	8 759	20 799	29 558	92
Nógrád County	5 073	11 116	16 189	75
North Hungary	33978	67270	101248	80

Source: CSO

The multitudes of small enterprises are typical in both regional and national data. Approx. 98% of partnerships are ranked among small enterprises, more specifically 91-92% of them belong to micro-enterprises. *SME's play an increasing part in the economy of the region, although their weight in the economy of the region is lower than the national average.*

Currently, to create state-of-the-art technological background necessary for competitiveness is one of the greatest challenges SME's must face. This, for the time being, lacking powerful midfield could constitute the supplier network of the large multinational companies that move to the region. In addition to technological upgrading, micro, small, and medium-size enterprises must be helped with innovative, general advisory services, by urging cooperation to make them able to develop new products and apply new procedures in order to improve their competitiveness.

Growing foreign investments

In the period between 2000-2004, the number of businesses ranked among enterprises with "foreign majority interest" decreased, while the number of foreign-owned companies grew both in the region and the entire country. (Annex: Table 12)

In former years it can be said of foreign capital operating in the region that it was mostly invested through purchasing already operating, most frequently companies belonging to the chemical, energy, food, metallurgy, or engineering industries following the privatisation of state assets rather than through establishing green field investments, that is, new production capacities.

In recent years, however, several multinational and foreign firms have appeared in the region that have implemented mostly green field investments employing several hundreds of people.

Insufficient utilisation of research and development results

In spite of the progress made in Hungary in recent years, the proportion of funds allocated to research and development within the GDP is still low. The region of North Hungary spends the least on R+D activities, amounting to only 2.5% of the overall R+D expenses within the country.

Table 14: R+D expenditure in percentage of GDP and the proportion of labour employed in R+D to the entire employment range (2000, 2003)

	R+D expenditure in percentage of GDP (%)		The proportion of labour employed in R+D to the entire employment range (%)	
	2000	2003	2000	2003
European Union (EU25)	1,86	1,90	1,44	1,50
10 new Member States (NMS)	0,77	0,77	0,90	0,93
Hungary	0,79	0,94	1,18	1,24
North Hungary	0,22	0,27	0,45	0,54

Source: Eurostat

The most research and development sites, 92 of the 144 in the region, are operated and the largest related work force is employed in Borsod-Abaúj-Zemplén County. Nógrád County's share in the R+D capacity is minimal. It does not reduce the extent the region is lagging behind that in 2003 merely 1.5% of the amount spent on R+D in Hungary was allocated to the region (three-quarters of it to Borsod-Abaúj-Zemplén County). In spite of that, it is a positive fact that the number of subjects researched, books and articles published is outstanding compared to the number of researchers. Only a minor part of the amounts spent on R+D is provided by multinational companies with foreign interest. There are just a few examples (e.g., Bosch, ZF in Miskolc) for working out products and procedures containing major intellectual proportion locally. Incentive actions should be put in place with a view to set up institutions designed to utilise research findings, innovations among as wide a range of entrepreneurs as possible. (Annex: Table 14)

1.7. Tourism

Poorly utilised favourable tourism industry conditions

Tourism is a key asset of the region of North Hungary that *has not been exploited* up to now. Several holiday resorts can be found in the region: Mátra-Bükk, Tisza Lake, Aggtelek and its surroundings, the upper reach of the Tisza, the Cserhát and its surroundings, and Zemplén. The determining points of attraction in the region are as follows:

- The *region of Eger* with historical traditions, the castle and the historical town centre, and the natural beauty of the surrounding areas (Szalajka Valley, the Bükk), vine and wine culture (e.g., Noszvaj), and medicinal and thermal waters (Mezőkövesd, Egerszalók, Bogács);
- The *region of Miskolc* with its internationally acknowledged events, valuable natural territories, e.g., Lillafüred, Ómassa, Miskolc-Tapolca, the cave bath with its unique medicinal water;
- The three world heritage sites manifesting the harmony of the values of nature and cultural heritage: *Hollókő* preserving cultural traditions and values of folk architecture, the *Aggtelek-Jósvafő karstic cave – História Valley* famous for its stalactite cave, and *Tokaj-hegyalja* with its world famous wine-growing;

- The region *abounds in castles*, the most in the country, including operating castles, ruins of castles, and significant manor houses (e.g., Füzérradvány, Edelény);
- *Mountainous areas and hilly countries* with their fresh air and unparalleled natural values and hiking routes (e.g., the ancient find – geopark at Ipolytarnóc, the region of Karancs-Medvesalja and the Mátra with the highest peak of the country, Kékes-tető);
- The *Tisza Lake*, the areas along the Tisza, the Hernád, the Bodrog, and the Sajó Rivers, and minor water courses with the intactness of nature, and excellent conditions for water tourism; mining ponds and reservoirs suitable for sports, angling;
- The *medicinal and thermal baths, medicinal caves* of the region offer favourable services for people looking for health tourism and modern recreational services;
- Besides the key attractions, local supply is enriched by internationally acknowledged cultural events (e.g., Opera Festival of Miskolc, triathlon week at Tiszaújváros, “Border Fortress Merriments” and Bulls Blood Festival in Eger, Castle Re-enactment Days in Hollókő, Easter) and folk customs (e.g., the Palóc folklore, Matyóföld).

In spite of the wonderful natural environment and towns offering cultural and sports programs in the region, tourism is lagging far behind the opportunities it offers.

Some of the reasons include the *neglected state of services, without any spectacular presentation elements or target orientation, offered by attractions, the relatively low number of accommodations providing good quality services as well as the lack of connections between tourist programs despite recent theme route initiatives (e.g., the wine route, the Castle Association, the Palóc route, the Iron route, the Baroque route)*. All of this results in low utilisation of tourist attractions in comparison to their potential, and thus the comparatively low number of visitors.

Extending demand in tourism for higher category hotels

At the end of 2004, a total of 49 000 beds were available to guests at commercial accommodations in the region, who spent 1 655 000 guest nights here.

Table 15: Changes in the number of beds and guest between 2000 and 2004 at commercial accommodations

Description	Total number of beds			Total number of guests		
	2000	2004	Change in %	2000	2004	Change in %
NH region	33 422	35 838	107%	606 272	635 014	105%

Source: CSO

In the region in 2004, there were 6 923 beds in hotels, 7 532 at guest-houses and 3 572 at holiday houses favoured by foreigners. In 2004, domestic tourists used mostly three star hotels and guest-houses, while two-thirds of foreign guests stayed at higher-class hotels. This reveals that there is a greater demand particularly for services of hotels of higher standards.

Table 16: Number of guests at commercial accommodations, 2004

	Guests		Guest nights		Average length of stay	
	Number	In % of prev. year	Number	In % of prev. year	days	In % of prev. year
Borsod-Abaúj-Zemplén	302 841	94,0	692 297	93,8	2,3	100
Heves	281 182	103,4	645 296	99,3	2,3	104
Nógrád	50 991	86,2	122 597	83,6	2,4	104
North Hungary	635 014	97,2	1 460 190	95,2	2,3	100
Hungary	6 616 443	95,5	18 899 483	98,5	2,9	100

Source: CSO

Compared to 2004, income from accommodation charges increased by 15%. More specifically, three, four, and five star hotels attained the largest growth of 40%. This again shows that there is a demand for accommodation of higher standards, while the relatively lower utilisation compared to 2000 presumably results from the worsening utilisation records of low category accommodation in deteriorated condition. (Annex: Table 18: Accommodation charges of commercial accommodation, 2004) The above is proved by the fact that compared to 2004 the utilisation of the capacity of accommodation in the region improved in 2005. Accommodation was extended by 6%, and guests spent 17% more nights at hotels.

Uneven supply of accommodations in prioritised tourist areas

In the region, the presence of commercial accommodation of higher categories, which holds out promises of further extension of the market, is highly uneven. On 31 July 2005, hotels in the following categories awaited visitors in the prioritised tourist areas.

Table 18: Number of hotels, accommodation capacities and visitor numbers in prioritised tourist areas (2005)

Priority tourist area	Hotel category								Total		No. of visitors to priority tourist areas	
	*****		****		***		**					
	Hotels	Beds	Hotels	Beds	Hotels	Beds	Hotels	Beds	Hotels	Beds	Current no. of visitors	Increase expected from grant
Eger – Mezőkövesd	-	-	3	504	13	1573	-		16	2077	1 250 000	500 000
Miskolc- Bükk area	-	-	1	25	12	1525	2	150	15	1700	800 000	600 000
Aggtelek and vicinity	-	-	-	-	2	130	2	199	4	329	250 000	400 000
Hollókő-Ipolytarnóc- Karancs-Medves	-	-	-	-	1	80	4	236	5	316	370 000	250 000
Tokaj-hegyalja Zemplén	-	-	1	151	5	596	-		6	747	707 000	350 000
Mátra-Gyöngyös	1	116	1	280	7	759	1	170	10	1325	333 000	150 000
» Tisza Lake	-		-		4	398	2	161	6	559	447 000	250 000
Total	1	116	6	960	44	5061	11	916	62	7053	4 157 000	2 500 000

Source: North Hungary Regional Marketing Directorate

The table reveals that **there are tourist regions that boast outstanding natural values or cultural heritage but lack any substantial accommodation capacity of higher standards (3 or 4 star) to meet changing consumer demand.** Such regions are: **Miskolc and Bükk area, Aggtelek – Edelény area, Hollókő-Ipolytarnóc-Szécsény area, Tokaj-hegyalja area and the Tisza Lake.** These areas are mostly disadvantaged in the socio-economic sense, and no private investments can be expected there unless the investment environment is improved and government grants or incentives are introduced. Considering that revenues from accommodation and relating catering services represent the greatest share (45% in aggregate) within the expenditure index of tourism, **the expansion of the range of accommodations on offer is indispensable if we are to achieve the substantive job creation and revenue boosting effects expected from the development of tourist attractions.**

In larger cities and especially in Miskolc, the number of higher category, 4 star hotels is insufficient, which has a negative impact, especially for foreigners, on the reputation of cities/towns as business or investment destinations as well.

Accommodation development projects have shown that in many cases low category accommodation cannot be turned into higher category accommodation, e.g., because of room sizes.

Consequently, due to growing demand for higher category hotels and in order to reap the economic benefits expected from the greater number of visitors attracted by new products, it is necessary to increase the number of higher category accommodations in the region, even through grants for implementing new development projects.

Clearly, the purpose of developing tourist attractions is to increase visitor numbers, which can only be realised if there are sufficient numbers of capacities, in the right quality mix, to receive guest in the area concerned.

Accommodation capacities fail to meet the demand of the target group

Looking at the composition of visitors, the proportion of domestic tourists is much higher than that of foreign tourists. In terms of country of origin, German (23%) and Polish (20%) tourists had the highest share in 2004, necessitating intensified marketing efforts to strengthen the region's position in its existing markets and to enter new markets (e.g., BENELUX countries, France, UK, Scandinavia).

After the years of economic stabilisation, real incomes are expected to gradually increase in Hungary and in East Europe; as a result, they will be able to spend more on travelling and spare-time activities. It is especially important to increase attractiveness and tourism-related capacities to win over Hungarian tourists so that an higher share of the approx. HUF 600 billion spent on foreign trips are retained in Hungary, and particularly in the region. As an increasing number of foreign tourists from Western Europe has already been to Budapest, the capital city, they are expected to become more open to visiting other cities of the country rich in cultural heritage (e.g., Eger) or areas offering special sights (e.g., Hollókő, Aggtelek, Tokaj-hegyalja). Based on the above considerations, ever increasing numbers of tourists are expected to visit the region, in line with the trend of visitor number growth seen in recent years.

The consumption habits of tourists have changed in recent years:

- they tend to travel more often but for fewer days at a time, mostly for extended weekends (3 or 4 nights);
- the timing of their trips is affected by the outstanding events or programmes offered in the area concerned;
- the ratio of internet reservations is growing, together with a higher number of self-organised trips;
- the region is cheaper to access for foreign tourists through the budget airline services to Budapest, Kosice and Debrecen.

Consumer habits result in the concentration of visitors in certain periods (extended weekends, holidays, summer vacation period); therefore at such times *accommodations at major tourist sites have operated at full capacity* in recent years.

The expansion of accommodations capacities is definitely justified in order to exploit market opportunities, to satisfy the more concentrated visitor demand and to be able to receive more guests.

Outside Budapest, only those accommodations can expect more even capacity utilisation around the year that are located at priority medicinal or thermal spas (e.g., Mezőkövesd, Miskolc-Tapolca, or Egerszalók in the future), or that are high-category facilities and are situated in cities/large towns (e.g., Miskolc, Eber, Salgótarján, Ózd, Tiszaújváros), or have training or conference facilities and are targets for business tourism.

Tourism management to be improved; lack of real tourist values

In recent years considerable development projects have been launched in tourism, including the improvement of the services of medicinal and thermal baths, with an outstanding investment commenced in the region of Egerszalók. Although the region lays great emphasis on marketing to assist tourism and on developing the infrastructure necessary for tourism

industry, progress is very slow in developing complex tourist packages and internationally significant tourist products. Development projects should be coordinated and organised into packages offering multi-day visits; this would present a broader range of tourist services on offer, which would in turn significantly increase the time of stay of visitors in the region. Program packages should be assembled to suit the demands of various target groups: pensioners who are willing to travel any time of the year, students who count as both present and future guests, families, and high-income middle-aged people.

The present organisational system of tourism has four key weak points affecting the competitiveness of tourism:

- lack of cooperation between networks of enterprises implementing complex supply;
- occasional product development and sales interventions of community tourist organisations;
- the accommodation facilities in the region and in particular areas marketed through the internet needs to be modernised;
- lack of independent management organisations in tourist destinations; inability of statistical micro-regions and counties to provide such management;
- lack of cooperation in tourism with neighbouring regions.

1.8. Society

1.8.1. Demography

Decreasing number of inhabitants

12.6% of the population of our country, 1,271,111 people live in this region (as of 31.12.2004), which makes North Hungary the fourth most populated region of Hungary. *Since 1990 the population has decreased by 4%, at a lower rate than the national average.* The reasons for this fall in the population are the number of births being higher than the national average but still being very low, *a higher mortality rate, and the negative migration balance in the region.* 47.5% of the population in the region is male, 52.5% is female, which proportion corresponds to national figures. The data of counties and micro-regions does not show any significant differences either.

Considerable migration from the region

The migration balance of the region has shown a negative tendency since the late 1980's. Due to the termination of jobs discontinued as a result of change in the structure of the industry (mainly in metallurgy and mining), more and more people try to find a job in other regions of the country or abroad. The challenge posed by migration from the region has been somewhat mitigated by foreigners settling here. (Annex: Table 20: Demographic indices)

Among the counties it is Heves that can be proud of positive migration indices, so migration loss is limited to Nógrád and Borsod-Abaúj-Zemplén Counties. Positive migration indices are produced in the micro-regions of Hatvan and Füzesabony in Heves, and by the micro-regions of Balassagyarmat and Rétság in Nógrád, presumably owing to better job supply. The index of ageing shows a similar tendency in all the three counties, which again leads to loss of population.

Table 21: Number of population per gender and changes in the rate of the elderly

County, region	Population 2004		Rate of people aged 60 and over of the permanent population, 31 Dec., %	
	Male	Female	2000	2004
Borsod-Abaúj-Zemplén	348 437	383 417	19,1	19,8
Heves	151 975	170 781	21,6	22,3
Nógrád	103 309	113 192	21,0	21,9
North Hungary	603 721	667 390	20,0	20,8

Source: CSO

More children are born in areas inhabited by a Roma majority

The number of live births is the highest in underdeveloped micro-regions primarily in Borsod-Abaúj-Zemplén County (Abaúj-hegyköz, Bodrogeköz) where the proportion of the Roma population is higher than the national average. Simultaneously, the population in these areas is getting younger, contrary to the regional trend. The proportion of the age group 60 and over in the permanent population grew between 2000 and 2004, and is the greatest in Nógrád and Heves counties. In terms of life expectancy, regional ratios follow the national tendencies; though the life expectancy of women is almost 10 years higher than that of men, the prospects of both sexes are below the national average.

Table 22: Average age and average life expectancy at birth, by sex

County, region	Male			Female		
	life expectancy		average age	life expectancy		average age
	2000	2004		2000	2004	
Borsod-Abaúj-Zemplén	65,67	66,34	36,7	74,72	75,29	41,1
Heves	67,33	68,20	38,3	76,68	77,06	42,9
Nógrád	66,26	67,19	38,3	74,95	75,60	42,8
North Hungary	66,20	66,97	37,4	75,25	75,80	41,8
Country total	67,11	68,59	37,9	75,59	76,91	42,0

Source: CSO

The area inhabited by Roma majority; settlements getting segregated

The region of North Hungary has the highest number of Roma population in the country: 66 829 people, proportion: 5.2%. (2001). Within the region the number of people who belong to the Roma ethnic group is the highest in Borsod-Abaúj-Zemplén County: 45 525 people, proportion: 6.1%, while in Heves their number is 12 095, proportion: 3.7%. Roma people have always been present in the region in a more concentrated form than on most of the territories of the country. This was mostly due to heavy industry investments in the region, which drew masses of untrained, cheap physical labour as a result of socialist industrialisation. Consequently, the Roma population of certain industrial centres and mining areas (Miskolc, Ózd, Salgótarján, etc. and the neighbouring villages) multiplied. *Currently, the largest number of Roma people live in large cities but in terms of their proportion at settlements the rate of Roma inhabitants in villages is much higher.* The proportion of the Roma population is the highest in the following micro-regions located along the borders and on internal peripheries.

Table 23: Micro-regions with major Roma population

**Borsod-Abaúj-Zemplén
County**

Bodrogköz
Edelény
Encs
Szikszó
Ózd
Abaúj-hegyköz
Szerencs
Source: CSO

Heves County

Pétervására
Heves
Bélapátfalva

Nógrád County

Szécsény
Bátonyterenye
Pásztó

The growth of the number of the Roma has accelerated especially in the past decades. This was enhanced by the simultaneous fall of the non-Roma population at settlements due to natural reduction and migration. The chances for life of the population in micro-regions inhabited by major Roma population is worsened by these areas mostly lacking towns, being areas covered by small villages which become depopulated.

Table 24: Territorial division of the total population and the Roma population

Region, county	Distribution of the total population (2004)	Distribution of the Roma population (2001)
Borsod-Abaúj-Zemplén	57,58	68,12
Heves	25,39	18,10
Nógrád	17,03	13,78
North Hungary	100	100

Source: CSO 2001 census

1.8.3 Employment⁴

Low economic activity

According to the data of the Central Statistical Office /CSO/ for the year 2004, the participation rate in North Hungary is 49.3% within the proportion of the economically active age group between 15-74, which is considerably lagging behind the national rate of 53.8 %. In 2004, out of 477 300 economically active inhabitants 431 100 people worked and 46 200 persons were unemployed. Between 2000-2004, the rate of employment grew only in Borsod-Abaúj-Zemplén County (by 2.1%), while it fell in Heves and Nógrád (in Heves by 0.5%, in Nógrád by 1.2%); in the meantime, the participation rate changed to a similar extent in the counties. Low activity is related to the economic and industrial decline of the region. The termination of jobs resulted in unemployment, which was followed by the deactivation of economically active people and their withdrawal from the world of labour.

⁴ The issue of employment and unemployment with a view to advance job creation is promoted by the Economic Development OP, and a view to prepare potential employees by the TAMOP.

Table 23: Economic activity of the population aged 15-74 a)

County, region	Rate of employment (%)		Participation rate (%)		Rate of unemployment (%)		Registered unemployed persons			
	2000	2004	2000	2004	2000	2004	Male		Female	
Borsod-Abaúj-Zemplén County	41,4	43,5	46,8	48,8	11,6	10,9	32923	32796	23436	24297
Heves County	47,5	47,0	51,4	50,7	7,5	7,3	8119	7742	6438	6843
Nógrád County	45,9	44,7	50,6	49,3	9,1	9,4	7127	7557	5828	6564
Regional value	43,7	44,6	48,6	49,3	10,1	9,7	48169	48095	35702	37704
National value	49,6	50,5	53,0	53,8	6,4	6,1	202227	209600	170182	190997
European Union (25 Member States)	n.a.	n.a.	n.a.	58,6	n.a.	9,2	n.a.	n.a.	n.a.	n.a.
The Visegrád 4 (Cz, Sk, Hu, Pl)	n.a.	n.a.	60,2	60,5	12,5	12,9	n.a.	n.a.	v	n.a.

Source: Based on CSO Labour survey, Eurostat

There are micro-regions where more than three non-working persons fall on one employed person (the micro-regions of Abaúj-Hegyköz and Bodroghöz, and Edelény, Encs, Mezőcsát, Ózd, Szerencs, Szikszó, Tokaj – all located in B.-A.-Z. County). In micro-regions in less favourable economic conditions less than two unemployed persons fall on one wage-earner – they are the micro-regions of Tiszaújváros, Eger, Gyöngyös, Hatvan, Balassagyarmat and Rétság.

In terms of income level, employers in the region, especially in Nógrád County, earn less than the national average. (Annex: Table 24: Number and earnings of the employed, 2004)

High long-term unemployment

In total, the proportion of the long-term unemployed, i.e., persons unemployed for more than 180 days, has decreased since 2000 in all the three counties; their rate, however, is high and at the end of 2004 exceeded 50% of the total number of unemployed people. This figure supports statements on shortage of jobs and difficulties in finding a job.

Table 25: Changes in long-term unemployment

	2000	2002	2004
European Union (25 Member States)	n.a.	44,2	44,5
The Visegrád 4 (Cz, Sk, Hu, Pl)	49,3	53,4	53,4
Hungary	47,9	43,4	43,9
European Union (25 Member States)	42,9	38,9	38,3

Source: Eurostat

The proportion of the long-term unemployed is the lowest in Heves, and the highest in Borsod. Looking at micro-regions, the situation is the *worst in the micro-regions of Salgótarján, Mezőcsát, and Edelény*, while the lowest value is produced by the micro-regions of Rétság, and Eger and Hatvan with better employment conditions. (Annex: Table 26: Key data of the registered unemployed)

Within the unemployed the proportion of young people starting out on their careers is extremely high in the micro-regions of Edelény and Encs, while it is the lowest in the micro-regions of Heves and Hatvan. Concerning white collar workers, this proportion is the most disadvantageous in the micro-region of the county centres in Borsod-Abaúj-Zemplén and Heves Counties, being 19.6% in Miskolc, 26.4% in Eger, and 16.1% in the micro-region of Balassagyarmat in Nógrád County (Annex: Table 27: Unemployment, unemployment benefit, regular social aid, and employment programs, 2004.)

Deficiencies in training reduce chances for taking on a job

Supply of special training has not been able to meet the economic needs of the region properly, which has become one of the important sources of labour market problems. Therefore, special attention must be paid to *improve the supply of re-training and further training programs that provide knowledge meeting the social-economic conditions and needs of the given areas*. As a matter of fact, the unemployed include a high proportion of people not having marketable vocational qualification, or with low level of schooling, which reduces chances for finding jobs even more.

The low level of schooling of the Roma leads to poor labour market prospects

Only in the long run does it seem possible to change the unfavourable labour market position of the Roma minority since the majority of them have a low level of schooling and qualification, so the labour market offers no wage earning employment to this social layer. This represents a grave problem in rural areas with small villages, settlements (micro-regions of Edelény, Encs, Szerencs, Heves), and in the districts (micro-regions of Miskolc, Ózd, Salgótarján) where the proportion of the Roma population to the total population considerably exceeds the national average.

Not only the Roma but also a number of other groups are in danger of exclusion from community life and from the labour market. Such groups include the low-income families with a large number of children, the elderly as well as multi-child single parents, whose ratio is more than twice as high in the region than the national average. The region offers little employment opportunity to its almost 40 thousand disabled residents; furthermore, victims of addictions and homeless persons, who are at risk due to their health and lifestyles, also find it difficult to resume employment.

The proportion of people commuting from settlements close to large cities is high

In the region, the number of commuters is traditionally high. *In North Hungary, to an extent greater than the national average, 37.4% of the employed, 146,000 persons (based on 2001 census data) commute to work from their domicile to another settlement every day*, compared to the national average, which is 30%. Within the region, it is in the two smaller counties where the rate of commuting is higher. More than half of the employed in the regions of Szikszó, Füzesabony, Pásztó and Szécsény close to large cities, more than three-fifth of the employed in the regions of Bélapátfalva close to Eger, and the region of Rétság close to Budapest, Vác, and Balassagyarmat commute to work every day. In contrast, access from the internal or external peripheries of the region and small villages to major employment centres is difficult and slow, which significantly undermines the chances of employment of people living in such municipalities.

1.8.3 Training-education

In North Hungary the division of the population in terms of the highest level of schooling is worse than the national average, whereas the proportion of inhabitants not having completed

8 classes of elementary school is just over the national average. On the other hand, the proportion of people having completed secondary school studies or having higher education degrees in the region is distinctly lower than the national average. (Annex: Table 28: The highest level of schooling of the relevant age group 1 February 2001)

Schooling indices are more favourable in large cities

There are considerable differences in the highest level of schooling within the region. *In the aggregate, schooling indices are the most favourable in areas of larger and economically developed cities (in the micro-regions of Eger, Miskolc, Tiszaújváros, Gyöngyös, and Salgótarján).* At the same time, in many places the proportion of people having completed secondary school studies or having higher education degrees is extremely low, especially in the economically-socially disadvantaged micro-regions of Abaúj-Hegyköz, Bodrogköz, Mezőcsát, Szikszó, Bélapátfalva, Pétervására, Heves, and Szécsény, which hinders incentive actions to ensure job creation.

The number of children is decreasing at the slowest pace in Borsod-Abaúj-Zemplén County

In recent years the utilisation of nursery schools and elementary schools has deteriorated because of the fall in the number children and ageing in some areas with small villages, therefore, their economic maintenance has been endangered. It is underdeveloped areas, primarily the micro-region of Borsod-Abaúj-Zemplén County (the micro-regions of Encs, Abaúj-Hegyköz, and Szikszó) where the number of children decreases to the lowest extent because of higher birth rates.

Table 29: Nursery schools, 2004.

County, region	Points of fulfilling nursery school duties	Capacity	Children enrolled in nursery schools	Nursery school children per 100 capac.	Nursery school teachers	Children per nursery school teacher
Borsod-Abaúj-Zemplén	367	26 493	25 474	96	2 226	11,4
Heves	154	10 998	10 607	96	988	10,7
Nógrád	142	7 877	6 924	88	665	10,4
North Hungary	663	45 368	43 005	95	3 879	11,1
Country total	4 579	350 206	325 999	93	30 704	10,6

a) Together with remedial education.

Source: CSO,

The least children live in Heves County, which also has the oldest population, with the worst rates in the micro-regions of Bélapátfalva and Pétervására, and in the micro-region of Rétság in Nógrád County. These micro-regions have the most settlements without elementary schools or with only lower schools.

Quite often, social disadvantages evolve in early childhood, therefore, in the region great emphasis should be placed on the early education of children, especially in problematic areas and areas inhabited by Roma majority. Better education calls for the improvement of the quality of nursery school environment, buildings, and tools. Nursery school services will also offer jobs to parents, especially mothers.

School classes outnumber classrooms

In the region classrooms are utilised to a lower extent than the national average, while in Borsod-Abaúj-Zemplén County the number of pupils in proportion to the population is far

beyond the average. At the same time, *in the aggregate, elementary school classes in the region outnumber classrooms*. It is also typical that more modern schools in cities draw children from small settlements in the vicinity. This tendency cannot be balanced unless educational institutions with proper infrastructure and training standards are set up outside large cities as well. Commuting is not good for children because they are torn out of their own residential area, travelling daily is a waste of time, while going to school with parents by car causes traffic jams in larger cities (e.g., in Miskolc) and on incoming roads.

Table 30: Elementary school education

County, region	Points of fulfilling elementary school duties	Class-rooms	Classes ^{a)}	Pupils ^{a)}	Pupils per class ^{a)}	Pupils per 1000 inhabitants ^{a)}	Teachers
Borsod-Abaúj-Zemplén	346	3 563	3 890	74 786	19,2	102	6 873
Heves	141	1 352	1 515	28 272	18,7	88	2 891
Nógrád	117	1 005	1 046	19 086	18,2	88	1 846
North Hungary	604	5 920	6 451	122 144	18,9	96	11 610
Country total	3 690	41 581	44 883	887 785	19,8	88	87 116

* Together with remedial education. — a) Full time students. — b) Together with data of forms 5–8 of grammar schools.

Source: CSO,

Incomplete secondary school structure in provincial areas

The number of pupils studying at secondary schools per one thousand inhabitants in the region is equal to the national figure. The proportion of grammar school pupils is the lowest among the regions; on the other hand, *the proportion of secondary vocational school pupils is the highest in this region*. Secondary school education is mostly concentrated to large cities, with key roles played in this respect by county centres, which offer a wide range of schools that take more than half of secondary school pupils. At the same time, there are two micro-regions without any secondary schools: the micro-regions of Bodrogek and Bélapátfalva. Furthermore, no grammar school education is provided in the micro-regions of Abaúj-Hegyköz, Pétervására, and Rétság. Early inducement for children to leave their place of living enhances chances of their migration. In the aggregate, the structure of training fails to stress practice oriented training and improving skills.

Major points of higher education: Miskolc, Eger, Gyöngyös, Salgótarján

In terms of the place of operation of higher education institutions *the number of regular students per one thousand inhabitants is the lowest* in North Hungary among the regions of the country.

Table 31: Number of full time university and college students

	Per place of training	
	1999	2004
Regional value	12 244	14 278
<i>Borsod-Abaúj-Zemplén</i>	7 707	8 065
<i>Heves</i>	3 825	5 423
<i>Nógrád</i>	712	790

Source: CSO

Most of them study at the University of Miskolc, the most important higher education institution in the region, which has considerable research background, for example, in nanotechnology and logistics. Besides Miskolc, higher education is provided at Sárospatak in Borsod-Abaúj-Zemplén County. In Eger, most regular students attend the Eszterházy Károly College, the Faculties of Economics and Social Sciences, the Faculty of Arts, and the

Faculty of Sciences. Also, the long established College of Theology is operated in this town. In Gyöngyös, the Károly Róbert College is attended by the largest number of students including a major number of students in tele-training, which has multiplied in recent years. Since 2004 training has been provided at an independent institution, the College Faculties of Farming and Agriculture with considerable research and educational background in agriculture and food industry. In Nógrád County, the Finances and Accountancy College Faculty of the Budapest Business School and the Institute of Salgótarján of the Gábor Dénes Technical Information Technology College are operated.

It is a key problem that the *training programs offered by higher education institutions have not properly followed the changing needs of the economy* and the requirements of a knowledge based society. It is another deficiency that education in general fails to place proper emphasis on improving students' skills, which *limits their chances for acquiring proper practical experience prior to obtaining their degree*. These two highlighted problems arise from the low intensity of relations between higher education institutions and the actors of the economy in the region, and the public sphere.

1.8.4 Health care services

Prospects for life worse than the national average

In the past three years the expected life span has somewhat extended both in the region and nationally. The 2004 data shows that in North Hungary *prospects for life of both men and women are worse than the national average*. For a man the number of expected years at birth is 66.97, for women 75.80, which is 1.62 and 1.11 years less respectively than the national average, which also lags behind the figures of the EU 25. This is strongly related to the social layers of the people living in the region. *Life expectancy is considerably determined by the highest level of schooling, residential conditions, type of abode, the quality of the work performed, and health conditions—to sum up: by quality of life*.

The expected life span varies subject to county and type of settlement. Indices are the most favourable in Heves County: subject to gender an inhabitant living here can expect to live one or one and a half years longer on the average than people in Nógrád County, and both genders 17 months longer than in Borsod-Abaúj-Zemplén County. *Men's prospects for life are distinctly better in cities than in villages. Differences within the region might be attributed to different employment and social conditions*.

High mortality and infant mortality rates

In 2003, 18,082 inhabitants deceased in the region of North Hungary, 31% of them being people below 65. *The mortality rate in the region is one of the worst both in the country and the European Union*.

The infant mortality rate in the region is higher than the national average (8.9 thousandth). In Borsod-Abaúj-Zemplén County, 1 out of 100 children dies before becoming one-year-old. Infant mortality points out bad habits of living and deficiencies in prevention.

The key cause of death: circulation system illnesses, malignant tumour diseases

In the region 50% of deaths occurred due to circulation system illnesses, 25% because of malignant tumour diseases (2,478 male, 1,792 female), 8% as a result of digestive system illnesses and 8% because of external causes. These proportions considerably vary by age groups. *Among young people* (under 35) the majority of deaths take place because of external causes (accidents, suicide). In the *age group 35-64* tumour illnesses lead to death to the greatest extent, especially among women, while digestive system illnesses among men.

Finally, in the age group of *elderly people* (65 and over) death resulting from circulation illnesses is the key factor. Types of illnesses and territorial features of diseases as well as detailed causes of deaths (malignant tumours of the trachea, the bronchial tube and the lungs, other tumour illnesses) must be taken into account when improving the family doctor system and outpatient specialist services to ensure prevention and early recognition of illnesses.

Vacancies in public health services

Material and human resources of health care are insufficient in the region. The 2004 data reveal that *in the region 20,000 people worked and there were 800 vacancies in health care services*. More specifically, beside 3 000 working physicians there were 360 vacancies to be filled by physicians. Compared to planned figures the most vacancies were in Heves County (6% among health workers, including 13% among physicians), while the number of health workers and physicians per 1000 inhabitants was the lowest in Nógrád County. (Annex: Table 32: Health care services, 2004)

Insufficient family doctor services in the underdeveloped areas with small villages in Borsod-Abaúj-Zemplén County

The number of family doctors was less and the number of paediatricians was somewhat more than six years before, while their joint number dropped. The number of inhabitants per one physician was 1,591, which exceeds both the national and the provincial average. While in 2004 there were no family doctor services in 294 of the 605 settlements of the region, the proportion of such small settlements was 55% in Borsod-Abaúj-Zemplén County with small villages. *The family doctor network playing a major part in early recognition of and prevention of illnesses was lacking both facilities and staff.*

The number of physicians' working hours spent in outpatient specialist services and the number of treatments have gradually increased in recent years. The number of treatments in proportion to the population in North Hungary in 2004 almost equalled the national average. *However, fulfilled physician's working hours were few because of lack of physicians (their number per one thousand inhabitants was one of the lowest among the regions), so time spent with one treatment was the least among the regions as well.*

Hospital services complying with national standards

Despite a decreasing number of hospital beds in recent years, the number of patients treated at hospitals has grown. Between 1998 and 2003 the number of beds in the region was reduced to nine-tenths of the initial number, while the number of patients released grew by 7% (nationwide changes were of a higher extent). Consequently, *the average number of days spent with treatment decreased.* In North Hungary *the number of hospital beds in use per one thousand inhabitants is somewhat below the national average, however, it is considered good compared to services in the provinces.* The average number of treatments does not much differ from the national average either. Among the three counties, the values of natural indices are the most favourable in Heves, in spite of the fact that it was in this county where the number of beds decreased and the number of patients treated grew to the greatest extent.

Every second micro-region (mostly micro-regions organised around larger towns) in the region has a hospital suitable for providing specialist services. The hospitals in Miskolc are of paramount importance. They provide services for approx. one-fourth of the patients in the region.

1.8.5 Social services

The rate of people receiving aid is high, especially in the underdeveloped areas in B.-A.-Z. County

The support to substitute lost income formerly provided for people getting out of the unemployment compensation scheme was replaced as from 2001 by regular social aid granted by municipalities. Due to this measure, the number of people receiving aid between 1999 and 2003 multiplied by 4.4 in the region. *The number of people receiving aid per one thousand inhabitants was 96.2 according to 2003 data, which is 2.6 times more than the national average and is the highest value among the regions.* There are no considerable territorial differences in the average monthly amount of the aid; it is approx. around 15,000 HUF.

In 2004, among the three counties in the region the annual average number of people receiving regular social aid from municipalities was the highest in Borsod-Abaúj-Zemplén and the lowest in Nógrád (this number in Borsod County is 5.6 times more than the number in Nógrád). In 2004, among micro-regions the average number people supported with regular pecuniary social aid was highly varied, e.g., in the micro-region of Abaúj-hegyköz 93 people supported with social aid fell on one thousand inhabitants, while this number was only 7 in the micro-region of Eger. Furthermore, the number of people supported with aid considerably exceeded the average in the micro-regions of Bodroghöz, Edelény, Encs, Szikszó, and Szerencs, on the other hand, their number in the micro-regions of Hatvan, Pásztó, and Rétság, Gyöngyös was relatively low. (Annex: Table 33: Social services, 2004.)

Household maintenance support is given to a much lower number of people than the above, and this figure has not dramatically changed in the last four years. Their number per one thousand inhabitants in North Hungary exceeds the national average but not to such an extent as the number of those receiving regular aid.

The number of people receiving underage disability pension is high

Within the population *the proportion of pensioners in all the three counties is above the national average, which makes the average of the region (32%) higher than the national average (30%) as well.* This is related to the *relatively high number of people receiving underage disability pension in the region.* They represent 16% of those receiving superannuation or annuity, while the relevant nationwide figure is 15%. In the region it is Heves County where the most people choose this option (in proportion to the population). Additionally, the rate of people living on dependant's pension and other allowances in this region (especially in Borsod-Abaúj-Zemplén County) is higher than in the country in general. Early superannuation is one of the forms of escaping unemployment. The high number of disability superannuation can be explained by hopeless unemployment resulting from a change in the structure of the economy and the higher number of people employed in industry and heavy industry, so there are more dangerous and jobs exposed to greater physical burden.

The number of institutions providing day-care services for the elderly and the number of people taken care of in these institutions in the region have somewhat decreased in recent years, whereas nationwide numbers of spaces and people taken care of has grown. *The number of spaces per one thousand people aged 60 and over is higher than the national value and is extremely high especially in Borsod-Abaúj-Zemplén.* In Heves County, where the majority of the aged population live, there are the least spaces in proportion to the relevant age group.

The proportion of people in need of help at home is growing; deficiencies in boarding institution system services

The number of people receiving meals and help at home has grown considerably, by 21% since 1996; the extent of this growth has been greater than the national value. *The number of meals provided per one thousand people aged 60 and over is higher than the national average; however, the rate of help services at home lags behind the national average.* The proportion of people receiving meals and help at home is the highest in Borsod-Abaúj-Zemplén County and the lowest in Nógrád. In 2004 there were 9,472 spaces at institutions providing permanent boarding and temporary accommodation services in the region available to people cared for – the value projected on one thousand inhabitants is lower than the national average. This latter proportion implies that the spaces provided are less than in general in nationwide services, what is more, most of the social institutions provide services under out-of-date circumstances. In Borsod-Abaúj-Zemplén County the situation is highly tense only because the death rate is unfortunately high.

The number and proportion of people forced out of the labour market and endangered because of their health condition or way of life is higher than the average

In the region, the *proportion of people living with some kind of disability (7.1%) is greater than the national proportion (5.7%).* They are provided with highly deficient services, e.g., in the areas of school education, a low number of spaces in vocational training, and in adult care.

Table 32: Number of persons with disabilities (person)

	2005
Borsod-Abaúj-Zemplén	22 470
Heves	10 551
Nógrád	6 608
Regional value	39 629

The extent of childhood poverty is explicitly manifested by the rate of children receiving regular children protection support in proportion to the population aged 0-18. While in the country every fourth, in the *region every third child lives in a family where the income per capita does not reach the amount of the minimum pension (24,700 HUF as from 1 January 2005).*

North Hungary belongs to the regions least infected by drugs; however, heroin consumption is high in Borsod-Abaúj-Zemplén. It is another unfavourable factor that the number of registered drug users is growing.

To sum up: the state of the social services system is contradictory. *The organisation system has been properly built in basic and special services, but the level of material and human resources makes the state of institutions and networks that provide a higher volume of services than the average more difficult (e.g., family assistance services).*

1.8.6 Residential environment

The number of flats with few conveniences is high; colony-like residential environments

In the region of North Hungary *flats have fewer conveniences than the national average.* The areas with the worst flats are the areas in the worst economic-social state: they are the micro-regions of Abaúj-Hegyköz, Bodroghöz, Edelény, Encs, Mezöcsát, and Szikszó. Better convenience indices are produced primarily by micro-regions comprising large cities having

large housing estates (the micro-regions of Kazincbarcika, Ózd, Miskolc, Tiszaújváros, and Eger); quite surprisingly, however, in the micro-region of Ózd the proportion of flats with no conveniences is very high. Huge housing estates constructed with industrial technologies were built 30-40 years ago; their renovation en masse is a challenge for the future. (Annex: Table 34: Key data of housing conditions 2004.)

The relatively low number of flats with all conveniences and the high number of flats with a low number of conveniences are explained by the bad economic state of the region. As a result of high unemployment rates and low income, willingness to build flats will lessen and only few people undertake to build new, modern flats. The reasons include the “heritage” of settlements suddenly swollen as a result of intense industrial development at the turn of the century (e.g., Ózd, Salgótarján), the multitudes of colony like so-called “colony flats” with a low number of conveniences. These flats that once constitute the one-time worker’s and miner’s colonies now have become the domicile of groups who have gotten more and more forced out of the housing market and have become indebted. (Annex: Table 35: Division of flats and holiday cottages split per year of construction, 1 Feb 2001)

The date of building of flats refers to the possible structure and state of flats. Housing estates built with industrial technology (prefabricated houses) were built in large numbers between 1960 and 1980. The number of flats built in the aforesaid period is extremely high compared to the regional and especially the national average in the following micro-regions and the related central settlements: Kazincbarcika, Miskolc, Ózd, Tiszaújváros, BÉlapátfalva, Eger, Hatvan, Pétervására, Bánytereny, Pásztó, Salgótarján, and Szécsény. It is at these settlements where there is the greatest need to put in place complex programs to renovate residential areas with flats in deteriorated condition including flat reconstruction projects.

1.9 The economic-social differences between regions have increased

In the region, *impoverished and marginalized areas afflicted by recession in the industry* are juxtaposed to *rapidly developing, prospering areas*. The zone of growth includes large cities, Miskolc and Eger, and the towns that have coped with economic restructuring by stabilising determining chemical industry companies, Kazincbarcika and Tiszaújváros. Further progress was brought by the construction of the motorway M3 initially up to Füzesabony, and then to Miskolc from 2005, creating favourable economic conditions at larger settlements lying in the southern part of the region (Hatvan, Gyöngyös). Also, economic development commenced as early as the beginning of the second half of the 90’s in the areas of the region close to Budapest (Rétság, Balassagyarmat).

Underdeveloped small and medium-size towns located farther from the zone of growth (e.g., Encs, Edelény, Pétervására, Heves, Mezöcsát, Ózd, Szécsény) *are prevented from developing by lack of easy access and poor labour supply, which is made worse by the low level of entrepreneurial willingness and skills*. The most critical employment problems arise in the provincial areas considered the internal and external peripheries of the region, mainly in the parts in the northern territories close to the Slovakian border.

Pursuant to the Govt. Decree 64/2004, in terms of social-economic conditions, the following areas in the region shall be considered underdeveloped: the micro-regions of Encs, Abaújhégyköz, Edelény, Pétervására, Heves, Mezöcsát, Bodrogköz, Szerencs, Ózd, Szécsény, Salgótarján, Bánytereny, Tokaj, and Sárospatak. The programme must pay special attention to developing these areas.

1.10 Evaluating former programs

Decentralised state supports decided at county or regional level used in the region of North Hungary between 2000 and 2005 have been evaluated.

Domestic and European Union grants of earlier years have been compiled in Annex 4. From the table showing the utilisation of supports the following relationships and statements can be drawn:

- Concerning values of investments it can be established that in the period under review in the region of North Hungary investments in the amount of 206,940.91 million HUF were implemented with 69,868.72 million HUF support. Approx. two-thirds of the value of the investments implemented was covered by grants and the rest by own resources.
- In granting amounts of support, irrespective of the sources of support (domestic, Phare, or ROP /Regional Development Operational Programme/) Borsod-Abaúj-Zemplén (hereinafter referred to as B-A-Z) county leads by far in first place, several times exceeding the amounts of support given to the other two counties. One of the reasons thereof is that the population of the county is double the population of the other two counties, while being one of the most underdeveloped counties in the country.
- As from 2004, on an annual level, the supports granted under the operational programme have been the most determining. The amounts of the Phare sources changed during the six years under review unevenly, not following a linear tendency. To sum up: all the three counties were granted the greatest amount of decentralised Phare support in 2004. The Phare budgets for 2002-03 will be paid in 2005 and 2006.
- In the future, Phare resources are expected to be terminated after 2006, the amounts of decentralised domestic supports will show a decreasing tendency, while grants from the Structural Funds will grow.

They key purposes of decentralised domestic supports (TEKI /Regional Equalisation Development Support/, CÉDE /Targeted Decentralised Support/, TRFC /Spatial and Regional Development Earmarked Funds/, TFC /Spatial Development Earmarked Funds/) are fundamentally to reduce regional differences, to help underdeveloped areas to come abreast, and to urge job creation and investments. Decentralised supports were initially decided by county councils for regional development, then, given the changes in the regional development policy of the state, the decision-making role of the counties gradually decreased, while the competence of the regional level grew.

Under the decentralised regional development programs of the state, the regional council was allowed to give support: to job creation and job preservation investments; municipality development projects; tourism industry investments; bicycle path construction projects; improvement of unsealed road systems in internal areas; motorway construction, and financing national parks related community work programs; the further development of the Vásárhelyi Plan, production infrastructure improvement projects related to the development of the economy; human infrastructure improvement projects; construction of surface water drainage system; etc. (see in the relevant government decrees).

Regional innovative supports

Table 36: Findings of regional innovative tendering procedures, 2005.

Title of support	amount of support (HUF m)	value of investment (HUF m)
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	Nógrád county	Heves County	B.-A.- Z.	North Hungary	Nógrád county	Heves County	B.-A.- Z.	North Hungary
Baros Gábor Program	62	190	450	702	101	496	1028	1625
Innocsekk	24	40	249	313	24	40	249	313
Total	86	230	699	1015	125	536	1277	1938

- The Baross Gábor Programme granted support for acquisition of tools to innovative investments in the amount of maximum 30 HUF.
- Under the Innocsekk programme tenders could be submitted for using innovative services.

The projects were properly prepared, their need for funds significantly exceeds the extent of support that may be granted. In order to define the innovative purpose unambiguously, it is recommended that less transparent fields (e.g., IT) should be taken out of support purposes. The programme helps innovations directly rather than creating new jobs. Tenders were handled by a 4-member team, who also provide advisory services for businesses regarding the management of supports.

The decentralised regional development Phare programme launched starting in 2000 was aimed, after the initial experimental phase, at the implementation of integrated restructuring of the economy and at implementing prioritised micro-regional projects to improve the economy and human resources. Funds were awarded basically in open tendering procedures. Prioritised support purposes included incentive actions to urge cooperation between SME's, the renovation of thermal baths, and the improvement of conference services of tourist accommodations. The improvement of human resources was also urged by various tools. Because of the relatively low and single supports, specific programs did not produce significant impact at regional level, whereas in numerous fields considerable results were attained:

Programs	Results
<i>Enhancing cooperation between SME's</i>	44 new jobs were created through various joint purchases.
<i>Improving entrepreneurial skills in secondary and higher education</i>	Purchase of 20 PC's and preparing 11 syllabuses to improve entrepreneurial skills.
<i>Improving tourism</i>	Upgrading the Aggtelek-Baradla cave; 8 complex swimming pools have been renewed ; a thermal bath and a recreational centre have been built; a medicinal bath and a guest-house to take 75 persons have been implemented.
<i>Information technology in elementary schools</i>	44 elementary schools have been renewed; 1,138 PC's and modern IT tools have been purchased.
<i>Employment programme for persons with multiple disadvantages</i>	Vocational training has been acquired and jobs have been taken on temporarily or permanently by 1,070 persons (disadvantaged people, Roma, people with disabilities, permanently unemployed people). New, modern jobs have been created for 15 people with disabilities.

In the final phase of the Phare programme in 2002-2003, integrated programs for settlement development (Orpheus) were implemented, including settlement centre development, the improvement of regional access and employment. Beneficiaries completed the implementation of the projects by September 2006. The projects of the settlements below were given support:

Settlement	Title of tender
<i>Eger</i>	Eger, rehabilitation of the part of town called Szt. Miklós
<i>Szécsény</i>	Rehabilitation of the historical centre of Szécsény
<i>Szikszo</i>	Integrated Development of the Town Centre of Szikszo
<i>Hatvan</i>	“Castle and promenade”
<i>Tállya</i>	Establishment of a Vine-dresser School and Community Centre at Tállya through the rehabilitation of the one-time Reformed school
<i>Tokaj</i>	Tokaj Conference City Programme
<i>Miskolc</i>	Rehabilitation of the City Centre of Miskolc, the establishment of the Regional Administration Centre
<i>Eger, Heves County Municipality</i>	THE ESTABLISHMENT OF THE INTER-EURÓPA HÁZ
<i>Hollókő</i>	Quality improvement of Hollókő-Ófalu
<i>Salgótarján</i>	Space in the Town – town in space

The Regional Development Operational Programme (RDOP) is to further the implementation of a more balanced development of the areas of Hungary and its regions. The RDOP intends to reduce territorial differences within the country and the regions through development projects of minor scale. The programme grants support in the following fields: improvement of tourism; low key development of transport infrastructure; rehabilitation of urban areas; improvement of the infrastructure of elementary educational-training institutions; upgrading local, regional public administration; local employment programs, pacts; region specific training programs; and advancing actions to get higher education institutions embedded in the regional economy. In the region, applications for support have been received in each priority in a total amount that highly exceeds available sources. 36.4% of the budget available to the region finances the tourism priority, 57.7 % the development of the infrastructure of the region, and 5.9% the improvement of human resources.

Table 37: Distribution of grants between RDOP actions under the NDP 1:

Actions	Applications received		Winner applications		Division of demand for support among winner applications (%)	Comparing demand for support of winner applications to demand for support of applications received (%)
	Number (item)	Demand for support (Million HUF)	Number (item)	Demand for support (Million HUF)		
Tourist attractions	45	24 484	8	5 985	20,6	25
Tourist accommodations, services	118	8 008	21	4 579	15,8	57,1
Transport	48	13 404	17	6 195	21,3	46,2
Urban rehabilitation	16	10 159	5	5 549	19	54,6
Infrastructure of elementary education/training	235	30 006	41	5 053	17,4	16,8
Local employment initiatives	86	9 049	15	1 174	4,1	13
Practice oriented improvement of higher education	44	2 308	10	518	1,8	22,4
Total	592	97 299	117	29 053	100	---

The results of the programme attained so far and expected impacts:

Area of support	Expected results
<i>Tourism</i>	Improvement of considerable attractions in 5 key tourist destinations (Tokaj-hegyalja, Ipolytarnóc, Orczy manor house in Gyöngyös, bicycle path at the Tisza Lake, Egerszalók); developing 354 new accommodations directly resulting in the creation of 56 new jobs.
<i>Transport</i>	Primarily in underdeveloped micro-regions, upgrading 100.7 km low-rate roads in underdeveloped micro-regions, or leading to tourist attractions, industrial sites, affecting 284,359 persons; renovation of 3 bus stations (Salgótarján, Eger, Balassagyarmat).
<i>Urban rehabilitation</i>	Urban areas on 33 km ² will be renewed resulting in the creation of 7 new jobs. At settlements: Heves, Bátorfatereny, Ózd, Miskolc, Felnémet town section of Eger.
<i>Improvement of elementary educational institutions</i>	Renewal of 41 institutions (specialised classrooms, activity rooms, gymnasiums, and modern educational/training tools) to ensure training circumstances of higher standard in underdeveloped micro-regions
<i>Employment of disadvantaged people</i>	Training and employment of approx. 220 persons is implemented. The majority of the participants are disadvantaged, untrained, or come from the Roma population. 10% of the permanently unemployed involved in the programme is expected to be permanently employed. Furthermore, employment pacts or strategies will be worked out for 7 areas.
<i>Practice, local economy oriented improvement of higher education</i>	Affecting all the higher education institutions in the region, 421 students take part in research programs, 417 students in training, and 88 students are provided with professional practice.

There is no information on the number of people taking part in public administration related and regional economic training. The supports of the regional operational programme are supplemented by the development projects of sectoral operational programmes implemented in the region. No information is available on presumable impacts produced by these programs.

Findings of the regional operational programme, changes:

- In the subject areas of the regional operational programme there is a very great demand for development in the region; approx. four times more applications were submitted than the supports granted. The greatest demand was for human resources improvement with ten times more applications submitted than the supports available.
- It is especially necessary to allocate considerable funds to preparing projects in the fields of tourist attractions and urban rehabilitation. The promotion of project preparation should be continued so that substantive changes are facilitated in the region and projects are implemented to bring the greatest possible benefits.
- There is considerable need in the region to develop tourist attractions and accommodations: demand for development funds exceeded the available funding for grants by five or six times. This also shows that the inhabitants of the region feel the need to exploit their resources to the maximum.
- There were few public transport infrastructure improvement projects, and this scenario was made worse by the Volán companies with majority ownership in the physical assets or buildings (waiting rooms, stations) to be improved not being allowed to submit applications.

- The rehabilitation of brown field areas represents great difficulties because the ownership structure of the areas is broken up into minor units. As one of the problems, the RDOP supported community, cultural or recreational projects only, which is either inexpedient or impossible in the region's numerous former brownfield sites, often located in peripheral areas. The criteria for delimiting action areas presented another obstacle, as they rendered eligible only much larger brownfield sites than would have been required, or ones wedged into residential areas. No spectacular results are expected in this area due to the magnitude of development needs and the protracted organisation and decontamination operations.
- Regarding the improvement of educational/training infrastructure, it is hard to evaluate the great number of applications for development objectively; therefore, it is recommended to involve the micro-regional level in the decision-making system.
- There is major demand for employment projects for disadvantaged people, whereas the quality of the applications must be improved to ensure that they ensure prolonged employment in as many cases as possible. Experience shows that great emphasis must be laid on preparing projects.
- In Hungary, the European Union supports business consultancy programmes in regions through the network of Local Enterprise Promotion Foundations, with set out to support the professional, administrative and management functions of small, micro- and start-up enterprises. Between 2004 and 2006, support given to non-profit consultants was a success within the Economic Competitiveness Operational Programme (2.2.1.) as a large number of the consultancy beneficiary enterprises repeatedly went back to consultants for advice during the programme period, typically about interrelated issues of increasing complexity. In addition, SMEs were also eligible for advanced, trade specific consultancy. Consultancy was taken up mostly by enterprises supplementing their technology modernisation projects with the improvement of their management or product development systems, among others.
- One of the problems of earlier support programs was that they were not properly concentrated, e.g., they did not serve actions of underdeveloped areas to come abreast by using integrated tools. Independent projects in themselves will not produce the desired effect (e.g., the renovation of the Aggtelek-Baradla cave, or the regional diagnostics screening centre operated in Miskolc). Only integrated development projects concentrated to achieve a single purpose are needed. The renewal of the city centre of Miskolc supported by Phare and ROP funds, and supplemented by private initiatives and municipality regulation, was a project of this kind.
- Efforts should be made to support regionally integrated programs meant to produce effects on the merits rather than focusing on scored results of supports under competitive tendering procedures conducted in former years.
- The implementation of the decision-making procedure was rather slow since three organisations (RFÜ /Regional Development Agency/, Váti Kht, MA /Managing Authority/) were involved, in such order, in the evaluation of the applications. Implementation must be simplified. The duty of implementing measures should be assigned to an organisation that prepares and fully understands the regional programme and has relevant professional experience..
- Tendering forms and grant contracts are too detailed. The project purpose is not stressed, whereas activities are described in very minute detail. In the implementation

of the project this leads to continuously submitting applications for amendments, and increases red-tape in support management. Excessively detailed implementation must be changed; assistance must be given to make the content of each project more useful right from the implementation phase. For this reason, and due to over-application, it is recommended to introduce a two-step project selection procedure for several large infrastructure projects and for grants provided in the frame of integrated projects. First, decisions should be made on the project concept; then the grant contract could be entered into after the project has been worked out in detail.

- In the implementation, there is a need to coordinate regional and sectoral operational programmes within the region on the merits, which was not achieved between 2004-2006.

The comparison of the commitments of decentralised financial means targeted at regional development is shown in Table 38 of the Annex.

URBACT Community Initiative

The URBACT Community Initiative promotes the transfer of experience in the field of urban development. During the preparation for the 2007-2013 period, 11 cities participate in the Urbact Support for Cities programme to receive support organically related to their regional operational programmes to facilitate the design of their integrated urban development strategies. The continuation of the programme allows Hungarian cities to adopt the experiences of old Member States, thereby emphasising the urban dimension of Hungarian development actions.

Experience in support management in the region

With a view to managing domestic and European Union support granted to regions, an entire organisational unit has been set up within the North Hungary Regional Development Agency. Between 2003 and 2006, a total of 3,316 applications have been submitted to the Agency. The amount of supports granted concerning the applications submitted is 58.5 billion HUF, from which investments in the amount of 108.1 billion HUF are (have been) implemented. Regarding support resources, the Agency is experienced in managing application procedures related to the entire programme cycle, at the same time, the Agency fulfilled customer service and applications receiving/evaluating functions in the context of the RDOP. The key areas of regional invitations for tenders are as follows: regional infrastructure, tourism, corporate innovation, and SME promotion. The tendering procedure management team consists of 41 persons, of which 8 persons were assigned to RDOP management. The Agency has several years' experience in managing tendering procedures, free capacity for future assignments, several senior managers in the staff, with low fluctuation in manpower, and as the independent survey of the KTK MA /Community Support Budget Managing Authority/ reveals, among the organisations taking part in the implementation of the RDOP, the Agency is currently most cost-effective in performing its activity. The Regional Development Agency is instrumental in passing on experience both in planning the regional operational programme and implementing the programs. If free programme implementation capacities become available owing to programs reaching completion under the regional representation of Váti, the Regional Development Agency is ready to take them over.

2 SWOT analysis

STRENGTHS	WEAKNESSES
<i>Regional development</i>	
<ul style="list-style-type: none"> • Miskolc has considerable economic potentials and force to organise the region; • Recently, the economy has begun to develop in the area along the motorway. 	<ul style="list-style-type: none"> • In terms of economy, the region is one of the most underdeveloped regions in the European Union; • Areas socially-economically lagging behind, burdened with huge unemployment are located primarily on northern territories with small villages along the borders, and on agriculture oriented southern areas with a high proportion of Roma population; • Social problems arise on concentrated areas, primarily in underdeveloped micro-regions (e.g., in the micro-regions of Edelény, Bodorgköz, Encs, Abaúj-hegyköz), and in some clearly definable town districts (e.g., prefabricated housing estates, mining colonies) of certain large cities (e.g., Miskolc, Salgótarján) resulting from the large number and low level of training of the Roma population.
<i>Economy</i>	
<ul style="list-style-type: none"> • The presence of foreign-owned production companies (e.g., Bosch) and the number of employees in the region is constantly extending; • The region has significant traditions in manufacturing machines, metallurgy (Miskolc, Salgótarján, Ózd) and chemical industry (Kazincbarcika, Tiszaújváros); • Wage costs are low compared to EU average. 	<ul style="list-style-type: none"> • There are few large companies having strong a market position and considerable capital, and these are concentrated to the area of Miskolc, Tiszaújváros, Eger, and Kazincbarcika; • Small and medium-size enterprises lack capital, are struggling with regular liquidity problems, have weak market position and no competitive edge, with low levels of cooperation; • Except for a few cases, centres of micro-regions lack industrial sites, incubator houses and related advisory services that would urge businesses to move to the region, help their operation and assist new businesses; • Networks of mediating organisations to encourage businesses' innovative activity are either missing or are of low standard. Relation between the R+D organisations of the region and businesses is insufficient; • There are few vacancies for people with higher education degrees in the region, especially in medium-size and small towns, which makes professionals migrate;
<i>Tourism</i>	
<ul style="list-style-type: none"> ○ Excellency in natural, cultural values (e.g. world heritage sites, national parks, network of border forests, thermal, medicinal waters) to improve 	<ul style="list-style-type: none"> • The income producing capacity of tourism fails to realise opportunities, primarily because of the unsynchronised and low level product mix and the poor quality of the accommodations and services offered,

regional tourism;	<p>and lack of efficient regional and territorial marketing.</p> <ul style="list-style-type: none"> • There are few quality tourist accommodations with bad composition in prioritised tourist destinations.
<i>Human resources, society</i>	
<ul style="list-style-type: none"> • Rises in real wages in recent years has resulted in a slight improvement of living standards; • Multidisciplinary universities, research institutions with significant technical education (e.g., mechatronics), strong research background (e.g., nanotechnology, logistics) are present in Miskolc (research and educational bases related to agriculture, and food industry in Gyöngyös, and to food security in Eger); • Secondary school educational network has developed compared to national indices is in place in the region. • Hospital services complying with national standards. 	<ul style="list-style-type: none"> • The migration balance of the region, more specifically Nógrád and BAZ Counties, is permanently negative; • Unemployment exceeds the national average, high rate of the permanently unemployed, unemployment of several generations evolving; • Poor health conditions, many inactive, disability pensioners. The death rate is higher than the national and European averages; • In the underdeveloped areas with small villages of BAZ County unfilled vacancies for family doctors, lacking material, diagnostic infrastructure mainly in basic services; • In the region the income level is low, the population is impoverished, childhood poverty is the highest among the regions of the country; • Simultaneously with increasing needs there are few spaces complying with legal provisions at institutions providing permanent boarding for elderly people and institutions providing child protection services and providing spaces for people with disabilities; • The population's level of training, innovative and adjustment capacity, not always following the requirements of the economy, is lower than the national average; • Except for underdeveloped micro-regions, spaces in nursery schools and elementary schools are utilised to an increasingly low extent, while classes outnumber classrooms.
<i>Transport, access</i>	
<ul style="list-style-type: none"> • With the construction of the motorway, Miskolc and the southern part of the region is easily accessed on public roads (motorway) from the capital and western markets; • Key role played by village caretakers in making up for lacking public transport of small settlements. 	<ul style="list-style-type: none"> • Slow access to the northern territories of the region (Salgótarján, Ózd, Sátoraljaújhely) by train from the direction of the capital; • Primarily in underdeveloped areas with small villages, access to micro-region centres, access to public services and incentive actions to urge the mobility of the population are prevented by the low-rate road system which covers huge territories but is of poor quality; • The services of public transport infrastructure (bus stations, passenger information services, etc.) are outdated and incomplete. Lack of harmonisation between various sectors makes it difficult to reach micro-region centres quickly.
<i>Urban environment, quality of life</i>	
<ul style="list-style-type: none"> • In the recent period, simultaneously with the construction of the motorway a developing 	<ul style="list-style-type: none"> • After the decline of heavy industry, under-utilised, polluted industrial sites (e.g., Ózd, Salgótarján,

<p>medium-size town network is evolving (e.g., Hatvan, Gyöngyös, Füzesabony).</p>	<p>Kazincbarcika, Miskolc) and wounds to the landscape, as well as waste heaps of considerable size have been left behind;</p> <ul style="list-style-type: none"> • Segregated settlement sections inhabited mostly by disadvantaged persons, Roma people, burdened with environmental problems, more specifically Roma colonies and prefabricated housing estates in deteriorated condition in large cities; • Deficient business environment, deteriorated settlement centres, public domains and community spaces, facilities can be found in the towns of underdeveloped micro-regions with economic potentials, which jointly result in low capacity to retain the population; • The population of large cities decreases, while their agglomeration is growing, which increases the rate of transport within the region, environmental burdens, and demand for human services.
<p><i>Natural environment</i></p>	
<ul style="list-style-type: none"> • The quality of surface waters and air in the region has improved in recent years as a result of the termination of plants emitting pollutants; • In the region the emission of pollutants is concentrated to large cities (except for Eger), the vicinity of power plants, and meat processing companies; • The extent of areas covered with forests exceeds the national average. Territories abounding in water courses and ponds, biological diversity are typical. 	<ul style="list-style-type: none"> • Huge volumes of untreated sewage pose a serious threat to water bases; • Electric energy, industry, and transport are the most critical sources of air pollution in the region; • In the region and especially in large cities, the number of vehicles has increased resulting in an enhanced burden on the environment.

OPPORTUNITIES	THREATS
<i>Regional development</i>	
<ul style="list-style-type: none"> New opportunities in cross-border relations with the entering into force of the Schengen Treaty (north-south cooperation – Miskolc-Kosice, Salgótarján-Losonc-Rimaszombat-Zólyom) 	<ul style="list-style-type: none"> The region continues to lag behind the rest of the country to a critical extent, and differences in levels of development within the region continue to increase because of an uneven inflow of capital, the weakness of local economic potentials, and the migration of trained man power from underdeveloped areas.
<i>Economy</i>	
<ul style="list-style-type: none"> The role of economic cooperation is considered increasingly valuable, and makes relations between existing scientific potentials and local actors of the economy more dynamic; 	<ul style="list-style-type: none"> Due to unfavourable changes in global economic policy factors, the willingness to invest decreases, which produces an unfavourable effect on job creation;
<i>Tourism</i>	
<ul style="list-style-type: none"> Growth of domestic and international demand for cultural and ecotourism, local products, and services based on unique regional and local values; Growth in domestic real income in recent years has allowed free time to be spent with more extensive use of services related to tourism. 	<ul style="list-style-type: none"> Global recession in tourism (turnover of guests) reduces international demand for tourist attractions , and increases competition on the international tourist market.
<i>Human resources</i>	
<ul style="list-style-type: none"> The exploitation of opportunities inherent in social economy results in the growth of the activity of various groups of society. 	<ul style="list-style-type: none"> As a result of the growth of real wages, the deterioration of the competitiveness of the economic environment, and the growth of the number of countries getting on the track of developed market economy, mostly foreign-owned companies might leave the country hoping for low wage costs and semi-skilled work, which can lead to a growth in unemployment; Given the high social expenses brought about by low employment rates, municipalities are left with little development sources; High unemployment rates tend to be permanent; unemployment becomes a “way of life”; the population’s attitude towards work gets worse; Small villages are constantly becoming depopulated due to the ageing of the population accompanied by high death rates, and the migration of the population
<i>Transport, access</i>	
	<ul style="list-style-type: none"> As a result of crowded, poor quality public transport systems, more and more cars are used, which leads to an enhanced burden on the environment.

<i>Urban environment, quality of life</i>	
<ul style="list-style-type: none">• The importance of the collaboration (partnership) between the public and private spheres is considered more and more valuable. Significant local resources are mobilised, which improves quality of life and furthers enhanced economic activity.	<ul style="list-style-type: none">• Further deterioration of low status districts of towns advances increasing segregation;• As a result of the continuation of current unfavourable tendencies in consumer habits, the quantity of settlements' waste and sewage and new type of pollution (e.g., emission of pollutants by cars) increases.
<i>Natural environment</i>	
<ul style="list-style-type: none">• The population's environmental awareness, regional awareness, and social sensitivity is increasing.	<ul style="list-style-type: none">• Extension of guest turnover expected to arise from the improvement of tourism furthers the growth of the burden on the environment and the disintegration of ecological systems, which needs to be counter-balanced;• Foreign capital prefers green field investments, whereas unutilised; polluted brown field zones worsen the quality of the environment of settlements.

3 Strategy

3.1 External frameworks of planning

The purposes of the operational programme must adhere to the relevant European Union strategic documents, including the most important and the most overall document “**Community Strategic Guidelines for Growth and Employment 2007-13.**” The operational programme primarily furthers the achievement of the purpose of the guidelines that urges regional cohesion in order to advance the improvement of the quality of life of people living in urban and provincial areas by settlement development (priority axis 3.) and development of regional transport (priority axis 5.). In view of the severe employment problems of the region, the programme intends to contribute, with its modest means, to the employment promotion and job creation objectives of the CSG, including the improvement of the infrastructure environment for businesses (priority axis 1.), the development of tourism (development axis 2.) and supporting the related training and employment programmes (development axe 4.).

On the grounds of the Community Strategic Guidelines, the Hungarian Government has prepared the **New Hungary Development Plan 2007-13** (NHDP, which is the National Strategic Reference Framework of Hungary). The operational programme serves the implementation of the NHDP’s Priority Axis – Urging balanced regional development.

The operational programme fully adheres to the above purposes in view of the fact that it supports small-scale development projects based on local and regional conditions. The operational programme has been drafted on the basis of the mid-term development strategy of the region⁵, and covers only a part thereof to be implemented under the framework of decentralised implementation.

It is a highlighted element of the programme to make business and investor environments attractive and to ensure reasonable and sustainable use of local resources. Furthermore, through the improvement of the quality of public services coordinated in micro-regions, the programme intends to advance the improvement of quality of life as well as the employment of individuals and to solve social tensions. Concerning the territorial dimension, the development of a network of towns is determining in the programme; on the other hand, preference is given to the development of rural areas in line with eliminating social-economic differences. It is primarily the improvement of the competitiveness of SME’s and tourism that is expected to bring about direct job creation, while the development of the network of towns will most likely lead to new businesses moving to the region, that is, to indirect job creation.

The regional operational programme can only partially advance the development of the region. Further demands for development will be implemented in harmony with the development strategy of the region through funding sectoral operational programmes and the New Hungary Rural Development Programme / NHDP /. Connections with the other operational programmes of the NHDP and with the NHRDP and the delimitation of the different programmes are explained under the various priority axes. The operational programme finances no activities overlapping with the National Fisheries Strategic Plan, therefore this aspect will not be discussed.

⁵ The regional strategy is available at: www.norda.hu.

The operational programme is in harmony with the document entitled “National Action Programme for Growth and Employment 2005-2008”. Among measures, first of all it supports the improvement of business environment, which assists the operation of SME’s, the strengthening of the competitive edge of the industrial sector, the advancement of employees’ geographical mobility, and the improvement of investments aimed at developing human resources.

The efficiency of the interventions of the operational programme are improved by coordinated implementation of the interrelated developments under the various operational programmes, which will be designed under integrated schemes called flagship programmes (see Annex 5 for more detail). The links to flagship programmes are described under the various priority axes.

3.2 Overall objective

Taking the economic-social condition of the region and the strategic frameworks of the 2007-13 planning period into account, the *overall objective* of the programme is:

To improve the economic competitiveness of the region, paying attention to reducing territorial and social-economic differences within the region.

In order to achieve the overall objective, efforts must be based on the economic traditions, resources, and natural and cultural assets of the region, and its small village based settlement structure must be taken into consideration. In order to attain development goals, it is necessary to urge cooperation between actors of the economy as well as to make the business and investment environment attractive, to ensure sustainable utilisation of natural values and the cultural heritage, to improve the economic-service centres of micro-regions, and to reduce territorial differences in public services (education/training, health care, social services) with a view to create almost identical chances for life.

3.3 Specific objectives

On the grounds of the above, the programme formulates the following *specific objectives* for the period 2007-2013:

1. Improvement of the competitiveness of the economy by making use of local resources and collaborations

The region’s capacity to produce economic output lags behind the desired level and that of earlier decades. After the change of political system, several places of work were terminated, especially in industry, and permanent crisis zones evolved in the region. In addition to large companies, mostly coerced small enterprises are on the scene. At the same time, the region has successful sectors such as the chemical industry and manufacturing electronic machines (mechatronics), and areas related to these sectors such as the region of Tiszaújváros-Miskolc-Kazincbarcika. The signs of progress initially manifested themselves in the western part of Nógrád close to Budapest, then as sections of the motorway were completed, now up to Miskolc, in towns along the motorway as well.

The above justifies incentive actions to urge the establishment and progress of businesses in the entire region, especially in socially-economically disadvantaged areas, as well as measures to improve business environment that boost enterprises to move to the region, hopefully resulting in the creation of jobs. At the same time, it is recommended to put in place arrangements to promote cooperation between actors, in particular SME’s, involved in

the development of the economy of the region in order to further improve the competitiveness of internationally significant sectors of the region. The development of the economy in the region can possibly be based on the specialisation and the improvement of the competitiveness of successful branches of the industry having traditions or a knowledge base in the region. To this end, it is important to ensure more efficient utilisation of the resources of large, mainly chemical industry companies and electronic machines manufacturing plants through urging inter-company and cluster cooperation. There is a need to improve the innovative capacity of the region and enterprises, and to attain growth of their production of added value. To achieve this goal, the introduction of new products and services must be boosted through providing advisory services and supplying information. In this respect closer cooperation between the higher education institutions of the region, primarily the University of Miskolc and the businesses of the region is of paramount importance. Special incentive actions must be taken to urge the development of new technologies and products in one of the determining sectors of the region that is to become determining in the future: the rehabilitation of vast brown field territories and in environmental industry based on utilisation of renewable energy sources.

In infrastructure development projects, re-utilisation of under-utilised industrial areas must be urged. Accordingly, efforts should be made to improve the capacity utilisation of industrial parks, potentially by attracting innovative businesses. Incentives must be created for the modernisation of existing brownfield industrial sites or their re-use for commercial purposes, rather than promoting greenfield projects.

Due to the high unemployment rate in the region, primarily among untrained people with low levels of schooling and the Roma population, and because of the poor capacity of peripheral areas with small villages to draw capital, it is important for the programme to support as many development projects as possible that will produce a positive effect on the extension of employment in these areas. Preference should be given to development projects that can reduce permanent social tensions arising from unemployment especially in underdeveloped areas. The purpose must be achieved in cooperation between the Economic Competitiveness OP, which prefers the technological modernisation of SME's, and gives special preference to job creation in underdeveloped areas, and the Social Development OP, which advances actions to improve eligibility for employment. To improve the operating conditions of micro-businesses in the provincial, mostly underdeveloped areas of the region, support is granted under the New Hungary Rural Development Programme.

It is the implementation of the priority "Creating a competitive local economy" that ensures the achievement of the specific objective.

2. Improving the income generation capacity of tourism

The region is one of Hungary's richest territories in natural and cultural values. Four world heritage sites (Tokaj-hegyalja, Hollókő, the karstic caves of Aggtelek and the Slovakian Karstic Cave, the bird reserve at the Tisza Lake), Eger with its historic traditions and town centre, national parks in mountainous areas, Miskolc with internationally famed events and precious natural environment, medicinal baths, and the network of historic border fortresses can be found here. However, these assets are not reflected in the profitability of tourism, the number of guest nights, that is, their economic utilisation is insufficient. A part of the aforesaid values (e.g., world heritage sites, national parks) offer new prospects for mostly provincial, underdeveloped areas.

The above justifies the development of tourism services and supply in the region that will raise the number of tourists visiting the region, increase the number of guest nights, and will urge tourists to spend more money.

In order to exploit the opportunities inherent in the tourism of the region, the goal is to enhance sustainable development of tourist attractions based on world heritage sites and natural values of the region in order to increase the number of visitors and to enhance their capacity to produce income. Market expectations are reinforced by the growth in demand for values of nature, cultural heritage, and unique offers. On the other hand, it is not sufficient to merely upgrade or supplement existing attractions; major investments to create internationally competitive attractions and offer novel experiences as well as programmes consisting of several small projects are also called for, which require substantial funding. In addition to improving these internationally competitive attractions, it is necessary to improve tourist services, more specifically accommodations offering quality services, and to raise the standard of existing ones near the attractions, which will make up a complex product. Supporting the establishment of new accommodations is necessitated by the need to satisfy the greater visitor demand generated by improved attractions as well as the demands concentrating at extended weekends, holidays, school vacations and outstanding events, which cause higher-class accommodations with higher quality services to operate at full capacity even now.

The development projects will presumably bring about the preservation and sustainable utilisation of built and natural values, and large-scale job creation, especially in underdeveloped areas that have high tourist potential, as well as the extension of opportunities for acquiring additional income. Through visitors who spend more than average, tourism brings revenues to the region; the primary beneficiaries are tourism service providers, such as attractions, accommodations, catering units, sellers and local makers of souvenirs, while secondary beneficiaries include shopkeepers, small producers and service providers who serve the "temporary residents". Importantly, the revenues of businesses are subject to local business tax, and guest nights to tourism tax, which adds to the development income of local communities and local governments.

Apart from the revenue effect, tourism has a major role to play in job creation because it increases demand mostly for services and locally made souvenirs. The pro-employment effect contributes to boosting the value added by enterprises, while each new job created through the grants generates another 0.9-1 new job in the area concerned.

The role of tourism is particularly important in the economy of socio-economically underdeveloped areas where conditions for agriculture are unfavourable, there are no major manufacturing plants or other employers, but which are rich in natural resources or cultural heritage. Such areas of the region include: Hollókő-Ipolytarnóc-Karancs-Medves, Aggtelek and its vicinity, Tokaj-hegyalja, the Tisza Lake area.

Under the umbrella of such development projects there is a need to raise the level of training and language skills of people working in the tourism industry and to improve safe access to farther areas abounding in natural values (e.g., Aggtelek and its vicinity, Tokaj-hegyalja), as well as moderating the negative environmental impacts of the increasing number of visitors. Development projects in tourism will not be successful unless their uniform and harmonised regional supply and promotion is implemented. This calls for the renewal and cooperation of local and regional organisations that manage tourism in the region. The management of tourism offers highly favourable opportunities for cooperation with the region of the North Great Plain, to work out a programme offer together with the medicinal-tourist complex of Hajdúszoboszló that has 600,000 guest nights.

The development of tourism is important both to increase the competitiveness of the region and to improve the factors determining quality of life in the regions concerned.

The achievement of the specific purpose is ensured by the implementation of the priority – “Strengthening tourist potential”.

3. Strengthening social cohesion and developing an attractive economic and residential environment

High unemployment rates and low employment levels are problems of the region – quite often they go together with permanent segregation of certain areas or districts of settlements. Job creation and the integration of new enterprises that give rise to it can be promoted by the establishment of the attractive residential environment and business infrastructure of an area or settlement district. In the entire region, there is a strong need to develop settlement environments that attract businesses and commercial outlets, and to improve access to them at central settlements especially in provincial areas, on the northern territories along the borders, and on the southern, agrarian, underdeveloped areas. It is imperative that the development of the infrastructure should be able to retain the population and improve access to public services.

The symptoms of social segregation are manifested primarily in larger cities having huge housing estates built in the 60's and 70's with prefabricated technology. Most of them are settlement districts inhabited by disadvantaged persons and Roma people with poor environment, deteriorated buildings, and grave social problems. It is indispensable to improve these settlement districts in an integrated scheme including incentive actions to urge employment and the management of social problems.

In certain large cities such as Miskolc, Salgótarján, and Ózd, economic-social progress is prevented by vast brown field areas left behind after the disintegration of the region's industry and incorporated into the town structure – their rehabilitation is of key importance to create renewable urban spaces and eliminate accumulated environmental damages. The renewal of the central squares of large, developed cities and the reinforcement of their cultural and free time programme offer might be important to retain and attract highly qualified young people and researchers and consequently strengthen the innovative role of cities.

It is typical primarily of large cities and their agglomeration that roads are getting more and more crowded, the rate of people using cars is intensely rising, which worsens the quality of life of cities. Currently, public transport systems are unable to compete with individual transport because they cannot beat the competitive advantage of individual transport in travelling times through raising standards of services. Therefore, it is necessary to improve the

quality of community transport and to put in place schemes to harmonise various forms of transport.

In order to preserve both regional centres and the traditional settlement structure, and to increase capacity to retain the population, it is necessary to develop the infrastructure of small settlements, more specifically the socially-economically underdeveloped villages of micro-regions, in cooperation with the New Hungary Rural Development Strategic Plan. Lacking public utilities had not been built previously at small settlements because of economical aspects of size, which worsens their economic and residential appeal.

For the region abounding in surface water courses it is of key importance to ensure proper water management, and drain and manage rainfall suddenly rushing down, especially in mountainous areas. Development projects will be capable of preventing a lot of damages to nature, the economy, and the infrastructure.

To ensure the development of the region, it is of paramount importance to extend employment and to renew the region's human resources, more specifically manpower and health conditions. For this reason it is a must to improve the quality and harmonised operation of local health, social, elementary, and secondary educational/training public services through micro-regional cooperation. Quite often this entails the improvement of the quality of services of towns located in the centre of each area; at the same time, special attention must be paid to areas with small villages when working out access to services, which requires the harmonisation of services and transport management. Progress simply cannot do without efforts to strengthen local society; therefore, the role of local communities and NGO's must be increased.

To make the population more eligible for employment, in addition to improving the quality of public services and ensuring equality of chances in access, support must be given to training programs necessary for more efficient operation of institutions. The Social Development OP is to solve social tensions through the support of the extension of the range of the employed, promotion of employment programs for people driven out of the labour market, inactive persons and permanently unemployed people, and assisting community and social enterprises primarily aimed at employment and secondarily at extending the scope of local services and increasing social capital, with special attention paid to the active tools of integrating the Roma in the labour market.

Social cohesion, eligibility for employment and the mobility of the workforce are greatly advanced by ensuring better access to territorial and service centres within the region – to attain this goal it is necessary to raise the quality of the infrastructure of public transport between towns and the roads of regional importance.

In the event that the above development projects are implemented, the region will have a chance to considerably reduce territorial differences within the region and raise the level of employment even in underdeveloped areas. The achievement of the specific purpose is ensured by the priorities "Settlement development", "Development of human community infrastructure" and "Development of regional transport".

3.4 Programme-level indicators

	Type of indicator	Definition of indicator	Unit of measure	Basis value (2004)	Target value (2015)	Data source
Programme level	context	Per capita GDP growth in region	%	0	27	CSO
	context	Employment rate (age group 15-64) in the region	%	49.5	51.0	CSO
	Impact (core indicator)	Number of full-time jobs created owing to the programme (gross jobs created)	pc	0	4 220	MA
	Impact (core indicator)	Size of direct investments induced by the grant	EUR	0	144 744 441	MA
Horizontal indicators	Impact (core indicator)	Number of new full time jobs created as a result of the programme in disadvantaged micro-regions	persons	0	1 492	MA
	Impact (core indicator)	Number of women employed in new full-time jobs created owing to the programme	persons	0	2 170	MA
	result	Ratio of disadvantaged students (recipients of child protection benefit) in developed institutions of education and schooling	%	0	40	MA
	result	Energy saving resulting from supported projects	%	0	10	MA

3.5 Priority axes

The priorities of the programme must be determined so that they could properly serve the achievement of the programme purposes while ensuring an efficient and transparent implementation system. Priorities are in harmony with development purposes; they can be directly matched. The priorities below serve the implementation of the programme:

- 1. Creation of a competitive local economy** in order for the programme to help the establishment of new businesses, spreading new technologies, the exploitation of opportunities for cooperation both in the areas of the region that have significant potential and underdeveloped areas, through which businesses' operating efficiency and capacity to produce income will improve and will lead to job creation in the region.
- 2. Strengthening tourist potential** in order for the programme to further the improvement of businesses' competitiveness, job creation and sustainable utilisation of resources – through improving the quality of products and services based on natural and cultural values and structured product mix, on the one hand; and by developing network cooperation on the other.
- 3. Development of settlements** in order for large cities to draw and retain the inhabitants who have high levels of training and qualifications with a view to improve their innovative potentials; to increase the capacity of central towns of underdeveloped micro-regions in order to attract capital and provide businesses with better operating environment through developing such towns; and to reduce social and environmental tensions, strengthen social cohesion, and improve quality of life through renewing socially segregated urban areas that constitute environmental risk. Actions to develop rural settlements must be harmonised with the rural development investments of the NHRDP.

- 4. Development of human community infrastructure**, more specifically the renewal of human public services to be organised within the frameworks of micro-regions: public education, health care and social services, which will considerably advance the improvement of the populations' eligibility for employment, the reduction of territorial differences inherent in circumstances of living and the integration of Roma residents and communities, consequently, the strengthening of social cohesion.
- 5. Development of regional transport** in order to improve access to areas with significant economic potentials and tourist attractions to central settlements of micro-regions and clearways, which might enhance better access to places of work and public services.
- 6. Technical assistance** in order to promote the implementation of the programme, and the achievement of the programme purposes.

The tools of the programme are not new. Through the regional approach of the New Hungary Development Plan, decentralised and regionally integrated programs can be implemented nationally in territorial decision-making powers in more subject areas than under the 2004-2006 New Hungary Development Plan – in the field of economic development, social development, health care, and technological advancements of the public.

To ensure synergy between activity segments, the implementation of the programme will take into account the frameworks of structural reforms and guidelines of each sector (the renewal of health care services, public administration, the restructuring of education/training), and various thematic flagship projects (especially the harmonised complex development projects of development poles and the most disadvantaged micro-regions).

3.6 Contribution of resources from Community funds to the operational programme, by indicative category

The indicative division of the resources of the North Hungary Operational Programme by the categories described in Annex 18 of the Implementing Regulation of the European Commission is set forth in Annex 1.

3.7 Territorial approach; territorial cohesion

While developing the region, special attention must be paid to the development of towns which are defining in terms of economy and employment, and to underdeveloped, mostly provincial areas.

Concerning the improvement of the competitiveness of the region, Miskolc, the largest city of the region, plays a key role. Developing Miskolc is especially important, in addition to enhancing the implementation of the competitiveness pole programme, in order to integrate and launch new businesses and to retain and draw highly trained and qualified manpower. It is to achieve this purpose that the so-called “Competitiveness pole programme” has been drafted. The goal of the programme is to establish economic clusters based on university knowledge bases in key sectors determining the region and to implement R+D activity serving common purposes. It is also part of the purpose to integrate through the programme new businesses that perform production and research and development. Owing to the means available, the programme is financed basically by the Economic Competitiveness Operational programme. The regional programme pays special attention to urging the evolution of clusters, to developing an attractive settlement infrastructure and business environment, and the rehabilitation of brown field areas. Miskolc is also one of the prioritised tourist destinations, while the recreational and cultural services to be developed for tourists also attract local inhabitants. The city of Miskolc in itself cannot be successful unless it maintains cooperation with the surrounding settlements that have considerable industrial potentials and large companies (Tiszaújváros, Kazincbarcika).

Among the large cities of the region, it is Eger that has considerable economic potential – based on the appeal of its natural values, the wineries and medicinal and thermal baths of the surroundings, this town may constitute one of the determining tourist destinations of the region in the future.

After the disintegration of heavy industry, Salgótarján and Ózd continue to be in crisis. It is imperative to improve access to them, to renew their human resources, to modernise the business environment at the settlements, to wind up brown field areas, and to manage settlement districts burdened with social tensions and inhabited by Roma majority.

It is of paramount importance in the region to stop socially-economically underdeveloped areas⁶ dropping behind (the micro-regions of Encs, Abaúj-hegység, Edelény, Pétervására, Heves, Mezőcsát, Bodrogköz, Szerencs, Ózd, Szécsény, Salgótarján, Bátortereny, Tokaj, and Sárospatak). The majority of these areas are basically characterised by micro-regional centres with a low number of inhabitants, poor access, human resources with low levels of training and qualifications and by locations along the borders or agrarian economic structure. The proportion of the Roma population is mostly defining in micro-regions in the worst social-economic state, so the development projects to be implemented in these areas will also affect the Roma minority to a large extent. In order to strengthen social cohesion within the region, it is of key importance to promote the launch of new enterprises through consultancy and the improvement of business infrastructure, to help the modernisation of existing businesses with consultancy services; to develop the infrastructure of their central settlements capable of organising the micro-region and to improve the access thereto, and to raise the standards of human public services (health care, primary education, social services); and to develop lacking capacities. In order to prevent small villages in the worst state that have the lowest purchasing power from being further segregated from the rest of the region,

⁶ Govt. Decree 64/2004. (IV.15.) determines the 48 micro-regions in the country that are the most disadvantaged in terms of regional development.

it is necessary to renew these settlements through involvement of the Roma population and to apply local employment initiatives. Preference to the development of the areas most underdeveloped in the socio-economic sense is in line with the contents of the flagship programme “Opportunities for those living in the most backward regions”.

Following large cities and the most underdeveloped areas, in the third place it is furthermore important to develop the areas that have in recent years been able to create new jobs and improve employment owing to the ‘mid-size town’ characteristics of their centres, the gradual improvement of access to them, or their unique natural values and products (e.g., wine region of Tokaj). (e.g. Mezőkövesd, Hatvan, Gyöngyös, Füzesabony, Kazincbarcika, Tiszaújváros, Sátoraljaújhely, Rétság, Pásztó, Balassagyarmat).

Only those projects of towns or cities may be supported that are part of their adopted urban development strategy or programme put in place with respect to the relevant period of planning. Territorial approach does not only mean preferential treatment of the various areas of the region while giving support but also plays a key role in managing the granting of such supports. The programme consists of priorities that prefer supports given to interrelated and cooperating projects serving identical purposes. Among them the settlement rehabilitation and the regional infrastructure development priorities must be highlighted, where preference is given to supports to integrated projects on a settlement scale or in micro-regional cooperation, consisting of various specific projects. Territorial projects must include all the projects (indicating their title, brief description, amount of support, the name of the particular beneficiary, and the expected impact) for which they apply for resources.

3.8 Links to cross-border programmes

The **Hungary-Slovakia European Territorial Cooperation Programme (2007-2013)** sets the overall objective of improving the social integration of the border area. This covers the following priorities and specific objectives:

- Increasing the economic competitiveness of the area along the border
- Strengthening the social and cultural cohesion of the population and social communities
- Improving the accessibility and communications of the border region
- Protection of natural assets

The region borders on Slovakia only, therefore the programme affects all the countries of the region, more specifically their areas along the border. It is important for the region to improve its transport connections along the border, e.g. by building bridges across the river Ipoly or, after the implementation of Schengen, the opening of new border sections. In addition to improving the physical proximity of connections, it is also important to assure that businesses and workers in the area have sufficient information to create a single labour market and to exploit the mutual economic benefits. The cooperation of the higher education and research and development institutions in the area, in particular in Miskolc and Kosice, may be a key driver of economic relations. The tourism development of the shared areas rich in natural resources along the Ipoly and in the Aggtelek area and the establishment of cross-border nature parks may also be important for the economy. Even though native Hungarian speakers live along the Slovak border in large numbers, it is important to strengthen the links between persons, NGOs and institutions with an eye to creating long-term cooperation and exchange of experience. Furthermore, the border region lends itself to environmental and infrastructure arrangements to reap the benefits of economies of scale because of the common health, prevention and natural conditions.

From the region, Borsod-Abaúj-Zemplén County is the only one to participate in the **Hungary-Slovakia-Romania-Ukraine European Neighbourhood and Partnership Instrument Cross-border programme** (ENPI CBC Programme – 2007-2013). Within this programme, the country may benefit mainly from establishing institutional and personal links.

In the framework of the Regions for Economic Change initiative **launched by the European Commission in 2006** during the implementation we commit ourselves, **if it is relevant**, to:

- a) Make the necessary arrangements to welcome into the mainstream programming process innovative operations related to the results of the networks in which the region is involved;
- b) Inform in the Annual Report on the implementation of the regional actions **started as involving the experiences of the network's activities** in the Regions for Economic Change initiative.

3.9 Sustainable development

In line with Article 17 of Chapter IV of Regulation 1083/2006 (EC) of the European Council, the horizontal policies of Hungary's National Strategic Reference Framework and the revised Sustainable Development Strategy of the EU adopted by the European Council on 15-16 June 2006, the interventions of the NHOP promote sustainable development and the achievement of the goals of protecting and improving the environment, including combating climate change.

Being a region abounding in natural values and cultural heritage, having numerous small villages and a considerable number of under-utilised industrial areas, it is especially important for North Hungary to keep the principle of sustainable development in view. During the implementation of the programme, efforts must be made to ensure reasonable use of areas, so exploiting existing built up areas by new functions, to ensure sustainable utilisation of natural values, cultural heritage taking their own limits of bearing burdens into account. In specific development projects, there is a need to ensure harmonisation with the environment, more specifically the protection of natural values, the improvement of the state of the environment, and in the event of unavoidable burdens on the environment, to counter-balance negative interventions. In order to combat climate change and CO₂ emission, preference must be given in every type of development, but particularly in infrastructure projects, to nature friendly arrangements and solutions reducing material and energy intensity, promoting energy savings and energy efficiency and/or using renewable sources of energy. Efforts should be made to use technologies and procedures that are most advantageous for the environment, the application of the best available technologies (BAT) or relying on renewable energy sources and improving energy efficiency. Considerations of energy efficiency are priority objectives for urban regeneration actions and in particular for the renovation of community buildings – we support energy efficiency and energy savings projects, in particular the renovation of multifamily housing and buildings owned by public authorities or non-profit operators for use as housing designated for low-income households or people with special needs. The grants are compatible with the 6th priority action under Guideline 32/2006 of the European Union on the Energy Efficiency Action Plan and Article 7 of Regulation 2080/2006 EC. These considerations must be enforced in the course of selection and control/monitoring alike.

The principle of sustainable development requires that the joint effect of the priorities and interventions to be supported by the OP produced on each other must produce a positive

impact on the environment in the aggregate. It is in line with this that the demand for territories of green field investments should be minimised, and environmental principles should be enforced as early as in the phase of planning (NATURA 2000, Sensitive Natural Areas). In the course of brown field investments, efforts must be made to put in place proper schemes for selective waste management and recycling – fundamentally, supported projects are required to apply selective waste management. In general, OP beneficiaries are required to enforce the above points of consideration during public procurement procedures too, in harmony with EU recommendations on green public procurements. To enhance environmental awareness, it is indispensable to urge dissemination of information on environmental protection. In order to offset the increase of individual motorised transport, efforts should be made to develop public transport, in particular in the course of designing the accessibility of the developed industrial sites or tourist attractions. Reorganisation of public services must be carried out in adherence to transport management preferably to advance reduction of the population's necessary travelling time.

To increase the success of interventions, it is required to urge cooperation between actors concerned in the given development project and to advance positive synergy. In development projects that promote services provided for the local population, it is a must to ensure cooperation between settlements on the merits, to express and discuss local needs and wants. The formulation of development programs for deteriorated settlement districts or settlement districts threatened by deterioration must be carried out with the involvement of the local community. Incentive actions must be taken to improve the conditions of community transport systems with a view to better inhabitants' transport within micro-regions and towns.

3.10 Equal opportunities, social cohesion

The **minimum equal opportunities** expectation will be devised based on the principles, methods and target groups (including persons discriminated against due to their sex, age, sexual orientation, religion or ethnic background) set in the effective Act on Equal Treatment⁷. It is a general requirement that any organisation that intends to receive support is expected to make efforts to present the implementation of aspects of equal opportunity related to its project as much as practically possible. This goal is attained by the programme through implementing the so-called principle of equal opportunity minimum – the essence thereof being that the applicants are obliged to deal with the issue of equality of chances on the merits, and to take steps to work towards the implementation of equality of chances.

Equality of chances must be enforced in the OP with respect to three target groups, besides fulfilling the obligation to ensure equal treatment (non-discrimination):

Gender equality

Pursuant to Section 16 of Chapter IV of Regulation 1083/2006, to ensure gender equality, it is of key importance to increase the employment of women and to eliminate women's segregation – the action to ensure equal access as a result of the interventions of the North Hungary OP will promote women's equal opportunities as follows.

In the job creation process of projects to be supported, women and men must have equal access to jobs. In addition to businesses launched by men, special attention must be paid to

⁷ Act CXXV of 2003 on equal treatment and the promotion of equal opportunities (<http://www.egyenlobanasmod.hu/data/Ebktv.pdf>)

urging the establishment of businesses managed by women and to improving the competitiveness of businesses employing mostly women.

In the event of improving infrastructural conditions of micro-regional public services, preference must be given to institutions that advance the improvement of women's eligibility for employment

- through improving crèche and nursery school services,
- by introducing forms of services close to families and homes;
- through training programs that provide job opportunities mainly for women.

An important element of the programme is the improvement of the infrastructure of regional human public services, which institutions employ mostly women.

Social integration of the Roma

The Roma live in great proportions in socially-economically underdeveloped micro-regions. These areas are given preference within the entire scope of the programme, especially in the phase of launching businesses, in projects developing the local economy leading to job creation, in the integrated development of the infrastructure of micro-regional centres, villages, and in improving access to micro-regional centres as well as in raising the quality of human services.

The instruments of the regional operational programme giving preference of the Roma and suitable to fit into the "Roma decade initiative" programme include the following:

- Incentives to the start-up of businesses managed by Roma or employing a high ratio of Roma persons, as well as improving their competitiveness through consultancy services;
- Rehabilitation of deteriorated settlement districts, winding up Roma colonies, and supporting related employment, training, and community developing programs;
- Creating basic health care and diagnostics services with an eye to improving employability;
- Organisation of social services to help with child rearing and to promote care giving and assist with lifestyle issues;
- Creating infrastructural and professional conditions of education, particularly in schools with a high ratio of Roma pupils, while grants should also assure integrated education.
- When developing info-communication technologies, giving preference to small settlements, settlement districts where the proportion of the Roma population is high – so advancing access to information.

Further development projects meant to improve social, employment conditions of the Roma community will be implemented as part of sectoral programs.

Equal opportunities for people with disabilities

Paying respect to the huge number of inhabitants with alternate abilities to work and disability pensioners in the region, in the evaluation of the projects preference must be given to projects that intend to create jobs for the aforesaid target groups, or plan to implement their employment.

When developing new infrastructural institutions, proper actions must be taken to ensure that such people could use them. At the same time, the programme has a special intervention to eliminate obstacles in buildings that serve community purposes.

3.11 Innovative and experimental approaches

The operational programme allocates funds of EUR 5,000,000 set as an indicator to support new action (projects and approaches) under the priority *Creating a competitive local economy*. This follows initiatives similar to those implemented in the past [RIS – Regional Innovation Strategy (RIS)]. During the operation it tests and implements projects and approaches. The projects that are successful can be implemented in a wider scope in the later years of the programme. Successful projects are innovative, useful (can reply to a formulated demand) and can be implemented (can use funds efficiently and in a timely manner).

Conducting experiments is a work process that begins with the discussion of new project ideas with the actors concerned in the implementation of the regional innovative strategy. Then new ideas are tested within a short time through low scale experimental plans, after that, the findings of pilot projects are analysed. Once results have been produced, successful projects are further developed in terms of OP priorities. Less successful projects are discontinued; however, the analysis of difficulties and obstacles will ensure the generation of useful knowledge in the region.

A work organisation with a few members:

- conducts experiments – including the development (or reworking) of the regional innovative strategy in collaboration with interested parties in the region;
- identifies subjects involved in the experiments, selects projects, and monitors, analyses, and disseminates results.

Progress of the experiments and findings of pilot projects are discussed at the meeting of the Monitoring Committee, and are set forth in the annual implementation report.

3.12 Partnership process

The North Hungary Operational Programme is based on the development strategy of the region for 2007-13. The latter document contains a detailed description of the social-economic conditions of the region and proposals for development that can be implemented in the region through co-financing from EU funds and the central budget. The development strategy has been made by the region with the involvement of external specialists, including the professors of the University of Miskolc. The analysis of the situation that formed the basis of the strategy has been made and data was collected with contributions from local actors and relevant professional organisations of the region. After having been commented upon by the counties of the region, micro-regions, NGO's, the strategy was adopted by the regional development council. The strategy is continuously revised by the regional development agency to make it more precise in line with the amendments of financing conditions.

The first draft of the Regional Operational Programme was made based on the development strategy of the region dated 10 February 2005.

Tools to have consultations on our Regional Operational Programme are as follows:

- making it public continuously on the Internet;
- directly contacting institutions repeatedly;
- involving regional development professional organisations;
- disseminating information at every possible forum (a constant need for which is shown by the organisers of professional events);
- having the ROP continuously on the agenda at the meetings of the Regional Development Council.

Consultations with partners on the Regional Operational Programme were carried out initially between 14 March 2006—30 June 2006. Current drafts of our Regional Operational Programme have been available for inspection on the website of the agency since March 2006. We have directly invited approx. 100-120 organisations, pursuant to the provisions set forth in the Govt. Decree 184/1996, to express opinions.

Consultations on the drafts of our Regional Operational programme have been attended by county development councils, county municipalities, micro-regions, cities with county rights, and umbrella NGO's operating in the region. As part of expressing opinion, the partners submitted written proposals on making the document more precise. The phase of submitting written comments was followed by forums with partners arranged by the Regional Development Agency. To these forums the representatives of local governments, non-profit organisations and NGO's, business organisations and, as a matter of fact, regional development professional organisations were invited.

The drafting of the operational programme is continuously helped with their proposals by key institutions in the region operating in the subject areas of the Regional Operational Programme. Such institutions are the regional marketing directorate of Magyar Turizmus Rt., the North Hungary Institute of the Regional Research Centre of the Hungarian Academy of Sciences /MTA RKK/, the Regional Health Council, the regional representative body of the National Training, Evaluation and Examination Centre, the offices of county municipalities, staff members of the higher education institutions of the region (the University of Miskolc, the Károly Róbert College), the representatives of State Employment Centres, the North Hungary Regional Training Centre, the representatives (e.g., members) of the regional NGO forum, etc. Consultations with partners have reached the inhabitants – they have been able to download the programme from the homepage of the National Development Agency, the Ministry of Local Government and Regional Development /ÖKM/, and the Regional Development Council and have had the opportunity to formulate their proposals. Since February 2006, current stages in the progress of the operational programme have been discussed at each meeting of the Development Council of the Region of North Hungary.

Social consultations on the operational programme held in October and November 2006 were assisted by the National Development Agency /NDA/. Besides the other operational programmes, the programme for North Hungary has been also discussed by highlighted macroforums, including the National Council for Interest Consultations—the NDA holds regular meetings with the National Development Committee thereof that prepares decisions—it has been put on the agenda also by the Economic and Social Council, the Hungarian Academy of Sciences, the National Environmental Protection Council, the National Regional Development Council, and the National Development Council established on 5 September 2006. During the consultation process coordinated by the NDA, the programme could be downloaded among others from the websites of the NDA, the ÖTM (Ministry of Local Government and Regional Development) and the RDA (Regional Development Agency).

Comments and opinions received were aggregated by the Regional Development Agency, then proposals were discussed by the regional development council. Each comment, opinion, and proposal has been replied to describing the extent that they have been taken into account—the aggregation of such replies is available to the general public. The North Hungary Operational Programme was adopted by the regional development council at its meeting on 19 November 2006.

The key proposals arising from consultations with partners are as follows:

- Situation analysis, comments on specifying activities should be more precise.
- The programme should pay special attention to managing deficiencies in the infrastructure of social institutions.
- It is sustainable development projects that should be carried out with the support of the programme—especially in economy it is recommended to support activities that ensure making a living in the long run.
- Proposals have been formulated on developing recreational and sports services and infrastructure, which can be implemented, in harmony with relevant draft decrees, basically as part of the tourist priority axis, and actions for social development of settlements.
- In addition to helping socially-economically underdeveloped micro-regions to come abreast, it should be made possible for areas with potentials for faster growth to develop too.
- The programme should formulate more specific measures to handle the social-economic problems of the Roma.
- The development of small settlements and small villages should be given larger weight than centres of development to prevent the gap between settlements from further widening. On the other hand, it is necessary to give exact specification of delimitation from the New Hungary Rural Development Programme.
- In underdeveloped areas, first of all for the benefit of the permanently unemployed, it would be necessary to support social economy to make it definitely capable of managing employment.
- To develop the Tisza Lake for general and tourist purposes, there is a need to determine, regulate the extent the water banks and water spaces can be burdened.
- Activities to serve the health condition of the population should be more emphatic.
- The costs of preparing projects should be items that can be accounted as expenses.

The proposals have touched on subjects that will be financed by other operational programmes or territorial cooperation programs along the borders (e.g., social economy, technological upgrading of businesses).

The process of consultations with partners was made difficult by the slow process of decisions that were made at NHDP level determining the general conditions of the regional operational programme—e.g., on the independent existence of the regional operational programme; the content areas of regional programs, harmony with sectoral programs: reform steps recommended in each field of profession; the nationwide implementation concept of operative programs; financial budgets of operational programmes, and fields of profession.

3.13 Summary of ex-ante evaluation

Date of closing Evaluation Report 2:	4 December 2006
Date of the version of the Regional Operational Programme under review:	27 November 2006

1. The activity of the ex-ante evaluator, the process of ex-ante evaluation

The ex-ante evaluation is the objective evaluation of the planning process of the Operational Programme and the development planning documents produced as a result thereof independent of planning and based on unambiguous professional aspects.

The National Development Agency invited Pillars Tanácsadó Kft. to perform the ex ante evaluation of the North Hungary Operational Programme.

As a result of the evaluation process, the first version of the evaluation report was made on 6 June 2006. It did not cover several chapters as they were lacking. For the second report the version of the Operational Programme dated 27 November was available. Since no chapters were lacking in this version, the present report can provide a full-scope examination of the Operational Programme.

The evaluators submit their report in such fashion that it will take the comments and motions for amendments of the Region, the Government, and the Commission into account. The date of the completion of this report has for the time being not been defined yet.

2. Changes made owing to the ex-ante evaluation

- the structure analysis of the situation
- comparability of data (tables)
- making the SWOT analysis more specific
- strengthening logical relation between the problems identified and the opportunities as well as intervention areas and goals
- continuous improvement of the quality of indicators, indicator numbers.

3. The opinion of the ex-ante evaluator regarding the intervention logistics, quality, etc. of the ROP (decisions he agrees or disagrees with)

The North Hungary Operational Programme has gone through considerable changes during the process of planning. The number of chapters drafted has continuously grown, on the one hand; and, on the other hand, as a result of regular consultations between planners and evaluators, completed chapters have become more specific, clearer and more to the point.

Compared to earlier versions, the **analysis of the situation** of the Operational Programme is more concise, to the point, and well-founded. Except for a few items, data has been put in national and/or Union context to demonstrate the region's relative and, as the case may be, specific state.

The evaluators propose to further narrow the focus on issues and to shorten the analysis of the situation; chiefly in areas where other Operational Programmes are also concerned. (e.g.,

health care), or where there is no possibility for intervention at Operational Programme level (e.g., demography, energy services).

According to the planners, any further abbreviation of the analysis of the situation would result in the loss of information to place the development of the region in a broad context and to present geographic disparities in the level of development within the region. Therefore, they recommend that the existing content is retained.

The **SWOT analysis** of the Programme is concise enough and quite to the point, however, certain elements incorporated therein need to be modified, relocated—relevant proposals are made by the evaluators in the operational part of the report.

The planners took into account the recommendations of the evaluators when insisting on a more informative swot analysis presenting not only priorities but also, wherever possible, the necessity of interventions, and highlighting the special characteristics of geographic areas.

The **strategy** set forth in Regional Operational Programme of the Region of North Hungary unambiguously provides opportunity for the Region to continue to come abreast with the EU average in terms of both economic and social issues. The strategy pays due attention to creating **sustainable development** and **equal opportunities**, but these **horizontal aspects** should be expounded on the level of priorities too, and should be consistently enforced during implementation.

In the opinion of the evaluators, planning was made with due openness and keeping the principle of **partnership** in view. The various comments sent to the planners are registered, forums with partners have been held.

The development **priorities** determined in the Operational Programme may be suitable for implementing the strategy.

The evaluators hold the view that with respect to implementation and the achievement of results and impacts, the greatest danger is posed by the first priority: “**Creating a competitive local economy**”. The reason for that, as it is apparent from the analysis of the situation, is that it intends to “convince” entrepreneurs to perform activities that they are currently averse to; that is, to perform research-development and cooperation. Furthermore, it intends to support the establishment and operating conditions of new businesses in areas where the business and economic environment is typically difficult. In this respect, however, efforts should be made to avoid forcing more ‘involuntary entrepreneurs’ to go into business. It should be specifically pointed out that the above comment does *not intend to bring into question the raison d’être of the priority* or its justification (since it is quite apparent from the analysis of the situation and the SWOT analysis); nevertheless, it wants to call the attention to the foreseeable hardships of implementation.

The planners are aware of the difficulty of implementing the priority, but, due to the division of responsibilities with the sectoral operational programme, the main task of the regional operational programme is the improvement of the business environment, the indirect result of which is always more doubtful than giving direct support to enterprises, for instance for the procurement of means of production.

The priority called “**Strengthening tourism potential**” intends to increase the weight tourism fulfils in the economy of the region based on the region’s traditions, favourable natural and geographical conditions, and its recognition in the tourism industry in general. The evaluators find it quite reassuring that one of the stressed points of the priority is to induce growth of demand through more efficient and more extended exploitation of existing tourist products and services. In line with former evaluator’s statements concerning the

support of accommodations, the emphatic point is the improvement of quality; and projects to establish new accommodations will be possible only in economically justified cases and to an economically reasonable extent, i.e., when the aim is to develop quality accommodations. In view of the conditions of the Region, the targeted development of each element of the tourism sector may efficiently advance progress in economy, raising the living standards of the population.

It can be projected that earmarking funds for the priority called “**Settlement development**” will not cause any problems. It will give assistance to solve problems ignored for several decades through the rehabilitation of town districts, which, among others, are in bad condition and the development of towns fulfilling the role of micro-regional centres. Compared to the previous period of programming, preference given to integrated approach and the introduction of the two-round project selection system means a definite positive change.

The priority “**Development of the human community infrastructure**” deals with three fields: certain areas of health care, social, and educational infrastructure. Concerning this priority, a very important element is ideal delimitation from sectoral Operational Programmes since all the three fields are considered their own target area by several Operational Programmes. The analysis of the situation shows a clear picture of the state of the human sectors of the region, the out-of-date condition of health care and social services lacking tools, and the infrastructural deficiencies in lower levels of public education. When planning projects to develop the infrastructure, special attention must be paid to changes in the number of the population concerned. In the event that it is successful, the priority will directly advance improvement of the living standards of the inhabitants of the region and help to strengthen the capacity of retaining the population.

The next priority of the Regional Operational programme is “**Development of regional transport**”. This priority includes improvement of the access to micro-regional centres and main roads, but fails to give any reasons for the OP not handling the problem of cul-de-sac settlements. Another important priority field is to advance transport between towns and to harmonise the transport system. Both intervention areas are necessary and important for the region where most of transport related problems are caused by the low quality of the road network and by the quality and management problems of the community transport. It is more difficult to evaluate the usefulness of the subchapters “Water transport management” and “Transport services operated by NGO’s” for lack of any description of experience gained so far and targeted needs and wants in this respect. The expected results of these two fields are not shown in the indicators of the priority.

According to the planners, the development of cul-de-sac settlements is not an overall objective; it may be cost effective and it may improve accessibility to municipalities offering employment opportunities, but in most cases such a status may actually be a benefit, for instance for tourism related developments. Water transport on the Tisza could be supported to a modest extent in order to improve and modernise connections to the North Great Plain region and to make them more secure. Transport services operated by NGOs may be more efficient than large transport companies in supporting students and needy residents of small villages. Both of the latter interventions are expected to require such small funding that their presentation in priority level indicators is not justified.

The most important and not fully settled question concerns the form of **implementation**, the exact specification of the tasks and responsibilities of organisations taking part in the implementation. This deficiency, however, can in no way be imputed to the planners.

Although considerable progress can be noticed in the version under review, the **indicator system** is not yet complete and indicator numbers are not always worked out or specified.

Meanwhile, the planners have clarified and improved the system of indicators.

3.14 Official statement on the Strategic Environmental Assessment of the NHOP

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 North Hungary 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.

Process of the Strategic Environmental Assessment of NHOP

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 North Hungary Operational Programme yielded several opportunities for official, state and social partners to put forward their opinion, especially on environmental and sustainability issues, as follows⁹:

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.

- During the first partnership of the NHOP (between 18 October 2006 and 8 November 2006, social partners were notified by post about the implementation of, among others, their environmental comments between 14 February 2007 and 31 May 2007).
- In the process of the ex-ante evaluation (with the inclusion of the official and state governing parties)
- In the process of the SEA evaluation (the conductors of the SEA were in contact with several civil organizations).
- 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 were 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 NHOP, two forums were held: on 30 November 2006 in Budapest together with the other regional OPs and on 28 November in Miskolc, with the participation of the organisations defined by the Government Decree.

The comments on the SEA of the NHOP 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.

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

Summary of how environmental considerations have been integrated into the programme¹⁰

A detailed and comprehensive evaluation on the development of the NHOP as a result of the SEA can be found in the following report: "Az Észak-magyarország Operatív Program környezeti vizsgálata - 2. jelentés". 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 Reasons for choosing the programme as adopted, in the light of the other reasonable alternatives considered ¹¹
<p>The current sustainability direction and spirit of the OP should be transferred at least at this level to the action plans determining the implementation conditions in detail.</p> <p>Integration of environmental considerations in the action plans must be specified more accurately according to the relevant aspects of NKP II (National Environmental Programme II) as well as the action plan for the year 2007 and the solutions proposed by the VAHAVA (Change – Impact – Response) project.</p>	<p>We have accepted the proposal and the implementation of environmental consideration has been integrated in the action plans.</p>
<p>In the course of economic developments and other infrastructure developments, the goal must be to prefer ecoinnovative solutions aimed at low waste emission and the application of Best Available Techniques, as well as the application of BAT in the widest possible extent and frequency, thereby contributing increased public awareness and propagation related to BAT, as well as the reduction of environmental burden.</p> <p>Therefore, the action plan must include among the selection criteria a preference for BAT application.</p>	<p>The proposal has been integrated into the OP in “Item 3.9 – Sustainable development”</p>
<p>In the course of adapting action plans to the OP, maximum effort is required to validate horizontal considerations, such as sustainable development. This is especially true for detailing principles in the action plans within budget priority and specifying detailed indicators (beyond the considerations of project selection), it must be manifest with the same emphasis as economic and societal considerations.</p>	<p>The proposal has been integrated in the OP, Section 3.9 contains the required action related to sustainable development. The aspects of sustainable development were thus considered not just in the course of planning but it has also been integrated in the regulations regarding implementation (Section 5) and it is also manifest in the section pertaining to indicators (3.4).</p>

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.

In the future, we consider it advisable to provide a greater opportunity of bilateral dialogue for environmental target groups involved in the region, in order to coordinate proposals and suggestions within the framework of a proper partnership. The implementation of this objective can be already started during coordination of the action plans, which is also warranted by the requirement of familiarity with local conditions and expertise necessary for horizontal implementation of environmental considerations.	We have integrated this requirement into the OP and the regulations pertaining to its implementation (Chapter 5).
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According to a SEA recommendation, the NHOP sustainability policy has been clarified; this can be found in the OP section 3.9.

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 considered ¹²
The material contains references concerning the significance of local employment, its characteristics and structures (what is the weight of the public sector in the latter, what is currently a hazard factor, what is the weight of major economic sectors, tourism, agriculture and all the latter mainly in the peripheral small regions) but they may not be (or they may not seem to be for the external observer) at the proper awareness level	In our opinion, we have adequately presented the topic in the situation analysis within the available space.
In the course of regional approach, the environmental consideration can and should be achieved with a greater emphasis – one opportunity for the sudden progress of backward areas is soft, environmentally oriented development (see tourism, agricultural environmental protection), and in the case of towns, it is a consideration deserving prominent treatment due to the safety of their public utility supply (see drinking water supply, waste management, traffic, etc.)	Opportunities of the OP are limited because it implements developments based on the “residual principle”, thus it does not include drinking water, or waste management or agriculture. However, at the level of tourism and local traffic, we have implemented environmental considerations, see Item 1 of Section 4.2 (reinforcement of tourist potential) and Section 4.5 (development of regional transportation).
Follow-up measures should be worked out in an appropriate manner from environmental and sustainability aspects.	Section 5 (provisions regarding implementation) contains the follow-up and monitoring of sustainability.
Nomination of a person in charge of sustainability.	In the course of planning, implementation of the conditions of sustainability was the

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

	responsibility of several persons. In the course of implementation (see Section 5), the implementation of sustainability is institutionally guaranteed by the relevant provisions.
A more detailed analysis of areas needing reconstruction is necessary, discussing the quality and quantity of burden and listing the affected areas, as well. The internal traffic and spatial structure-related problems of urban communities (mixing of industrial and residential zones etc.) are also issues influencing environmental status and health, therefore, they should be detailed.	In our opinion, we have satisfactorily presented the relevant themes in the situation analysis within the given space limitations.

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. Beyond this, a consultation document has been prepared on transboundary effects in the course of the SEA process of the OP's 2007–2008 Action Plans, which document has been sent to the environmental authorities of all neighbouring countries. We commit ourselves to investigate cross-border effects on the Action Plan level in the whole 2007–2013 planning period.

Monitoring measures¹⁴

NHOP 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 NHOP 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 NHOP, with special regard to:

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.

- 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 NHOP to avoid duplication of monitoring.

4 Priority axes

4.1 Creating a competitive local economy

Objectives

- To ensure spreading new processes for developing products and technologies through urging cooperation between businesses and local R+D centres in order to improve businesses' innovative skills,;
- To exploit economic advantages arising from cooperation between businesses, to urge joint investments and use of services, with special attention paid to the determining sectors of the region;
- To urge the establishment of new businesses and through that job creation especially in the underdeveloped areas of the region;
- To create state-of-the-art site conditions primarily for processing industry and logistics enterprises operating in or intending to move to the region and for the re-use of brownfield sites;

Quantification of objectives

Type of indicator	Definition of indicator	Unit of measure	Basis value (2004)	Target value (2015)	Data source
impact	Growth of gross value added (GVA) by the business sector generated by the priority	million HUF	0	41 750	CSO/MA
result	Growth of sales income of businesses participating in clusters, supported cooperation or consultancy	%	0	7	MA
result	Increase of net built-up area in supported industrial parks and industrial areas	%	66,3 (2005)	75	MA

Indicative list of key groups of operations

1. Improving businesses' competitiveness

As part of the region's strategic programme called "Creative Industry", it is necessary to promote and help innovative development of the productivity and profitability especially of SME's, taking into account the contents of the Regional Innovation Strategy. Research and technology development projects and innovative activities find proper basis in the region in the knowledge and competence centres set up primarily at the University of Miskolc and under research-development programs related to several higher education institutions of the region (Károly Róbert College, Eszterházy Károly College). There is a need to encourage, relying on the experience of the Regional Innovation Agency, corporate development projects that result in the creation and market introduction of new, modern, competitive products and services, and rise in businesses' added value. To that end,

- research and development and innovation transfer offices or centres must be set up in the region that provide R+D and innovation related advisory services to businesses without sectoral preference.

In order to improve companies' competitiveness it is necessary to encourage companies to cooperate, which could help them to carry out common purchases, technology development projects, sales, and coordinated production. Because of the recycling of the huge volume of waste generated in the region, the extended utilisation of renewable energy sources, and eliminating damages in polluted territories, and re-utilising them it is extremely important to urge businesses concerned in the environmental industry to cooperate in clusters. Therefore, support must be given to

- services that help the operation of clusters made up of the cooperation of businesses and actors of the economy, and supplementary investments that serve the common goals of cluster members. It is expedient to encourage the operation of clusters primarily in the key sectors that determine the international competitiveness of the region such as chemical industry, mechatronics, and the environmental industry.¹⁵ At the same time, it is important to urge small enterprises to cooperate in networks, too.

The application of modern management tools is a prerequisite for the successful operation of companies. Companies' competitiveness can be advanced by new processes and methods. It is especially important to urge their introduction in a region having plenty of coerced enterprises. To improve the conditions of underdeveloped areas, more specifically the Roma, it is highly necessary to help the operation of businesses managed by Roma people. For this reason the programme supports:

- advisory services, supply of information provided for businesses based on locally built business improvement institution system.¹⁶

Support should be given to environmentally friendly advisory services serving the adoption of best access technologies, the introduction of environmentally friendly standards which, among others, help reduce businesses' energy utilisation and waste generation.

When granting support to businesses, incentive arrangements must be put in place to help launch businesses managed by women, or employing mostly women, and to improve their operating environment. Furthermore, preference must be given to projects that serve the operation of businesses employing or managed by disadvantaged people, people with reduced ability to work or Roma people. In case of activities to improve competitiveness and consultancy, providing support to enterprises working in areas disadvantaged in socio-economic terms must be a priority.

2. Encouraging the establishment of new businesses

In the region there are few producing companies that are able to join the international division of labour in economy. For this reason and to reduce high unemployment rates it is important to support the establishment of new businesses by providing them with favourable infrastructural environment, services, and advisory services. To advance the establishment of new businesses, special attention must be paid to socially-economically disadvantaged micro-regions and helping the establishment of businesses by Roma inhabitants. The programme supports

¹⁵ Cluster developments related to developments of the Competitiveness Pole are not supported from the NHOP

¹⁶ The NHOP does not support business consultancy relating to the ITDH or the JEREMIE.

- the improvement of the operating environment (infrastructure, services) of recently launched businesses (e.g., setting up incubators or technological incubators) primarily in socially-economically underdeveloped areas;

When granting support to enterprises, incentive actions must be taken to help launch businesses managed by women and the Roma, or employing mostly women or the Roma and people with changed ability to work. In the framework of grants, the services offered by institutions and their operational regulations must support the establishment of innovative enterprises engaging in knowledge intensive activities and their relocation into incubator centres.

3. Development of industrial areas and industrial parks with regional significance

It is of key importance for the region to draw enterprises that create new jobs, and to develop a choice of operating sites for businesses operating in the region that provides room for their extension. It is desirable that, in order to expand the geographic scope of employment and business activities, the determining central settlement of each micro-region should have an industrial park, or industrial area that offers premises for investments creating jobs at prices more favourable than market prices. To this end, the programme supports:

- Development of industrial parks, industrial areas suitable for receiving businesses moving in, and the development of services ensuring the operation of industrial parks, industrial areas, and organising and managing investments, including the development of innovative services and technologies within the industrial parks. The programme provides no support to the establishment of new industrial parks.

Since there are numerous unused or scarcely used industrial areas and plants in the region, preference must be given to the development of already built up brown field areas (former industrial sites, mine sites, abandoned barracks mostly in outlying areas), which tend be abandoned and have no useful functions.

- In brownfield development projects, support should be given to the rehabilitation of these areas and to actions that assign new economic functions to them to promote the appearance of businesses. To develop areas, eligible actions include studies relating to the use of brownfield areas, the preparation of brown field areas for development or de-contamination, the clarification of ownership titles, the de-contamination of contaminated areas. The cost of the purchase of non-built-up land or parcels is eligible if the following three conditions are met, and all the stricter Hungarian rules are complied with:
 - there must be a direct relationship between the purchase of land or site and the activity supported by the action;
 - the consideration for the acquisition of land may not exceed 10% of the total cost of the activity supported by the measure,
 - an independent, properly authorised official assessor or auditor issues a certificate to the effect that the purchase price does not exceed the customary market value.

The de-contamination of a contaminated area is eligible only if it is to be used for a new function.

In infrastructure development projects, efforts should be made to use environmentally friendly solutions, i.e., the use of renewable energy sources, proper management of generated waste, while in the development of new premises attention should be paid to the protection of Natura 2000 territories.

4. Supporting innovative experimentation projects, which allows new processes and methods to spread and be introduced in special fields supported by the programme (particularly in the fields of business development, human infrastructure, tourist attractions and services).

In the course of the implementation of the priority axis, we wish to make use of the flexible financing set out in Section 2 of Article 34 of Regulation 1083/2006/EC, up to 10% of the funds of the priority axis concerned. The project owners may make use of the mobility between funds (if that is provided in the call for applications) exclusively if the ESF-type operations are directly linked to the implementation of the ERDF-based project, and such operations are necessary for the successful implementation of the project or they specifically target a special local problem.

As part of the priority axis, support should be given to project preparation activities related to the implementation of each operation.

Under the priority axis, we plan participation in interregional cooperation, with special focus on exchange of experience in the development of mechatronics, chemical and environmental industries and the rehabilitation of brown field areas.

The priority axis does not support any major project.

Expected impacts

Owing to interventions, there will probably be premises suitable for receiving production and service businesses at the central settlement of each micro-region in the region. With the improvement of the business environment, new businesses will probably move to the region, and will create new jobs and thus help reduce unemployment. Numerous new businesses will be established especially in underdeveloped areas, owing to the more favourable business environment. The competitiveness and profitability of businesses is expected to improve by using newly introduced processes and products. Through the integration of environmental industry, a change in attitudes may begin in the region, which advances reduction of burden on the environment, and helps underdeveloped areas come abreast in terms of the economy.

Connection to other programs

The priority axis relates to the guideline 1.2 of the CSG “Improving knowledge and innovation for growth” and to the following guidelines of the National Reform Programme (NRP): 7,8,10,14 and 15, moreover it contributes to the guidelines of the NRP concerning improvement of employment.

The four major types of operations of the priority axis includes the flagship programme elements of development poles as well. Furthermore, the priority axis also contributes to the implementation of the flagship programme “SME sector development”.

Demarcation with the EARDF and the EFF: the OP does not support

- projects related to producing, processing, **and marketing of agricultural products listed in Annex I** of the Treaty establishing the European Community (consolidated version, 1997) (in the case that the processing of the product results in a product listed in Annex I)..
- businesses in which **over 50% of** the net sales revenue – or for individual entrepreneurs, of the income that is included in the tax base – comes from **agricultural activities** (TEÁOR number: 01.11-05.02.).
- investments by micro-enterprises the development of which is **realised in a village** that meets any of the following conditions:
 - density of population is no more than 100 persons/km², or
 - permanent population does not exceed 5,000 persons

Programmes to be financed based by the **National Fisheries Strategic Plan** will not finance activities that overlap the operational programmes of the NHDP.

Connection to other operational programmes:

The Economic Development Programme supports other economic development projects in the region: the improvement of SMEs' products and technologies; their access to funds (e.g., micro-credit programme for start-up businesses, JEREMIE-type financial means); nationwide investment promotion activities by ITDH; extension of research and development capacities and services (e.g., regional knowledge centres, cooperation research centres); and logistic centres. The Economic Development OP supports the investments of the regional competitiveness pole related to research-development, innovation transfer, and supply of premises. The modernisation of micro-enterprises in rural areas and in municipalities with less than 5,000 inhabitants will be supported by the New Hungary Rural Development Programme.

The Social Renewal OP supports the improvement of access determining in terms of economic development.

The Transport OP supports the Logistics Service Centres of national significance. In the region this means the establishment, development of the logistics centres in Miskolc and Tiszaújváros. In the region this means the improvement of access to the northern, underdeveloped areas (e.g., the area of Salgótarján, Ózd, and Sátoraljaújhely) (e.g., the development of highways no. 2, 21, 26, 37).

4.2 Strengthening potential for tourism

Objectives

- Increasing the revenues from and new jobs created by tourism;
- Developing internationally competitive tourist products, more specifically attractions based on the region's peculiar cultural heritage and natural values, increasing visitor numbers and reducing seasonality;
- Raising the number of tourists coming to the region and extending the period of their average stay;
- Increasing the number of guest nights spent in the region;
- Improving and extending the standards and services of commercial accommodations in the region, and establishing new, primarily accommodations with high quality services close to attractions to be supported;
- Ensuring cooperation to advance the region's presence in international in tourist markets.

Quantification of objectives

Type of indicator	Definition of indicator	Unit of measure	Basis value (2004)	Target value (2015)	Data source
impact	Growth in the gross value added by the accommodation services and the catering sector	million HUF	0	120.000	CSO
result	Guest nights at commercial accommodation facilities	pc	1 460 190	2 044 000	CSO
result	Capacity utilisation of high quality , commercial accommodation	%	29,8 (2005)	48	CSO
result	Increase in visitor numbers to supported tourist attractions	%	0 (2007. year figure)	60	MA

Indicative list of key groups of operations

In the future it will be necessary to develop outstanding tourist destinations and products into a harmonised regional or thematic network, and to renew the quality of tourist services, programs, and accommodations and to extend their capacity, focusing on quality developments.

In line with the National Tourism Development Strategy, tourism investments assure the greatest attraction developments for the region. Priority areas both for Hungary and the region in the context of attraction and product development and in line with the national level strategy include: *health tourism* as well as heritage tourism, which includes important elements of cultural and eco-tourism¹.

For each development, economic and environmental sustainability are important considerations, and so is the generation of additional private investments through the developments.

In the context of the development of attractions, it is necessary to improve the quality of services to be able to satisfy the ever changing demand for ever higher quality from foreign and Hungarian tourist. In particular, the development of accommodations must rely on existing capacities, however, their greater capacity utilisation can be achieved only through raising their standards.

Tourist products will not be successful unless their improvement and operation is helped by a proper organisation system, which performs electronically harmonised sales and communication activity. It is expedient to harmonise the activity of the regional tourist organisation with the similar organisation of the North Great Plain region because the two regions' different tourist supply can properly supplement each other if sold together on international markets.

Tourism development has special importance and job creation relevance in socio-economically backward micro-regions with tourist attractions. Within this priority, the following types of operations should be supported.

1. Sustainable development of regional tourist attractions and products

Sustainable development of regional tourist attractions, products, and thematic networks based on the region's peculiar values, basically natural and cultural heritage.

Development projects in tourism must be implemented primarily with a view to preserving natural values and cultural heritage. Development projects must advance social and economic progress and the increase of visitor numbers, and support should be given to new tourist services producing higher added value.

- Development of tourist products, attractions should be concentrated primarily to prioritised areas and destinations with the highest tourist potential: Eger and its region, region of Miskolc and the Bükk, the region of Hollókő – Ipolytarnóc – Szécsény, the region of Tokaj-hegyalja, the region of Aggtelek-Edelény, the region of Gyöngyös-Mátra, and the Tisza lake.

When granting supports, efforts should be made to develop key projects constituting leading products and major international attractions, and to provide supplementary services making supply complete.

During the developing of attractions, efforts should be made to present sights and values in a lively manner using interactive IT tools. It is necessary to ensure sustainable utilisation of natural values, cultural heritage, and attention should be paid to the extent of allowed environmental burden put on, the maximum number of visitors to be received by each protected building or area. Protected nature reserves can be visited subject to enhanced protection of natural values, while efforts should be made to supply information on environmental protection.

It is recommended to support the tourist attractions and operation related services described below in the form of investments (the list is not all-inconclusive):

Grants to promote natural and cultural heritage related tourist infrastructure projects must support primarily the sustainable development and social-economic progress of: world heritage sites (Hollókő, Tokaj-hegyalja, Aggtelek, bird reserve at the Tisza Lake); manor houses and castles; museums, historical church buildings, places of pilgrimage, and unique, particularly industrial historic monuments; internationally acknowledged events, festivals; theme parks and adventure parks connected to the natural assets or cultural heritage of the region; existing thermal and medicinal baths, narrow-gauge railways; as well as eco-, active, health, wine, gastronomy and water tourism.

- In addition to prioritised tourist destinations, it is also necessary to support minor development projects in the rest of the region to complement the region's tourist supply (minor attractions).
- In order to improve the standards of supply granted to tourists, it is necessary to support the choice of tourist and cultural services providing higher added value (e.g., travel management, catering, services to improve tourists' physical condition, other sports activities, other unranked free time activities, and entertainment).
- Support should be given to infrastructure developing projects directly connected to the use of tourist attractions, serving access, rest, public hygiene, and public security. Attached to tourist attractions, support should be given to information tools helping to supply information to tourists and to increase the accessibility and marketability of attractions, relying on modern info-communication technologies, and meeting the special needs of people with disabilities.

It is of key importance in ecotourism development projects to ensure their environmental sustainability; that is, to avoid their degradation by exploitation of tourist values even on the long run. Accordingly, preference should be given to brown field development projects requiring small territories. Burdens on the environment resulting from growing turnover of tourists must be counterbalanced by supporting possibly missing environmental protection investments. The operational programme will further the attainment of this goal by supporting natural sewage projects at settlements with less than 2,000 inhabitants. Access to tourist attractions by public transport must be provided. Energy saving solutions, use of renewable energy sources must be encouraged when developments are considered.

2. Developing commercial accommodations and their services

Quantitative and qualitative improvement of commercial accommodations and their services¹⁷ in the vicinity of supported tourist attractions

In case of commercial accommodation developments our aim is to support quality developments in order to enhance the popularity and the revenue-generating ability of tourist attractions. Furthermore our aim is to involve private capital in a growing manner and to decrease the proportion of support. Therefore, we defined a lower maximum intensity of support for the commercial accommodation developments as it is determined in the regional aid map.

Quality improvement is needed primarily for lower category commercial accommodations, hotels, guest-houses, camp sites, youth hostels and hikers' hostels.

Quantitative improvement of accommodations may be supported in the vicinity of major tourist attractions; and, where justified, in order to establish accommodations with high quality services to satisfy demand and achieve higher profitability. At the same time the proven demand have to be taken into account to avoid creation of over-supply. We do not support the development of 5 star classification accommodation facilities.

In the development of accommodations it is indispensable to eliminate obstacles for people with disabilities, to improve family friendly services; and support should be given to spread operational practices using environmentally friendly, e.g., energy saving energy resources.

3. Regional destination management organisations

¹⁷ Private accommodations in provincial areas are supported by the EARDF.

Setting up and developing regional destination-management organisations in prioritised tourist areas. These organisations are responsible for developing tourist projects and for coordinating activities and helping communication activities aimed at tourism and ensuring harmonised sale of tourist services. Important task is to elaborate strategies to bring their destinations to market, to strengthen their position, to promote them, to raise the skills of human capital, etc. The organisations must be based on the cooperation of public, private, and non-governmental spheres, which entails the assumption of joint financial risk.

4. Innovative service centre to promote research and investments in tourism

Support should be given on a regional level to set up a regional tourism research centre operated in harmony with the North Great Plain region and to promote its activity. The supported activities of the centre can be those described below:

- Developing an electronic booking and information system to present tourist attractions covering the two regions;
- Tourism industry related research, consumer demand analyses, product and service development projects, and impact analyses;
- Supplying full-range information to businesses in the region engaged in the tourism industry; providing tourist information in uniform format taking special needs of people with disabilities into consideration;
- Promoting regional tourist marketing (e.g., brand building, producing publications, appearance at exhibitions);
- Encouraging investments in tourism;
- Working out, causing to apply and monitoring tourist service providers' quality assurance system;
- Organising, coordinating cooperation between local, regional destination management organisations.

In the course of the implementation of the priority axis, we wish to make use of the flexible financing set out in Section 2 of Article 34 of Regulation 1083/2006/EC, up to 10% of the funds of the priority axis concerned. The project owners may make use of the mobility between funds (if that is provided in the call for applications) exclusively if the ESF-type operations are directly linked to the implementation of the ERDF-based project, and such operations are necessary for the successful implementation of the project or they specifically target a special local problem.

As part of the priority axis, support should be given to project preparation activities related to the implementation of each operation.

Under the priority axis, we plan participation in interregional cooperation, especially to help exchange of experience in the development of attraction sites having the greatest tourist potential.

The priority axis does not specify any major project.

Expected impacts

As a result of the development of tourism, tourist destinations in the region will be more frequently visited; the number of guest nights spent in the region will grow, which brings

about the growth of income from tourism and of local tax revenues, while seasonality regarding specific destinations will decrease. Through setting up tourist clusters and networks, the entirety of the region will be able to enter the domestic and international markets to win visitors. Development projects related to natural values and cultural heritage and projects implemented in provincial areas will advance the region's economic revitalisation, the enhancement of the businesses' income generation capacity and new job creation, which is particularly important in socio-economically underdeveloped micro-regions. Owing to the sustainable management of natural values, cultural heritage, and the development of tourist recreational services, the quality of life of people living in the region will improve, too.

Connection to other programs

The priority axis relates to Guideline 1.3 of the CSG, "More and better jobs" and to the guidelines of the NRP concerning the improvement of employment.

The priority axis is linked to the flagship programmes 'Thermal pool of Europe', 'Accessible Hungary', 'Transport' and 'Energy Efficiency'.

Demarcation from EAFRD and EFF:

The North Hungary OP supports:

- development of accommodations **classified as commercial** pursuant to effective legal regulations,
- **development of tourism services, excluding** the agro-tourism services covered by the NHRDP, in particular:
 - non-regular rural and agro-tourism service activities as defined in Section 59 of Act CXVII of 1995 on the personal income tax,
 - in eligible villages defined for this action (with less than 5000 inhabitants or less than 100 persons/km² population density), services closely related to agricultural core activities, such as equestrian, fishing, game and forest tourism.
- **attractions** and the related infrastructure development: comprehensively,
- tourism **destination management** centres and services: comprehensively for geographical coordination purposes, irrespective of the size of the municipality or service provider,
- **wine-tourism** in case of projects above 100.000 euro support demand.(Under 100 000 euro demand **they will be supported by the New Hungary Rural Development Programme**)

The achievement of the results of the priority is helped by NHDP development projects to be implemented to ensure the protection and sustainable utilisation of built values, the cultural heritage of provincial areas enjoying local protection, and of natural values within settlements.

Connection to other operational programmes:

Because of its objectives, the Economic Development Operational Programme does not support the technology modernisation of businesses working in the tourist sector.

The programme does not support the tourism-related developments of state-maintained cultural facilities supported by the Social Infrastructure Operational Programme either.

In territories abounding in values of nature, environmental protection measures are set forth in the Environment and Energy OP. The protection of these values is a prerequisite for presenting values of nature in an organised framework to tourists.

4.3 Settlement development

Objectives

The purpose of local governments focused on settlement rehabilitation and mobilising private investments is:

- To support the appearance of new economic, community, and social functions, and to reinforce existing functions on areas and housing estates in a deteriorating state inhabited mostly by disadvantaged groups, in order to renew the area and strengthen social cohesion. More specifically, to rehabilitate internal town districts in the region turning into slums;
- In socially-economically underdeveloped areas, to increase the appeal of settlements with functions to organise the region in socially-economically underdeveloped micro-regions, and to improve the business environment of enterprises primarily in order to encourage private investments and job creation;
- To support and strengthen new and existing economic, community functions in medium-size and large cities of the region, among others, to retain highly qualified population;
- To prevent the segregation of underdeveloped micro-regions; to improve the capacity of small settlements to retain the population; to develop rural infrastructure with a view to prepare small villages for a change in functions and re-population;

Quantification of objectives

Type of indicator	Definition of indicator	Unit of measure	Basis value (2004)	Target value (2015)	Data source
impact	Complex participation rate of the socially regenerated area as a percentage of the municipal average (age group 15-64)	%	To be included in the 2007 year report	75	MA
result	Increase in the number of businesses with plants in the area covered by the grant	%	0	20	MA
result	Number of inhabitants affected by supports to regenerated districts	person	0	70 000	MA
result	Number of residents with adequate waste water treatment in the framework of the projects to which aid has been granted	person	0	20 000	MA

Indicative list of key groups of operations

In the region of North Hungary, the external appearances and looks of the majority of settlements are improper; town and settlement centres are uncared-for and do not meet quality of life requirements of the present age. Especially in towns, there are plenty of sites in rundown conditions, and often contaminated brown field areas in the residential or outlying areas have been left behind after the termination of industrial or military activities.

In the development of urban areas Miskolc has a highlighted role. Among others, to ensure successful implementation of the competitiveness pole, it is necessary to renew the urban environment, the offer of cultural programs for free time activities, and the local public

transport. The framework of support granted to the development projects of Miskolc is marked by the urban development strategy adopted and worked out under the cooperation between partners in 2005, which integrates the projects worked out for the tenders of the competitiveness pole programme and the European cultural capital. As part of the urban development strategy, development projects related to different intervention areas must be handled in a uniform implementation framework.

In solving settlement problems, a central role is played by local governments; however, due to a lack of funds they are often compelled to enforce short-term points of consideration, for example, the maintenance of local public institutions, in their settlement development activity. Therefore, it is imperative to implement actions fitting into medium-term development strategies of towns that will result in a favourable business environment to promote private investments and create new jobs in the development target areas.

The rehabilitation of degraded or deteriorating residential areas will be implemented on uninterrupted and clearly delimited development target areas, and will be aimed at solving a well-defined problem. This way it can be ensured that interventions carried out on concentrated territories should have an impact on the social and economic life of the given settlement and the surrounding region.

To supplement investments in infrastructure, in order to implement integrated urban rehabilitation, it is necessary to carry out the related transport, employment, training, and social development projects.

The priority supports the integrated regeneration of degraded urban residential areas and deteriorating housing estates based on fields of action, as well as the development of central municipalities of micro-regions, pursuant to Article 8 of the ERDF Regulation. In the implementation of urban development interventions, an important role is played by the mobilisation of private capital, and, in the event of developments that will be recovered, by the application of grants to be reimbursed. This operational programme facilitates the involvement of urban development funds financed from EIB¹⁸ or CEB credit facilities into the urban development interventions.. To make urban development actions more efficient, we plan to use the financing facility JESSICA.

1. Integrated, action area based regeneration of deteriorated urban areas (e.g., colonies) and estates threatened by degradation (e.g., residential areas containing prefabricated buildings)

We intend to assure the integration of the actions based on the example of URBAN II Community Initiative and adopting the criteria used there. The URBAN programme was designed specifically to mitigate problems arising from urbanisation, aiming for the integrated, complex rejuvenation of districts (fields of action) disadvantaged both in economic and social terms, within a continuous and clearly defined field of action. The programmes rely on local knowledge, identification of local problems and the cooperation of local public administration bodies, residents, NGO's and economic actors.

Pursuant to Article 7(2) of Regulation (EC) No 1080/2006: "... Expenditure on housing shall be eligible ... in the following circumstances: (a) expenditure shall be programmed within the framework of an **integrated urban development operation** or priority axis for areas experiencing or threatened by physical deterioration and social exclusion ...".

¹⁸ EIB – European Investment Bank, CEB – Council of Europe Development Bank

Pursuant to Commission Regulation (EC) No 1828/2006, areas experiencing or threatened by physical deterioration and social exclusion where investment in housing may be eligible for housing operations from EU funds. The degree of deterioration of a eligible area shall be demonstrated with a set of selection criteria. Pursuant to the Commission Regulation, the ten (10) criteria enumerated under Article 47(1) are applicable, the eligible areas shall comply with at least three of such criteria (two of which must fall within those listed pursuant).

Among the ten (10) criteria enumerated, the application of three criteria – a), b) and f) – can be ensured throughout the 2007-2013 programming period. In order to focus interventions, the action plan may apply additional three to four of the remaining seven criteria depending on the availability of nation-wide and relevant data for their measurement. The benchmarking values for each criterion shall be determined in partnership with the European Commission.

Areas eligible for social urban rehabilitation support are divided into two groups, both having their respective sets of criteria. (Pre-fabricated housing estates and traditional urban areas). The application of separate sets of criteria is justified by the substantial deviation in the population structure and building stock of such areas.

In case the eligible area designated for social urban rehabilitation contains both housing estates and traditional urban areas, then the set of criteria characterising over 50% of the housing stock of the eligible area. Indicators characterising housing estates are applicable if the area eligible for social rehabilitation essentially qualifies for the definition of housing estates by the Hungarian Central Statistical Office (KSH):

- constructed mostly by using industrialised technology after 1945, and
- comprise medium- and high-rise residential housing, towns of housing distinctive from the surroundings.

Fields of action are identified primarily based on the set of criteria outlined in Article 47 of Regulation 1828/2006/EC regulating the criteria of renovation for housing purposes. The amounts used for housing renovation are limited on the project level, retaining the strict internal financial ratios within projects, and in coherence with Article 7(2) of Regulation (EC) No 1080/2006 of the European Parliament and of the Council concerning eligible areas, housing expenditure summarized for all OPs concerned shall be a maximum of 2 % of the total ERDF allocation.

Of the physical investments support should be given to projects to

- Develop and renew public domains, including public utility networks;
- Renew and extend public institutions, and, if related to new community programs to further the purpose of rehabilitation; to develop community rooms;
- Refurbishment of shared spaces of multi-apartment buildings (e.g., engineering, external insulation, elimination of asbestos) with a view to improving energy efficiency
- Modernisation of the energy systems of multi-apartment buildings in the field of action, in particular the use of renewable sources of energy and energy savings;

- Demolition of residential buildings (in special cases, solely in case of the elimination of slums where relocated inhabitants are placed in flats with basic conveniences at minimum, and special programs promote their social integration contained, which is also set out in the terms of reference);
- To draft studies, implementation plans related to current and later phases of rehabilitation;

No more than 10% of the budget of development projects implemented in the field of action must be spent on social interventions. In this segment, the active cooperation of non-state (non-governmental, ecclesiastical) actors, organisations may be usefully integrated into the complex rehabilitation.

Applications for development projects are eligible for submission only in the event that they contain the development programme of the action area, more specifically a detailed description of the action area, the process of consultations with local actors to be involved in the programme and the development projects.

For the renovation of blocks of flats not owned by municipalities, the recommended rate of support is maximum 70%. For disadvantaged families, the part of funds to be covered by households themselves will be assumed by local governments.

2. Development of central settlements of micro-regions

Eligible entities include all the towns of the region, including the regional growth centres identified as such in the expert study¹⁹ prepared for the development of the network of municipalities, as well as small towns with central functions within an area. (Annex 2) Settlements with region organising functions were ranked in accordance with the number of settlement functions concentrated and the number of the population at the settlement.

When granting support, preference will be given to the affected settlements of socially-economically disadvantaged micro-regions and settlements having territories esteemed as monuments. In the development process, urban development projects directly serving the region's competitiveness pole programme and helping to retain the highly qualified population must be specifically distinguished. The development projects described below may be supported only as part of a coherent urban development strategy based on consultations with partners.

The following physical investments are eligible:

- Renewal of the central spaces of municipalities, improvement of the business environment to enterprises, in order to create new jobs; within this:
 - establishment and renewal of public spaces with a view to attracting new businesses;
 - to renovate the external surface, facade, and direct vicinity of buildings located in settlement centres, on areas esteemed as monuments;
 - development of the community (e.g., cultural or recreational) functions of brown field sites (e.g., former barracks in incorporated areas), including the conversion of such areas to make them eligible for development, including

¹⁹ Creating conditions of quality of life through integrated development of the settlement network. Compiled by: Dr. Éva G. Fekete, 2006. Chapter 9: Target growth areas, micro-regional service providing towns.

the promotion of the clarification of ownership titles or the necessary decontamination.

- Implement investments that advance accident-free traffic, intermodal community transport, and environmentally friendly forms of traffic in urban transport;
- Upgrade downtown roads to exempt them from burden, and to build flyover sections to replace level crossings;
- Develop controlling technology system and passenger traffic infrastructure of local community transport, with special focus on conditions of transport of physically handicapped people, and creating conditions of bicycle transport as well as building P+R parking lots, if required;
- Revitalise green areas of settlements (e.g., riverbanks); to extend green surfaces;
- Develop cultural infrastructure in order to enhance capacity to retain urban or micro-regional population - exclusively in conjunction with other developments;
- Promote long-term strategic urban policy planning;

In this segment, the active cooperation of non-state (non-governmental, ecclesiastical) actors, organisations may be usefully integrated into the complex rehabilitation.

3. Infrastructural development of rural settlements supplementing the rural development programme

Support may be given to settlements not involved in the development of urban settlements. When granting supports, preference is given to small settlements of socially-economically disadvantaged areas and of areas that belong to prioritised tourist destinations. As part of the programme of small settlements harmonised at micro-regional level, the intervention may support the activities described below. ESF type activities may produce their effect at several settlements.

The following physical investments are eligible:

- Developing central dirt roads into sealed roads and upgrading central roads; building pavements; and building separate bicycle paths next to high traffic roads, where necessary;
- Developing infrastructure that serves community transport;
- Other community or cultural infrastructure development;
- Developing energy saving public lighting;

Within this scope, the active cooperation of non-state (non-governmental, ecclesiastical) actors, organisations can be usefully integrated into the complex settlement rehabilitation.

The services conducive to the social development of small municipalities and the improvement of their access and alternative transport arrangements are promoted by other priorities of the programme.

4. Protection of our environmental assets, environmental safety

- Improving the quality of surface waters and reducing risks caused by surface waters

For water courses and lakes of regional significance, it is of paramount importance to attain and maintain a proper ecological state and efficient water management in harmony with the EU Water Framework Guideline. In the hilly countries of the region it is especially important to build shower reservoirs to provide protection against floods. The development of shower reservoirs must be harmonised with the solution of water drainage problems of the settlements concerned. As part of the interventions support may be granted to, e.g.:

- Bed morphology and ecology rehabilitation of water courses, lakes, backwaters, and river branches in compliance with the EU Water Framework Guideline;
 - Water retention, water replenishment, and water re-feeding to attain a “good state”, including the improvement of managing inland waters as water stocks as well as regional water retention, water substitution, storage, and water system rehabilitation;
 - Determining the allowed extent of burden on and the regulation of the use of water banks and water spaces;
 - Preventing prolonged pollution of surface and under surface waters.
- Providing natural sewage cleaning for settlements outside sewage management agglomerations with 2,000 resident equivalent; and providing equipment to substitute public utility, with special focus on low capacity natural solutions for areas with karstic soil and small villages;
 - Risk prevention related development projects: municipal water drainage investments (e.g., drainage of rainwater in central areas of settlements), especially at settlements on mountainous areas, lying beside water courses, or linked to building shower reservoirs, reinforcement of river banks prone to slipping;
 - Reclamation of municipal solid waste landfills.

In the course of the implementation of the priority axis, we wish to make use of the flexible financing set out in Section 2 of Article 34 of Regulation 1083/2006/EC, up to 10% of the funds of the priority axis concerned. The project owners may make use of the mobility between funds (if that is provided in the call for applications) exclusively if the ESF-type operations are directly linked to the implementation of the ERDF-based project, and such operations are necessary for the successful implementation of the project or they specifically target a special local problem.

As part of the priority axis, support should be given to project preparation activities related to the implementation of each operation.

The priority axis does not specify any major project.

Expected impacts

Owing to the complex renewal of town districts in a deteriorating condition (that is, through the rehabilitation of public domains, residential areas, industrial territories) economic activities, private investments, and job creation are expected to increase. The rehabilitation of new places of work and residential areas will improve both living conditions of the inhabitants in the region concerned and help stop the areas affected from dropping behind.

Owing to surface water interventions, environmental safety and the quality of surface and under surface waters will improve, resulting in a higher quality of life of the people living in the areas concerned.

Connection to other programs

In compliance with the territorial dimension of CSG, the priority axis makes urban areas suitable for supporting growth and facilitating the economic diversification of rural regions. It contributes to the implementation of macro and micro economic objectives by developing the competitiveness of urban and rural regions.

The interventions of the priority axis support the implementation of the "Environment – clean towns, green countryside", the "Accessible Hungary" and the 'Less is more' energy efficiency flagship programmes.

Demarcation with the EARDF and EFF:

The NHOP supports:

- Infrastructural development of public services provided under mandatory obligation, such as fixed-line infrastructure (road, precipitation water discharge etc.) base services;
- Support of the infrastructure conditions of other, non-mandatory local public services in the towns (or settlements with a population of over 5,000 and 100 people/km² and the associated agglomerations) except the outskirts of the cities, towns and these settlements.

Under its priority III of the NHRDP, the measure "Preserving and Upgrading Rural Heritage" (code number 323) supports the functional renewal for community purposes of the buildings, built structures, and elements of nature as well as public domains covered by local protection of settlements having entitlement pursuant to the annex of the NHDP. The NHRDP does not support the development of local physical basis-infrastructure facilities development of public utility networks, water drainage systems, road surfaces, pavements and bicycle paths, etc.)

The program to be funded by the **National Fisheries Strategic Plan** shall not provide assistance to activities also covered by the OP's of the NHDP.

Connection to other operational programmes:

The EEOP supports actions to eliminate damages from polluted areas that are subject to the sphere of responsibility of the state, and agglomeration based sewage investments that are, pursuant to Govt. Decree 25/2002. (II. 27.), over the equivalent of 2,000 residents and receive EU derogation.

In the field of reclamation, the EEOP includes projects extending across regional borders and exceeding the value of HUF 650 million, while the regional OP contains the reclamation of other solid waste dumps outside this category, as well as carcass pits and solid residential waste dumps with earth banks.

4.4 Development of human community infrastructure

Objectives

- To provide micro-regional public services efficiently to advance reduction of regional inequalities between micro-regions and settlements;
- To improve eligibility for employment; more specifically, to provide high quality health care services that help early recognition and rehabilitation of illnesses, especially in areas struggling with grave social problems in order to ensure healthy manpower;
- To develop micro-regional infrastructure of the social services system advancing adjustment to society;
- To organise and improve the infrastructure of public education adjusted to special regional conditions in order to ensure proper skills and almost identical chances for life;
- To modernise administrative and public service systems of micro-regions through development projects meeting the challenges of information society.

Quantification of objectives

Type of indicator	Definition of indicator	Unit of measure	Basis value (2004)	Target value (2015)	Data source
impact	Decline of the number of students failing to meet the minimum knowledge criteria in schools where the ratio of such students exceeds 50%	%	To be included in the 2007 year report	20 % decrease	Ministry of Education - National competence measurement by institution
output	Number of students in developed institutions of education and schooling	persons	0	50 000	MA
result	Increase in the number of children in nurseries	persons	43 005	45 000	CSO
result	Increase in the number of quality specialist care attendance (in case of the specialised outpatient care covered by the development)	%	To be included in the 2007 year report	To be included in the 2007 year report	Ministry of Health survey
result	Increase in the population covered by social services	%	0	15	MA

Indicative list of key groups of operations

With a view to improve eligibility for employment and reduce regional social-economic differences, linked to sectoral professional programs, it is of key importance to modernise institution systems within the competence of municipalities; to improve organisation and operation of health care and social and educational services, taking peculiar conditions arising from settlement structure into consideration. Furthermore, in order to provide more efficient, client friendly public services it is imperative to implement IT-based service development, process management, data management, or Internet based supply of information to clients.

The activities to be supported by priorities fall basically within the scope of responsibilities and competence of local governments. On the other hand, it is economical and reasonable to fulfil certain duties on a micro-regional level. Therefore, the programs and individual development projects described below will be prepared and submitted for support primarily by cooperations of local governments or local governments and non-governmental partners—as part of the reform of the local government system. The programme implementation and partnerships must involve the institutions, church and non-governmental organisations providing health care, social and educational services which are involved in performing the various activities in the micro-region and are responsible for the implementation of the projects proposed for the grant. In the development of social, health care, educational institutions, it is necessary to encourage development projects that prefer the integration of services in order to rationalise operation and to ensure better access to services. In the interventions of the priority, preference should be given to socially-economically underdeveloped micro-regions. These are the micro-regions that have unemployment rates and inactive population rates higher than the regional average and a determining proportion of Roma population. Also, when granting supports, attention must be paid to the regional force of services; that is, preference should be given to areas where the institutions to be supported provide services for a great number of inhabitants living outside the boundaries of the micro-region. In the course of the development and modernisation of buildings using the grant, energy efficient heating and lighting installations and, if possible the use of renewable sources of energy must be promoted.

Within priority axes it is recommended to urge modernisation and restructuring of existing institutions, as well as implementing energy saving solutions and schemes to advance use of renewable energy sources.

1. Modernising health care services

The capacity, structure, operation and infrastructure of the health care services system fundamentally influences the population's health condition and so their opportunities for taking on jobs. Early recognition and proper treatment of illnesses and higher level rehabilitation activities together reduce time spent not working.

In micro-regions with high unemployment rates and inactivity rates, development projects carried out close to the population of the micro-regional, through ensuring the conditions of up-to-date diagnostics facilities and screening (e.g., mobile screening), it is possible to implement early screening of regionally or socially disadvantaged people (e.g., Roma) that can reduce regional differences in the service, and can definitely further enhancement of the activity of these groups of the population. The improvement of access to rehabilitation and treatment services allows shorter recovery times, cost-effective new processes; and the development of systems taking care of elderly people will exempt family members from taking care of their dependants, which again works towards equalisation of chances for social adjustment and employment.

This type of operation serves to implement the sectoral objectives defined in the health care reform. The purpose of the health care reform is to increase the standard of services, to reduce inequalities of access and to retain the sustainability of public expenditures through the more efficiency use of funds. These measures promote the increase of years of health of the population, the timely restoration of working capacity and, through the concentration of resources, the greater cost efficiency and better quality of services. The purpose of the infrastructure development implemented in the ROP is to assure, in the frame of the sectoral reform, an ever higher standard of services in line with the changes in the health care of the region, which can be achieved through

the replacement or modernisation of fixed assets or, where needed, their procurement of new ones, as well as the modernisation of the infrastructure background. This assures that, in the benefit system, the uniform and integrated system of prevention, cure (conditions) and recovery (modular system of specialties) can be established, which, through its complexity, can serve patient-centred care at a high standard.

To ensure the above, it is necessary to support:

- the development of basic and outpatient specialist services as part of micro-regional services close to inhabitants²⁰ and the promotion of their integration.

Furthermore, the service will provide locations for health education, a healthy way of life, and community service activities. Prioritised support should be given to socially-economically disadvantaged areas and regions where vacancies for family doctors have not been filled for a long time.

- developing micro-regional outpatient specialist services.

Micro-regional outpatient specialist service centres are implemented at the level of specialist clinics that provide outpatient services operated in micro-regions through the integration of various services satisfying needs and providing complex services and forms of services replacing hospital treatment (single day and cure-like treatments, care at home, etc.). The micro-regional centre provides definitive service on the grounds of the coordination and methodological recommendations of the regional centre, and fulfils coordinating functions among micro-regional service providers. In micro-regions not having outpatient clinics, it is necessary to develop outpatient services, which appears in the Social Infrastructure Operational Programme.

- developing a network of complex rehabilitation service centres,

The termination of simultaneous, active in-patient services of health care service providers (chiefly small hospitals) is urged also by regional professional and cost-efficiency considerations, which can help focus on rehabilitation and specific chronic (e.g., nursing) services. The rehabilitation service must organically fit into the acute service, in order to duly stress self-supporting ability and the ability to work in the curing process in addition to curing organs, which is why it is imperative to encourage early rehabilitation and the specialisation of institutions.

- developing a complex and integrated system to take care of elderly people

The health care system must adjust itself to a change in the illness profile in addition to a change in the age profile, since the prevalence of old-age diseases grows. These changes imply the necessity to implement structural changes in both the health care and the social services systems; to meet quality requirements and to integrate the systems. The most efficient form of taking care of the elderly is an integrated, person centred service, which can be implemented primarily by a network of connected institutions.

The active cooperation of non-state (civil, ecclesiastical) actors, organisations can be usefully integrated into actions to develop duties into a complex solution system.

²⁰ E.g.,: family doctor, family paediatrician service; dentist service; duty services linked to basic services, health visitor's service, school health services, ophthalmologic and orthopaedic basic screening, mobile screening bus.

2. Developing social services to strengthen social adoption

To further the successful integration of disadvantaged people in the labour market there is a need to provide social services in addition to improving eligibility for employment. The development of the infrastructure of social services is a prerequisite for ensuring proper service background for implementing programs aimed at improving the state of social groups mostly endangered by exclusion from society. In terms of access to these services, there are considerable differences between areas within the region, primarily between larger cities and smaller settlements. It is especially in socially-economically disadvantaged areas, mostly with small villages, inhabited by Roma population (e.g., Cserehát) where services of proper standard are not provided. At the same time, in large cities (e.g., Miskolc), there is a growing need for social and special, e.g., disability, services.

In the long run, upgrading social services will serve the reduction of regional differences and equal access to and the improvement of the quality of services, thereby advancing the labour market and social integration of disadvantaged groups – e.g., the homeless, victims of addiction, children and young people struggling with special problems, people with disabilities – and the large number of unemployed Roma living in the region. In addition to the above, activities aimed at developing social services help harmonise having a family and taking on jobs; for example, by improving the conditions of the infrastructure of services for taking care of dependants. Special attention must be paid to child protection and youth services in social programs. The development of social services may further the extension of employment opportunities and better exploitation of the employment potential of the social sector, especially in disadvantaged areas.

The development of social services serves the achievement of the sectoral purposes described below:

- Handling bottlenecks in social services and eliminating social tensions;

To attain the above, support should be given to the activities below:

- Developing the infrastructure of social and children welfare basic services, crèche and day-care services close to homes, and families that fall within the competence of local governments.
- Developing civil and ecclesiastical community centres and information points at existing buildings having lost their functions, adjusted primarily to the needs of the young and elderly people;
- Subsequent removal of physical obstacles in institutions with local government functions;

In the social sphere the form of organising social services varies from micro-region to micro-region, operating organisations (e.g., municipalities, NGO's, the church) are different in each. When granting supports, special attention must be paid to collaboration between municipalities providing the infrastructure and mostly NGO's responsible for operation, and to ensure competitive neutrality.

The active cooperation of non-state (civil, ecclesiastical) actors, organisations can be usefully integrated into actions to develop duties into a complex solution system.

3. Organising public education adjusted to regional peculiarities and developing its infrastructure

Public education buildings and tools of improper quality prevent people living anywhere in the region but especially inhabitants of socially-economically disadvantage areas from access to education of proper standards, which worsens their chances on the labour market. In the process of institutional rationalisation demanded by demographic changes, efforts should be made to provide junior school education and nursery school education in an integrated institutional framework; in higher classes collaboration between settlements should be urged. Extremely great deficiencies and regional differences dominate the region concerning access to IT infrastructure and available IT tools. To ensure that young people living in disadvantaged areas or small villages can take part in secondary school education with equal opportunities without leaving their place of living or travelling 2-3 hours a day, it is imperative to develop the infrastructure of secondary school education basically in socially-economically underdeveloped micro-regions. In development projects it is a must to ensure equal chances for accessing quality public education and put in place segregation-free practices. In the implementation of educational programs special attention must be paid to improving the conditions of education of Roma children and children with multiple disadvantages. Projects must promote the education of special needs children in mainstream schools, by the introduction and use of special education programmes.

The developments fit into the education reform, which sets out sectoral objectives.

The main objectives of the **public education reform** include improving the effectiveness of education (competitive knowledge, reduction of inequalities in education), the renewal of the quality (efficient and receptive public education system) and structure of public education and creation of equal opportunities to access quality public education. The improvement of the learning environment is promoted by the following objectives:

- Creation of conditions oriented towards the development of different competencies and the promotion of differentiated educational practices;
- Creation of the conditions for the integration of ITC tools into the process of learning and teaching;
- Creation of conditions for institutional quality improvement and educational innovation;
- Formulation of the standards of the material conditions for education, and creating the requisite conditions;
- Improving the accessibility of specialised pedagogic services;
- Elaboration of uniform output requirements and qualification system for the entire education system;
- Introduction of a uniform and personalised career guidance system.

The development of the education serves the achievement of sectoral purposes described below:

- One of the aims of elementary school education-training is to acquire fundamental competencies, knowledge that makes pupils suitable for special education.
- Rationalising the development of the institution system due to changes in the number of pupils affected by birth rates.
- In the most disadvantaged micro-regions, implementing the Receiving School Programme to help children acquire up-to-date information with proper levels of education and infrastructure, and counterbalancing children's early migration and commuting to large cities.

To attain the above, support should be given to development project types described below:

- Developing and upgrading the infrastructure of nursery school and elementary school institutions—increasing the number of spaces in nursery schools in mostly socially-economically underdeveloped areas with high birth rates;

- Developing the infrastructure of secondary school educational and vocational training institutions and student hostels, which produces considerable effects on pupils living in socially-economically disadvantaged areas;
- Constructing and renovating facilities that supplement nursery and elementary school functions; buildings and establishments that host free time programs, activity programs, or provide social care services (e.g., consulting rooms, gymnasiums, infrastructure related to conduct of life); constructing and reconstructing town squares, renewing courtyards of institutions; developing parking spaces in front of schools;
- Solely in relation to developing and upgrading nursery school and elementary educational/training institutions, development of the content of education; purchasing tools and equipment necessary for training children and pupils with special educational needs on the basis of the compulsory school equipment list, including purchase of IT equipment and tools;
- In the development of institutions, it is necessary to eliminate obstacles to allow pupils with special educational needs to access the institutions (Section §121(29) of Act LXXIX of 1993 on Public Education).

Infrastructure development projects must be harmonised with the support given to public education ESF activities of the TAMOP /Social Renewal Operational Programme/.

The form of organising basic tasks varies from micro-region to micro-region; the financing institutions (e.g., municipalities, NGO's, the church) are also different in each of them in the field of education-training. When granting supports, competitive neutrality should be ensured in supporting municipality, church, and NGO financed institutions.

4. IT development of regional public administration and public service systems

The development of public administration and public service systems that meet the challenges of the information society is indispensable for operating internal work processes more efficiently and providing client-friendly services. The operational programme ensures that municipalities can join the application service centres set up in the country with the assistance of the Electronic Public Administration Operational Programme. To this end, support should be given to the activities described below:

- developing and renewing local public institutions and public services in an integrated form (harmonised administrative and service systems) based on network principle and focused on quality—electronic administration, generating regional knowledge assets, improving the content provided by them.
- development projects necessary for operating community service points;

In the course of the implementation of the priority axis, we wish to make use of the flexible financing set out in Section 2 of Article 34 of Regulation 1083/2006/EC, up to 10% of the funds of the priority axis concerned. The project owners may make use of the mobility between funds (if that is provided in the call for applications) exclusively if the ESF-type operations are directly linked to the implementation of the ERDF-based project, and such operations are necessary for the successful implementation of the project or they specifically target a special local problem.

As part of the priority axis, support should be given to project preparation activities related to the implementation of each operation.

The priority axis does not support any major project.

Expected impacts

As a result of the implementation of the priority, municipality duties are expected to be fulfilled more efficiently in the future in micro-regional cooperation with more cost-effective operation. Furthermore, owing to the modernisation of the human institution system, the level of services is expected to rise, which may advance the management of social problems and the improvement of inhabitants' health condition, and will reduce social tensions, or the chances of them being reproduced.

Connection to other programs

The priority axis relates mainly to Guideline 1.3 of CSG "More and better jobs" and it contributes to the guidelines concerning employment of NRP.

The priority axis is linked to the flagship programmes 'School of the 21st century', 'Knowledge is Chance', 'No one left behind', 'Accessible Hungary', 'Health care' and 'Non-stop administration'.

Demarcation with the EAFRD and EFF:

The NHOP supports:

- Infrastructural development of public services provided under mandatory obligation, such as: public education, health and social infrastructure base services;
- Support of the infrastructure conditions of other, non-mandatory local public services in the towns (or settlements with a population of over 5,000 and 100 people/km² and the associated agglomerations) except the suburb of the cities, towns and these settlements.

NHOP supports the development of communal and service spaces to be implemented in **towns** or settlements of over 5000 residents or population over 100 per square kilometre density, fulfilling non-mandatory local government or public administration functions.

The program to be funded by the **National Fisheries Strategic Plan** shall not provide assistance to activities also covered by the OP's of the NHDP.

Connection to other operational programmes:

In health care, the upgrading of services having active hospital beds is supported by the Social Infrastructure Development OP. On the grounds of sectoral strategies, the interventions included in the sectoral and especially in the Social Development OP and the Regional OP must be implemented in a harmonised form.

The development of boarding institutions is supported by the Social Infrastructure OP. Because of triple over-application, it is highly important for the region to extend special vocational education capacities for people with disabilities, which could be implemented through the professional and institutional improvement of the elementary schools of people with disabilities.

4.5 Development of regional transport

Objectives

- Improving access to micro-regional centres and main roads on public roads or by public transport, with a special focus on better access of small settlements to places of work and public services;

Objectives defined in numbers:

Type of indicator	Definition of indicator	Unit of measure	Basis value (2004)	Target value (2015)	Data source
result	Drop in the number of residents accessing the micro-regional centre by road and public transport in more than 30 minutes	persons	26 662 (2006)	22 00	Based on MA survey
result	Increase in the number of passengers using public transport	%	0	5	MA or CSO

Indicative list of key groups of operations

Schemes to organise public services and incentive actions to encourage the mobility of manpower and tourists cannot do without efforts made to improve access to the settlements concerned by means of public transportation. Access to micro-regional centres, main roads, and industrial areas, which draw a considerable amount of labour, or tourist attractions must be improved by the development of the public road network providing accident free and faster commuting, and through organising public transport more efficiently, adjusted to public services and urging the mobility of labour and tourists. The target groups of supports are the institutions and municipalities responsible for maintaining and operating activities affected by the support as well as companies and non-governmental organisations providing community transport services.

When granting supports, preference should be given to socially-economically underdeveloped micro-regions. These are areas with unemployment rates and inactivity rates and proportion of Roma population higher than the regional average, and a high rate of small villages. To this end, support should be given to:

- Developing, renovating, and making accident free low category public roads connecting settlements (public roads with four or five digit numbers), secondary roads, access roads, and building noise reduction technical solutions or, where necessary the construction of bicycle paths;

The programme supports the development of roads to improve labour mobility and access to public services based on the following criteria:

- improving the accessibility of main roads and micro-regional centres;
- expected economic development impact – within that, improvement of the accessibility of priority tourist attractions and industrial sites,
- traffic safety considerations;
- Developing public transport between towns, in particular, promoting the commuting of residents of small villages and creating the conditions of transport of the

physically handicapped as well as bicycle transport; and encouraging the establishment and operation of regional transport associations, whose tasks can be the harmonization of the timetables, tariffs, passenger's information systems and transfer possibilities of the different transport modes.

- Developing water transport management, river crossing points, receiving infrastructure, and services;
- Alternative transport services operated by NGO's to improve access to small settlements by community transport.

As part of the priority axis, support should be given to project preparation activities related to the implementation of each operation.

The priority axis does not support any major project.

Expected impacts

Especially in underdeveloped micro-regions, access to micro-regional centres will improve, which helps inhabitants going to work, having faster access to public services, and furthers the development of more attractive business environment.

Connection to other programs

The priority axis relates to the "Expand and improve transport infrastructures" objective of Guideline 1.1 of CSG and it contributes to the improvement of accessibility through the development of infrastructure of local importance and integrated transport systems.

The interventions of the priority axis support the implementation of the "Accessible Hungary", the "Less is more" and 'energy efficiency' flagship programmes.

Connection to other operational programmes:

The development of high-speed roads and roads with one or two digit numbers belongs to the Transport OP.

Linked to urban transport, the development of fixed track transport (e.g., tram) is supported by the Transport Operational Programme, while the improvement of the infrastructure of public transport inside towns will be handled under the settlement rehabilitation priority.

In order to urge cooperation along the borders, it is important for the region to extend transport relations, e.g., bridges over the river Ipoly, which will probably be financed by the Slovakian-Hungarian territorial cooperation operational programme.

More than 50% of the funds allocated to transport in NHDP will be spent for sustainable transport developments. The North Hungary OP contributes to this commitment in such a way, that according to the thematic categorization of the OP the planned share of sustainable transport (categories 16., 17., 24., 25., 28. 32., 52.) developments will be 16.1 %.

4.6 Professional support of the implementation of the operational programme (Technical Assistance)

Objectives: effective and efficient implementation of the OP's operations.

Implementation rate of supported projects
(ratio of approved projects and projects actually completed)

Target value (2015): 100 %

Technical Assistance in the NHDP

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.

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

The demarcation between the TA Priority Axes and the IOP corresponds to the structure of the institutional system of the NHDP: the separation of TA activities 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.

On the basis of the above:

- The Technical Assistance Priority Axes of the Operational Programmes support the technical-operational implementation of each programme, primarily the project-related activities of OPs,
- The IOP Priority Axes are meant to support strategic activities at system level in relation to the implementation of the NHDP and all Operational Programmes.

The breakdown of the available TA resources is as follows:

TA resources in NHDP	Share of TA (as a percentage of NHDP)
IOP	1,3%
TA priorities in OPs, altogether	2,6%
Altogether	3,9%

Technical Assistance activities carried out under the North Hungary Operational Programme

1. Technical-administrative implementation of the OP (tasks of the intermediate bodies)

The intermediate bodies (IBs) carry out – based on the assignment and guidance of the managing authority – the technical implementation of one or more OP Priority Axes, among others the following:

- Participation in the preparation of calls for applications and sample support contracts,
- Admission and assessment of project proposals,
- Preparation and signature of the grant contract, accountancy of each contract,
- Monitoring of project implementation,
- Payments to the beneficiaries, carrying out tasks regarding closing of projects,
- Carrying out checks, reporting irregularities,
- Targeted communication activities connected to the specific OP or OP Priority Axis, based on the Communication Plan adopted by the NDA.

(For the list of the detailed tasks of Intermediate Bodies see the Implementing Provisions chapter.)

The tasks of the IBs will be specified in the agreement between the Managing Authority and the Intermediate Body. Financing their tasks in relation to the OP will be based on the **completed activities and on performance basis**, in the framework of the TA Priority Axis.

The main experience from the programming period 2004-2006 was that financing IBs was only carried out by costs incurred which did not inspire motivation for improving cost-effectiveness. To change this, the IBs in the programming period 2007-2013 will be financed exclusively on the basis of performance, through task assignment contracts. Where possible, financing is based on unit costs (e.g. number of project proposals evaluated, number of payments transferred, etc.) *(For the detailed financing method of IBs see Implementing Provisions chapter).*

2. Other tasks related to the implementation of operational programme

Besides the previously described activities carried out by IBs, the following activities connected to the operational programme will be supported in the framework of TA Priority Axis:

- 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;

5 Implementing Provisions for the 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.

5.1 MANAGEMENT

5.1.1 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 programmes, 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 complex flagship programmes as well as with flagship projects);
- 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.

5.1.2 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.

5.1.2.1 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 North Hungary Operational Programme are carried out by the NDA's Directorate General Managing Authority for North Hungary Programmes.

5.1.2.2 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;
- 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;
- 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;
- Managing the technical assistance budget of the operational programme;
- Handling of the system level irregularities, making the necessary corrective steps;
- Prepares 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.

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

- 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.
-

The Intermediate Bodies provide the delegated tasks based on the task-order contracts that ensure that the Intermediate Bodies receive payment for their services based on their performance.

5.1.3 Intermediate Bodies (IB)

5.1.3.1 Tasks of the Intermediate Bodies

Intermediate Bodies fulfil in relation to one or more priorities especially the following tasks:

- Participation in the preparation of action plans falling in its competence.
- Preparation of the **annual work plan** based on the requirements of the Managing Authority. The plan shall contain the dates of the calls for applications as well as the annual targets for commitments, support contracts and payments.
- Participation in the **preparation of calls for applications** and sample support contracts in cooperation with the MA and the relevant ministries.
- **Admission and appraisal of project proposals**, and based on the agreements with the Managing Authority setting up and operation of Assessment Committees, in case this task has been delegated to the Intermediate Body.
- 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**.
- Fulfilment of tasks related to **information and publicity tasks**, based on the annual communication plan approved by the NDA.

5.1.3.2 Qualification, Selection and Financing of the IB

Intermediate Bodies contributing to the implementation of the operational programmes were **selected on the basis of a set of objective criteria** measuring their institutional capacity and technical competence. In order to receive the assignment, the prospective Intermediate Body needed to prove the existence of an appropriate, consolidated organisational structure, the availability of human and technical resources, as well as professional competence necessary. *(Further information is provided on the selection procedure under the administrative capacity chapter.)*

To ensure the effectiveness of the implementation, the performance of the **Intermediate Bodies will be evaluated on a regular basis**.

The Intermediate Bodies participating in the implementation of the OP – based on the result of the qualification process – were appointed through a joint **ministerial decree**. Details regarding the tasks, responsibilities, and financing of the IBs were fleshed out in dedicated **task assignment contracts**, signed by the NDA, the IB and – where applicable – the owner of the IB.

For the sake of effective implementation of the programme in case of certain support frameworks – based on an individual decision – non-governmental organisations or corporations, commercial banks, can also be involved (*e.g. as managers of indirect grants or capital funds*).

The **IBs will be financed** through the above mentioned task assignment contracts from the technical assistance priority of the OP. In order to ensure sound financial management, correctness and regularity of expenditure declared by the IBs in relation to their operational costs the contracts – among others – impose the following requirements:

The IB has to **separate in full the costs** and incomes related to its activities concerning IB tasks in its financial records as well as in its analytical accounts. Unless unit prices are result of competition, incomes related to IB tasks cannot generate extra profit or finance losses related to other tasks of the organisation.

The **MA is required to perform controls** of the IB concerning the implementation tasks delegated to it, including the correctness and regularity and effectiveness of expenditure and costs separated in its accounts related to its IB functions.

In case an irregularity is detected the **MA may suspend** the task concerned by the irregularity of the IB or in justified cases all tasks related to the task assignment contract of the IB.

5.1.3.3 The Intermediate Bodies of the North Hungary Operational Programme

In case of the Operational Programme the following intermediate bodies were appointed as a result of the qualification procedure:

- North Hungary Regional Development Agency Non-profit Company

The RDA has been working on regional development issues in the North Hungary region since 1999. The agency has accumulated considerable implementation experience in the context of both Hungarian and Phare programmes. During the 2004-2006 period, it participated in the implementation of the Regional Operational Programme as an intermediate body; it was responsible for the preparation of project selection decisions and the dissemination of information to prospective applicants.

The organisation has extensive professional experience and highly skilled human resource capacities, its operation is sufficiently regulated and its organisation form allows for the independent discharge of IB functions.

- VÁTI Hungarian Public Non-profit Company for Regional Development and Town Planning

The organisation has been working in urban and regional development since the 1950s, implementing Hungarian programmes and later Phare and other Community programmes in the field. In the 2004-2006 implementation period, it was responsible for the intermediate body functions of the Regional Operational Programme in conjunction with the RDAs; consequently, it has extensive practical experience in the implementation of both Hungarian regional development and EU cohesion policies. As an intermediate body, its main tasks include the signing of contracts, performing on-site inspections, verifying and authorising claims for payment as well as the monitoring of projects.

VÁTI has sufficient professional skills and capacities and extensive procedural experience to perform the intermediate body functions entrusted to it; its operation is adequately regulated. Considering that the company is 100% state owned, its main responsibility is to assure the incorporation of the regional aspects of sectoral strategies in the OP.

With regard to the conditions set out on Art. 10 of Govt.decreree No. 255/2006. (XII.8.) IBs may be subject to change.

In order to eliminate duplications or overlaps in tasks – as experienced during the 2004-2006 period – as a general rule, all IB tasks related to an operation shall be assumed by one Intermediate Body only. The applicant or beneficiary be in contact with only one organisation (IB) that is responsible for a grant facility during all stages of implementation.

5.1.4 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 be 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). Partnership approach will be ensured in both stages, as action plans will be subject to public consultation, and NGOs will delegate members to the project selection committees. Such projects have key importance from the economy and the society point of view. Their beneficiaries are usually – but not exclusively – state or local government organisations. (e.g. *infrastructure projects of public benefit, state support of investments having priority employment effect*).
- **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.

5.1.5 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.

5.2 Monitoring and Evaluation

5.2.1 Monitoring

5.2.1.1 Specific arrangements for the Convergence ROPs

In accordance with Article 63 of Council Regulation (EC) No 1083/2006 a Convergence Monitoring Committee is to be established for the 2007-13 Convergence Regional Operational Programmes. The Convergence Monitoring Committee allows regions to build on existing experience and share best practice while allowing a better and more efficient monitoring and decision making system. The Monitoring Committee will be composed of one Regional sub-committee for each operational programme based on the Regional Development Councils and ensuring the involvement of a wide range of regional partners. The Regional

Sub-committees share the responsibility for programme implementation with the Convergence Monitoring Committee in line with Article 65 of the above Regulation.

Decisions of the Convergence MC will be taken separately for each of the programmes. Regional Committees will ensure supervision of programme implementation and will report and make any necessary proposals for modification to the Convergence Monitoring Committee. The Convergence Monitoring Committee will decide on the basis of the proposals of the Regional Sub-committees.

Regional Sub-Committees are set up in order to take into account in their composition the principle of partnership as well as territorial specificities.

5.2.1.2 Convergence 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. (XII8.). 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.

The Monitoring Committee debates the action plans referred to in chapter 5.1.1. 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,
- delegated representatives of regional development councils concerned,
- 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).

5.2.1.3 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.

The 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.

5.2.2 Evaluation

5.2.2.1 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 evaluation will include the analysis of the impacts of the Operational Programme on climate change (as far as possible analysing the environmental, social and economic costs and benefits of climate change as well) to support different actions for climate change prevention, mitigation and adaptation.

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.

5.2.2.2 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 (Intermediate Body, Managing Authority), and of the requirements of the Monitoring Committee.

5.2.2.3 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.

5.2.2.4 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 this OP.

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.

5.3 Financial Management and Control

5.3.1 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.

5.3.2 Rules for Financial Management and Control

5.3.2.1 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 MA monitors the fulfilment of delegated tasks.
- 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 by counter-signing the verification report of the Intermediate Body that the procedures applied by the Intermediate Body performing the tasks delegated by it are in compliance with the Community and national regulations. The MA arranges for the submission of the verification report prepared by the IB to the certifying authority.
- 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.

5.3.2.2 Responsibility of the IB:

- The Intermediate Body is responsible for the performance of the tasks delegated by the Managing Authority in accordance with Community and national provisions.
- The Intermediate Body provides for the control of the implementation of projects approved in the frame of the operational programme in accordance with Community and national regulations.
- The Intermediate Body 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 Intermediate Body is responsible for payments to the beneficiaries.

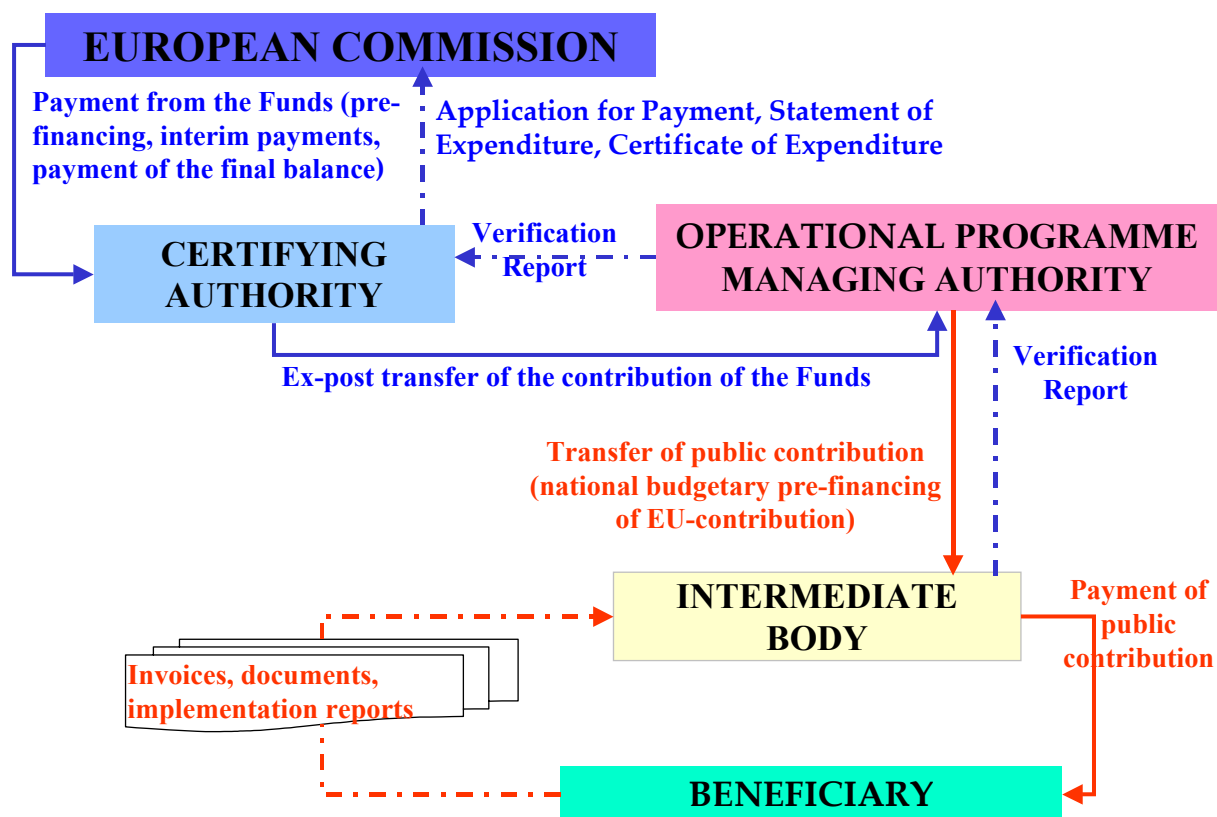
5.3.3 The Process of Payment to Beneficiaries

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

The Intermediate Body 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 Intermediate Body is responsible for payments to the beneficiaries. It informs the Managing 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.



5.3.4 Control of the European Union's Contributions

5.3.4.1 Financial Management and Control

The Managing Authority, the Certifying Authority and the Intermediate Body 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, the Certifying Authority and the Intermediate Body 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, as well as the Intermediate Body are 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 head of the Intermediate Body, 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.

5.3.4.2 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.

5.4 Provisions related to Information Supply 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, for sectoral OPs the horizontal unit of the NDA carries out partnership activities, financed by IOP, and IBs will participate in these, while for regional OPs RDAs carry out partnership activities, financed by the TA priority of the OP. Costs of the monitoring committee will be financed by the TA priority of the OP.

- 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.

5.5 Community policies and horizontal principles – Sustainability, Equal Opportunities and Partnership, State Aid, Public Procurement

5.5.1 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.

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 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

5.6 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.

5.7 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).

5.8 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.

6 Financial allocation

Source allocation plan of the North Hungary Operational Programme for 2007-2013

Financial table 1: Breakdown by priority axis

CCI-number: 2007HU161PO006

Data in EUR, at current price

Priority axis	Source	Form of calculating co-financing	European Union financing (a)	Domestic financing (b) = (c)+(d)	Domestic indicative breakdown		Total financing (e)=(a)+(b)	Rate of co-financing (f)=(a)/(e)	Informative figures	
					State (c)	Private (d)			Other financial means	EIB credits
1. Priority: Creating a competitive local economy	ERDF	Public expenses	130 965 118	23 111 491	23 111 491		154 076 609	85,00%	n.a.	n.a.
2. Priority: Enhancing potential for tourism	ERDF	Public expenses	188 191 882	33 210 332	33 210 332		221 402 214	85,00%	n.a.	n.a.
3. Priority: Settlement development	ERDF	Public expenses	257 195 571	45 387 454	45 387 454		302 583 025	85,00%	n.a.	n.a.
4. Priority: Development of human community infrastructure	ERDF	Public expenses	203 874 538	35 977 860	35 977 860		239 852 398	85,00%	n.a.	n.a.
5. Priority: Development of regional transport	ERDF	Public expenses	90 959 410	16 051 661	16 051 661		107 011 071	85,00%	n.a.	n.a.
Technical assistance	ERDF	Public expenses	32 537 070	5 741 836	5 741 836		38 278 906	85,00%	n.a.	n.a.
Total			903 723 589	159 480 634	159 480 634		1 063 204 223	85,00%	n.a.	n.a.

* Pursuant to Article 53 paragraph (1) of Council Regulation 1083/2006/EC a) total amount of accountable costs, including public and private expenses, b) amount of accountable public expenses

Financial table 2: Indicative breakdown per year

CCI-number: 2007HU161PO006

Data in EUR, at current price

Year		ERDF (1)	ESF (2)	European Union total (3)=(1)+(2)
2007	In regions without temporary support	127 067 503	0	127 067 503
	In temporarily supported regions	0	0	0
	<i>Total</i>	<i>127 067 503</i>	<i>0</i>	<i>127 067 503</i>
2008	In regions without temporary support	123 340 627	0	123 340 627
	In temporarily supported regions	0	0	0
	<i>Total</i>	<i>123 340 627</i>	<i>0</i>	<i>123 340 627</i>
2009	In regions without temporary support	117 525 372	0	117 525 372
	In temporarily supported regions	0	0	0
	<i>Total</i>	<i>117 525 372</i>	<i>0</i>	<i>117 525 372</i>
2010	In regions without temporary support	121 762 074	0	121 762 074
	In temporarily supported regions	0	0	0
	<i>Total</i>	<i>121 762 074</i>	<i>0</i>	<i>121 762 074</i>
2011	In regions without temporary support	138 234 666	0	138 234 666
	In temporarily supported regions		0	
	<i>Total</i>	<i>138 234 666</i>	<i>0</i>	<i>138 234 666</i>
2012	In regions without temporary support	133 984 304	0	133 984 304
	In temporarily supported regions	0	0	0
	<i>Total</i>	<i>133 984 304</i>	<i>0</i>	<i>133 984 304</i>
2013	In regions without temporary support	141 809 043	0	141 809 043
	In temporarily supported regions	0	0	0
	<i>Total</i>	<i>141 809 043</i>	<i>0</i>	<i>141 809 043</i>
Total	In regions without temporary support	903 723 589	0	903 723 589
	In temporarily supported regions	0	0	0
	Grand total	903 723 589	0	903 723 589

Contributions of sources from Community funds to the operational programme split per category are set forth in Annex 1.

7 Major projects

The North Hungary Operational Programme (NHOP) currently does not plan any major projects for the 2007-2013 period.

8 Annexes

Annex 1

Contribution of sources from Community funds to the operational programmes by category

CCI number of the OP: 2007HU161PO006

Name of the operational programme: North Hungary Operational Programme

Data are given in EUR, at current price

Priority as per subject		As per form of financing		As per type of region	
Code	Amount of EU financing	Code	Amount of EU financing	Code	Amount of EU financing
03	23 418 618	01	876 867 947	01	325 078 181
05	4 684 124	02	26 855 642	05	491 520 708
08	50 896 310	Total:	903 723 589	00	87 124 700
09	65 571 731			Total:	903 723 589
13	15 613 746				
23	84 308 746				
28	3 122 749				
46	13 919 501				
50	24 940 646				
52	12 490 997				
53	36 042 484				
54	9 409 594				
56	79 620 102				
57	5 308 174				
58	34 350 240				
59	15 613 746				
60	4 684 124				
61	182 660 822				
75	74 935 978				
76	71 823 229				
77	12 490 996				
78	17 175 120				
79	28 104 742				
85	29 283 363				
86	3 253 707				
Total:	903 723 589				

Settlements having significance as regional centres

Regional growth centres

Region's key town, county centres			Towns with regional, economic, or cultural influence, not having regional administrative function but having micro-regional central administrative role		
SETTLEMENT	POPULATION (persons)	MICRO-REGION	SETTLEMENT	POPULATION (persons)	MICRO-REGION
Miskolc	174416	Miskolc	Ózd	37528	Ózd
Eger	56274	Eger	Gyöngyös	32789	Gyöngyös
Salgótarján	42609	Salgótarján	Kazincbarcika	31252	Kazincbarcika
			Hatvan	22199	Hatvan
			Mezőkövesd	17400	Mezőkövesd
			Tiszaújváros	17024	Tiszaújváros
			Sátoraljaújhely	17138	Sátoraljaújhely
			Balassagyarmat	17705	Balassagyarmat

Service providing small towns

Towns with multi-facet micro-regional functions		
SETTLEMENT	POPULATION (persons)	MICRO-REGION
Edelény	10872	Edelény
Szendről	4245	Edelény
Encs	6984	Encs
Putnok	7354	Ózd
Sárospatak	13915	Sárospatak
Pálháza	1097	Sátoraljaújhely
Szikszo	5984	Szikszo
Abaújszántó	3317	Abaúj-hegyköz
Gönc	2170	Abaúj-hegyköz
Cigánd	3097	Bodroghöz
Mezőcsát	6489	Mezőcsát
Tokaj	4850	Tokaj
Heves	11231	Heves
Kisköre	3028	Heves
Füzesabony	8265	Füzesabony
Pétersvára	2559	Pétersvára
Pásztó	10132	Pásztó
Rétság	3001	Rétság
Szécsény	6186	Szécsény
Bátanytereny	13898	Bátanytereny
Sajószentpéter	12881	Miskolc
Szerencs	9778	Szerencs
Bélapátfalva	3319	Bélapátfalva
Borsodnád	3399	Ózd
Emőd	5370	Miskolc
Felsőzsolca	7220	Miskolc

Nyékládháza	5008	Miskolc
Lőrinci	6190	Hatvan

Summarizing table on the region's territories suitable for brown field investments

Serial number	Settlement	Statistical district	Type of settlement	Location (outlying areas, central)	Name of area	Size of area (ha)	Ownership
	BAZ County						
1	Alsóberecki	3513	village	central	other building	0,24	village
2	Aszaló	3510	village	outlying areas	barracks	12,2	state
3	Alsózsolca	3501	large village	outlying areas	Ongai CSIV	60,5	private
4	Bors odnásasd-Sheet Factory	3506	town	central	Sheet factory	8,55	private
5	Borsodnásasd-Halna I.	3506	town	outlying areas	depot	1	town
6	Borsodnásasd-Halna II.	3506	town	outlying areas	depot	11,3	town
7	Borsodnásasd-Mint	3506	town	central	Goldsmith workshop	0,83	Private
8	Encs – EKO	3503	town	outlying areas	Industrial area	1,99	Private
9	Encs – Mezőgép	3503	town	central	Manufacturing hall	5,94	Private
10	Kazincbarcika – Berente	3504	town	outlying areas	coal classifying, plastic processing unit	94,89	Private
11	Királd	3506	village	outlying areas	Buildings	0,4892	Private
12	Mezőcsát	3514	town	outlying areas	barracks	16	State
13	Mezőkövesd-Barracks	3505	town	outlying areas	barracks	26,7177	town
14	Mezőköves-K site	3505	town	outlying areas	Fuel storage	16,8116	town
15	Miskolc-DAM	3501	town	central	metallurgy	160	Private
16	Miskolc-Digép	3501	town	central	machine factory	44,86	Private
17	Miskolc-North-eastern Industrial area	3501	town	central	industrial area	300	Private
18	Miskolc – Lyukóbánya	3501	town	outlying areas	mine	20,98	Private
19	Ózd Industrial Park	3506	town	central	industrial park	130	Mixed
20	Putnok-flood area coal classifying unit	3506	town	outlying areas	coal storage	13,27	Private
21	Sajóvelezd-Putnok-Mine	3506	town	outlying areas	mine		Private
22	Rudabánya-Ore Mine	3504	town	outlying areas	mine	119,3173	Private

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23	Rudabánya- Machine repair workshop I.	3504	town	central	mine	0,6006	Private
	Rudabánya-Machine repair workshop II.	3504	town	central	mine	0,4041	Private
24	Rudabánya-Wood-yard	3504	town	central	wood-yard	1,1055	Private
25	Sajóbábony	3501	large village	outlying areas	chemical company	548	Private
26	Sajókeresztúr – BÉM	3501	village	outlying areas	Ore-dressing plant	25	Private
27	Sajószentpéter – Glass Factory	3501	town	central	glass factory	9,91	Private
28	Sátoraljaújhely – CERTA Kft	3508	town	central	CERTA Kft	0,33	Private
29	Sátoraljaújhely – FUTÉP	3508	town	central	FUTÉP Bt	0,8217	Private
30	Sátoraljaújhely - MOL	3508	town	central	MOL premises	1,3874	Private
31	Szerencs Industrial Park	3509	town	outlying areas	Industrial park	27,28	Town, private
Total						1588,16	

Serial number	Settlement	Statistical district	Form of settlement	Location (outlying areas, central)	Name of area	Size of area (ha)	Ownership
I.	HEVES COUNTY						
1	Abasár – „Fensík”	4004	village	Outlying areas	mine	25,0	Private
2	Abasár - Barracks	4004	village	Outlying areas	Barracks	6,5	Private
3	Abasár – Filling station	4004	village	Outlying areas	Fuel site	0,382	Municipality
4	Bélapátfalva Industrial Park	4007	town	Central	Industrial park	43,08	Public-wealth co.
5	Feldebrő – BERVA	4001	village	Central	Works building	18,72	Mixed
6	Feldebrő – TGV tanker park	4001	village	Outlying areas	Tanker park	2,5	Public-wealth co.
7	Feldebrő – Agricul. Coop.	4001	village	Central	Agricultural	7,0	Private
8	Gyöngyös – Barracks	4004	town	Central	Barracks	11,1	Mixed
9	Gyöngyös – Railway station	4004	town	Central	Railway area	26,4	Mixed
10	Gyöngyösoroszi – Mine	4004	village	Central	Mine	65,42	Private
11	Gyöngyösoroszi – ENVIROKOMPLEX	4004	village	Central	Industrial	37,0	Private
12	Lörinc cement works	4005	town	Central	Cement works	7,5	Private
13	OMYA – Eger	4001	City with county rights	Central	Industrial site	8,7996	Town
14	Recsk – Agria Volán Premises	4006	large village	Outlying areas	Premises	1,3248	Private

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15	Recsk – B�V Off�ce	4006	large village	Outlying areas	Office	0,2157	State
16	Recsk – Ore mine	4006	large village	Outlying areas	Boiler house	0,1425	State
17	Recsk – Former asphalt mixer	4006	large village	Outlying areas	Office. Industrial	15,0	Private
18	Sirok – Quarry	4006	village	Central	Mine	0,3867	Municipal -ity
19	Tarnaszentm�ria – Filling station	4003	village	Outlying areas	Fuel site	15,0	National defence
20	Verpel�t – Barracks	4003	large village	Outlying areas	Barracks	15,0	�PV Rt.
21	Berva Valley						
22	Eger- oil works	4001	City with county rights	Central	Industrial site	-	Town
23	Noszvaly		village	Outlying areas			
Total						306,4713	

Serial number	Settlement	Statistical district	Form of settlement	Location (outlying areas, central)	Name of area	Size of area (ha)	Ownership
I.	NOGR�D COUNTY						
1	B�tonyterenye – Halomk�ze	4202	town	Outlying areas	Agricultural	32,7093	Mixed
2	B�tonyterenye – Industrial site	4202	town	Central	Industrial site	74,603	Mixed
3	B�tonyterenye – NORDMETAL	4202	town	Outlying areas	Industrial site	48,2376	Mixed
4	B�tonyterenye - Szorospatak	4202	town	Outlying areas	Works, a gricultural	25,7361	Mixed
5	B�tonyterenye – Tiribes	4202	town	Outlying areas	Works, gardens	10,4484	Mixed
6	M�travereb�ly – K�ny�s	4202	village	Outlying areas	Works, a gricultural	19,9861	Private
7	R�k�c�zib�nya	4202	village	Outlying areas	Industrial site	33,7003	Mixed
8	R�ts�g – Barracks	4204	town	Outlying areas	Barracks	9,972	Municipal -ity
9	Salg�tarj�n – „Karancsh�s”	4205	town	Outlying areas	Meat plant	0,34796	Private
10	Salg�tarj�n – Steel factory and its vicinity	4205	town	Central	Steel factory	3,85776	Private
11	Salg�tarj�n – Southern Industrial site	4205	town	Central	Industrial site	24,04	Mixed
12	Salg�tarj�n – Power plant and its vicinity	4205	town	Outlying areas	Power plant	0,4258	Private
13	Salg�tarj�n – Iparf�m K�t	4205	town	Central	Factory site	0,60277	Private
14	Salg�tarj�n – IPC-VOL�N-M�H	4205	town	Central	Industrial site	16,7065	Mixed

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15	Salgótarján – JET station	4205	town	Outlying areas	Industrial, urban	0,91691	Private
16	Salgótarján – MÁV 1	4205	town	Central	Works	0,50671	Mixed
17	Salgótarján – MÁV 2	4205	town	Central	Industrial, urban	2,97057	Mixed
18	Salgótarján – Parison Factory	4205	town	Central	Glass factory	0,87116	Private
19	Salgótarján – Alloy Factory	4205	town	Outlying areas	Alloy factory	0,52318	Private
20	Salgótarján – Slag hill and its vicinity	4205	town	Outlying areas	Industrial, Agricultural	7,62551	Mixed
21	Salgótarján – Plate-glass Factory	4205	town	Central	Glass factory	2,38098	Mixed
22	Salgótarján – SVT Wamsler and its vicinity	4205	town	Central	Industrial, urban	1,20182	Mixed
					Total	318,37043	

Selection criteria of deteriorated urban areas (e.g., colonies) and estates threatened by degradation (e.g., residential areas containing prefabricated buildings)

Northern Hungary Region

Indicator type	Criteria threshold in traditional urban areas	Criteria threshold in housing estates	Reference data ²¹
HIGH LEVEL OF LONG-TERM UNEMPLOYMENT (Compliance with criterion requires fulfilment of at least one of the indicators.)			
High rate of unemployed in the area of action in 2001 Source of data: Hungarian Central Statistical Office, 2001 census data	minimum 14%	minimum 13.5%	13%
High rate of permanently unemployed in the area of action in 2001 (rate of those unemployed beyond 360 days) Source of data: Hungarian Central Statistical Office, 2001 census data	Minimum 7%	Minimum 6.5%	5.9%
HIGH LEVEL OF POVERTY AND EXCLUSION (Compliance with criterion requires fulfilment of at least one of the indicators.)			
High rate of those of active age (15 to 59 years) relying solely on state or local subsidies as their source of income in 2001 Source of data: Hungarian Central Statistical Office, 2001 census data	Northern Hungary 15%	Northern Hungary 13%	12.7%
High rate of housing owned by the local government in the area of action Source of data: declaration by local governments	Minimum 10%	minimum 8%	5.8% (2001)
More support (units) distributed from recurring social subsidies provided by local governments in the area of action with reference to urban average per households. (Eligible forms of support: recurring social aid, every form of housing subsistence support, recurring child protection support, debt reduction support.) Source of data: declaration by local governments	Number of recurring social subsidies is at least 1.5 times urban/district average with reference to the number of households	Number of recurring social subsidies is at least 1.3 times urban/district average with reference to the number of households	
PARTICULARLY RUNDOWN ENVIRONMENT (Compliance with criterion requires fulfilment			

²¹ Reference data refer to average values concerning a particular indicator in towns of the region with populations in excess of 20 capita. The reason thereof being that data measured at block level are available on such towns for the time being; however, owing to their sizes, these towns are highly likely to become the beneficiaries of social urban rehabilitation.

of at least one of the indicators.)			
High rate of inhabited housing in residential buildings with more than 5 floors in towns with populations exceeding 50,000 capita. Source of data: declaration by local government		minimum 60% rate of housing located in buildings with more than 5 floors in towns with populations exceeding 50,000 capita	20.5%
High rate of housing without amenities, reduced amenities and of make-do housing within inhabited housing in 2001 Source of data: Hungarian Central Statistical Office, 2001 census data	Minimum 25%		10.8%
High rate of maximum single-flat housing within inhabited housing in 2001 Source of data: Hungarian Central Statistical Office, 2001 census data	minimum 30% in towns with populations exceeding 50,000 capita, and minimum 20% in town with populations less than 50,000 capita		11.3%

The target areas of social urban regeneration are the large and mid-sized towns of the region. The towns of the region are characterised by a high ratio of housing estates and a large number of Roma colonies. The economic crisis following the systemic change has its effects felt up to this day in the towns of the region, which mostly used to be centres of the heavy industry, therefore the qualification and industrial employment data and the employment and support indicators tend to be higher than the national average.

Within non-housing-estate residential areas, the main targets for social urban regeneration are urban Roma colonies. Roma colonies tend to have the worst values for almost every indicator.

Flagship programmes related to the operational programme

Flagship programmes are priority development strategies responding to some important and complex issue affecting certain sectors, regions or social groups. Therefore, the required actions are also complex, and they are implemented in different operational programmes in a coordinated manner to achieve mutual synergies. The interventions defined in the planning phase are then incorporated into the operational programmes and into the biannual action plans that serve as the basis for their operative implementation. Thus, the specific elements or projects of flagship programmes are always implemented within the framework of the OP's concerned and the related institutional infrastructure (managing authority and intermediate bodies).

Development poles programme

Under the competitiveness pole programme, we focus on strengthening innovation, the development of innovative clusters and the promotion of knowledge-based local economy and enterprises. Under the pole programme, we support the creation of **regional clusters**, where the objective is to strengthen the international competitiveness of a well-defined industry or sector.

Flagship programmes affecting the Roma

There are several flagship programmes contributing to the coherent treatment of programmes affecting the Roma:

- No one left behind
- Opportunities for children
- School of the 21st century

The flagship programme “**No one left behind**” promotes the development of disadvantaged micro-regions where the Roma population is significantly over-represented. Within this programme, complex special assistance is given in one of two ways: the elaboration of target group specific thematic, financial and procedural elements, or assistance to strengthen the receptive capacities of the target groups. The regional operational programmes contribute to the attainment of these objectives primarily through the following interventions: development of social services to improve social inclusion, improvement of the competitiveness of businesses, development of regional transport.

Under the “Infrastructure paradigm change in the Hungarian school system” subprogram of the **School of the 21 century** programme, the renovation of schools and the modernisation of their lighting and heating systems are eligible.

Accessible Hungary flagship programme

The ‘Accessible Hungary’ programme sets out to assure the physical accessibility of public services maintained by local governments and new projects, as well as equal access to public services.

Table 4: Industrial areas bearing the title Industrial Parks, 2006²²)

Industrial park	Date of obtaining title
Nógrád County	
Industrial Park of Balassagyarmat (Balassagyarmat)	1997
Industrial Park of Bátorfaterenye (Bátorfaterenye)	2000
Industrial Park of Rétság (Rétság)	2000
City Gate Industrial Park of Salgótarján (Salgótarján)	1998
Heves County	
Industrial Park of Abasár (Abasár)	1999
Industrial Park of Bélapátfalva (Bélapátfalva)	2001
Industrial Park of Eger Park (Eger)	1997
Industrial Park of Gyöngyös (Gyöngyös)	2000
Industrial Park of Hatvan (Hatvan)	1998
Heves Industrial Park (Heves)	2005
Petőfibánya Industrial Park (Petőfibánya)	2005
Borsod-Abaúj-Zemplén County	
BorsodChem Industrial Park (Kazincbarcika)	1997
Industrial Park of Diósgyőr (DIGÉP) (Miskolc)	1997
Industrial Park of Encs (Encs)	2000
Logistics Industrial Park of Felsőzsolca (Felsőzsolca)	2005
Industrial Park of Kazincbarcika (Kazincbarcika)	1998
Industrial Park of Mezőkövesd (Mezőkövesd)	2000
Industrial Park of MIP-Miskolc (Miskolc)	2005
Miskolc-Alsózsolca Industrial Park (Alsózsolca)	1999
Industrial Park of Ózd (Ózd)	1997
Chemical Industry Park of Sajóbábony (Sajóbábony)	1998
Industrial Park of Sátoraljaújhely (Sátoraljaújhely)	1998
Industrial Park of Szerencs (Szerencs)	2003
Industrial Park of Szikszó (Szikszó)	1999
Industrial Park of Tiszaújváros (Tiszaújváros)	1998

Source: GKM, 2006

²² INFORMATION ON INDUSTRIAL PARKS, NATIONAL DATA, PROCESSES (1997-2005) Ministry of Economy and Transport /GKM/, Innovation Department, 2006 source: www.gkm.hu

Table 5: Indices of national public road network, 2004.

	Main road (km)		Other national public road (km)	Total public road (km)	National public road per 100 km ² (km)
	Motorway motor road	First and second class			
Borsod-Abaúj Zemplén County	71	363	2145	2579	35,6
Heves County	81	281	908	1270	34,9
Nógrád County	-	170	773	943	37,0
Regional value	152	814	3826	4792	35,7

Source: CSO

Table 6: Extent of being supplied with public utilities^{a)}

Micro-region	Proportion of flats with municipal drinking water		Proportion of flats linked to public sewer system		Proportion of household gas consumers in % of flats	
	2000	2004	2000	2004	2000	2004
Abaúj-Hegyköz	64,7	73,8	0,8	3,3	24,1	30
Bodrogek	76,8	80,2	-	-	46,1	55,2
Edelény	65,9	71,9	12,8	36,5	42,8	49,2
Encs	65,5	69,1	12,8	33,2	29,6	42,7
Kazincbarcika	84,6	87,9	55,7	64,9	61,4	67,4
Mezőcsát	71,1	80	3,1	46,4	41,6	49,8
Mezőkövesd	93,0	91,5	8,5	29,7	72,2	80,6
Miskolc	94,1	94,5	67,8	80,9	82,0	86,2
Ózd	72,8	77,8	32,2	37,3	52,4	58,3
Sárospatak	77,3	80,5	20,1	60,8	40,8	48,3
Sátoraljaújhely	85,2	87,7	45,1	71,7	24,3	33,1
Szerencs	84,0	83	15,2	22,3	41,7	56
Szikszo	63,4	73,2	12,2	51,2	44,2	55,2
Tiszaújváros	78,4	84,9	52,6	53,9	78,5	84,1
Tokaj	81,1	83,3	9,3	57,3	45,4	57,7
Borsod-A.-Z. total	84,1	86,5	41,4	56,8	62,3	69,1
Bélapátfalva	81,5	81,2	31,5	57	59,3	65,9
Eger	97,1	96,2	72,1	79,9	88,5	92,3
Füzesabony	94,1	94,4	13,0	32,2	71,1	78,1
Gyöngyös	94,9	93,9	38,6	45,2	66,3	71,8
Hatvan	97,9	95,8	23,8	29	80,2	85,9
Heves	90,8	89,9	25,1	31,6	62,6	70,1
Pétervására	84,5	77,6	24,7	57,8	65,4	74
Heves total	94,0	92,6	38,4	49,6	73,8	79,6
Balassagyarmat	88,5	89,6	33,1	60,4	49,5	55,6
Bátonyterenye	86,9	83,1	26,3	23,8	46,2	57,8
Pásztó	88,9	88,8	11,3	18	52,5	60,6
Rétság	86,9	89,4	8,4	44,2	53,9	61,2
Salgótarján	93,6	87,4	53,9	73,4	47,8	51,8
Szécsény	79,1	83,3	20,8	66,2	45,6	52,6
Nógrád total	89,0	87,4	31,8	52,1	49,1	55,8

Source: CSO a) Calculated with number of flats as of 1 Feb 2001.

Table 7: The region's annual waste balance and presentation of management rate for non-dangerous waste

Waste	Utilisation		Burning		Disposal		Managed otherwise	
	(thou tons / year)	%	(thou tons / year)	%	(thou tons / year)	%	(thou tons / year)	%
Non-dangerous industrial and other farmer's waste	731	21,2	7	0,2	2705	78,6	-	-
Non-dangerous agricultural and food industry waste	1 013	90,0	-	-	56	5,0	56	5,0
Solid waste of settlements	100	14,9	-	-	570	85,1	-	-
Fluid waste of settlements	-	-	-	-	178	28,5	446	38,1
Communal sewage silt	66	46,5	-	-	76	53,5	-	-
Building and demolition waste, other inert waste	214	50,0	-	-	214	50,0	-	-
Total:	2124		7		3799		502	

Source:

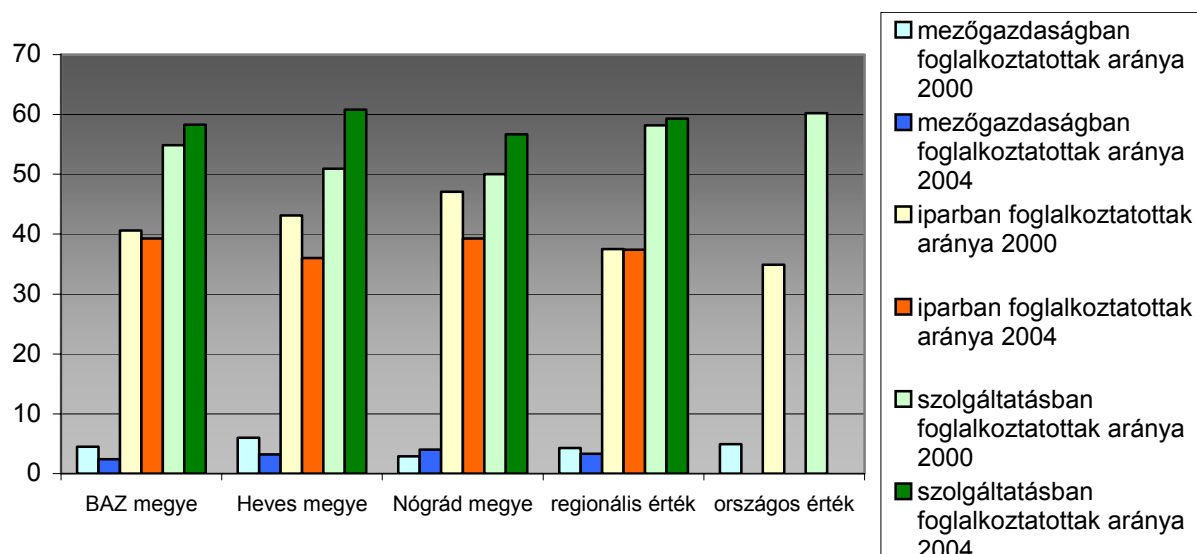
Table 8: Gross added value split per key groups of sectors of the economy, 2003.

(at current prices, in Million HUF and %)

County, region	Agriculture, game management, forestry, fishing	Industry	Building industry	Services	Sectors total (at base price)
	A, B	C,D,E	F	G–O	A–O
BAZ County	27 112	237 096	37 662	440 810	742 680
	3,6	31,9	5,1	59,4	100,0
Heves County	20 759	126 898	20 531	211 354	379 542
	5,5	33,4	5,4	55,6	100,0
Nógrád County	6 343	50 792	12 089	119 254	188 478
	3,4	26,9	6,4	63,3	100,0
NH region	54 214	414 786	70 282	771 418	1 310 700
	4,1	31,6	5,4	58,9	100,0
National	532 700	4 118 145	792 918	10 715 537	16 159 300
	3,3	25,5	4,9	66,3	100,0

Source: CSO 2004

Figure 2: Distribution of the employed split per key groups of sectors of the economy (%)

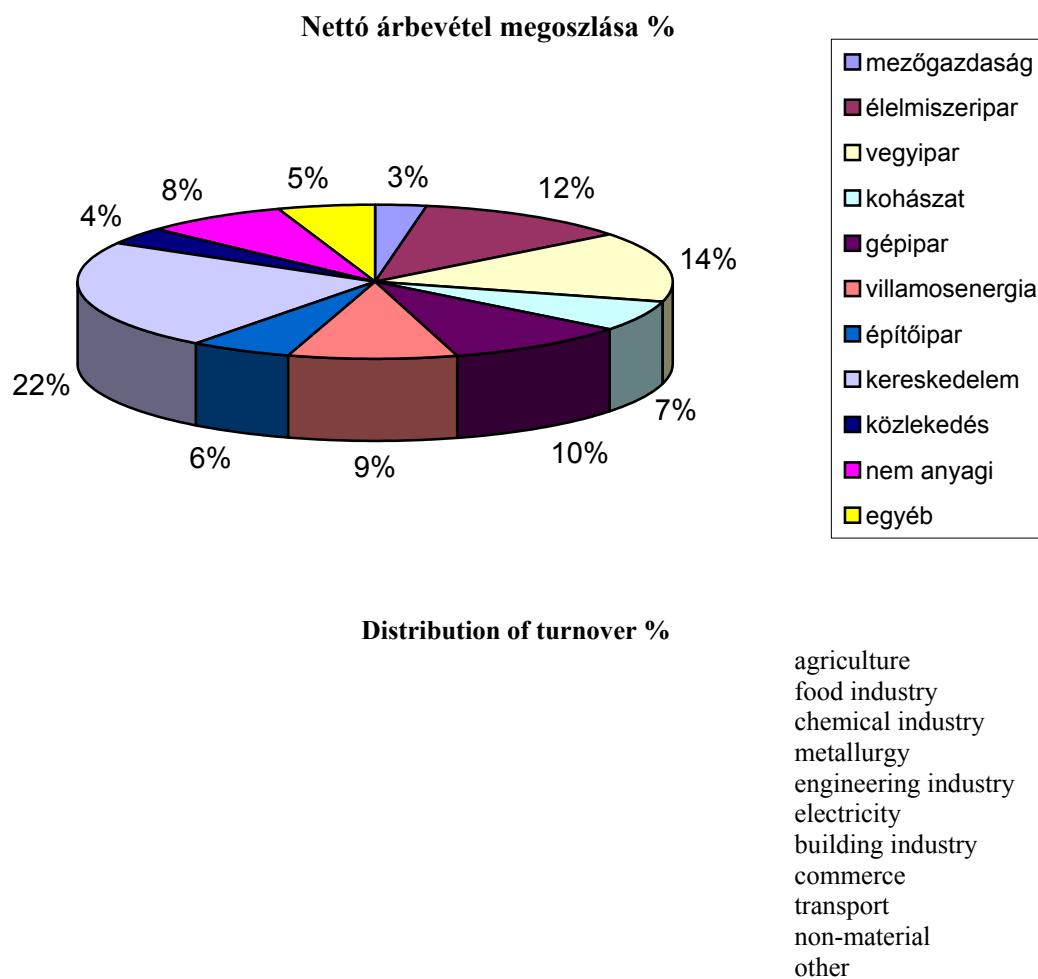


rate of people employed in
agriculture 2000
rate of people employed in
agriculture 2004
rate of people employed in
industry 2000
rate of people employed in
industry 2004
rate people employed in
services 2000
rate of people employed in
services 2004

BAZ County / Heves County/ Nógrád County / regional value/ national value

Source: CSO

Figure 3: Changes in sectoral structure in the North Hungary region as per annual turnover in 2003.



Source: CSO

Table 10: Ratio of active business associations

Description	1999			2003		
	Partnerships %	Individual entrepreneurs %	Non-profit enterprises %	Partnerships %	Individual entrepreneurs %	Non-profit enterprises %
BAZ County	33,7	56,2	10,1	36,3	53,6	10,1
Heves County	26,4	64,9	8,7	30,7	60,6	8,7
Nógrád County	27,8	61,8	10,3	29,7	59,9	10,4
NH region	30,6	59,6	9,7	33,6	56,7	9,7
National	38,7	54,1	7,2	42,9	49,7	7,4

Source: CSO

Table 12: Key data of enterprises with foreign capital

County, region	Number of organisa- tions	Equity	Of which: foreign investment	Number of organisa- tions	Equity	Of which: foreign investmen t
		billion HUF			billion HUF	
	2003			2004		
BAZ County	359	438,6	325,9	328	451,1	213,0
Heves County	268	135,2	115,2	258	152,1	133,1
Nógrád County	148	49,3	37,5	135	48,9	35,4
NH region	775	623,1	478,6	721	652,1	381,5
National	26 793	10 057,3	8 706,6	25 506	12 763,8	9 761,9

Source: CSO

Table 14: Higher education, scientific research, 2003

County, region	Students of higher education institutions a)	Of which: full time	R&D sites	R&D staff ^{b)} total	Of which: researcher, developer	R&D expenditure, c) HUF million	Ratio of R&D expenditure
Borsod-Abaúj-Zemplén	14 026	8 065	91	661	449	3 314	
Heves	26 357	5 423	51	391	186	1 378	
Nógrád	875	790	3	15	4	37	
North Hungary	41 258	14 278	145	1 067	639	4 729	
COUNTRY TOTAL	378,466d)	212 292^{d)}	2 541	22 826	14 904	172 896	

a) Students in university or college training as per place of institution.

b) Data calculated for staff in full-time jobs in proportion to working hours spent on R+D.

c) Does not include expenditure of other activities (scientific services, production, etc.) related to R+D, experimental development.

d) Including students attending faculties in foreign countries.

Table 17: Data of commercial accommodations in North Hungary (2003-2004-2005)

Accommodation type	Units				Rooms				Spaces			
	Number			2005 /2004 (%)	Number			2005 /2004 (%)	Number			2005 /2004 (%)
	2003	2004	2005		2003	2004	2005		2003	2004	2005	
Hotels	75	75	83	110,7	2 689	2 679	2 867	107,0	6 331	6 378	6 750	105,8
5 star	1	1	1	100,0	58	58	58	100,0	128	128	128	100,0
4 star	5	8	8	100,0	229	417	415	99,5	523	929	933	100,4
3 star	37	37	44	118,9	1 278	1 427	1 542	108,1	2 979	3 366	3 610	107,2
2 star	24	24	25	104,2	758	611	723	118,3	1 892	1 543	1 748	113,3
1 star	8	5	5	100,0	366	166	129	77,7	809	412	331	80,3
Med. hotels	3	3	3	100,0	210	229	229	100,0	421	461	461	100,0
Wellness-hotels	..	4	6	150,0	..	307	366	119,2	..	673	825	122,6
Guest-houses	189	167	181	108,4	2 808	2 363	2 526	106,9	8 520	6 990	7 361	105,3
Hikers' hostels	74	62	63	101,6	1 371	1 549	1 443	93,2	5 968	6 377	6 207	97,3
Youth hostels	25	24	28	116,7	753	615	781	127,0	3 318	2 789	3 504	125,6
Holiday houses	78	58	65	112,1	935	929	911	98,1	3 259	3 194	3 189	99,8
Camping sites	37	30	31	103,3	–	–	–	–	6 711	6 459	5 793	89,7
Total	478	416	451	108,4	8 556	8 135	8 528	104,8	34 107	32 187	32 804	101,9

Source: CSO

Table 18: Income from accommodation charges of commercial accommodations, 2004

	Domestic accom. charges			Foreign accom. charges			Total accom. charges		
	thousand HUF	Ratio	In % of prev. year	thousand HUF	Rate	In % of prev. year	thousand HUF	Rate	In % of prev. year
Hotels in total	2 170 063	59,5	121,9	842 553	77,6	123,8	3 012 616	63,7	122,4
3*+4*+5*	1 858 861	51,0	141,4	783 815	72,2	146,6	2 642 676	55,8	142,9
**	253 812	7,0	82,5	53 297	4,9	85,3	307 109	6,5	83,0
*	57 390	1,6	36,2	5 441	0,5	6,5	62 831	1,3	25,9
Guest-houses	859 162	23,6	107,3	158 789	14,6	110,3	1 017 951	21,5	107,7
Hikers' and youth hostels	382 564	10,5	106,8	21 123	1,9	108,9	403 687	8,5	106,9
Holiday houses	197 316	5,4	91,5	28 322	2,6	121,9	225 638	4,8	94,5
Camping sites	38 146	1,0	99,9	35 023	3,2	84,1	73 169	1,5	91,7
North Hungary	3 647 251	100,0	114,2	1 085 810	100,0	119,5	4 733 061	100,0	115,4
Country total	757 000 000	-	115,2	69 486 000	-	110,4	99 243 000	-	111,8

Source: CSO

Table 20: Demographic indices

Micro-region, county, region	Number of inhabitants at year-end 2004	Density of population 2004	Natural reproduction		Migration difference	
			2000	2004	2000	2004
Abaúj-Hegyköz	15 558	35	-45	-78	-202	-47
Bodrogek	18 384	46	-53	-116	-81	-97
Edelény	36 299	49	-13	-41	-159	-246

Encs	24 251	54	-31	-38	-51	3
Kazincbarcika	64 077	127	-124	-227	-473	-440
Mezőcsát	15 048	40	-6	-68	-49	-73
Mezőkövesd	44 565	66	-376	-402	217	-21
Miskolc	274 840	273	-627	-928	-1 259	-1 302
Ózd	74 283	135	-188	-246	-131	-727
Sárospatak	27 146	57	-106	-232	-194	8
Sátoraljaújhely	24 632	79	-104	-176	-226	-210
Szerencs	45 006	90	-51	-113	-45	-238
Szikszo	19 586	65	17	-28	124	-23
Tiszaújváros	33 616	131	0	-36	17	-168
Tokaj	14 563	57	-99	-160	125	-36
Borsod-A.-Z. total	731 854	101	-1 806	-2 889	-2 387	-3 617
Bélapátfalva	13 739	53	-100	-147	109	86
Eger	79 484	184	-184	-263	-299	124
Füzesabony	38 040	57	-192	-140	255	32
Gyöngyös	77 773	104	-347	-355	126	73
Hatvan	53 952	153	-269	-304	382	-63
Heves	36 481	52	-117	-72	114	-97
Pétervására	23 287	49	-259	-244	-21	4
Heves total	322 756	89	-1 468	-1 525	666	159
Balassagyarmat	42 581	80	-250	-281	185	54
Bátonyterenye	26 319	96	-185	-160	-13	-92
Pásztó	33 641	61	-194	-263	19	-159
Rétság	25 795	59	-119	-100	131	12
Salgótarján	68 070	143	-392	-345	-81	-282
Szécsény	20 095	72	-59	-121	78	-60
Nógrád total	216 501	85	-1 199	-1 270	319	-527
Régió total	1271111	95	-4 473	-5 684	-1 402	-3 985

Source: CSO, Eurostat

Table 21: Number of population per gender and changes in the rate of the elderly

County, region	Population 2004		Rate of people aged 60 and over of the permanent population, 31 Dec., %	
	Male	Female	2000	2004
Borsod-A.-Z. total	348 437	383 417	19,1	19,8
Heves total	151 975	170 781	21,6	22,3
Nógrád total	103 309	113 192	21,0	21,9
Régió total	603 721	667 390	20,0	20,8

Source: CSO

Table 22: Average age and average life expectancy at birth, by sex

County, region	Male			Female		
	life expectancy	average age		life expectancy	average age	
	2000	2004		2000	2004	
Borsod-Abaúj-Zemplén	65,67	66,34	36,7	74,72	75,29	41,1
Heves	67,33	68,20	38,3	76,68	77,06	42,9
Nógrád	66,26	67,19	38,3	74,95	75,60	42,8
North Hungary	66,20	66,97	37,4	75,25	75,80	41,8
Country total	67,11	68,59	37,9	75,59	76,91	42,0

Source: CSO

Table 24: Number and earnings of the employed, 2004

County, region	Total	Of which: full time		Monthly gross earnings	Monthly net earnings
		blue collar	white collar		
		workers			
Borsod-Abaúj-Zemplén	159 185	85 008	62 826	123 019	82 585
Heves	73 987	40 329	28 162	127 884	84 791
Nógrád	41 636	22 280	16 532	119 248	80 888
North Hungary	274 808	147 617	107 520	123 751	82 919
Country total	2 766 118	1 382 813	1 179 964	145 059	93 168

Source: CSO

Table 26: Key data of the registered unemployed

Micro-region, county, region	Rate of the unemployed, %a)	Rate of the permanently unemployed (over 180 da ys) ,%a)		Rate of the permanently unemployed (over 180 days) within the unemployed,%		White collar workers'	Career starters	
						rate within the unemployed,%		
	20 Dec 2004	20 Dec 1996	20 Dec 2004	20 Dec 1996	20 Dec 2004	20 Dec 1996	20 Dec 2004	
Abaúj-Hegyköz	24,1	14,7	14,2	67,3	58,9	7,1	7,6	10,9
Bodrogköz	19,5	8,8	9,9	55,2	50,6	5,5	4,9	9,3
Edelény	19,4	10,7	11,7	62,9	60,2	7,2	6,7	12,8
Encs	20,1	10,5	11,6	64,9	57,7	7,8	7,3	12,9
Kazincbarcika	12,4	7,2	7	60,9	56,4	13	13,5	10,8
Mezőcsát	17,1	11,3	10,7	71,8	62,4	7,5	5,8	8,2
Mezőkövesd	7,2	4,5	3,5	49,9	48,7	15,8	16,6	11,8
Miskolc	8,6	6,6	4,8	62	56,3	19,6	19,6	8,8
Ózd	13,5	8	7,5	54,8	55,3	10,4	11,1	8,9
Sárospatak	14,1	6,4	7,6	43,4	54,3	15,8	12,7	7,7
Sátoraljaújhely	11,5	6,1	6,5	58,2	56,5	14	15	9,5
Szerencs	16,1	8,8	9,6	60,1	59,7	11,4	11,8	11,9
Szikszó	18,4	9,7	10,9	58,7	59,3	9	8	12
Tiszaújváro s	7,5	4,4	3,7	54,9	48,8	12,3	15,4	8,2
Tokaj	15,8	8	9	51	56,8	12,3	13,8	8,3
Borsod-A.-Z. total	12,1	7,4	6,8	59,3	56,5	13,7	13,1	10
Bélapátfalva	9,1	6,6	4,2	64,4	45,5	9	11	6,7
Eger	5,1	4,1	2	58,5	39,2	26,1	26,4	10,4
Füzesabony	8,9	5,3	4,2	53,5	47,5	13	9,7	8,8
Gyöngyös	5,5	4,6	2,5	60,4	45	17,8	17,8	9,1
Hatvan	4,9	3,8	1,9	49,9	39,2	14,4	17,5	5,7
Heves	13,1	7,6	7,8	56,3	59,4	9,2	7,7	5,5
Pétervására	11	6,4	5,2	57,5	47,6	10,2	11,1	6,6
Heves total	7,1	4,9	3,3	56,8	46,9	15,9	15	7,8
Balassagyarmat	6,7	5,2	3,1	55,9	46,7	14,5	16,1	8,2
Bátonyterenye	13,3	8,8	7,2	61,6	54,6	10,3	9,3	6,3
Pásztó	8,4	5,2	4,1	54,9	48,6	11,1	12,9	7,4
Rétság	6,2	5,1	2,4	51,7	39	12,9	15,9	9,2
Salgótarján	13,2	7,6	8,1	58,8	60,9	16,1	13,9	9
Szécsény	12	6,6	5,9	51,9	49,5	7,1	9,3	9,4
Nógrád total	10,2	6,5	5,5	56,9	53,7	13,1	13	8,3
Country total								
eurostat								

Source: county labour centres

Table 27: Unemployment, unemployment benefit, regular social aid, and employment programs 2004.

County, region	Registered unemployed persons	Of which: career starter	Closing number of persons receiving unemployment benefit		Persons entitled to regular social aid a)	Supported with active instrument
			Total	Of which: female		
Borsod-Abaúj-Zemplén	57 093	5 711	10 433	4 072	30 755	9 672
Heves	14 585	1 138	4 073	1 942	5 577	3 618
Nógrád	14 121	1 178	3 325	1 440	5 468	2 483
North Hungary	85 799	8 027	17 831	7 454	41 800	15 773
Country total	400 597	35 250	119 534	56 849	129 029	71 063

Source: CSO

Table 28: Level of schooling of the population in the relevant age group as of 1 Feb 2001

County/region	Aged 10-X years not having completed the first year of elementary school	Aged 15-X years, having completed min. the 8th year of elementary school	Aged 18-X years, with min. secondary school final examination	Aged 25-X years, with university, college, etc. diploma
	Percentage			
Borsod-Abaúj-Zemplén	0,9	86,8	34,0	9,5
Heves	0,7	85,6	33,4	9,9
Nógrád	0,9	85,0	30,0	7,8
North Hungary	0,8	86,2	33,2	9,3
Country total	0,7	88,8	38,2	12,6

a) Relevant age group in percentage.

Source: CSO,

Table 32: Health care services, 2004.

County, region	Number of family doctors	Number of family paediatricians	Inhabitants per family doctor and family paediatrician	Outpatient medical treatments per 100 inhabitants ^{a)}	Active hospital beds+	
					total	per 10 000 inhabitants
Borsod-Abaúj-Zemplén	361	104	1 574	1 937	5 350	73
Heves	155	38	1 672	2 238	2 560	79
Nógrád	109	24	1 628	1 504	1 605	74
North Hungary	625	166	1 607	1 939	9 515	75
COUNTRY TOTAL	5 046	1 577	1 525	2 015	79 605	79

Source: CSO

Table 33: Social services, 2004.

County, region	Basic and day-care services			Persons having NHS card	Annual average number of persons receiving regular social aid from municipalities
	capacity of day-care clubs for the elderly	Persons receiving social services meals	Persons receiving assistance at home		
Borsod-Abaúj-Zemplén	3 818	11 723	4 435	40 892	32 890
Heves	1 314	4 415	1 842	15 736	6 034
Nógrád	1 115	2 721	1 261	12 617	5 922
North Hungary	6 247	18 859	7 538	69 245	44 846
COUNTRY TOTAL	39 705	104 510	43 542	523 012	144 853

Source: CSO

Table 34: Key data of housing services 2004.

County, region	Number of flats	Inhabitants per 100 flats at year-end	Built flats			Flats ceased per 100 built flats	Flats built in 2000-2004 in % of stock of flats in 2004
			Number	Of which: with 4 or more rooms, %	per 10 000 inhabitants		
Borsod-A.-Z.	282 395	259	1 240	34,1	16,9	17,6	1,9
Heves	131 698	245	777	45,8	24	23,8	2,7
Nógrád	89 001	243	391	35,8	18	21,5	1,9
North Hungary	503094	253	2408	115,7			

Source: CSO

Table 35: Distribution of flats and inhabited holiday cottages by year of construction, 1 February 2001

Micro-region	Before 1945	Between 1945-1969	Between 1970-1979	Between 1980-1989	percentage
					1990 and later
Kazincbarcika	13,6	44,4	22,2	16,7	3,2
Miskolc	13,7	32,2	29,3	18,8	6,0
Ózd	24,6	41,3	19,0	12,1	3,0
Tiszaújváros	9,6	33,4	32,1	16,1	8,7
Borsod-Abaúj-Zemplén County	20,7	33,3	23,0	16,7	6,2
Bélapátfalva	27,4	44,7	13,2	10,6	4,1
Eger	14,6	24,5	28,9	22,8	9,3
Hatvan	23,1	39,7	18,4	14,7	4,0
Pétervására	26,8	42,1	14,3	12,9	4,0
Heves County	22,3	33,7	20,8	16,7	6,5
Bátonyterenye	26,1	42,4	14,7	14,1	2,7
Pásztó	24,4	39,7	17,3	13,8	4,8
Salgótarján	21,4	38,6	21,4	15,2	3,4
Szécsény	23,6	41,2	16,9	13,0	5,3
Nógrád County	23,9	38,1	19,5	14,3	4,2
North Hungary	21,7	34,3	21,8	16,3	6,0
Country total	26,5	26,2	22,3	17,7	7,4

Source: CSO

Table 38: Commitments of regional development decentralised financial means (in Million HUF at current prices)

Year	Title of support	support amount (million HUF)				investment (million HUF)			
		Nógrád county	Heves County	B.-A.-Z.	North Hungary	Nógrád county	Heves County	B.-A.-Z.	North Hungary
2000	domestic decentralised	1 043,85	833,51	3 544,00	5 421,36	12 122,26	8 031,00	11 356,00	31 509,26
	Phare dec	277,00	785,00	1 241,00	2 303,00	372,00	1 051,00	1 984,00	3 407,00
	ROP	0	0	0	0,00	0	0	0	0,00
	Total	1 320,85	1 618,51	4 785,00	7 724,36	12 494,26	9 082,00	13 340,00	34 916,26
2001	domestic decentralised	1 503,31	919,33	2 660,00	5 082,64	18 675,71	4 809,00	6 039,00	29 523,71
	Phare dec	0	0	0	0,00	0	0	0	0,00
	ROP	0	0	0	0,00	0	0	0	0,00
	Total	1 503,31	919,33	2 660,00	5 082,64	18 675,71	4 809,00	6 039,00	29 523,71
2002	domestic decentralised	1 234,95	1 110,36	2 933,00	5 278,31	8 801,38	3 376,00	8 787,00	20 964,38
	Phare dec	14,96	83,98	478,09	577,04	17,29	93,35	545,39	656,02
	ROP	0	0	0	0,00	0	0	0	0,00
	Total	1 249,91	1 194,34	3 411,09	5 855,34	8 818,67	3 469,35	9 332,39	21 620,40
2003	domestic decentralised	1 980,91	1 483,11	4 650,01	8 114,03	10 771,55	4 581,00	17 131,66	32 484,21
	Phare dec	118,40	323,35	817,05	1 258,80	131,67	477,86	2 039,39	2 648,92
	ROP	0	0	0	0,00	0	0	0	0,00
	Total	2 099,31	1 806,46	5 467,06	9 372,83	10 903,22	5 058,86	19 171,05	35 133,13
2004	domestic decentralised	1 179,61	1 174,18	3 322,46	5 676,25	2 515,75	2 973,00	15 053,30	20 542,05
	Phare dec	2 311,18	1 492,19	3 654,26	7 457,64	2 576,44	1 672,33	4 183,49	8 432,26
	ROP	3 949,00	3 134,00	5 936,00	13 019,00	4 329,00	4 339,00	7 008,00	15 676,00
	Total	7 439,79	5 800,37	12 912,72	26 152,88	9 421,19	8 984,33	26 244,79	44 650,31
2005	domestic decentralised	1 066,46	1 425,23	4 358,50	6 850,19	5 960,00	7 825,00	17 870,00	31 655,00
	Phare dec	205,00	0,00	769,48	974,48	230,18	0,00	858,92	1 089,10
	ROP	2 578,00	695,00	4 583,00	7 856,00	2 813,00	754,00	4 786,00	8 353,00
	Total	3 849,46	2 120,23	9 710,98	15 680,67	9 003,18	8 579,00	23 514,92	41 097,10
Total	domestic decentralised	8 009,07	6 945,72	21 467,97	36 422,76	58 846,65	31 595,00	76 236,96	166 678,61

North Hungary Operational Programme

	Phare dec	2 926,55	2 684,53	6 959,88	12 570,96	3 327,57	3 294,54	9 611,19	16 233,31
	ROP	6 527,00	3 829,00	10 519,00	20 875,00	7 142,00	5 093,00	11 794,00	24 029,00
	Total	17 462,62	13 459,25	38 946,85	69 868,72	69 316,22	39 982,54	97 642,15	206 940,91

ⁱ (1: health tourism, 2: heritage tourism, including cultural tourism (in particular: world heritage sites), national parks and wine tourism (listing only the ones relevant for our purposes) and 3) conference tourism)