

# **HUNGARY-SERBIA IPA CROSS-BORDER CO-OPERATION PROGRAMME**

***PROGRAMMING DOCUMENT  
FOR THE PROGRAMMING PERIOD 2007-2013***

***CCI: 2007 CB16 IPO 004***

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**FINAL**

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## 1 INTRODUCTION

### 1.1 Hungary-Serbia IPA Cross-border Co-operation Programme

The Hungary-Serbia IPA Cross-border Co-operation Programme will be implemented within the 2007-2013 European Union financial framework. This strategic document is based on a joint planning effort between the Serbian and Hungarian sides, and is aimed at establishing a framework for the activities which would lead to stronger socio-economic co-operation and an improvement of the quality of life in the region.

The Hungary-Serbia IPA Cross-border Co-operation Programme will be in operation between 2007 and 2013 as an IPA Programme (Instrument for Pre-accession Assistance). According to the Council Regulation No. 1085/2006 and Commission Regulation (EC) 718/2007 of 12 June 2007 implementing Council Regulation 1085/2006, this new instrument for pre-accession assistance serves as a financial source both for candidate (Croatia, Turkey, FYR of Macedonia) and potential candidate countries (Serbia, Albania, Bosnia-Herzegovina, Montenegro) in the budgetary period 2007-2013. Assistance will be used to support both the adoption and implementation of the *acquis communautaire* and the preparation for the implementation and management of the Community's common policies.

The assistance is implemented through five components which are the following:

- (a) Transition Assistance and Institution Building;
- (b) Cross-border Co-operation (CBC);
- (c) Regional Development;
- (d) Human Resources Development;
- (e) Rural Development.

The CBC component has the objective of promoting good neighbourly relations, fostering stability, security and prosperity in the mutual interest of all countries concerned, and of encouraging their harmonic, balanced and sustainable development. Serbia is going to co-operate among others with Hungary within a framework of a common programme based on a joint institutional background. Both countries lay down their strategic development priorities in a joint Programming Document. Calls for Proposals will be available to non-profit organisations of both countries. Common financial resources available in the Programme will be used within the framework of an open call system. Implementation of the Programme will be carried out in a joint structure through common projects and joint decision making.

The Calls for Proposals issued and the projects implemented under the 2004-2006 Programme have set the basis for further successful development of co-operation in the area.

### 1.2 Eligible area

On the Serbian side, the eligible area covers the Autonomous Province of Vojvodina<sup>1</sup> (21 506 km<sup>2</sup>), an administrative unit of the Republic of Serbia.

Following discussions between the Commission and the programme partners it was concluded that formally the NUTS level III equivalent regions (Zapadno-backi, Severno-backi, Severno-banatski, Juzno-Backi, Srednje-banatski) listed in the Multi-annual Indicative Planning Document for the Republic of Serbia 2007-2009 would be eligible; and South Banat and Srem could be included as *adjacent regions* in line with the 20% flexibility rule (Article 97

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<sup>1</sup> Two NUTS level III equivalent areas of the Autonomous Province of Vojvodina (South Banat and Srem) were excluded from the eligible area of the Programme defined in the final version of the MIPD.

of Commission Regulation (EC) 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006) for the following reasons:

In the 2004-2006 period the whole territory of Vojvodina was eligible in the frame of the Hungary – Serbia Neighbourhood Programme as it was the **only administrative territorial unit** between the local (municipality) and national level. The evolving co-operation networks between the programme's target groups as well as important regional development concepts along the Danube River had been established in the entire territory of Vojvodina. There was considerable interest from the two regions in question to launch bilateral co-operation activities which are to be further promoted in the current period by both partner states.

Furthermore, from a pure technical point of view, it would be practically impossible to conduct the programming exercise as well as to monitor the implementation and measure the impact of operations of the Hungary-Serbia IPA Cross-border Co-operation Programme 2007-2013 since no data is available at district level.

On the Hungarian side the eligible area covers the counties of Csongrád (4 263 km<sup>2</sup>) and Bács-Kiskun (8 445 km<sup>2</sup>). These administrative units are on the NUTS III level according to the EUROSTAT classification.

### **1.3 General features**

The eligible area lies at the southernmost part of the Republic of Hungary and the northernmost edge of the Republic of Serbia. The landscape is characterised by the Great Plains region in terms of its topography and is connected by the rivers Danube and Tisa.

There are traditional, historic links between the two countries and the people living in the border region. There is a Hungarian minority in the territory of the Republic of Serbia and a Serbian minority in the territory of the Republic of Hungary. These minorities connect the two nations. There are also a number of other minorities such as Roma Croats, Slovaks, Ruthenes, etc. in the eligible region. In recent years, except for minor conflicts, the relationship between the different ethnic groups has been peaceful and tolerant. Political and economic relations between the two countries are stable and developing in a progressive way.

Due to the geographical separation of the Communist Block, the border strip between Hungary and the present Republic of Serbia was scarcely developed and communication between individuals was limited due to the severe control of movement of people on the Hungarian side.

Road and railway connections were left bad condition and neighbouring communities were not able to have smooth and regular connections. This situation affected everyday relations along the border area.

Co-operation mainly existed between large state-owned companies. In the former Socialist Federal Republic of Yugoslavia, the Hungarian minority within the Republic of Serbia enjoyed significant autonomy, having schools teaching in native language, newspapers, theatres etc. With the development of a democratic multiparty political system, the Hungarian minority became politically organised in several parties, with representation in the Serbian Parliament.



Map 1 Eligible area of Hungarian-Serbian CBC

After the fall of communism, relations between Hungary and Serbia improved. Border crossings were modernised and communication eased up. During the conflicts in the former Socialist Federal Republic of Yugoslavia the economic development of Vojvodina was strongly affected by the adverse political and economic trends. Both sides of the border were affected by transition crises, most clearly visible in the drop of output and in the rise of unemployment. Regional disparities increased and some of the micro-regions along the common border became particularly underdeveloped.

Unfortunately, the Serbian-Hungarian border has still relatively strict control due to the implementation on Schengen visa and respective border control regime. With a prospect of Hungary becoming a part of Schengen border and visa regime will have strong impact on the movement of people and goods on Hungarian – Serbian border and might influence implementation of projects applied on this Programme.

### 1.4 Experience of the previous programmes

Cross-border co-operation between Hungary and Serbia started in 2003 in the framework of the Hungary-Serbia Pilot Small Projects Fund (PSPF) under the Hungarian National Phare Programme. The PSPF aimed at supporting people-to-people actions and at facilitating institution building projects of non-profit organisations along the Hungarian-Serbian border, as well as preparing potential applicants for future INTERREG funding opportunities. Altogether 18 projects were implemented in the value of 631 328 EUR.

The Neighbourhood Programme Hungary-Serbia and Montenegro 2004-2006 within the framework of the trilateral Hungary-Romania and Hungary-Serbia and Montenegro Cross-border Co-operation Programme was prepared in 2004 in close partnership with relevant authorities in Serbia.

The Neighbourhood Approach meant a significant development in co-operation along the external borders of the European Union, incorporating external (CARDS) and internal (ERDF) EU financial instruments in the programme. A major step forward for the partner organisations from Serbia was that in this case the funds were opened to them as well, making them applicants in their own right (whereas the Pilot Small Projects Fund only allowed for co-operation-type projects with funding only on the Hungarian side).

The Neighbourhood Programme comprised two priorities: strengthening the spatial, physical and infrastructural integrity of the cross-border area and promotion of co-operation initiatives in order to facilitate the integration of markets and to enhance coherence between local societies. The Calls for project proposals were launched for all measures under the two priorities, these were the following:

- Measure 1.1 – Improving cross-border infrastructure
- Measure 1.2 – Addressing common challenges in the field of environmental protection and flood prevention
- Measure 2.1 – Development of business infrastructure and joint business services
- Measure 2.2 – Support of co-operation of enterprises
- Measure 2.3 – Encouraging co-operation between institutions and communities
- Measure 2.4 – Promotion of co-operation in the field of RTD and human resource development

The first Call for project proposals was launched in February 2005. The amount available under the call was 5 000 000 EUR in Hungary and 2 000 000 EUR in Serbia. In total 115 applications (37 of which were joint) were submitted by Hungarian lead applicants and 79 proposals by Serbian lead applicants (including 15 joint projects), requesting support in a total amount of 43.2 million EUR. As a result of the Joint Monitoring Committee's decision, approx. 75% of the total allocation (ERDF) was contracted (7.7 million EUR).

Altogether 30 projects (including 6 joint ones) are being implemented with partners involved from both Hungary and Serbia.

It can be concluded that approximately 80 per cent of the applications submitted under the 1<sup>st</sup> Call for proposals went through the technical and financial evaluation process, that is, one fifth of the applications was disqualified due to formal and eligibility-related deficiencies, a problem particularly noticeable in the case of applications in Measures 1.1 and 2.4. Approximately 6.5 times more subsidies were requested than the available funding source, although this figure is only relevant to applications submitted for ERDF-financed projects in Hungary. On the average, 22% of all applications received support.

There was an especially high demand for activities under Measures 2.4, 2.1 and 2.2 which all directly serve Objective 3 of the programme: "To reinforce economic connections between the border regions in order to boost sustainable economic development building on joint strengths."

The second most popular measure was the one which formerly functioned as a "micro-projects fund", contributing to Objective 4: "To develop social and cultural coherence among people and communities". It was followed by the measures aiming at developing infrastructure in the border region and co-operation schemes in environmental protection and flood prevention.

In Serbia and Montenegro, the entire sum of CARDS funds allocated to the first Call was fully exploited. The Joint Steering Committee found applications for Measures 2.3, 2.4 and 2.1 the most worthy of support and the amounts granted were the highest in these categories.



The following table sums up the Hungarian-Serbian joint projects subsidised from the funds allocated to the first Call – these projects represent the highest level of co-operation, ensuring funding on both sides of the border:

<b>Project title</b>	<b>Applicant and partners</b>	<b>Project summary</b>
<b>Encouragement of the Hungarian-Serbian Contractor and Institute Co-operation in the Region of Bácska</b>	<ul style="list-style-type: none"> <li>- Local Government of Rőszke</li> <li>- Municipality of Kanjiža</li> </ul>	In order to boost the economic and commercial co-operation in the region of Bácska (setting up a conference and training centre in Rőszke and education room in Kanjiža) the project aims at preparing ventures along the border for the funding opportunities offered by the EU and at utilizing advantages as a result of a joint cross-border co-operation.
<b>INOCOOPESS Innovative Cross – Border Co-operation of Economics Subotica - Szeged</b>	<ul style="list-style-type: none"> <li>- Regional Center for the Development of Small and Medium Enterprises and Entrepreneurship, Subotica</li> <li>- South Great Plain Regional Development Agency, Szeged</li> </ul>	The project aims at facilitating the establishment of business connections between regional and SME development organisations by means of mutual visits, by elaborating a common strategy and action plan and by setting up a common cross-border information database of enterprises. As a result, new enterprises could be evolved on both sides of the border with proper knowledge of local Regulations, export-import specialities, privatisation steps and available financial opportunities involving sources from local and regional institutions.
<b>Establishment of groups of thematic tourist routes in the DKMT Euroregion</b>	<ul style="list-style-type: none"> <li>- DKMT Danube-Kris-Mures-Tisa Euroregional Development Agency Public Utility Company</li> <li>- Executive Council of the Autonomous Province of Vojvodina</li> <li>- Society of Southern Lowland Spas</li> </ul>	The project addresses the fundamental weakness of the Euroregion which is the lack of reputation of its tourist attractions by establishing thematic tourist routes in order to draw attention to certain places of interest. The development of demand-oriented tourist product packages and the involvement of SME-s of the border area in marketing offer additional advantages to the border region both on local and external markets. Parallely, the project aims at improving the infrastructural background to ensure adequate conditions in line with the requirements of modern tourism.
<b>Two European Zoos Enhancing Education and Environmental Protection</b>	<ul style="list-style-type: none"> <li>- Municipality of Szeged</li> <li>- Zoo Palic</li> <li>- Zoo Szeged</li> <li>- Primary School „Béke Utca”</li> <li>- Primary School „Arany János”</li> <li>- Primary School „Ivan Milutinovic”</li> <li>- Primary School „Majsanski Put”</li> <li>- Primary School „Miroslav Antic”</li> </ul>	The project aims at environmental awareness-raising of primary school pupils in order to improve their knowledge about basic natural sciences using zoopedagogic methods. In the framework of the project, newly built, reconstructed and equipped educational facilities will provide the necessary conditions to educate a significant number of pupils at different locations as well as to carry out plenty of zoopedagogical activities (e.g. holding conferences on education, biological sciences and on environmental protection, organising summer camps, issuing bilingual publications and curricula etc.) in both regions.
<b>ERIC – Euroregional Information Centre</b>	<ul style="list-style-type: none"> <li>- DKMT Danube-Kris-Mures-Tisa Euroregional Development Agency Public Utility Company</li> <li>- Executive Council of Autonomous Province of Vojvodina</li> <li>- Szeged Regional Media and Art Foundation</li> </ul>	The project aims at establishing a multi-lingual Information Centre (ERIC) of the DKMT Euroregion in order to encourage effective and long-term cross-border co-operation by making information of primary importance public in a wide circle. The services of ERIC will strengthen economic co-operation and facilitate cross-border activates through information and knowledge transfer by publishing news in local and regional media (including electronic press, radio and television), as well as conducting activities of a news agency and providing multilingual multimedia services.
<b>Rehabilitation and Development of Human Resources on the Integrated Serbian-Hungarian Labour-market</b>	<ul style="list-style-type: none"> <li>- Municipality of Bácsalmás</li> <li>- Autonomous Province of Vojvodina, Secretariat for Labour, Employment and Gender Equality</li> </ul>	The project aims at setting up a planned system for human resources development in order to provide higher access to the labour market for unemployed persons with disabilities such as low education degree and the lack of information and common concepts. Due to the proximity of the regions of Bácsalmás and Novi Sad facing similar concerns, common support of human resources development and thus improving the socio-economic position of the area could be best achieved by cross-border co-operation.

The experience gained from the first round of applications was also built into the relevant documentation of the 2<sup>nd</sup> CfP, in order to make the technical evaluation more effective and coordinated between the two sides and to simplify the requirements, besides providing a more user friendly application package. The most common mistakes made by the applicants could be eliminated by formulating certain rules more definitely and clearly.

The second Call for proposals was launched in August 2006. The indicative amount available in Hungary was 23 million EUR (including national co-financing) and 2 million EUR from CARDS for Serbia. A total of 181 project proposals were submitted until the deadline, including 57 joint projects. Altogether 34 projects (including 10 joint ones) are to be contracted by the Managing Authority and the European Agency for Reconstruction, respectively.

The comparison of the two Calls of the Neighbourhood Programme indicates in general that the circle of potential and actual applicants did not change significantly for the 2<sup>nd</sup> Call. Also, the project owners who had been awarded a subsidy often went on to create new projects for the second call. Administratively and content-wise however, a tendency of slight deterioration could be observed, and several deficiencies (mostly affecting administrative and eligibility issues) repeatedly turned up in applications of the second call for proposals. However, a higher number of selected proposals (almost one-third of the supported projects) were joint ones showing that the level of co-operation between the two sides was increasing.

It can be concluded, that the experience gained by the applicant organisations during the implementation of cross-border projects and the newly acquired skills of those awarded a subsidy will contribute to developing good-quality co-operation projects with cross-border impact also in the period of 2007 to 2013.

## 1.5 The planning and partnership processes

The partnership process of the planning period was characterised by an inclusive attitude towards social and economic partners. Consultations took the form of partnership workshops, one-to-one meetings, e-mail and telephone exchanges, as well as the incorporation of written recommendations. A table summarising the different social and economic partners consulted can be found in Annex 1.

The bottom-up approach was strengthened by the active participation of the eligible area's local and territorial stakeholders, municipalities and microregions, civil organisations, educational institutions, chambers and other entities. In this respect, the importance of the **partnership workshop** held with the participation of 40 people in Baja, Hungary, on the 28<sup>th</sup> of June 2006 and one held on the 13<sup>th</sup> July 2006 in Novi Sad, Serbia, has to be underlined.

The actual preparation of the Hungary-Serbia IPA Cross-border Programme took its initial steps by organising a '**kick-off meeting**' with the participation of the National Development Agency (Interreg Managing Authority), VÁTI Interreg Directorate (JTS) and the Ministry of International Economic Relations of the Republic of Serbia (PCMU) held on the 30<sup>th</sup> of March 2006 in Subotica, Serbia. The participants discussed the strategic framework of the future Programme and the work plan of the programming process as well as main institutional and financial aspects.

The **first meeting of the bilateral Task Force** took place on the 12<sup>th</sup> of May 2006 in order to prepare the programming process at a technical level and to discuss the planning concept (especially with regard to the eligible programme area, the elaboration of the situation analysis and the SWOT, the responsibilities, the time schedule etc.). The members of the Task Force (TF) represented the local administrative units in the eligible area (NUTS III regions or equivalent), as well as the national authorities. The programming Task Force was comprised of the Interreg Managing Authority, VÁTI Interreg Directorate and the representatives of the two counties of the eligible programme area from Hungary, and of the Ministry of International Economic Relations, delegates from three other relevant ministries (Agriculture, Economy and Ministry of Interior) together with local actors (Executive Council of AP Vojvodina and Standing Conference of Towns and Municipalities) from the Republic of Serbia. These entities were actively involved in shaping the Programme.

Starting from May 2006 the drafting of the HU-SRB CBC Programme was led by VÁTI's Strategic Planning and Evaluation Directorate<sup>2</sup> with an active involvement of experts from Serbia (e.g. a Serbian SWOT analysis was carried out including 33 interviews in total), co-ordinated by the Task Force.

An indicative draft Programme Document, containing the situation analysis of the border region, the SWOT analysis and the preliminary set of interventions was prepared as early as June 2006 to be discussed at a regional workshop. The programming workshop aimed at getting acquainted with the opinion and experience of the main local actors of the eligible programme area in order to ensure a wider social consensus regarding the priorities to be set.

The results of the workshop were incorporated into the draft Programme and were discussed in detail at the **second TF meeting** on the 17<sup>th</sup> of July 2006 in Subotica. An analysis focused on municipalities in Vojvodina along the border region, based on interviews carried out by the Serbian authorities, was also presented at the meeting.

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<sup>2</sup> Since 1<sup>st</sup> of January 2007 new appellation is Spatial Policy and Information Services Directorate

Moreover, various proposals with regard to the draft strategy were discussed in detail, as well as the main issues of implementation structures, and finally, the lead partner principle was also on the agenda.

Further progress was made at the **third TF meeting** on the 6<sup>th</sup> of September 2006 where the Serbian side gave detailed comments regarding the strategy and the priorities of the Programme.

The members concluded that the situation analysis and the SWOT analysis are to be re-considered by proposing some clarifications and recommendations. Furthermore, the first draft of the implementation chapter was introduced briefly.

The **fourth Task Force meeting** on the 19<sup>th</sup> of January 2007 in Szeged took place after ex-ante evaluators had compiled their comments on the draft Programme Document and have had discussions with the planners. In line with the recommendations of the ex-ante experts, the Task Force members agreed on and unanimously approved the final structure of priorities by regrouping and reformulating some of the intervention areas in order to reinforce the coherence of the strategy.

At the **fifth meeting** on the 9<sup>th</sup> of March 2007 the TF members and the experts finalized the strategy by discussing each of the intervention areas as well as related potential activities in details thus also substantiating the financial planning of the Programme at priority level. Furthermore, the 2<sup>nd</sup> draft of the Strategic Environmental Assessment of the Programme was shortly presented.

The **last Task Force meeting** on the 10<sup>th</sup> of April 2007 in Subotica took place after ex-ante evaluators had compiled the final report. The TF members made a decision on the indicative distribution of funds between priorities on the basis of a background table containing estimated average project sizes as well as the number of projects expected to be financed in a 7-year period. Following a thorough discussion on indicators the TF proposed some modifications in order to establish a more realistic and measurable indicator-system also emphasizing the implementation modalities. Finally some implementation issues (such as composition of JMCS, financial flows) were clarified.

Meeting	Participants	Incorporated suggestions, conclusions, changes to the Programme Document
1 <sup>st</sup> Task Force meeting 12 <sup>th</sup> of May 2006, Subotica	Members of the Task Force	<ul style="list-style-type: none"> <li>Decision on planning concept: Programme structure, programming process, time schedule.</li> <li>Commitment for establishing a shared management system</li> <li>Defining the eligible area of the Programme</li> </ul>
Workshop for local and regional stakeholders 28 <sup>th</sup> of June 2006, Baja  13 <sup>th</sup> of July 2006, Novi Sad	Representatives of municipalities, microregions, euroregions, educational and research institutions, development agencies, chambers of commerce and industry, water and road management directorates, TF members; planning experts,	<ul style="list-style-type: none"> <li>Extending the strategy and priorities with activities related to the opening of new border crossings and to logistics, especially with regard to agricultural products</li> <li>Including environmental management as a priority into the strategy</li> <li>Completing the situation analysis with the tourist potential of areas along Danube</li> </ul>
2 <sup>nd</sup> Task Force meeting 17 <sup>th</sup> of July 2006, Subotica	Members of the Task Force, planning experts (VATI SPED) Office for European Affairs (SRB); Ministry of Finance of the Republic of Serbia	<ul style="list-style-type: none"> <li>Suggestion that the strategy and priorities should concentrate more on local initiatives</li> <li>Priorities should reflect on and respond to weaknesses to be included in the SWOT (SWOT analysis included 33 interviews in total - 2 agencies for development, 1 county, 10 municipalities and 20 enterprises)</li> <li>Funds should concentrate on real CBC actions</li> <li>Harmonisation of the financial procedures</li> <li>Decision on excluding "strategic key projects" from the Programming Document</li> </ul>

<p>3<sup>rd</sup> Task Force meeting 6<sup>th</sup> of September 2006, Subotica</p>	<p>Members of the Task Force, planning experts (VATI SPED)</p>	<ul style="list-style-type: none"> <li>• Suggestion that health care should be considered as an eligible activity</li> <li>• Revising the possibility of water transport on the Danube due to international Regulations</li> <li>• Reformulate wording "strict visa regime" and "strong border control" into strict border regime</li> <li>• Waste water management capacity to be included as a weakness into SWOT</li> <li>• Reformulating and reorganizing the priority structure: PR1 – Improvement of the existing infrastructure and of the quality of services at border crossings; PR2 – Co-operation in the field of Economic development, Education, Labour market and Environment; PR3 – People-to-people actions</li> </ul>
<p>4<sup>th</sup> Task Force meeting 19<sup>th</sup> of January 2007, Szeged</p>	<p>Members of the Task Force, planning experts (VATI SPED), ex-ante experts (Ex -ANTE Consulting), representative of the European Commission (Regio D1);</p>	<ul style="list-style-type: none"> <li>• The level of specific objectives is missing from the Programme</li> <li>• Suggestion that more justification on economy and co-operation issues should be included in the strategy</li> <li>• Agreement on merging intervention 2.1.4 with 1.2.2 (Co-operation in the field of management of cultural heritage and Development of co-operation in the field of tourism) as well as to merge 2.1.3 Complex cultural co-operation programmes and 2.2 People-to-people actions</li> <li>• Reformulation of bilateral planning into coordinated studies</li> <li>• Decision on a new structure of priorities</li> <li>• SRB MIPD - the eligible territory (Vojvodina) to be clarified;</li> </ul>
<p>5<sup>th</sup> Task Force meeting 9<sup>th</sup> of March 2007, Novi Sad</p>	<p>Members of the Task Force, planning experts (VATI SPED), ex-ante experts, SEA expert;</p>	<ul style="list-style-type: none"> <li>• Eligible area - South Banat and Srem could be included as adjacent regions in line with the 20% flexibility rule</li> <li>• Adding and completing eligible actions (taking into account recommendations and suggestions of Csongrád and Bács-Kiskun Counties sent prior to the meeting)</li> <li>• Agreement on the maximum size of grants for areas of intervention</li> <li>• Merging co-operation in the field of veterinary services with environmental protection (as intervention 1.2.2)</li> <li>• Change the wording of interventions to refer more to their actual content.</li> </ul>
<p>6<sup>th</sup> Task Force meeting 10<sup>th</sup> of April 2007, Subotica</p>	<p>Members of the Task Force, planning experts (VATI SPED)</p>	<ul style="list-style-type: none"> <li>• Fine-tuning of eligible activities</li> <li>• Decision on indicative distribution of funds between priorities</li> <li>• Reformulation of indicators</li> <li>• Clarifying implementation-related issues (financial flows, management structures)</li> </ul>

The planning process and the earlier experiences have shown that joint planning between the two sides had been missing or weak in almost all areas due to the lack of information, different data collection methods and territorial organization. Co-operation in flood protection, veterinary services, transport, education and intermunicipal planning along the common border was based on obsolete models of bilateral contractual arrangements and not on EU-driven integrated processes. However, there has been a firm intention and demand on both sides for closer co-operation by establishing new institutional frameworks for such activities.

The ex-ante evaluation and the strategic environmental assessment of the programme have been carried out by the consortium led by Vital-Pro Consulting Ltd. The main goal set out was to improve the quality of the programme by means of suggestions and proposals elaborated by ex ante evaluators as well as SEA assessors. Both expert groups participated at task force meetings to acquaint the members with the evaluation methods and to develop their programming skills. The evaluators/assessors and planners have been working in close co-operation, the results of which can be found in the relevant reports annexed to the programme document. The reports also describe in detail the work schedule, the participants and the methods used.

## 2 SITUATION ANALYSIS

### 2.1 Demography, spatial distribution and dynamics

#### 2.1.1 Population dynamics

The total population of the eligible border area is slightly more than three million people (2002). These inhabitants are divided in a roughly 2:1 ratio between the Serbian and the Hungarian sides. By 2005 the loss of population in Csongrád County is continued, although in Bács-Kiskun County there has been a slight increase considering 1991 as basic year. Table 1 below indicates negative tendencies and predicts long term population decrease.

	POPULATION	POPULATION	POPULATION	POPULATION CHANGE (100% = 1991)		LIVE BIRTHS	DEATHS	NAURAL INCREASE PER 1000 INHAB.
	(1991)	(2002)	(2005)	(2002)	(2005)	(2005)		
<b>Vojvodina</b>	1 970 195	2 031 992	2 012 916	103.1	102.2	19 058	30 124	-5.50
<b>Csongrád</b>	438 315	433 344	426 576	98.9	97.3	3 931	5 843	-4.48
<b>Bács-Kiskun</b>	543 199	546 517	547 459	100.6	100.8	4 895	7 459	-4.68
<b>Total border region</b>	2 951 709	3 011 783	2 986 951	102.1	101.2	27 884	43 426	-5.20
<b>Hungary</b>	10 381 959	10 076 994	10 143 969	97.1	97.7	96 138	131 530	-3.49
<b>Serbia</b>	7 576 837	7 498 001 <sup>3</sup>	7 440 769	99.0	98.2	72 180	106 771	-4.65

**Table 1** Population dynamics in the eligible region (Source: Statistical Office of Republic of Serbia-SORS., Communication SN31 No 235, Issue LII, December 24, 2002; Hungarian Central Statistical Office-HCSO, TeIR)

The ratio of rural population is quite high, higher than the national averages (HU average is 34.1, Bács-Kiskun= 36.4%, Csongrád = 27.9%; Vojvodina=43.3%). The above figures refer to the population of rural settlements defined by national statistical descriptions.

Looking at demographic change in greater detail, at NUTS IV level there are marked differences between urban and rural micro-regions. This is clearly demonstrated by the ratio of young people in the population, see Annex 2. The Serbian side is in a somewhat more advantageous situation overall. Longer term demographic trends point towards ageing, especially in rural microregions.

Mention must be made of the mixed ethnic composition of the eligible area which could be an advantage in developing a wide range of projects. There are national and ethnic minorities on both sides of the border as the table shows below. On the Hungarian side Roma, Serbians and Romanians can be found in the largest number (the total ratio of all three is below 1%, except for Bács-Kiskun county, where the proportion of Roma is 1.73%). The three biggest minority in Vojvodina is the Hungarian (14.28%), whereas the proportion of Slovaks and Croats is approximately 3%.

<sup>3</sup> Republic of Serbia without Kosovo and Metohia

It must be noted however, that nowadays the level of cultural co-operation between the minority groups of the two sides of the border is relatively weak.

Nationality	Vojvodina		Bács-Kiskun		Csongrád	
	number	%	number	%	number	%
Serbs	1 321 807	65.05	795	0.15	1 177	0.27
Hungarians	290 207	14.28	519 794	95.11	407 251	93.98
Slovaks	56 637	2.79	1 663	0.30	819	0.19
Croats	56 546	2.78	3 215	0.59	262	0.06
Romanians	30 419	1.50	350	0.06	891	0.21
Roma	29 057	1.43	6 763	1.24	3 149	0.73
Others	247319	12.17	13 937	2.55	19 795	4.56
<b>In Total</b>	<b>2 031 992</b>	<b>100.00</b>	<b>546 517</b>	<b>100.00</b>	<b>433 344</b>	<b>100.00</b>

Table 2 Minorities of the eligible area (Source: SORS, 2002 Census; HCSO, 2001 Census)

## 2.1.2 Spatial structure

The two major urban centres in the eligible area are Szeged on the Hungarian side (168 276 inhabitants) and Novi Sad on the Serbian side (215 659). These two regional centres have a wide range of public institutional and infrastructural facilities that make them the focus of economic and social life in the region.

The town of Subotica (99 471) almost rivals the above two cities in size and significance. Although its influence is somewhat more limited, it is clearly the focal point of Northern Vojvodina and a key player in the immediate border area.

There is a strong network of medium size towns – with population figures of over 50 000 – on both sides of the border. This group includes municipalities such as Kecskemét, Zrenjanin, Pancevo and Sombor.

Major towns	Population
Szeged	168 276
Kecskemét	107 752
Hódmezovásárhely	47 663
Baja	37 628
Kiskunfélegyháza	32 054
Novi Sad	215 659
Subotica	99 471
Zrenjanin	79 545
Pancevo	77 087
Sombor	50 950
Kikinda	41 935

Table 3 Number of inhabitants in major cities (Source: HCSO, 2001; and SORS, 2002)

Map 1 in chapter 1.3 illustrates the spatial distribution of the population in the eligible area. Urbanisation is stronger along the Szeged – Novi Sad – Belgrade axis than in the East or West of the eligible area.

The influence of the Serbian capital, Belgrade, can be felt in the Southern part of AP Vojvodina. Clearly, the closeness of the capital has a strong influence on the economy, labour market, education and cultural life of the entire province.

## 2.2 Economy

The Hungarian side of the border is less affluent than the national average, and while absolute numbers have naturally increased, the trend in the last fifteen years has been a further deterioration away from the national average. GDP per capita in Bács-Kiskun was at 66.4% of the national average in 2003, in Csongrád at 76.7%. Average income levels in both counties are more than 10% lower than the national average.

Vojvodina on the other hand, although markedly less developed than the Hungarian side, is the most developed part of the Republic of Serbia, save for the capital, Belgrade. Within Vojvodina, there are differences in the level of economic development. Novi Sad and the Northern part of Vojvodina are more developed than the West and South-East of the Province.

County/Province	Bács-Kiskun	Csongrád	Vojvodina
GDP/capita (EUR)	4 733	5 466	1 795
GDP/capita (in % of national mean)	66.4	76.7	111.0
GDP/capita (in % of EU25 average at PPP)	42.1	48.9	8.25

Table 4 GDP data (HCSO, 2003, EuroStat 2003)

It must be noted that GDP per capita shown in this table does not adequately reflect the level of living standards, wages or infrastructural assets on each side of the border. With regard to the GDP change in Serbia the statement of DACU Report is as follows: "Poverty, especially its extreme forms, was not significantly present in Serbia until the early 1990s. Serbia, as an integral part of the former Socialist Federal Republic of Yugoslavia (SFRY), had a GDP per capita of over USD 3000, with the majority of its citizens enjoying access to education, health care, social welfare and other services. In the economic and social crash of the 1990s, GDP declined dramatically (by approximately 50%), unemployment rates soared, and wages, pensions and other sources of personal income fell considerably. The situation improved in the period 2001-2003, primarily due to the successful initiation of reforms and international support, which resulted in a significant growth of GDP, wages, pensions and other sources of personal income. However, this period was too short to compensate for the gap created during the previous decade." (IMF, 2006). According to the Report, by 2006 Serbia reaches 2 808 EUR per capita.

The number of economic enterprises is an indicator expressing the economic activity of a region. The number of enterprises on the Serbian side (57 362) is significantly lower, almost half of that on the Hungarian side (Bács-Kiskun 53 136, Csongrád 46 069) for a population that is twice as large.

The total number of registered enterprises in Vojvodina is 57 362. The number of registered SME-s is 44,383. 71.9% of registered enterprises are privately owned and the majority of them are SME-s comprising 98.7% of the total number of enterprises, which employ 56.4% of employees, possess 41% of the assets and realize 40.1% of the total revenue and 38.5% of the net profit of the economy of the Autonomous Province of Vojvodina. The largest percentage of registered SME-s in Vojvodina are to be found in the South Backa district, namely in Novi Sad (27.7% of the total number of registered enterprises in Vojvodina), Sremska Mirovica – 24.4%, and in South Banat, namely in Pancevo – 42.2%.

Regarding the field of activity, private-owned SME-s are most dominant in the field of commerce (62.8%), industry and mining (12.2%) and financial and other services (10.9%).



It is necessary to mention that there is an unfavourable proportion between active and registered enterprises (30%) - SMEs (38.2%)<sup>4</sup>. A large percentage of SME-s stop functioning after a while but they are not deleted from the registries. SMEs are significant elements of economic growth in the country and therefore need additional encouragement in order to further develop.

	Size of enterprises (number of employees)					
	0 or unknown	1-9	10-19	20-49	50-249	above 250
Bács-Kiskun	24.8	71.0	2.2	1.2	0.7	0.1
Csongrád	22.3	74.6	1.7	0.9	0.4	0.1
HUNGARY	26.3	69.8	2.1	1.1	0.6	0.1

Table 5 Distribution of enterprises (%) according to their size (Source: HCSO, 2004)

In Vojvodina, there are 32 industrial branches, but only 9 branches participate with 76.1% in the domestic product of industry in 2001. Food industry (including beverage production) plays the most important role in the domestic production in Vojvodina (35.1% of the industrial domestic product in 2001), it is followed by oil and derivatives production (9.8%) and chemical production (7.6%).

The distribution of the economic output in terms of the three basic sectors and subsectors on the Hungarian side is summarised in Annex 5. Unfortunately, the state is the largest employer in this region which reflects the inability of the private sector to provide jobs.

## 2.2.1 Agriculture

Although agriculture has minor significance in the national economy in both sides, due to the traditions, its social importance and spatial structure formulation role (scattered farmsteads in the Great Plain), on Serbian side agriculture and food processing industry have a share of 20% of the GDP which is considerable. The region has excellent quality arable land and a strong tradition of agriculture. Nevertheless, in small farms the agrotechnology (machinery, seed, soil cultivation, pest management etc.) applied is still far from modern, besides, Hungarian farmers still have not started to organise themselves which would be indispensable for being competitive on the market.

Vojvodina accounts for 1.64 million hectares of arable land, out of which 67.2% is in the possession of around 260 000 village estates, while the remaining 32.8% is the property of around 180 agricultural enterprises and farming cooperatives. Csongrád County counts 258 137, Bács-Kiskun has 378 823 hectares of arable land, respectively. From these lands 29.5% (Bács-Kiskun) and 39.2% (Csongrád) are the property of around 180 agricultural enterprises and farming cooperatives, a quite similar ratio as can be observed in Vojvodina.

The agrarian population is around 270 000 people, that is to say around 13% of the total population in Vojvodina. In the Hungarian counties a relatively low proportion of employees are involved in agriculture: 6.9% in Bács-Kiskun and 5.9% in Csongrád (as of the 1st quarter of 2006). The agricultural sector is characterised by outward movement, a less than modern processing industry and great shortage of services in rural areas. The sector in Hungary diminished in size during the transition to a market economy and the capitalisation of the sector is still weak. The average size of farms is small in European comparison.

Animal Health Service is well developed in both countries. But especially in the close border areas the control of epidemic break-outs and the prevention and treatment of certain animal diseases needs common action. As the table from Vojvodina in Annex 11 shows, until 2006 the number of cases of brucellosis, pig plaque and leucosis increased.

<sup>4</sup> Source: Project of the regional development plan of AP Vojvodina

Considering the EU animal health directives that became stricter after the first appearance of mad cow disease and bird flu, trainings, knowledge improvement and information of farmers and vets on both sides are crucial. Although bird flu is nearly impossible to prevent or stop at the borders, some other diseases as rabies can be controlled effectively through common actions with good timing (e.g. the vaccination of wild animals).

### **2.2.2 Industry**

The main industrial branches on the Hungarian side are energy production and construction. However, the energy sector also includes public utilities. In Vojvodina main industries are: food, construction, petrochemical, metal and textile. Comparing the industrial production indices of the first two months of 2006 and 2007 (I-II 2007/I-II 2006), energy presents 96.8%, intermediate goods except energy 104.5, capital goods 76.0% durable consumer goods 156.6% and non durable ones 106.7. Thus the total industrial performance of Vojvodina is 102.4%.<sup>5</sup>

Since the early 80-s industry related to the agriculture – for example food processing and machinery – was the decisive element of the regional economy. But after the changes in the agricultural sector (privatisation, new subsidy structures) its importance declined. By today the role of this branch becomes less significant but potentials (knowledge, research capacity) still exist.

### **2.2.3 Services and tourism**

Although the service sector is the most dominant one in the Hungarian counties, quite a high percentage of this is made up of state financed public services. Unfortunately it is impossible to determine from the statistical sources exactly what ratio this might represent.

Most foreign investment on the Hungarian side of the region has targeted the industrial sector. In Vojvodina, the highest percentage of foreign investment went to the financial sector (49%), to business services (13%) and to the food and beverage industry (10%).

Tourism is an essential sector of economic activity and therefore deserves special attention. The table in Annex 6 summarises the most important facts about tourism in the eligible area. Szeged, Baja and Kecskemét, Novi Sad, Subotica, Sombor and Zrenjanin are main destinations of urban tourism.

Sites like Lake Palic, Ludaš, Szelidi and Búdösszék and national parks Fruška Gora and Kis-Kunság are destinations for nature enthusiasts, whereas rural tourism, especially „salaš” (specialised folkloric sites) attracts increasing number of tourists. Fruška Gora with 16 monasteries also offers possibilities for sightseeing and cultural tourism.

Spa and wellness tourism is significant in the towns of Kanjiža, Rusanda, Vrdnik, Csongrád, Szentes, Mórahalom and Kiskunmajsa.

There are opportunities for developing different kinds of active tourism: e. g. hunting tourism (Karadordevo complex, Karadordevo forest and hunting area), horse riding (Zobnatica forest and stud farm), bird watching, cycling and walking in the nature parks.

The Rivers Danube and Tisa are potentials for river tourism but utilisation is often made difficult by the border status of these areas.

However, despite all the potential for tourism development, the region still remains highly unexploited, with a low number of international tourists visiting the area.

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<sup>5</sup> Source: SORS Communications IN10. Number 70- Issue LVII, 28.03.2007

The figures from Table 6 show dramatically low numbers of tourist nights in Vojvodina for foreigners. And although the two Hungarian counties demonstrate an equal number of foreign overnights there is a significant difference in terms of domestic tourist nights. One of the main drawbacks is the weakness of an explicit regional identity or “tourism brand” that could attract a larger number of visitors, next to the lack of appropriate tourism infrastructure.

	Tourist nights from inland	Tourist nights from abroad	Total tourist nights
	per 1000 inhabitants (2004)		
<b>Bács-Kiskun</b>	446	233	679
<b>Csongrád</b>	682	223	905
<b>Vojvodina</b>	280	58	338

*Table 6 Tourist nights in the eligible area (Source: HCSO, SORS, 2004)*

## 2.3 Labour market

The unemployment rate in Csongrád County at 2006 was 5.9 %, while in the other Hungarian county (Bács-Kiskun) it was 9.5%, significantly higher than the national average (7.5%).

The employment rate in Csongrád (57.6%) is slightly higher and in Bács-Kiskun County (54.2%) lower than the national average 57.3%.

The activity rate in the two Hungarian counties was nearly equal and slightly below the national average (62.0) in 2006 (see Annex 4).

Vojvodina is hit by a quite high unemployment rate of 20.3%. Although the employment rate is slightly lower than that of the Hungarian counties, the activity rate is significantly higher with 65.2 %.

Indicators		Bács-Kiskun	Csongrád	HU	Vojvodina	RS
Unemployment rate (%) <sup>6</sup>	2006	9.5	5.9	7.5	20.3	20.9 <sup>7</sup>
Employment rate (%)		54.2	57.6	57.3	52.0	58.0
Activity rate (%) <sup>8</sup>		59.8	61.2	62.0	65.2	68.0

*Table 7 Employment characteristics of the eligible area (Source: HCSO, SORS, 2006; IMF 2006)*

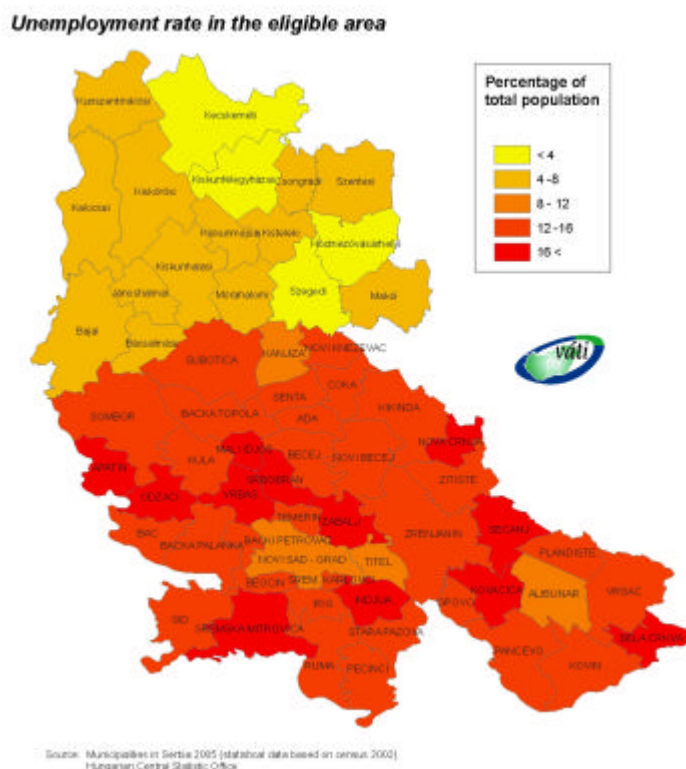
It is important to realise that, on the basis of activity rate, the employment situation on the Hungarian side is not better than in Vojvodina (see Annex 3). The difference in the activity rate compensates the large difference in the unemployment rate. The reason behind these statistics might be the ageing population as well as differences in the age structure in both sides (Annex 4).

On NUTS IV level, there are marked differences within the region, with rural microregions being deeply affected by labour market problems, while more urban ones, especially the large regional centres, are in a more favourable position.

<sup>6</sup> Represents unemployed persons as a percentage of the active population. The active population (labour force) comprises employed and unemployed persons.

<sup>7</sup> Methodology pursuant to the recent recommendations and definitions by the ILO and Eurostat

<sup>8</sup> Represents the labour force as a percentage of the working age population (all persons aged 15-64 years)



**Map 2** Unemployment rate

## 2.4 Education and R&D

### 2.4.1 Education

The University of Szeged is the main higher educational centre in the Hungarian part of the region, with a scope of influence beyond the Southern Great Plain, on the national scale. The University teaches a full range of disciplines. There are smaller higher education institutions in Kecskemét, Baja, Hódmezővásárhely and Kalocsa as well (Annex 8).

The University of Novi Sad is the main higher educational institution on the Vojvodina side. The University consists of 14 campuses, located in Novi Sad (9), Zrenjanin (1), Subotica (3) and Sombor (1). In addition, there are faculty of economics and a faculty of civil engineering as well as a teachers' training faculty in Hungarian in Subotica, the "Mihajlo Pupin" Technical Faculty in Zrenjanin, and a faculty of education in Sombor.

According to data from 2002/2003, most of the first year students are enrolled in technical and bio-technical sciences, then come social, humanities and economic sciences (32%), followed by natural sciences (17%). In 2003/04 this structure remained more or less unchanged.

It must be added that students from the eligible area are enrolled also in universities in other parts of Hungary and Serbia. The University of Belgrade is located right on the Southern border of the eligible territory. On the Hungarian side, both universities in Budapest and Pécs are within reasonable distance and cater for the educational demand of students from the eligible territories.

As for the ratio of the population with a university or high school degree, the eligible area shows a very varied picture in terms of internal geographical distribution, urban centres are in much more advantageous situation in this respect than the rural micro regions (see map in Annex 7).

## 2.4.2 Research and development

A number of R&D centres operate within the University of Novi Sad. They include:

- The Scientific Centre for Food Engineering – it operates at the Faculty of Technology as one of the organizational units,
- Departments of Farming Machinery within the Department of Mechanical Engineering at the Faculty of Technical Sciences and within the Faculty of Agriculture.
- The Institute of Industrial Engineering and Management
- Research and Technology Centre of the Faculty of Technical Science

Two independent scientific institutes exist in Vojvodina. They include the Scientific Institute of Field and Vegetable Crops, founded in 1938, and the Scientific Institute of Veterinary Medicine.

On the Hungarian side the most important research institutes are the Szeged Biological Institute of the Hungarian Academy of Sciences, Szeged; the Vinocultural Research Institute, Kecskemét; the Vegetable Research Centre Institute, also in Kecskemét; and the Planetary Observatory of Bács-Kiskun County, Kecskemét and the regional branch of the Centre for Regional Studies, also in Kecskemét.

The University of Szeged has Departments of Biophysics, Astronomy, Physics, Optics, Quantum electronics and a faculty of Medicine.

	Total R&D units		Up to 2 researchers		5-7 researchers		15-24 researchers		25-49 researchers	
	HU Counties	Vojvodina	HU Counties	Vojvodina	HU Counties	Vojvodina	HU Counties	Vojvodina	HU Counties	Vojvodina
Technical-technological sciences	1	2	-	-	1	-	-	1	-	1
Agricultural sciences	4	2	-	1	-	-	4	1	-	-
Medical sciences	4	1	-	1	-	-	-	-	1	-
Social sciences	-	1	-	-	-	-	-	-	-	1
Humanities	-	1	-	-	-	1	-	-	-	-

Table 8 Academic research institutes

Csongrád County employs 4172 researchers, 84% of the national pool, whereas Bács-Kiskun County employs 1158 researchers, 2% of the national pool. In Vojvodina 4326 full-time employees worked in any kind of research organisation in 2005. It is obvious from the above that the dominant line of research in the eligible area lies in the field of agriculture and bio-technology in line with the strong agricultural traditions of the area.

Co-operation between R&D institutions/units and higher educational institutions is relatively weak according to the Southern Great Plain Regional Development Agency and the analysis of the Regional Innovation Strategy.

County	Number of R&D units		Number of researchers or developers / 1000 inhabitants	R&D expenditures / 1000 inhabitants in EUR (1 EUR = 253 HUF)
	in total	out of which in higher education		
Bács-Kiskun	77	42	10	2 974
Csongrád	207	155	2	5 686
Vojvodina	22	15	4	n.a.

Table 9 R&D environment (Source: TeIR, 2005)

## 2.5 Transport infrastructure

The border region lies along trans-European corridors VII and X/b. The main artery of the border region is road E75 (No. X/b. Budapest – Kecskemét – Szeged – Novi Sad – Belgrade). This main transit route has recently been developed into a highway along the full length of the Hungarian part. The highway border crossing point at Röszke has also been opened. This main axis of the eligible area then continues in a semi-expressway on the Serbian side until Novi Sad where the quality of the road is worn and often very low.

The Serbian government makes efforts to develop this road into a full highway, a PPP tender has already been issued. The road then continues in the form of a highway between Novi Sad and Belgrade, where it joins up with the Belgrade-Nis highway, the main artery of the Balkans.

Trans-European corridor no. X meets the river corridor no. VII in Novi Sad. E75 has been the main road of the region even before the completion of the highway on the Hungarian side and this role is expected to intensify thereafter. Border station data from the first quarter of 2006 clearly demonstrate this trend (see Table 10).

Transit traffic is constantly on the increase on the border stations and therefore the freight transport is relatively slow. According to the statement of National Border Guard Services the waiting time in the border crossing points is periodically rather long. The road also operates as an international passageway, carrying passengers and transport traffic from as far as Turkey, Bulgaria and Macedonia to Germany, the Czech Republic, the Ukraine, Poland, Austria, Slovakia, Belgium and the Netherlands.

Border station	Type of station	Vehicular traffic (number of vehicles)	Personal traffic (number of transit passengers)
<b>Röszke / Horgos</b>	Road	1 298 778	3 947 604
<b>Röszke / Horgos</b>	Rail	2 912	25 299
<b>Kelebia / Subotica</b>	Rail	153 526	202 799
<b>Bácsalmás / Bajmok</b>	Road	35 857	81 371
<b>Hercegszántó/ Backi breg</b>	Road	121 236	402 388
<b>Tompa / Kelebija</b>	Road	816 326	2 591 114

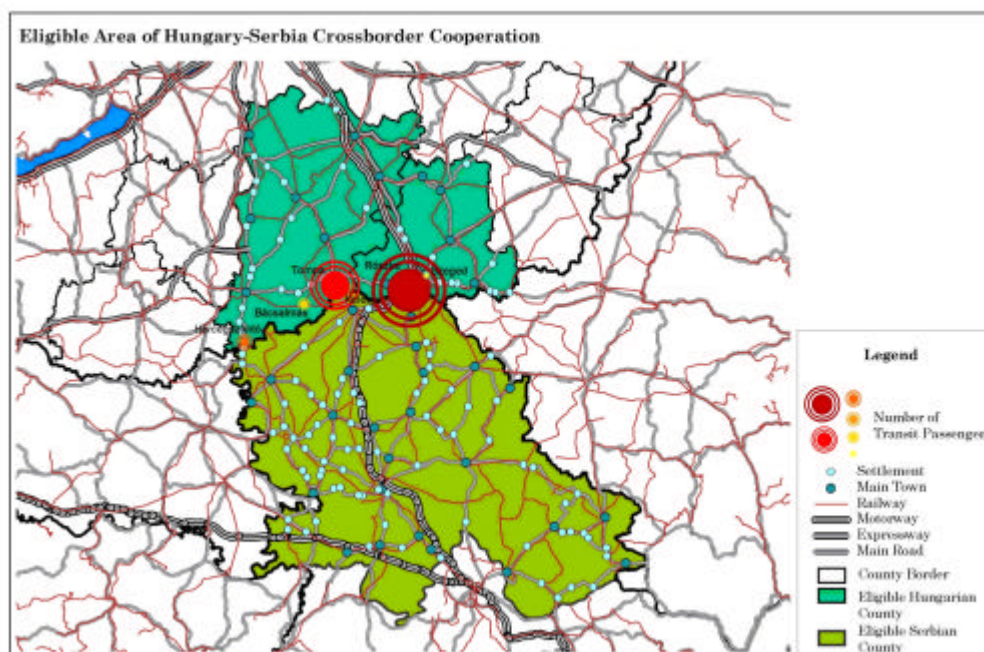
Table 10 Border station data (Source: National Border Guard Services, 2005)

The river Danube is defined as European Corridor VII which should contribute to the increase of river transport in the area. The river Tisa is currently underutilised in terms of transport. There is a distinct lack of road connections in the border area except for the roads leading up to the international border stations.

In the Hungarian eligible area there are only small airports out of which the military airport of Kecskemét and the airport of Szeged have to be mentioned. The latter is under construction now with the aim of improving personal traffic though it has no right to open a border crossing point yet. There is one main airport in Serbia, situated in Belgrade, which distance from the furthest city of Subotica is 200 km. In Serbian eligible territory there are also small airports: 1 military and 8 small sport airports.

There is a distinct lack of local rail connections in the border area. It is especially striking that the main metropolitan centre in the area, Szeged, has no major railway link to the Vojvodina region.

An examination of Hungarian Government Decree No. 2291/2004 (XI. 17.) on planned new border crossings and Hungarian Government Decree No. 305/2001. (XI.27.). on the development of border crossings reveals that there are few planned developments in this border area. These developments have been negotiated with the Serbian side as well.



**Map 3** The transport network in the eligible area

## **2.6 Environment**

### **2.6.1 Natural environment**

The Rivers Danube and Tisa are the most prominent parts of the environmental heritage of the region. Situated at the edges of the region, the Kiskunság National Park and the Fruška Gora and Palic natural protection area are also significant, albeit with less cross-border significance. Protected area in Vojvodina occupies 81 718.47 ha. There are 112 protected natural wealths and that are 5.5% of the total territory of the Province. In Vojvodina there are: 1 National park, 4 Regional nature park, 4 parks of nature, 11 special nature reservations, 10 austere nature reservations, 2 natural monument and 4 landscape of outstanding qualities (for maps and list see Annex 9 and 10).

The National Environmental Strategy on the Serbian side states that – as a general drawback in the field of environmental protection – the environmental management system should be, institutionally and legally, further developed.

There are also difficulties with the quality and quantity of water resources. The quality of ground and surface waters is below some thresholds. Most of the drinking water supply systems in Vojvodina are based exclusively on ground waters. A lack of adequate water treatment facilities and techniques is reflected in the quality of water. In Vojvodina the primary problems with physical and chemical water quality parameters are turbidity, the presence of iron, arsenic, nitrates and manganese, the level of which is naturally higher. In many areas, groundwater cannot be used for drinking purposes without prior treatment.

In Vojvodina, 85% of agricultural soil is affected by wind erosion with an annual loss of over 0.9 ton material per hectare. Vojvodina also faces a problem of waste from oil rigs (the quantity is estimated to be about 600 000 m<sup>3</sup> per a year).

According to the data of the Environmental Statistics Atlas of Hungary, surface water contamination on the Hungarian side of the eligible area is present but not excessive. In the case of the Danube between Csepel Island and Baja the microbiological parameters and micropollutants showed higher values.

South of Baja the water was in the third water quality class in case of all parameters (oxygen and nutrient balance, microbiological parameters and micropollutants). Water quality of the River Tisa was a cut above, apart from values of nutrient balance and microbiological parameters South of Szeged. In the eligible area the river Maros has the worst values (mainly in connection to nutrient balance and micropollutants). Available data reflect the situation in the year 1998.

For analysing the situation of flood protection, data of the Environmental Statistics Atlas of Hungary were used. The source of classification was a governmental Regulation (18/2003. (XII.9.) KvVM-BM Regulation). According to it the vast majority of the microregions are either hardly or mildly endangered or is a non-endangered area, with the exception of the microregions along the rivers (Baja was highly endangered; Kalocsa, Kiskunhalas, Mórahalom and Szeged got into the "medium endangered" class).

Air pollution is not very strong in the eligible area. Pollution from industry is moderate and medium in subregions of the two Hungarian counties. The regional differences of air pollutants from road transport show a similar picture as the industrial pollution, the majority of the Hungarian area is less or moderately polluted, except the microregions along the motorway M5 and the Szeged microregion, due to higher traffic (Environmental Statistics Atlas of Hungary). Especially strong pollution can be experienced in the vicinity of border stations because of queues of vehicles forced to wait due to poor transfer capacity.

In 2005 no operating power station was based on renewable resources though the majority of the microregions on the Hungarian side was classified as "territory suited for construction of either geo-electric (in Csongrád) or solar (Bács-Kiskun) power stations" (Source: Environmental Statistics Atlas of Hungary).

On the Hungarian side the whole territory of the Kiskunság National Park and some parts of the Körös-Maros NP are situated in the eligible area. These NPs demonstrate the typical ecosystem and style of living of the Hungarian steppe. NATURA 2000 areas can be found on the Hungarian side as well: special *bird protection areas* are located in both Bács-Kiskun (at Lake Kolon) and Csongrád (Pusztaszer landscape protection district) counties; the whole territory of Kiskunság National Park is *special area of conservation*.

## **2.6.2 Public utilities**

Approximately 20% of the population in Vojvodina is provided with public sewerage system, while some of the industrial plants discharge their waste water directly into the public water system without previously filtrating them. In Csongrád 51.9% of all flats were connected to the sewage system in 2005, while in Bács-Kiskun the same figure was 38.1%, as compared to the national average of 64.9%.

In Bács-Kiskun County out of the total 14 761 400 m<sup>3</sup> sewage 14 569 500 m<sup>3</sup> (98.7%) is canalised. The same ratio for Csongrád County is 22 359 200 m<sup>3</sup>/29 600 500 m<sup>3</sup> (75.5%). The figures show that Bács-Kiskun is more canalised, while Csongrád cleans sewage to a smaller degree than the national average (93.4%). About the Serbian situation data were not accessible.



### 3 SWOT ANALYSIS

#### 3.1 SWOT Table

STRENGTHS		WEAKNESSES	
<b>DEMOGRAPHY &amp; SETTLEMENT STRUCTURE</b>	<ul style="list-style-type: none"> <li>High ratio of young people, especially on the Serbian side.</li> <li>Varied ethnic profile, relatively high ratio of the Hungarians on the Serbian side.</li> <li>Urban centres with developed economic and social facilities, services (Szegeed, Novi Sad).</li> <li>Farmsteads as unique elements in the settlement structure on the Hungarian side have good potential for rural tourism and recreational purposes .</li> <li>Serbian and Hungarian minority on both sides</li> </ul>	<b>DEMOGRAPHY &amp; SETTLEMENT STRUCTURE</b>	<ul style="list-style-type: none"> <li>High migration on the Serbian side.</li> <li>High ratio of rural population.</li> <li>Ageing society in the rural micro-regions</li> <li>Typical rural characteristics of the settlements .</li> <li>Urbanisation is confined only to the North-South axis.</li> </ul>
<b>ECONOMY AND TOURISM</b>	<ul style="list-style-type: none"> <li>Strong agricultural traditions (cropping).</li> <li>Good quality, fertile arable land.</li> <li>Advanced agro-product processing industry (e. g. Kecskemét).</li> <li>High FDI in the financial sector in Serbia, including Vojvodina.</li> <li>in Vojvodina.</li> <li>Interest in tourism development</li> <li>Spa and wellness tourism is important in several towns .</li> </ul>	<b>ECONOMY AND TOURISM</b>	<ul style="list-style-type: none"> <li>Generally obsolete agrotechnology especially on small and middle-sized farms.</li> <li>Lack of co-operation and organisation of actors in the field of agriculture .</li> <li>Decline of certain industries, and low added value industry in the border region.</li> <li>Low number of small and medium enterprises in the Serbian side.</li> <li>Low level of GDP per capita and incomes on both sides .</li> <li>Large economic disparities between economic centres and underdeveloped peripheral regions .</li> <li>Low number of tourists .</li> <li>Unexploited tourism facilities and capabilities (e. g. river tourism , nature parks ); lack of appropriate tourism infrastructure (e. g. accommodation facilities, cross-border tourist routes, programmes and relations).</li> <li>Lack of regional identity and branding activity.</li> </ul>
<b>LABOUR MARKET</b>	<ul style="list-style-type: none"> <li>Relatively higher activity rate compared to the national averages .</li> <li>Modern, market oriented structure on labour supply side.</li> <li>Strong financial incentives for employment of young and redundant workers on Serbian side.</li> </ul>	<b>LABOUR MARKET</b>	<ul style="list-style-type: none"> <li>High unemployment rate on both sides, but it is twice higher in Vojvodina than on the Hungarian side</li> <li>Lack of training and re-training schemes which could facilitate re-insertion into the labour market on Vojvodina side.</li> <li>Difficult mobility of labour force due to EU border regime implementation</li> <li>Different Regulations of employment on the two sides of the border, low level of job generation on the Serbian side</li> </ul>
<b>EDUCATION. R&amp;D</b>	<ul style="list-style-type: none"> <li>Major universities in Szegeed and Novi Sad and other higher educational capacities in Kecskemét, Baja, Novi Sad, Subotica and Sombor</li> <li>Active research institutions, dominantly in the area of agricultural research.</li> </ul>	<b>EDUCATION. R&amp;D</b>	<ul style="list-style-type: none"> <li>Weak relation between educational / R&amp;D and private sector</li> <li>Weak links with labour market and private sector and between the two sides of the border</li> </ul>

<b>TRANSPORT INFRASTRUCTURE</b>	<ul style="list-style-type: none"> <li>• Proper interregional transport corridor (Budapest-Belgrade) provides fast access to the region e.g Railway Corridor X b.</li> <li>• Three small airports (Kecskemét, Szeged, Sombor)</li> </ul>	<b>TRANSPORT INFRASTRUCTURE</b>	<ul style="list-style-type: none"> <li>• Relatively long waiting time for passenger and freight traffic at the HU-SRB border</li> <li>• Lack of transversal railway connection to the Vojvodina region</li> </ul>
<b>ENVIRONMENT AND NATURE</b>	<ul style="list-style-type: none"> <li>• High number of natural parks (Palic, Ludaš, Szelidi, Büdösszék, Fruška Gora, Kiskunsági NP) and cultural value (Subotica) in the border region</li> </ul>	<b>ENVIRONMENT AND NATURE</b>	<ul style="list-style-type: none"> <li>• Low water quality and high level of unprocessed waste waters on Serbian side, lack of water treatment devices and techniques</li> <li>• Erosion on the Serbian side.</li> <li>• Lack of joint risk prevention and management strategies.</li> <li>• Increased traffic might worsen environmental pollution.</li> <li>• High contamination risk due to the factories near the rivers. Industrial waste waters are not treated in Vojvodina.</li> </ul>
<b>VETERINARY SERVICES</b>	<ul style="list-style-type: none"> <li>• Traditionally well developed animal health services and institutional network.</li> <li>• Well co-ordinated preventive actions, disease control routines at national level</li> </ul>	<b>VETERINARY SERVICES</b>	<ul style="list-style-type: none"> <li>• Lack of co-operation and joint actions (e. g. preventive treatments) in the eligible area.</li> </ul>
<b>PLANNING</b>	<ul style="list-style-type: none"> <li>• Strong networks of municipalities of the middle- sized towns .</li> </ul>	<b>PLANNING</b>	<ul style="list-style-type: none"> <li>• Lack of coherent planning across the border between municipalities and sectoral state bodies.</li> <li>• Weakness of regional identities .</li> </ul>

<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• New market demand on quality food production.</li> <li>• Co-operation in the field of processing high quality agriculture products (food)</li> <li>• Serbia's integration towards the EU implies a potential for more intense trade and its rebound might bring favourable changes to the employment situation.</li> <li>• The existing bilingualism is able to expand in order to help build relationships</li> <li>• Removal of visa regimes in the eligible region implies a stronger growth of visitors to the region</li> <li>• Need for upgrading internal connections and upgrading of the main connecting transit route on the Vojvodina side</li> <li>• Completion of E75/M5 motorway is expected to bring investment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Further contraction of agricultural sector to average EU levels might increase the unemployment concerns in the region</li> <li>• Gradual physical depreciation of built and other cultural heritage due to shortage of financing for renovation</li> <li>• Continued Schengen visa requirements for Serbia might be disadvantageous for tourism</li> <li>• Continued political uncertainty in the Balkans area might hinder economic recovery and growth of jobs</li> <li>• Low level of environment protection (e. g. waste water treatment, pollutant emission etc.) is unfavourable from the point of view of natural and cultural heritage.</li> <li>• Heavy pollution due to intensive and increased traffic especially near border stations and the motorway.</li> </ul>

### **3.2 Summary of main findings**

The situation analysis and the SWOT analysis have identified a number of potential intervention areas that would be helpful for the facilitation of the development of a lively and organic region. It is quite clear from the analysis and the SWOT that:

The Hungarian-Serbian border region is going to stay a Schengen border during the 2007-2013 period, with a strong border control and possibly a continued visa regime on the Hungarian side. The transfer of freight traffic is still relatively low although a new modern border crossing opened at Horgos.

Unemployment and economic inactivity figures in the eligible region are markedly more unfavourable than the EU average.

There have been weaknesses in planning between local municipalities and state bodies along the common border (especially in the field of environment, water management and animal health). Common planning and exchange of experience between these organisations would enhance the coherence of the border region.

In this area, the common cultural heritage forms the basis of development. However, it has been underutilised mainly due to a lack of funding for renovation, of common marketing and of common tourist routes. Existence of visa systems has also been disadvantageous for the eligible region.

The cross-border region has a fair share of natural resources, most of which are protected. However, environmental degradation due to the low level of quality of public utilities and an increase in traffic might be harmful in the medium run. Co-operation between the two sides in the field of environmental safety and flood protection is desirable.

There is a potential for intense interaction between members of the business community, provided that the appropriate business partner finding organisations exist.

Co-operation between the research and educational sectors is still far from being utilised to its full potential. However, due to the existence of strong educational institutions, there is a possibility for more intense interaction. Co-operation with the business sector in the field of RDI has also been relatively weak. It is therefore desirable to financially underpin these activities.

The experience of previous CBC Programmes suggests that there is a willingness of communities from either side of the border to co-operate with each other in the form of people to people actions. However, it is desirable to deepen and prolong the duration of these common actions between civic organisations and local authorities.

## 4 STRATEGY

### 4.1 Vision and the overall strategic aim

In our vision on the basis of common opportunities and complementing potentials of the Serbian and Hungarian border region, as a result of a strong co-operation the region will be the place where:

- Serbian and Hungarian firms, universities and other organisations are improving competitiveness of their own and the region as a whole through joint activities, and there is an ongoing transfer of knowledge among them;
- On the basis of the increased performance of the economy the living standard is becoming significantly higher;
- On the basis of intense cultural interactions there is remarkable multicultural activity in arts and other elements of cultural life, where there is increasing tourism and deepening regional identity;
- The quality of natural environment and environmental security become better, due to harmonised and joint environmental and water management achievements and civic activities for natural protection, where people have wide knowledge on the natural values of their region as well as global climato-environmental processes and organise their life in a more sustainable way;
- On the basis of common efforts and actions health and the living condition of communities is being improved;
- The cultural heritage of the region is well known and is attracting high number of tourists who can easily access the attractions and can use the facilities;
- More and more people have regular personal contacts across the border due to business, job, cultural or private life motivations,
- An increasing proportion of citizens on both sides readily uses each other's language and where the immediate vicinity of the border is visitor friendly in terms of bilingual information provisions;
- The influence of the Schengen external border situation is felt by citizens as little as possible (although due to the Schengen visa regime it might be an illusory aim).

Future developments must contribute to those actions which lead to this vision. Thus the **long term overall aim** of the 2007–2013 Cross-border Co-operation Programme is the facilitation of:

**A HARMONIC AND COOPERATING REGION WITH A  
SUSTAINABLE AND SAFE ENVIRONMENT**

**In this co-operation region the common cultural and natural heritage is successfully managed together and the opportunities of economy and culture are extended by increased business, educational, research and cultural relations, resulting in the creation of jobs, and the isolating effects of the Schengen external border situation are minimised.**

## **4.2 Specific objectives for the period of 2007-2013**

In order to achieve the overall strategic aims, five specific objectives and four horizontal objectives are defined:

### **1 Reducing isolation of border areas by improving cross-border accessibility**

The first step towards intense co-operation is the establishment of appropriate transport infrastructure for crossing the border and for reducing the isolation of border settlements.

*Indicators for evaluation:* Gain in accessibility of urban centres and main transport connections from border settlements measured in travel time; Improvement of traffic flows.

### **2 Environmental sustainability and safety in the border zone**

To achieve an environmentally sound and longer term development planning which identifies the limits and potentials for environmentally sustainable development, in particular for tourism, legal and management requirements for the Tisza/Danube river basin as well as possible risks that could derive from climate change challenges have to be taken into account.

Common responsibility must be taken for the protection of natural heritage and preservation and improvement of biodiversity. The hazards of waters and inland inundations are especially manifested in plain basin areas. The operation and development of the system of water management can be sufficient only with the intensive co-operation of Serbian and Hungarian authorities and other actors taking into consideration relevant national and international agreements.

Common actions have to be promoted which improve the health and living conditions of people in the border area.

*Indicators for evaluation:* Improved flood risk control and monitoring; Improvement of environmental protection and natural resources management

### **3 Synergies and co-operation in the economy**

Nowadays co-operation in the economy is essential for competitiveness. Cross-border co-operation between SMEs provides added value and enables transfer of individual and organisational knowledge and experience which can be fruitful even if the partners are located in different countries. Joint products, learning from each other, information transfer, joint marketing etc. should be the main elements of a more cooperative economy in the border region.

*Indicators for evaluation:* Improvement of business networks; Improvement of marketing potentials; Gain in GDP.

### **4 Managing common cultural heritage to promote cultural values, traditions and to develop tourism**

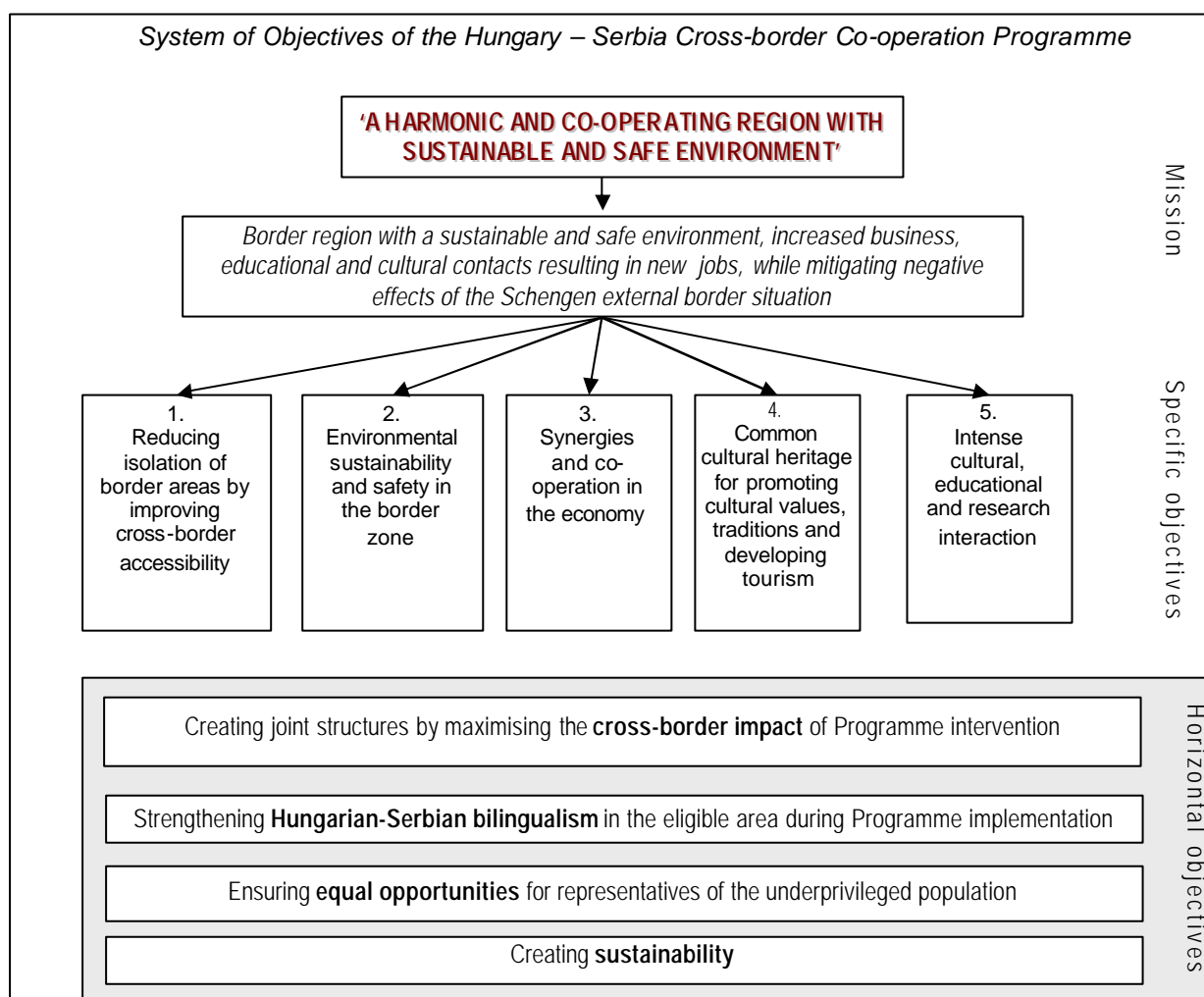
Cultural heritage should not only be an asset to be protected but also a basis for development which makes the region more attractive for visiting, living and working. If people on both sides of the border co-operate, heritage can be better managed and their complex joint thematic networks can be more competitive.

*Indicators for evaluation:* Growing economic impact from cultural tourism and cultural sector, improvement of management of cultural heritage

## 5 Intense cultural, educational and research interaction

An increasing number of interactions between the citizens, organisations and micro-regions of the two sides will give added value by enriching cultural and personal life and promoting competitiveness and shared values. The co-operation is especially important in the case of research activities.

*Indicators for evaluation: Gain in formal and informal contacts and networks*



### 4.3 Horizontal objectives and principles of the Programme

The Hungary–Serbia Cross-border Co-operation Programme has a structure of *horizontal objectives*. They are interrelated with the special geographic scope and with the cross-border situation but are also tailored to the specific Hungarian-Serbian conditions. The horizontal objectives are to be contributed to by all interventions and they must be traceable in all supported activities similarly to the Community horizontal policies.

#### 1 Creating joint structures by maximizing cross-border impact

Interconnecting natural, human and economic structures (including networks) over the Hungarian-Serbian border **can be established and strengthened by the increase of the cross-border impact of the Programme.**

This is the most crucial horizontal issue of the Programme. All interventions must aim at developing joint structures. The dimension of cross-border impact ensures that overlaps between this CBC Programme and other EU financed programmes (e. g. the Hungarian NSRF) are avoided even if the thematic contents are sometimes similar.

Therefore, during Programme implementation the required cross-border impact has to be precisely defined in the given Call for Proposals and in project development support activities.

The general **requirements for cross-border impact** of interventions are as follows:

- The *interventions* have to incorporate partners from both the Hungarian and the Serbian side of the border region. Among the *beneficiaries* of a project both sides of the Hungarian-Serbian border region have to be represented.
- The *geographical scope of an intervention* should not necessarily encompass the whole Hungarian-Serbian border region but it always has to cover or at least significantly influence areas on both sides of the border. The geographic area of development of a project also has to target locations from both sides of the border or at least the development has to be utilised or supported by resources from both sides.
- In order to promote the territorial effects and the regional importance of interventions, regionally (micro-regionally) integrated, complex projects should be preferred which include numerous regionally coordinated activities; involve several actors; are preferably elaborated by a consortium with several members; have wider geographic scope (implemented on more locations).

The intervention-specific requirements of cross-border impact are indicated in Chapter 5 on the description of priorities.

*Indicator:* Increase in the number of formalised or contracted operating co-operations

## **2 Strengthening Hungarian-Serbian bilingualism in the eligible area during Programme implementation**

Although both Hungarian and Serbian sides are implementing strong bilingual policies on their territory respectively, which have been incorporated as Constitutional Rights of the Citizens of different ethnic groups (including bilingual education, signs and posts, electronic media and press bilingualism) it is important to make the communication easier between actors from the two sides. Moreover, bilingualism is considered as a cultural value as such. Consequently, strengthening Hungarian and Serbian language skills is a horizontal objective of the Programme as a key aspect of co-operation. All outputs (e.g. all material) of cross-border projects must be made available to the public in at least in Serbian and Hungarian languages. Efforts to use other minority and world languages are also encouraged.

*Indicator:* Growing number of people speaking both Serbian and Hungarian languages

## **3 Ensuring equal opportunities for the underprivileged population**

Projects must demonstrate their efforts to create equal opportunities for genders, different ethnical groups and the disabled in accordance with the principles of the European Union. Particularly strongly affected is the Roma minority which has a strong presence on both sides. They are mostly in an underprivileged situation living at peripheral locations and suffering from the process of segregation. Job creation and economic growth in the eligible area will provide better opportunities for this ethnic group. The relations between the small communities of other minorities (German, Croatian on the Hungarian side, Hungarians, Slovaks and Rusins on the Serbian side) living in the border region and the use of their

native languages and culture also has to be strengthened in order to ensure equal opportunities in organising cultural and community life. Horizontally, during the implementation of the Programme, those projects must be given preferences which are implemented in the most underdeveloped areas.

*Indicator:* Positive change in the employment rate of the Roma and other minorities; number of new jobs in underdeveloped micro-regions.

#### **4 Creating sustainability**

Supported projects must observe and respect the principle of sustainability as outlined in the Gotheborg Strategy of the European Union. In connection with environmental sustainability, decisions on supporting projects will demonstrate a bias towards safe and environmentally friendly technologies whenever construction is involved. The present CBC programme supports actions which improve the quality of living environment and which diminish the contamination of natural environment. With regard to land use, sustainable, efficient and secure forms should be supported which give preference to brown-fields for development and show responsibility for the value of landscape.

The Programme shall be pursued in the framework of sustainable development and the Community promotion of the goal of protecting and improving the environment as set out in Article 6 of the Treaty.

Although the CBC Programme — due to its scale — has minor effect on global environmental processes like e.g. climate change, the supported actions have to ensure maximal contribution to preventive steps (e.g. low-carbon emission, nature preservation and improvement etc).

In order to contribute to sustainable development, the Programme's actions have to be in line with the following recommendations:

- Local resources and environmental capabilities have to be used and primarily utilised.
- During the planning, building, renovation and operation of infrastructural elements, objects etc. the specification of sustainable construction technology, energy effective operation, low-waste and selective waste management methods are prioritised.
- The use of renewable energy resources, preservation and improvement of the status of the conditionally renewable environmental elements and systems are to be supported and increased, while the amount of emitted greenhouse gases has to be reduced locally
- Developments should turn from high energy consumption technologies and products to less intensive and local knowledge-based ones.
- During implementation of the programme and its monitoring special attention has to be paid on region specific issues of climate change such as, aridification, wind erosion, changes of green areas, extremities in surface and subsurface water level, emission of greenhouse gases (by transport, industries, etc.)

**Social sustainability** is guaranteed by job creation through an emphasis on business co-operation and tourism and the strong preference of the Programme in Priority 1. There is also a strong preference in Priority 2 on the common cultural values of the region being sustained and preserved for future generations.



*Indicator:* The increase of the proportion of built-up areas slows down significantly; progressing ecological stability measured by footprint analysis<sup>9</sup>; increase in the proportion of projects that use brown-fields

The implementation of the basic Programme strategy should be carried out by actions of two priorities:

Priority 1: **INFRASTRUCTURE AND ENVIRONMENT:** Strengthening physical connections and taking common responsibility on environment

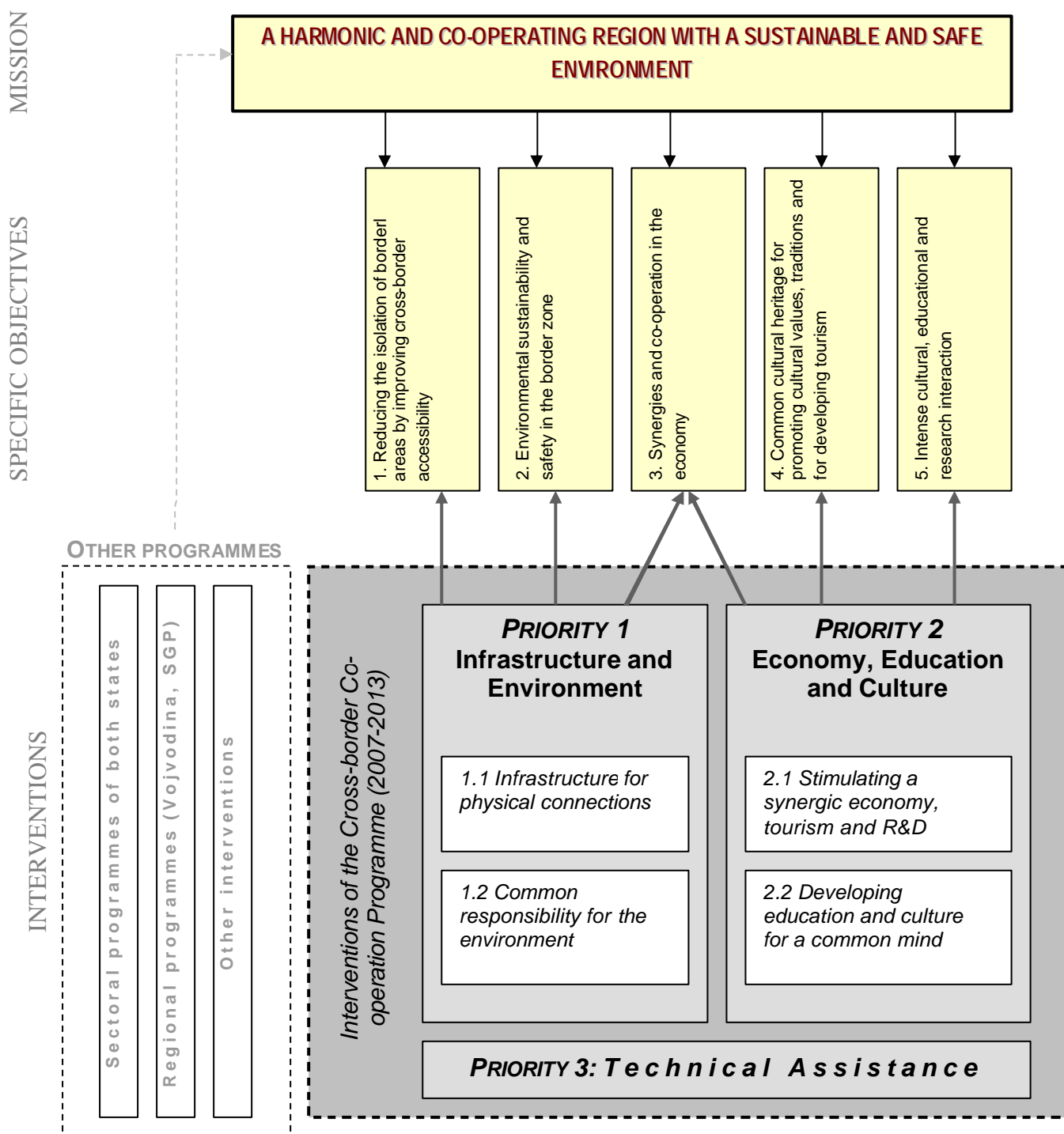
Priority 2: **ECONOMY, EDUCATION AND CULTURE:** Stimulating a synergic economy, tourism and R&D and developing education and culture for a common mind

It is important to state that the scope of the Programme is limited by the availability of funding and the community level Regulations behind it. The majority of activities that can lead to the realisation of the vision outlined above are outside the scope of the Programme. These activities can be financed from national and other Community resources. (They can be found in the chapter on "Coherence with other programmes" in this document.) Thus strong co-operation with other relevant programmes will be of a high importance during the implementation of the Programme, especially when elaborating action plans or proceeding with evaluations.

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<sup>9</sup> The phrase "**ecological footprint**" is a metaphor used to depict the size of area/land a human population would hypothetically need in order to provide the resources required to support itself and to absorb its wastes, given prevailing technology. The term was first used in 1992 by William Rees - Canadian ecologist and professor at the University of British Columbia. Footprinting is now widely used around the globe as an indicator of environmental sustainability, and also to measure the use of resources throughout the economy. It is commonly applied to explore the sustainability of individual lifestyles, goods and services, organisations, industry sectors, neighborhoods, cities, regions and nations by measuring the people's demand on nature and comparing human consumption of natural resources with the earth's ecological capacity to regenerate them.

System of Objectives And Priorities of the Hungary–Serbia CBC Programme



On the basis of the situation analysis and the SWOT analysis, two priorities with a number of potential intervention areas have been identified which would contribute to the achievement of the main objective outlined above.

## **Priority 1 INFRASTRUCTURE AND ENVIRONMENT**

### **1.1 Infrastructure for physical connections**

*1.1.1 Border crossing infrastructure, construction, reconstruction of lead up roads*

*1.1.2 Planning transport lines, harmonisation of public transport*

### **1.2 Common responsibility for the environment**

*1.2.1 Minor actions in water management*

*1.2.2 Animal health monitoring, minor actions for improving the quality of the environment*

## **Priority 2 ECONOMY, EDUCATION and CULTURE**

### **2.1 Stimulating a synergic economy, tourism and R&D**

*2.1.1. Trainings and partner finding facilitation for businesses*

*2.1.2. Development of thematic routes of cultural heritage*

*2.1.3. Coordinated studies for territorial and sectoral development of the region*

*2.1.4. Product oriented research, development and innovation*

### **2.2 Education and culture for a common mind**

*2.2.1. Educational co-operation*

*2.2.2. People to people co-operation*

## **Priority 3 TECHNICAL ASSISTANCE**

## 5 DESCRIPTION OF THE PRIORITIES AND AREAS OF INTERVENTIONS

The following chapter contains a detailed description of how the priorities and areas of intervention of the CBC Programme will facilitate the achievement of the overall aim and specific objectives of the Hungarian-Serbian border region.

### **Priority 1 INFRASTRUCTURE AND ENVIRONMENT**

#### **TARGET:**

The aim of this priority is strengthening the physical connections between the two sides of the border and in the border micro-regions in order to reduce the isolation of the area and to take common responsibility for the environmental heritage and the waterways of the border area. Thus the priority aims to support infrastructural, environmental and water management developments (the so called “hard” elements) in the Serbian-Hungarian border region. Through these areas of intervention Priority 1 contributes to achieve specific objectives 1, 2 and 3.

#### **JUSTIFICATION:**

The shortage of facilities at smaller crossings of the Schengen border will continue to make it difficult for citizens and firms of the two countries and inhabitants of the border region to communicate. The population in many micro-regions of the border area finds it difficult to approach border stations and major urban centres, major connecting roads quickly, due to a lack of connecting roads. Environmental problems, animal diseases and floods are common problems across the border so they can be solved and managed only in a strong cross-border collaboration of the relevant authorities and other actors of the two sides. Special attention has to be paid on those actions that incorporate the application of renewable energies and energy efficiency measures, sustainable and carbon-proofed transport development and cooperation in the field of other important aspects of climate change (prevention, adaptation and mitigation) especially in areas where cross-border cooperation and coordinated approaches are essential and indispensable for effective action (e.g. coordinated risk management and civil protection etc.). Preference must be given to the design, planning and implementation – where applicable – of environmental friendly transport solutions.

### **Area of intervention 1.1 – Infrastructure for physical connections**

#### **TARGET:**

The aim of this priority is to try to mitigate the disadvantages arising from a peripheral border location causing the area’s isolation. For the duration of the period 2007-2013 the region will remain a Schengen outside border section. Such a situation poses very stark problems for the inhabitants of the border region, thus Area of intervention 1.1. aims at improving the situation via supporting activities such as planning and improving the infrastructural background (e. g. developments in minor infrastructure and smaller connecting roads) of local transportation and public transport services etc. Through these measures the area of intervention contributes to achieve specific objective 1 (*Reducing isolation of border areas by improving cross-border accessibility*) and establishes the basis of a co-operating region.

**JUSTIFICATION:**

The Serbian-Hungarian border region had less developed infrastructure in the past due to their border positions. It has been identified in the SWOT analysis as one of the key threats to the development of the border region that the Hungarian-Serbian border region will remain an external one from the Schengen perspective. Citizens currently often have to wait in long lines to cross the border, connecting roads to border crossings and in border micro-regions are sometimes missing or are in bad shape. Freight traffic also has long waiting hours and logistical facilities are often inadequate.

*Special requirements of achieving cross-border impact are as follows:*

Intervention related to private and public transport has to establish better and/or more transport links between the two countries. Accessibility is difficult in many areas of the Serbian-Hungarian border region, especially in municipalities next to the border. Not only the border situation but also the geographical conditions and the bad quality and scarcity of transport links with other parts of the country are together responsible for the weak accessibility. In order to improve accessibility along the border the Programme focuses on exploiting the opportunities of cross-border linking.

**ELIGIBLE ACTIONS:**

- 1.1.1. **Border crossing infrastructure, construction, reconstruction of lead up roads** Minor improvements in hard infrastructure of border crossings and smaller lead up roads in order to boost the transfer capacity of persons and goods at smaller border stations. (Developments here are those that are not supported by the Schengen Facility.) The Programme supports the construction or reconstruction of only small lead up roads that directly connect to local small border crossing points. This activity assumes close co-operation between the CBC Programme and the border control administrations of the two countries.
- 1.1.2. **Planning transport lines, harmonisation of public transport schedules** Planning of connecting local transport lines in the border area micro-regions and harmonisation of public transport (bus and train) facilities across the border (networking and transition costs, minor developments in long distance public transport) can be supported. These activities will contribute to shortening the accessibility time for inhabitants of the region towards border crossings by planning connecting roads, bicycle routes from areas where accessibility is particularly difficult towards border stations, major urban centres or major transport arteries. As a general rule, partnership with environmental authorities and associations, and participatory approach are preferable.

**Area of intervention 1.2 – Common responsibility for the environment**

**TARGET:**

Enhancing of common responsibility for natural heritage is one of the key issues which can help to achieve the overall objective of the Programme. Responsibility for environment can be achieved through minor actions and through co-operation between authorities on the two sides of the border in the field of environmental and water management planning, as well as in animal health issues. Through these measures the area of intervention supports specific objective 2 (*Environmental sustainability and safety*).

**JUSTIFICATION:**

The SWOT analysis of the border region highlights the sometimes severe environmental and water management problems of the region which cross the border. To achieve an environmentally sound and longer term development planning, legal and management requirements for the Tisza/Danube river basin as well as coordination with the National Environmental Strategy of the Republic of Serbia and the Environment and Energy Operational Programme of Hungary have to be ensured.

Also a number of animal health issues have appeared in the region, the elimination of which is the common task of authorities from both sides of the border region. This area of intervention aims to facilitate planning and co-operation in these fields. Activities must be based on a shared responsibility for the environment in order to serve environmental sustainability and safety.

*Special requirements of achieving cross-border impact are as follows:*

Environmental intervention has to be related to border-crossing ecological systems. An environmental intervention can also be driven by the intention of preventing or mitigating cross-border environmental pollution and damage. Environmental intervention has to deepen the knowledge of landscape ecosystems and the responsibility towards the common Hungarian-Serbian landscape values.

The improvement and maintenance of landscapes on both sides needs common actions (e.g. reduction of allergen agents)

**ELIGIBLE ACTIONS:**

This area of intervention supports the following activities:

1.2.1 **Minor actions in the field of water management** in order to help prevent floods and inland inundations in the common border area. Support is given to projects aimed at planning and related research activities; at developing a joint monitoring system (including equipment and necessary surveys); as well as at minor actions on a local scale for preventing inland inundation and floods (maintenance of local canals, local flood prevention measures). As general rule, partnership with environmental authorities and associations, and participatory approach are preferable.

1.2.2 **Animal health monitoring, minor actions for improving the quality of the environment**

Co-operation in the field of animal health to eliminate epidemic diseases of wild and domestic animals. (Animal health measures include ongoing monitoring of animals, regular surveillance, building of data bases, reporting to the other country. They do not include local quarantine, culling or border control measures.)

Supported projects also include joint planning, minor environmental actions outside of built up areas with relevance to the border area ecosystem (e. g. local cleaning of waterways, forests and meadows, elimination of illegal rubbish dumps, landscape management actions for a more sustainable, healthy and attractive environment, cutting of allergen plants e.g. ragweed, protection and reconstruction of habitats with cross-border relevance). The supported activities have to be integrated into joint projects and implemented on several sites with involvement of numerous local governments and communities on both sides of the border.

## **Priority 2 ECONOMY, EDUCATION AND CULTURE**

### **TARGET:**

The aim of this priority is to support interactions between actors from the two sides of the border to enhance competitiveness, to facilitate economic growth and to create jobs. The priority also aims to support common product oriented RDI efforts by research institutions and business partners acting in co-operation with them, as well as common planning and interactions between educational, research and cultural civic institutions in order to create a common educational and cultural space in the Serbian-Hungarian border region. Support is also given to municipalities and non-governmental organisations that are willing to cooperate in order to help develop a common regional identity. In its entirety the priority contributes to achieve specific objectives 3, 4 and partly 5.

### **JUSTIFICATION:**

The situation analysis and the SWOT analysis have highlighted the opportunities for increased co-operation in the business sector. There are potential co-operation capacities in the educational and research sector but co-operation between private firms is weak.

There is a distinct weakness of coordinated studies to address the future needs of development in the socio-economic development of the population of the border area. Applications in the past programming period demonstrate a desire on the part of municipalities and non-governmental organisations to organise events together, to help deepen the common identity of the border region. These forms of co-operation must now be deepened and carried forward in the new programming period.

### **Area of intervention 2.1 – Stimulating a synergic economy, tourism and R&D**

#### **TARGET:**

The aim of Area of intervention 2.1 is the enhancement of the area's competitiveness through the improvement of cross-border co-operation between business actors in many fields. Thus the area of intervention aims to facilitate the establishment of these linkages through economic development promoting activities, as well as the sharing of experiences in order to help job creation and to increase revenues. These measures contribute to achieve specific objective 3 (*Synergies and co-operation in the economy*) by facilitating cross-border business contacts and co-operation between actors in the field of R&D, education or between governmental bodies, institutions; and specific objective 4 (*Developing and managing common cultural heritage for promoting cultural values, traditions and developing tourism*) by development actions in the field of cultural heritage.

#### **JUSTIFICATION:**

There are opportunities for businesses to cooperate in the border region. This potential has been observed to be especially strong in the agricultural (vertical integration, processing) and tourism (rural, cultural, river etc.) domains.

*Special requirements of achieving cross-border impact are as follows:*

Economic interventions have to result in co-operation in production, trade, investment, promotion, PR, employment or in professional co-operation between firms, non-profit organisations and employees of the Hungarian-Serbian border region. The co-operations directly have to promote the flow of labour force, products, capital, income and information from one side of the border to the other.

Human resource development interventions have to incorporate the public, the trainees and the trainers from both sides of the border. The development activities have to result in knowledge that is applicable in the entrepreneurship and educational environment of both countries.

#### ELIGIBLE ACTIONS:

This area of intervention supports the following activities:

- 2.1.1 **Trainings and partner finding facilitation for businesses** Facilitating the establishment of business contacts as well as sharing experiences and developing co-operation skills through trainings in order to boost co-operation between firms and institutions on the two sides of the border. Support is provided for business partner finding projects (through business fairs, databases, business promotion agencies etc.). Support is also provided for sector- or area-focused cross-border trainings for SME-s and institutions in order to boost their co-operation, internationalisation and management skills.
- 2.1.2 **Development of thematic routes of cultural heritage** Support for networked projects in the field of heritage management, including common marketing, the creation of thematic routes, as well as related small scale reconstruction and modernisation to facilitate attraction of the border area. (One project should involve at least three settlements.)
- 2.1.3 **Coordinated studies for territorial and sectoral development of the region.** Support for projects in the fields of spatial planning, infrastructure, education and other sectoral issues, preparation of industrial zones, environment protection (e.g. climate change, biodiversity) of the border area. Does not include joint studies supported elsewhere in this Programme, such as those in the field of environment, flood and water management and cross-border road local road infrastructure.
- 2.1.4 **Product oriented research, development and innovation** Support is intended for joint efforts of university and non-university institutions, optionally in partnership with SME-s in order to increase the joint RDI capacity of the border region. There should be a bias in favour of sustainable, environmentally friendly technologies.

#### Area of intervention 2.2 – Education and culture for a common mind

#### TARGET:

This area of intervention aims at facilitating interactions between educational, research, cultural and local, regional development institutions in order to promote an alive cultural-scientific milieu and common knowledge as basis of development. The area of intervention contributes to the realization of specific objective 5 (*Intense cultural, educational and research interaction*). Furthermore, people to people actions can deepen the development of a common identity along the border and can make connections between actors from the two sides of the border easier and more effective, also helping to achieve specific Objective 3 (*Synergies and co-operation in the economy*). Finally, achieving specific Objective 4 (*Developing and managing common cultural heritage for promoting cultural values, traditions and developing tourism*) is served by some activities of this area of intervention, too: e. g. supporting touristic events and festivals.



**JUSTIFICATION:**

The situation analysis has identified a large number of actors in the educational and research domains who are ready and capable to cooperate and who can find synergies across the border. The experience of past programmes demonstrates that there is an enormous willingness for co-operation between municipalities and civic organisations.

*Special requirements of achieving cross-border impact are as follows:*

Those cultural interventions should be given preference which enhance traditional cultural values, especially the common values of the Hungarian and Serbian ethnic groups of the border region and the culture of minorities living in both countries along the border and which deepen the common cultural-historical identity.

**ELIGIBLE ACTIONS:**

This area of intervention supports the following activities:

- 2.2.1 **Educational co-operation** Joint cross-border education and training partnerships between educational and other relevant institutions in order to strengthen cooperation in the education and vocational training sectors and to develop the local, regional institutional capacities of the border area. The activities include common training programmes, staff and student exchange projects as well as the modernization and harmonization of curricula, recognition of degrees or study periods and any joint measure contributing to the principles of the Bologna process in the field of higher education.
  
- 2.2.2 **People to people co-operations**, organised by municipalities and civic organisations, in order to facilitate interaction between citizens and in order to strengthen the common identity of the border region. Projects must last longer than a single event and have to involve a large number of organisations and participants (especially local governments and communities). Cultural, sports, and tourist events, gastronomic festivals etc. are envisaged here. Projects promoting sustainable lifestyle and consumption are not supported.

### **Priority 3 TECHNICAL ASSISTANCE**

#### **TARGET:**

To assure the successful operation of the Programme and to contribute to effective project generation, thus increasing the quality of projects funded from the Programme. Priority 3 contributes to achieve all five specific objectives by assuring the successful implementation of the Programme.

#### **JUSTIFICATION:**

In order to assure efficient operation of Programme structures, Technical Assistance will be used to prepare, manage, implement, monitor, control and evaluate the Programme. Furthermore, the Technical Assistance budget should be used for tasks aimed at improving and assuring proper Programme implementation at project generation level (e. g. thematic seminars, information and publicity measures, evaluation) and at increasing the overall quality of the funded projects.

#### **ELIGIBLE ACTIVITIES:**

The following activities are to be carried out within the scope of TA:

- activities in connection to the preparation, selection, evaluation and support of projects;
- activities in connection to the support of joint structures;
- management and work of the Joint Technical Secretariat and Info Point as well as the Certifying Authority;
- organisation of meetings of the Monitoring and Steering Committee in connection to interventions;
- control activities carried out by the controllers at national level;
- examination of control and on-the-spot checks of operation;
- setting up and operation of a common Monitoring and Information System for the administration, support and evaluation of the Programme;
- preparation of reports and studies (e. g. annual reports, surveys, including data collection etc.);
- evaluation according to indicators defined for priorities and specific objectives;
- information and publicity activities;
- promotion and assistance to potential final beneficiaries.

## 6 EXPECTED RESULTS OF THE PROGRAMME

For an assessment of the results of the Programme, the following indicators will be used:

Priority 1 INFRASTRUCTURE AND ENVIRONMENT							
Action	Type	Indicator	Baseline		Target		Source
			Year	Value	Year	Value	
<b>1.1.1.</b> <b>Border crossing infrastructure, construction, reconstruction of lead up roads</b>	Output	Number of infrastructural facilities built, reconstructed or renewed, related activities implemented by the Programme	2007	0	2015	5	Programme monitoring
	Result	A. Increase of cross-border traffic (goods) as a result of implementing the Programme; Increase of cross-border traffic (people) as a result of implementing the Programme; Reduced travel time across the border B. increase in the size of territory that is accessible in max. 15 minutes from border crossings	2007	0	2015	10% 1% 10% 5%	A. programme monitoring, border authorities,  B. Accessibility survey on project level
<b>1.1.2.</b> <b>Planning transport lines, harmonisation of public transport</b>	Output	Km of road planned; Average (daily) number of buses or other public transport items harmonised with the other side	2007	0	2015	40 10	Programme monitoring
	Result	Number of recipient settlements with harmonised public transport; Potential increase in the size of territory that is accessible in max. 20 minutes from borders, urban centres or major transport arteries defined in elaborated plans	2007	0	2015	50 10%	Programme monitoring, Accessibility survey on project level Statistical sources Occasional traffic surveys
<b>1.2.1.</b> <b>Minor actions in water management: planning, research, monitoring, minor developments for preventing inland inundation and flood</b>	Output	Number of interventions on flood protection; Number of studies, researches and strategies developed for water management, inland inundation and flood.	2007	0	2015	5 15	Programme monitoring
	Result	Size of areas observed and/or monitored by equipment installed, and/or planned, and/or developed, and/or influenced directly by the water management related activities of the programme.	2007	0	2015	800 km <sup>2</sup>	Programme monitoring Statistical sources Surveys
<b>1.2.2.</b> <b>Animal health monitoring, actions for improving the quality of the environment (planning, research, minor development actions</b>	Output	Information system developed	2007	0	2015	1	Programme monitoring
	Result	Size of the area monitored by jointly coordinated animal health monitoring system out of the programme eligible area; Number of settlements influenced by minor actions improving the quality of the environment	2007	0	2015	10% 100	Programme monitoring

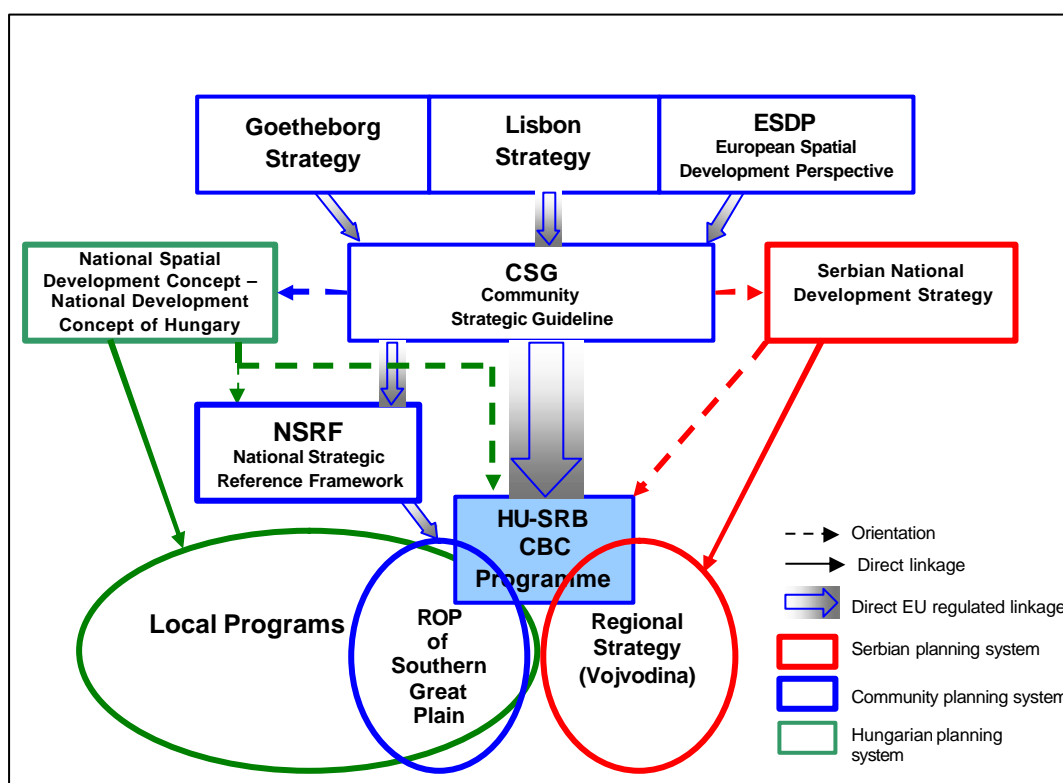
Priority 2 ECONOMY, EDUCATION AND CULTURE							
Action	Type	Indicator	Baseline		Target		Source
			Year	Value	Year	Value	
<b>2.1.1</b> <b>Trainings and partner finding facilitation for businesses</b>	Output	Number of business firms (or other relevant organisations) reached by actions of supported facilitating entities established; Number of hours of training	2007	0	2015	200 500	Programme monitoring
	Result	Number of entities involved in new contacts created. Participants successfully trained (with improved skills)	2007	0	2015	200 1 000	Programme monitoring Survey/study (in the frame of evaluation)
<b>2.1.2</b> <b>Development of thematic routes of cultural heritage</b>	Output	Number of common cultural thematic routes established; Number of attractions developed / renovated / marketed by projects	2007	0	2015	8 10	Programme monitoring
	Result	Number of visitors of the supported attractions;	2007	0	2015	15 000	Programme monitoring (measured by beneficiaries)
<b>2.1.3</b> <b>Coordinated studies for the territorial and sectoral development of the region</b>	Output	Number of new, strategies, plans and related research documents developed	2007	0	2015	50	Programme monitoring
	Result	Number of Hungarian and Serbian local authorities and /or their associations involved in joint planning	2007	0	2015	35	Programme monitoring
<b>2.1.4</b> <b>Product oriented RDI</b>	Output	Number of cross-border contacts realised in joint research projects	2007	0	2015	60	Programme monitoring
	Result	Number of researchers involved in projects;	2007	0	2015	150	Programme monitoring
<b>2.2.1</b> <b>Educational co-operation</b>	Output	Number of common curricula elaborated; Number of joint training programmes carried out; Number of exchange programmes carried out	2007	0	2015	10 20 5	Programme monitoring
	Result	Number of education staff, experts participated in joint educational or training activities (training, exchange programmes); Number of persons trained in joint educational activities (training, exchange programmes)	2007	0	2015	60 300	Programme monitoring
<b>2.2.2</b> <b>People to people co-operations</b>	Output	Number of projects implemented; Number of NGOs involved in cross-border contact	2007	0	2015	15 50	Programme monitoring
	Result	Number of people involved	2007	0	2015	10 000	Programme monitoring

Priority 3 Technical Assistance							
Action	Type	Indicator	Baseline		Target		Source
			Year	Value	Year	Value	
Programme implementation, support and control activities	Output	Percentage of funds allocated to the programme disbursed	2007	0	2015	90	Programme monitoring
	Result	Number of implemented projects	2007	0	2015	250	Programme monitoring
Information and publicity activities	Output	The programme's own website developed	2007	0	2015	1	Annual Report
	Result	When a given call is open the number of visitors at the web page per day	2007	0	2015	80	Annual Report

## 7 COHERENCE WITH OTHER PROGRAMMES AND POLICIES

Coherence with other development programmes has been observed during the preparation of this Programme. Careful attention has also been paid to a clear division of targeted support in the Cross-border Co-operation Programme and the national level EU co-financed support schemes. The Programme promotes synergies with both domestic and EU co-financed resources. The dimension of cross-border impacts ensures that overlaps between this CBC Programme and other EU financed programmes (e. g. the Hungarian NSRF) are avoided even if the thematic contents are sometimes similar. As it is stated in the strategy (Chapter 4.3.), all interventions of the Programme have to aim at developing joint cross-border structures.

The following flow chart presents the relations to and the relevance of other programmes and main policies for the Programme:



The CBC Programme will contribute to the EU priorities related to climate change prevention, mitigation and adaptation, biodiversity, waste and water management by the achievement of horizontal objective no. 4 and by the implementation of Action 1.1.2, 1.2.1, 1.2.2 and 2.1.3.

## **7.1 National Strategic Reference Framework of the Republic of Hungary for the 2007-2013 period**

The overall strategic aims of the NSRF are job creation and economic growth. The overall strategic objective of the present Programme is perfectly in line with these overall strategic aims, as it aims to create sustainable, knowledge and culture based growth and jobs in the border region. The Programme therefore carries the cross-border dimension of the Hungarian National Strategic Reference Framework.

## **7.2 IPA Multi-annual indicative planning document for the Republic of Serbia - 2007– 2009**

The Multi-annual Indicative Planning Document (MIPD) 2007 – 2009 ensures the necessary coordination and coherence between the different components of the Instrument for Pre-Accession Assistance (IPA). The MIPD identifies key areas of intervention that Serbia is expected to develop in detail through the IPA programming documents in close co-operation with the EC Delegation and EAR. The MIPD for the Republic of Serbia, as a potential candidate country, consists of two components:

- The Transition Assistance and Institution Building Component
- The Cross-border Co-operation Component

## **7.3 Multi– Beneficiary IPA Programme**

The areas of intervention addressed in the Multi-Beneficiary IPA programme and identified in the EU strategic documents are:

- Regional Co-operation
- Infrastructure Development
- Justice and Home Affairs
- Internal Market
- Public Administration Reform
- Democratic Stabilisation
- Education, Youth and Research
- Market Economy
- Nuclear Safety and Radioactive Waste Management
- Interim Civilian Administrations and
- Administration and Reserve.

## **7.4 Needs Assessment of the Republic of Serbia for International assistance 2007-2009**

Needs Assessment of the Republic of Serbia for International Assistance 2007-2009 defines priority areas for international support of national policies aligned with MIPD and other donor activities. The document to be upgraded annually clearly points out national priorities and their relevance in the specified period and enables overlapping of donor assistance. The following priorities have been identified for donor support:

- Employment and job generation
- Institutional and capacity building
- Infrastructure development
- Environment
- Rural development

## **7.5 National Employment Action Plan of the Republic of Serbia 2006 – 2008 (NEAP)**

The National Employment Action Plan for the period 2006-2008 sets forth measures and activities for the realization of the National Employment Strategy for the period 2005-2010 (adopted by the Government's Resolution from April 14<sup>th</sup> 2005) with the aim to increase the level of employment, to reduce unemployment, and to overcome the labour market problems, which the Republic of Serbia is facing during the process of its transition to a market-based economy.

The NEAP helps create the conditions for a balanced approach to all issues concerning the functioning of the Labour Market, and for giving priority to those that are most crucial in this field. NEAP is based on the following priorities:

- reducing unemployment and increasing labour market competitiveness;
- broadening the scope and types of active employment measures (self-employment support programs, programs for creating new jobs, programs for additional education and training, public works programs, and other programs in accordance with the law);
- solving working legal position of the redundant;
- improving social dialogue and the effectiveness of social-economic councils and local employment councils;
- decentralising and modernising the work of the NES.

## **7.6 National Environmental Strategy of the Republic of Serbia (NES) - October 2005**

The general policy objectives of the NES address the general causes of environmental problems identified. Due to their general and declarative nature, the general policy objectives were not prioritized. They are grouped in the following key policy areas:

- Full integration of environmental policy with economic and other sectoral policies.
- Institutional capacity for the development and enforcement of sectoral and environmental policy should be strengthened generally and emergency response systems should be developed.
- Upgrading environmental monitoring and enforcement system will require establishing accredited laboratories, enforcement of norms and standards and mandatory quality control of analyses and emission monitoring, self-monitoring by polluters, the establishment of an inventory of polluters and an environmental information system.
- Developing a comprehensive legal environmental system through adoption of sectoral laws and by-laws, improved law enforcement monitoring, and increasing capacities of the judiciary system. Laws relevant to the environment should be further revised and gradually harmonized with the EU environmental acquis.
- Establishing an effective system of environmental financing and economic incentives.
- Improving formal and informal environmental education to be based on the National Strategy for Environmental Education. Increase environmental awareness through improved information and communication with the public and develop mechanisms for public participations in environmental decision-making.

## **7.7 Agricultural Strategy of the Republic of Serbia (AS)- October 2004**

The strategy defines the following objectives (one economic, three social, two political and one ecological):



- Sustainable and efficient agricultural sector that can compete on the world market, contributing to increasing the national income
- Providing food that meets the needs of society concerning quality and safety
- To insure support of life standards for people who depend on agriculture and are not in condition to follow economic reforms with their development
- Support for the development of villages
- To preserve the environment from the destructive influences of agricultural production
- To prepare the agriculture of Serbia for its integration in the EU
- To prepare agricultural domestic and trade support policy for the rules of succession to the WTO

The envisaged necessary changes are targeted to go into three directions:

- change the structures (producers, ownership and institutions) which includes the following: land reform, agricultural institutions, agricultural privatisation, forestry and water management
- develop the market and its mechanisms which includes the following: role of the Government in market economy, agricultural market, price policy and other measures of agrarian policy for market improvement, credit market
- development of the village and environment preservation which includes the following: development of the village and questions of agricultural environment.

### **7.8 Serbian Regional Development Strategy**

The document is under approval process, but its main elements were compared by Serbian experts.

### **7.9 Development Strategy of AP Vojvodina**

The Integrated Regional Development Plan of Vojvodina (IRDP) is a multisectoral action plan with the main aim of supporting the socio-economic development process of the AP of Vojvodina by stimulation of this process through different integrated measures.

Priorities and Strategies of the IRDP:

- Using internal potentials of AP Vojvodina
- Improving the framework for economic development in the region
- Improving the quality and use of human resources in the region

### **7.10 Poverty Reduction Strategy paper for Serbia**

The Poverty Reduction Strategy paper for Serbia (PRSp) is a medium-term development framework directed at reducing key forms of poverty. The PRSp is a national document that contains an analysis of causes, characteristics and profiles of poverty in Serbia, as well as main strategic guidelines for social development and the reduction of the number of poor citizens in the years to come. Activities envisaged by the PRS are directed at dynamic development and economic growth, prevention of new poverty as a consequence of economic restructuring and care for the traditionally poor groups.

The Poverty Reduction Strategy paper for Serbia was adopted by the Government of Serbia at the session held on October 16, 2003.

Three Strategic PRS Directions:

- Dynamic development and economic growth, focusing on job creation and higher personal income
- Prevention of new poverty as a consequence of economic restructuring

- Efficient implementation of existing programs and creation of new programs, measures and activities directly targeting the poorest and socially most vulnerable groups (children, the elderly, disabled persons, refugees and internally displaced persons, the Roma, the rural population and the uneducated), particularly in the least developed regions

### **7.11 National Spatial Development Concept (NSDC) and National Development Concept of Hungary (NDC)**

The NSDC can be considered as the main spatial policy document of Hungary. It defines long-term spatial and medium-term territorial objectives for the development of the country. Concerning the development directions of the eligible area one can find among the long term objectives “**Levelling up of backward regions**”, “**Sustainable spatial development and protection of heritage**” (ensuring the preservation of traditional land use, the town/village system and the archaeological and folk heritage) and „**Regional integration to Europe**” (increasing cross-border co-operation through encouraging institutional, business and civic links between towns/villages). Furthermore, the National Spatial Policy emphasizes the necessity of territorial cohesion.

Concerning the medium-term goals the following objectives have to be mentioned:

**Increasing the co-operation between border regions:** the objective comprises the increase in accessibility by side road networks, establishment of border crossing points, the development of a system of common tourism products, building up of cross-border nature- and environmental protection, joint spatial planning and regional programmes, joint investments, strengthening of co-operation with organizations and institutions.

Among development priorities for rural areas the priority „**Reforming regions characterized by the predominance of small farms**” concerns particular parts of the eligible area. **Territories having rich natural and cultural heritage** can be found in the eligible area where the sustainable usage of local natural and cultural resources is necessary.

The NSDC mentions “**Developing areas of national significance**” as well: with regard to the border area, the „Levelling up of the Tisa region” and „Developing the Danube River” objectives emphasise the importance of sustainable and environment-conscious development.

Furthermore, the NSDC emphasises the importance of the **representation of national and ethnic minorities’ interests** during development planning.

In coherence with the NSDC the **National Development Concept (NDC)** describes the overall objectives of the development policy of the country. One of its strategic objectives („Balanced territorial development”) focuses on spatial goals of Hungary.

### **7.12 Revised National Lisbon Action Programme Hungary**

Hungary’s Revised National Lisbon Action Programme, setting out the priorities and actions for implementing the Lisbon Strategy in Hungary, was submitted to the European Commission in October 2006. The Revised National Action Programme identified as its principal goal the restoration of macroeconomic balance which is a precondition for economic growth and employment.

The CBC Programme contributes to the achievements of the objectives of the Action Programme, along its so-called “guidelines” as listed below:

Field	Guideline No.
<i>Microeconomy</i>	7 (R&D)
	9 (ICT)
	11 (Sustainable use of resources)
	14 (Competitive Business Environment)
<i>Employment</i>	18 (Life-cycle approach to work)
	19 (Inclusive labour markets and make work pay)
	23 (Human capital)
	24 (Education and training)

### **7.13 Cohesion Fund projects and similar domestic support, Hungary**

Extraregional accessibility, namely the development of highway and rail connections to the region will take place from domestic development resources on both sides and with resources from the Cohesion Fund on the Hungarian side. These larger projects will open up the border region towards the outside world and will provide accessibility for tourists and visitors.

Environmental projects financed from the Cohesion Fund have already contributed towards the environmental sustainability of the Hungarian counties and will continue to do so in the years ahead.

### **7.14 Transport Operational Programme, Hungary**

The improvement of the intraregional road infrastructure is financed from domestic funding and the Operational Programme for Transport on the Hungarian side, and from domestic sources on the Serbian side. The Hungary-Serbia IPA Cross-border Co-operation Programme will support connecting roads in the immediate border areas to complement the efforts of the Transport OP with a CBC dimension.

### **7.15 Social Renewal Operational Programme, Hungary**

Support to educational and research institutions in the Hungary-Serbia IPA Cross-border Co-operation Programme are targeted at cross-border co-operation projects. This is complementary to the goals of the Social Renewal Operation Programme which aims at training and employment measures to increase the employability of the workforce in Hungary. Measures in the SROP show great synergy in training individuals in the Hungarian counties for job profiles that will be created within the framework of the present Programme, which also contributes to employment and job creation through an additional cross-border dimension.

### **7.16 Economic Development Operational Programme, Hungary**

Support to small and medium sized enterprises is available in Hungary from the Economic Development Operational Programme. This Hungary-Serbia IPA Cross-border Co-operation Programme will support cross-border business partner finding and cross-border RDI. Measures within the Economic Development OP will help SMEs take advantage of the opportunities created within this Programme.

## **7.17 Environment and Energy Operational Programme, Hungary**

Priority 1 of the **CBC Programme** consists of environmental and infrastructural issues. It aims at supporting primarily **minor actions** in the field of environment such as maintenance of local sewage systems and local flood prevention measures. On top of that the priority emphasises the importance of **joint planning** in the field of environmental management systems.

Priority 2 focuses on objectives concerning economy, culture and education. With regard to the natural heritage, this priority brings the **co-operation and minor reconstructions in the field of heritage management** into prominence to exploit the touristic potential of the region. The educational and cultural measures focus on people to people actions between municipalities and civic organisations promoting common values.

**The Environment and Energy Operational Programme** of the National Strategic Reference Framework of Hungary comprises three main goals (1) Development of the standard of living with diminishing environmental pollution; (2) Protection and preservation of values; (3) Prevention, sparing and efficiency. The Programme describes objectives in connection to environment and natural heritage in its first three priority axes.

The „**Healthy, Clean Settlements**” **priority axis** concentrates on waste management, sewage treatment and the improvement of drinking water quality intended to enhance the quality of life in settlements. **The water management priority axis** concerns rather major projects such as developments in the field of **flood prevention along the Danube and Tisa rivers**. This development means **building** new flood protection objects (e.g. dikes, banks etc) or the **improvement/renovation of existing objects**.

In connection to the natural and cultural heritage the **sectoral Operational Programme focuses** on development in NATURA 2000 areas and other protected territories (“Proper usage of natural assets”).

A degree of overlaps can be observed in the field of protecting natural assets and in water management but the principle is that the priorities of the Hungary-Serbia IPA Cross-border Co-operation Programme concentrate on the local level and have primarily cross-border impacts.

## **7.18 Regional Operational Programme of the Southern Great Plain Region**

The Hungary-Serbia IPA Cross-border Co-operation Programme is completely in line with the Regional Operational Programme of the Southern Great Plains region, the specific aims of which are to guarantee sustainable development, an increase in employment as well as the facilitation of equal territorial development.

The present Programme complements these aims perfectly with a cross-border dimension in the border region.

In the following table the coherence and synergies of the CBC Programme with the Hungarian sectoral and regional OPs are listed.

Area of intervention	Relevant sectoral or regional OP
<b>PRIORITY 1 INFRASTRUCTURE AND ENVIRONMENT</b>	
<b>1.1 Infrastructure for physical connections</b>	
1.1.1 Border crossing infrastructure, construction, reconstruction of lead up roads	<b>South Great Plain Regional OP (ROP):</b> Construction of local roads (3 - 4 digit coded) within the border region are supported but lead-up roads towards border crossing points are not, whereas they are included in the CBC Programme.
	<b>SecOP (KÖZOP):</b> does not support any development of main international rail line in the programme area.
1.1.2 Planning transport lines, harmonisation of public transport	<b>ROP:</b> Community transportation development within the region is supported, but not through the border crossings.
	<b>SecOP (KÖZOP)</b> supports the local community transportation of cities but not the harmonisation of community transport among different settlements.
<b>1.2 Common responsibility for the environment</b>	
1.2.1 Minor actions in water management: planning, research, monitoring, minor developments for preventing inland inundation and flood	<b>SecOP (KEOP)</b> mentions the development of the great national flood protection systems. It also supports the development of monitoring systems and planning of the catchment area and flood protection in national context. The CBC Programme can complement the national efforts by joint projects supporting the harmonisation with Serbian water management actions.
1.2.2 Animal health monitoring, actions for improving the quality of the environment (planning, research, minor development actions)	Neither the related <b>secOP</b> , nor the <b>New Hungary Rural Development Programmes</b> contain such actions.
<b>PRIORITY 2. ECONOMY, EDUCATION AND CULTURE</b>	
<b>2.1 Stimulating a synergic economy, tourism and R&amp;D</b>	
2.1.1 Trainings and partner finding facilitation for businesses	<b>SecOP (GOP)</b> does not include such actions.
2.1.2 Development of thematic routes of cultural heritage	<b>ROP</b> supports the complex development of museums along region specific thematic routes of cultural heritage but does not cover thematic routes going through the border..
2.1.3. Coordinated studies for the territorial and sectoral development of the region	<b>ROP</b> does not support such actions.
2.1.4. Product oriented RDI	<b>SecOP (GOP):</b> supports the marketing of R&D results (products, methods and services) but only from Hungarian enterprises and research institutions, however, does not support joint R&D activities of Serbian and Hungarian partners. SecOP has synergy with the CBC OP.

<b>2.2 Education and culture for a common mind</b>	
2.2.1 Educational co-operation	<b>SecOP (TÁMOP)</b> supports pedagogic courses in cross-border cooperation context, however does not support similar trainings and programmes which are targeted by IPA CBC.
2.2.2 People to people co-operations	<b>ROP</b> does not contain such actions.
	<b>SecOP (TÁMOP)</b> supports social programmes on sustainable life style and consumption. These types of activities are excluded from the preferred activities of the CBC OP.

## 7.19 Schengen Facility

Border management is financed from the Schengen Facility. No new border crossings will be installed along the Serbian-Hungarian border. Minor access roads to international crossing points (i. e. all transport routes leading across the border to the border) will be supported from this Programme, as well as minor projects related to routine and infrastructure in order to complement the resources of the Schengen facility in boosting transfer capacity.

## 7.20 Community Strategic Guidelines 2007-2013

According to Article 23 of the General Regulation, “The Council establishes at Community level concise strategic guidelines on economic and social [...] 4 cohesion defining a framework for the intervention of the Funds, taking account of other relevant Community policies.” The Community Strategic Guidelines (CSG) therefore provide a strategic framework for any intervention financed from the Funds – including territorial co-operation programmes. This means that – when designing the Programme – the objectives and proposals in the CSG needed to be strongly taken into account.

According to the CSG – under cohesion policy, geography matters – when developing the programmes, Member States and regions should pay particular attention to geographical circumstances. Under the territorial dimension, the CSG focuses on:

- The contribution of cities to growth and jobs.
- Support for the economic diversification of rural areas, fisheries areas and areas with natural handicaps.
- Co-operation.
- Cross-border co-operation.
- Trans-national co-operation.
- Interregional co-operation.

Chapter 5.4 of the CSG presents the specific guidelines to orientate the content of cross-border co-operation programmes. The aim of cross-border co-operation in Europe is to integrate areas divided by national borders that face common problems requiring common solutions.

“The cross-border co-operation should focus on strengthening the competitiveness of the border regions. It should contribute to economic and social integration where there are wide economic disparities on either side.

Actions include promoting knowledge and know-how transfer, the development of cross-border business activities, cross-border education/training and health care potential and integrating the cross-border labour market; and joint management of the environment and common threats. Where the basic conditions for cross-border co-operation are already in place, cohesion policy should focus assistance on actions that bring added value to cross-border activities.”

The overall strategic goal of the Hungary-Serbia IPA Cross-border Co-operation Programme – sustainable, culture and knowledge based economic growth and job creation with intense socio-economic interaction – is fully in line with the objective proposed in chapter 5.4 of the CSG. The strategy addresses the issues highlighted in the document, in that it is built upon the elimination of the obstacles created by borders by improving the cross-border transport and communication infrastructure and by promoting co-operation in various areas.

### ***7.21 ESDP European Spatial Development Perspective***

The ESDP serves as a policy framework for the Member States, their regions, local authorities and the European Commission in their own respective spheres of responsibility. The present Programme reflects all the policy content of the ESDP document accepted by EU ministers responsible for spatial planning in Potsdam, 1999. This Cross-border Co-operation Programme complements the aims of the ESDP, especially for those spatial development issues that can be resolved through cross-border co-operation between neighbouring countries.

## 8 IMPLEMENTATION PROVISIONS

### **Introduction**

The Implementation Chapter of the Hungary-Serbia IPA Cross-border Co-operation Programme 2007-2013 was developed based on:

- available EC Regulations concerning programmes financed by the Instrument for Pre-accession Assistance with special regard to Commission Regulation (EC) 718/2007 of 12 June 2007 implementing Council Regulation 1085/2006 establishing an instrument for pre-accession assistance (hereinafter referred to as *Implementation Regulation*);
- discussions at Task Force and management level on the implementation of the Programme;
- experience gained during the implementation of INTERREG IIIA Hungary – Romania and Hungary – Serbia and Montenegro Cross – border Co-operation Programme 2004-2006.

### **8.1 Programme management structure**

In line with *Article 98 of the IPA Implementation Regulation*, the Hungary-Serbia IPA Cross-border Co-operation Programme will be implemented through shared management under the responsibility of a single Managing Authority, a Certifying Authority and an Audit Authority.

The participating countries regulate their relations and the joint implementation modalities of the programme in a written agreement (Memorandum of Understanding).

The following structures will be created for the management of the Programme:

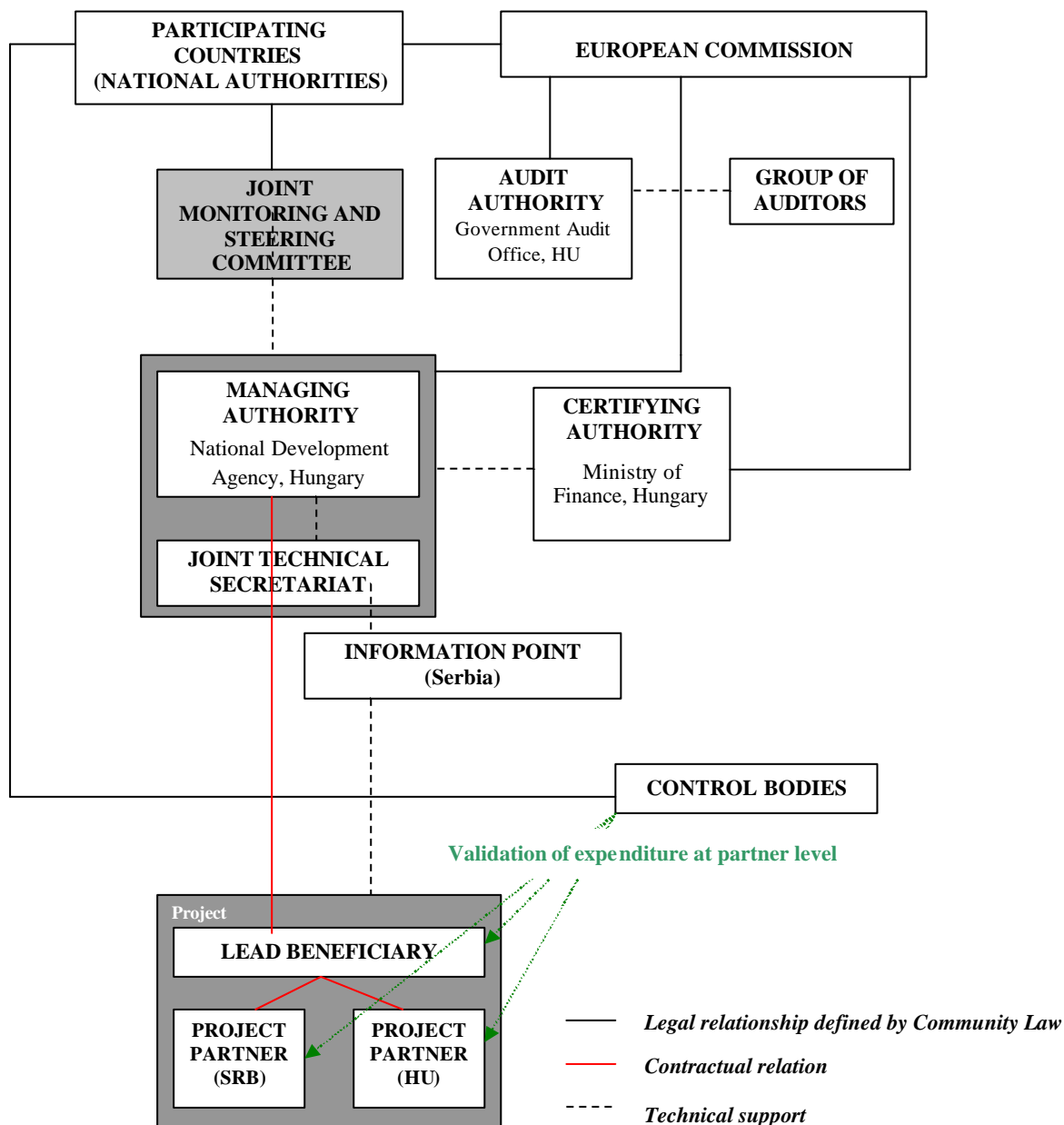
- **Joint Monitoring and Steering Committee (JMSC):** supervising and monitoring the programme implementation; responsible for project selection.
- **Managing Authority (MA):** bearing overall responsibility for the management and implementation of the Programme towards the European Commission;
- **Certifying Authority (CA):** certifying declarations of expenditure and applications for payment before they are sent to the Commission;
- **Audit Authority (AA):** functionally independent body from the Managing Authority and the Certifying Authority, responsible for verifying the effective functioning of the management and control system;
- **Joint Technical Secretariat (JTS):** assisting the Managing Authority, the Joint Monitoring and Steering Committee, and the National Authorities in carrying out their respective duties. An Information Point in the Serbian eligible area will be established and will particularly be responsible for an efficient project development in that area, by giving direct assistance to potential project applicants.

Besides the above mentioned structures, the National Development Agency in Hungary and the Ministry of Finance of the Republic of Serbia (hereinafter referred to as National Authorities (NA)) will bear responsibility for setting up the control system in order to validate the expenditures at national level and for ensuring co-financing.



**Competent Authorities in the HU-SRB Programme**

<b>Managing Authority</b>	National Development Agency, Hungary
<b>Certifying Authority</b>	Ministry of Finance of Hungary
<b>Audit Authority</b>	Government Audit Office, Hungary
<b>National Authorities</b>	National Development Agency, Hungary Ministry of Finance of the Republic of Serbia
<b>Joint Technical Secretariat</b>	Set up within VÁTI, Hungary
<b>JTS Information Point</b>	Local Office in Subotica, Serbia
<b>Control Bodies</b>	VÁTI Budapest and Local Office Szeged, Hungary To be established within the Ministry of Finance of the Republic of Serbia



Special attention shall be given to the services provided by the INTERACT II Programme. This EU-wide Programme focuses on the good governance of territorial co-operation and provides needs-based support to stakeholders involved in implementing programmes under the European Territorial Co-operation objective. The target groups for INTERACT are primarily the authorities to be established according to Council Regulations 1083/2006 and 1080/2006 as well as other bodies involved in programme implementation. In order to ensure maximum benefit from the INTERACT Programme for the implementing bodies of this Programme, the use of INTERACT services and documentation as well as the participation in INTERACT seminars will be encouraged. Related costs are eligible under Technical Assistance.

### **8.1.1 Joint Monitoring and Steering Committee (JMSC)**

A Joint Monitoring and Steering Committee will be set up to ensure the quality and effectiveness of implementation and accountability of the programme operations.

Furthermore, the overall task of the Joint Monitoring and Steering Committee is to ensure the quality and effectiveness of project selection by deciding on the Call for Proposals, project evaluation and selection. The Joint Monitoring and Steering Committee with the support of the JTS may use external expertise in order to ensure the necessary technical background for selecting projects in particular actions or group of actions. It is responsible for adopting the strategic approach of allocating the budget of the Programme for good quality projects contributing to the overall objectives described in the strategic part of this document.

The Joint Monitoring and Steering Committee will draw up its own Rules of Procedure within the institutional, legal and financial framework and will adopt them in agreement with the Managing Authority. The Joint Monitoring and Steering Committee will work in accordance with Article 110 of the Implementation Regulation.

The members of the Joint Monitoring and Steering Committee will be represented by regional, local and national level actors to ensure efficiency and broad representation. National level actors include line ministries from sectors targeted by the interventions of the Programme (e.g. environment, economy, regional development). When defining the composition of the Committee, the principle of the partnership will be respected through the inclusion of competent authorities, socio-economic partners as well as any other appropriate bodies representing civil society, environmental partners and non-governmental organisation and bodies responsible for promoting equality between men and women. Members of the Joint Monitoring and Steering Committee can invite additional advisors to the meetings of the Committee with an observatory status (participation of advisors has to be communicated in advance to the Chair). The chairmanship and the rights and duties of the chairman will be defined in the Rules of Procedure of the Committee.

Representatives of the European Commission (including DG Regio) will participate in the work of the committee in an advisory capacity, according to the respective legal framework. The Managing Authority will attend the committee meetings and will safeguard the regularity, efficiency and effectiveness of the program.

The Joint Technical Secretariat will provide the secretariat function towards the Joint Monitoring and Steering Committee including preparation of the documents, decisions and minutes of the meetings.

The Joint Monitoring and Steering Committee shall meet at least twice a year. Decisions in the Committee will be made by consensus. Decisions may be taken via written procedure regulated by the Rules of Procedure.

*Implementation Regulation Article 110  
Tasks of the Joint Monitoring Committee*

The monitoring committee shall satisfy itself as to the effectiveness and quality of the implementation of the operational programme, in accordance with the following provisions:

- (a) it shall consider and approve the criteria for selecting the operations financed by the cross-border programme and approve any revision of those criteria in accordance with programming needs;
- (b) it shall periodically review progress made towards achieving the specific targets of the cross-border programme on the basis of documents submitted by the managing authority ...;
- (c) it shall examine the results of implementation, particularly achievement of the targets set for each priority axis and the evaluations referred to in Article 57(4) and Article 109;
- (d) it shall consider and approve the annual and final reports on implementation referred to in Article 112 and, in the case of a programme implemented according to the transitional arrangements referred to in Article 99, it shall examine the reports referred to in Article 144;
- (e) it shall be informed of the annual control report, referred to in Article 105 (1)(c) and, as applicable in the case of a programme implemented according to the transitional arrangements referred to in Article 99, of the annual audit activity report(s) referred to in Article 29(2)(b) first indent, and of any relevant comments the Commission may make after examining those reports;
- (f) it shall be responsible for selecting operations but may delegate this function to a steering committee;
- (g) it may propose any revision or examination of the cross-border programme likely to make possible the attainment of the objectives referred to in Article 86(2) or to improve its management, including its financial management;
- (h) it shall consider and approve any proposal to amend the content of the cross-border programme.

### **8.1.2 Managing Authority (MA)**

The designated Managing Authority of the Programme:

**National Development Agency (Hungary)**

H-1133 Budapest, Pozsonyi út 56.

The Managing Authority shall be responsible for managing and implementing the Programme in accordance with the following regulation:

*Implementation Regulation Article 103  
Functions of the managing authority*

The managing authority shall be responsible for managing and implementing the cross-border programme in accordance with the principle of sound financial management and in particular for:

- a) ensuring that operations are selected for funding in accordance with the criteria applicable to the cross-border programme and that they comply with applicable Community and national rules for the whole of their implementation period;
- b) ensuring that there is a system for recording and storing in computerised form accounting records of each operation under the cross-border programme and that the data on implementation necessary for financial management, monitoring, verifications, audits and evaluation are collected;
- c) verifying the regularity of expenditure. To this end, it shall satisfy itself that the expenditure of each final beneficiary participating in an operation has been validated by the controller referred to in Article 108;
- d) ensuring that the operations are implemented according to the public procurement provisions referred to in Article 121;

*Implementation Regulation Article 103  
Functions of the managing authority*

- e) ensuring that final beneficiaries and other bodies involved in the implementation of 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;
- f) ensuring that the evaluations of cross-border programmes are carried out in accordance with Article 109;
- g) setting up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of Article 134;
- h) ensuring that the certifying authority receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;
- i) guiding the work of the joint monitoring committee and providing it with the documents required to permit the quality of the implementation of the cross-border programme to be monitored in the light of its specific goals;
- j) drawing up and, after approval by the joint monitoring committee, submitting to the Commission the annual and final reports on implementation referred to in Article 112;
- k) Ensuring compliance with the information and publicity requirements laid down in Article 62.

*According to Articles 103 and 108 of the Implementation Regulation* the Managing Authority shall satisfy itself that each beneficiary's expenditure participating in an operation has been validated by the controllers. For this purpose each Participating Country (National Authority) shall design its own system of control and designate the controllers responsible for verifying the legality and regularity of the expenditure declared by each final beneficiary participating in the operation.

The Managing Authority will be directly supported by the Joint Technical Secretariat as the latter carries out the operational management of the whole Programme.

Although the MA bears overall responsibility for the Programme, certain horizontal tasks (employment of JTS members, setting up and operation of the programme monitoring system, legal services, etc.) will be delegated to a separate unit of VÁTI Nonprofit Company.

Delegation of tasks will be prescribed in the description of the management and control system and will be regulated by a specific framework agreement (contract) stipulated by the MA.

*Regions for Economic Change*

If regions in the programme area are involved in the Regions for Economic Change Initiative the Managing Authority commits itself to:

- a) make the necessary arrangement to support innovative operations with cross-border impact that are related to the results of the networks;
- b) foresee a point in the agenda of the Joint Monitoring and Steering Committee at least once a year to discuss relevant suggestions for the Programme, and to invite representatives of the networks (as observers) to report on the progress of the networks' activities;
- c) describe in the Annual Report actions included within the Regions for Economic Change Initiative."

### 8.1.3 Certifying Authority (CA)

The designated Certifying Authority of the Programme:

**Ministry of Finance (Hungary)**

H - 1051 Budapest, József nádor tér 2-4.

The Certifying Authority will be responsible for drawing up and submitting to the Commission certified statements of expenditure and applications for payment and to for receiving payments from the Commission.

The Certifying Authority will act in accordance with respective regulation:

*Implementation Regulation Article 104  
Functions of the certifying authority*

The certifying authority of an operational programme shall be responsible in particular for:

- a) drawing up and submitting to the Commission certified statements of expenditure and applications for payment;
- b) certifying that:
  - (i) the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents;
  - (ii) the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with Community and national rules;
- c) ensuring for the purposes of certification that it has received adequate information from the managing authority on the procedures and verifications carried out in relation to expenditure included in statements of expenditure;
- d) taking account for certification purposes of the results of all audits carried out by or under the responsibility of the audit authority;
- e) maintaining accounting records in computerised form of expenditure declared to the Commission. The managing authorities and the audit authorities shall have access to this information. At the written request of the Commission, the certifying authority shall provide the Commission with this information, within ten working days of receipt of the request or any other agreed period for the purpose of carrying out documentary and on the spot checks;
- f) keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation. Amounts recovered shall be repaid to the general budget of the European Union prior to the closure of the cross-border programme by deducting them from the next statement of expenditure;
- g) sending the Commission, by 28 February each year, a statement, identifying the following for each priority axis of the cross-border programme:
  - (i) the amounts withdrawn from statements of expenditure submitted during the preceding year following cancellation of all or part of the public contribution for an operation;
  - (ii) the amounts recovered which have been deducted from these statements of expenditure;
  - (iii) a statement of amounts to be recovered as at 31 December of the preceding year classified by the year in which recovery orders were issued.

In accordance with *Article 122 (3.) of the Implementation Regulation*, the Certifying Authority by 30 April each year at the latest shall send the Commission a provisional forecast of its likely payment applications for the current financial year and the subsequent financial year.

### 8.1.4 Audit Authority (AA)

The designated Audit Authority of the Programme:

**Government Audit Office (Hungary)**

H - 1126 Budapest, Tartsay u. 11/A.

Responsibilities of the Audit Authority are set out in the following Regulation:

*Implementation Regulation Article 105  
Functions of the audit authority*

1. The audit authority of a cross-border programme shall be functionally independent of the managing authority and the certifying authority and shall be responsible in particular for:
  - (a) ensuring that audits are carried out to verify the effective functioning of the management and control system of the cross-border programme;
  - (b) ensuring that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared;
  - (c) by 31 December each year from the year following the adoption of the cross-border programme to the fourth year following the last budgetary commitment:
    - (i) submitting to the Commission an annual control report setting out the findings of the audits carried out during the previous 12 month period ending on 30 June of the year concerned and reporting any shortcomings found in the systems for the management and control of the programme. The first report, to be submitted by 31 December of the year following the adoption of the programme, shall cover the period from 1 January of the year of adoption to 30 June of the year following the adoption of the programme. The information concerning the audits carried out after 1 July of the fourth year following the last budgetary commitment shall be included in the final control report supporting the closure declaration referred to in point (d) of this paragraph. This report shall be based on the systems audits and audits of operations carried out under points (a) and (b) of this paragraph;
    - (ii) issuing an opinion, on the basis of the controls and audits that have been carried out under its responsibility, as to whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of expenditure presented to the Commission are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular.
  - (d) submitting to the Commission at the latest by 31 December of the fifth year following the last budgetary commitment a closure declaration assessing the validity of the application for payment of the final balance and the legality and regularity of the underlying transactions covered by the final statement of expenditure, which shall be supported by a final control report. This closure declaration shall be based on all the audit work carried out by or under the responsibility of the audit authority.
2. The audit authority shall ensure that the audit work takes account of internationally accepted audit standards.
3. Where the audits and controls referred to in paragraph 1 points (a) and (b) are carried out by a body other than the audit authority, the audit authority shall ensure that such bodies have the necessary functional independence.
4. If weaknesses in management or control systems or the level of irregular expenditure detected do not allow the provision of an unqualified opinion for the annual opinion referred to in paragraph 1 point (c) or in the closure declaration referred to in paragraph 1 point (d), the audit authority shall give the reasons and estimate the scale of the problem and its financial impact.

### *Group of Auditors*

According to Article 102 of the Implementation Regulation, a Group of Auditors will be set up to assist the Audit Authority. The representatives of the Group of Auditors shall be appointed by each National Authority responsible for audit in the concerned Participating Country. Auditors from Serbia will be nominated by the Ministry of Finance of the Republic of Serbia while auditors from Hungary will be nominated by the Audit Authority directly. The Group of Auditors will be set up within three months from the approval of the Programme. It will draw up its own Rules of Procedures and will be chaired by the Audit Authority. The Audit Authority and the Group of Auditors shall be independent of the management and control system of the Programme. If necessary, the Joint Technical Secretariat of the program may support the activities of the Audit Authority. (e.g. providing support in organizing the meeting of the Group of Auditors, etc.)

### **8.1.5 Joint Technical Secretariat (JTS) and Information Point (IP)**

The Programme will have a single Joint Technical Secretariat in accordance with *Article 102 of the Implementation Regulation*. The Joint Technical Secretariat will support the Managing Authority in programme co-ordination and implementation.

*Implementation Regulation Article 102  
Designation of authorities*

.... The managing authority, after consultation with the countries participating in the programme, shall set up a joint technical secretariat. The joint technical secretariat shall assist the managing authority and the joint monitoring committee referred to in Article 110 and, where appropriate, the audit authority and the certifying authority, in carrying out their respective duties. The joint technical secretariat may have antennae established in other participating countries.

The tasks of the Joint Technical Secretariat are the following:

- **General programme co-ordination tasks**
  - a) collect necessary data and information for the programming process;
  - b) co-operate with the administrative, central, regional and local organizations (in the programme area) with the view to collect data and information necessary in the process of the program implementation;
  - c) co-ordinate the promotion activities related to the Programme;
  - d) co-ordinate the organization of work-shops addressed to potential beneficiaries;
  - e) participate in the working groups set up for elaborating/revising the programming documents;
  - f) prepare proposals for programme amendments.
- **Secretariat tasks for the Joint Monitoring and Steering Committee**
  - a) fulfil the day-to-day secretariat tasks;
  - b) co-ordinate the process of project evaluation and contract external experts on a case by case basis
  - c) based on the results of point b) submit its proposal for decision-making to the JMSC;
  - d) provide the JMSC with background documentation and reports in English on the implementation of the programme including minutes of all meetings organised to assist decision-making;

- e) implement operational decisions of the JMSC, including running written procedures;
- f) provide assistance and technical coordination in the elaboration of the annual report for the European Commission.
  
- **Administrative activities**
  - a) ensure the administrative management of (external) tasks and services;
  - b) support the Audit Authority in its activities.
  
- **Programme monitoring and information system**
  - a) contribute to set up the monitoring system;
  - b) maintain regularly and update the monitoring system; upload data into the system.
  
- **Programme evaluation**
  - a) co-ordinate ex-ante and on-going evaluation.
  
- **Project development (generation) and selection**
  - a) co-ordinate the support of project generation and development;
  - b) manage the project application process: prepare and make available documents necessary for project application and selection; provide information and advice to applicants; receive and register all project applications;
  - c) co-ordinate the evaluation process of the applications;
  - d) carry out the eligibility and quality assessment of proposals by internal staff or external experts;
  - e) co-ordinate exchange of information eg. on project proposals between the JTS and IP
  - f) support the Information Point (IP) in its activities;
  - g) monitor the joint projects/partner search database.
  
- **Implementation**
  - a) prepare materials necessary for programme implementation;
  - b) assist project partners in project implementation: provide advice and assistance to project partners as to the implementation of project activities and financial administration;
  - c) may conclude the IPA subsidy contracts on behalf of the MA;
  - d) check the progress and financial reports elaborated by the Lead Beneficiary;
  - e) verify the existence of the declaration on the validation of the expenditures issued by the controllers;
  - f) assist in preparing the IPA applications for reimbursement;
  - g) monitor project progress through collecting and checking project monitoring reports, monitoring outputs etc.;
  - h) prepare progress and verification reports on programme and project implementation and submit them to the JMSC and MA;
  - i) prepare any other documents required by the European Commission (e.g. annual report).
  
- **Information and publicity**

Activities will be carried out according to the Information and Publicity Plan adopted by the Joint Monitoring and Steering Committee. Detailed description of the activities will be included in the Implementation Manual.



The Joint Technical Secretariat will work in close co-operation with the Managing Authority. The two institutions will be set up in a structure most securing their close co-operation on the one hand and their independence from national structures on the other. The work plans of the Joint Technical Secretariat have to be approved by the Joint Monitoring and Steering Committee. The Joint Technical Secretariat will be funded from the Technical Assistance budget.

The Joint Technical Secretariat will be located in Budapest including staff members in Szeged. On the Serbian border certain tasks of the JTS will be supported by the Information Point in Subotica in order to disseminate information at regional level and to support project development in Serbia. The Information Point will work in close co-operation with the JTS members in Budapest and Szeged. In order to create equal opportunities for potential applicants on both sides of the border, the Programme intends to focus more on the role of the Information Point in Serbia. As the bilateral task force meetings revealed, Serbia is in need of support of project generation activities, which may result in the employment of two persons as Information Point.

The Joint Technical Secretariat will have staff from both participating countries. They will be employed by VATI Nonprofit Company on the basis of a framework contract with the MA. The number and qualification of staff shall correspond to the tasks defined above. The Joint Technical Secretariat will ensure that all the operational implementation tasks of the Programme, including coordination of project development and project selection process are fulfilled.

**The main tasks of the Information Point are:**

- to assist the applicants in project generation, application;
- to contribute to information and publicity actions at regional and local level in Serbia;
- to present and represent the Programme at regional level so that partners are able to collect information necessary for developing projects;
- to develop and deliver country specific information to the JTS for use e.g. on the Programme's website;
- to serve as a contact point for project applicants and partners at the regional level;
- to respond to requests of the JTS in the project selection and evaluation process according to the program procedures;
- to assist the JTS in the preparation of contracts with the Lead Beneficiary and in providing advice and assistance to project partners in project implementation and financial administration.

Activities of the Information Point will be financed from the TA budget of the Programme.

### **8.1.6 National Authority (NA)**

The National Authorities of the Programme:

<b>National Development Agency (Hungary)</b> H - 1133 Budapest, Pozsonyi út 56.	<b>Ministry of Finance of the Republic of Serbia</b> 20 Kneza Milosa St., 11000, Belgrade
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The National Authorities represent the participating countries in the Programme that is, Hungary and Serbia respectively.

The National Authorities carry out the following functions:

- signing agreement or Memorandum of Understanding regulating the responsibilities between the Participating Countries;
- contributing on behalf of the concerned participating country to the program planning and modification;
- supporting dissemination of information about the program, implementing national level publicity actions;
- being responsible for development of guidelines for specific national control, based on the program level guidelines developed by the JTS;
- setting up and operating a control system, to validate the expenditures at national level (project partner level and TA expenditure) and ensuring financial sources for control activities;
- ensuring co-financing according to the approved allocation of funds;
- operating the payment system of the national co-financing including verification of the expenditures; providing information on the national co-financing payment flows;
- detecting and correcting irregularities, recovering amounts unduly paid;
- participating in the elaboration of the Programming document;
- participating in the JMSC meetings;
- accessing the programme's Monitoring and Information System.

### **8.1.7 Control Bodies (CB)**

In line with *Article 108 of the Implementation Regulation* each participating country shall set up a control system making it possible to verify the delivery of the products and services co-financed, the soundness of the expenditure declared for operations or parts of operations implemented on its territory, and the compliance of such expenditure and of related operations, or parts of those operations, with Community, when relevant, and its national rules. The designation of controllers is detailed in *paragraphs 2 and 3 in Article 108 (1.) of the Implementation Regulation* (see chapter 8.4.2. of the present document).

The main activity of the Control Bodies will be the verification for validation of the expenditures at partner level in the respective national territory. Related further tasks may include updating the Monitoring and Information System of the Programme and other tasks which are related to their control activities. The designated controllers of the Programme will work in the frame of:

- VÁTI with its Local Office Szeged in Hungary
- To be established within the Ministry of Finance of the Republic of Serbia

Each participating country shall ensure that the expenditure can be validated by the controllers within a period of three months from the date of its submission by the lead beneficiary to the controllers.

## **8.2 Project development and selection**

### **8.2.1 Overall concept of project development and selection**

The overall aim of the Programme is to develop and select high quality, result orientated genuine cross-border projects of clear added value and strategic character relevant for the programme area.

The JMSC should support the strategic character of the project selection itself and ensure the competition between the project proposals and at the same time avoid the overload of both the programme management structures and applicants. They also have to facilitate that the aggregated outputs of the selected projects contribute to achieve the overall objective of the Programme. The JMSC might consider introducing top-down elements to project generation in order to achieve high quality cross-border projects. Details about project development and selection will be provided in the **Implementation Manual**, to be approved by the JMSC.

The Cross-border Programme defines the specific fields of interventions, which can clearly contribute to the overall objectives. The JMSC has the right to fine-draw the available activities within the definition included in the priority descriptions, should the successful implementation of the Programme requires it; or when more focus of the activities is needed to safeguard the project development and selection to reach the declared objectives. This could result in specific calls for proposals to be included in the Implementation Manual and approved by the JMSC.

Appropriate management arrangements shall ensure at all levels of the programme implementation cycle, that – besides respecting the legally required absolute minimum standards – 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 effects / charges of the OP in total, will in the end be climate- and resource-neutral. The OP's 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. To that end, relevant environmental authorities will be invited to the JMSC meetings, when applicable.

The carrying out of such environmental management function includes, among others, activities such as environmental assessment and implementation guidelines, structured experience sharing and capacity development, indicators, environmentally friendly project design and the use of effective selection criteria.

### **8.2.2 Project generation**

Generation of cross-border projects will be the task of the Joint Technical Secretariat and the Information Point. The latter will ensure distributing information to potential applicants in Serbia – with the co-ordination and support of the Joint Technical Secretariat.

While generating projects the following have to be secured:

- giving the same information to all potential applicants and project partners wherever they might be located in the eligible programme area;
- assisting the establishment of partnerships by helping to find interested actors, e.g. by means of a database or partner search events;
- providing technical assistance to projects (e.g. best practice models, sample contracts, etc).

### **8.2.3 Project selection**

*Implementation Regulation Article 95, Point 2-3-4.  
Selection of operations*

- (1) Operations selected for cross-border program memes shall include final beneficiaries from at least two participating countries which shall co-operate in at least one of the following ways for each operation: joint development, joint implementation, joint staffing and joint financing.

*Implementation Regulation Article 95, Point 2-3-4.*

*Selection of operations*

- (2) For cross-border programmes ... operations selected shall include beneficiaries for at least one of the participating Member States and one of the participating beneficiary countries.
- (3) The selected operations fulfilling the above-mentioned conditions may be implemented in a single country provided that they deliver a clear cross-border benefit.

Final decision on approval/rejection of projects is the responsibility of the Joint Monitoring and Steering Committee. The meetings of the Joint Monitoring and Steering Committee are organised by the Joint Technical Secretariat, who also provides background documentation to the members of the Committee beforehand, which forms the basis of decision-making. The evaluation procedure is co-ordinated by the Joint Technical Secretariat (see relevant tasks listed in point 8.1.5.). Sets of criteria (including eligibility, coherence and quality criteria to be approved by the JMSC) used in the course of project selection will be developed by the JTS in co-operation with the other programme management bodies from both participating countries and will be described in the Implementation Manual.

The Joint Monitoring and Steering Committee has the right to restrict the scope of eligible applicants in certain Call for Proposals taking into account the specific nature and implementation modalities of the given Call.

The selection of projects can be performed through open call for proposals either in a one-step approach or in a two-step approach. Determining the project selection model according to the type of activities in a certain Call for proposals (CfP) is the responsibility of the JMSC. Both models will be developed with the involvement of the Joint Monitoring and Steering Committee and will be described in details in the Implementation Manual.

In the one-step approach the applications will be submitted in an open call and evaluated against pre-defined set of criteria included in the Implementation Manual. The applications always have to be submitted to the JTS, which organises the evaluation with possible use of external expertise. The JTS prepares a proposal for the JMSC with regard to each application highlighting its weaknesses and strengths to assist decision-making.

The two-step approach contains a joint pre-selection stage of project drafts. Applicants submit "expressions of interest" based on which the proposals will be pre-selected to offer the opportunity for applicants to further develop their projects. The pre-selection step is to be organised by the JTS and the decision will be made by the JMSC. Pre-selected and further developed projects will be re-submitted to the JTS and evaluated against the relevant pre-defined set of quality criteria set out in the Implementation Manual.

The reasons for choosing the two-step selection process are manifold. Primarily, it will be used in case of complex projects, particularly those including construction / investment-type actions with relatively high grant request, so that Applicants whose proposals had been turned down would not have to submit costly permits and feasibility studies; rather, it allows them to elaborate more on the content of their proposal. Consequently, filtering of proposals ensures that higher quality projects are selected. Besides it also has a beneficial impact on the capacities of the Joint Technical Secretariat, since evaluation as well as project development activities will be more focused than in the one-step approach.

The responsibility of fulfilling the State Aid rules during the implementation is directed to each Member State by the treaty. For this purpose each Member State has to define a State Aid Authority and a contact person who will be able to provide the MA with proper data about aid schemes in their Country until the end of the implementation of the Programme.

## **8.3 Information and publicity**

The information and publicity strategy of the Programme will be carried out in accordance with *Articles 62 and 63 of the Implementation Regulation*. The activities and tasks will be described in details in the Implementation Manual.

### **8.3.1 Objectives and target groups**

The objectives of information and publicity are twofold:

- spreading information on the opportunities of this Programme and ensuring transparency for the target groups of the Programme;
- making the general public aware of the results and benefits achieved by cross-border co-operation projects and of the role played by the European Union in cross-border programmes.

Communication primarily should be directed towards potential and final beneficiaries to ensure that they are properly and in time informed about the opportunities of funding, about calls for proposals and simultaneously to make sure that they understand the administrative processes. The second target group is the general public who should be aware of the results and benefits achieved by the projects. Information on the results of the projects should also be provided to institutions involved in policy-making in the fields related to the priorities of the Cross-border Co-operation Programme.

### **8.3.2 Tools and finances**

The information and publicity measures will be presented in the form of a communication plan, designed to:

- inform the general public about the role that the European Union, Hungary and Serbia play in the respective interventions and of their results;
- to guarantee transparency vis-à-vis potential and final beneficiaries by providing information on the Hungary-Serbia IPA Cross-border Co-operation Programme 2007-2013, as well as to give an overview of competencies, organisational structures and project selection procedures.
- to inform the public about the start of the programme in the media. Ongoing communication on the stages of programme implementation and presentation of the final results of the Programme will be ensured.

In order to create a uniform public image of the Programme (such as a brand name or a “corporate identity”) a common logo will be used on printed materials, publications and also in the electronic media. For the strategic implementation of the communication plan the following tools will be used:

- **The Programme’s website** is a key source to provide ongoing and up-to-date information to the general public including potential and final beneficiaries.

All relevant documentation such as the application pack or the programme documents will be available as downloads. It will provide information about calls for project proposals together with FAQ, it will have a news section, a back-office section as well as an electronic partner-search forum.

- **The programme document** of the Hungary – Serbia Cross Border Co-operation Programme forms the basis for implementing successful cross-border projects along the Hungarian-Serbian border region from 2007 to 2013.

- **Leaflets** are symbolic “business cards” of the Programme; they are appetisers in so far as they contain general information about the programme aiming at encouraging wide participation in the Programme as well as at helping to spread information about the Programme.
- **Brochures** serving as “product catalogues” of the Programme giving comprehensive survey of a given programme period with a handful of projects summarising the activities, the results and outcomes.
- **Advertisements** issued – such as Calls for proposals – and published in nationwide and in local daily papers in each participating county would make the Hungary-Serbia IPA Cross-border Co-operation Programme transparent in the programme area to the general public.
- **Regional and local information events, seminars** will be organised in order to facilitate establishing contacts between actors involved in the programme as well as providing proper information flow to potential applicants.
- **Partner search forums** will be held by the JTS and the information point in the programme area in order to help potential applicants develop their projects by finding adequate (cross-border) partners. These occasions will give way to discuss project ideas, management and implementation issues, to meet potential applicants and to facilitate partner search.
- **A kick-off event at the start of the Programme** will spread basic information about the Programme.
- **A closing conference at the end of the programme** will present results and outcomes of implemented projects and achieved results.

According to the preliminary TA budget plan, approximately 2% of the total indicative programme budget will be spent for the above activities.

### **8.3.3 Responsibilities and phases of implementation**

Overall responsibility for carrying out information and publicity measures lies with the Managing Authority. External suppliers will be selected (via public procurement procedure) to design the logo, the website, publications and to organise seminars, partner search forums, kick-off events and the closing conference of the Programme in close co-operation with the JTS staff and the Info Point.

The above-mentioned information and publicity measures will be accomplished in three phases, each of them fulfilling different requirements:

- Announcement of the launch of the Hungary – Serbia Cross-border Co-operation Programme 2007-2013: The objective of this phase is to spread information as widely as possible about the strategic goals and implementation modalities of the Programme as well as about contact details and information sources by means of kick-off events, partner search forums, leaflets and press releases.
- Providing on-going information, communication and presentation: In this phase the public is to be regularly informed about the current status of the implementation of the Programme and about the completion of successful projects. Furthermore, clear information on the selection criteria and evaluation mechanisms and also on administrative procedures are to be provided at the local level by means of information events, seminars, press releases and brochures.

- Presentation of results and review of the Programme: At the end of the programming period the outcomes of implemented projects and eventually the impact of the cross-border programme (also taking into account the results of external evaluations) will be presented to the public by means of a final event and issuing brochures.

### **8.3.4 Monitoring and evaluation of the communication plan**

The MA/JTS has to inform the JMSC on the progress of implementing the communication plan, of information and publicity measures carried out and of the means of communication used. According to *Article 112 of the Implementation Regulation* the annual reports and the final report on the implementation of the Programme have to contain the information and publicity measures taken which had been defined in the communication plan. The communication plan is prepared by the Joint Technical Secretariat and approved as well as monitored by the Joint Monitoring and Steering Committee by means of the above mentioned annual and final reports.

## **8.4 Implementation of projects, description of financial procedures and flows**

### **8.4.1. Project level implementation**

The project implementation will be executed according to the Regulations and rules relevant for the Programme.

#### **8.4.1.1. The Lead Beneficiary principle**

The Lead Beneficiary principle is a basic requirement in all operations financed from the Programme. *Article 96 of the Implementation Regulation* specifies the responsibilities of the Lead Beneficiary.

The project will be presented by the Lead Beneficiary who will act as the only direct contact between the project and the joint management bodies of the Programme. It is the responsibility of the Lead Beneficiary to create a well working consortium based on partnership agreements ensuring the proper and sound implementation of the project.

#### **8.4.1.2. Contracting procedures**

Based on the formal project approval by the Joint Monitoring and Steering Committee, the JTS prepares the subsidy contract to be signed with the Lead Beneficiary. The MA bears the legal responsibility for signing the subsidy contracts, however, can delegate the power of signing the contracts formally (in writing) to the Head of JTS. The subsidy contract format has to be approved by the JMSC. The legally binding subsidy contract of a project shall be reported to the Programme Monitoring and Information System by the JTS.

National co-financing (if applicable) will be ensured for the projects approved by the Joint Monitoring and Steering Committee. Contracts for national co-financing will be concluded separately from community funds by the respective National Authorities, after the signature of the subsidy contracts and the partnership agreement between the project partners. The subsidy contracts for national co-financing will be concluded at project partner level.

Procedures for the disbursement of national co-financing to beneficiaries will be defined separately from those of the IPA procedures and will be described in the Implementation Manual. National co-financing will be paid to project partners through the respective National Authorities, thus separately from IPA Funds.

#### **8.4.1.3. Project reporting**

Progress reports and applications for reimbursement will be linked during the project implementation period and should be submitted as stipulated in the subsidy contract.

#### **8.4.1.4. Eligibility of expenditure**

The rules on eligibility of expenditure shall be defined in line with Article 89 of the Implementation Regulation.

#### **8.4.1.5. Advance payment**

Advance up to 15% of the total IPA allocation of a project will be provided from the pre-financing of the Programme stipulated in *Article 128 of the Implementation Regulation*. The amount of advance will automatically be calculated among Project Partners according to the proportion of each partner's share of the total requested IPA support in the project.

The Lead Beneficiary is responsible for transferring the respective amounts of advance specified in the subsidy contract to the Project Partners within the timeframe agreed in the Partnership Agreement.

Procedures for the settlement of advance payment will be defined in the Implementation Manual.

### **8.4.2. Control systems to validate expenditures**

According to *Article 108 of the Implementation Regulation* the Participating Countries shall set up a control system to validate the expenditures at national level:

*Implementation Regulation Article 108  
Control system*

- (1) In order to validate the expenditure, each participating country shall set up a control system making it possible to verify the delivery of the products and services co-financed, the soundness of the expenditure declared for operations or parts of operations implemented on its territory, and the compliance of such expenditure and of related operations, or parts of those operations, with Community, when relevant, and its national rules.

For this purpose each participating country shall designate the controllers responsible for verifying the legality and regularity of the expenditure declared by each final beneficiary participating in the operation. Participating countries may decide to designate a single controller for the whole programme area.

Where the verification of the delivery of the products and services co-financed can be carried out only in respect of the entire operation, such verification shall be performed by the controller of the participating country where the lead beneficiary is located or by the managing authority.

- (2) Each participating country shall ensure that the expenditure can be validated by the controllers within a period of three months from the date of its submission by the lead beneficiary to the controllers.

In line with *Article 28. 2. (j). of the Implementation Regulation* verifications to be carried out at national level shall cover administrative, financial, technical and physical aspects of operations. Verifications shall ensure that the expenditure declared is real, that the products and services have been delivered in accordance with the approval decision, and the payment requests by the final beneficiary are correct.

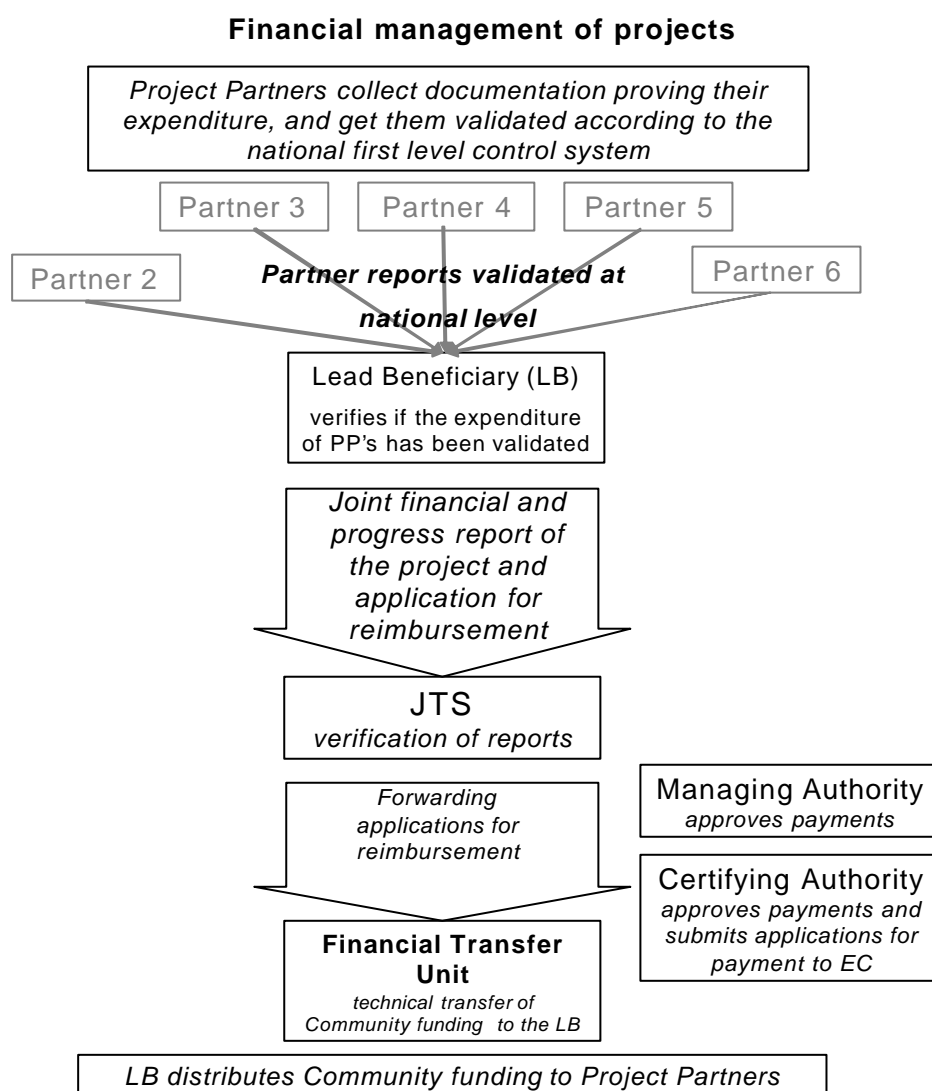


In order to ensure common understanding of the rules applied for control at national level *Guidelines for control* will be developed at programme level in line with the relevant EC and national regulations. It will be made available on the programme homepage as well.

The MA, the JTS and the CA should be regularly informed on the operation of the control system set up by both participating countries.

### 8.4.3. Description of IPA financial flows and procedures from project level to programme level

The steps of financial flows for IPA (with the exception of advance payment referred to in 8.4.1.5) are presented by the following flowchart:



#### 8.4.3.1. Flow of payments

a) The responsible control body of each Participating Country checks the invoices or accounting documents of equivalent probative value submitted by the partner(s) and verifies the delivery of the products and services co-financed, the soundness of the expenditure declared, and the compliance of such expenditure and related (parts) of projects with Community rules and relevant national rules.

b) Upon receipt of the declarations on validation of expenditure of the project partners issued by the control bodies the Lead Beneficiary draws up and submits the project-level application for reimbursement to the Joint Technical Secretariat.

c) Following the checks on the application for reimbursement and the relating progress report (including activity report and financial report) the JTS forwards the application for reimbursement to the Financial Transfer Unit (FTU). The FTU is a separate and functionally independent department of VÁTI Nonprofit Company responsible for the technical management of payments of IPA funds to final beneficiaries.

In the course of the requests of funds, the Financial Transfer Unit draws payment requests for the transfer of IPA contribution through the Monitoring and Information System from the Certifying Authority (CA). Following the approval of payment requests, the CA transfers the IPA contribution drawn from the programme account to the technical disposal bank account kept by the Financial Transfer Unit.

Following the approval of the Certifying Authority, the Financial Transfer Unit transfers the payment of the IPA contribution to the Lead Beneficiaries. The implementation of the payment process is supported by the Monitoring and Information System. The data of the applications for reimbursement and the specific stages of the process are entered into the Monitoring System so that they can be traced back afterwards.

d) The Lead Beneficiary transfers the IPA contribution to partners participating in the operation.

#### **8.4.3.2. Programme level financial procedures (IPA), certification process**

The IPA contribution is paid into a single account opened and managed by the Certifying Authority. Payments made by the European Commission take the form of pre-financing, interim payments and payment of the final balance.

Based on validated eligible expenditure verified by the Joint Technical Secretariat – which can be supported by invoices or accounting documents of equivalent probative value – the Managing Authority draws up the statement of expenditure. The statement of expenditure shall include for each priority axis the total amount of eligible expenditure paid by the Lead Beneficiaries or partners in implementing the operations and the corresponding national contribution. Based on the statement of expenditure submitted by the Managing Authority the Certifying Authority draws up the application for payment and the certification of expenditure and submits them together with the certified statement of expenditure to the European Commission.

In support of the certification activity of the Certifying Authority the Managing Authority operates a verification reporting system. Before compiling the statement of expenditure the Managing Authority prepares a verification report on the procedures and verifications carried out in relation to expenditure included in the statements of expenditure. In order to have adequate information on the validation and verification of expenditure the Managing Authority will request information in the form of a verification report from the participating countries. In order to support its certification activity, the CA performs system controls, carries out so-called fact-finding visits at the joint management structures (MA/JTS/FTU) involved in the financial management of the Programme.

## **8.5 Monitoring and Evaluation**

### **8.5.1. Monitoring**

#### **8.5.1.1 Programme level monitoring**

According to *Article 111 of the Implementation Regulation* the Managing Authority and the Joint Monitoring and Steering Committee shall carry out monitoring by reference to the indicators specified in the Chapter 6.

##### *Indicator system*

A full set of indicators will be further developed in the Implementation Manual to serve as an indispensable basis for responding to the reporting and communication needs in order to make the programme achievements visible to the programme partners and to the broader public. Targets of these indicators should be quantified *ex-ante* for internal programme management use if appropriate. The full set of indicators is not part of the Programme document.

The indicators to be monitored by the Joint Technical Secretariat shall make it possible to measure the progress in relation to the baseline situation and the effectiveness of the implementation of priorities.

##### *Annual report on implementation*

In accordance with *Article 112 of the Implementation Regulation* annual reports and a final report on the implementation have to be prepared. The annual reports will be drafted by the Joint Technical Secretariat to be verified by the Managing Authority and approved by the Joint Monitoring and Steering Committee before submitting them to the Commission.

##### *Project level monitoring*

The purpose of the project monitoring is to keep track of how the project is progressing in terms of expenditure, resource use, implementation of activities and delivery of results and management of risks. The monitoring activity of the project presumes the systematic and continuous collection of information, loading data into the monitoring system, analysis of the indicators defined in the project in order to support effective decision-making.

Joint Technical Secretariat may review project progress and performance on a periodic basis by monitoring the indicators and take the necessary decisions and corrections to keep the project on track.

#### **8.5.1.2. Programme Monitoring and Information System**

The Managing Authority is responsible for setting up a system to gather reliable financial and statistical information on implementation for the monitoring of indicators and for evaluation. It is also responsible for forwarding these data in accordance with arrangements agreed between the Participating Countries and the Commission using computer systems permitting the exchange of data.

The common Monitoring and Information System of the Programme will be based on a management information system which allows for data collection and monitoring at programme level. The system will provide the competent bodies (Managing Authority, National Authority, Certifying Authority, Audit Authority, Joint Monitoring and Steering Committee, Joint Technical Secretariat, Information Point, Financial Transfer Unit) with a practical tool to perform their tasks and should also foster communication and the flow of information among the two Participating Countries by supporting both the project cycle and the programme implementation.

The development and implementation of the Programme Monitoring and Information System will be financed from the TA budget.

#### **8.5.1.3. Exchange of Computerised Data**

Electronic data exchange between the Commission and the program management institutions is a requirement according to *Articles 103 and 111 of Implementing Regulation*.

The computerised system for data exchange will be developed as a tool to transfer all necessary data related to the implementation of the Programme. The computer system used must meet accepted security standards and comply with national legal requirements to ensure that the data can be relied on for audit purposes.

#### **8.5.2. Programme Evaluation**

The aim of the program evaluation is to improve the quality, effectiveness and consistency of the use of assistance, the strategy as well as the overall implementation of the Programme. Evaluations shall be carried out before (ex-ante evaluation) and during (on-going) the programme implementation period. Both participating countries shall provide the resources necessary for carrying out evaluations, organise and contribute to the gathering of necessary data and use the various types of information provided by the monitoring system. The results of the evaluations will be published on the website of the Program.

*In accordance with Article 109 of the Implementation Regulation*, during the programming period, the Participating Countries shall carry out evaluations linked to the monitoring of the cross-border programme in particular where monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of the cross-border programme. This evaluation should be carried out by an independent assessor. The results of the evaluation shall be sent to the Joint Monitoring and Steering Committee and to the Commission.

Evaluations will be financed from the TA budget.

### **8.6 Technical Assistance**

Technical Assistance is necessary for the joint structures to facilitate the implementation of the Programme. Taking into consideration the size and diversity of the programming area 10 % of the community funds allocated to this Programme will be used for the priority "Technical Assistance". The co-financing rate will be 15%. The participating countries will transfer their national co-financing share to a separate bank account on a yearly basis. The Certifying Authority will be responsible for transferring the community funding from the Commission appropriate to the national contributions provided by the participating countries.

Technical Assistance budget will be used for assistance required to prepare, manage, implement, monitor, control and evaluate the Programme.

The JTS should provide support for efficient programme implementation by co-ordinating the cross-border co-operation at programme level. Furthermore, TA budget should be used for tasks aimed to improve and assure proper project implementation and project generation (e.g. thematic seminars, information and publicity measures, evaluation) as well as to increase the overall quality of funded projects.

### ***Management of the Technical Assistance***

Activities covered by the TA will be financed using the project management approach. All programme management activities to be reimbursed by TA shall be prepared in the form of "TA project proposals" to be approved by the Joint Monitoring and Steering Committee. Detailed information on the management of TA will be included in the Implementation Manual.

## **8.7 Audits**

### **8.7.1. Audits of the Operation**

*Implementation Regulation Article 107  
Audits of the Operations*

- (1) The audits referred to in Article 105 (1) (b) shall be carried out each year from the year following the adoption of the cross-border programme on a sample of operations selected by a method established or approved by the audit authority.

The audits shall be carried out on the spot based on the documentation and records held by the final beneficiary.

The audits shall verify that the following conditions are fulfilled:

- The operation meets the selection criteria for the cross-border programme and is being / has been implemented in accordance with the approval decision and fulfils any applicable conditions concerning its functionality and use or the objective to be attained.
- The expenditure declared corresponds to the accounting records and supporting documents held by the Final Beneficiary.
- The expenditure declared by the final beneficiary is in compliance with the Community and national rules.
- Public contribution has been paid to the Final Beneficiary.

Where problems detected appear to be systemic in nature and therefore entail a risk for other operations under the cross-border programme, the Audit Authority shall ensure that further examination is carried out, including additional audits where necessary, to establish the scale of such problems. The necessary preventive and corrective action shall be taken by the relevant authorities. The Group of Auditors comprising representatives of the Participating Countries will assist the Audit Authority as described in point 8.1.4.

## **8.8 Irregularities and recovery of funds unduly paid**

*Implementation Regulation Article 2 (6)*

- (1) 'irregularity': any infringement of a provision of applicable rules and contracts resulting from an act or an omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget;

The responsibilities related to handling irregularities contain two main duties, one is the reporting to the Commission and the other is the recovery of the amounts unduly paid.

### **8.8.1 Reporting**

*Implementation Regulation Article 114 (1)*

- (1) Participating countries shall be responsible for the management and control of cross-border programmes in particular through the following measures:
- (b) preventing, detecting and correcting irregularities and recovering amounts unduly paid together with interest on late payments where appropriate. They shall notify these to the Commission, and keep the Commission informed of the progress of administrative and legal proceedings.

The Participating countries shall send a copy of their quarterly reports to the MA. The MA shall make a register for these reports so that it can inform the EC about the irregularities at programme level.

### **8.8.2 Recovery**

The MA can recover money only from natural or legal persons which are in contractual legal relation with the MA.

In the implementation phase of the cross-border programme two types of responsibilities can occur:

1. Contractual liability between the MA and the Lead Beneficiary (in parallel there is also contractual liability between the Lead Beneficiary and the Project Partners);
2. Legal liability between the EC and the concerned Participating Country.

The steps of recovery when an irregularity is committed by the Lead Beneficiary are the following:

1. If the Lead Beneficiary commits the irregularity, the MA initiates a recovery procedure by a recovery order. In parallel, it suspends any other payments to the concerned Lead Beneficiary.
2. The recovery procedure can have two outcomes:
  - The Lead Beneficiary pays back the amounts unduly paid (the irregularity procedure ends)
  - The Lead Beneficiary doesn't pay back the amounts unduly paid

3. In case the amounts unduly paid are not reimbursed by the Lead Beneficiary the following cases can occur:
  - If there is a contractual collateral<sup>10</sup>, the MA can enforce it to collect the unduly paid amounts
  - If there is no collateral or the collateral is un-enforceable, the MA requests the participating country to initiate a legal procedure against the Lead Beneficiary and sends the documentation of the recovery procedure (prepared by the MA itself) **(this is the limit of the contractual liability)**
4. On behalf of the Participating Country the National Authority initiates a legal procedure against the Lead Beneficiary which can result in the followings:
  - The legal procedure is successful and the Lead Beneficiary pays back the amounts unduly paid (the irregularity procedure ends)
  - The legal procedure is unsuccessful, the participating country (National Authority) takes further legal steps and bears the financial responsibility towards the EC **(legal liability)**.

### **8.8.3 Irregularities related to TA projects**

Irregularity can be committed by those who benefit from the TA budget. If any control or audit activity detects an irregularity related to a TA project, the institution being the Beneficiary of TA funds has to pay back the unduly paid amount to the Certifying Authority (or to the Financial Transfer Unit).

### **8.8.4 Errors which are system errors in nature**

During the running of the system, errors can occur which make it impossible to detect irregularities or which cause irregularities themselves. (For example, a mistake in the Call for proposals indicates irregularity). In this case the MA/CA submits the whole documentation in which the error had been perceived to the participating country / JMSC together with a recommendation on the necessary corrective action to be taken.

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<sup>10</sup> The Lead Beneficiary can grant collateral to safeguard the fulfilment of its contractual relation related to the subsidy contract. Available collaterals are: bank guarantee, mortgage, and prompt collection order.

## 9 INDICATIVE FINANCIAL TABLE

The following tables below set out the indicative financial plan for the Hungary-Serbia IPA Cross-border Co-operation Programme.

In line with the stipulations of Article 90 (1) of the *Implementation Regulation*, the participating countries agreed that the eligible expenditure is based on the total expenditure.

Financial table giving (for the period 2007-2011) the amount of IPA allocation, the national contributions and the rate of co-financing by priority axis (in EUR):

	<b>Community funding</b>	<b>National contribution</b>	<b>Total funding</b>	<b>Co-financing rate</b>	<b>EIB contributions</b>	<b>Other funding</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)= (a)+(b)</b>	<b>(d)=(a)/(c)</b>		
<b>Priority 1</b> Infrastructure and Environment	17 663 973	3 117 172	20 781 145	0.85	0	0
<b>52%</b>						
<b>Priority 2</b> Economy, Education and Culture	12 908 288	2 277 933	15 186 221	0.85	0	0
<b>38%</b>						
<b>Priority 3</b> Technical Assistance	3 396 918	599 456	3 996 374	0.85	0	0
<b>10%</b>						
<b>Total</b>	<b>33 969 179</b>	<b>5 994 561</b>	<b>39 963 740</b>			

Annual allocations indicated in EUR at current prices:

<b>Year</b>	<b>Community funding</b>
2007	4 032 500
2008	6 889 525
2009	7 530 765
2010	7 681 381
2011	7 835 008
<b>Total (2007-2011)</b>	<b>33 969 179</b>



## **10 MAIN DOCUMENTS USED**

Danube–Körös–Maros–Tisza Euroregion Development Plan

Draft Strategic National Reference Framework, Hungary, 2007-13

Hungarian Government Decree No. 2291/2004 (XI. 17.) on planned new border crossings

Hungarian Government Decree No. 305/2001. (XI. 27.) on the development of border crossings.

Report on territorial processes (25 December 2005)

Power point presentation of road developments envisaged in border microregions by the Hungarian state Road Management and Coordination Directorate (UKIG)

Project of regional development plan of AP Vojvodina – Analysis of recent development and SWOT Analysis

Report on the Implementation of the Revised National Lisbon Action Programme Hungary, October 2007

Statistical data at: [www.statserb.sr.gov.yu](http://www.statserb.sr.gov.yu) (Statistical Office of Republic of Serbia)

Sectoral Operational Programmes of the Draft Strategic National Reference Framework, Hungary, 2007-2013

Serbian National Environmental Strategy. Draft submitted for inter-ministerial consultation. October 2005.

Southern Great Plain Region Operational Programme 2007-2013 draft

## 11 ANNEXES

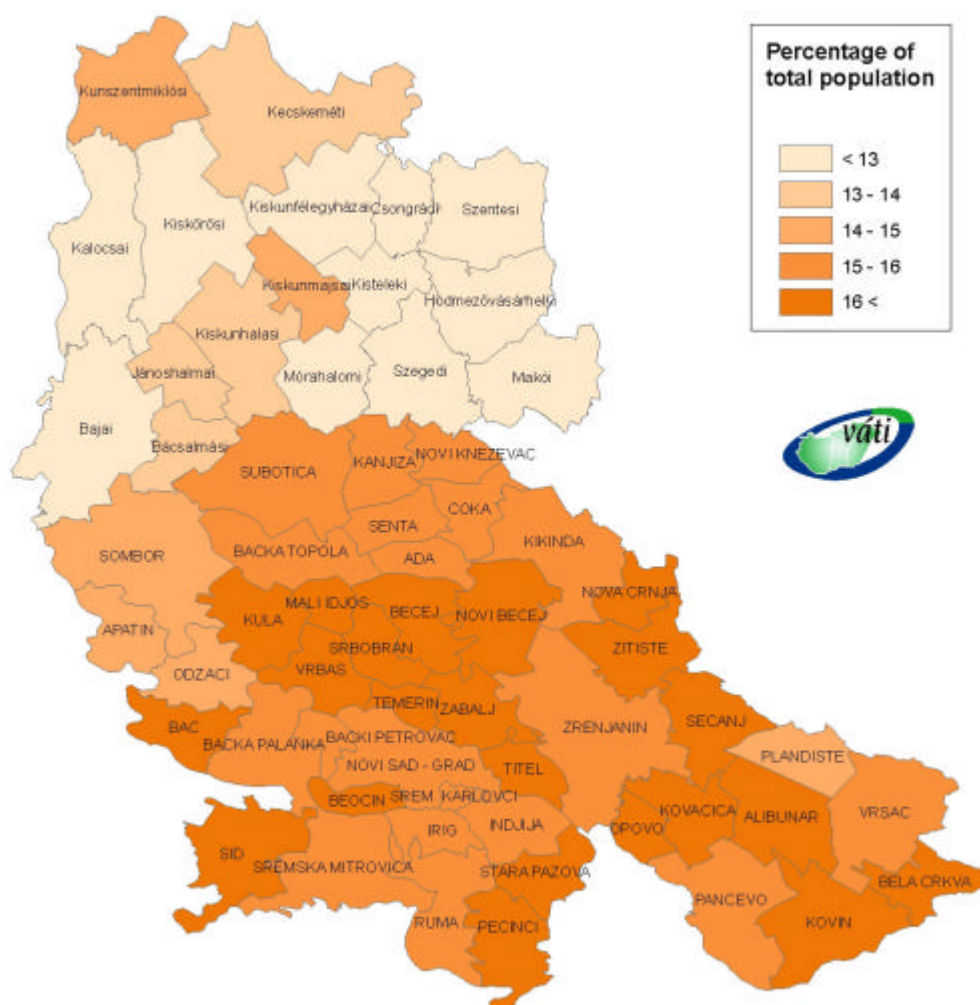
### **Annex 1 List of participants involved in the planning process**

Regional Development Council of Bács-Kiskun County	Ministry of International Economic Relations of the Republic of Serbia / Ministry of Finance of the Republic of Serbia (National Authority)
Euroregion Danube-Cris-Mures-Tisa (DKMT)	European Movement
Local Government of Szeged	Chamber of Commerce of Vojvodina
Local Government of Hódmezővásárhely	Institute for Nature Conservation of Serbia
Local Government of Kecskemét	Center for Rural Development
Baja Micro-region	Faculty of Agriculture, University of Novi Sad
Bácsalmás Micro-region	Executive Council of Vojvodina, Secretariat for International Co-operation
Makó Micro-region	Executive Council of Vojvodina, Secretariat for architecture, urban planning and construction
Mórahalom Micro-region	Executive Council of Vojvodina, Secretariat for labour, employment and gender equity
Szeged Micro-region	Executive Council of Vojvodina, Secretariat for education
University of Szeged	Regional Development Agency MSPP "Sombor"
Eötvös József College	Vojvodina Investment Promotion Fund
Kecskemét College	Regional SME Development Agency
Hungarian Chamber of Commerce and Industry (Hungary-Serbia Unit)	Regional Chamber of Economics Subotica
South Great Plain Regional Development Agency	Alma Mons, Regional Agency for the Development of SMEs, Novi Sad
Lower Danube Valley Water and Environment Protection Directorate	Executive Council of Vojvodina, Secretariat for Environmental Protection and Sustainable Development
Lower Tisa Valley Water and Environment Protection Directorate	Chamber of Commerce of Subotica
Traffic Coordination Centre	Chamber of Commerce of Sombor
Hungarian Public Road Non-profit Company	Vode Vojvodine
Hungarian Public Road Non-profit Company, Unit of Csongrád County	Agromreža
Great Plain Research Institute of the CRS of the HAS	Open University, Subotica
Local Government of Baja	Standing Conference of Towns and Municipalities – representative of Belgrade
Foundation for Enterprise Promotion of Bács-Kiskun County	Ministry of Interior of the Republic of Serbia, Border Police
Office of County Council of Csongrád	Ministry of Economy of the Republic of Serbia
National Development Agency	Centre for Strategic Economic Studies, Vojvodina
Ministry of Economy, Hungary	Ministry of Environmental Protection of the Republic of Serbia

National Inspectorate for Environment, Nature and Water	Hungarian Forest Management - Kecskemét Directorate
Ministry of Environment and Water of the Republic of Hungary	Hungarian Geological Survey - South Lowland regional Office
Ministry of Health of the Republic of Hungary	National Chemical Security Institute, Hungary
National Public Health Office, Hungary	Nimfea Environment and Nature Protection Association
National Directorate General for Disaster Management, Hungary	Birdlife International Hungary
Kiskunság National Park Management Centre	Kiss Ferenc Environment Protection Association of Csongád County

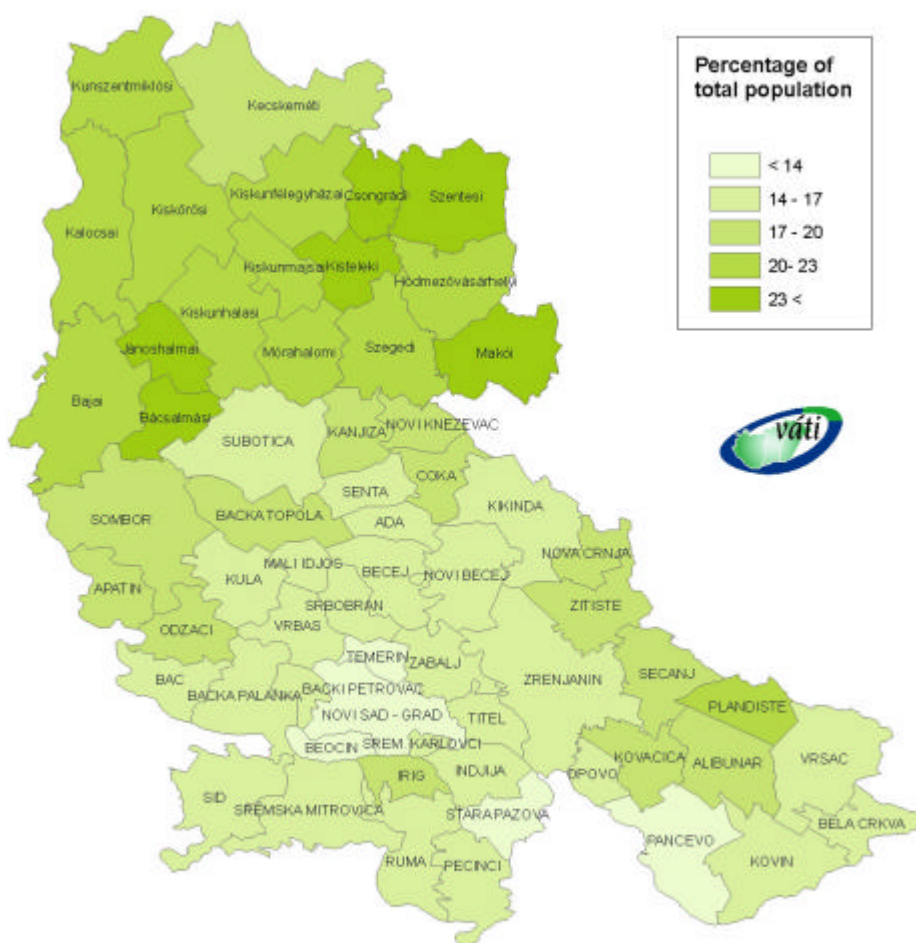
## Annex 2 Young and elderly age group at NUTS IV level

### 0-15- (0-14 Hu) population in the eligible area



Source: Municipalities in Serbia 2005 (statistical data based on census 2002)  
Hungarian Central Statistic Office

**65- (60- Hu) population in the eligible area**



Source: Municipalities in Serbia 2005 (statistical data based on census 2002)  
Hungarian Central Statistic Office

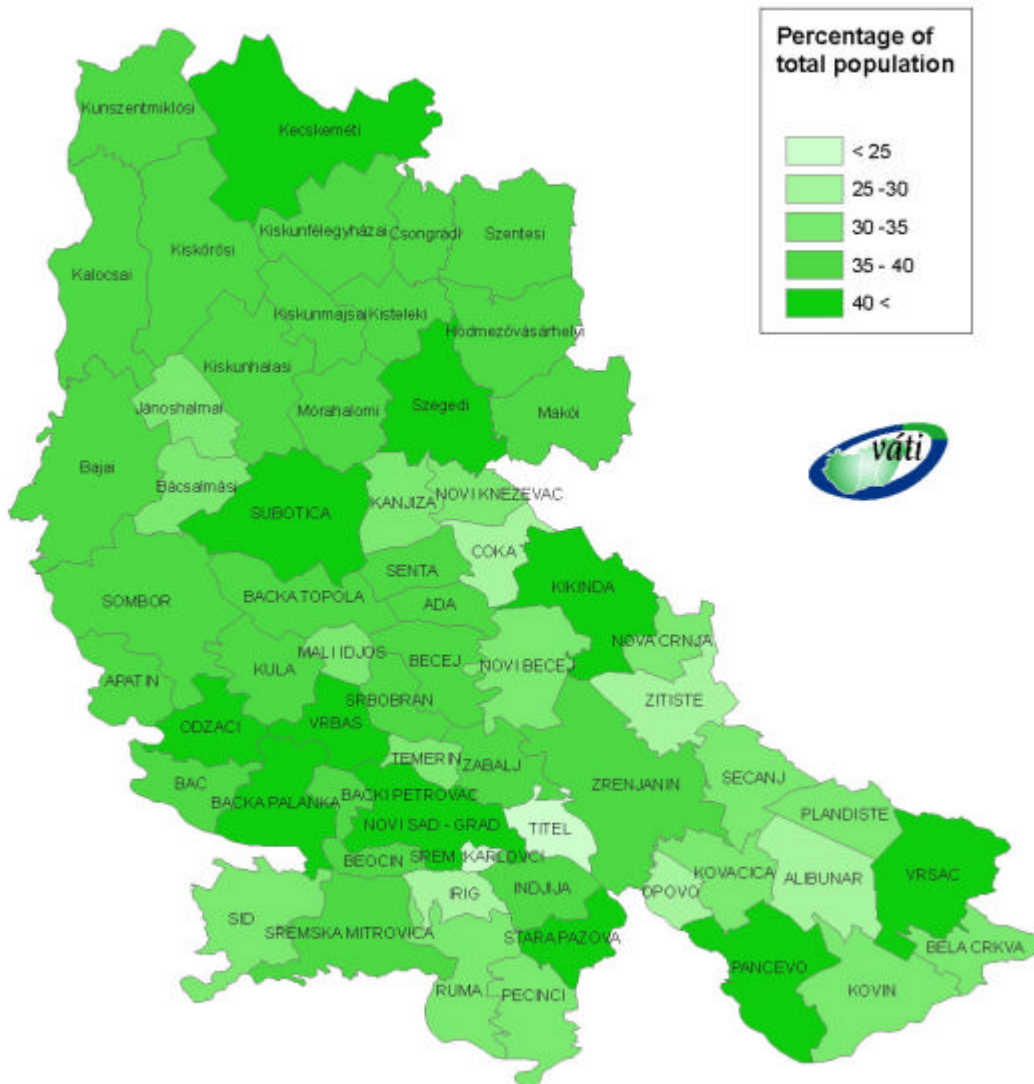
**Annex 3 Change of unemployment and employment rates between 1993 and 2003 (population aged 15-64)**

	Unemployment rate		Employment rate	
	Bács-Kiskun	Csongrád	Bács-Kiskun	Csongrád
1993	16.62	13.77	46.39	51.17
1994	12.25	9.47	47.07	48.81
1995	9.10	8.98	46.43	49.00
1996	9.32	6.44	46.72	49.14
1997	7.64	6.47	48.07	49.80
1998	7.87	5.44	48.51	50.55
1999	6.33	4.59	49.70	50.10
2000	5.64	4.04	50.03	50.85
2001	6.42	3.65	49.65	52.10
2002	6.24	5.51	49.53	48.99
2003	7.32	4.99	49.27	46.78
2004	7.13	4.92	44.63	42.66
2005	8.53	7.52	48.54	48.97

(Source: HCSO and SORS, 2006)

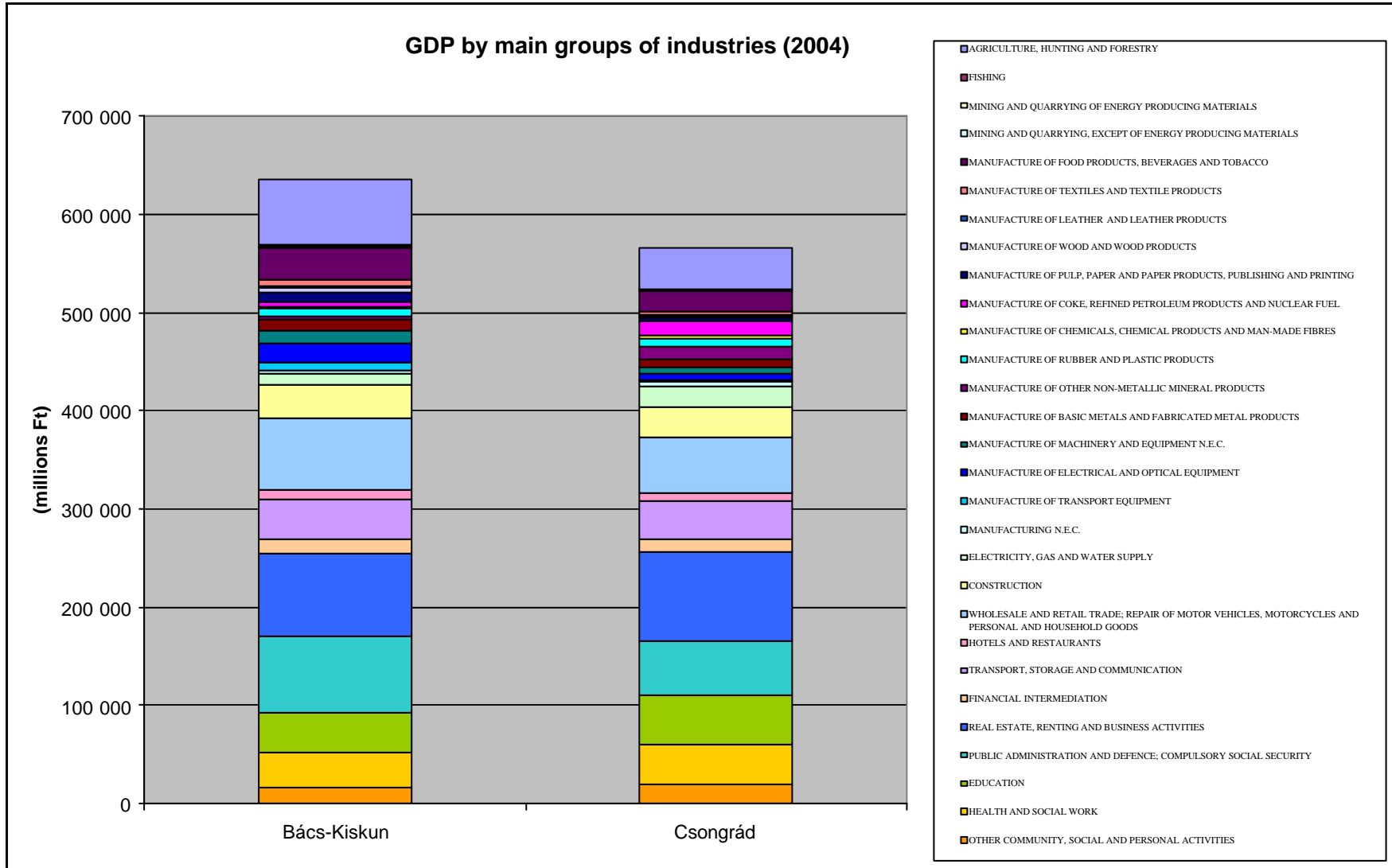
**Annex 4 Activity rate**

**Activity rate in the eligible area**



Source: Municipalities in Serbia 2005 (statistical data based on census 2002)  
Hungarian Central Statistic Office

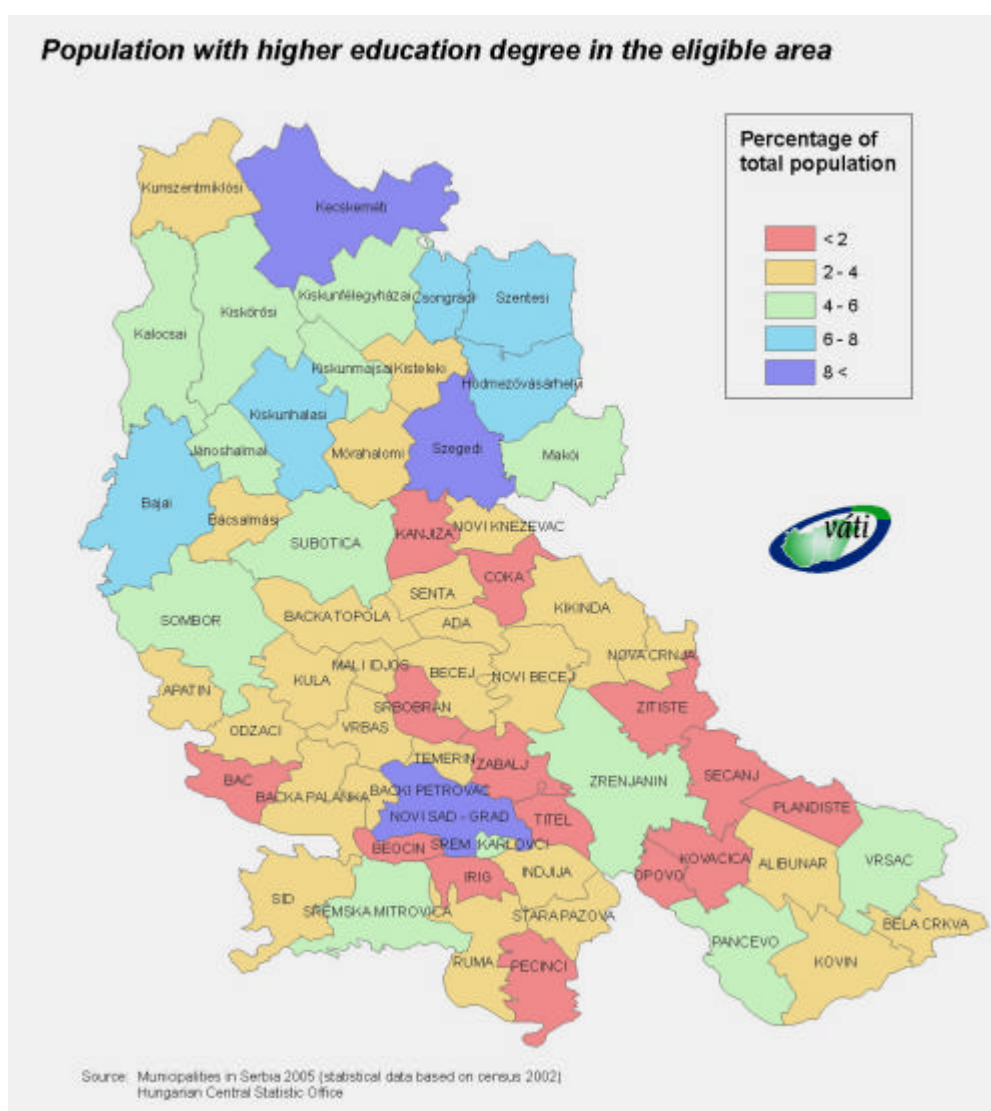
**Annex 5 GDP by Main Branches in the Economy**



## Annex 6 Basic Tourism Data for the Eligible Region

	Bács-Kiskun	Csongrád	Vojvodina
Number of tourists at hotels	72 499	84 682	282 837
Revenues of hotels from their core operation (€)	40.6 million	49.8 million	22.6 million
Number of guest nights	371 488/ 341 000 (2005)	391 967/ 400 000 (2005)	613 740
Average stay (day/person)	3.1	3.3	2.8
Hotel capacity (hotels/every kind)	2222 (hotels) /11041 (total 2005)	2259 (hotels) /9569 (total 2005)	743 000 (*2000)
Utilisation of hotel capacity (%)	16.1 % (2005)	16.1 % (2005)	n/a

## Annex 7 Higher education qualifications as percentage of population



## Annex 8 Educational institutions and level of education

	<i>Bács-Kiskun</i>	<i>Csongrád</i>	<i>Vojvodina</i>
Kindergartens	246	192	505
Elementary and primary schools	204	130	534
High schools	75	75	125
Post-high school institutes			
Public universities and faculties	2	2	1 <sup>11</sup> +9 <sup>12</sup>
Accredited private universities	1	1	1

Educational institutions in the eligible region (Source: HCSO, SORS 2004)

	<i>Hungary</i>	<i>Bács-Kiskun</i>	<i>Csongrád</i>	<i>Serbia</i>	<i>Vojvodina</i>
Number of pupils in primary education (1–8 classes)	859 315	47 862	34 760	701 311	208 712
Number of pupils in secondary education (9–12 classes)	572 177	29 650	26 690	315 953	82 351
Number of students in higher education	207 173	10 706	9 342	197 322	36 724
Number of students in primary education/1,000 inhabitants	85	89	82	25	19
Number of students at secondary schools/1,000 inhabitants	57	55	63	n.a.	n.a.
Number of students in higher education/1,000 inhabitants	21	20	22	n.a.	n.a.

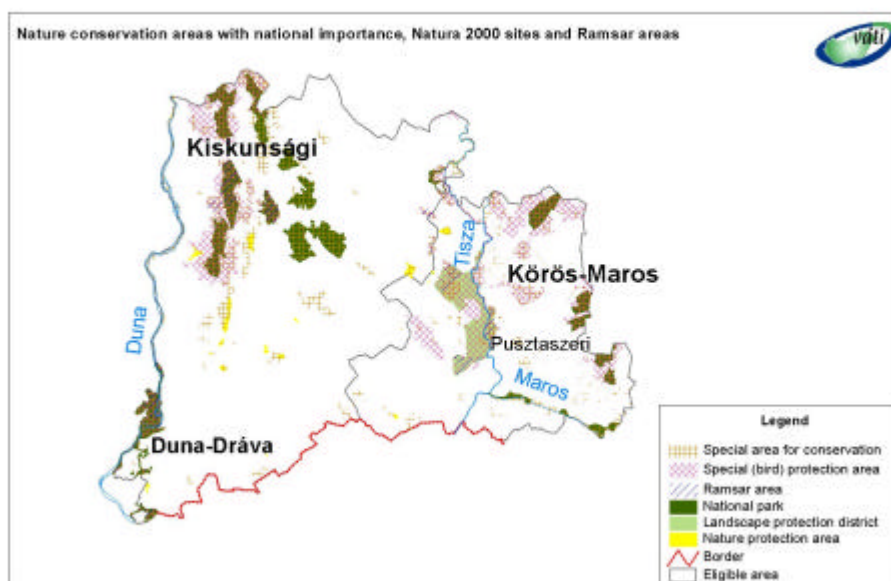
Levels of education in the region (Source: HCSO, SORS, 2004)

<sup>11</sup>Novi Sad University and 16 faculties within the framework of the university across the Vojvodina

<sup>12</sup>Colleges



## Annex 9 Hungarian nature conservation areas



## Annex 10 List of Serbian Environmental Protected Areas

1. Gornje Podunavlje (Upper Danube area)	11. Deliblatska pešcara (Deliblatska Pešcara sands)
2. Suboticke šume (Suboticke forests)	12. Vršacke planine (Vršacke Planine Mts)
3. Selevenj-Palic-Ludaš kompleks (Selevenj-Palic-Ludaš complex): 3a Selevenjske stepe (Selevenj steppe) 3b Ludaško jezero (Ludaš lake) 3c Palicko jezero (Palic lake)	13. Uzdinska šuma (Uzdinska forest)
4. Zobnaticka šuma i ergela (Zobnatica forest and stud farm)	14. Carska Bara - Stari Begej (Carska Bara pool - Stari Begej channel)
5. Karadordevo (Karadjordjevo complex) 5a) Bukinski rit (Bukinski Rit snjamp) 5b) Šume i lovište Karadordevo (Karadordevo forest and hunting area)	15. Park Hajducica (Hajducica park)
6. Fruška Gora (Fruška Gora Mt.)	16. Bara Rusanda (Rusanda pool)
7. Bosut-Zasavica (Bosut-Zasavica complex) 7a) Bosutske šume (Bosutske forests) 7b) Zasavica (Zasavica channel)	17. Slano Kopovo (Slano Kopovo marches)
8. Obedska bara (Obedska Bara pool)	18. Park Sokolac kod Beceja (Sokolac park near Becej)
9. Titelski breg (Titelski Breg hill)	19. Pašnjaci velike droplje kod Mokrina (Pastures of Large Bustard near Mokrin)
10. Ponjavica (Ponjavica)	20. Koviljsko - Petrovaradinski rit (Koviljsko - Petrovaradinski Rit swampy area)

**Annex 11 Appearance of certain animal diseases in Vojvodina**

Disease	County	Number of cases	Total	Year
Brucellosis	Južno-banatski	1	1	2002
Brucellosis	Srednje-banatski	1	286	2003
	Južno-banatski	30		2003
	Sremski	255		2003
Brucellosis	Sremski	165	137	2004
	Južno-banatski	63		2004
	Južno-backi	1		2004
	Srednje-banatski	8		2004
Brucellosis	Sremski	86		480
	Južno-backi	341	2005	
	Južno-banatski	52	2005	
	Severno-backi	1	2005	
Brucellosis	Južno-banatski	5	10	2006
	Sremski	5		2006
Pig plague	Sremski	14	931	2002
	Južno-backi	917		2002
Pig plague	Sremski	63	63	2003
Pig plague	Sremski	11	55	2004
	Severno-banatski	44		2004
Pig plague	Sremski	836		2264
	Severno-banatski	5	2005	
	Južno-backi	2	2005	
	Južno-banatski	562	2005	
	Zapadno-backi	420	2005	
	Severno-backi	439	2005	
Pig plague	Severno-backi	85	1541	2006
	Srednje-banatski	38		2006
	Severno-banatski	234		2006
	Južno-banatski	64		2006
	Južno-backi	736		2006
	Sremski	384		2006
Leucosis	Sremski	26	940	2002
	Severno-banatski	43		2002
	Južno-backi	2		2002
	Srednje-banatski	381		2002
	Južno-banatski	264		2002
	Zapadno-backi	24		2002
Leucosis	Sremski	21	1087	2003
	Severno-banatski	8		2003
	Južno-backi	72		2003
	Srednje-banatski	256		2003
	Severno-backi	19		2003
	Južno-banatski	709		2003
	Zapadno-backi	2		2003

Leucosis	Sremski	32	1087	2004
	Severno-banatski	11		2004
	Južno-backi	45		2004
	Srednje-banatski	631		2004
	Južno-banatski	362		2004
	Zapadno-backi	6		2004
Leucosis	Sremski	46	493	2005
	Severno-banatski	11		2005
	Južno-backi	3		2005
	Srednje-banatski	246		2005
	Južno-banatski	186		2005
	Zapadno-backi	1		2005
Leucosis	Severno-backi	4	1607	2006
	Srednje-banatski	202		2006
	Severno-banatski	8		2006
	Južno-banatski	1385		2006
	Zapadno-backi	2		2006
	Južno-backi	6		2006

## Annex 13 Acronyms

AA	Audit Authority
CA	Certifying Authority
CBC	Cross-border Co-operation
CSG	Community Strategic Guidelines
DDNP	Danube-Drava National Park
DACU	Development and Aid Coordination Unit
EC	European Commission
ERDF	European Regional Development Found
Eurostat	European Statistical Office
FTU	Financial Transfer Unit
FRY	Former Republic of Yugoslavia
FYROM	Former Yugoslav Republic of Macedonia
GDP	Gross Domestic Product
GOP	Economic Development Operational Programme
HCSO	Hungarian Central Statistical Office (Központi Statisztikai Hivatal)
HU	Hungary
ILO	International Labour Organisation
IP	Information Point, or antenna of the JTS in line with Article 102 of the IPA Implementation Regulation
IPA	Instrument for Pre-Accession
JMSC	Joint Monitoring and Steering Committee
JTS	Joint Technical Secretariat
KEOP	Environment and Energy Operational Programme
KÖZOP	Transport Operational Programme
KSH	Hungarian Central Statistical Office
LB	Lead Beneficiary
MA	Managing Authority
MIER	Ministry of International Economic Relations of the Republic of Serbia
MIPD	Multi-annual Indicative Planning Document
MIS	Monitoring and Information System
NA	National Authority
NSRF	National Strategic Reference Framework
NUTS	Nomenclature of Territorial Units for Statistics
OP	Operational Programme
PHARE	Poland and Hungary Assistance for the Reconstruction of the Economy
PPPM	Public Private Partnership Model
pSCI	specific nature conservation areas
PTE TTK	University of Pécs, Faculty of Science
R&D	Research & Development
RDI	Research Development and Innovation
RTD	Research and Technological Development
SEA	Strategic Environmental Assessment
SME	Small and medium enterprises
SORS	Statistical Office of Republic of Serbia (Republički zavod za statistiku Srbije)
SPA	Specific Bird Reserves
SRB	Republic of Serbia
TA	Technical Assistance
TÁMOP	Social Renewal Operational Programme
TelR	National Regional Development and Spatial Planning Information System
UNESCO	United Nations Educational, Scientific and Cultural Organisation