Hungary-Slovakia
Cross-border Co-operation Programme
2007-2013

VERSION OF NOVEMBER 14, 2007

Expert team for OP content:

MEGAKOM Development Consultants: Kézy Béla
Bakó Ágnes
H-4400 Nyíregyháza, Vörösmarty u. 4.
Tel: +36 42 409 482
Fax: +36 42 409 482
kezybela@megakom.hu
bako@megakom.hu
www.megakom.hu

AUREX Ltd.: Július Hanus
Barbora Hanáková
SK-841 04 Bratislava, Dúbravská Cesta 9
Tel: +421 2 547 89 502
Fax: +421 2 547 89 504
hanus@aurex.sk
www.aurex.sk

Expert team for EA, SEA:

Vital Pro Ltd.: Lunk Tamás
H-Budapest IX. (Ferencváros), Berzenczey u. 37.
Tel/fax: +36 1 210 0827
info@vitalpro.hu
www.vitalpro.hu

RESPECT Consulting Ltd.: Karas László
H - 2000 Szentendre, Rezeda u. 14.
laszlo.karas@respect.hu
www.respect.hu

Econsulting: Pavol Kárász
SK-841 01 Bratislava, Žatevná 10
Tel: +421 2 645 312 98
Fax: +421 2 645 312 97
office@econsulting.sk
www.econsulting.sk

Expert for OP management:

Váti, Hungarian Public Nonprofit Company for Regional Development and Town Planning
H-1016 Budapest, Gellérthegy u. 30-32
Tel: +36 1 224 3233
Fax: +36 1 224 3291
interreg@interreg.hu
www.vati.hu

CONTENTS

1. INTRODUCTION 5
1.1. PROGRAMME CONTEXT 5
1.2. PROGRAMME SUMMARY 5
1.3. THE JOINT PROGRAMMING PROCESS 6
1.4. DEFINITION OF THE PROGRAMME AREA 10

2. ANALYSIS OF THE PROGRAMME AREA 11
2.1. THE DESCRIPTION OF THE PROGRAMME AREA 11
2.1.1. AREA, POPULATION AND SETTLEMENT STRUCTURE 11
2.1.2. ECONOMY 13
2.1.3. LABOUR MARKET 18
2.1.4. INFRASTRUCTURE 21
2.1.5. EDUCATION, RTD AND INNOVATION 24
2.1.6. HEALTHCARE 27
2.1.7. NATURAL RESOURCES & ENVIRONMENT 28
2.1.8. CULTURE, SCIENCE, CIVIL SOCIETY, EUROREGIONS 35
2.2. LESSONS FROM THE PREVIOUS PROGRAMMING PERIOD 38
2.3. CONCLUDING REMARKS FOR THE CO-OPERATION AREA AS A WHOLE – SWOT ANALYSIS 41
2.3.1. IDENTIFICATION OF KEY DISPARITIES AND MAIN DEVELOPMENT FACTORS 46
2.3.2. CONCLUDING REMARKS 47

3. JOINT DEVELOPMENT STRATEGY 48
3.1 THE PROPOSED STRATEGY 48
3.2. OBJECTIVES 49
3.2.1. THE OVERALL STRATEGIC GOAL OF THE CO-OPERATION PROGRAMME 49
3.2.2. SPECIFIC OBJECTIVES 49
3.3. IDENTIFICATION OF THE PRIORITY AXIS 50
3.4. PROGRAMME PRIORITIES 53
3.4.1. PRIORITY 1 ECONOMY AND SOCIETY 53
3.4.2. PRIORITY 2 ENVIRONMENT, NATURE PROTECTION AND ACCESSIBILITY 60
3.4.3. PRIORITY 3 TECHNICAL ASSISTANCE 66
3.5. PROGRAMME LEVEL INDICATORS 68
3.6. CROSS-CUTTING THEMES 69
3.6.1. SUSTAINABLE DEVELOPMENT 69
3.6.2. ENVIRONMENTAL POLICY 69
3.6.3. EQUAL OPPORTUNITIES 70
3.6.4. PARTNERSHIP 70
3.6.5. BILINGUALISM 71
3.7. COHERENCE WITH EU OBJECTIVES AND OTHER INTERVENTIONS 72
3.7.1. COMMUNITY STRATEGIC GUIDELINES 2007-2013 72
3.7.2. EU STRATEGY FOR SUSTAINABLE DEVELOPMENT 73
3.7.3. ESF, EAFRD AND EFF 73
3.7.4. OTHER FINANCIAL INSTRUMENTS OF THE COMMUNITY 73
3.7.5. STRUCTURAL FUNDS INTERVENTIONS UNDER THE HUNGARIAN NSRF FOR 2007-2013 74
3.7.6. NATIONAL SUSTAINABLE DEVELOPMENT STRATEGY OF HUNGARY 75
3.7.7. STRUCTURAL FUNDS INTERVENTIONS UNDER THE SLOVAK NSRF FOR 2007-2013 78
3.7.8. NATIONAL REFORM PROGRAMME OF THE SR 78
3.7.9. COHERENCE WITH THE SECTORIAL AND REGIONAL OPERATIONAL PROGRAMMES 2007- 2013 . 79
3.8. THE MAIN FINDINGS OF THE EX-ANTE EVALUATION AND THE STRATEGIC ENVIRONMENTAL ASSESSMENT 84

4. IMPLEMENTING PROVISIONS 88
4.1. THE PROGRAMME MANAGEMENT STRUCTURE 88
4.1.1. JOINT MONITORING COMMITTEE (JMC) 90
4.1.2. MANAGING AUTHORITY (MA) 91
4.1.3. CERTIFYING AUTHORITY (CA) 92
4.1.4. AUDIT AUTHORITY (AA) 93
4.1.5. JOINT TECHNICAL SECRETARIAT (JTS) AND REGIONAL INFO POINTS (RIP) 94
4.2. PROJECT DEVELOPMENT AND SELECTION 96

4.2.1. THE OVERALL CONCEPT OF PROJECT DEVELOPMENT AND SELECTION....96
4.2.2. PROJECT GENERATION....96
4.2.3. PROJECT EVALUATION AND SELECTION....97
4.3. INFORMATION AND PUBLICITY....98
4.4. THE IMPLEMENTATION OF PROJECTS, THE DESCRIPTION OF FINANCIAL PROCEDURES AND FLOWS ... 100
4.4.1. PROJECT LEVEL IMPLEMENTATION....100
4.4.2. FIRST LEVEL CONTROL 100
4.4.3. THE DESCRIPTION OF ERDF FINANCIAL FLOWS AND PROCEDURES FROM THE PROJECT LEVEL TO THE PROGRAMME LEVEL.... 101
4.5. MONITORING AND EVALUATION....103
4.5.1. MONITORING....103
4.5.2. PROGRAMME EVALUATION....106
4.6. THE MANAGEMENT OF THE TECHNICAL ASSISTANCE 106
4.7. AUDITS....107
4.8. IRREGULARITIES AND THE RECOVERY OF FUNDS UNDULY PAID....107
4.8.1. DEFINITION....107
4.8.2. REPORTING 108
4.8.3. RECOVERY 108
4.8.4. IRREGULARITIES RELATED TO TA PROJECTS....108
4.8.5. ERRORS WHICH ARE SYSTEM ERRORS IN NATURE 108

5. FINANCIAL PROVISIONS....109

ANNEXES....111
ANNEX 1 STATISTICAL TABLES....112
ANNEX 2 MAPS....124
ANNEX 3 CROSS-BORDER NATIONAL PARKS 128
ANNEX 4 EUROREGIONS....130

1. *INTRODUCTION*

1.1. Programme Context

This document is the Objective 3 Cross-border Co-operation Programme of the Hungary-Slovakia border area, incorporating thirteen NUTS III level counties, eight from Hungary and five from Slovakia, respectively.

The European Territorial Co-operation objective replaced the INTERREG Community Initiative in the 2007-2013 period to reinforce the importance of promoting cross-border co-operations as an integral part of the European Union's (EU) Cohesion Policy.

In line with Article 3 of COUNCIL REGULATION (EC) Nr. 1083/2006 (laying down general provisions on the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF)) and in the framework of Objective 3, European Regional Development Fund assistance is provided to interventions focusing on three main co-operation fields:

- The development of cross-border economic, social and environmental activities through joint strategies for a sustainable territorial development,
- Strengthening transnational co-operations through actions related to Community priorities and promoting an integrated territorial development,
- The reinforcement of the effectiveness of the regional policy by promoting inter-regional co-operations through the exchange of experience at the appropriate territorial level.

The cross-border co-operation strand of the European Territorial Co-operation objective is implemented through Operational Programmes (OP) focusing on the European Union's internal borders covering primarily the following areas:

- Encouraging entrepreneurship, in particular the development of small and medium enterprises (SMEs), tourism, culture, and cross-border trade,
- Encouraging and improving the joint protection and management of the environment as well as the prevention of natural and technological risks,
- Supporting links between urban and rural areas,
- The reduction of isolation through improved access to transport, information and communication networks and services, and cross-border water and energy systems and facilities,
- The development of the collaboration, the capacity and the joint use of infrastructures in particular in sectors such as health, culture, tourism and education.

Based on the regulation as well as the strategic framework provided by the relevant chapters of the Community Strategic Guidelines, this document presents an integrated development strategy for the border area responding to the key challenges and opportunities. The strategy has been elaborated as a joint effort of various social and economic partners of the border area coordinated by the Hungarian-Slovak Task Force.

1.2. Programme Summary

The Hungary-Slovakia border region comprises large agglomerations (Budapest, Bratislava), cities with national and regional importance (i.e., Győr, Miskolc, Košice, etc.) and also a wide area

of rural countryside. It offers a basis for a wide range of economic and social activities and is very heterogeneous from an economic, social and cultural point of view.

The agglomerations of Budapest and Bratislava are modern, dynamic, core centres with a great potential for future development; on the other hand, mostly along the central mountainous and the eastern parts of the border region, there are huge disparities. These areas are characterised by a high unemployment rate, in some cases significantly higher than the respective national average. This leads to the assumption that the economic structure of the region requires transformation. The role of the service sector should especially be increased, which consequently requires human resource development (especially considering the education of the Roma minority). These regions suffer from an insufficiently developed and/or dilapidated or even missing technical infrastructure that affects the quality of life, the accessibility and the attractiveness of the border areas for tourists and investors. Even though the quality of the environment has improved in the last decade, it is important to notice, that the whole border section can be considered as an ecological corridor between the two countries, and further developments still have to be done in the field of environmental protection.

The strategy of the programme focuses on the further increase of the integration of the border region mainly in the fields of economic and human co-operation, as well as cross-border environment, nature protection and accessibility. The former is to be achieved by means of developing the common business infrastructure, the labour market information system, the co-operation in the field of research and technology development (RTD) and innovation, the support of clusters, the educational, social and cultural co-operation, developing partnerships, building the project management capacity and the development of tourism. The cross-border environment, nature protection and accessibility development concentrate on the environment and nature protection, the co-operation in the small-scale transport infrastructure and the communication infrastructure.

1.3. The joint programming process

The responsible bodies

In Hungary, Government Decree 49/2007 set up the rules for the tasks to be undertaken, the responsibilities and the implementation to be applied in the new programming period 2007-2013. In accordance with that, the **National Development Agency** is responsible for the coordination: it is considered as the managing frame of the institutional system responsible for the planning and the implementation of the Programme. Furthermore, the Agency has the control over the Managing Authority.

The **VÁTI** (the Hungarian Public Non-profit Company for Regional Development and Town Planning in Hungary) takes part in the elaboration and the implementation of the Operational Programmes. Among the other cross-border co-operation programmes, the VATI is considered as the responsible body for the planning, the coordination and the implementation of the Hungary-Slovakia Cross-border Co-operation Programme and takes part in the elaboration and the modification of the OP and its Implementation Manual.

For all cross-border co-operation management programmes, a programme **Task Force** has to be established, that has the responsibility for steering the programme preparation phase. The bilateral Hungarian-Slovak Task Force under the Hungary-Slovakia Cross-border Co-operation Programme was established in April 2006 consisting of representatives of the state administration as well as regional and local self-governing administrations from the partner countries. On the Hungarian side, it is made up of the representatives of the bodies responsible for the programming process, the management and the implementation of the OP in 2007-13, i.e., the National Development Agency and VÁTI, representatives delegated by the County Development Agencies and Councils, and experts responsible for undertaking the writing of the programme document. On the Slovak side, the Task Force is composed of the representatives of the Ministry of Construction and Regional Development, the Ministry of

Finance, the Ministry of Economy, the representatives nominated by self-governing regions (VUC), a joint representative of the Euroregions, and experts involved in the programming on the Slovak side.

The working procedure

The programming process was led by the representatives from the national authorities and the Task Force on one hand, and by the partners from the sectorial, the regional and the local levels of the border area on the other hand. At both procedural levels, the partnership had been set up as the horizontal aspect of the programming process.

In the internal working procedure, the Task Force ensured the platform for the joint presence of the management organisations, the county-level stakeholders involved in the border region and the expert team responsible for writing the OP's content. This whole planner group operated at the following levels: 1) at the expert level with daily consultations, 2) pertinently at the decision-making level with the focus on the strategic decisions and programme drafts approvals. At the programme level, questions regarding the methodological, strategic and financial implementation provisions were primarily discussed.

In accordance with this, the 1st Task Force meeting organised on April 28, 2006 was the initial step for preparing the programming process. The meeting agreed on and ensured the composition of the Task Force, the milestones of the programming process, as well as the deadlines for the tasks. The key issues for the programme preparation as well as the new elements for 2007-2013 – such as the legal background, the financial planning, the strategic planning process and the institutional frameworks – were also communicated. The Task Force established the working procedures and the working schedule for the preparation of the programme. This involved drafting versions of the programme document in 3 parts: (1) the elaboration of the strategic part of the Operational Programme drafted by an external expert group consisting of selected Hungarian and Slovak experts, (2) the elaboration of implementation issues written by the programme management institutions, (3) an ex-ante evaluation (EA) and Strategic Environmental Assessment (SEA) done by external independent experts.

In accordance with the methodology laid down in the first Task Force meeting, a joint interactive co-operation process between the partners involved was initiated during the programme preparation. As the milestones of the programming process, each of the draft OP versions was introduced to the members in the Task Force meetings, which platform offered the opportunity for all the members to make oral proposals on the OP's structural and content-related features. In these meetings, some of the proposals were discussed immediately, those left without answer were sent for the experts in writing. At the same time, the draft versions of the programme document and the proposals were continuously discussed at experts meetings, at meetings held with the participation of the experts and the management bodies, and at technical management meetings. After that, the new OP, modified on the base of the proposals, was introduced to the members in the following Task Force meeting, where further proposals could be made.

The public consultation process

The involvement of the stakeholders from the sectorial sphere and the regional and the local level was the other aspect of the partnership and the joint co-operation. The public consultations were aimed at 1) ensuring the coherence between the national sectorial developments and the cross-border developments, 2) involving the wider social strata to the programming process in order to make an opportunity for them to introduce their point of view in the programming process, 3) increasing the dissemination of the programme for the stakeholders in the border region.

Regional workshops

It was agreed at the first Task Force meeting, that, as specific milestones in the work schedule prepared by the Hungarian and Slovak experts, draft programme documents had to be discussed in broader meetings in order to build other opinions into the OP's content. In accordance with that, consideration was given to public consultations in the form of regional discussions at workshops and interviews with relevant regional and sectorial institutes. A cross-border regional workshop, delivered on June 15, 2006 in Komárno, Slovakia under the arrangement of the local government of Nitra, formed the basis for the second Task Force meeting. There the strategic part of the programme document was presented to the wider partnership composed of county representatives, Euroregions, chambers and regional development agencies from both countries. Topics discussed included the new elements in the 2007-2013 programming period, the introduction of the programme context, the analysis of the situation and the strategy proposed by the Hungarian and Slovak experts. Finally, representatives had the opportunity to comment on the document in person as well as in written form in order to build their opinions into the content.

Sectorial consultations

The consultations with the sectorial representatives aimed at avoiding any overlapping between the national and the cross-border developments and orientating the developments in the border region. The consultations were jointly undertaken by the experts of the National Development Agency, the VATI and the programme planners under the coordination of the National Development Agency. The results were discussed and concluded by the Interministerial Committee of the Operational Programmes. The destination group, consisted of the representative planners of the ministries responsible for the preparation of the sectorial OPs, was asked in personal interviews. The written, summarised proposals made by the ministries were discussed at the expert meetings. The members were informed about the results in the Task Force meetings, where further opportunities were offered to express their opinions.

Consultations with the Regional Development Agencies

Consultations with the Regional Development Agencies were necessary in order to avoid overlapping between the developments elaborated in the Hungary-Slovakia Cross-border Co-operation Programme (HU-SK CBC OP) and the Regional Operative Programmes. The consultations took place as interviews with the planners responsible for the elaboration of the Regional Operative Programmes. Furthermore, the current draft version of the HU-SK CBC OP was continuously sent for the Regional Development Agencies (RDA) via e-mail, in order that they could offer proposals on the OP. The members were informed about the consultation results in the Task Force meetings, where further opportunities were offered to express their opinions.

Dates of expert and public consultations

28 April 2006 – 1st Task Force meeting, Budapest, Hungary

15 May 2006 – Hungarian-Slovak Strategy meeting, Budapest, Hungary

02 June 2006 – Bilateral meeting on management and financial issues, Bratislava, Slovakia

06 June 2006 – Hungarian-Slovak Strategy meeting, Bratislava, Slovakia

15 June 2006 – Regional workshop, Komárno, Slovakia

07 July 2006 – Meeting on preparing the 2nd Task Force meeting, Budapest, Hungary

12 July 2006 – 2nd Task Force meeting, Budapest, Hungary

31 July 2006 – Hungarian-Slovak Strategy meeting, Nyíregyháza, Hungary

29 August 2006 – Hungarian-Slovak Strategy meeting, Budapest, Hungary

07 September 2006 – Bilateral expert meeting, Bratislava, Slovakia

18 September 2006 – 3rd Task Force meeting, Trnava, Slovakia

10 October 2006 – Bilateral meeting on financial issues, Bratislava, Slovakia

18 October 2006 - Hungarian-Slovak Strategy meeting, Budapest, Hungary

07 November 2006 – Expert meeting on ex-ante and SEA evaluation issues, Budapest, Hungary

24 November 2006 – 4th Task Force meeting, Tokaj, Hungary

30 November 2006 – Hungarian-Slovak bilateral meeting in management issues, Bratislava, Slovakia

20 December 2006 **–** Expert meeting on the ex-ante and SEA evaluation, Budapest, Hungary

06 February 2007 - 5th Task Force meeting, Pezinok, Slovakia

12 February – 13 March 2007 – HU-SK OP SEA public consultation (available to present)

20 February – 05 March 2007 – HU-SK OP public consultation (available to present)

06 March 2007 – Workshop concerning to OP document, SEA and EA evaluation, Miskolc, Hungary

26-27 March 2007 – Workshop concerning SEA, Budapest, Hungary

27 April 2007 – **6th Task Force meeting, Bratislava, Slovakia – the approval of HU-SK CBC OP**

01 June 2007 – Roadshow - Kick-off meeting of the Programme, Esztergom, Hungary

22 June 2007 - Hungarian-Slovak bilateral meeting in management issues, Bratislava, Slovakia

04 July 2007 – approval of HU-SK OP by The Government of the Slovak Republic

11 July 2007 – approval of HU-SK OP by Hungarian Government

The evaluation process

The ex-ante evaluation of the Hungary-Slovakia Cross-border Co-operation Programme and the elaboration of the Strategic Environmental Assessment were also done in close co-operation between the evaluators and the programme planners. For the working procedure and the evaluation results see Chapter *3.8. "The main findings of the ex-ante evaluation and the Strategic Environmental Assessment".*

Publicity

For continuous publicity, The Hungary-Slovakia Cross-border Co-operation Programme, the ex-ante and SEA evaluations are available at the following websites:

- *In Hungary:* the National Development Agency and the VATI (www.nfu.hu; www.vati.hu)
- *In Slovakia:* the Ministry of Construction and Regional Development of SR and Ministry of the Environment of the Slovak Republic (www.build.gov.sk, www.enviroportal.sk).

1.4. Definition of the programme area

The programme area consists of the following NUTS III regions (*Map 1*):

NUTS III regions (counties) in HUNGARY

- Győr-Moson-Sopron (HU221)
- Komárom-Esztergom (HU212)
- Pest (HU102)
- Nógrád (HU313)
- Heves (HU312)
- Borsod-Abaúj-Zemplén (HU311)
- Szabolcs-Szatmár-Bereg (HU323)
- Budapest (HU101)

NUTS III regions in SLOVAKIA

- Bratislavský kraj (SK010)
- Trnavský kraj (SK021)
- Nitriansky kraj (SK023)
- Banskobystrický kraj (SK032)
- Košický kraj (SK042)

Map 1 *Eligible Area*

Source: Megakom, *2006*

2. *ANALYSIS OF THE PROGRAMME AREA*

2.1. The description of the programme area

2.1.1. Area, population and settlement structure

Area, population

The programme area covers 61 509 km^2 and has a population of 8 740 110 (2004). The population density is approximately 142 inhabitants per square km. The **population density is the highest in the capitals, i.e., in Budapest and Bratislava** (*see Table 1 in Annex 1).* The length of the Hungarian border with Slovakia is 679 km, which is the longest border with a single country for both countries in question.

Geographical terms

The Hungarian-Slovak border is unique for its natural character as it constitutes rivers such as the Duna/Dunaj, the Ipoly/Ipeľ, the Tisza/Tisa as well as mountain ranges. The western part of the programme area and some parts of Szabolcs-Szatmár-Bereg County (the easternmost part) are lowlands, the central area and the eastern parts are hilly or mountainous. **A large share of the programme territory is a natural reserve area**, and, along the border, there are several existing and potential cross-border **national parks and nature protected areas**.

Population

During the 1990s, the entire cross-border region experienced a **natural loss of population**; it was a general feature. In 2004, migration showed a positive balance both in the Hungarian and the Slovak border regions (4 476 and 4 445 persons) except the eastern parts *(see Table 2 in Annex 1).* Migration growth was the highest around Budapest: in Pest County with 15 853 persons in 2004 as opposed to Trnava's 1 770 person increase, the highest among the Slovak regions involved. People generally migrate from Borsod-Abaúj-Zemplén and Szabolcs-Szatmár-Bereg Counties in Hungary; in the Slovak side, **people** also **migrate from the eastern part**, especially from Košice Region **towards the west** (Nitra, Trnava and Bratislava). The total population growth in the programme area reaches 10 818 including both natural and migration changes (*see Table 2 in Annex 1*).

Age structure

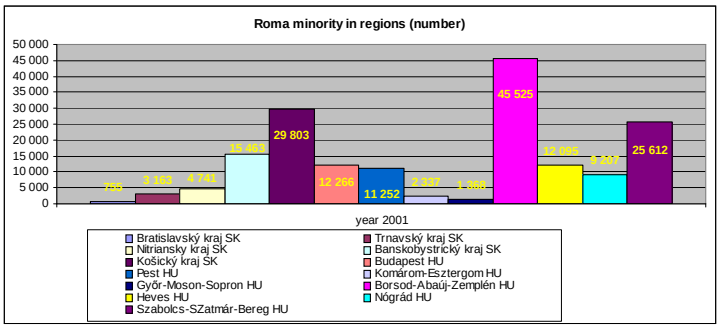
The age structure hasn't changed a lot since the previous period, and the **emergence of an aging society** has remained the general trend. However, significant regional differences can be noticed: a lower rate of the young population (pre-productive, i.e., aged under 14 years) is typical in the capital cities: 13% in Budapest and 13.51% in Bratislava Region; this rate tends to increase from west to east with the exception of Košice Region with the highest value of 18.82%. The figure, however, doesn't exceed 20% in any of the counties. With the exception of Szabolcs-Szatmár-Bereg (19.4%), the rate of the post productive (aged over 60 years) population is over 20% in every Hungarian county. A similar situation can be found in Slovakia with the exception of Košice (17.85%), Trnava (19.27%) and Banská Bystrica (19.79%) Regions *(see Table 2 in Annex 1*).

National identity

Concerning the national identity in the Hungarian border region, more than 90% of the population is Hungarian. Slovak national minorities reach 1–3% of the population in Komárom-Esztergom (1.6%) and Nógrád (1.6%) Counties.

In the Slovak part, 85.6% of the population pertain to Slovak nationality, and Hungarians make up the most important minority (9.7%). Hungarian minority lives mainly in Nitra (27.6%), Trnava (23.7%), and Banská Bystrica Regions. Czech, Moravian, Silesian, German, Polish and Russyn minorities are represented at a minimal rate.

The Roma population is an important minority in both countries. The socially and spatially excluded Roma communities unevenly spread over the territory, with the highest concentration in east Slovakia and in the southern districts of central Slovakia. Their ratio of the population is 2.3% in the Hungarian programme area highly represented in the in the northern and eastern counties (Nógrád, Borsod-Abaúj-Zemplén and Szabolcs-Szatmár-Bereg Counties), while the same ratio in the Slovak area is 1.64%: they live mainly in Banská Bystrica and Košice Regions (2001 data). According to the results of a survey 173 587 Roma lived in a programme area in 2001.



Source: Hungarian Central Statistical Office, Statistical Office of the Slovak Republic

Chart 1: number of Roma inhabitants in regions (2001)

Settlement structure

Cross-border core areas

Regarding the core areas, the two main representatives in the border region are the capital cities: **Budapest** (1 697 343 inhabitants, 2004) **and Bratislava** (425 155 inhabitants, 2004). These cities **are international centres** as their influence expands over their boundaries gradually forming cross-border agglomerations:

- the Austria-Hungary-Slovakia metropolitan region in the western part of the cross-border region (Vienna-Bratislava-Győr) has 3 million inhabitants,
- the Budapest agglomeration with an impact on the Slovak side has 3.5 million inhabitants.

Further centres with similar importance can be found primarily in the eastern part of the programme area. All these centres form a **trilateral polycentric settlement system**, which constitutes the third main potential development pole of the cross-border region:

- the Košice-Miskolc-Nyíregyháza trilateral polycentric region with 1 million inhabitants.

National core areas

The programme area comprises twelve NUTS III level counties. They are divided into two main groups (these groups do not include the centres mentioned above):

- Centres with strong cross-border impact (e.g., Salgótarján);
- Centres with less cross-border impact (Banská Bystrica, Eger, Nitra, Tatabánya, Trnava).

These cities influence the areas beyond their boundaries concerning retail trade, culture, transportation and employment. With their population between 60 000 to 200 000, the county towns have relatively **well-developed institutional networks** (see Table 3 in Annex 1). Due to foreign capital investments, many of them have a **dynamic local economy** (Trnava,

Tatabánya, Nitra, Banská Bystrica, Eger) with a strong influence on the less-developed territories.

Regional core areas

Beyond the large cities, there is a multitude of smaller towns fulfilling various functions, primarily on the micro-regional level. The **institutional network and the structure of the economy** in these cities, however, **are less developed** than that of the larger cities. A relatively strong cross-border impact can be noticed at the two-sided cross-border centres. The populations of these towns range from 2 000 to 49 999; the number of such towns is 575 in the whole programming area, 359 of which are in Hungary and 216 in Slovakia (*see Table 3 in Annex 1).*

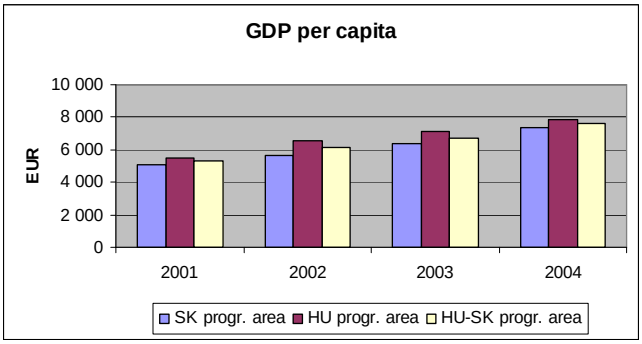
Rural settlements

The typical settlements in the countryside **along the eastern part** of the border region in both countries are little villages with populations of 500 to 2 000 inhabitants. Many of them are situated in peripheral areas in the mountains or alongside the border with no cross-border links. Settlements of this type are numerous in both countries, especially in Borsod-Abaúj-Zemplén County (161) and Košice (219) Region. Their population has been decreasing gradually and, as a result, they suffer from the **segregation of poor people**. (*see Table 3 in Annex 1)*

The border region is a heterogeneous area in terms of its geography, population and settlement structure. Three distinct development poles can be identified in the area, which are the focal points of the socio-economic development. There is significant migration taking place towards these poles from the rural areas of the border region. The widening gap between the poles and the rural areas is also reflected in the age structure of the population: while well-educated, young people increasingly inhabit the capital cities or the larger towns, in rural areas, there is an ever increasing proportion of people over 60. On the whole, the ageing society can be considered as a major problem on both sides of the border.

2.1.2. Economy

In the first half of the 1990's, the output of both industry and agriculture dropped substantially, and programme area´s gross domestic product (GDP) also showed a significant decline. The share of agriculture, industry, and construction dropped, while that of services increased dynamically. The decline of production and the expansion of services sector made a great contribution to decreasing utilisation of resources and reducing air and water pollution and to the dramatic drop in the use of agricultural chemicals ('environmental gift effect').

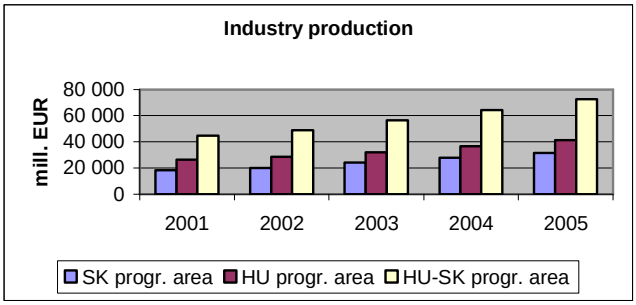


Source: Hungarian Central Statistical Office, Statistical Office of the Slovak Republic

Chart 2: in 2001-2004, GDP per capita has been steadily growing in the Hungarian and the Slovak programme part as well. Output produced in the Hungarian regions exceeded the Slovak GDP per capita in all of the years. In 2004, the Slovak per capita GDP is near to the value registered at the whole programme area level.

As the date of Hungary's and Slovakia´s EU accession grew nearer, a number of advanced global service provider enterprises entered the market. These companies not only brought substantial foreign direct investments and made substantial contributions to expanding employment, but also introduced advanced technical and organisational technologies. At the same time, this process entailed certain risks and negative impacts on sustainability as well (e.g. accelerated spreading of consumer society behaviour patterns). Rapid development was assisted by the quickly growing modern financial and telecommunication sector supporting economic activities.

Because of the availability of adequately trained labour force and the market that is accessible for service provider undertakings, up-to-date investment projects generating technological development concentrated in more highly developed regions. This then contributed to the increase of the differences between the development levels within the programme area.



Source: Hungarian Central Statistical Office, Statistical Office of the Slovak Republic

Chart 3: in industry production, the Hungarian programme area has some advantage reflected by the produced value of 25-40 000 million EUR opposed to the 18-30 000 EUR of the Slovak border reached in 2001-2005. In both countries a steeply increasing industrial performance can be noticed especially thanks to clustering.

The economic restructuring process was substantially assisted by the adoption of up-to-date organisational, financial, and technical experience and their integration in the day-to-day activities of businesses.

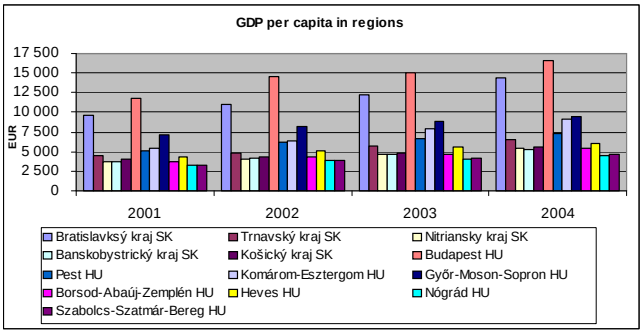
At the same time, economic development and innovation is substantially hindered by a low proportion of R&D expenditures relative to GDP. There are still only few businesses that undertake research and development on their own and there are weak connections between research institutions and the business sector. At the same time, some multinational enterprises are utilising the programme area research basis and management, so there are some forms of cooperation between education institutions and research projects.

Small and medium-sized enterprises (SMEs) employ the largest number of workers. Encouraging and promoting their development, and exploring and removing barriers are highly important tasks. The expansion of small enterprises is hindered primarily by their little knowledge of up-to-date management, organisation, financial and technical techniques, and their relatively large financial and administrative burdens.

The use of IT applications is below European levels in the governmental and the business sector alike. There is a low proportion of corporate process integration and contents of high added value content and the synergies between knowledge, technology, and IT are not fully exploited. In recent years, however, the lag of SMEs in the use of information technology has been substantially reduced.

GDP

A **west-east development axle** characterises the programme area indicated. The GDP figures in the capital cities are close to the EU average: the GDP per capita was 125% of the EU average in Budapest, and 119.7% in Bratislava in 2004. In the western counties of both countries the GDP per capita exceeds the national average (Győr-Moson-Sopron County +19.7%, Bratislava Region +129%!). In the central part of the area, however, the per capita GDP is below the national average (and, consequently, below the EU average as well) in both countries. In terms of added value,



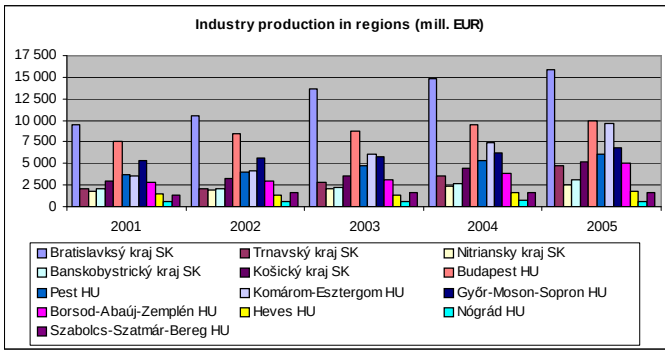
Source: Hungarian Central Statistical Office, Statistical Office of the Slovak Republic

Chart 4: the central role of the capitals is standing out with their highest GDP per capita value in all of the years opposed to the eastern parts of the programme area where the GDP per capita is below the national average and nearly 3 times as low as in the capitals. The values varied with steadily increase year by year. No major change of the regions' performance can be noticed in the period examined.

the **most under-developed areas are situated in the eastern part**, which results in deep territorial and development planning disparities between the western and eastern part of either countries, especially on the Hungarian side (*see Table 4 in Annex 1):* Nógrád County with its lowest value of GDP has the most disadvantaged economy, its per capita value was only € 4 430 in 2004[1] (36.29% of the EU average). The GDP of the whole area was 59.05% of the EU 25 average in 2004 (*see Table 4 in Annex 1)*.

Economic sectors

Over the last years, Slovakia and especially the Hungarian regions have seen the **emergence of clusters** in several of their industries. They are **concentrated mostly in the western part** of the border region. Allocated foreign direct investments (FDI) in the last years has provided a joint regional platform for the automotive, wood, electronics, thermal, tourism and fruit clusters creating an automotive sector, logistics, construction, tourism, consumer goods & furnishings, energy and mining, IT, health technologies, chemical industries and environmental technologies.



Source: Hungarian Central Statistical Office, Statistical Office of the Slovak Republic

Chart 5: the central role of the capitals is standing out with their highest industry production value in all of the years opposed to the eastern parts of the programme area where the production was very low, especially in Nógrád county. It is conspicouos, however, that the production in the Bratislava region has been growing steeply in the 2001-2005 period.

In Hungary, the machinery industry – particularly the production of cars and car components –, the chemical industry and oil-related industries play important roles. In the middle and eastern parts (except Szabolcs-Szatmár-Bereg County), traditionally major heavy industries (mainly metal related branches) and the energy production have had leading positions for decades. Together with the shift of the **economic structure towards the service sector**, these industrial activities came to a crisis, which finally resulted in even deeper disparities among the regions. In the eastern part (Szabolcs-Szatmár-Bereg County), food and textile industries are the important economic sectors.

Slovakia's accentuated industries are as follows: the production of machines (Bratislava Region), metal products (Banská Bystrica and Košice Regions), chemical products (Bratislava and Nitra Regions) textile products, the production and the distribution of electricity (Trnava, Nitra and Košice Regions), gas, oil-related, food and wood industry (Trnava, Nitra, Banská Bystrica and Košice Regions).

A sector with special facilities: Tourism

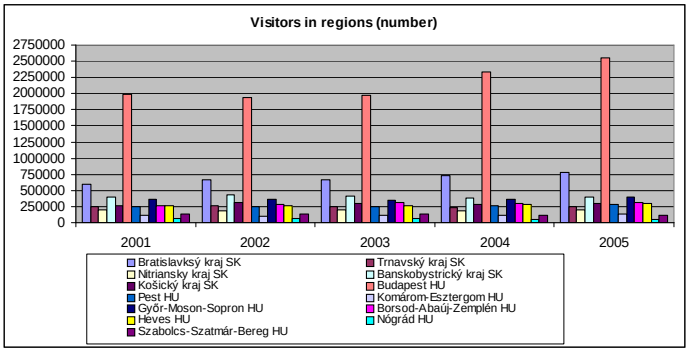
Across the border region, a lot of popular destinations offer their attractions for the visitors. Natural landscapes serve as the main attractions: along the rivers Danube (both in Hungary and in Slovakia) and Tisza, water tourism has become remarkably popular. There are tourist destinations in the mountains on each side of the programme area. The natural values of the territory offer a good basis for the so-called eco-tourism: bird watching, green activities, etc.

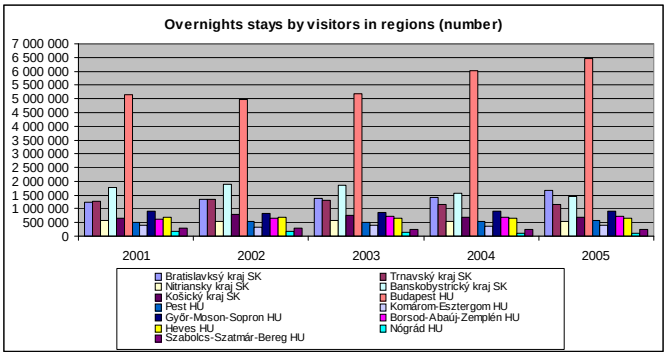
[1] Counted on average rate of 251.68 Ft/€ (2004)

Several significant cultural heritage sites serve the cultural attractions of tourism with cultural-historic cities such as Sopron, Pannonhalma, Győr, Esztergom, Visegrád, Szentendre, Budapest, Vác, Eger, Sárospatak, etc. in Hungary. Budapest is the main resort: 41% of the total number of tourist arrivals characterised the capital in 2004; the visitors spent more than 6 million tourist nights in Budapest in 2004. In Slovakia, Trnava, Bratislava, Komárno, Nitra, Kremnica, Banská Štiavnica, Banská Bystrica, Spišská Nová Ves, Rožňava, Košice, etc. are the most popular places for the visitors.

There are abundant thermal and mineral water resources in the programme region. People with an interest in new-age healthcare can pay a visit to numerous health-resorts in Hungary and in Slovakia (Győr, Gabčíkovo, Dunajská Streda, Budapest, Eger, Mezőkövesd, Miskolc, etc.). The programme area includes several wine regions such as Sopron, Eger, Tokaj and its close surroundings.

Nowadays, domestic tourism is rather limited, although it is developing. Cross-border tourism between the two participating countries is also below its potential. Around 5 million tourists spent more than 15 million nights in the programme area in 2004, while the tourist accommodation capacity was around 188 752 bed places. The distribution of these indicators between the two sides of the Hungarian-Slovakia border is balanced (see Table 9 in Annex 1).





Source: Hungarian Central Statistical Office, Statistical Office of the Slovak Republic

Chart 6: the chart is standing out which the central destination is: Budapest. The most visitors travelled to Budapest while the other regions of the programme area were less popular.

The development level of the tourism infrastructure are ordinary. However, in more cases, the state of buildings and service infrastructure are worse than the average. It is especially true for the water tourism: the rivers are still underused. The infrastructural terms are underdeveloped: ports of high standard, boat-houses, campings and resting places are missing. Watercrafts for rent are available just in limited way. Though the Danube as the international water corridor would be suitable for traffic of jachts, luxury liners as well, but more problems are arisen: 1) ports are underdeveloped and they offer services below standards; 2) according the the law requirements, clear and reliable terms have to be assured for the water traffic. The Danube doesn't meet these requirements along the Hungary-Slovakia passage way.

A general obstacle of the development of tourism is the lack of the so-called tourism products. The attractions often have no special functions, and no integrated programme pockets are developed. It derives from one of the fact,s that the co-operations between the tourism organizations are missing either domestically or at international level: service providers and tourism entreprenurials mostly don't get to know one another. Otherwise, underdeveloped or missing institutional system can be found in the regions: the number of touristic experts in the local governments is low; the touristic information points exist also in less number. Moreover, the public relations (PR) and marketing activity are at very low efficiency level. Without the co-operation there's no opportunity

to develop the state of the attractions, because not enough financial source can be gained separately.

Labour supply by the sectors

During the period of the transition, the economic structure of the programme area experienced a radical change. Capital cities became the centres of the service sector with their shares of over 75 percent in the service sector – 84.4% in Budapest and 79% in Bratislava Region. The changes appear in the employment data as well: the industry employs 25% and tertiary sectors employ 73.1% of the workforce in the programme area of Hungary, while these indicators were about 30.5 % and 64.5% in Slovakia in 2004. (*see Table 7 in Annex 1)* For the new industrialisation, the western part of the programme area offered the necessary conditions. The statistics for Győr-Moson-Sopron, Komárom-Esztergom, Heves Counties and Trnava and Nitra Regions show the employment figures in the industry close to or over 40 percent (*see Table 7 in Annex 1).* The role of the agriculture has particularly decreased, it employs only 1.9% of the workforce in Hungary and 5% in Slovakia.

Investments

According to investments performance (FDI) and gross fixed capital, the less developed regions with deeper disparities are situated in the eastern part of the cross-border region. Budapest and Pest County play the dominant part in Hungary with a 35.5% share from the total investment. The share of Bratislava Region is about 60.7%. Other regions have received significantly less investment (4.2% - 7.9%). The number of enterprises receiving FDI is telling: **the largest number of enterprises with FDI settled in Budapest** (13 583) **and in Bratislava Region** (5 663), i.e., in the most developed areas, whereas Nógrád and Szabolcs-Szatmár-Bereg Counties in Hungary, and Banská Bystrica Region in Slovakia have attracted the fewest companies with FDI. (*See Table 6 in Annex 1)*

Business infrastructure, enterprises

In the Hungarian border region, the number of registered corporations and unincorporated enterprises is 131 per 1000 inhabitants, which is more than the national average (119), but more than 1.5 times more than that of Northern Hungary (81). In the border region, Budapest is in the most favourable situation in this respect: here the rate (209) exceeds the national average. In the eastern part, in Nógrád, Borsod-Abaúj-Zemplén and Szabolcs-Szatmár-Bereg Counties, the numbers of enterprises per 1000 inhabitants (75, 76 and 82 respectively) are the lowest. Most of them are micro (below 10 employees) or small (10-50 employees) enterprises.

In the Slovak border region, SME's play the major role in supporting the economic development. The number of registered cooperations and unincorporated enterprises per 1000 inhabitants was 92.8, above the Slovak national average (55.2). The value of this indicator is conspicuously high in Bratislava Region with 149.2, though it is distributed evenly in the other regions. In the central part of the region, the number of registered corporations and unincorporated enterprises per 1000 inhabitants was 78.3 in Trnava and Nitra Regions in 2004, whereas the same figure was 69.5 in Košice Region. (see Table 6 in Annex 1)

Regarding the business infrastructure, a general problem of the border region is the low number of business incubators, logistics centres, industrial sites and business parks. As the enterprises are mostly concentrated in the larger core areas, the existing business sites are rather established at these places. Because of the lack of the necessary business environment, the enterprises of settlements far from the core areas have less chance to join the economic circulation.

In the Hungarian border region, an important ratio of enterprises are SME's. The increase of their competitiveness is constrained not only by the underdeveloped infrastructural terms but the availability of the existing business services as well. Difficult, time consuming and expensive authorization; high administrative costs and tax burdens against the SME's have to be up. This problem is raised by the lack of business communication channels and the culture of co-operation. Though some business associations were established in the last years, they also concentrated mostly in the economic centres. However, the local governments, entrepreneurs, chambers and

business associations are not involved under the aegis of joint business information systems. The establishment of the terms of the information and communication channels are difficult in the areas which have special geographical features or can be heavily accessed.

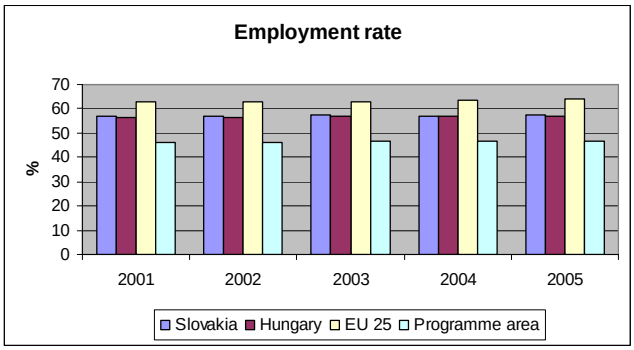
Formerly, the border region was an industrial area, with significant traditions in heavy industry. During the 1990s, however, structural changes in the economy led to the dramatic decline of the heavy industry. The decline has been accompanied by the dynamic development of services, which, however, could not fully compensate for the negative effects of the industrial decline. In addition, the growth of services further deepened the gap between the larger cities and the rural areas.

Beyond the differences between the urban and rural areas, major differences can be experienced between the eastern and western parts of the border region: while the western part is a clear winner of the economic transition, the eastern areas are lagging behind: the level of infrastructural development is limited, entrepreneurial skills and risk-taking attitude need to be strengthened. There are major differences in the level of FDI, too: while the western part has attracted considerable FDI, the investors have found the eastern areas less attractive. Although there are some promising initiatives, the level of cross-border economic co-operation is relatively low between the two countries: there is a scope for increase. Currently, the most popular co-operation area is tourism– networking, the joint development of services can be experienced. The increase in business co-operations is hindered mainly by the lack of reliable information and business infrastructure facilities.

2.1.3. Labour market

A significant proportion of all unemployed people is comprised of the long-term unemployed. Those seeking for jobs can find work just partly, as a consequence of a shortage of jobs but also as a result of their lack of qualifications and/or the skills required for work. It's especially difficult for inactive people to return to the labour market because their qualifications do not meet the requirements the labour market front with. Those having been inactive for a longer period of time have to realise that their qualifications have become outdated. The number of the potential labour supply is also limited, moreover the competitiveness of the labour force is gradually deteriorated by the population's poor health status.

Some social groups are more heavily affected by disadvantages in the labour market and the risk of exclusion. Groups in particularly disadvantaged positions include especially the Roma communites, those with low qualifications, people living in disadvantaged regions, people with disabilities, and certain demographic groups (primarily defined by life cycles), such as women having children, young people, and elderly workers. High taxes and contributions hinder the growth of legal demand for labour while expanding the number of undeclared forms of employment.



Source: Hungarian Central Statistical Office, Statistical Office of the Slovak Republic

Chart 7: the employment rate was nearly equal in Hungary and Slovakia with their 56-58% in the recent years. **However,** those are still lag behind the EU level. An important phenomena can be noticed that the employment rate in the joint programme area was significantly below the national average which is caused by the relatively wrong employment situation in the eastern part of the area, which can just partly be compensated by the higher employment rate registered in the capitals and in the western parts of the border region.

Employment

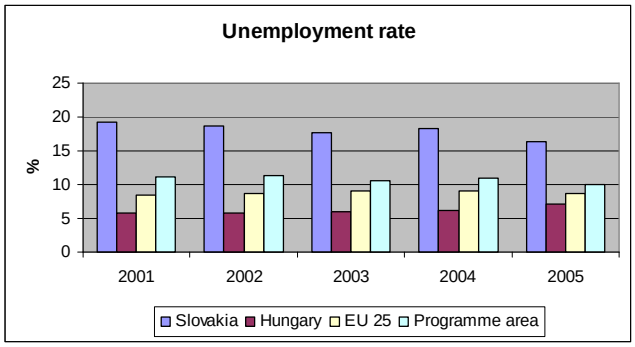
Examining the employment rate of the population aged 15-64 in the border region of Hungary in 2004, the employment situation was the best in Budapest (58.1%) and in Komárom-Esztergom County (54.8%) in comparison to the national level (50.5%), but even in these areas the employment figures are

significantly below the EU average. **Employment rates in the eastern part of the border region are worse** than the national average – 43.5% in Borsod-Abaúj-Zemplén County and 41.9% in Szabolcs-Szatmár-Bereg County. The economic activity is around the national average (53.8%) in larger towns and county towns, while it lags behind in rural areas like Borsod-Abaúj-Zemplén County with an economic activity rate of 48.8%; these areas have been suffering serious social and economic effects (*see Table 7 in Annex 1*).

From 2001 to 2004, Slovakia experienced a decrease in the total number of active population along with a huge increase in the employed active population. In the Slovak border region, the employment rate of the population aged 15-64 was the highest in Bratislava and Trnava Regions with 50.5% and 45.3%, which were above the national average (41.3%) in 2004. The employment in Bratislava and Košice Regions as a whole accounts for almost 58% of those in the labour market in the region and 21.3% in Slovakia. The fewest number of employees can be found in Banská Bystrica Region corresponding to the activity rate (49.6%) in 2004 *(see Table 7 in Annex 1).*

Unemployment

The unemployment rate is about 4-10% in the western part of the programme area and in the capital cities (4.4% in Budapest and 8.2% in Bratislava Region), but in the eastern part, the unemployment rate reaches 10% in the Hungarian side and exceeds 20% in the Slovak side. The mechanism of the economic transition may be the reason for this difference in these countries.



Source: Hungarian Central Statistical Office, Statistical Office of the Slovak Republic

Chart 8: the chart is standing out the high ratio of unemployment with a value of nearly 16-18% in Slovakia opposed to Hungary where 6-8% of people was unemployed in 2001-2005. While this rate in Hungary gradually increased in the years examined, the Slovak ratio showed a significant decrease.

The economic transition started earlier in Hungary than in Slovakia. Nowadays, the highest unemployment rate in most of the counties is below 10% in Hungary. The **unemployment rate is relatively low in the western part**, especially in Győr-Moson-Sopron County with a rate of 3.8%, and in Budapest (4.4%). This rate is higher in Komárom-Esztergom County (5.2 %) and similar in Pest County (4.7 %). The **high rate of unemployment is still one of the major problems of the north-eastern border region.** The rate is 10.9 % in Borsod-Abaúj-Zemplén – which is the highest in Hungary on the county level. In the counties of Heves (7.3 %) and Nógrád (9.4 %) the rate is also higher than the national average (6.1%) (*see Table 8 in Annex 1).*

The unemployment rate is also lower in the western part of the Slovak border region, primarily in Bratislava Region with a rate of 8.2%. The number of the economically active population without work grew recently in the central and eastern parts of the Slovak border region. The unemployment rate is about 25.2% in Košice Region and more than 10% in the rest. The highest unemployment rate is in Banská Bystrica Region (26.6%), higher than the Slovak national average (18.1%) *(see Table 8 in Annex 1).*

Job commuting

In the programme area, there were only a minimal number of commuters in the 1980s. The current level of commuting varies between 30 and 57% of the active population on the Hungarian side. In Hungary, the highest rates can be seen in the NUTS-IV regions of Komárom-Esztergom County due to the industrial centres (Tatabánya, Dorog, Oroszlány), while commuting from the rural areas is not significant. In the eastern counties, commuting destinations are often the county towns and other industrial centres.

In Slovakia, the national average of job commuting is about 38%. Rates are the highest in Trnava and Nitra Regions, while the lowest figures are registered in Senec and Košice. Concerning the rate of commuting, the lowest level is in Bratislava Region. In the other regions, the rates do not reach the national average.

Job-commuting across the Hungary-Slovakia border have been traditions not only since the accession to the EU but even before. An intergovernmental agreement about the mutual employment was signed in 1999 between the two countries. According to that, the origin limit for persons wishing work in the neigbouring country was 400 persons per year, which was modified later to 800 then 1600 and 2000 persons. Employees involved are rather less-qualified; only 1-2% of the job-commuters have high- or medium level degree.

Against the expectations, after joining the EU, not more employees would like to work in the west-european developing countries than before. However, the number of employees who would like to work in the newly joined neighbouring counties is rather more. That's especially true for the border regions where usually no language understanding difficulties exist, primarily because of the common historical past: Hungarians live in Slovakia in relatilvely high number.

Nowadays, 30 000 workers commute day by day across the Hungary-Slovakia border, estimated by entrepreneurial informations and statistical data. In Slovakia, the regions in the southern part offer job-opportunity for the Hungarians while the Slovaks mostly commute to the western regions of Hungary. The majority of the Slovaks working in Hungary is permanently employed, but the number of those people who are mostly resourced by industrial parks is also important. Otherwise, workers are employed in the fields of agriculture, building trade, trade, tertiary sector, education and health.

From home to work, the majority of the commuters usually travels by public transport ensured by the employer. However, a combination of the migration and commuting also exists: the Slovak workers spend a week in working quarters where they travel to work to Hungary.

85% of Slovak workers commuting to Hungary are employed in industrial parks. 15% of them work in the fields of health, building trade, metallurgy, textiles, electronic industry, transport and telecommunication. They are less-qualified: just 2% of them work at medium-level management, and 98% is blue-collar worker. 50-70% of the commuters is resourced. From the regions of West Slovakia – primarily from Dunajská Streda, Komárno and Štúrovo 20 000 persons work in Hungary. The most important number is from Komarno with 4 500 commuters, 60-35% of them is resourced. Their target locations are Győr – Komárom and Tatabánya. From the eastern regions of Slovakia, not so important cross-border commuting can be noticed.

Since both Hungary and Slovakia are the members of the same social and economic union called European Union, they should focus on the co-operation with the aim of promoting joint development. One of the initiatives can be the establishment of a joint regional employment policy. Nowadays, still a lack in joint data bases can be noticed. A unique practice for the recognition of the co-operation is the agreement signed by the Labour Offices of Győr-Moson-Sopron County and Dunajská Streda in 2005.

The structural changes in the economy and the dramatic industrial decline have resulted in serious labour market problems (job loss). Although the development of the service sector has partially compensated for the lost jobs, it also led to increasing disparities between the urban and the rural areas: while the rate of the employment has increased in the economic poles, there is a continuous decline in less developed areas, especially in rural areas, primarily in the middle and the eastern parts of the border region.

Unfortunately, the unemployment rate of the younger population (15-24) considerably exceeds the EU average.

These problems, to a certain extent, are due to the changes in the demand side of the labour market, however, there are various supply side issues as well: the educational system is unable to sufficiently respond to the changing demands, and the mobility of the labour force is still very limited.

The east-west differences are obvious in the labour market as well: while there is serious unemployment in the eastern part of the border region, a shortage of well-trained labour force can be noted in the western part.

The potential in cross-border co-operations to counteract labour-market problems has not been properly utilized yet: there is very limited information available on cross-border job opportunities, and vocational schools do not respond to the needs of businesses across the border.

2.1.4. Infrastructure

Demand for transport services and the output of the transport sector **have grown significantly** in proportion to the growth of GDP since the mid-1990's. This has entailed detrimental social and environmental impacts alike, partly as a consequence of the fact that rail and - to some extent - water transport suffered a significant loss of market share despite the overall growth in the sector's output, while road transport, which entails substantial environmental impacts, has grown dynamically, in parallel with the air transport, which is not so available for the social groups with lower income.

Efforts have been made so far to abate the environmental impacts of transport primarily by restricting regulations but as a consequence of growing road traffic not much progress has been achieved.

Transport infrastructure

The accessibility of the border area specifically depends on the number and the quality of bridges – because of the border-river Danube – in the west, and on the quality of north-south and east-west roads in the middle and eastern parts. Generally, the connections between the western and the eastern parts are quite acceptable. **The main problem lays in the lack of improvement, modernisation and slight extension of road connections between north and south.**

Bridges

In the western part of the border area, **the transport accessibility is specific due to the river Danube**, which also constitutes Corridor No. VII. as part of the Trans-European Network. The Danube, as a river, connects – does not separate – the two countries and provides the most important fluvial shipping route. Apart from creating a direct fluvial link between Budapest and Bratislava, it provides the opportunity for a cheap transport of mass goods to the core economic areas of Europe. However, the **potential of fluvial shipping is much underused**: the low soundings of the river stage over Budapest decreases the level of the economical transport of goods. Otherwise, in accordance with the European international shipping law requirements, clear and reliable terms of transport have to be assured for the water transport, but the Hungary-Slovak stage of the Danube doesn't meet these requirements. The information system serving the safe shipping transport should also be developed. The number and standard of necessary ports are below the EU average.

The **existing four bridges** on the Danube between Hungary and Slovakia **are narrow and insufficient.** One of them, between Esztergom and Štúrovo, was renovated for road transport in 2000. There are three other bridges: two of them for road transport and only one for railway. River ports on the Danube are situated in Bratislava, Győr-Gönyű, Komárno, Komárom, Štúrovo, Esztergom, Dömös and Budapest.

In order to complement the limited road transport, ferry boats operate in periodic way (Szob, Nagymaros-Visegrád, Vác, Göd-Surány, Dunakeszi-Horány, Kisoroszi-Szentgyörgylakpuszta), but their throughput are very low.

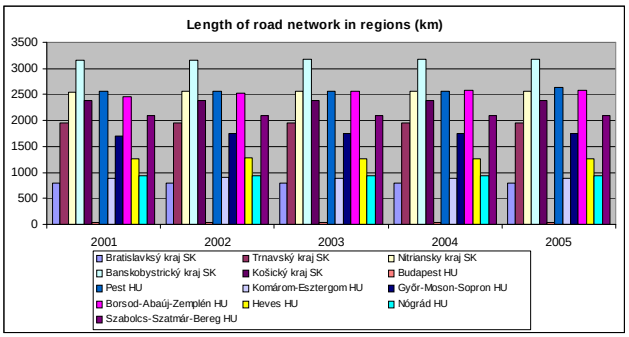
The role of the other border **river Ipeľ has become more appreciated**. More and more people and involved cross-border settlements have shown interest in improving the accessibility by the

way of bridges. Before World War II, eight bridges spanned the Ipeľ, now fewer border crossings remain: a rail-crossing at Szob, border-crossings and bridges at Ipolydamásd, Letkés and Balassagyarmat.

The river Tisza/Tisa is generally not used for shipping: it often has low soundings, moreover the fords and useless flood gates constrain the efficient use of the river also tor tourism as well as economy.

Roads

The north-south road connections are rather underdeveloped in terms of quality and number also in the entire border region. In the hungarian border region, the main transport axis is the M1 motorway, which is a section of the Trans-European Corridor No. IV. connecting Berlin to Istanbul. The M3 motorway between Budapest and Nyíregyháza ensures the east-west accessibility of the eastern part of the region. This highway is the part of Corridor No. V (Venice-Triest/-Ljubljana-Uzhgorod-Lvov). In the Slovak border region there is no east-west highway or motorway.



Source: Hungarian Central Statistical Office, Statistical Office of the Slovak Republic

Chart 9: the most length of the road network can be found in Banská Bystrica Region, while the poorest network is in Bratislava Region. No major change in the road length can be noticed between the years of 2001-2005 in the programme area.

Besides the problem that the **north-south road connections are limited**, the roads are very overladen. The elements of the magistral road network conduct towards the capitals, which enhances the loading of the roads further. In the border region there are more settlements, where the connection to the road network cannot be solved because of the geographical terms: in more cases backward settlements are in the mountains, or at the ulterior bank of a river – but no bridge is within striking distance. A road of the neighbouring country's network is often nearer than the domestic.
The quality of the existing roads – except the quality of motorways – is worse than the average. In the backward regions, the number of roads without surface is high.

Railway

The railway transport is relatively extensive in the east-west direction on both sides of the border (Hungary and Slovakia), where electrification was completed earlier. The north-south direction is poor mainly in the middle part (Balassagyarmat-Lučenec-Salgótarján).

Air

The **air transport is based in the international airports of Ferihegy of Budapest and of M. R. Štefánik in Bratislava** (Ivánka). The airport of Budapest plays an important role in international transportation. The Bratislava airport is also well-used with a lot of connections to Western and Central Europe. Another important international airport with a national significance is located in Košice. There are domestic airports in Győr, Lučenec, Miskolc, Nitra, Nové Zámky and Nyíregyháza.

Border crossings

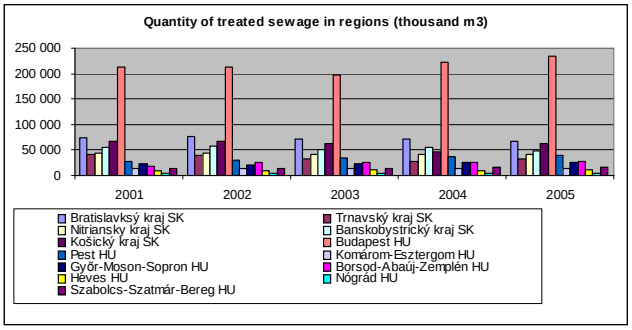
After the future accession of Hungary and Slovakia to the Agreement of Schengen, abolition of internal border controls will promote social, economic and cultural co-operation. As planned, instead of control buildings, Joint Border Service Points will be appointed in

international agreements: 2-3 points per border with the function of information service. The eliminated control buildings can be used for business, RTD or tourism functions.

Public utilities

The public water and sewage system

In the western part of the border region, the **Danube provides the largest drinking water reserve in Central Europe**. The subsurface water is suitable for satisfying the need of the population. In general, the resources of drinking water are larger than the demand. Their allocation, however, is unequal in the relevant districts and particularly in the central part of the border region (in Banská Bystrica Region). Due to this large supply, **the rate of public water accessibility seems to be almost complete** (93.8 %) in the Hungarian border region. In the Slovak border part, the rate of public water accessibility varied between 76.1% and 98.6% in 2004 *(see Table 12 in Annex 1).*



Source: Hungarian Central Statistical Office, Statistical Office of the Slovak Republic

Chart 10: the most developed region in treating sewage is Budapest. The regions in the programme area significantly lag behind the Hungarian capital. In the eastern parts, counties like Nógrád, Szabolcs-Szatmár-Bereg but even the developed western regions like Komárom-Esztergom put the least emphasis on treating sewage. Opposed to the Hungarian Counties, Bratislava Region and Trnava or Banská Bystrica Regions pay more attention to solve the sewage problems.

However**, the sewage systems are underdeveloped in rural areas** and primarily in the villages. Settlements in the eastern part of Hungary have access to a public sewage system in a smaller percentage than it would be desirable (Nógrád, Heves and Szabolcs-Szatmár-Bereg Counties) *(see Table 12 in Annex 1).* Conditions are alarming especially in the small villages along the border. Even in settlements where sewer pipelines have been laid, the number of households connected to the sewage system is very low. In Slovakia, the share of the population connected to public sewage networks is 56.3%, the highest in Bratislava Region, Košice, Banská Bystrica and Trnava, while the worst situation is in Nitra Region (*see Table 12 in Annex 1*). In a number of larger towns, only a partial sewage system or a sewage system without a waste treatment plant was built.

Telecommunications

In the programme area, the situation in **telecommunications has been improving progressively** during the last decade. Recently, the use of mobile phones and Internet services has experienced a great development within the programme area.

In the Hungarian border region, telecommunication has improved to a great extent during the last ten years. Between 1990 and 1997, the number of telephone lines increased by 400%. In 2004, the number of main phone lines in the Hungarian side was 2 133 727 which meant 59.7% of all the lines Hungary. The number of telephone main lines per 1000 inhabitants was 345 in 2004. The number of mobile phone users is booming, people can choose among 3 mobile service providers. In the Slovak border region, the high volume of investments into telecommunication resulted in a significant development of telecommunication and digital technologies. Since 1995, there have been two mobile phone operators in Slovakia with a mobile service coverage of 70%. The use of Internet services also strengthened in the last decade. The penetration of Internet services is growing and was about 15% with 397 777 internet subscribers in 2004.

The Danube and Ipel' rivers and the mountains in the eastern part of the border area seriously limit the cross-border traffic and the permeability of the state border. Only a small number of bridges with

fairly limited capacity convey cross-border traffic, while the general quality of the cross-border roads in the mountain area is poor. This unique geographic situation leaves little scope for building new roads across the border; rather, the quality of the existing roads needs to be improved, and further border-crossing facilities (mostly small scale) should be established.

The rate of the households linked to the public sewage system significantly lags behind the rate of households with public water supply, especially in the eastern part. The geographical obstacles allow for very limited cross-border co-operation in this area. Solid waste management also needs significant development. Here, there is slightly more scope for co-operation, mainly in recycling and joint processing initiatives. Another serious problem requiring response is the illegal dumping of solid waste.

With regard to the telecommunication infrastructure, the level of penetration of broadband access is very low; this significantly hinders the more active use of information and communication technology (ICT) and e-services both in the households and in the enterprises. Limited access to broadband networks is more obvious in smaller settlements, villages and economically less developed rural areas. One of the key reasons of low, insufficient access is the high costs of establishing the core infrastructure of broadband technologies.

2.1.5. Education, RTD and innovation

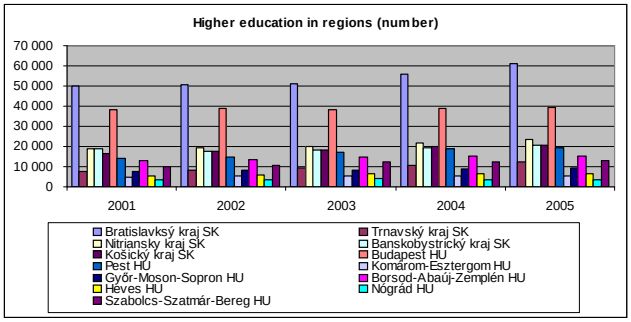
Since the transition processes, the standards of the **educational attainment of the population have been gradually rising**. The most dynamic improvement has been noticed in terms of the number and ratio of people having completed secondary and tertiary educations, particularly among women. In the 1990's, the increase of the education opportunities extended the time spent in education with contributing to ease the tensions in the labour market, besides raising the overall levels of educational attainment. Since the structure of the **expansion of education has not met the requirements of the economy**, the labour market is facing growing problems resulting from difficulties of young people leaving the schooling system in finding jobs. These points at the fact that expansion of education has a positive impact on the labour market over a longer term only if the quality and structure of the expansion of education meet labour market demand.

In the course of education/training, **students are not provided with adequate systemic and practice-oriented knowledge**. The practice of education enabling participants to acquire comprehensive knowledge concerning sustainability has not evolved yet, no education materials are available for this at present, and the education profession has only just started to prepare itself for the subject of sustainability. An increasing number of initiatives are launched to offset social differences and inequalities of opportunities that are reproduced in the public education system and are conserved from generation to generation.

Substantial shortcomings are still observed in the field of lifelong learning. On the one hand, no system of education, training, and adult training, in which the various elements are organically linked together in a coherent hierarchic regime, has evolved so far and requisites for universal access to learning have not been provided for. The instruments and forms of non-formal and of informal training are not adequately utilised, cooperation between the education and the cultural system is inadequate and consequently synergies based on efficient cooperation between education and culture are not utilised. Particularly it is difficult for adults with little or no qualifications to find jobs or practically impossible to access adequate education/training services.

Education

In the Hungarian border region, 36.8% of the over-7 population completed secondary education (2004). Győr-Moson-Sopron County with 38.1% has the highest rate, the lowest rate is in Szabolcs-Szatmár-Bereg County (28.3%). Considering the ratio of the over-7 population that completed higher education, the situation is similar (11.5% on the Hungarian side), however, the rate in Budapest is very high in comparison to the counties (23.8%). None of the counties reaches the national average (12.6%) except for Budapest. The lowest figure is that of Nógrád County (7.8%) (*see Table 10 in Annex 1).* Universities in the western part are in Sopron (University of West Hungary) and in Győr (Széchenyi István University). Engineering studies can also be pursued in Győr. The Faculty of Agricultural and Food Sciences of the University of West Hungary can be found in Mosonmagyaróvár. The most significant college of Komárom-Esztergom County is the College of Modern Business Sciences of Tatabánya where students can attend economic courses. The central part is rich in universities and colleges, the institutions concentrate mainly in Budapest (ELTE, Corvinus University, Budapest Tech Polytechnic Institution, etc.) and Gödöllő (Szent István University). In the eastern part, the most important educational centre is the University of Miskolc; the College of Sárospatak belongs to this campus, too. Other educational centres are Eger and Nyíregyháza, where a Teacher Training College operates.



Source: Hungarian Central Statistical Office, Statistical Office of the Slovak Republic

Chart 11: the chart stands out the higher education centres of the programme area: Budapest and Bratislava take place for the main (even international) universities and colleges.

Though a lot of institutes make opportunity for learning special knowledge, the **access to education is rather unequal**. That's the reason why the **high ratio of adult population suffers from the lack of basic competences**. This problem is especially true for disadvantaged people, people with special needs and Roma population. Beyond the **underdeveloped human and infrastructural terms** of public education institutes, the **lack of close and coordinated institutional co-operations** also constrain the social integration of people: 1) weak institutional coordination and out-of-date methdods used; 2) weak co-operation between labour market and educational institutions noticed; 3) underdeveloped educational facilities of institutions assured.

Special emphases should be put on situation of vocational schools. **High droput of students** can be noticed in these schools, Moreover, the number of students in vocational education is gradually decreasing, that is the reason why the number of employees with these special skills is also less than earlier. The labour market value of these qualifications keep decreasing because of the declining quality of vocational trainings. No conformity of these trainings to labour market demands can be noticed, same as in the case of the adult trainings.

As for infrastructure of institutions, the **state of buildings are gradually declining**. Especially the schools in backward regions suffer from the lack of modern tools and materials, mainly from the lack of information and communication instruments.

Access is limited not only **to** educational but **cultural services** as well. Cultural and community institutes plays rather less role in social integration of people wuth special needs than necessary. These institutions should play more important role in assuring the development of some competences where public educational institute is missing, like in regions with small villages or backward settlements. This problem is enhanced by the lacking motivation of adult people having no skills and opportunity to learn further.

In the Slovak border region, the structure of the education level of the population is characterised by a high share of the population enrolled in a university education. A secondary school qualification is attained by 41.7% of the population. The highest rate is in Nitra Region, while the lowest is in Banská Bystrica Region. 14.2% of the population have a university degree, the highest rate is in the region of the capital, Bratislava. The education level of the population is significantly influenced by the dominance of the capital, where the rate of the population with secondary and university degrees is the highest (35% of the students in Slovakia are in Bratislava). The city of Košice shows a similar tendency with 13% of the students in Slovakia. The programme area attracts 77% of the students in Slovakia, which can offer a profitable basis for higher education skills. However, with the exception of the districts of Bratislava and Košice, none of the districts exceeds the Slovak national average of university education level (13%) and secondary education level (41.7%) (*see Table 10 in Annex 1*). **The rural population is characterised by a relatively high rate of low qualification,** which probably results from the fact that the population is rather old with lower qualifications. Universities can be found in Bratislava, Trnava, Nitra, Komárno, Zvolen, Banská Bystrica and Košice.

Research and development

The programme area is characterised by a relatively high share of employment in manufactories and a lower share of the service sector. **High-tech and medium high-tech companies and knowledge intensive services are more concentrated in the western part** of the cross-border region. The Budapest and the Bratislava regions are the largest national RTD centres with a high scientific-research potential for the tertiary education.

Budapest is one of the major centres of education and RTD. We can find most of the universities and colleges here with a high number of qualified people as well. 1127 RTD units operated in the capital in 2004 with close to 16 500 scientists and engineers. The rate of capital expenditures compared to the country value was 55.3%. Both the western and the eastern part along the border are badly featured by RTD units or capital expenditures. In Nógrád County, only 3 RTD units can be found, and their expenditures didn't exceed 0.02% of the country value in 2004! With the exception of Budapest, the rate of expenditures among the counties spread between 0.02 and 9% of the national average (*see Table 11 in Annex 1).*

In general, the **results of the RTD and innovation processes are not converted to "products",** mainly because of the **lack of co-operation between the universities, research institutes and the entreprenurials**. These actors stiil don't find the type, form and information channels of co-operation in order that the research results can be used in the economy. In addition to that, the ratio of enterprises which need and use the innovation services offered by innovative service providers is very low (8% in Hungary). The reason of this fact is the underdeveloped business culture, in line with a limited co-operation between the educational and research sphere with business actors. The supporting mechanisms are missing.

In the Slovak border region, **Bratislava and Košice can be considered as the largest Slovak centres of science**. Nitra is the centre of the Slovak agricultural education and research, while Zvolen in Banská Bystrica Region is the centre of forestry education and research. 105 RTD units operated in Bratislava with 8357 scientists and engineers in 2004. In the other regions, we can find a fairly even distribution of RTD units (20-25) or capital expenditures (3.7-5.1%) except for Bratislava and Trnava Regions (17.1%). The most obvious consequences are the disparities created in the territory (*see Table 11 in Annex 1)*.

The efficiency of science and research measured on patent applications to the European Patent Office (2003[2]) is very low in the target region (excluding the Budapest sub region). In 2003, only 31 applications per million inhabitants were registered. The average value for EU25 was more than 416 patent applications per million inhabitants in 2003. A significant gap is characteristic for all new member states and is in general affected by the low level of RTD expenditure (GERD -

[2] Patent applications to the EPO by priority year at the regional level

gross domestic expenditure on R&D) and an insufficient innovative performance of the enterprises (measured by value added, patent applications and gross fixed capital) in the whole cross-border region. The most efficient parts in this respect are the Budapest and Bratislava sub regions (data available only on NUTS II level). According to human resources in science and technology industries[3], Budapest, Trnava and the Nitra NUTS III region obtain higher employment in high-tech, medium-high-tech industries and knowledge intensive services than the average value in both countries. In the whole region, the counties, where well-skilled and qualified human resources are available in medium-tech manufacture, are still attractive for FDI, especially in automotive and high-tech industries (ICT technologies, electronics including optoelectronics and microelectronics, materials engineering, life sciences, medical sciences, healthcare sciences, biotechnologies and genetic engineering, environmental protection, recycling sciences and unconventional energy sources, the design and manufacturing of measurement and research equipment), as well as chemical, aviation, food and wood industry clusters.

The educational level of the population in the border area is close to the national average on both sides of the border but with significant disparities within the area: the educational level is higher in the development poles and in the urban centres and significantly lower in the areas lagging behind.

There are various higher education institutions located in the border area offering quality services in a wide range of professional areas. The level of co-operation between these institutions is fairly limited currently.

The main problem regarding RTD activities is that the efficiency of science and research is at a very low level. Regions without high-quality research centres can be disadvantaged and less attractive for investments indeed. The number of these institutions is still very low in the area, especially in the eastern part. The co-operation between the existing research centres doesn't reach the desired level, either on a cross-border or on a national level. The dissemination of the RTD results is also limited; there are few examples for a successful co-operation between the research centres, universities and SMEs.

2.1.6. Healthcare

The structure of health services has been largely inherited by the earlier centrally governed health system and it cannot or can only very slowly adapt to changes in demand. Scientific achievements are introduced to medical practice after long delays and in many cases unevenly, resulting in thriftless use of the generally scarce resources. At the same time, progress and improvement could be driven by medical training of international renown and the already existing regional networks of medical officers.

Promoting cross-border co-operation in healthcare is also a facility for strengthening the integration of the border region. **Stronger demand on near-to-home health services has emerged** lately, especially if the nearest service can be available just by crossing the border.

Cross-border co-operations per counties

Geographically covered cities involved in co-operations in healthcare are as follows:

- Hungary: Győr, Esztergom, Szob, Budapest, Salgótarján, Miskolc, Nyíregyháza
- Slovakia: Bratislava, Štúrovo, Banská Bystrica, Šahy, Rožňava, Košice, Michalovce

As the members of the Hármas Duna-vidék Euroregion, the Petz Aladár County Educational Hospital of Győr cooperates with Bratislava in the fields of management, RTD, education and training activities. There is no agreement on medical attendance services.

The local government of Esztergom is in co-operation with the local government of the Južný Region in Slovakia. Activities considered as the basis of the partnership include emergency and other healthcare attendance services (planned), a joint share and use of assets,

[3] Annual data on employment in technology and knowledge-intensive sectors at the regional level (htec_emp_reg)

management activities, an expert exchange, education and training. Cities involved in this co-operation are Esztergom, Nyergesújfalu, Tokod, Štúrovo, Tokodaltáró, the Zselíz micro region and villages in the Ipeľ-valley. The Vaszary Kolos Hospital in Esztergom also collaborates with a Slovak partner, namely with the Policlinic of Štúrovo. Both cities are part of the Ister-Granum Euroregion.

There is no record of any healthcare suppliers' participation in any cross-border healthcare co-operation in Pest County. Nevertheless, a co-operation is expected between the Szob micro region and Šahy. Namely, people living in the south-western part of the Szob micro region can resort to the hospital in Esztergom as the nearest service, the hospital of Vác is available for the south-eastern part's inhabitants, and the hospital in Balassagyarmat is at the disposal of people living in the eastern and northern parts. Nevertheless, access to these institutes is across far distances. However, none of Slovak hospitals are available easily because of the backward nature of the Szob micro region: there are limited crossing facilities on the river Ipeľ and only one bridge serves easy accessibility of the institutes situated in the Slovak side of the river. As planned, however, the bridge in Šahy can be suitable for linking the northern and central parts of the Szob micro-region with Šahy. Activities planned would include emergency services as well. The Ipoly-Ipeľ Euroregion would serve as the institutional frame.

In Budapest, the National Casualty Surgical Institute collaborates with the St. Barbora Hospital of Rožňava. The hospitals aim at strengthening the co-operation in the fields of medical attendance services and joint research and development activities.

An agreement on expert exchange, organising conferences and seminars and the co-operation among healthcare experts exists between Szabolcs-Szatmár-Bereg County and the town of Michalovce. The aim is to strengthen the co-operation between the healthcare institutes through a specialisation of health protection and activities against alcohol and drugs.

Nógrád County has a separate bilateral agreement with the local government of Banská Bystrica. Another agreement with the local government of Košice has been established with the participation of Nógrád, Borsod-Abaúj-Zemplén and Banská Bystrica Regions. The co-operation doesn't cover any fields of healthcare for now, however, the joint co-operation is aimed to develop the healthcare infrastructure, the education, the training and the programming.

Although the scope for healthcare co-operations is limited by the fact that there are significant differences in the financing rules and administrative requirements of the national healthcare systems of the two countries, there are various good initiatives in this area, mostly organized locally. Ultimately, to enhance co-operations, decisions and agreements need to be made on the central level. However, it would be important to launch pilot initiatives and establish best practices, which later can be mainstreamed.

One obvious area would be a coordinated emergency response: the number of ambulance missions per thousand inhabitants is still very high in the border area..

2.1.7. Natural resources & environment

Because of its natural conditions and resources (geological conditions, riches of surface waters, soil types, the climate), **programme area has very favourable and diverse natural and ecological conditions** and resources, natural values, and natural areas even by international standards. Preserving and conserving our natural heritage, however, is a major challenge. The most endangered places are wetlands and grasslands, whose fragmentation and elimination has continued even recently. As a consequence of Hungary's and Slovakia´s EU accession, species and habitats of community interest (Natura 2000) are now under special protection. Much of natural values are linked to woodlands, wetlands and to extensive farming and its locations, i.e. to agricultural habitats. Varied land use adjusted to different environmental conditions and resources - particularly forests managed in a quasi-

natural way, comprising indigenous tree species - plays an important role in the riches of biodiversity of the area.

In the late 1990's, the economic growth was not accompanied by an increase in traditional forms of pollution as had been witnessed before. This was as the result of the economic and technological modernisation and the application of new types of environmental regulations. In the way of voluntary undertakings, the application of the ISO 14001 environmental management system of the International Standardisation Organisation (ISO) became a dominant element in corporate management.

A major part of the earlier environmental 'threats' have, therefore, disappeared by the gradually reduction of the source of environmental damages (e.g. heavy industry) so their environmentally damaging impacts have decreased substantially (cleaner technologies, bypass roads, noise protection etc.).

Natural resources

The natural character of the programme area has a great impact on cross-border co-operations: **the whole common border section can be considered as an ecological corridor** between the two countries, therefore the geographical – rivers and forested mountain areas – and transport conditions should be taken into consideration in co-operations.

Plains, hills and mountains

In the western part, the Little Hungarian Plain in North-western Hungary expands on both banks of the river Danube overlapping the southern part of Slovakia and Austria. Eastwards, the North Hungarian Mountains stretch along the border with varied structural units like the hills of Visegrád, Börzsöny, Cserhát, Mátra, Bükk, Aggtelek-Rudabánya, Tokaj-Zemplén and the basins of North Hungary. Finally, the Bodrogköz is situated at the border of the North Hungarian Mountains and the Great Plain.

Geographically, the western part of Slovakia is made up of the Podunajská Plain and the Záhorská Plain. The Podunajská Plain consists of the Podunajská Lowland and the Podunajská Upland, while the Záhorská Plain is divided into two parts named the Borská Plain and the Chvojnická Upland. The middle part of Slovakia consists of mountains like the Nízke Tatry, the Slovenské Rudohorie Mountains, and the Štiavnické Vrchy Mountains. The eastern part is made up of the Východoslovenská Lowland and the mountain system of the Spišsko-gemerský Carst. The west mountain part is the Slovenské Rudohorie Mountains.

Rivers and lakes

As the border river, the Danube is considered as the main surface water connecting Hungary and Slovakia. As the main communication axis runs parallel to the river, accessibility to Budapest from the west is unfavourable. As indicated, the continuation of the border between the two countries is another important border river, the Ipeľ flowing from the direction of Ipolytarnóc and entering the Danube at Szob. **Accessibility is limited, there are only a few bridges to facilitate the access from one country to the other**. The river Tisza flows in the eastern part of the programme area in Hungary. The tributaries of Tisza/Tisa are the rivers Bodrog, Sajó/Slaná, Bodva, Hernád/Hornád, Borzsa, Ung, Latorca/Latorica, etc. originating in the Ukraine or in Slovakia. The tributaries flow mostly from north to south with a significant oscillation of flow rates, which is partially regulated with water dams.

In Slovakia, the Danube, as the natural border, is considered as an important river. In addition, the rivers Morava, Malý Danube and Rudava are also significant. The rivers Váh, Morava, Danube, Malý Danube, Dudváh, Trnávka and Myjava flow through Trnava Region and partly through Bratislava and Nitra Regions. In Trnava Region, there are two water

basins, the Sĺňavа and the Král'ová. The biggest Slovak rivers, the Váh, the Hron and the Nitra flow through Nitra Region. The smaller rivers are the Ipeľ and the Zitava. In the middle part, important rivers include the Hron, the Ipeľ and the Slaná, whereas in the eastern part the biggest rivers are the Bodrog, the Hornád and the Slaná.

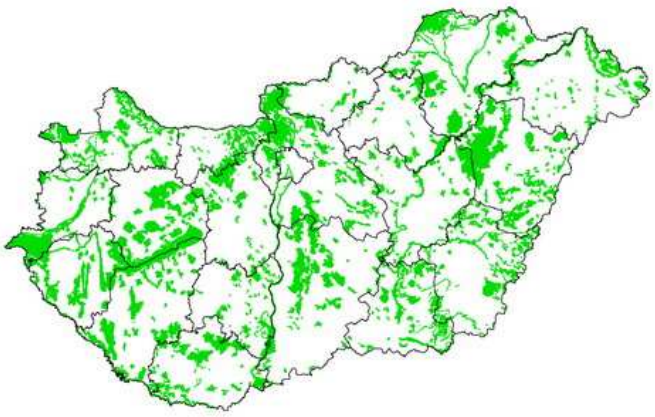
Nature protected areas

The programme area possesses a **rich bio-diversity with relatively well-preserved ecosystems.** There is a classification of protected areas, and several levels can be found here incorporating significant natural and cultural values.

The NATURA 2000 network

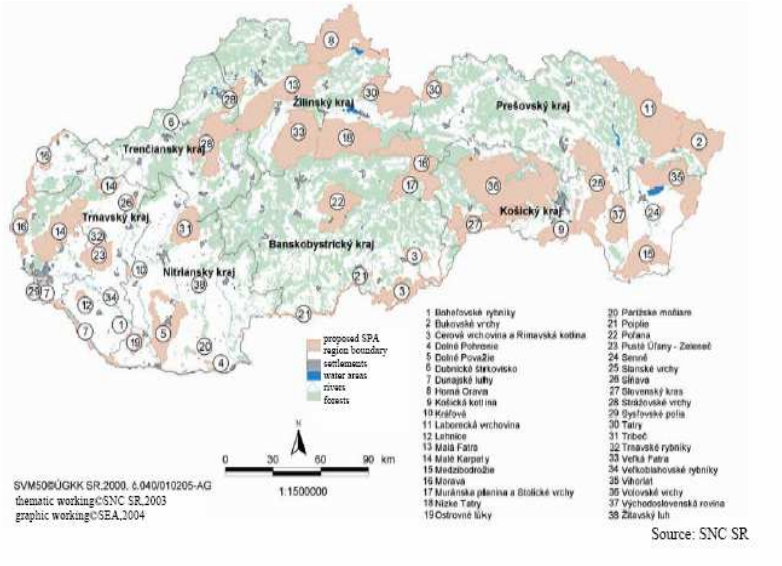
The **NATURA 2000 network**, established by the European Union, **covers the programme area significantly**. The NATURA 2000 network is an interconnected European ecological network with the aim to preserve the biodiversity through the protection of the natural habitat as well as the species of wild flora and fauna of Community interest, and to assist for the sustainable maintenance and restoration of their favourable conservation status. The network consists of areas designated by the EU guidelines 1) about the Important Bird Areas (directive on the conservation of wild birds; 79/409/EC); 2) about the Special Areas of Conservation (directive on the conservation of natural habitats and of wild fauna and flora; 43/92/EC).

Map 2 *Special Protection Areas in the NATURA 2000 network in Hungary*



With the accession of Hungary, the 6 bio-geographical regions were enlarged by the "*pannon*" region which mainly covers Hungary. 46 types of natural habitat, 36 types of plant species, 91 types of birds, and 105 types of other animal species of Community interest can be found in Hungary. The NATURA 2000 areas, the IBA and the SPA areas cover 1.95 million acres in Hungary, with an overlap of around 42% between these types of area. On the Hungarian side of the border region, the IBAs designated are the following: the Hanság, the Moson Flat, the Szigetköz, the Old Lake of Tata, the Vértes, the Gerecse, the Börzsöny and the Visegrád Mountains, the Ipel' valley, the Mátra, the Heves Flat, the Borsod Flat, the Bükk Mountain and its surroundings, the Putnok Hills, the Aggtelek Carst, the Zemplén Mountains with the Szerencs Hills and the Hernád Valley, the Bodrogzug (Kopasz Mountain), the Taktaköz and the Upper-Tisa. These areas abound in species and water habitats of international interest for water birds. For the Special Areas of Conservation, designated on the directive on the conservation of natural habitats and of wild fauna and flora, see *Map 2* above. These areas abound with different types of natural habitat and species of wild flora and fauna of Community interest.

Map 3 *Special Protection Areas in Slovakia*



The territories listed among the Special Areas of Conservation cover 11.7% of the land of Slovakia, and the overlap with the current territory of the protected areas is 86%. The Forest Land Fund covers about 86%, the Agricultural Land Fund covers 10% of the Special Areas of Conservation, and around 2-2% are covered by aquatic and other areas. The National list of the Special Areas of Conservation of Slovakia, issued in 2004, includes 38 Special Protection Areas. The total area of SPAs is 1 236 545 acres and covers 25.2% of the total area of Slovakia (see the Map above). The overlap of SPAs with Important Bird Areas (IBA) represents 61.8% of the total area of Slovakia, and the overlap of SPAs within the existing protection areas system is 55.15% in Slovakia.

National Parks

In the Hungarian border region, there are **five national parks**: the Fertő-Hanság National Park (23 587 ha in Hungary), the Duna-Ipoly National Park (60 314 ha), the Bükk National Park (38 000 ha) the Aggtelek National Park (20 159 ha) and the Hortobágy National Park (52 000 ha). The total size of the **areas under natural conservation** is close to 200 000 hectares, which **covers 6% of the Hungarian border area involved in the programme**. The Aggtelek carst cave system and the 'palóc' village of Hollókő are protected as parts of the World Heritage as well (some of the caves cross the border; the 'palóc' people, however, form a very special ethnic group living on both sides of the border). Moreover, the nature park of Szigetköz, to be established in the near future, is also a very important and valuable area.
Five national parks belong to the Slovakian part of the border region – the Nízke Tatry, the Muránska Planina, the Slovenský Raj, the Slovenský Kras, the Veľká Fatra. There are several landscape-protected areas (LPA) in the region as well. In addition, the Ramsar Convention protected area is located in this territory (the Rudava Alluvium, the Morava Floodplain, the Dunajské Luhy, the Šúr, the Parížske Močiare, the Poiplie, the Domica, the Latorica and the Senné Rybníky), and there are also a number of small–scale protected areas, national natural reservations, natural reservations, national natural monuments, natural monuments and protected areas here. The following places of the Slovak border region are listed as World Heritage sites: the Spišský Hrad, the Banská Štiavnica and Bardejov as cultural heritages, the Slovenský Kras caves and the Dobšinská Ladová Jaskyňa cave as natural heritages (the Slovak Karst/Domnica). (*see Table 13 in Annex 3)*

Environment

The changes in the state of environment during the recent decades clearly reflect the interactions and the mutual determination between the social, economic, and environmental dimension of the programme area. As a result of the economic restructuring process, the output of a variety of pollutants (e.g. air pollution, excessive use of chemicals in agriculture) has declined. Energy efficiency has improved, environmental management systems, available best techniques, and environment-friendly products are spreading steadily. Beside the preserving the quality of the environment, the improvements in the environmental infrastructure have also contributed to the improvement of people's quality of life, to the development of the economy and its attractiveness for investors.

At the same time, the **environmental load** (pollution, use of resources, land use) **has increased** in certain areas particularly as a consequence of economic growth and the spread of behaviour patterns that are characteristic of a consumer society: the ratio of biologically active surfaces has been diminishing, air pollution by transport increases, similarly to the volume of communal solid waste.

After the change of the political systems, the first step was the realisation of the heavy environmental damages and loads caused and left behind by earlier economic, industrial, and military operations. For this very reason, in the early 1990's the focus was on eliminating the inherited and the ongoing environmental damage, while prevention was missing. Although the proportions of planned waste management and waste water treatment are growing at present, their overall levels are still very low by European standards. For the time being the institutions of the decision makers, the regulatory authorities, investors and the civil sector, based on adequate dialogue, do not function effectively enough in the course of the preparations for decision making and the elaboration of the modes of implementation of various spatial development, municipal development, and sectoral development plans and programmes and of large investment projects, that have substantial impacts on the environment.

Air quality

The road transport and the **emission of industries with high-energy demands – mainly in the western part** – are the most decisive factors that affect the air quality. In both countries, the stationary sources of emissions are the energy facilities (with the capacity of over 50 MW and more). In Hungary, the volume of emissions is around 400 thousand T per year, which means a 45% decrease in the last decade. The reduction quota for SO_2 (550 thousand T), set up for the year 2010, was already achieved by 2002. The volume of nitrogen oxides (NO_X) also shows a decreasing tendency with the aim to achieve the level of 198 thousand T by 2010. As far as the spatial air quality is concerned, the most polluted areas in Hungary are in the region of Mosonmagyaróvár, the surroundings of the M1 motorway (particularly at the border crossing points of Rajka and Hegyeshalom), the section of the Danube between Győr and Esztergom due to the high industrialisation, **Budapest as one of the major sources of air pollution**, around the larger settlements (Miskolc, Salgótarján) and the energy hubs (Kazincbarcika, Tiszaújváros).

The amount of pollution emitted in Slovakia is also considerable in the regions of Bratislava, Košice and the energy hubs in Nováky and Vojany. In spite of the fact that emissions of particulate matter and SO_2 are continuously decreasing due to the use of better quality fuels instead of brown and black coal and heavy fuel oil, **Košice, Banská Bystrica and Bratislava regions have the highest level of emission in the Slovak side**. The emission of NO_x is slightly decreasing due to the increasing consumption of natural gas and the adoption of cleaner technology procedures. However, because the prevailing north-south wind plays a role in the pollution, it should be mentioned that the pollution originating in Slovakia makes its impact felt in the Hungarian border region as well, especially in Borsod-Abaúj-Zemplén County.

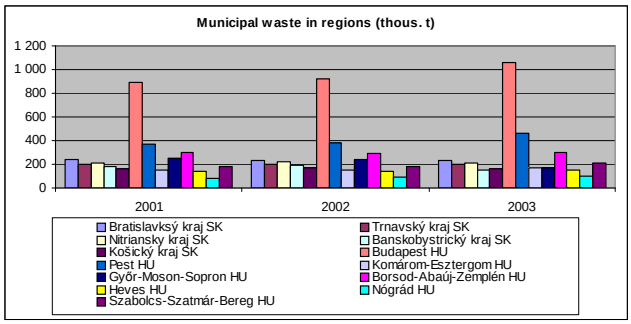
Water quality

A continuous trend of improvement can be experienced in the balanced state of the amount of usable ground water. In the border region, significant sources of ground water are available, even the current capacity highly exceeds the needs**. Rainfall and run-out waters, however, have a significant impact on the forming and the quality of surface water and the water management balance**. On the main sources, a long-term positive balance is reported. But the **quality of surface water is much worse in Slovakia than in Hungary**. Problematic areas with adverse status are predominantly the river inflows affected by sluicing pollution from area sources of industrial production. The **highest level of water pollution is located in the rural areas in the northern and eastern parts**. Despite of that, water quality has improved in the last decade especially in the following main rivers: the Morava, the Váh, the Hron, the Ipeľ and the Bodrog. The improvement of water quality was realised through the development of water treatment, the diminution of the production and the elimination of fertilizers from agricultural production. Nonetheless, the level of water treatment is still insufficient, especially as far as the point sources are concerned. In the Hungarian border region, the section of the Danube between Győr and Esztergom is exposed to high industrialisation. In the eastern part of the region, though the number of pollution factors on the rivers arriving mainly from Slovakia decreased following the transition, the level of contamination is still very high. The greatest improvement in water quality has occurred in the river of Sajó.

The most significant sources of ground water are located in the southern and central part of the border region. In Hungary, 97% of drinking water resources are from surface water sources, and out of these resources, more than 60% of water resources play important roles in the drinking water supply.

Waste water, waste management and recycling

In the border region, a decreasing level of discharge of waste water can be experienced. The industrial sources together with the **waste water from urban areas are the major sources of waste water**. The reduction of the polluting substances is due to changes in production technologies and more efficient waste water purification processes. Generally, the border region is characterised by a relatively low number of inhabitants connected to the public sewage system (*see Chapter 2.1.4)*. The **lack and the insufficiency of waste water treatment plants** are the major problems.



Source: Hungarian Central Statistical Office, Statistical Office of the Slovak Republic

Chart 12: the most municipal waste was produced by Budapest. The other regions with less population have consequently less waste, but it is conspicouos that in Pest County this type of waste has been growing significantly since 2001.

One of the appropriate indicators for measuring the efficiency of waste management in the countries is the number of households that are able to take part in organised waste collection. Regarding the amount of collected municipal waste per person and year, the situation on the two sides is very different. Along the Hungarian border, the waste management of extensive areas is still unsolved; the small villages along the eastern part are in the worst situation. The only hazardous waste incinerator of Hungary is situated at Dorog. At the regional level, about 11 000 thousand tons of waste were produced in 2004, and about 40% of this volume belongs to the involved counties in the Hungarian border side. The municipal waste generated was around 454 kg per person in 2004 (86% of the EU25 value – 525 kg per capita in 2004), while this figure was around 274 kg per person in Slovakia (52% of the EU25 value), half of the ratio of Hungary. The

amounts of generated waste have changed very slightly in both countries, and in the Slovak border region the production of waste even has a decreasing tendency. The largest emission of communal waste is produced in Bratislava and Košice Regions. The percentage of reused communal waste is between 6-14%. In 2004, 8 854 348 tons of waste were produced, and only 2 463 794 tons were recycled.

Soil quality

On the national level, the total area of agricultural and forest lands represents 87% of the total surface of Hungary, out if which the arable soil is 45.5%, forests 28.1% and grass areas 13.1%. In Slovakia, the total share of agricultural land represents 49.65% of the total acreage, the share of forests is 40.88%, and non-agricultural and non-forest lands are 9.47%. The **soil quality is significantly affected by water erosion,** almost 46% of the agricultural lands are influenced by this phenomenon in Slovakia. In addition to that, extreme erosion (24,1%) and wind erosion (8,5%) has a relatively high impact on agricultural soil.

Energy

The **structure of the use of sources of energy has altered** in programme area since the change in political system, natural gas consumption is on the increase. Some businesses have already introduced energy efficient technologies, but the public sector and households have not made as much progress in this respect as a consequence of the high costs of conversion and lack of motivation.

The energy consumption per capita is significantly below that of developed countries but energy intensity (per unit of GDP) is still almost four times (average) as high as the average of developed countries (EU27). The low energy intensity is, however, not only a matter of energy technology, but is also linked to the country's economic structure and level of development.

The predominant proportion of energy imports and the low level of use of renewable energy sources result in risks and strong external dependence in the energy system.

The utilisation of renewable energy sources is low though it is on the increase: the proportion of the energy consumption originating from renewable energy sources increased to 10,55 % in 2005 (Hungary 4.6%, Slovakia 16.5%), while in some developed European countries - not independently of natural conditions - this proportion may be as high as 10-15 %. This relatively rapid growth was caused by an increase in the use of biomass for energy generation, which, besides its favourable features, entails a number of sustainability related risks (e.g. damaging the natural environment). We still have additional potentials in the use of renewable energy sources. The introduction of a guaranteed price for power generated from renewable energy sources is an important step towards a more sustainable energy system.

The environmental situation in the border region is significantly influenced by the character of the economic activity: 1) the energy intensity as a consequence of the economic activity and 2) the increased transport, as a result of cross-border co-operations, has the most significant effects on the environment. A **high energy intensity is typical for both countries**, however, this indicator in Slovakia is 160% of the Hungarian level. It is mostly the result of the Slovak economic structure with more focus on the metallurgy and heavy chemical industry. In the Hungarian border region, there are important power plants in Oroszlány, Bánhida, Tatabánya and Gyöngyösvisonta. The electricity transmission station towards Slovakia and Austria operates in Győr. In the Slovak border region, the important power plants are the two nuclear power stations in Jaslovské Bohunice and Mochovce, a classic thermal plant in Vojany and a hydro-electric power plant in Gabčíkovo. During the second part of the last century, energy networks were developed according to the requirements of the Eastern European Economic Co-operation (COMECON).

The heavy industrial orientation of the area resulted in serious environmental damages in certain parts of the area; later, one positive side effect of the decline of the traditional industries was the improvement of the environmental situation.

As many of the environmental problems are common in the border area, a number of co-operation projects have already been initiated, most of them focusing on planning joint interventions mostly in the field of river and groundwater protection. Flood prevention is another important area, where joint actions have already been undertaken, but further improvements are still required.

A new potential for joint actions lies in the use of renewable energy sources, especially in the rural areas or in the mountains. There is a noticeable demand for planning plants for the production of biomass as a renewable energy source for heating; in addition, a co-operation for preparing joint energy production and utilisation models has been initiated.

2.1.8. Culture, science, civil society, Euroregions

Culture, science

Several agreements on cultural and technological co-operations were laid down between the two countries. In 2003, an **agreement on a co-operation in culture, education, science, sport and youth**, and an additional agreement on a co-operation in the fields of **science and technology** were made between the countries. In accordance with the first one, a range of events is arranged annually in several towns and cities of both countries so that they can get to know each other's culture and deepen the co-operations (e.g., Days of Slovak Culture, Days of Hungarian Culture). As key elements of the cultural co-operations, Hungarian theatres in Slovakia play one of the most important roles among the institutions (the Jókai Theatre in Komárom, the Thalia Theatre Company, the Romathan Theatre in Košice) but also SNM – Museum of Culture of Hungarians in Slovakia, Hungarian Art Company - Ifjú Szivek – Young Hearts. Unfortunately, the libraries are insufficiently provided on the whole and it touches also the libraries with Hungarian funds, which don´t exist separately. For Hungarian national culture presentation in Slovak Republic can be mentioned as well-known institutions following the Žitný Island Museum in Dunajská Streda, the Museum Gemer-Malohont in Rimavská Sobota, Tekov Museum in Levice, Novohrad Museum and Galery in Lučenec and Museum of Hungarian culture and Podunajsko in Komárno.

As for the co-operation in the field of science, the Hungarian Academy of Sciences regularly cooperates with the Slovak Academy of Sciences. Among the Slovak-Hungarian science institutes, the Fórum Social Science Institute and the Bibliotheca Hungarica in Slovakia can be noted.

Civil society and media

Minority issues play a very important role in terms of the relations of the countries. The Department of Minority Culture in the Ministry of Education and Culture deals with the minority issues in Hungary, and the Department of Minority and Regional Cultures in the Ministry of Culture does the same in Slovakia; there is also system of minority and regional culture supported through grant system of Ministry of Culture in Slovakia. In the last decade, several Slovak-Hungarian associations and endowments have been established in the fields of education, arts, family protection, youth protection and scouts in Slovakia. Examining the media, written press in Hungarian language can be bought in Slovakia, Hungarian programmes are broadcasted in the Slovak Television and situation in the field of press, radio and TV broadcasting availability in Slovak language in Hungarian media is incomparable due to a lack of availability to Slovak media.

Euroregions

The euroregions were established on the foundations of common historical and geographical traditions of the border areas and, at the same time, of different facilities in the neighbouring countries. They can be considered as the most targeted institutional frameworks of cross-

border co-operations. They operate in an independent structure consisting of local and regional governments and/or other institutions with the aim of promoting common interests and improving the standard of living in underdeveloped areas along the border. In Central-Eastern Europe, Euroregions are established mainly to strengthen cross-border cultural and economic co-operations. They aim at expanding cross-border co-operations to help backward regions to catch up. The nature of co-operations is varied ranging from the fields of transport and logistic infrastructure to co-operations in the field of education or joint lobbying activities. Nowadays, **ten Euroregions with some territorial overlap can be found in the Hungary-Slovakia border area** (*see Table 14 in Annex 4*):

Euroregion Kras

The Euroregion Kras includes the Borsod-Abaúj-Zemplén County in the Hungarian part, and Košice Region in the Slovak side. The Euroregion aims at facilitating the cross-border economic and social development of the mentioned area.

Váh-Danube-Ipeľ Euroregion

This Euroregion includes Komárom-Esztergom and Pest Counties in the Hungarian part and Nitra Region in the Slovak side. The Euroregion aims at facilitating economic development, e.g., through constructing a new bridge spanning the Danube at Komárom.

Hármas-Duna-vidék Euroregion

This Euroregion was established in 2001 with the aim of developing the cross-border infrastructure. A joint National Park along the Danube is proposed by the organisation.

Ipeľ-Ipoly Euroregion

The Euro Region's core members are local governments. The co-operation is based on the environmental activity and nature protection with a focus on preserving the sustainability of the river Ipeľ.

Neo-gradiensis Euroregion

The Neo-gradiensis Euroregion works in close co-operation with the Ipeľ Euroregion in the fields of economy, trade and culture. The main objective for the organisation is to assist the backward regions in catching up. The Euroregion is specially aimed at improving the terms of border accessibility and expanding the agglomeration areas.

Ister-Granum Euroregion

This Euroregion is made up of 100 settlements, 60 from the Hungarian and 40 from the Slovak side. The co-operation focuses on the fields of healthcare and the transport infrastructure.

Sajó-Rima Euroregion

This Euroregion consists of 336 settlements with a micro-region co-operation. The involved area is considered as a diverse region economically. While the settlements along the border region are in dire situations, some inner parts of the region can meet the challenges successfully. The Euroregion aims at eliminating barriers to the flow of capital, information and services based on co-operations in the fields of the economy and primarily tourism.

Zemplén Euroregion

As the institutional framework of the Hungarian-Slovak interregional partnership, the Zemplén Euroregion, established in 2004 by nine small regions in Slovakia, five small regions in Hungary, regional institutions and seventeen other partners, aims at elaborating and implementing a joint, harmonised development programme for the Zemplén region. The region's specific objectives are to develop the human infrastructure and the business infrastructure and build a network of local governments and civil societies.

Carpathians Euroregion

The Carpathian Euroregion, made up of the most countries, is the largest Euroregion in Hungary. It involves the counties of North Hungary and Košice Region from the programme area. Several international exhibitions, trade fairs are arranged for private individuals, non-governmental organizations (NGO), and businessmen with the co-operation of chambers and associations. Conferences and workshops are delivered in the fields of education and culture.

Ung-Tisza-Túr Euroregion

Euroregion established in 2005 focuses on the coordination, programming and implementation of development programmes of 216 settlemets from Slovakia, Hungary, Romania and Ukraine.

2.2. Lessons from the previous programming period

The programme of the previous period: Hungary-Slovakia-Ukraine Neighbourhood Programme 2004-2006

In the period of 2004-2006, the cross-border co-operation between Hungary and Slovakia formed a trilateral co-operation completed with the Ukraine. The Hungary-Slovakia-Ukraine Neighbourhood Programme 2004-2006 is being implemented presently with a budget of nearly EUR 23,8 Million from the European Regional Development Fund in Hungary and Slovakia, in addition, it is also funded by the TACIS (4,5 MEUR) in the Ukraine.

Key differences in 2007-13 compared with the 2000-2006 programming period

- **Change of status of INTERREG**

  From a Community Initiative to the "European Territorial Co-operation" Objective

- **More information about co-operation procedures**

  More information in new regulations regarding the procedures

- **Strategic approach**

  Future co-operation programmes should seek to establish a clear and coherent policy response

- **Key principles continue**

  Programming, partnership, co-financing and *evaluation* will continue

Conclusions and lessons learnt from the previous period

Certain regional peculiarities like the economic development and the income gap between Hungary/Slovakia and the Ukraine featured in the period 2004-2006. In addition to that, unlike Hungary and Slovakia, the Ukraine is not an EU member state. In the next programming period, a bilateral co-operation will continue without the Ukraine, and the possibility to use the European integration process and the relevant EU legislation as effective tools for adopting flexible, compatible and mutually acceptable regulations and policy actions in the co-operation of the two countries should be taken into consideration.

Although the Hungary-Slovakia-Ukraine Neighbourhood Programme 2004-2006 is now being implemented, an interim evaluation focusing on the first round of applications has already taken place resulting in some important conclusions worth taking into account when preparing the consecutive programme. Below there is a brief summary of the key experiences and their implications for the current programme:

- **The programme management and the development of administrative practices**

The active programme management and the development of administrative practices regarding the Hungary-Slovakia-Ukraine Neighbourhood Programme 2004-2006 were started in the year 2005, and several problems surfaced, which have to be solved in the current period:

The number of applications submitted are too high

In 2005, the publishing of the Call for Proposals invoked an overwhelming response: many more projects were submitted than expected. This was partly a result of the two-year intermission in cross-border co-operation programmes after the previous PHARE (Poland-

Hungary: Assistance for Restructuring the Economy) CBC programmes that had initiated new activities as well as new contacts. The reason for the relatively high number of applications was the limited funding possibilities. In order to avoid similar situations and to ensure an efficient and cost-effective implementation of the 2007-2013 programme, the definition of eligible activities as well as the selection criteria should be more specific in most of the interventions.

Project activities with poor linkage to actual needs experienced

In order to ensure projects that respond to existing needs of the border area, (i) eligible activities need to be specified more precisely, and (ii) the relevance of the projects needs to be appraised more strictly.

Activities with limited added value with regard to cross-border co-operations

In the new programming period, only joint projects will be supported. This may enhance the cross-border effects of the projects, but this requires the strict application of the joint project principles. Further emphasis should be placed, though, on evaluating sustainability and the cross-border effect of the projects: requirements specific to the nature of the projects foreseen need to be defined at each intervention. This is fairly simple in the case of roads (roads actually cross the border), while it requires a more complex approach in the case of other interventions like the business infrastructure. By all means, the Call for Proposals needs to specifically identify the criteria the projects should meet under the given intervention to be considered as cross-border.

Project evaluation and selection procedures

The project evaluation and the selection were successful; in some cases, however, the definition of the evaluation criteria were not clear enough, which led to difficulties and misunderstandings. Consequently, a more precise definition of the evaluation criteria and the preparation of evaluators are of key importance. Another experience regarding the project selection is that the standard open application system did not prove to be ideal in the case of certain types of interventions (for instance, road development). It is proposed, therefore, that the project selection procedures should be differentiated according to the specific interventions to be implemented.

Partners were involved insufficiently from the other country in the planning and the implementation

In addition to supporting joint projects and properly applying the Lead Partner principle, the partnership aspect of the projects needs to be more strictly monitored, and the development of partnership based projects should be more actively assisted through training and advisory activities. As a response to the limited experience in designing and implementing partnership based/cross-border development projects and calls for the need for a well-functioning project pipeline and capacity development, a more integrated approach is foreseen to implement capacity development in the border area.

Eligible organisations

The eligible organisations were not specified properly in the case of some of the measures of the previous programme. Therefore the definition of organisations eligible for support needs to be further consolidated.

- **The distribution of projects by measures**

The distribution of the project proposals submitted by the measures in the previous period reflects the relative demand for certain interventions: an outstanding popularity of cross-border business and institutional co-operations was experienced. Many applications were submitted for co-operations in the fields of tourism, environmental and nature protection and road transport. Since these fields were very successful in the period 2004-2006, they offer the base for the planning in a similar way in the next programming period: 1) businesses,

especially tourism are considered permanently successful co-operation fields as well as P2P actions, the environmental and nature protection and road constructions. A demand for joint co-operations in the development of these fields is very strong, therefore these fields are adapted to the current operational programme. 2) A stronger need can be noticed for co-operations between universities and research centres. In order to adjust the EU requirements, the promotion of RTD and innovation activity will have to take a separate place among the interventions in this programme. In addition to that, a further demand is identified for building local partnerships including the establishment of cross-border co-operations, the implementation of joint programmes and the exchange of experience. The initiative "Cserehát programme" launched by the Hungarian government and the United Nations Development Programme (UNDP) in 2005 aims at this partnership building mentioned above. Therefore, the Operational programme would like to contribute to the achievement of these aims. 3) There are fields where the initiatives for co-operations are at a low level for now and they can be considered as "pilot" co-operations. This operational programme would like to promote the co-operation in these fields like the healthcare, recycling and information technologies.

- **Project types**

In the programme of the period 2004-2006, proposals for joint, individual, mirror and complementary projects could be submitted. The most popular project type was the individual. Nevertheless, the majority of the submitted project-proposals (57%) are joint, mirror and complementary projects with implementations of activities on both sides of the border and high levels of cross-border co-operations. At the programme level, 41.9% of the projects submitted were joint projects.

- **Funding support**

The amount of requested support in the first round of applications exceeded the funds available 4.5 times on average. This clearly demonstrated that there is demand for the financed interventions, which aimed at enhancing cross-border co-operations; in fact, this is a higher than optimal rate. In order to achieve a more optimal rate, an increased focus and concentration, as well as a more specific definition of eligible activities should be undertaken.

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2.3. Concluding remarks for the co-operation area as a whole – SWOT analysis

Table 1 SWOT

Field	Strengths	Weaknesses
Area/Population/Natural resources	▪ **Dynamically growing economic urban centres** with international (Budapest, Bratislava), national and regional roles ▪ A high share of **Hungarian minority** in Slovakia's population ▪ **Common cultural heritage** ▪ **Rich bio-diversity** and natural resources in significant areas covered by **14 nature parks** in the border region ▪ **The largest drinking water reserve** in Central Europe	▪ Bipolar spatial structure ▪ **The concentrated migration** flows to the core agglomerations and centres (Budapest, Győr, Bratislava, Košice, etc.) ▪ **An ageing society** ▪ **Disadvantaged situation of the Roma population represented in high number in both countries** ▪ The increase of **vacuum effects** of sub-urbanisation proceeds ▪ Environmental burdens from the bigger towns are not efficiently treated ▪ A high number of inhabitants of non-productive age ▪ **Poor cultural co-operation,** a lack of joint programmes ▪ **A poor understanding of each other's** language on both sides ▪ **Insufficient joint planning programming and monitoring**
Economy	▪ **The developed tertiary sector** with financial and market services in the economy centres ▪ **The multi–branch economic basis on some significant clusters** ▪ The high **economic performance** in the western part ▪ **The high inflow of FDI** and growing innovative clusters in core areas of higher importance ▪ The dynamically **growing performance in tourism** in most important destinations in the western part ▪ **Natural and cultural potentials** for several types of tourism	▪ Basically **west-east development axle** ▪ **The low level of cross-border economic performance** in the middle and eastern side of the Hungarian region ▪ **Poor cross-border co-operation in** cross-border **clustering** ▪ **Underdeveloped business infrastructure,** lack of business incubators, logistics centres, industrial sites ▪ **Low number and level of business services,** especially in the eastern parts ▪ **The lack of entrepreneurial skills** ▪ **The low accessibility and quality of competitive tourism services** ▪ **Poor tourist infrastructures,** the low quality of tourism **products,** the local and regional **marketing** ▪ **Poor cross-border co-operation in** the field of **tourism** concerning joint products, the marketing and the publicity of tourist opportunities

Labour market/Equal opportunities/health	▪ **The high number of available labour force** and relatively **low labour costs** ▪ **The high availability** of labour force in the eastern part ▪ **The high employment rate** and the relatively low unemployment rate **in the western part** ▪ **Existing cross-border co-operation between hospitals**	▪ **The high unemployment rate in the eastern part** of the cross-border region, especially in the Slovak part ▪ **High** long-term and **young (15-24) unemployment rates mainly to the Roma population** in Košice Region and BAZ County ▪ **The insufficient joint planning, programming and monitoring** in labour market services ▪ **Shortages of a qualified labour force** in the western part of the Hungarian border region ▪ **Low level of cross-border commuting**
Education/R&D	▪ **Stabilized networks of primary and secondary schools** ▪ **Lots of higher education and R&D capacities** allocated ▪ **Gradual developments of universities,** especially in the western part ▪ **The rising share of people with university degrees**	▪ **Underdeveloped infrastructural and human terms** of public educational systems ▪ **No education structure adjusted** to demands of the labour market ▪ **The low education level in some rural areas** inhabited especially by the Roma population ▪ **Unequal access to educational and cultural facilities by people living in backward regions** ▪ **Lack of basic skills and competences of adult people,** especially in the rural regions ▪ **Poor co-operation** between the Hungarian and Slovak schools **at the secondary level,** especially **in vocational education** ▪ **No institutional and co-operated network system by public educational and labour market institutions** ▪ **No research centres** on the border line in Slovakia **except Bratislava and Košice** ▪ **Low R&D performances and costs** for research and innovation in both countries ▪ **RTD and innovation results are converted to products at very low level** ▪ **Very low level of co-operations between research, public educational institutes and entreprenurials** ▪ **Insufficient joint planning, programming and monitoring**

Transport/Infra-structure	▪ **Trans-European corridors** No. IV, V, VII cross the border region ▪ **The appropriate east-west transport accessibility** due to the M1 and M3 motorways and to the high-speed railway facilities in Hungary ▪ **Improvements of border crossing-points** (Esztergom-Štúrovo) ▪ **The Danube as the most important fluvial route linking the two countries** ▪ **The high penetration of ICT in core areas**	▪ **Deficiencies in small scale north-south transport connections** with several bottlenecks hindering border crossing ▪ **The poor transport accessibility in some areas** (particularly in terms of road and railway transport**)** ▪ **Narrow and low number of bridges** with insufficient capacity over the river Danube and Ipel ▪ **Low number of ferry boats** with low capacity ▪ **The low accessibility of waste management and sewage treatment infrastructures** mainly in rural areas ▪ **The deficient energy basis,** dependence upon long-distance transmissions of electric power ▪ **The still low degree of IT accessibility in rural areas** and small villages ▪ **Insufficient joint planning, programming and monitoring**
Environment	▪ The whole border region as an **ecological corridor** ▪ **More nature protection areas** (national parks, natural reserves) for preserving biodiversity and promoting the attractiveness of the region ▪ **The improvement of the environment quality** due to the decrease of heavy industry and the emergence of environmentally sound technologies ▪ **The improvement of the quality of surface water**	▪ **Serious environmental damages** at former heavy industrial sites; high contamination of particular rivers (Sajó), of soils, the endangerment of the water base ▪ **Incomplete technical and biological recultivations** of old environmental burdens ▪ **The low share of environment protective technologies** and renewable energy activities ▪ **The strong air pollution** in industrial fields damaging settlements along ▪ **The deficient social infrastructure in terms of waste management and sewage treatment** mainly in rural areas and small villages ▪ **Insufficient joint planning, programming and monitoring** in the field of natural and cultural heritage

Field	Opportunities	Threats
Area/Population/Natural resources	▪ **The gradual forming of cross-border agglomerations:** o **The Austria-Hungary-Slovakia** metropolitan region (Bratislava, Győr, Vienna), o **The agglomeration of Budapest** o **The eastern cross-border polycentric settlement system** of Miskolc, Košice and Nyíregyháza ▪ **The further development** of cross-border co-operation by common planning and institutional building ▪ A high potential for **renewable energy sources**	▪ **The further social and economic drop back** of areas lagging behind, mainly peripheral rural areas ▪ **The lack of communication and further missing co-operation** in physical and strategic planning in various fields (transport, environment, economy, etc**.)**
Economy	▪ **The gradual windup of obstacles** by integrating the economy of the border region ▪ **The gradual increase of the relocation** of industries and relevant services ▪ **The development of clusters,** the improved visibility of the region, the improvement of the access to foreign investment ▪ **The cross-border co-operation and networking** oriented to competitiveness and innovations ▪ **The development of trans-border tourism** including core areas and centres	▪ **The further increase of regional economic disparities** between core agglomerations and rural areas ▪ **The further immigration** from peripheral and rural areas ▪ **The decline of foreign investments** and the pullout of multinational enterprises ▪ **The insufficient involvement of cross-border structures** ▪ **The uncoordinated progress enhancing competition**
Labour market/Equal opportunities	▪ **The integrated labour market and joint labour services**	▪ **The increase of unemployment** in the border region (affecting different social groups such as low educated people, women, first job young people and the Roma population) ▪ **The migration of qualified experts** abroad (brain drain)
Education/R&D	▪ **Co-operation in the field of trainings and education** ▪ cross-border **networking** in education ▪ cross-border **activities** in field of R&D	▪ **Insufficient co-operation** in higher education and science activities ▪ **Surplus education** in specific fields (economics, law, teacher-training)
Transport/ Infrastruct.	▪ **The development of Trans-European transport corridors** (No. IV, V, and VII)	▪ **The increasing costs** of developing the infrastructure negatively affecting the feasibility ▪ **The environmental costs of transport**

Environment	▪ **A sustainable environment management** and the increasing importance of nature protection ▪ **Improving the joint monitoring** of the environment and the **cross-border nature protection** co-operation ▪ **The use of new technologies and the utilization of renewable resources of energy –** geothermal energy, energy of biomass, wind energy, mainly in rural areas	▪ **The escalation of environmental problems** ▪ **The damaged surface and ground water quality** through economic activities ▪ **High soil erosion** ▪ **Further increasing burdens** on the environment due to industrial developments ▪ **The inappropriate nature protection** including forestry management ▪ **The damaged natural forest wealth**

2.3.1. Identification of key disparities and main development factors

Main disparities

- Insufficient competitiveness and a low economic performance in the eastern part of the cross-border region
- The lack of entrepreneurial skills and a low concentration of SME's in the eastern part of the cross-border region
- A poor infrastructure, lack of joint products, marketing and programme supplies in tourism
- The high unemployment rate, the low growth of employment and relatively low wages mainly in the eastern part of the cross-border region
- The low level of cross-border co-operations between policy, business and social stakeholders in the cross-border region
- The insufficient development of the infrastructure lowering the accessibility and jeopardizing the environment
- The low performance of RTD and the insufficient level of innovation activities on both sides of the border
- The low broadband penetration rate in both countries

Main development factors

- The developed polycentric settlement system with strong trans-national growth poles (core areas)
- The high inflow of FDI, and growing national industry clusters mainly in the western part of the cross-border region
- The positive migration balance in the western part and the growth of the population in the eastern part of the cross-border region
- A multi-branch economic basis with a developed tertiary sector, financial and market services and a high economic performance in the western part of the cross-border region
- The relatively well-educated labour force and the low labour cost
- The high economic potential in tourism
- A significant potential for renewable energy sources
- The increase of attractiveness of the cross-border region for inhabitants, tourists and investors through infrastructure investments and better services
- The development of co-operations oriented to networks and clusters especially in public services, tourism, the education, the automotive industry, the transportation and RTD
- The development of new tourism products and better tourism marketing
- The increase of accessibility of new e-services in the cross-border region

2.3.2. Concluding remarks

The SWOT reveals the key features of the Slovakia-Hungary border area. In many respects, the border area faces similar problems to most areas divided by national borders, and also some unique challenges.

One of the key difficulties of border areas is the poor or severely compromised accessibility. The transport and the communication infrastructure of the Hungarian-Slovak border area have improved significantly in recent years, and various trans-European corridors cross the border area. Still, there are deficiencies in small-scale north-south transport connections and bottlenecks in border crossing, and the border rivers present another difficulty in building proper connections. These are all problems to overcome in order to create favourable conditions for the development of the border area.

With regard to the economy, the border area has important strengths like the presence of rapidly developing urban/economic centres on both sides of the border hosting numerous dynamic and competitive enterprises, multinational companies and SMEs alike. The business links and the level of integration, though, are limited, which is a key constraint to the competitiveness of the area. The positive effect of the large economic centres potentially reaches beyond the national borders, but, in reality, this is not the case.

The labour market is another key area where the level of integration is very limited. In certain parts of the border area, the level of unemployment is very high, while in the (often nearby, but across the border) economic centres, employers sometimes face labour shortages.

Another important strength of the border area is the availability of a range of higher education institutions offering quality education in various fields, as well as a potential for providing quality research and development services. Co-operation among the universities as well as between the universities and enterprises, however, are currently very limited, which presents another constraint to increasing the competitiveness and the integrated development of the area.

Tourism plays an important role in certain parts of the co-operation area, there is a good potential for the joint development of tourism. There is, however, very little co-operation to capitalise on this potential: the border area lacks joint tourism packages, marketing and promotion.

Regarding the natural environment, duality characterises the border area: on the one hand, there are numerous nature protection areas on both sides of the border with rich biodiversity; on the other hand, though, there are also serious environmental damages on the former heavy industrial sites, strong air pollution in certain areas exacerbated by the insufficient joint planning and interventions to overcome these problems and protect the environment.

There is a multitude of institutions, services and facilities (including healthcare) alongside the border. The joint and coordinated use of these capacities, however, is rather the exception than the rule. This is partly due to the language barriers (the spoken language, the lack of information in the other language), and also the low level of co-operation of the institutions in question.

Altogether, the Hungarian-Slovak border area offers a good potential for integrated developments in various fields, but capitalising on this potential clearly requires the improvement of the key conditions of co-operation, as well as the promotion of co-operation initiatives to the actors in question.

3. *JOINT DEVELOPMENT STRATEGY*

3.1 The proposed strategy

The Hungary-Slovakia Cross-border Co-operation Programme finances development objectives that can and are to be decided at a level lower than the national level, i.e. regionally and locally, in keeping with the ***principle of subsidiarity***. These objectives are determined as a result of partnership process between sectoral, regional and local actors. The operational programme supports small-scale development projects based on local and regional conditions with reasonable and sustainable use of local and regional resources and capacities.
At the same time, the strategy takes into account differences in the level of economic and social development within the programme area and sets out key objectives, activities for increasing the level of socio-economic situation. As part of such efforts, the conditions of the relative competitiveness of area must be created, its accessibility has to be supported and its economic development and positive changes in their business environment should be supported.

The CBC Programme can only partially advance the development of the programme area. Further demands for development will be implemented in harmony with the development strategy of the area through funding sectoral operational programmes and the NSRFs of Hungary and Slovakia.

The integrated development of the border area requires, on the one hand, the improvement of the conditions of co-operation through the elimination of bottlenecks and obstacles, physical and other alike. It also requires, however, the promotion and the support of present co-operation initiatives.

The thorough analysis of the border area and the structured presentation of its key features in the SWOT matrix clearly indicate, that one of the most important obstacles is compromised accessibility. The programme, therefore, needs to address the improvement of the existing transport *(Intervention 2.3 Small road construction, bicycle paths, public transport)* and communication infrastructure *(Intervention 2.5 Improvement of cross border communication channels)*. Beyond the improvement of the existing links, however, some new links should also be established, primarily where the area is divided by rivers *(Intervention 2.4 Facilitating better border crossing across border rivers)*.

Another important area where the programme needs to focus on is the promotion of a more integrated development of the border area's economy in order to ensure improved competitiveness and also to contribute to job creation. This should be done mainly through improving the conditions of business-to-business co-operation *(Intervention 1.1 Support of cross border business co-operation),* and also through the promotion of the efficient and coordinated use of the existing RTD potential of the area *(Intervention 1.2 Co-operation in the field of RTD and innovation).*

Tourism is an important sector in various parts of the border area offering a strong potential for joint development; again this requires more coordinated actions both in developing attractions and in promoting the area as a tourism destination *(Intervention 1.3 Joint tourism development).*

Promoting cross-border co-operation between healthcare service providers is also a facility for strengthening the integration of the border region. Cooperation can provide more efficient ways of purchasing and using equipment, rendering services, training staff and handling emergency cases. Near-to-home health services need to be developed, especially if the nearest service can be available just by crossing the border. It is important to launch pilot

initiatives and establish best practices, which later can be mainstreamed *(Intervention 1.4 Joint development and the coordinated use of healthcare facilities).*

The efficient use and the development of human resources are also keys to improving the competitiveness of the area. The programme should, therefore, support the co-operation and the harmonised development of various levels of educational institutions and also the more coordinated, integrated development of the area's labour market *(Intervention 1.6 Joint use and development of human resources).*

An important potential of the area is that it is rich in natural values; the protection of these values or, more generally, the protection of the natural environment requires coordinated efforts from both countries. The environmental pollution – air pollution and river pollution alike – does not stop at the national borders; an effective prevention of environmental risks cannot be done individually – joint regulations and actions are needed from the relevant institutions of the two countries *(Intervention 2.1 Joint actions to encourage the protection of the natural environment and Intervention 2.2 Joint nature conservation activities).*

Last but not least, an essential condition of any successful cross-border co-operation is that people accept and understand each other and are ready to work together. This requires the elimination of various barriers, which can only be done through promoting people-to-people actions actually bringing people together from both sides of the border *(Intervention 1.7 People to people actions).*

In the end, the implementation of the programme requires programme and project planning and management capacities, the setting up and the operation of cross-border networks and a partnership of a different kind. Therefore, the programme also includes measures to develop partnership and networking approaches as well as improving programme and project management capacities *(Intervention 1.5 – Development of networking, partnership, programme and project planning and management capacities).*

The implementation of the proposed strategy is envisaged through providing support to the public sector for the implementation of joint projects.

3.2. Objectives

3.2.1. The overall strategic goal of the Co-operation Programme

The overall strategic goal of the programme has not changed from the previous programming period, and it also explicitly responds to the Community Strategic Guidelines:

"Increased level of economic and social integration of the border area".

3.2.2. Specific objectives

The overall strategic goal of the programme can be broken into more practical specific objectives:

- Specific objective No. 1: *Strengthened economic competitiveness of the border area*

  The objective is achieved when the border region is developed in a more integrated way through establishing the conditions for business-to-business co-operation, thus an efficient use and development of human resources is realised in the fields of RTD, education and the labour market.

- Specific objective No. 2**:** *Increased social and cultural coherence among people and communities*

  The objective is achieved when the border area is developed in a more integrated way, there is active co-operation between people and institutions in cultural and social fields, and the existing capacities are coordinated and more efficiently used.

- Specific objective No. 3**:** *Improved accessibility and communication of the border area*

  The objective is achieved when there is improved accessibility through the elimination of physical and administrative obstacles and bottlenecks, and the unlimited movement of persons, goods and information is ensured.

- Specific objective No. 4: *Natural values protected*

  The objective is achieved when joint regulations and actions from the relevant institutions of both countries are established in order to protect the natural values, to preserve the natural habitats and the flora and fauna of Community interest.

The above specific objectives focus on the establishment of a sound basis for joint development. However, besides the promotion of joint development, the programme shall contribute to safeguarding and enhancing the balance concerning the horizontal principles respected by all parties. By virtue of this approach, all interventions within the programme will:

- Ensure the equality of opportunity for women,
- Take into account the particular needs of those disadvantaged, disabled or from ethnic minority backgrounds,
- Ensure the protection of the natural and built environment in order to support a sustainable development.

3.3. Identification of the priority axis

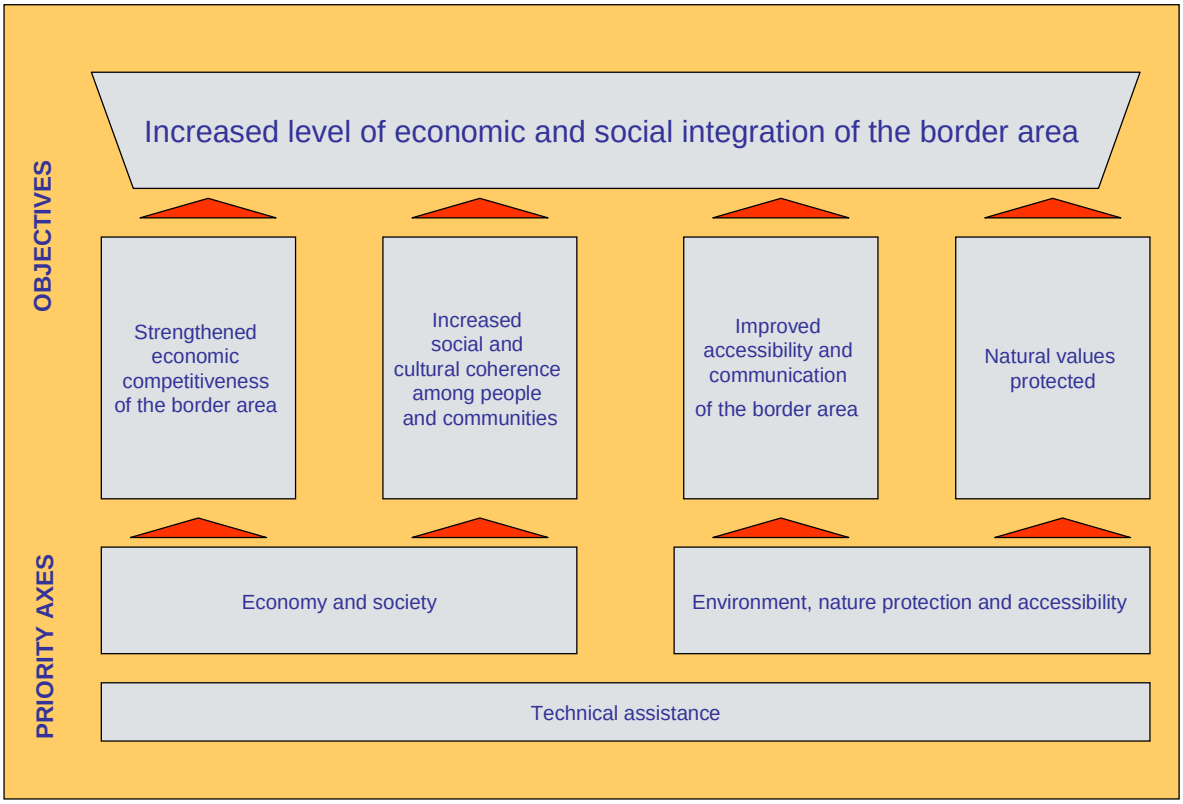
In Section 3.2., the programme objectives are presented, while section 3.1. sets down the strategy through which the programme will achieve its stated objectives. In this section, we identify the priorities that provide the framework for the specific interventions implementing the programme.

Priority 1 - ***Economy and society*** is aimed at actually promoting co-operation initiatives contributing to an integrated development of the economy and the society.

Priority 2 - ***Environment, nature protection and accessibility*** incorporates interventions aimed at improving the physical conditions of cross-border co-operation, primarily in the fields of transport and communication, as well as interventions to improve the natural environment.

Priority 3 - ***Technical assistance*** is a priority including actions supporting the programme implementation.

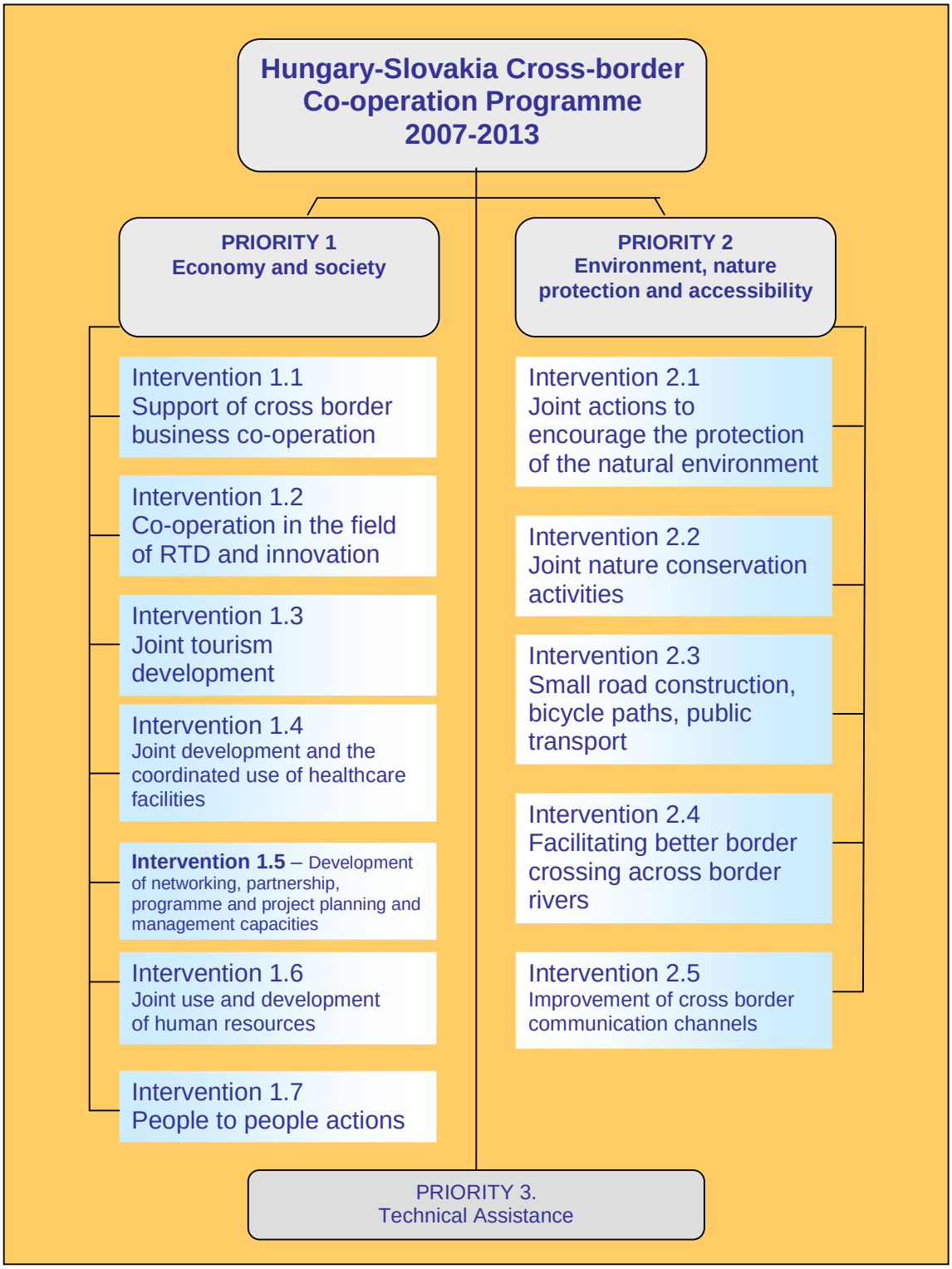
Chart 13 Objectives, priorities and their links



The proposed interventions under the priorities

The priorities identified previously making up the strategy, are implemented through a number of key interventions. These interventions are interrelated, strengthen each other and are in line with the strategy presented in Section 3.1. Together, they contribute to achieving the programme objectives identified in Section 3.2.

Chart 14 Specific interventions proposed under each priority



3.4. Programme priorities

3.4.1. Priority 1 Economy and society

The main objectives of the priority axis

Funds allocated to this priority will be used to improve key conditions and develop joint co-operations in the fields of the economy and the society. The priority axis aims at developing the cross-border business co-operation through supporting business infrastructure facilities providing a solid basis for the co-operation of businesses. The priority focuses on the development of human relations in the field of RTD and innovations, supports the joint use of human resources in education and the labour market, and initiates people to people actions in general. The axis also encourages joint projects in tourism and the healthcare, and puts emphasis on the joint development of networking, partnership, programme and project planning processes. In the case of all interventions, the environmental impacts and sustainable development aspects (like energy efficiency, etc.) will be taken into consideration in the project selection and evaluation process.

Objectives

The priority directly contributes to:

- Specific objective No. 1: Strengthened economic competitiveness of the border area
- Specific objective No. 2: Increased social and cultural coherence among people and communities

Quantified targets and indicators

Table 1 output and result indicators

Priority	Type	Indicator	Definition	Baseline		Target		Source
				Year	**Value**	**Year**	**Value***	
1	**Result**	Level of business co-operation	Number of businesses involved in cross-border co-operation projects	2007	0	2015	120	IMIS/JTS
1	**Result**	Use of developed RTD infrastructure	Number of businesses using the services of the new or developed RTD facilities	2007	0	2015	60	IMIS/JTS
1	**Result**	Increase of visitors	Increase in the number of visitors at the developed tourist attractions (%)	2007	0	2015	15	IMIS/JTS
1	**Result**	Level of cooperation in health care	Number of participating institutions in joint activities	2007	0	2015	35	IMIS/JTS
1	**Result**	Participation in joint education	Number of people participating in joint education and training activities or using jointly developed facilities	2007	0	2015	1000	IMIS/JTS
1	**Result**		Number of women participating in joint education and training activities or using jointly developed facilities	2007	0	2015	650	IMIS/JTS
1	**Result**		Number of men participating in joint education and training activities or using jointly developed facilities	2007	0	2015	350	IMIS/JTS
1	**Result**	Level of people to people co-operation	Number of people participating in joint events - women(joint organizing activity; joint participation)	2007	0	2015	2250	IMIS/JTS
1	**Result**		Number of people participating in joint events - man(joint organizing activity; joint participation)	2007	0	2015	1750	IMIS/JTS
1-2	**Output**	Degree of co-operation	Number of projects respecting two of the following criteria: joint development, joint implementation, joint staffing, joint financing	2007	0	2015	350	IMIS/JTS

1-2	**Output**		Number of projects respecting three of the following criteria: joint development, joint implementation, joint staffing, joint financing	2007	0	2015	100	IMIS/JTS
1-2	**Output**		Number of projects respecting all four of the following criteria: joint development, joint implementation, joint staffing, joint financing	2007	0	2015	50	IMIS/JTS
1	**Output**	Cross-border business co-operation	Number of projects encouraging cross-border business co-operation	2007	0	2015	20	IMIS/JTS
1	**Output**	Joint RTD activity	Number of joint RTD projects	2007	0	2015	20	IMIS/JTS
1	**Output**	Tourism co-operation	Number of jointly developed tourist attractions	2007	0	2015	20	IMIS/JTS
1	**Output**	Healthcare	Number of healthcare development projects	2007	0	2015	15	IMIS/JTS
1	**Output**	Joint education and training	Number of joint education and training projects	2007	0	2015	25	IMIS/JTS
1	**Output**	People to people actions	Number of joint people-to people events (joint organizing activity and participation)	2007	0	2015	80	IMIS/JTS

* Target values reflect solely the expected contribution of the present Programme

The ***method of quantification of indicators*** on priority and programme levels was based on the Hungary – Slovakia - Ukraine Neighbourhood Programme 2004-2006 (HU-SK-UA NP) experience due to the fact that the programmes have many common features. The priorities and types of activities are very similar in the programmes. The type of projects selected under each Priority of HU-SK-UA NP were counted with regards to the financial allocation to each kind of projects. Then we compared this with the allocation aviliable within each Priority of the new Programme 2007-2013. This formed the base for our assessment.

Main project applicants/partners/target groups and areas

Eligible project applicants/partners of the HU-SK program are as follows:

- public authorities;
- public equivalent bodies:
  any legal body governed by public or private law
  (1) established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character, and
  (2) having legal personality, and
  (3) - either financed, for the most part, by the State or regional or local authorities or other bodies governed by public law,
  - or subject to management supervision by those bodies,
  - or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities or by other bodies governed by public law,
- European Grouping of Territorial Cooperation.

Target groups:

- Inhabitants, local communities, entrepreneurs, tourists and non-profit organisations in the eligible area.

Target area:

- The eligible area of the programme (see Map 1).

Preference is given to projects, that:

- are realized by using environmentally friendly and best available technologies (BAT),
- contribute to sustainable environmental development,
- are realized by using renewable or alternative energy sources,
- raise the awareness of health and environment protection.

Besides these general eligibility rules the Joint Monitoring Committee may set specific eligibility rules in case of the different Calls.

The list of interventions

INTERVENTION 1.1 ***Support of cross-border business co-operation***

a) The development of new and existing business infrastructure facilities directly serving cross-border business co-operation (the establishment of joint business, trade and logistics centres, business incubators, industrial sites and business parks, the extension of existing ones with new facilities directly serving the development of cross-border business and trade). Eligible activities include constructions, the purchase of equipment and the development of telecommunication and energy infrastructure linked to business infrastructure facilities.

b) Support to the establishment and the operation of cross-border business clusters (joint organising activities, market research, product and process developments, joint marketing activities, quality assurance, trainings), particularly in sectors where a critical mass is essential for success.

c) The improvement of the cross-border flow of business information (the organisation of trade fairs and exhibitions, the development of information and advisory services, web-based information brochures and newsletters, trade and investment promotion).

d) The elaboration of feasibility studies, business plans, engineering design documents, architectural plans, environmental impact assessments, preparing business infrastructure projects.

INTERVENTION 1.2 ***Co-operation in the field of RTD and innovation***

a) The joint development of the RTD and innovation infrastructure (the establishment of new joint RTD and innovation facilities, the development of existing RTD and innovation facilities including construction and the purchase of equipment).

b) Support to cross-border research co-operation of universities, research institutes, innovation and technology centres and businesses aimed at the implementation of joint research projects and the dissemination of RTD and innovation results; the development of joint scholarship programmes for researchers related to joint research projects.

c) The elaboration of feasibility studies, engineering design documents, architectural plans, environmental impact assessments linked to the joint development of RTD and innovation facilities.

INTERVENTION 1.3 ***Joint tourism development***

Joint destination management activities:

a) The design and development of joint tourism products,

b) The development of tourism attractions and related infrastructure facilities (including culture sights infrastructure connected to the joint culture heritage of nations living in the programme area which can be used in tourism; hiking and cross country walking and bridleways paths, car parks neighbouring to tourist attractions and joint marked tourist trails) linked to the joint tourism products.

c) The establishment of joint destination management institutions through the co-operation and networking between existing tourism organisations,

d) The promotion, marketing and sales – with special emphasis on on-line promotion – of joint tourism products to stimulate growth in the number of visitors to the region from both domestic and international markets (the improvement of a multilingual information flow in tourism, the design and preparation of visitor information brochures, pamphlets, sign and information posts in both countries, the development of interactive websites and on-line booking systems, databases of tourism facilities).

INTERVENTION 1.4 ***Joint development and the coordinated use of healthcare facilities***

a) Support for co-operation between healthcare service providers, the joint purchase and coordinated use of medical equipments, co-operation in the field of special medicinal cares, joint training initiatives designed to enhance the medical, management and language skills in hospitals and healthcare institutions, launching a regional electronic health-insurance card (pilot projects), co-operation regarding on-line patient coordination.

b) Supporting the creation of a joint portfolio of emergency response services: a joint emergency response planning including the development of communication linkages, supporting the implementation of joint approaches to the handling of responses to major incidents.

c) The identification of institutionalized health/social-care needs and joint approaches through funding of studies, the planning and the implementation of resource sharing initiatives.

INTERVENTION 1.5 ***Development of networking, partnership, programme and project planning and management capacities***

The intervention is primarily aimed at developing stable, sustainable and fully integrated cross-border structures particularly targeting marginalized ethnic groups like the Roma population:

a) Institution development: the development of integrated organisational structures and joint sustainable thematic co-operation networks for joint regional development activities (primarily Euroregions with a fully integrated and joint administrative system, but also regional organisations, networks of cities, administration and regional development agencies, NGOs).

b) The harmonisation of the existing development plans, programmes at local-, micro-regional-, county- and regional level and supporting the elaboration of joint strategies, plans.

c) The development of joint project planning and management capacities, project preparation, trainings for organisations concerning project development and management skills.

d) Public relations work including different types of media to promote and develop cross-border activities to the public.

INTERVENTION 1.6 ***Joint use and development of human resources***

a) Support to the development of training and educational facilities of public education institutions and public schools directly serving cross-border co-operation in human resource development.

b) Support to the establishment of cross-border networks of public education institutions, the promotion of the exchange and joint development of Hungarian and Slovak educational and training models, best practices and multilingual curricula, the joint training and scholarship programmes, study tours.

c) The elaboration and the delivery of specialised joint training programmes in vocational schools in sectors where a lack of particular skills was identified.

d) The development of a cross-border approach to target structural unemployment, trainings for early school leavers and for people with special needs (women returning to work) and particularly targeting marginalized ethnic groups like the Roma population, support for life-long learning, the establishment of networks and the co-operation among labour market institutions aimed at the provision and dissemination of information relating to differences between labour market regulations, needs and job opportunities (the establishment of a joint labour market monitoring and information system, databases, a regular exchange of information).

INTERVENTION 1.7 ***People to people actions***

a) The organisation of joint innovative and sustainable events in the fields of culture, social topics, sports, nature and environment protection, arts (festivals, performances, exhibitions, art workshops, charity events) with a special emphasis on the extra educational co-operation of public schools.

b) Organising workshops, conferences, seminars, scholarships and exhibitions on a local and regional level.

c) Support for activities sustaining identity and traditions of local communities: support for cultural institutions (co-operation between museums, libraries, community centres, offices of cultural heritage, theatres), the protection of cultural, art and ethnic values particularly targeting marginalized ethnic groups like the Roma population.

3.4.2. Priority 2 Environment, nature protection and accessibility

The main objectives of the priority axis

Funds allocated to this priority will be used to improve key conditions and develop joint co-operation in the fields of the environment, nature protection and accessibility. The axis aims at encouraging joint actions in the field of protection of the natural environment in parallel with nature conservation. The priority puts emphasis on the development of the transport infrastructure such as road constructions, border-crossing facilities across the border rivers and public transport facilities. The priority includes activities aiming at developing the communication infrastructure to improve the information flow. In case of all the interventions, the environmental impacts and sustainable development aspects (like energy efficiency, etc.) will be taken into consideration in the project selection and evaluation process.

Objectives

The priority directly contributes to:

- Specific objective No. 3: Improved accessibility and communication of the border area,
- Specific objective No. 4: Natural values protected.

Quantified targets and indicators

Table 2 output and result indicators

Priority	Type	Indicator	Definition	Baseline		Target		Source
				Year	**Value**	**Year**	**Value***	
2	**Result**	Improved environmental situation	Number of the inhabitants involved in selective waste collection	2007	0	2015	15 000	IMIS/JTS
2	**Result**		Number of people benefiting from renewable energies	2007	0	2015	5 000	IMIS/JTS
2	**Result**	Improved cross-border accessibility	Number of people using improved infrastructure (roads, bicycle paths, bridges)	2007	0	2015	250 000	IMIS/JTS
2	**Result**	Improved cross-border communication	Number of users connected to the developed networks	2007	0	2015	15 000	IMIS/JTS
1-2	**Output**	Degree of co-operation	Number of projects respecting two of the following criteria: joint development, joint implementation, joint staffing, joint financing	2007	0	2015	350	IMIS/JTS
1-2	**Output**		Number of projects respecting three of the following criteria: joint development, joint implementation, joint staffing, joint financing	2007	0	2015	100	IMIS/JTS
1-2	**Output**		Number of projects respecting all four of the following criteria: joint development, joint implementation, joint staffing, joint financing	2007	0	2015	50	IMIS/JTS
2	**Output**	Joint use of the infrastructure	Number of projects developing joint use of infrastructure	2007	0	2015	15	IMIS/JTS
2	**Output**	Joint use of the infrastructure	Number of km of built, reconstructed roads	2007	0	2015	45	IMIS/JTS

2	**Output**	Joint environment and nature protection	Number of projects encouraging and improving the joint protection and management of the environment	2007	0	2015	25	IMIS/JTS
2	**Output**	Joint environment and nature protection	Number of newly established energy production equipments, facilities	2007	0	2015	5	IMIS/JTS
2	**Output**	Reducing isolation	Number of settlements with developed broadband access to the internet	2007	0	2015	10	IMIS/JTS

* Target values reflect solely the expected contribution of the present Programme

Main project applicants/partners/target groups and areas

Eligible project applicants/partners of the HU-SK program are as follows:

- public authorities;
- public equivalent bodies:
  any legal body governed by public or private law
  (1) established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character and
  (2) having a legal personality and
  (3) - either financed, for the most part, by the State or regional or local authorities or other bodies governed by public law
  - or subject to management supervision by those bodies
  - or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities or by other bodies governed by public law,
- European Grouping of Territorial Cooperation.

Target groups:

- Inhabitants, local communities, entrepreneurs, tourists and non-profit organisations in the eligible area.

Target area:

- The eligible area of the programme (see Map 1).

Preference is given to projects, that:

- are realized by using environmentally friendly and best available technologies (BAT),
- contribute to sustainable environmental development,
- are realized by using renewable or alternative energy sources,
- raise the awareness of health and environment protection.

Besides these general eligibility rules, the Joint Monitoring Committee may set specific eligibility rules in case of the different Calls.

List of interventions

INTERVENTION 2.1 ***Joint actions to encourage the protection of the natural environment***

a) **Catchments area planning**: support for the co-operation of existing institutions in order to harmonise activities in the fields of flood prevention and contamination; the development and the harmonisation of the flood forecast system, the exploitation of the flood on the ground by the establishment of water catchments systems, the expansion of the river basin area, the improvement of the water quality (protecting water ecosystems); improvement of water management systems in a sustainable way.

b) **Environment protection:** the establishment of effective cross-border waste collection and processing systems, the development of joint recycling initiatives.

c) **Use of renewable energy**: mobilizing of biomass from forests; ensuring the availability of biomass (district heating systems using renewable energy) the establishment of joint systems facilitating the use of renewable energy in public institutions, the exchange and

availability of best practices for education and infrastructural developments; the development of the infrastructure (technology) and the cross-border carry-network, the introduction of new technology to produce bio-driver materials; co-operation between regional and local energy agencies

d) The elaboration of joint programmes, studies, pilot projects, strategies for the improvement of the environment infrastructure and sustainable management.

INTERVENTION 2.2 ***Joint nature conservation activities***

a) The co-operation between existing and new National Parks and NATURA 2000 areas: the harmonisation of nature protection regulations, the harmonisation of the classification of protected plants and animals, improvements to nature places to enable them to accept visitors.

b) PR activities (multi-lingual promotional literature, brochures, CDs, books, catalogues), the organisation of joint conferences and professional workshops between national, regional and local energy agencies.

c) The elaboration of joint programmes, studies, strategies for the improvement of the infrastructure for environmental protection; elaboration of joint biodiversity action plans with the aim of protecting nature and biodiversity

INTERVENTION 2.3 ***Small road construction, bicycle paths, public transport***

a) The construction, reconstruction or widening of cross-border roads and bicycle paths connecting settlements alongside the border.

b) The development of the transport infrastructure and related services serving the improvement of regular public transport (the procurement of vehicles to serve cross-border public transport demand, projects aimed at launching new regular cross-border public transport services, the harmonisation of timetables, the provision of information on cross-border timetables (railway, bus as well as air travel).

c) The elaboration of feasibility studies, engineering planning documents, architectural plans, environmental impact assessments related to the development of road constructions, reconstructions.

INTERVENTION 2.4 ***Facilitating better border-crossing across the border rivers***

a) The construction or reconstruction of bridges over the border rivers.

b) The development of ferry boats and related infrastructure to facilitate the cross-border traffic.

c) The preparation of plans, feasibility studies, construction plans, engineering planning documents, architectural plans, environmental impact assessments.

INTERVENTION 2.5 ***Improvement of cross-border communication channels***

a) The building of broadband Internet infrastructure/creating broadband Internet access in the remote villages, support for the development of joint, cross-border ICT based information resources through (1) accessing the country main networks, (2) building the distribution networks between two or more settlements, and (3) ensuring the accessibility of the users.

b) Joint community access programmes in the area of IT (in schools, libraries and other public places)

c) The improvement of the cross-border flow of information through encouraging a regular coverage of issues related to cross-border co-operation in the regional media (support to the creation of joint regular television programmes, information websites, newscasts, regular annexes to local newspapers, etc.)

d) The preparation of joint studies, which reveal the importance of and the need for better communication including the analysis of the IT infrastructure and the identification of projects.

3.4.3. Priority 3 Technical assistance

Technical Assistance is necessary to assist the joint structures in implementing the programme. Taking into consideration the size and diversity of the programming area, 6% of the ERDF funds allocated to this programme will be used for the priority "Technical Assistance".

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

Furthermore, the TA budget should be used for tasks aimed to improve and assure a proper programme implementation at the project generation level (e.g., thematic seminars, information and publicity measures, evaluations) and to increase the overall quality of funded projects.

The following activities are to be carried out within the scope of TA in order to ensure the efficient administration of the programme:

- activities in connection with the preparation, selection, evaluation and support of projects,
- activities in connection with the support to joint structures,
- the management and work of the Joint Technical Secretariat, Regional Info Points (personnel and translation/interpreting costs included) and Certifying Authority, national co-financing contracts, preparation and first level control activity of the Ministry of Construction and Regional Development of the SR,
- activities involving meetings of the Joint Monitoring Committee in connection with interventions,
- the examination of control and on-the-spot checks of operations,
- the setting up and the operation of a common Monitoring and Information system for the administration, the support and the evaluation of the programme,
- the preparation of reports and studies (e.g., annual reports, mid-term evaluations, etc.),
- information and publicity activities,
- the promotion and assistance to potential final beneficiaries,
- control activities,
- evaluations (ex-ante, on-going),
- participation on INTERACT events.

Special attention shall be given to the services provided by the INTERACT II programme. This EU-wide programme focuses on the good governance of cross-border co-operation and provides need-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.

Technical assistance (TA) budget

6% of the programme's ERDF budget will be used to finance TA with a 15% national co-financing rate. The Certifying Authority (or the designated Financial Transfer Unit) will be responsible for transferring the ERDF matching funding from the Commission appropriate to the national contributions provided by both Member States.

Quantified targets and indicators

Table 3 output and result indicators

Priority	Type	Indicator	Definition	Baseline		Target		Source
				Year	**Value**	**Year**	**Value**	
3	**Result**	Degree of co-operation	Number of reached stakeholders, organizations	2007	0	2015	1 000	IMIS/JTS
3	**Output**	Interreg Monitoring and Information System	Number of established programme monitoring and information system (IMIS 2007-2013)	2007	0	2015	1	IMIS/JTS
3	**Output**	Publicity	Number of organized meetings, partner search forums, conferences	2007	0	2015	20	IMIS/JTS

3.5. Programme level indicators

With regard to

1) Working Document No. 2 on Indicators,
2) The proposals by the Ministry of Construction and Regional Development of the Slovak Republic, and
3) The core indicators on cross-border co-operation,

the following key indicators are set at the level of the Operational Programme:

Table 4 Programme level indicators

Priority	Type	Indicator	Definition	Baseline		Target		Source
				Year	**Value**	**Year**	**Value**	
Na	**Context**	GDP in the eligible area	GDP/inhabitant in *PPS (EU25=100)*, %	2004	59.05	2015		SO SR/HU
Na	**Context**	Level of unemployment in the eligible area	Unemployment rate, %	2004	12.4	2015		SO SR/HU

With regard to cross-cutting themes identified at the programme level, the indicators are defined as:

Table 5 Horizontal indicators

Priority	Type	Indicator	Definition	Target value*
1-2	**Impact**	Promotion of equal opportunities	Contribution of the supported activities to the equality of opportunities	qualitative
1-2	**Impact**	Promotion of sustainable development	Contribution of the supported activities to environmental sustainability	qualitative
1-2	**Result**	Promotion of equal opportunities	% of newly created work places occupied by women	
1-2	**Result**	Promotion of a sustainable development	Number of projects with positive impact or adding positive value in terms of a sustainable development	
1-2	**Result**	Promotion of bilingualism	Number of projects that promote bilingual public administration, bilingual people, publications	

* Target values shall reflect solely the contribution of the present Programme

3.6. Cross-cutting themes

3.6.1. Sustainable development

The socio-economic development and the integration of the border regions are to be conducted in such a way that socio-economic and environmental sustainability is ensured. The respective strategic framework, based on the SWOT analysis, requires that all measures recognise and appropriately utilise the environmental strengths of the border regions without harming the environment of the area. In the frame of the programme, interventions are made to respond to weaknesses and threats that have been identified in relation to the environmental conditions.

While the entire strategy is built around the concept of a sustainable development, some objectives, priorities and individual interventions are directly focused on the promotion of environmental sustainability. Priority 2 – *Environment, nature protection and accessibility* – has been established in a way that optimally supports the idea of a sustainable development. Within this priority, Intervention 2.1 – *Joint actions to encourage the protection of the natural environment* – and Intervention 2.2 – *Joint nature conservation activities* – involve actions that are directly targeted at the enhancement of the long term environmental sustainability of the area. The other interventions within this priority have also been designed to strongly contribute to the sustainable development of the area. Intervention 2.3 and Intervention 2.4 are aimed at improving cross-border transport facilities. In line with the principle of sustainability, these interventions support the improvement of cross-border public transport services and border crossing facilities across the border rivers. In addition, no large scale road developments are foreseen, only small scale projects that bring communities on the different sides of the border closer to each other. Finally, Intervention 2.5 is aimed at improving the cross-border communication involving the development of Internet access; the gradual development of Internet based services can also contribute to reducing the negative environmental effects deriving from excessive travel.

All other interventions of the programme are also designed in such a way – by means of objectives, eligibility and selection systems – that any deterioration of the environmental conditions in the regions is avoided, and they contribute to an economic and social benefit.

The principle will be ensured by:

- Including standard questions on environmental impacts in the application forms and providing for project assessment criteria to aid the decision making,
- Providing a preference for projects which have a positive effect on the environment or which conserve, enhance or rehabilitate existing endowments over those that are neutral from this perspective,
- Excluding any project that has a potentially harmful effect on the environment,
- Supporting actions designed to raise environmental awareness and compliance both within the commercial and the administrative sector, and among the general public including acknowledgement that a high level of environmental performance can provide a long term competitive advantage.

3.6.2. Environmental policy

The programme takes into account the proposal of European Council related to the principle of environmentally sustainable development. According to the article 17 of the “European Council Conclusion 8/9 March 2007” environmental technologies and eco-innovations contribute to achieving the aims of Lisbon Strategy for Growth and Jobs including combining climate change. In parallel with the regulations, the programme put emphasis on nature

protection and biodiversity with defining such interventions that have real impact on environmentally sustainable development in the longer term with clear cross-border linkages. In addition to ensuring the sustainable environmental development, the programme promotes the protection of nature values by making opportunity to use energy and renewable energy in sustainable manner.

3.6.3. Equal opportunities

The general regulation of the use for the Structural Funds and the Cohesion Fund, Article 16 stipulates that "*The Member States and the Commission shall ensure that equality between men and women and the integration of gender perspective is promoted during the various stages of implementing the Funds*."

In the field of equal opportunities, besides gender equality, the cross-border programme addresses the needs of those facing multiple disadvantages, e.g., disabled people, those from Roma and other ethnic minority communities.

In the co-operation area, there is a certain disparity between male and female occupational segregation, activity rates and pay. As a consequence, women face greater problems, e.g., access to transport, childcare, education and training, start up funds. Stereotyping and traditional role expectations further limit women's choices and their ability to fully participate in the labour market.

In order to assure a match with the equal opportunity principle, the programme aims to increase and secure improved access to education, business development training and employment opportunities for women, disabled people and ethnic minorities through cross-border initiatives, and to increase the understanding and the development of best practice, to overcome stereotyping and traditional role presumptions in order to enable disadvantaged groups to fully participate in the economies of the border regions.

Equal opportunities are promoted throughout the programme cycle. This principle has been fully respected in the partnership process of the preparation of the programme. The principle of equal opportunities is reflected in the design of the indicators for monitoring and evaluation, and in the eligibility and project selection criteria to be applied under various measures included in the document complementing the programme.

Equal opportunities will be ensured under each intervention, with special regard to:

- Intervention 1.6 – *Joint use and development of human resources* – in the frame of this intervention extra efforts will be made to involve women, as well as disadvantaged groups, as much as possible in the various training programmes, and to provide them with better access to labour market information.
- Intervention 1.4 – *Joint development and the coordinated use of healthcare facilities* – this intervention is aimed at improving access to healthcare services in the area; care will be taken to ensure better access to healthcare services for disadvantaged groups in the area.

Intervention 1.7 – *People to people actions* – this intervention will support co-operation initiatives of mainly local communities in various fields and equal opportunity for the participation of women and disadvantaged groups in the programmes; events and other initiatives organised as part of this intervention will be assured.

3.6.4. Partnership

As the General Regulation stipulates, "*The Member State shall organise, where appropriate and in accordance with current national rules and practices, a partnership with the authorities and bodies such as:*

- *The competent regional, local, urban and other public authorities,;*

- *The economic and social partners,*
- *Any other appropriate body representing civil society, environmental partners, non-governmental organisations, and bodies responsible for promoting equality between men and women."*

The entire programme cycle, embracing the programme preparation, implementation, monitoring and evaluation alike, has been designed to ensure the active involvement of the relevant partners. As presented in Chapter 1.3, partners have been involved in the programming process, primarily through:

- Regular meetings of the Task Force;
- Consultations with the various partners;
- Consultations with Ministries and other sectoral institutions;
- Internet based consultations of the strategy.

The entire programme promotes the concept of a special form of partnership: cross-border partnership – only joint projects of Slovak and Hungarian partners can be supported. The application of the Lead partner principle also enhances partnership.

In addition, the implementation procedures and the structure and composition of the various institutions and bodies have all been designed to ensure a balanced partnership of every relevant partner from both countries across the whole implementation process.

3.6.5. Bilingualism

The special character of the programme – cross-border co-operation – calls for the introduction and application of another horizontal principle: bilingualism. The programme will support the implementation of projects involving partners from both countries with different mother tongues. Even if the partners (or some of them) speak each other's language, it is only fair to provide equal opportunities for everyone involved, irrespective what their mother tongue is, through ensuring bilingualism in the course of the project implementation.

This requires that the key documents of the projects as well as the outputs (or related documents, for that matter) are produced both in Slovak and in Hungarian. This condition will be included in the grant contract of the selected applicants. This – in addition to ensuring equal opportunities on the level of projects – also makes the dissemination of information on successful initiatives, best practices identified in the course of the programme more efficient.

3.7. Coherence with EU objectives and other interventions

3.7.1. Community Strategic Guidelines 2007-2013

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

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

- The contribution of cities to growth and jobs
- Supporting 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 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 a national border 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 an 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 healthcare potential, integrating the cross-border labour market, and the joint management of the environment and common threats. Where the basic conditions for cross-border co-operation are already in place, the cohesion policy should focus the assistance on actions that bring an added value to cross-border activities."

The overall strategic goal of the Hungary-Slovakia programme – "Increased level of economic and social integration of the border area" is fully in line with the objective proposed in this chapter of the CSG. The strategy proposed addresses the issues highlighted in the document in that it is built upon the elimination of the obstacles created by the borders through improving the cross-border transport and communication infrastructure and then promoting the co-operation in various areas.

With regard to the priorities and the proposed interventions, they respond to many of the key areas identified in the CSG. Interventions under Priority 1 contribute to the competitiveness of the border area through promoting RTD, innovation and entrepreneurship and also to the improvement of human resources helping the better integration of the labour market. The more efficient joint use of the infrastructure and capacities is also promoted.

Interventions under Priority 2, on the other hand, focus on improving the cross-border transport, as well as on protecting the environment and also on actions promoting the information society for all.

Consequently, the proposed priorities and interventions contribute to all three key areas identified in the CSG:

- Making Europe and its regions more attractive places to invest and work,
- Improving knowledge and innovation for growth,
- More and better jobs.

Furthermore, the programme – given its special character – also strengthens the territorial dimensions of development.

3.7.2. EU Strategy for Sustainable Development

EU Strategy for Sustainable Development defines seven key challenges and the corresponding tasks, operational objectives and activities and paves the way to creating a society built on the principles of sustainable development and their practical application, considering the deterioration of environmental trends, the economic and social challenges of the EU combined with new competitive pressures and new international commitments.

Compared to the programme, this system of long-term priorities has a broader social focus. Basically the Programme contributes to achieving the goals of the strategy in field of energy, migration, transport, natural resources and healthcare. However the strategy includes key challenges, such as “Poverty in the world and challenges for sustainable development”, which apparently go beyond the priorities of the programme.

3.7.3. ESF, EAFRD and EFF

The Community Strategic Guidelines outline the framework of the European Social Fund. There is potential for the establishment of links between the **ESF** and the CBC Programme in some areas, such as the complementary goals and interventions in the field of employment, human resourses development, education, training, people to people actions, improving management capacities and in combating discrimination. The national dimension of ESF developments may be completed by added value of cross-border ones. Operations financed by ESF that may be relevant appear within the framework of the ESF funded sectoral OP-s as indicated in tables 5-6.

The Programme potentially shares some links with the European Agriculture Fund for Rural Development (**EAFRD**). A few number of synergies have been identified between the field of tourism development; such as complementary goals of improving historical and rural heritage. However, rather than overlapping, there are distinct differences, and the potential exists to add value by creating synergies. For example, the focus of the HU-SK CBC Programme is specifically on the needs of localities in the border region which face additional development challenges.

The operational programme finances no activities overlapping with the ***European Fisheries Fund***.

3.7.4. Other financial instruments of the Community

With respect to the other instruments of the Community, except for EAFRD and EFF, it will be necessary to link the preparation and implementation of individual operational programmes with the following financial instruments:

LIFE+ financial tool concentrates on projects focusing on environmental strategies, new technologies and raising of public awareness. As LIFE+ is supplementary to other Community sources of financing, a project or activity, which can be financed by the

operational programmes or other financial instruments of the Community available to applicants in programme area, shall be, as a priority, financed by such instruments. HU-SK OP is focused on above mentioned activities too in Priority 2.

Community Action Programme "Public Health". The main objectives of the Community programme "Public Health" are improving the level of knowledge and awareness of public health, strengthening of capacities for fast and coordinated response to possible health threats and support to public health and disease prevention, focusing on health determinants in all sectors, policies and activities. The priorities of Community Programme "Public Health" are: health information, health threats and health determinants. HU-SK OP is focused on soft activities in sector of health. The "Public Health" programme is a suitable supplementary tool for better health protection and for eliminating differences in health condition as part of comprehensive health support and prevention initiatives.

Competitiveness and Innovation Framework Programme (CIP) aims to create a new financing mechanism for innovative small and medium-sized enterprises (SME) with a view to simplify implementation of projects by SMEs with high growth potential. It also aims to strengthen support networks for innovation in businesses and supports the development of regional centres and European networks of innovation and energy saving, combined with the introduction of innovative environmental technologies in the energy sector. It also supports SMEs in creating an information base. CIP shall not be used in place of the SF, but is considered to be a supplementary tool to the HU-SK OP focused on the addressing of horizontal problems of the EU.

Research and Development Framework Programme. An important element for the efficient use of assistance from the Funds is the coordination of implementation of operational programme with the 7th Framework Programme of the EU for research, technical development and demonstration activities (FP7) and the programme "Capacities" and its activities "Knowledge regions" and "Research potential" in particular. With the aim of coordinating these two tools at European level, the initiative of the Scientific and Technical Research Committee (CREST) entitled "How to improve coordination of the use of structural funds and FP7" was approved. In order to investigate the possibilities of and barriers for combining assistance from two such different grant schemes, a working group was established at CREST, whose task is to overcome the information gap on how to combine assistance from the Funds and FP7. The outputs of its work are practical guidelines that were delivered to national and regional authorities. MA is ready to adopt these outputs and use them in the implementation of the relevant OP. FP7 will strengthen the scientific and technical base of the industry in the Community and, by supporting innovation, will complement the activities carried out under OP.

3.7.5. Structural Funds interventions under the Hungarian NSRF for 2007-2013[4]

The New Hungary Development Plan, Employment and Growth

The New Hungary Development Plan, considered as the National Strategic Reference Framework of Hungary, defines the development strategy to ensure economic and employment growth, assigns the most important development tasks, provides the framework for drawing up development operational programmes reflecting the Lisbon and the Göteborg objectives, and aims for the national and regional programmes to complement and support themselves.

The general objectives of the New Hungary Development Plan are to achieve employment growth with the establishment of conditions for a sustainable growth. In NSRF, the **priority axis,** the development efforts of Hungary are focused on are as follows:

- Economic development

[4] The New Hungary Development Plan, Employment and Growth, version of 25 October 2006

- Transport development
- Renewal of the society
- Environment and energy development
- **Regional development**
- State reform

The NSRF of Hungary aims to strengthen the regional cohesion that is considered as the main condition for the reform process of the country. The development of Hungary has to assist to achieve the cohesion at the European level as well. Therefore, the development of competitive regions has to be maintained so their impacts can be expanded. Priority 5 *"Regional development"* with inner strategic issues, defined as the conditions to achieve a balanced spatial structure, clearly fits to the **objectives of the territorial co-operation** programmes. These interventions below are framed into 7 regional operational programmes:

- Cooperative and competitive urban network by developing regional economic growth poles,
- New rural space: the integrated and sustainable development of rural areas,
- Development of lagging behind areas by realising complex programmes,
- Sustainable development of the region of Lake Balaton, Danube Space, Tisza Space.

In parallel with the EU efforts, Hungary directly aims at taking part in joint programmes at the European level. For the joint co-operation, programmes in the European Union make opportunities to common work in the fields of innovation, RTD and education, e.g., in the frame of FP 7 and the Competition and Innovation Programme. In accordance to the efforts of the EU, the NSRF of Hungary also states willingness to cooperate with Member States, especially its neighbours. Hungarian communities live outside the Hungarian state border in a huge number, approximately 2.5 million people. The NSRF wishes the Hungarian nationalities to facilitate catching up and modernisation. The cross-border programmes are the tools for integrating the border regions by economic, cultural and environmental co-operations. The strategic issues defined in the fields of economic, regional, infrastructure and institutional development interventions can assist to the revitalisation of these peripheral areas along the borders.

The integration of Hungary into the European space is through cross-border, multi- and trans-national co-operation. Though the European territorial co-operation is in close relation to the NSRF, the latter doesn't include further documents about territorial co-operation. Regarding that, separate documents are prepared.

3.7.6. National Sustainable Development Strategy of Hungary

The main objective of the National Sustainable Development Strategy of Hungary is to help shift domestic social, economic and environmental processes, i.e. Hungary's development onto a path that is sustainable in medium and long-term, taking into account both domestic realities and external and global processes and conditions.

The Strategy has been worked out with a view to the guiding principles and key objectives laid out in the EU's renewed Sustainable Development Strategy. Based on the concept, approach, values, basic principles, objectives, and implementation tools of sustainable development, this Strategy offers a long term comprehensive framework - that is to be regularly reviewed and renewed - for programmes and plans focusing on development and other - more concrete - horizontal issues, thereby taking into account at the same time their relationships and interactions and assisting their coherence.

Although the HU-SK CBC Programme is not an integral part of the above Strategy, harmony can be observed in the fields of health, social cohesion and employment, protection of natural values, water management, energy and sustainable mobility and competitivness.

Table 6 Coherence with the National Sustainable Development Strategy of Hungary

PRIORITY 1: Economy and society	**sustainable population policy**	**improve health status**	**social cohesion and improve**	**protect natural values**	**climate change**	**sustainable water management**	**strengthen competitiveness in a sustainable manner**	**strengthen sustainable production and consumer habits**	**transform Hungary's energy economy**	**create sustainable mobility and spatial structure**	**economic instruments**
1.1 Support of cross-border business co-operation							x	x			
1.2 Co-operation in the field of RTD and innovation							x	x			
1.3 Joint tourism development							x				
1.4 Joint development and the coordinated use of healthcare facilities		x									
1.5 Development of networking, partnership, programme and project planning and management capacities							x				
1.6 Joint use and development of human resources			x				x				
1.7 People to people actions			x								
PRIORITY 2: Environment, nature protection and accessibility											
2.1 Joint actions to encourage the protection of the natural environment				x	x	x			x	x	
2.2. Joint nature conservation activities				x	x	x			x		
2.3 Small road construction, bicycle paths, public transport					x					x	
2.4 Facilitating better border crossing across the border rivers										x	
2.5 Improvement of cross-border communication channels							x				
PRIORITY 3: Technical assistance											

3.7.7. Structural Funds interventions under the Slovak NSRF for 2007-2013

The National Strategic Reference Framework of Slovakia provides the framework for drawing up development operational programmes reflecting the Lisbon and the Göteborg objectives, and aims for the national and regional programmes to complement and support themselves.

The NSRF of Slovakia for the programming period 2007-2013 covers the EU objectives of "*Convergence*" and "*Regional competitiveness and employment*". However, it does not contain the objective of "*European territorial co-operation*".

The strategic objective of the 2007-2013 programming period for Slovakia is formulated as:

> "By the year 2013, markedly increase the competitiveness and the efficiency of regions and the Slovak economics and employment respecting sustainable development."

In reference to the identified disparities and development factors, the NSRF strategy focuses on the following thematic strategic **priorities:**

- INFRASTRUCTURE AND REGIONAL ACCESSIBILITY
- KNOWLEDGE ECONOMY
- HUMAN RESOURCES

The NSRF strategy also defines **four horizontal priorities**:

- Marginalised Roma communities
- Equal opportunities
- Sustainable development
- Information society

3.7.8. National Reform Programme of the SR

The strategic priorities of the CBC Programme are fully in compliance with the priorities of the National Reform Programme of the Slovak Republic for 2006 – 2008 (NRP). The *National Reform Programme for 2006-2008*, which is based on the *Lisbon Strategy for Slovakia*, details the visions, objectives and policies for the next three years, concentrating on the following priority areas: business environment, science, research and innovation, information society, education and employment, contributing to the innovative potential of the Slovak economy, development of knowledge-based economy and employment.

Table 7 Coherence with the National Reform Programme of the SR

PRIORITY 1: Economy and society	**Information society**	**Business environment**	**Education and employment**	**Science, research and innovation**
1.1 Support of cross-border business co-operation		x	x	
1.2 Co-operation in the field of RTD and innovation	x	x		x
1.3 Joint tourism development		x	x	
1.4 Joint development and the coordinated use of healthcare facilities	x		x	
1.5 Development of networking, partnership, programme and project planning and management capacities	x	x	x	
1.6 Joint use and development of human resources			x	
1.7 People to people actions			x	
PRIORITY 2: Environment, nature protection and accessibility				
2.1 Joint actions to encourage the protection of the natural environment		x	x	
2.2. Joint nature conservation activities			x	
2.3 Small road construction, bicycle paths, public transport		x		
2.4 Facilitating better border crossing across the border rivers		x		
2.5 Improvement of cross-border communication channels	x	x		
PRIORITY 3: Technical assistance				

3.7.9. Coherence with the sectorial and Regional Operational Programmes 2007- 2013

Hungary

Discussions about coherence between the Hungary-Slovakia Cross-border Co-operation Programme and the sectoral operational programmes of Hungary were delivered with aims at avoiding overlapping in the developments, defining the criteria in order to separate cross-border developments from sectoral developments, and analysing the feasibility of the interventions of the territorial programmes. Discussions were carried on with the participation of ministries, bodies and experts responsible for the planning and the programming of the sectoral OPs.

Accordingly, eight sectoral **Operational Programmes** of Hungary have been analysed in relation to the coherence with the cross-border co-operation programme:

- Economic development
- Social renewal
- Environment and energy
- Transport
- State reform

- Electronic administration
- Social infrastructure
- Technical assistance

West Pannon Operational Programme (WPOP)

The operational programmes prepared in cooperation with neighbouring countries with the aim of developing regions along the state borders assist the implementation of the objectives of the WPOP. The WPOP and the European Territorial Cooperation (ETC) OPs are harmonised through the strong cross border impact of the ETC OPs. For example, aid may be granted to the renewal of a road if it crosses the border and the partner across the border also participates in the project.

Central Trans-Danubian Operational Programme

The complementarity between the OP and HU-SK OP is based on cross-border OP having a strong cross border impact. For example, a road reconstruction can be granted if it crosses the border, and the participation of a partner from a neighbouring country in the projects is an essential eligibility criterion. The co-ordination between the regional OP and the HU-SK OP is ensured by the Regional Development Council and its work organisation contributing significantly to the elaboration of both OPs. The collaboration between the Managing Authority of the regional OPs and the Department of the International Cooperation Programmes co-ordinating the HU-SK OP in the framework of the National Development Agency will also ensure the co-operation process.

North Hungary Operational Programme

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

Slovakia

The strategy, priorities and objectives of the NSRF of Slovakia will be implemented through eleven **Operational Programmes** within the individual objectives of the Cohesion Policy of the EU:

- Regional operational programme
- OP Society informatisation
- OP Competitiveness and economic growth

- OP Health service
- OP Transport
- OP Environment
- OP Research and Development
- OP Employment and social inclusion
- OP Education
- OP Technical assistance
- OP Bratislava Region (within objective Regional competitiveness and employment for Bratislava Region)

The Hungary-Slovakia Cross-border Co-operation Programme ***relatively differs from other Hungarian and Slovak OPs*** in terms of **general criteria**:

1) Territorial impoundment – just eight NUTS III regions from the Hungarian and five NUTS III regions from the Slovak border region are eligible for support from the cross-border programme;
2) Joint projects – a joint co-operation resulting in joint projects is necessary in the frame of the cross-border programme; the basic element of CBC projects is the cross-border impact, while other sectoral or regional OPs cannot have such significant cross-border characteristics (also because of the territorial impoundment);
3) The financial dimension of CBC projects is usually much limited than that of other OP-projects in similar intervention areas;
4) Beneficiaries from the public and non-profit sphere – entrepreneurships are not eligible for support in the Hungary-Slovakia Cross-Border Co-operation Programme.

At the intervention level, even in the case of further overlapping with interventions of any sectoral operational programmes, special criteria have to be defined in the Implementation Manual to serve the impoundment. Apart from it

a) t*he respresentatives of relevant Regional Development Agencies from HU side will be invited to JMC meetings as observers to avoid overlapping with other regional development programmes,*

b) t*he relevant ministerial representatives of JMC will take part in the revealing of incidental overlapping with national development programmes.*

Table 8 Coherence with the sectorial Operational Programmes of Hungary 2007-2013

PRIORITY 1: Economy and society	**Economic Development OP** *(ERDF)*	**Social renewal OP** *(ESF)*	**Environment and energy OP** *(ERDF, CF)*	**Transport OP** *(ERDF, CF)*	**State reform OP** *(ESF)*	**Electronic administration OP** *(ERDF)*	**Social infrastructure OP** *(ERDF)*	**Technical assistance OP** *(ERDF)*
1.1 Support of cross-border business co-operation	X							
1.2 Co-operation in the field of RTD and innovation	X	x						
1.3 Joint tourism development								
1.4 Joint development and the coordinated use of healthcare facilities		x					x	
1.5 Development of networking, partnership, programme and project planning and management capacities					x			
1.6 Joint use and development of human resources		x					x	
1.7 People to people actions		x					x	
PRIORITY 2: Environment, nature protection and accessibility								
2.1 Joint actions to encourage the protection of the natural environment			x					
2.2. Joint nature conservation activities			x					
2.3 Small road construction, bicycle paths, public transport				x				
2.4 Facilitating better border crossing across the border rivers				x				
2.5 Improvement of cross-border communication channels	X							
PRIORITY 3: Technical assistance								x

Table 9 Coherence with sectorial Operational Programmes of Slovakia 2007-2013

PRIORITY 1: Economy and society	**Regional OP** *(ERDF)*	**OP Society informatisation** *(ERDF)*	**OP Competitive. and econ. growth** *(ERDF)*	**OP Health Service** *(ERDF)*	**OP Transport** *(ERDF, CF)*	**OP Environment** *(ERDF, CF)*	**OP R&D** *(ERDF)*	**OP Employment and social inclusion** *(ESF)*	**OP Education** *(ESF)*	**OP Bratislava Region** *(ERDF)*	**Technical assistance OP** *(ERDF)*
1.1 Support of cross-border business co-operation	X		X		x						
1.2 Co-operation in the field of RTD and innovation	X						x				
1.3 Joint tourism development	x										
1.4 Joint development and the coordinated use of healthcare facilities	x	x		X				X			
1.5 Development of networking, partnership, programme and project planning and management capacities	x										
1.6 Joint use and development of human resources	x							x	x	X	
1.7 People to people actions	x								X	X	
PRIORITY 2: Environment, nature protection and accessibility											
2.1 Joint actions to encourage the protection of the natural environment						x					
2.2. Joint nature conservation activities						x					
2.3 Small road construction, bicycle paths, public transport	x				X						
2.4 Facilitating better border crossing across the border rivers					x						
2.5 Improvement of cross-border communication channels	X	x									
PRIORITY 3: Technical assistance											x

3.8. The main findings of the ex-ante evaluation and the Strategic Environmental Assessment

The main findings of the ex-ante evaluation

In many aspects, the present program can be considered as a continuation of the previous cross-border co-operation programmes – this is particularly true with regards to its objectives. Therefore the area in which the present programme will be implemented is well-known to the various actors and stakeholders. In addition to this, the area is well presented and the data used are well documented in the "*Analysis of the programme area*" chapter. The subchapters are clear and concise, and each major aspect is summarized at the end of each subchapter.

The evaluators strongly recommend that the institutions responsible for the implementation of the present programme take into account the conclusions drawn in the "*Lessons from the previous programming period*" as they are very thoughtful.

While no major problems occur in the "*Joint development strategy*" and in the resulting "*Programme priorities*" chapter in terms of setting priorities, the quantitative planning (i.e., the indicators) is imprecise and incomplete. The evaluators recommend giving more attention to this aspect of the programme. In addition to this, the "*number of project…*" type of indicators are misleading in the monitoring of the successful implementation of the programme.

The "*Implementing provisions*" are in accordance with the European regulation, but this in itself is not necessarily sufficient for ensuring the smooth and efficient implementation of the programme, even though if the described provisions can ensure the implementation as such. Many details relating to the provisions are to be finalized in the "*Implementation Manual*", which is outside the scope of the ex-ante evaluation, therefore, in various implementation aspects, no reasoned opinion can be given by the evaluators.

In conclusion, it is the evaluators' opinion that if the remarks above are satisfactorily addressed, the presented programme will contribute to the European set of objectives as defined for cross-border co-operation programmes.

Table 10 Changes made owing to the ex-ante (EA) evaluation

EA remarks	Status in OP
Analysis	
Development objectives or priorities at the end of sub-chapters	Accepted. Developed in part "Analysis of the programme area".
Show individual data and absolute values at the end of the document	Most of statistical data are in tables in Annex, but some of them are in the text.
No mentioning of proportion of the Roma population in Slovakia	Accepted. Developed in part "National identity".
In tourism, the need for joint tourism projects should be identified	Accepted. Developed in part "A sector with special facilities: Tourism".
Recommended to refer to the shortage of well-trained labour-force	Accepted. Developed in part "Labour market",
Proposal above should be mentioned in the weaknesses of the SWOT	Accepted. Developed in part "SWOT analysis".
The Danube as the shipping route to be mentioned	Accepted. Developed in parts "A sector with special facilities: Tourism, Infrastructure".
Provide proportion of recycling of communal waste compared to EU averages	Non statistical data are available on NUTS III level.
River Ipoly as the border with border crossings to be mentioned	Accepted. Developed in part "Infrastructure".

Size of natural areas should be compared to the territory of each country	Accepted. Developed in part “Natural resources & environment”.
SWOT	
Statements are not mentioned in the right category	Accepted. Developed in part “SWOT analysis”.
Roma population in BAZ County and Košice Region especially, among weaknesses found- analysis mentions it only in the eastern part	Accepted. Developed in part “SWOT analysis - Area/Population/Natural resources - Weaknesses”.
Danube as the important fluvial route should be mentioned among strengths	Accepted. Developed in part “SWOT analysis - Transport/Infrastructure – Strengths”.
River Ipoly - no bridge crossing over the river mentioned, wrongly	Accepted. Developed in part “SWOT analysis - Transport/Infrastructure – Weaknesses”.
Ageing society is more of weakness than a threat	Accepted. Developed in part “SWOT analysis - Area/Population/Natural resources - Weaknesses”.
Level of commitments toward the strategy	
Description of the partnership activities is insufficient. Missing: - who were the participants?	Developed in part “The joint programming process”.
- what were the opinions expressed?	The Programme was developed by continuously incorporation of submitted opinions and proposals.
- to what extent were these opinions taken into consideration?	All relevant opinions were incorporated into OP with approval of Task Force working group (described in part “The joint programming process”).
The main pieces of information needed are (indicative list): - description of how the planners involved the stakeholders in the preparation of the document	Information in part “The public consultation process”.
- is the document available for download on the internet?	Information in part “Publicity”.
- were there any comments sent by the stakeholders?	Developed in part “SEA – Public consultation”.
- how will the continuous publicity of the programme be ensured?	Will be developed in Communication plan.
Consistency of the strategy	
1.4. intervention: Joint development and the coordinated use of healthcare facilities is without demonstrated need or opportunity	Negotiations and information provided by relevant ministries of Member States resulted in definition of such an intervention.
The title of interventions 2.1; 2.2 could be renamed such as: “Joint actions in the fields of river control, waste management and (renewable) energy”, or to something similar.	Refused.
2.5.: Improvement of cross border communication channels not clear what will be the additional benefits of this intervention as a cross-border intervention as opposed to being part of a national operational programme.	Reason: possibility for joint, cross-border infrastructure development in peripheral localities of Member States.
Special attention is needed to avoid conflicting project development in regard of environmental and natural protection, economic activities and social trends (such as nature protection vs. development of tourism or new business areas vs. Natural Parks).	The aspects of sustainable development and environmental policy will be used as basic determining factors in joint development projects (Cross-cutting themes).
Analysis of the goals	
Few concrete indicators. The indicator should be such as to be directly imputed to a particular action,	Developed in tables “output and result indicators”.

result or effect, in order to be able to measure the net variation which can be linked to the intervention.	
The lack of logical connection between the hierarchy of indicators	Developed in tables “output and result indicators”.
Several output indicators have indistinct definition	Developed in tables “output and result indicators”.

1. The analysis of the programme area is improved, more detailed description of the problems and connections; the situation analysis is properly supported by data.
2. SWOT analysis is coherent with the analysis of the programme area and the observations are mentioned in the proper categories.
3. Strengthening logical relation between the problems identified and the opportunities as well as intervention areas and goals.
4. The indicators better correspond to the system of objectives, interventions and priorities.
5. The proposed implementation chapter is in line with the relevant regulations, and therefore is supposed to be able to manage the programme.

The main findings of the Strategic Environmental Assessment

The Hungarian and the Slovak border regions form a geographically and ecologically unified area. The present and future environmental problems of the Hungary-Slovakia border region may be caused by the increasing traffic and the increasing demand for mobility. The growth of energy consumption may also have a continuous threat on the environment in the future. The change in and the intensification of land-use and its negative side effects, the decrease of a natural and cultural diversity may continue to be threats for the regions affected by the ETC programme.

The Final Environmental Report of the Strategic Environmental Assessment was prepared based on the February 19, 2007 version of the programme document of the Hungary-Slovakia Cross-border Co-operation Programme 2007-2013. The program is part of the European Territorial Co-operation (Objective 3) and follows the Cohesion Policy of the European Union with the aim of terminating the inequalities of the border regions and developing activities in the border region through common strategies towards a sustainable development.

Three main priorities were developed within the programme to achieve these objectives. The first priority (economy and society) mainly follows the Lisbon Strategy of the EU. The second strategy (sustainable development, environmental and nature protection) follows the Göteborg Programme of the EU, and the third priority provides technical support for the implementation of the programme.

The Strategic Environmental Assessment (SEA) method was based on two different approaches which focus on two important aspects of the SEA process: (1) the general review of the programme – focused on the environment – with ex-ante type evaluation questions, (2) the analysis of sustainable development principles based on best available practices and principles.
The SEA’s main recommendations were to enhance the communication and the environmental awareness, to strengthen environment friendly land-use methods and use of natural resources, to expand the use of renewable energy sources and the preservation and development of cultural heritage. Since there is a wide scope of probable projects within the different activity areas, utmost attention is needed to secure environmental and sustainable development interests during the project selection process. The references to the minimal environmental requirements of the projects to be supported are still rather general in the programme document, therefore, the SEA developed further recommendations for the

assessment of environmental effects during the project selection process. The Final Environmental Report also contains recommendations connected to the monitoring measures of the Hungary-Slovakia CBC OP in relation to securing sustainable development.

Due to the lack of relevant details of the programme document, the final evaluation of the probable environmental effects caused by the supported projects is not possible to assess at present, even though the document takes the principle of sustainability into consideration several times. The biggest chance, for negative environmental side-effects, is at the projects connected to the intra-structural measures. Furthermore, the SEA is recommended for interventions and related projects in the programme in order to comply with sustainable development requirements.

4. *IMPLEMENTING PROVISIONS*

This Implementation Chapter of the Hungary-Slovakia Cross-border Co-operation Programme 2007-2013 was developed based on

- available EC legal documents regulating the 2007-2013 European Territorial Co-operation programmes financed by the ERDF,
- discussions at the Task Force and the management level on the implementation of the programme,
- experience gained during the implementation of the INTERREG IIIA Hungary-Slovakia-Ukraine Neighbourhood Programme 2004-2006.

4.1. The programme management structure

The following structures for the government and the management of the programme will be created:

- **Joint Monitoring Committee (JMC):** supervising and monitoring the programme implementation and responsible for project selection,
- **Managing Authority (MA):** bearing overall responsibility for the management and the implementation of the programme towards the European Commission,
- **Certifying Authority (CA):** certifying the declarations of expenditure and the applications for payment before they are sent to the Commission,
- **Audit Authority (AA):** a functionally independent body of 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 and the Joint Monitoring Committee in carrying out their respective duties. 2 part times Regional Info Points in the Slovak eligible border area will be established and will be particularly responsible for an efficient project development in that area by giving direct assistance to the potential project applicants in the border region.

Besides the above mentioned structures, the National Development Agency in Hungary and the Ministry of Construction and Regional Development of the SR in Slovakia will bear responsibility for:

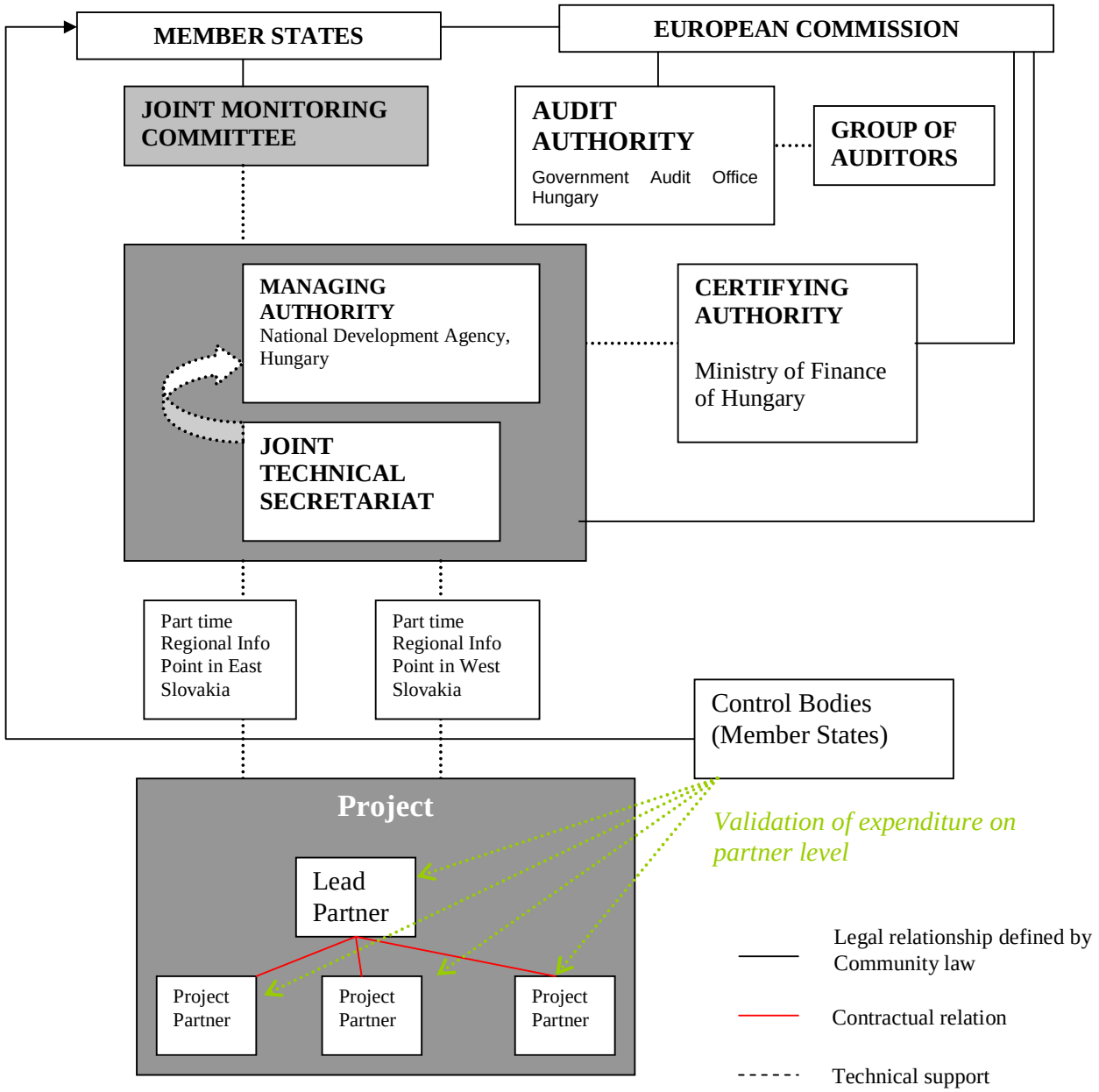
- the setting up and the execution of the control system in order to validate the expenditures at the national level (including first level control of expenditures incurred at the national level and a compliance of operations with the national law and EC regulation),
- ensuring the national co-financing (including preparing and signing the national co-financing contracts).

Competent Authorities in the HU-SK Programme

Table 11 Competent Authorities in the HU-SK Programme

Managing Authority	National Development Agency, Hungary
Certifying Authority	Ministry of Finance of Hungary
Audit Authority	Government Audit Office, Hungary
Joint Technical Secretariat	Set up within VÁTI Kht (Budapest), Hungary
Regional Info Points	2 part time Regional Info Points in the eastern and the western part of Slovakia

Chart 15 Programme implementation structure



4.1.1. Joint Monitoring Committee (JMC)

The Joint Monitoring Committee will be set up within three months after the Program approval. The Joint Monitoring Committee supervises the programme. It is responsible for the strategic adaptation of the Programme. Its overall tasks are to ensure the quality and effectiveness of the implementation and the accountability of the programme operations and to ensure the quality and the effectiveness of the project selection by deciding on the Call for Proposals, the project evaluation (see point 4.2.3) and the selection (ERDF Regulation Article 19, Point 3., Selection of operations). The JMC may use the necessary external expertise in order to ensure the necessary technical background for selecting projects in particular actions or group of actions. The Joint Monitoring Committee will draw up its own rules of procedure within the institutional, legal and financial framework and adopt them in agreement with the Managing Authority in order to exercise its missions in accordance with the General Provisions.

The Joint Monitoring Committee will work in accordance with respective regulations:

General Provisions Article 65
Tasks of the 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 within six months of the approval of the operational 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 operational programme on the basis of documents submitted by the managing authority;

(c) it shall examine the results of implementation, particularly the achievement of the targets set for each priority axis and the evaluations referred to in Article 48(3);

(d) it shall consider and approve the annual and final reports on implementation referred to in Article 67;

(e) it shall be informed of the annual control report, or of the part of the report referring to the operational programme concerned, and of any relevant comments the Commission may make after examining that report or relating to that part of the report;

(f) it may propose to the managing authority any revision or examination of the operational programme likely to make possible the attainment of the Funds' objectives referred to in Article 3 or to improve its management, including its financial management;

(g) it shall consider and approve any proposal to amend the content of the Commission decision on the contribution from the Funds.

The members of the Joint Monitoring Committee shall be appointed within 30 days of the approval of the OP. The rules of procedure of the JMC will define the composition of this Committee. In the 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.

The members can invite additional advisors to the meetings of the Committee with an observatory status (the participation of advisors has to be communicated in advance to the Chair by the Committee member). The chairmanship and the rights and duties of the chairman shall be defined in the Rules of Procedure of the Committee.

Representatives of the European Commission will participate as observers according to the respective legal framework. The Managing Authority will attend the Committee meetings and will safeguard the regularity, the efficiency and the effectiveness of the program. The Joint Technical Secretariat will provide the secretariat function towards the Joint Monitoring Committee meeting including the preparation of the documents, decisions and minutes. The

Joint Monitoring Committee shall meet at least once a year. Decisions may be taken via a written procedure regulated by the Rules of Procedure including any appropriate organizational arrangements.

4.1.2. Managing Authority (MA)

The designated Managing Authority is:

National Development Agency (Hungary)
Budapest

The Managing Authority will be responsible for managing and implementing the programme in accordance with the respective regulations:

General Provisions Article 60
Functions of the managing authority

The managing authority shall be responsible for managing and implementing the operational 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 operational programme and that they comply with applicable Community and national rules for the whole of their implementation period;

(b) verifying that the co-financed products and services are delivered and that the expenditure declared by the beneficiaries for operations has actually been incurred and complies with Community and national rules; verifications on-the-spot of individual operations may be carried out on a sample basis in accordance with the detailed rules to be adopted by the Commission in accordance with the procedure referred to in Article 103(3);

(c) ensuring that there is a system for recording and storing in computerised form accounting records for each operation under the operational programme and that the data on implementation necessary for financial management, monitoring, verifications, audits and evaluation are collected;

(d) ensuring that 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;

(e) ensuring that the evaluations of operational programmes referred to in Article 48(3) are carried out in accordance with Article 47;

(f) 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 90;

(g) 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;

(h) guiding the work of the Monitoring Committee and providing it with the documents required to permit the quality of the implementation of the operational programme to be monitored in the light of its specific goals;

(i) drawing up and, after approval by the monitoring committee, submitting to the Commission the annual and final reports on implementation;

(j) ensuring compliance with the information and publicity requirements laid down in Article 69;

According to Article 15 of the ERDF Regulation, the Managing Authority will not be responsible for the regularity of operations and their expenditures, but it shall satisfy itself that the expenditure of each beneficiary participating in the operation has been validated by the controllers. For this purpose, both Member States shall design their own system of Control, and designate the controllers responsible for verifying the legality and the regularity of the expenditure declared by each beneficiary participating in the operation.

The Managing Authority will be directly supported by the Joint Technical Secretariat as it carries out the operational management work for the whole program. Although the MA bears the overall responsibility for the Programme, certain horizontal tasks (the employment of JTS members, the setting up and the operation of the programme monitoring system, legal services, etc.) may be delegated to a separate unit of VÁTI Public Nonprofit Company.

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/transnational impact that are related to the results of the networks,
b) foresee a point in the agenda of the Joint Monitoring 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.

4.1.3. Certifying Authority (CA)

The designated Certifying Authority is:

Ministry of Finance of Hungary
Budapest

The main tasks of the Certifying Authority are to draw up and submit to the Commission certified statements of the expenditure and applications for payment and receive payments from the Commission.

The Certifying Authority will act in accordance with respective regulations:

General Provisions Article 61
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;
(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 operational programme by deducting them from the next statement of expenditure.

4.1.4. Audit Authority (AA)

The designated Audit Authority of the program is:

Government Audit Office (Hungary)
Budapest

Responsibilities of the Audit Authority are set out in the following regulations.

General Provisions Article 62
Functions of the audit authority

1. The audit authority of an operational programme 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 operational programme;
   (b) ensuring that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared;
   (c) presenting to the Commission within nine months of the approval of the operational programme an audit strategy covering the bodies which will perform the audits referred to under points (a) and (b), the method to be used, the sampling method for audits on operations and the indicative planning of audits to ensure that the main bodies are audited and that audits are spread evenly throughout the programming period.

   (Where a common system applies to several operational programmes, a single audit strategy may be submitted.;)
   (d) by 31 December each year from 2008 to 2015:
      (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 in accordance with the audit strategy of the operational programme 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 2008 shall cover the period from 1 January 2007 to 30 June 2008. The information concerning the audits carried out after 1 July 2015 shall be included in the final control report supporting the closure declaration referred to in point (e);
      (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;
      (iii) submitting, where applicable under Article 88, a declaration for partial closure assessing the legality and regularity of the expenditure concerned.

   (When a common system applies to several operational programmes, the information referred to in point (i) may be grouped in a single report, and the opinion and declaration issued under points (ii) and (iii) may cover all the operational programmes concerned);
   (e) submitting to the Commission at the latest by 31 March 2017 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.
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(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. The Commission shall provide its comments on the audit strategy presented under paragraph 1(c) no later than three months from receipt thereof. In the absence of comments within this period it shall be

According to Article 71 of the General Regulation, the Audit Authority is responsible for Annual control report and Opinion on management and control sytem submittion to EC by 31 December of each year.

The G*roup of Auditors*

According to Article 14 of the ERDF Regulation, the Group of Auditors will be set up to assist the Audit Authority. The representatives of the Group of Auditors shall be appointed by responsible authority for the audit in the concerned Member State. Auditors from Slovakia

will be nominated by the Ministry of Finance of the Slovak Republic, while auditors for the Hungarian side will be nominated by the Audit Authority directly.

The Group of Auditors will be set up within three months from the approval of the operational programme. It will draw up its own rules of procedure and will be chaired by the Audit Authority.

The Audit Authority and the auditors appointed in 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 can support the activities of the AA (e.g., providing support in organizing the meeting of the Group of Auditors, etc.).

4.1.5. Joint Technical Secretariat (JTS) and Regional Info Points (RIP)

ERDF Regulation Article 14
Designation of authorities

1. The managing authority, after consultation with the Member States represented in the programme area, shall set up a joint technical secretariat. The latter shall assist the managing authority and the monitoring committee, and, where appropriate, the audit authority, in carrying out their respective duties.

The programme will have a single Joint Technical Secretariat in accordance with *Article 14 (1) of the ERDF Regulation*. The Joint Technical Secretariat will support the Managing Authority in programme coordination and implementation.

The tasks of the Joint Technical Secretariat are:

Program level tasks

a) collaborate with the administrative central, local and regional organizations in the eligible area with the view to collect data and information necessary in the process of the program implementation (elaboration/revision of the multi-annual programming documents),
b) promote the activities related to the OP by direct contacts with the relevant organizations (conferences, info days, brochures and any other type of information materials),
c) participate in the working groups set up for elaborating/revising the programming documents,
d) prepare proposals for programme amendments.

Secretariat Tasks for Joint Monitoring Committee

a) fulfill the usual work of a secretariat, i.e., the organisation of meetings, the preparation and the mailing of the documentation for minutes, the drafting of minutes of meetings in the agreed languages, the drawing up and the submission of the working documents to the committee members in compliance with the internal rules of procedures of the committee,
b) submit the results of the project evaluations sessions,
c) implement operational decisions of the JMC including running written procedures,
d) offer assistance and technical coordination in preparation of the draft annual reports.

Administrative management of external services and other TA activities

a) ensure the administrative management of (external) tasks and services i.e., interpreting services and translations if required, external experts, TA projects, etc.

Monitoring

a) contribution to the setting up of the monitoring system,
b) a regular maintenance and updating of the monitoring system.

Project Generation and Assessment

a) support project generation and development (the organisation of information seminars, etc.),
b) manage the project application process: prepare and make available documents necessary for the project application and selection (general information on the programme and the project, standardised forms for project application and selection); provide information and advice to applicants;
c) receive, record and check (formality, technicality, eligibility) the applications,
d) carry out the quality assessment of the proposals by internal staff or external experts and consult regions.

Project Implementation

a) manage the programme/project implementation: prepare the material necessary for programme/project implementation (the subsidy contract with LP, reporting forms, implementing guidelines, etc.); provide advice and assistance to cross-border project partners regarding the implementation of the activities and the financial administration,
b) organize workshops addressed to the Lead Partners with the view to provide additional information and clarifications regarding the implementation of the projects,
c) ensure the exchange of information on different project proposals,
d) check financial and activity reports elaborated by the Lead Partner; monitor project progress through collecting and checking project monitoring reports, monitoring outputs, etc.

Information and publicity

a) develop an overall system for public relations and elaborate a common corporate identity connected to the programme to be used in all means of communication,
b) develop the Communication Plan,
c) develop the informational material for dissemination (both electronic and hard copies),
d) create, maintain and update the Internet homepage of the Programme,
e) organise information events with partners from the programme area,
f) maintain necessary public relations with the media,
g) be responsive to any request of information,
h) organize a major information campaign publicizing the launch of the programme,
i) publicize the list of beneficiaries, the names of the operations approved and the amount of public funding allocated.

Others

c) support the info points in their activities,
d) manage the joint projects/partner search database,
e) prepare any other documents required by the European Commission or the Joint Monitoring Committee,
f) organise the working group meetings of the controllers,
g) support the Audit Authority and the Group of Auditors in its activity.

The annual work plans of the Joint Technical Secretariat have to be approved by the Joint Monitoring Committee. The Joint Technical Secretariat will be funded from the Technical Assistance budget.

The staff of the Joint Technical Secretariat will be employed by VÁTI Hungarian Public Nonprofit Company on the basis of a framework contract with the MA. The JTS will be located in Budapest. The Joint Technical Secretariat shall have an international staff from the Member States. The number and qualification of the staff shall correspond to the tasks defined above.

Regional Info Points' main task is to represent the programme in Slovakia. RIPs shall complement the activities of the Joint Technical Secretariat.

The main tasks of the Regional Info Points are:

- to assist the project generation, application and implementation process,
- to contribute to information and publicity actions within the respective country,
- to serve as a contact point for project applicants and partners at the national level.

Activities of RIPs should contribute to achieving the programme goals. All RIPs (1-1 in the eastern and western parts of Slovakia) are invited to design activities, staff (2 part time persons for Regional Info Points) and submit them to the Joint Monitoring Committee for approval. Approved activities of the RIPs may be financed from a specific budget line of the programme's ERDF TA budget (in form of specific TA projects) according to the provisions laid down in the *" The management of the Technical Assistance"* chapter.

The level and the quality of designated activities assigned by RIPs will be monitored and measured – according to the developed checklist – by the JTS. In case of non-satisfaction with the results of the RIP's activities a substitution can be considered.

4.2. Project Development and Selection

4.2.1. The overall concept of project development and selection

The overall aim of the programme is to realize high quality, result orientated joint cross-border projects of clear added value with a cross-border impact and a strategic character relevant for the programme area.

The Joint Monitoring Committee should support the strategic character of the project selection itself and ensure the competition between the project proposals at the same time keeping in mind to avoid the overload of both the programme management structures and the applicants. It also has the responsibility that the total of outputs of the selected projects is to achieve the overall objective of the programme. The JMC can consider introducing top-down elements to the project generation in order to achieve high level cross-border projects. Details about project development and selection will be provided in the Implementation Manual to be approved by the JMC.

The Operational Programme defines the specific fields of interventions, which can clearly contribute to the overall objectives. The JMC has the right to fine-draw the available activities within the definition included in the priority descriptions, when 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. It will be included in the Implementation Manual and will result in specific calls for proposals approved by the JMC.

4.2.2. Project generation

The generation of cross-border projects will be the task of the Joint Technical Secretariat and the network of the Regional Info Points**.** The latter will ensure the spread of information on

funding to potential applicants in Slovakia – with the coordination and the support of the Joint Technical Secretariat.

While generating projects the following have to be secured:

- all potential applicants and project partners get the same information 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 and advice to projects (e.g., in form of model-contracts, etc.).

4.2.3. Project evaluation and selection

The final decision on approval/rejection of projects is the responsibility of the Joint Monitoring Committee. For the programming period no major projects within the meaning of Article 39 have been recognized, as the whole budget of the programme is relatively low. Due to this fact there will be no projects which are expected to be submitted for Commission approval. The sets of criteria (including eligibility, coherence and quality criteria) used in course of the project selection will be developed by the JTS in co-operation with the other program management bodies from both Member States. Criteria will be prescribed in the Implementation Manual and will be decided and approved by the JMC. The Joint Monitoring Committee has the right to restrict the scope of eligible applicants in a given Call for Proposals taking into account the specific arrangements of the given Call.

The selection of projects can be performed through an open call for proposals either in a one-step approach or in a two-step approach introducing a joint pre-selection step of project drafts. Determining the project selection model according to the type of the activity in a certain call for proposals (CfP) is the responsibility of the JMC.

In the one-step approach, the applications can be submitted in an open call and evaluated against the pre-defined set of criteria included in the Implementation Manual and the CfP. The project applications will be sent directly to the Joint Technical Secretariat, where they are registered. The JTS is responsible for the assessment process. This assessment will be provided by the JTS's own staff. In addition, external experts (representatives of institutions acting in the field of environment, economy, transport or occasionally of other OP interventions) can also be consulted. In Slovakia, external experts will be nominated by self-governing regions. The nominated external experts will be selected by the JTS. The JTS will prepare a proposal for each application highlighting its weaknesses and strengths to provide a basis to the Joint Monitoring Committee for its decision. Transparency of the assessment process will be ensured and any conflict of interest has to be avoided. If an institution represented by a member or member of the JMC have an interest in a project application, the member must declare this interest and restrict their participation in the assessment and decision-making concerning the project.

The two-step approach besides the above described procedure of the one-step model contains a pre-selection stage. 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 in order to enhance the quality. The pre-selection step is also organised by the JTS and the decision is made by the JMC. Pre-selected and further developed projects are submitted again to the JTS as a next step, and these applications will be evaluated against the relevant pre-defined set of quality criteria set out in the Implementation Manual.

Both the one-step and two-step models will be developed with the participation of the Joint Monitoring Committee and will be described in details in the Implementation Manual.

The responsibility of fulfilling the State Aid rules during the implementation is directed to each Member State by the treaty. For this purpose each MS 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 OP. At the same time, each MS bears the responsibility for the threat and the infringement of State aid rules and the common market towards the EC.

4.3. Information and publicity

The information and publicity measures for the interventions of the Structural Funds are aimed at publicising the role of the Community and ensuring that assistance from the Structural Funds is transparent (see Article 69 Council Regulation (EC) No. 1083/2006). The Managing Authority is responsible for carrying out the information and publicity measures.

The information and publicity measures are presented in the form of a communication plan, which is to be submitted to the Commission by the Managing Authority within four months of the date of adoption of the OP in accordance with Article 3 of Commission Regulation No 1828/2006. The implementation of these measures shall be the responsibility of the respective administrative body responsible for the programme. The information and publicity measures within the scope of the Hungary-Slovakia Cross-border Co-operation Programme 2007-2013 are designed:

- to inform the general public of the role that the European Union plays together with Hungary and Slovakia in the respective interventions and of their results,
- to guarantee transparency vis-à-vis potential and final beneficiaries by providing general information on the Hungary-Slovakia Cross-border Co-operation Programme 2007-2013. Furthermore, to give an overview of competencies, the organisation and the project selection procedures as well as standardised information on project applications (the application authority, contacts at the national, regional and local levels). Also the selection criteria and evaluation mechanisms for tenders and project applications will be published. All the information is available for downloading on the respective programme websites.
- to inform the public about announcements on the start of the programme in the media giving an appropriate presentation of the participation of the European Union, and to provide ongoing communication on the stages of a project's implementation throughout the entire programme planning period and the presentation of the final results of the Hungary-Slovakia Cross-border Co-operation Programme 2007-2013.

The general strategic goal of the information and publicity measures within the scope of the Hungary-Slovakia Cross-border Co-operation Programme 2007-2013 is to create a uniform public image which should achieve the status of a brand name or a "corporate identity" with time. To this end, a common logo is used on printed matters, publications and in the printed and electronic media. For the strategic implementation of the contents listed above, the following shall be used:

- A ***programme-specific website with an electronic newspaper*** providing ongoing information to the general public, the potential and final beneficiaries – The homepage is the key source of up-to-date information: it describes the programme, it outlines priorities and measures and it indicates necessary contact details. All relevant documentations, such as the application pack or the programme documents, will be available as downloads. It will provide information about approved and running projects and it will collect questions and answers. It will have a news section (a newsletter, events forecasts and press releases), a common internal surface and an electronic partner forum. The newsletters will be placed in archives on the website. The homepage will contain a list of links to other useful websites as well.

- ***The programme document*** – The Hungary-Slovakia Cross-border Co-operation Programme 2007-2013 document forms the basis for cross-border co-operation in the Hungary-Slovakia border region from 2007 to 2013. It describes the eligible area, outlines priorities and measures, designates competent authorities and provides information on the programme and project implementation as well as the financial implementation and control.
- ***Leaflets*** – are the symbolic business cards of the programme; they are appetisers in so far as they contain general information about the programme. The target groups of the leaflets are the potential applicants, the general public, the NGO's, trade and professional bodies, economic and social partners, public authorities and project promoters, and they are aimed at encouraging a wide participation in the programme as well as helping to spread information about the programme.
- ***Brochures*** – If leaflets are business cards, brochures are product catalogues of the programme, which give a comprehensive survey of a given programme period with a handful of projects summarising the activities, the results and the outcomes. They are targeted at applicants and at institutions involved in the programming and the implementation as well as NGOs, trade and professional bodies, economic and social partners, public authorities and project promoters.
- ***Advertisements*** – Calls for proposals published in nationwide and in regional daily papers as well as in professional magazines will make the Hungary-Slovakia Cross-border Co-operation Programme 2007-2013 more transparent in the programme area to the general public. Regional papers will cover each participating county in the programme area.
- ***Regional and local information events, seminars*** – Contacts between actors involved in the programme as well as a proper information flow to potential applicants/final beneficiaries and to the general public are ensured by means of information events held in the frame of the programme. Potential applicants/final beneficiaries, NGOs, trade and professional bodies, economic and social partners, public authorities, project promoters, institutions involved in the programming and the implementation, politicians and representatives of the media will form the basis of the target audience of these events.
- ***Partner search forums*** – help potential applicants develop their projects and search for partners. Partner search forums will be organised by the JTS. These occasions will give way to discuss project ideas, management and implementation issues, to meet potential applicants and to facilitate partner searches. These events are to cover areas that participate in the programme.
- ***Kick-off events at the start of the programme*** – provide the spreading of common information about the programme at the national level in both Member States.
- ***A closing conference at the end of the programme*** – will be a presentation of the completed projects and a review of the created co-operation projects.

The responsibility of carrying out information and publicity measures lies with the Managing Authority. External suppliers will be selected (in public procurement procedure) for designing of the logo, the website and the publications, for organising seminars, partner search forums, kick off events and the closing conference of the programme in close co-operation with the JTS staff and its partners (the Regional Info Points).

Some activities (information events, forums, edition of articles) of information and publicity measures will be implemented ***according to the Programme demand*** (the launching of CfPs) while other ones (webpage, electronic newspaper) ***continuously***.

The main ***target groups/beneficiaries*** of the information and publicity measures are potential and final beneficiaries as well as regional and local authorities and other public bodies, professional associations and business communities, economic and social partners, non-governmental organisations, especially bodies that promote equality between men and women and bodies working for the protection and the improvement of the environment, project operators and promoters.

4.4. The implementation of projects, the description of financial procedures and flows

4.4.1. Project level implementation

The project implementation from contracting to project closure including reporting obligations and the payment of ERDF Funds will be executed according to the regulations and rules relevant for the Programme.

The Lead Partner principle

The Lead Partner principle, according to Article 20 of the ERDF Regulation, is a basic requirement for all operations financed by the Programme.

The project will be represented by the Lead Partner who will act as the only direct contact between the project and the joint management bodies of the HU-SK programme. It is the responsibility of the Lead Partner to create a well working consortium based on a partnership agreement ensuring the proper and sound implementation of the project.

Contracting procedures

Based on the formal project approval by the Joint Monitoring Committee, the JTS prepares the subsidy contract (subject to approval by the JMC) with the Lead Beneficiary. The MA bears the legal responsibility for the subsidy contract from the side of the HU-SK programme and can delegate formally (in writing) the power of signing the contracts to the Director of the JTS. The MA/JTS will use an ERDF subsidy contract form approved by the JMC. The legally binding subsidy contract of a project shall be reported by the JTS to the Programme Monitoring System.

National co-financing will be ensured automatically for projects approved by the Joint Monitoring Committee. Contracts for national co-financing will be concluded separately from the ERDF by the respective Authorities after the signature of the ERDF subsidy contracts and the partnership agreement between the project partners. The subsidy contracts for national co-financing will be concluded at project partner level.

Project reporting

Progress reports and payment claims will be linked during the project implementation period. Therefore, the Lead Partner of the project may request the ERDF payment by providing the proof of progress as described in the work plan of the project.

4.4.2. First level control

In line with Article 16 of Regulation (EC) 1080/2006, each Member State 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 rules and its national rules.

For this purpose each Member State shall designate the controllers responsible for verifying the legality and regularity of the expenditure declared by each beneficiary participating in the operation. Member States may decide to designate a single controller for the whole programme area. Where the delivery of the products and services co-financed can be verified only in respect of the entire operation, the verification shall be performed by the controller of the Member State where the lead beneficiary is located or by the Managing Authority.
The designated controllers of the programme will work in the frame of:

- VÁTI Kht. with its regional offices in Sopron, Mátészalka, Budapest and Eger
- the Ministry of Construction and Regional Development of SR in Slovakia.

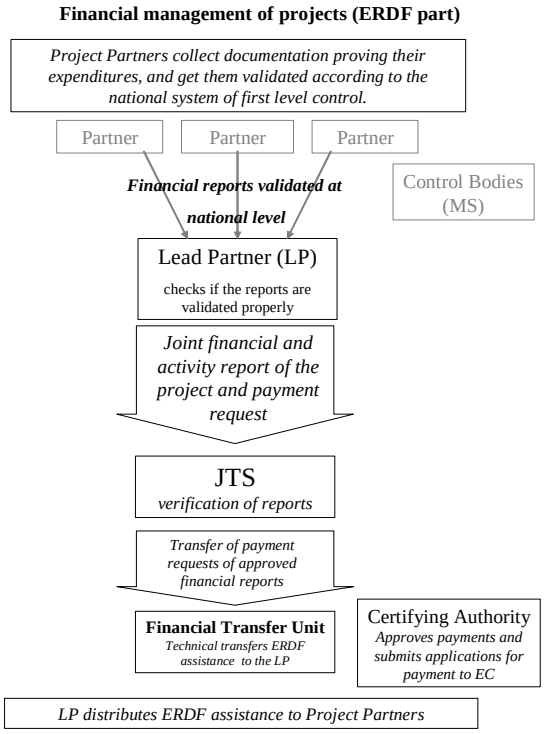
In accordance with Article 13 of the Implementation Regulation, verifications to be carried out at the national level shall cover administrative, financial, technical and physical aspects of the operations. The verifications shall ensure that the expenditure declared is real, that the products and services have been delivered and that the operations and the expenditures comply with relevant Community and national rules. The process of verification carried out by the controllers at the national level includes a 100 % administrative verification and on the spot verifications, as appropriate. Related further tasks may include updating the Program Monitoring System, and other tasks which are related to their control activities.

The Managing Authority, the JTS and the Certifying Authority should be regularly informed on the control system set up by both Member States.

Further details on the control systems set-up by the Member States will be provided in the description of the Management and Control System.

4.4.3. The description of ERDF financial flows and procedures from the project level to the programme level

Chart 16 the steps of financial flows for the ERDF payments



The flow of payments

a) The controller responsible checks the invoices or accounting documents of equivalent probative value submitted by the beneficiary 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 the operations with Community rules and relevant national rules.

b) After the reception of the validated payment claims submitted by the beneficiaries, the lead beneficiary draws up and submits the project-level payment claim to the Joint Technical Secretariat.

c) Following the checks on the payment claim and the relating progress report, the JTS forwards the payment claims to the Financial Transfer Unit (FTU). The FTU is a separate and functionally independent department of VÁTI Public Nonprofit Company responsible for the technical management of payments of ERDF funds to final beneficiaries. In the course of the requests of funds, the Financial Transfer Unit draws payment requests for the transfer of ERDF contribution through the Programme's Monitoring System from the Certifying Authority (CA), resulting in the transfer of the ERDF contribution from the programme account handled by the CA to the 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 ERDF contribution to the lead beneficiaries. The implementation of the payment process is supported by the Monitoring and Information System of the programme. The project payment claims 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 ERDF contribution to beneficiaries participating in the operation.

Programme level financial procedures (ERDF), the certification process

The ERDF 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 the payment of the final balance.

Based on the validated eligible expenditure verified by the Joint Technical Secretariat, which can be supported by receipted 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 beneficiaries in implementing the operations and the corresponding public 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 the expenditure included in the statements of expenditure. In order to have adequate information on the validation and the verification of the expenditure, the Managing Authority will request information in the form of a verification report from the Member States.

In order to support its certification activity, the Certifying Authority performs system controls, carries out so-called fact-finding visits at the joint management structures participating in the financial management of the programme.

4.5. Monitoring and Evaluation

4.5.1. Monitoring

According to the Article 66(2) of General Regulation No.1083/2006, the Managing Authority and the Monitoring Committee shall carry out monitoring by reference to financial indicators and the indicators specified in the Strategic Chapter of the Operational Programme.

The indicator system

For the operational programme, a subset of quantified indicators will be applied taking into account the common minimum core indicators required by the Commission. The ex-ante quantification of the targets is based on two parameters: the financial weight of the priority axes and an average project size drawn from previous experiences.

A full set of indicators will be further developed in a separate manual. The full set of indicators serves for the internal programme management and forms an indispensable basis for the reporting and communication needs to make the programme achievements visible to the programme partners and to a broader public. Targets of the full set of indicators may be ex-ante quantified for internal use if appropriate. The full set of indicators is not part of the OP.
The indicators shall make it possible to measure the progress in relation to the baseline situation and the effectiveness of the targets implementing the priorities. The Joint Technical Secretariat will monitor these indicators.

Annual reports on the implementation

In accordance with Article 67 of General 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 and will be verified and submitted by the Managing Authority and approved by the Monitoring Committee before they are sent 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 the expenditure, the resource use, the implementation of the activities and the delivery of the results and the management of risks. The monitoring activity of the project presumes the systematic and continuous collection of the information, inputs the data into the monitoring system, analyzes the value of the indicators defined in the project, and uses the system to support an effective decision-making.

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

The Programme Monitoring and Information System

The Managing Authority is responsible for setting up a system that gathers reliable financial and statistical information on the implementation. The system's task is to collect the monitoring indicators for evaluation and forward the data in accordance with arrangements

agreed between the Member States and the Commission using computer systems to permit the exchange of data with the Commission.

The common Monitoring and Information System of the HU-SK Programme will be based on a management information system, which allows for data collection and monitoring at a cross-border level. The system is to provide the competent bodies (the Joint Monitoring Committee, the Managing Authority, the Certifying Authority, the Audit Authority, the Joint Technical Secretariat, the Financial Transfer Unit and the Regional Info Points) with a practical tool to perform their tasks and should also foster communication and the flow of information among the Member States. The system will support both the project cycle and the programme implementation.

The foreseen starting up date of newly developed Monitoring and Information System (IMIS 2007-2013) is 2nd quarter of 2008.

The exchange of Computerised Data

An electronic data exchange between the Commission SFC system and the programme management institutions (MA, CA and JTS) is a requirement according to Article 39 of the Rules of Implementation. After having set up the Monitoring and Information system for the programme in coordination with the European Commission, an efficient way of data exchange will be decided.

The computer system for the data exchange shall be developed as a tool to exchange all the data related to the operational programme. The computer system used must meet accepted security standards to ensure that the documents held comply with national legal requirements and can be relied on for audit purposes.

Monitoring according to SEA Directive

This chapter gives information according to article 10 and annex 1 lit i of the SEA Directive 2001/42/EC. The monitoring process is planned to go hand in hand with other evaluation processes, so confusion or duplication can be avoided (the SEA monitoring is coordinated with the programme's mid-term evaluation and the final evaluation on the occasion of the programme's closure). The exchange of information gained from the SEA-monitoring and the Programme-monitoring will supposedly positively influence the overall programme design.

The character of the programme and its strategy defined generally on the priority axes level which outline indicative type of supported activities, require mainly non-technical and technical measures to prevent, eliminate, minimize and compensate the environmental impacts. Considering landscape planning activities, it is necessary to take into account the adopted landscape planning documents. For all activities that may have direct or indirect impact, assessment of the environmental impact should be completed based on the criteria defined by national legislation.

Considering technical measures, during planning of production technologies, infrastructure and tourism development, and activities supporting human capital in supported projects, beneficiaries are expected to select – within possibility - the best available technologies, promote environmental protection and minimise negative impact on:

- Geological basis and soil
- Air
- Ground and surface water
- Fauna and flora
- Structure and character of the landscape
- Socio-economic activities

- Protected areas
- Systems of ecological stability
- Health of the population

From the viewpoint of non-technical measures, promotion of education activities concerning the nature protection and conservation of natural wealth, promotion of partnerships between representatives of industry and authorities for protection and monitoring of environment and cultural heritage including municipalities for purpose of coordination of interests of various participants in early stages of projects preparing, is essential. It also includes interconnection of implementing of mentioned technical measures with information and educational activities, increasing positive consequences, gained experience also to spheres which are not directly part of the project, and support of partnership between scientific institutions in the region, industry and public representatives with the purpose of contributing to extension and penetration of information and knowledge in the area of nature protection, environment development under conditions focused on competitiveness development which can also lead to stimulating of economic activities in the region.

Monitoring and evaluation of impacts is conducted at the project level as well as on the programme level using the standardized procedures and documents (evaluating reports, monitoring reports of the programme, requests for allocations).

Based on the SEA recommendations as well, indicators concerning the environmental aspects have been built in the programme document to be able to monitor the macroeconomic environment of the program and the fulfilment of the principles of sustainable development. During the interim and final evaluations, indicators will be monitored in the following areas:

- Promotion of sustainable development
- Use of infrastructure
- Improvement transport
- Healthcare
- Improved environmental situation
- Environment and nature protection

Based on project indicators (core indicators), monitoring of efficiency and effectiveness of intervention can be conducted at satisfactory level based on the guidelines outlined in the strategic document. It also allows comparing planned and obtained impacts and provides information for managing structures necessary for management of the whole program and its components.

On project level, mainly in case of larger projects, regular monitoring and assessment of added value (based on cost-benefit analysis) are expected, which takes into account environmental impacts, both benefits and costs, of the project.

In a first step a general screening of the supported projects is expected from the beneficiary. Therefore every supported project should be analyzed regarding its effects on the environmental protection interests. The assessment can be done following the relevance matrix and procedure in the Environmental Report: firstly it has to be considered if any effects are identifiable and secondly these effects have to be rated. As presented in the report a general three grade system (positive, neutral/no influences, negative effects) is appropriate to avoid pseudo. If relevant and available additional data can support the assessment, e.g. environmental relevant data collected according to the Operational Programme’s indicator system.

In a second step comments and suggestions based on expert experience and the data collected in step one are to be formulated. The pre-screening of the supported projects can give first hints on problematic developments.

Beside this project level monitoring, additional expert statements should give more detailed information on specific environmental aspects, recommendations for the further programme implementation or for the next programming period should be formulated. Due to its importance special focus is put on the project selection process.

The monitoring system based on expert statements is also applied in case that the programme is modified (in relation to environmental aspects) or it is obvious that the circumstances (especially regarding the environmental situation) have changed significantly. In this case the focus of environmental concerns might change too. Expert statements should inform about the new or changed relevant environmental concerns and give suggestions for the further programme implementation, as in these cases the data of the present Environmental Report might be outdated.

Quality of monitoring and evaluation procedures and efficiency of obtained empirical data depends on the quality of available data (monitoring systems) and the users' competition.

4.5.2. Programme Evaluation

The aim of the program evaluation is to improve the quality, the effectiveness and the consistency of the use of assistance, the strategy and the implementation of the programme. Evaluations shall be carried out before (ex-ante evaluation), during (on-going) and after (ex-post evaluation) the programming period. Both Member States shall provide the resources necessary for carrying out the evaluations, organise the production and gathering of the necessary data and use the various types of information provided by the monitoring system. The results of the evaluations shall be published on the website of the program.

In accordance with Article 48 of the General Provisions, during the programming period, the Member States shall carry out evaluations linked to the monitoring of the OP, in particular where monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of the OP. This evaluation should be carried out by an independent assessor. The results of the evaluation shall be sent to the Joint Monitoring Committee and to the Commission.

As a part of the closure of the Programme, the Commission shall carry out an ex-post evaluation in close co-operation with both Member States and the Managing Authority. The ex-post evaluation shall be completed by 31 December 2015.

Evaluations shall be financed from the TA budget with the exception of the ex-post evaluation carried out by the Commission.

4.6. The management of the Technical Assistance

Activities covered by the TA will be financed using the project management approach. All programme management activities (i.e., the work of the JTS, the development and the management of the Monitoring and Information system, information and publicity activities of the Programme, etc.) to be reimbursed by the TA budget shall be prepared in the form of "TA projects".

TA project plans shall include:

- the objective,
- activities,

- target groups,
- expected expenditures,
- etc.

TA projects are implemented by programme management bodies. TA project proposals have to be previously approved by the Joint Monitoring Committee. Reimbursements will take place on the basis of occurred expenditures subjected to a regular control. Detailed information will be presented in the Implementation Manual.

4.7. Audits

The Audits of the Operations

Article 16 Implementation Regulation
The Audits of the Operations

1. The audits referred to in point (b) of *Article 62 (1) of the Regulation (EC) No 1083/2006* shall be carried out each twelve month period from 1 July 2008 on a sample of operations selected by a method established, or approved by the Audit Authority in accordance with Article 17.

The audits shall be carried out on the spot, on the basis of the documentation and records held by the beneficiary.

The audits shall verify that the following conditions are fulfilled:

- The operation meets the selection criteria for the operational programme and has been implemented in accordance with the approval decision and fulfills 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 beneficiary.
- The expenditure declared by the beneficiary is in compliance with Community and national rules.
- The public contribution has been paid to the beneficiary .

Where problems detected appear to be systemic in nature and, therefore, entail a risk of other operations under the programme, the Audit Authority shall ensure that a further examination is carried out, including additional audits where necessary, to establish the scale of such problems. The relevant authorities shall take the necessary preventive and corrective actions. The method of sampling for the operations to be audited should be in line with Article 17 of the Implementation Regulation.

The Group of Auditors comprising representatives of both Member States will assist the Audit Authority as described in point 4.1.4.

4.8. Irregularities and the recovery of funds unduly paid

4.8.1. Definition

General provisions Article 2

'irregularity': any infringement of a provision of Community law resulting from an act or 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.

4.8.2. Reporting

Implementation regulation Article 28

1. Without prejudice to the other obligations under Article [70] of Regulation (EC) No 1083/2006, within two months following the end of each quarter, Member States shall report to the Commission any irregularities which have been the subject of a primary administrative or judicial finding.

4. Irregularities relating to operational programmes under the European territorial co-operation objective shall be reported by the Member State in which the expenditure is paid by the beneficiary in implementing the operation. The Member State shall at the same time inform the managing authority, the certifying authority for the programme and the audit authority.

Both MS shall send a copy of their quarterly reports to the MA. The MA shall register these reports so it can inform the MA or the EC about the irregularities at the programme level. This will provide the MA to follow up the irregularities at the programme level.

4.8.3. Recovery

The MA can recover money from legal persons that are in a contractual legal relation with the MA.

The responsibility scheme

The responsibility of the Member States is limited to the errors and expenditure irregularities committed by partners located in their national territory.

In the implementation phase of the OP, two types of responsibilities can occur:

1. Contractual liability between the MA and the LB (parallel with this there is also contractual liability between the LB and the PP).
2. Legal liability between the EC and the concerned Member State.

4.8.4. Irregularities related to TA projects

An 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 affected part of the management has to pay back the unduly paid amount to the Certifying Authority.

4.8.5. Errors which are system errors in nature

During the running of the system, errors can be detected which may be impossible to detect earlier or cause irregularities themselves. (For example, there is a mistake in the call for proposals which generates irregularities.)
In this case if anybody detects an error like this, the MA/CA submits the whole documentation to the MS (MC) with a recommendation how to solve the problem. The MS (MC) will make the decision how to solve the problem.

5. *FINANCIAL PROVISIONS*

The tables set out the financial plans for the Hungary-Slovakia Cross-border Co-operation Programme 2007-2013.

Table 12 The financial plan of the Operational Programme giving the annual commitment of the European Regional Development Fund

	Structural Funding ERDF	
2007	25 361 689	14.37%
2008	23 950 065	13.58%
2009	24 170 343	13.69%
2010	24 803 593	14.05%
2011	25 452 503	14.42%
2012	26 065 483	14.77%
2013	26 692 803	15.12%
Total	**176 496 479**	**100%**

Table 13 The financial plan of the Operational Programme

	Community Funding *(a)*	**National Public funding** *(b)*	**National private funding** *(c)*	**Total funding** *(d) = (a)+(b)+ (c)*	**Co-financing rate %** *(e)=(a)/(d)*	**EIB Contri-butions**	**Other funding**
Priority Axis 1 ECONOMY AND SOCIETY	72 363 556	12 770 039	0	85 133 595	85%	0	0
Priority Axis 2 ENVIRONMENT, NATURE PROTECTION AND ACCESSIBILITY	93 543 134	16 507 612	0	110 050 746	85%	0	0
Priority Axis 3 TECHNICAL ASSISTANCE	10 589 789	1 868 786	0	12 458 575	85%	0	0
Total	**176 496 479**	**31 146 437**	**0**	**207 642 916**		**0**	**0**

Table 14 Indicative breakdown by category – codes by Dimension

Commission reference No: 2007CB163PO068
Name of the programme: Hungary-Slovakia Cross-border Co-operation Programme 2007-2013
Date of the last Commission decision for the Operational Programme concerned:

(in euros)

Dimension 1	
Priority theme	
Code	Amount
1	1 479 455
2	4 931 519
3	1 972 607
5	17 500 000
6	3 000 000
9	1 479 455
11	5 000 000
13	3 500 000
23	21 825 828
24	7 521 665
26	3 734 258
30	5 040 000
31	8 060 000
39	1 500 000
40	750 000
41	3 851 570
42	750 000
44	875 000
46	5 000 000
48	5 835 686
49	1 000 000
50	3 520 000

cont.

Dimension 1	
Priority theme	
Code	Amount
51	3 500 000
53	2 404 127
54	1 575 000
55	2 100 000
56	6 200 000
57	3 575 000
58	4 575 000
59	4 575 000
60	6 750 000
66	1 540 000
69	1 540 000
71	2 320 000
72	1 800 000
73	2 100 000
74	1 963 741
75	1 169 800
76	1 846 479
81	8 245 500
85	9 967 374
86	622 415
Total	**176 496 479**

(in euros)

Dimension 2	
Form of finance	
Code	Amount
1	176 496 479
Total	**176 496 479**

(in euros)

Dimension 3	
Territory	
Code	Amount
8	176 496 479
Total	**176 496 479**

ANNEXES

ANNEX 1: Statistical tables

ANNEX 2: Maps

ANNEX 3: Cross-border National Parks

ANNEX 4: Euroregions

Annex 1 Statistical tables

Table 1 Basic characteristic (2004)

County	Land area (in sq. km)	Population (inh.)	Population density (People/sq km)	Rate of the territory to the whole country (%)	Rate of the population to the whole country
Győr-Moson-Sopron	4 208	439 922	105	4.5	4.4
Komárom-Esztergom	2 265	315 544	139	2.4	3.1
Budapest	525	1 697 343	3 232	0.6	16.8
Pest	6 393	1 143 629	179	6.9	11.3
Nógrád	2 546	216 501	85	2.7	2.1
Heves	3 637	322 756	89	3.9	3.2
Borsod-Abaúj-Zemplén	7 247	731 854	101	7.8	7.2
Szabolcs-Szatmár-Bereg	5 936	581 623	98	6.4	5.8
Programme area in Hungary	***32 757***	***5 449 172***	***166***	***35.2***	***53.9***
Hungary	**93 030**	**10 097 549**	**109**	**100**	**100**
Bratislava Region	2 053	600 246	293	4.2	11
Trnava Region	4 148	552 641	133	8.5	10
Nitra Region	6 343	709 381	112	13	13
Banská Bystrica Region	9 455	658 701	70	19.3	12
Košice Region	6 753	769 969	114	13.8	14
Programme area in Slovakia	***28 752***	***3 290 938***	***114,45***	***58.8***	***60***
Slovakia	**49 035**	**5 382 178**	**110**	**100**	**100**
Programme area	***61 509***	***8 740 110***	***142***	***43.3***	***56.46***

Source: Hungarian Central Statistical Office; Statistical Office of the Slovak Republic

Table 2 Demographic characteristics (2004)

County	Natural growth/Loss (persons)	Migration Growth/loss (persons)	Total Growth/loss (persons)	Pre-productive in % (aged under 14) (2001)	Productive in %	Post-productive in % (Aged over 60)	Migration Growth/loss (per 1000 inh.)	Natural growth/Loss (per 1000 inh.)
Győr-Moson-Sopron	-1 269	1 398	129	15.6	61.8	22.6	3.2	-2.9
Komárom-Esztergom	-1 185	646	-539	16.5	61.4	22.2	2	-3.8
Budapest	-8 070	-7 239	-15 309	13	59.7	27.3	-4.3	-4.7
Pest	-1 357	15 853	14 496	17.4	61.4	21.1	14	-1.2
Nógrád	-1 270	-527	-1 797	16.3	59.1	24.5	-2.4	-5.8
Heves	-1 525	159	-1 366	16	59.1	24.9	0.5	-4.7
Borsod-Abaúj-Zemplén	-2 889	-3 617	-6 506	18.3	59.5	22.2	-4.9	-3.9
Szabolcs-Szatmár-Bereg	-711	-2 197	-2 908	19.8	60.8	19.4	-3.8	-1.2
Programme area in Hungary	***-18 276***	***4 476***	***-13 800***	***16.1***	***60.3***	***23.6***	***0.8***	***-3.3***
Hungary	**-37 355**	**-**	**-**	**16.3**	**60.4**	**23.3**	**-**	**-3.7**
Bratislava Region	-227	1 572	1 345	13.51	66.02	20.47	2.62	-0.38
Trnava Region	-586	1 770	1 184	15.8	64.93	19.27	3.2	-1.06
Nitra Region	-1 671	1 269	-402	15.4	63.82	20.77	1.79	-2.36
Banská Bystrica Region	-665	80	-585	16.46	63.75	19.79	0.12	-1.01
Košice Region	1 686	-246	1 440	18.82	63.33	17.85	-0.32	2.19
Programme area in Slovakia	***-1 463***	***4 445***	***2 982***	***15.9***	***64.37***	***19.63***	***1.3***	***-0.4***
Slovakia	**1 895**	**2 874**	**4 769**	**17.06**	**63.95**	**18.98**	**0.53**	**-0.35**
Programme area	***-19 739***	***7 350***	***-10 818***	***16***	***62.33***	***21.6***	***1.05***	***-1.9***

Source: Hungarian Central Statistical Office; Statistical Office of the Slovak Republic

Table 3 Settlements structure (2004)

County	Number of settlements by population size group				Name of settlements over population of 50 000	Distribution of settlements by population size group			
	1-499	**500-1999**	**2000-49 999**	**50 000-**		**1-499**	**500-1999**	**2000-49 999**	**50 000-**
Győr-Moson-Sopron	52	99	29	1	Győr	28.6	54.4	16	0.5
Komárom-Esztergom	5	38	32	1	Tatabánya	6.6	50	42.1	1.3
Budapest	-	-	-	1	Budapest	0	-	-	1
Pest	7	54	124	1	Budapest	3.8	29	66.6	0.53
Nógrád	29	84	16	-	-	22.5	65.1	12.4	-
Heves	12	62	44	1	Eger	10.1	52.1	36.9	0.8
Borsod-Abaúj-Zemplén	135	161	40	1	Miskolc	37.8	45.1	11.2	0.2
Szabolcs-Szatmár-Bereg	35	119	74	1	Nyíregyháza	15.3	51.9	32.3	0.4
Programme area in Hungary	***275***	***617***	***359***	***7***	***-***	***7.7***	***23.3***	***19.35***	***0.67***
Hungary	**1 033**	**1 330**	**761**	**21**	**-**	**32.8**	**42.3**	**24.2**	**0.7**
Bratislava Region	9	42	21	1	Bratislava	12.3	57.5	28.7	1.3
Trnava Region	49	147	54	1	Trnava	19.6	58.5	21.5	0.4
Nitra Region	97	200	56	1	Nitra	27.4	56.6	15.8	0.3
Banská Bystrica Region	283	189	43	1	Banská Bystrica	54.8	36.6	8.3	0.2
Košice Region	178	219	42	1	Košice	40.45	49.7	9.5	0.2
Programme area in Slovakia	***616***	***797***	***216***	***5***	***-***	***37.7***	***48.7***	***13.2***	***0.3***
Slovakia	**1170**	**1329**	**380**	**11**	**-**	**40.9**	**45.9**	**13.1**	**0.4**
Programme area	***891***	***1414***	***575***	***12***	***-***	***30.8***	***48.9***	***19.8***	***0.4***

Source: Hungarian Central Statistical Office; Statistical Office of the Slovak Republic

Table 4 Regional Gross Domestic Product (2004)

County	Population	Gross Domestic Product (million HUF)	Gross Domestic Product per capita (thousand HUF)	% of the EU 25 average
Győr-Moson-Sopron	439 922	1 042 961	2 370	72
Komárom-Esztergom	315 544	720 514	2 282	63
Budapest	1 697 343	7 117 114	4 183	125
Pest	1 143 629	2 059 844	1 816	53
Nógrád	216 501	242 398	1 115	32
Heves	322 756	492 210	1 523	44
Borsod-Abaúj-Zemplén	731 854	1 008 376	1 372	38
Szabolcs-Szatmár-Bereg	581 623	679 713	1 167	33
Programme area in Hungary	***5 449 172***	***13 363 130***	***1 979***	***57.5***
Hungary	**10 097 549**	**20 717 110**	**2 050**	**60**
Bratislava Region	600 246	2 167 829*	3 610*	119.7
Trnava Region	552 641	898 048*	1 625*	50.5
Nitra Region	709 381	973 981*	1 372*	4205
Banská Bystrica Region	658 701	868 045*	1 317*	43.9
Košice Region	769 969	1 085 817*	1 410*	46.4
Programme area in Slovakia	***3 290 938***	***5 993 720****	***1 866****	***60.6***
Slovakia	**5 382 178**	**8 524 597***	**1 583***	**51.3**
Programme area	***8 740 110***	***19 356 850***	***1 922.5***	***59.05***

Source: Hungarian Central Statistical Office; Statistical Office of the Slovak Republic

HUF/SK = 6,29

Table 5 Gross value added by main groups of industries (2003)

County	Gross value added by main groups of industries, 2003 (at current basic prises)		
	GDP in agriculture in %	**GDP in industrial sector in %**	**GDP in services sector in %**
Győr-Moson-Sopron	3.6	41	50.7
Komárom-Esztergom	2.9	49.8	42.9
Budapest	0.25	16.3	79.79
Pest	2.4	26.2	63.8
Nógrád	3.3	26.9	63.2
Heves	5.4	33.4	55.6
Borsod-Abaúj-Zemplén	3.6	31.9	60.8
Szabolcs-Szatmár-Bereg	6.6	22.2	65
Programme area in Hungary	***1.77***	***23.73***	***69.85***
Hungary	**3.2**	**25.5**	**66.3**
Bratislava Region	0.08	20.7	70.1
Trnava Region	0.5	44	43
Nitra Region	0.75	39	45
Banská Bystrica Region	0.65	28	58
Košice Region	0.4	29	59
Programme area in Slovakia	***0.48***	***32.1***	***55.02***
Slovakia	**0.41**	**31.4**	**56.3**
Programme area	***1.13***	***27.9***	***62.4***

Source: Hungarian Central Statistical Office; Statistical Office of the Slovak Republic

Table 6 Organisation structure (2004)

County	Registered corporations and unincorporated enterprises	Number of registered corporations with legal entity by legal form	Number of registered corporations without legal entity and unincorporated enterprises by legal form	Rate of registered corpora-tions with legal entity by legal form	Rate of registered corporations without legal entity and unincorporated enterprises by legal form	Number of enterprises with foreign direct investment	Registered corpora-tions and unincor-porated enterprises per 1000 inh.
Győr-Moson-Sopron	50 904	8 282	42 622	16.26	83.73	1 108	116
Komárom-Esztergom	33 047	5 696	27 351	17.2	82.76	594	105
Budapest	354 613	95 940	258 673	27.05	72.94	13 583	209
Pest	129 499	26 257	103 242	20.27	79.72	2 065	113
Nógrád	16 189	2 305	13 884	14.23	85.76	135	75
Heves	29 558	4 274	25 284	14.4	85.54	258	92
Borsod-Abaúj-Zemplén	55 501	8 482	47 019	15.28	84.71	328	76
Szabolcs-Szatmár-Bereg	47 477	6 648	41 129	14	86.62	1 954	82
Programme area in Hungary	***716 788***	***157 884***	***559 204***	***22.02***	***78.01***	***20 025***	***131***
Hungary	**1 198 628**	**226 143**	**972 485**	**18.86**	**81.13**	**25 506**	**119**
Bratislava Region	89 553	29 680	59 873	33.1	66.9	5 663	149.2
Trnava Region	48 845	9 766	39 079	20	80	1 339	88.4
Nitra Region	55 753	10 821	44 932	19.4	80.6	1 135	78.6
Banská Bystrica Region	51 559	13 074	38 485	25.4	70.6	867	78.3
Košice Region	53 511	14 180	39 331	26.5	73.5	1 256	69.5
Programme area in Slovakia	***299 221***	***77 521***	***221 700***	***25.9***	***74.1***	***10 260***	***92.8***
Slovakia	**474 663**	**114 285**	**360 378**	**24.1**	**78**	**13 520**	**88.2**
Programme area	***1 016 009***	***235 405***	***780 904***	***23.9***	***76.1***	***30 285***	***111.9***

Source: Hungarian Central Statistical Office; Statistical Office of the Slovak Republic

Table 7 Employment characteristics (2004)

County	Activity rate of population aged 15-64, (%)	Employment rate of population aged 15-64, (%)	Unemployment rate of population aged 15-64, (%)	Employed (persons in thousands)
Győr-Moson-Sopron	61.57	59.22	3.8	181.2
Komárom-Esztergom	65.1	61.6	5.2	131,7
Budapest	68.2	65.15	4.4	753
Pest	62.45	59.51	4.7	460,6
Nógrád	56.15	50.86	9.4	74
Heves	57.87	53.6	7.3	115.5
Borsod-Abaúj-Zemplén	55.13	49.13	10.9	239.8
Szabolcs-Szatmár-Bereg	51.58	46.65	9.5	181.6
Programme area in Hungary	***59.75***	***55.71***	***6.9***	***2 137.4***
Hungary	**60.46**	**56.8**	**6.1**	**3 874,7**
Bratislava Region	55.03	50.5	8.2	303.1
Trnava Region	52.1	45.3	12.5	250.4
Nitra Region	49.4	39.3	20.3	278.9
Banská Bystrica Region	49.6	36.3	26.6	239.2
Košice Region	47.03	35.1	25.2	270,1
Programme area in Slovakia	***50.6***	***41.3***	***18.56***	***1 341.7***
Slovakia	**60.1**	**57.0**	**18.2**	**2 170.4**
Programme area	***55.17***	***48.5***	***12.55***	***3 479.1***

Source: Hungarian Central Statistical Office; Statistical Office of the Slovak Republic

Table 8 Unemployment characteristics (2004)

County	Unemployment rate %	Economically active (EA) (1000 persons)	Registered unemployed (persons)	Unemployed for over 180 days (%)	Unemployed school-leavers registered(%)
Győr-Moson-Sopron	3.8	188.4	7 200	34.6	6.6
Komárom-Esztergom	5.2	139	7 300	35.4	9.1
Budapest	4.4	788.3	35 300	40.2	4.9
Pest	4.7	483.4	22 800	37.9	5.8
Nógrád	9.4	81.7	7 700	53.9	8.3
Heves	7.3	124.7	9 200	46.9	7.8
Borsod-Abaúj-Zemplén	10.9	269.1	29 300	56.7	10
Szabolcs-Szatmár-Bereg	9.5	200.8	19 200	49.9	12.7
Programme area in Hungary	***6.9***	***2 275.4***	***138 000***	***48.1***	***9.02***
Hungary	**6.1**	**4 127.1**	**252 400**	**47**	**8.7**
Bratislava Region	8.2	330.3	27 000	9.9	4.3
Trnava Region	12.5	288	36 000	28.7	5.6
Nitra Region	20.3	350.5	71 000	41.4	5
Banská Bystrica Region	26.6	326.6	86 800	44.8	4.5
Košice Region	25.2	362.1	91 300	49.5	4.6
Programme area in Slovakia	***18.56***	***1 657.5***	***312 100***	***34.86***	***4.8***
Slovakia	**18.2**	**2 658.6**	**480 700**	**40**	**5.1**
Programme area	***12.55***	***6785.7***	***450 100***	***41.48***	***6.91***

Source: Hungarian Central Statistical Office; Statistical Office of the Slovak Republic

Table 9 Tourist arrivals and capacity (2004)

County	Tourists arrivals (thousand persons)	Tourist nights (1000 tourism nights)	Number of bed-places in total	Tourist nights share of the territory related to the country (%)
Győr-Moson-Sopron	368	913	22 218	4.8
Komárom-Esztergom	121	361	9 993	1.9
Budapest	2 340	6 039	43 162	31.9
Pest	268	548	8 734	2.8
Nógrád	51	123	3 946	0.6
Heves	281	645	13 938	3.4
Borsod-Abaúj-Zemplén	303	692	17 954	3.6
Szabolcs-Szatmár-Bereg	119	245	10 296	1.3
Programme area in Hungary	***3 851***	***9 566***	***87 079***	***21.3***
Hungary	**6 616**	**18 899**	**336 494**	**100**
Bratislava Region	721	1 432	19 043	13.3
Trnava Region	236	1 171	12 422	1.1
Nitra Region	177	551	13 912	5.1
Banská Bystrica Region	385	1 576	19 713	14.7
Košice Region	285	685	36 583	6.4
Programme area in Slovakia	***1 804***	***5 415***	***101 673***	***8.12***
Slovakia	**3 244**	**10 748**	**177 883**	**100**
Programme area	***5 655***	***14 981***	***188 752***	***14.7***

Source: Hungarian Central Statistical Office; Statistical Office of the Slovak Republic

Table 10 Education level of population (2004)

County	Population (persons over 7 years) in 2001	Without first class of primary education (% in 10-X years)	Only with primary education (% in 15-X years)	Only with secondary education (% in 18-X)	With university /college degree (% in 25-X)
Győr-Moson-Sopron	403 063	0.4	91	38.1	11.7
Komárom-Esztergom	294 466	0.5	90	34.4	9.7
Budapest	1 681 195	0.6	94.2	58.7	23.8
Pest	1 000 088	0.6	89.9	37.5	11.7
Nógrád	204 559	0.9	85	30	7.8
Heves	303 132	0.7	85.6	33.4	9.9
Borsod-Abaúj-Zemplén	683 460	0.9	86.8	34	9.5
Szabolcs-Szatmár-Bereg	529 849	1	83.8	28.3	8.3
Programme area in Hungary	***5 099 812***	***0.7***	***88.3***	***36.8***	***11.5***
Hungary	**9 487 187**	**0.7**	**88.8**	**38.2**	**12.6**
Bratislava Region	330 300	0.12	19.23	67.1	26.8
Trnava Region	288 000	0.35	29.11	80.5	11.3
Nitra Region	350 500	0.35	31.20	81.3	8.9
Banská Bystrica Region	326 600	0.43	29.84	76.4	13.7
Košice Region	362 100	0.61	27.75	80.6	10.6
Programme area in Slovakia	***1 657 500***	**0.38**	**27.54**	***77.2***	***14.2***
Slovakia	**2 658 600**	**0.33**	**27.44**	**78.3**	**13.2**
Programme area	***6 757 312***	***0.54***	**57.9**	***57***	***12.9***

Source: Hungarian Central Statistical Office; Statistical Office of the Slovak Republic

Table 11 Research and development (2004)

County	R&D units	Number of scientist and engineers	Rate of R&D units to the country value	Rate of scientist and engineers to the country value	Rate of capital expenditures to the country value
Győr-Moson-Sopron	125	1 015	4.9	3.3	9
Komárom-Esztergom	24	287	0.9	0.9	0.2
Budapest	1 127	16 524	44.3	54.3	55.3
Pest	128	1 011	5	3.3	2.4
Nógrád	3	8	0.1	0.02	0.02
Heves	51	473	2	1.5	0.5
Borsod-Abaúj-Zemplén	91	1 090	3.5	3.5	1.4
Szabolcs-Szatmár-Bereg	64	608	2.5	1.9	0.5
Programme area in Hungary	***1 613***	***21 016***	***7.9***	***8.6***	***8.6***
Hungary	**2 541**	**30 420**	**100**	**100**	**100**
Bratislava Region	105	8 357	38.6	48.2	56.4
Trnava Region	22	829	8.1	4.8	17.1
Nitra Region	20	1 548	7.4	8.9	3.7
Banská Bystrica Region	21	1 291	7.7	7.4	4.2
Košice Region	25	2 562	9.2	14.8	5.1
Programme area in Slovakia	***193***	***14 587***	***14.2***	***16.8***	***17.3***
Slovakia	**272**	**17 354**	**100**	**100**	**100**
Programme area	***1 806***	***35 603***	***11.05***	***12.7***	***12 9***

Source: Hungarian Central Statistical Office; Statistical Office of the Slovak Republic

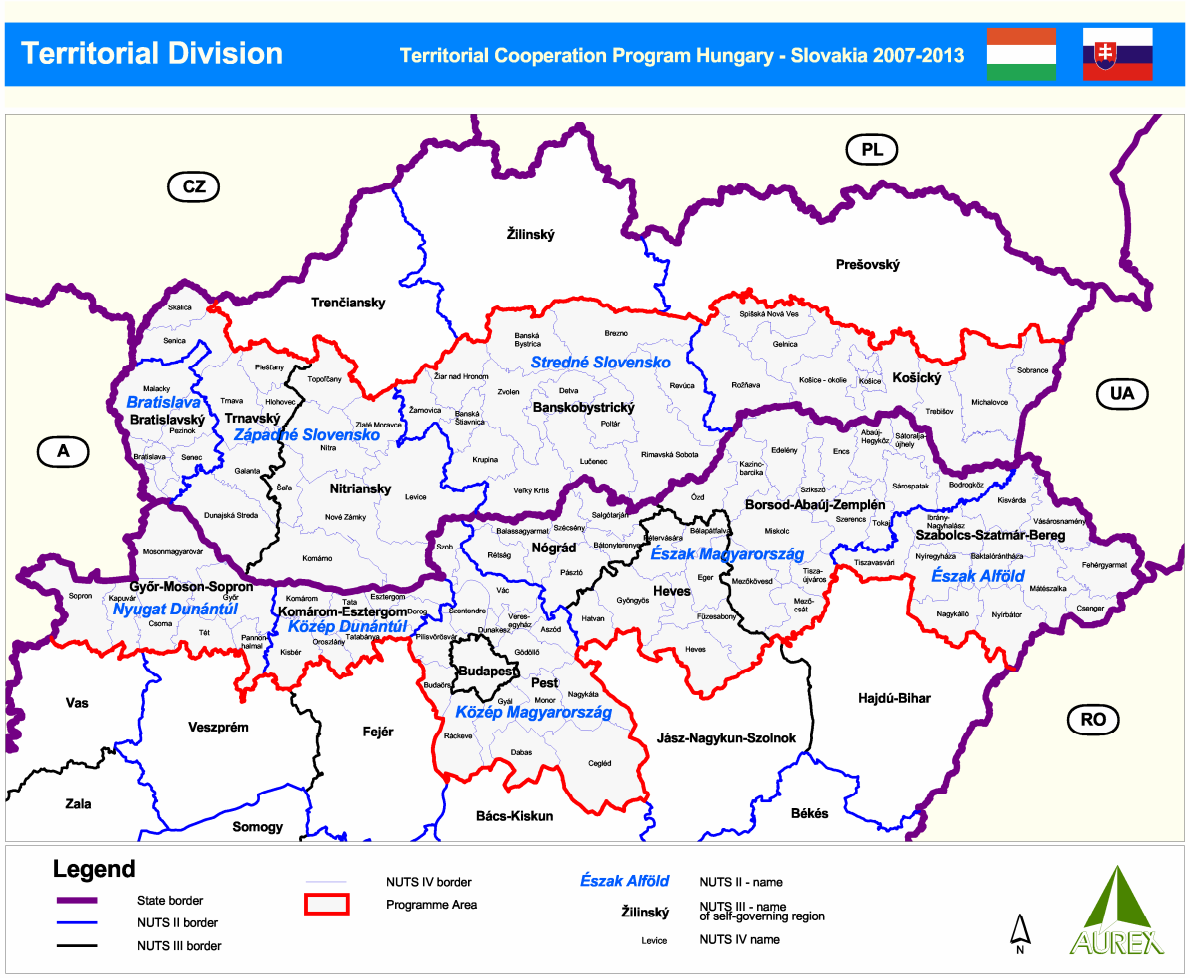
Table 12 Public utilities (2004)

County	Dwelling stock	Public water conduit (%)	Public sewerage (%)
Győr-Moson-Sopron	173 570	94.7	72.4
Komárom-Esztergom	121 953	94.9	74.8
Budapest	844 469	98.4	95
Pest	416 366	91.8	52.5
Nógrád	89 001	87.3	52
Heves	131 698	92.6	49.6
Borsod-Abaúj-Zemplén	282 395	86.5	56.7
Szabolcs-Szatmár-Bereg	212 973	91.5	44
Programme area in Hungary	***2 272 425***	***93.8***	***70.54***
Hungary	**4 172 787**	**93.7**	**62.2**
Bratislava Region	292452	98.6	85.1
Trnava Region	190 621	95.2	52.6
Nitra Region	264 414	89.4	45.1
Banská Bystrica Region	254 490	90	59.4
Košice Region	252 205	76.1	56.6
Programme area in Slovakia	***1 254 182***	***89.9***	***59.76***
Slovakia	**1 884 846**	**84.7**	**56.3**
Programme area	***3 526 607***	***91.85***	***65.15***

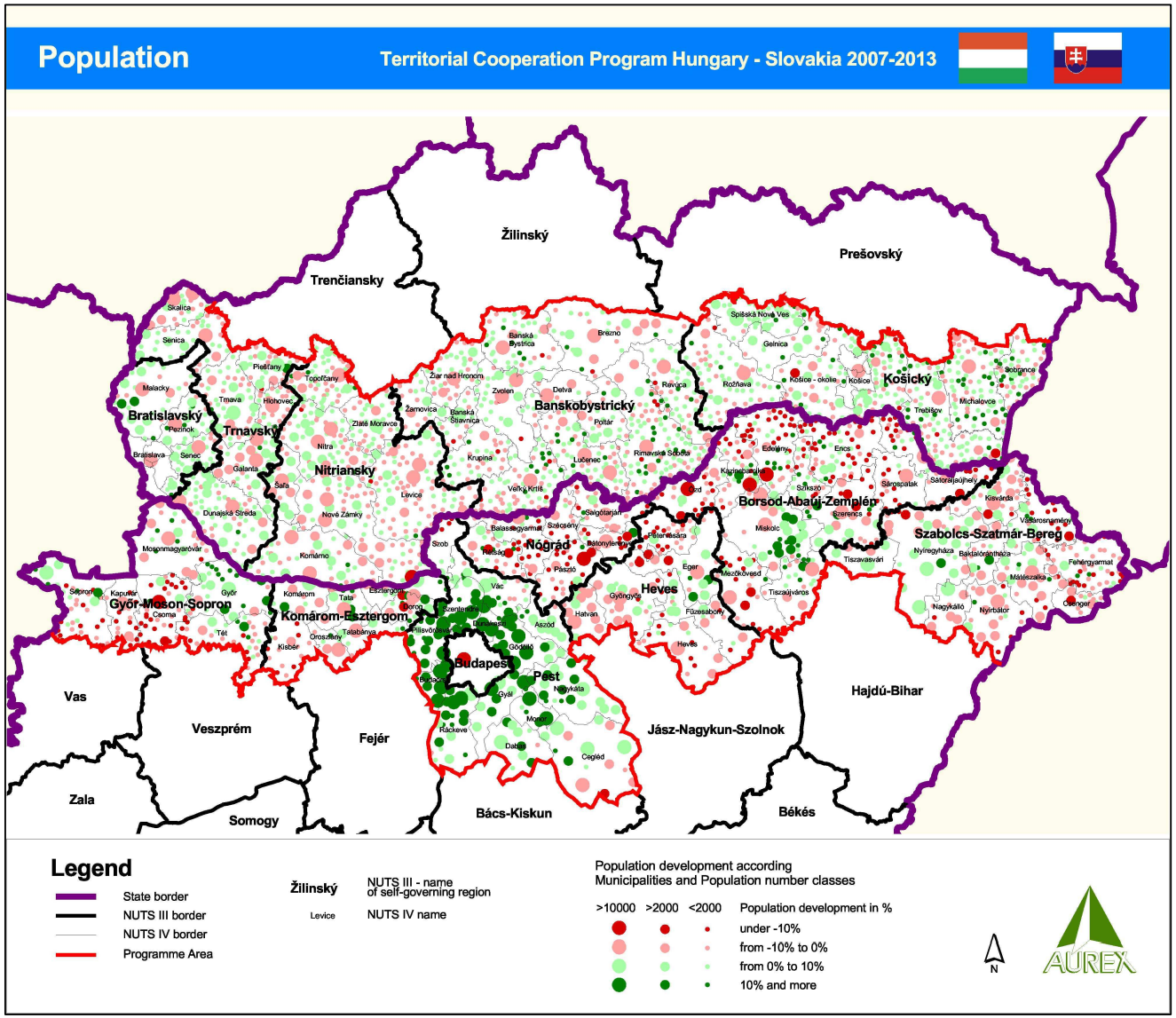
Source: Hungarian Central Statistical Office; Statistical Office of the Slovak Republic

Annex 2 Maps

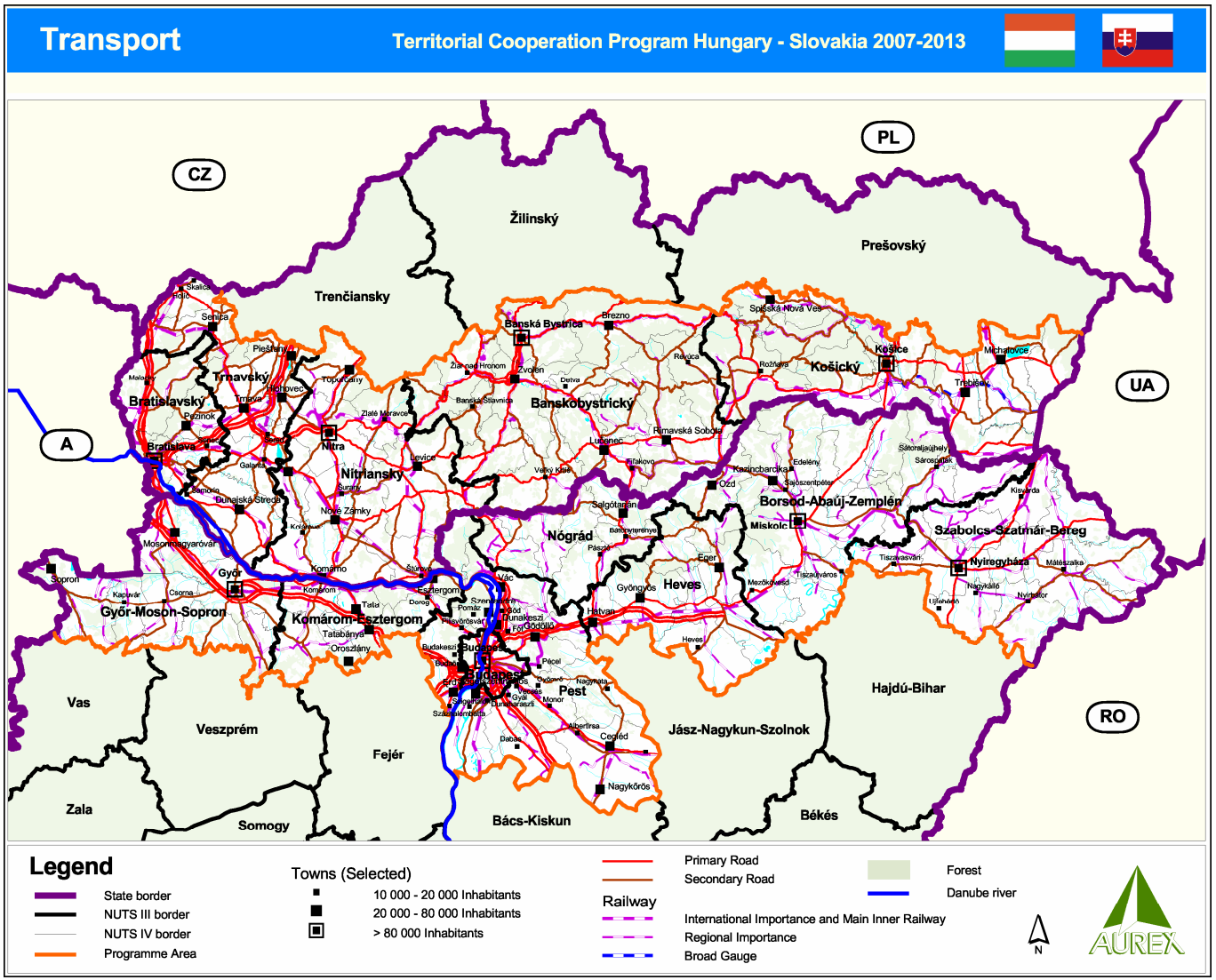
Map 1 Territorial division



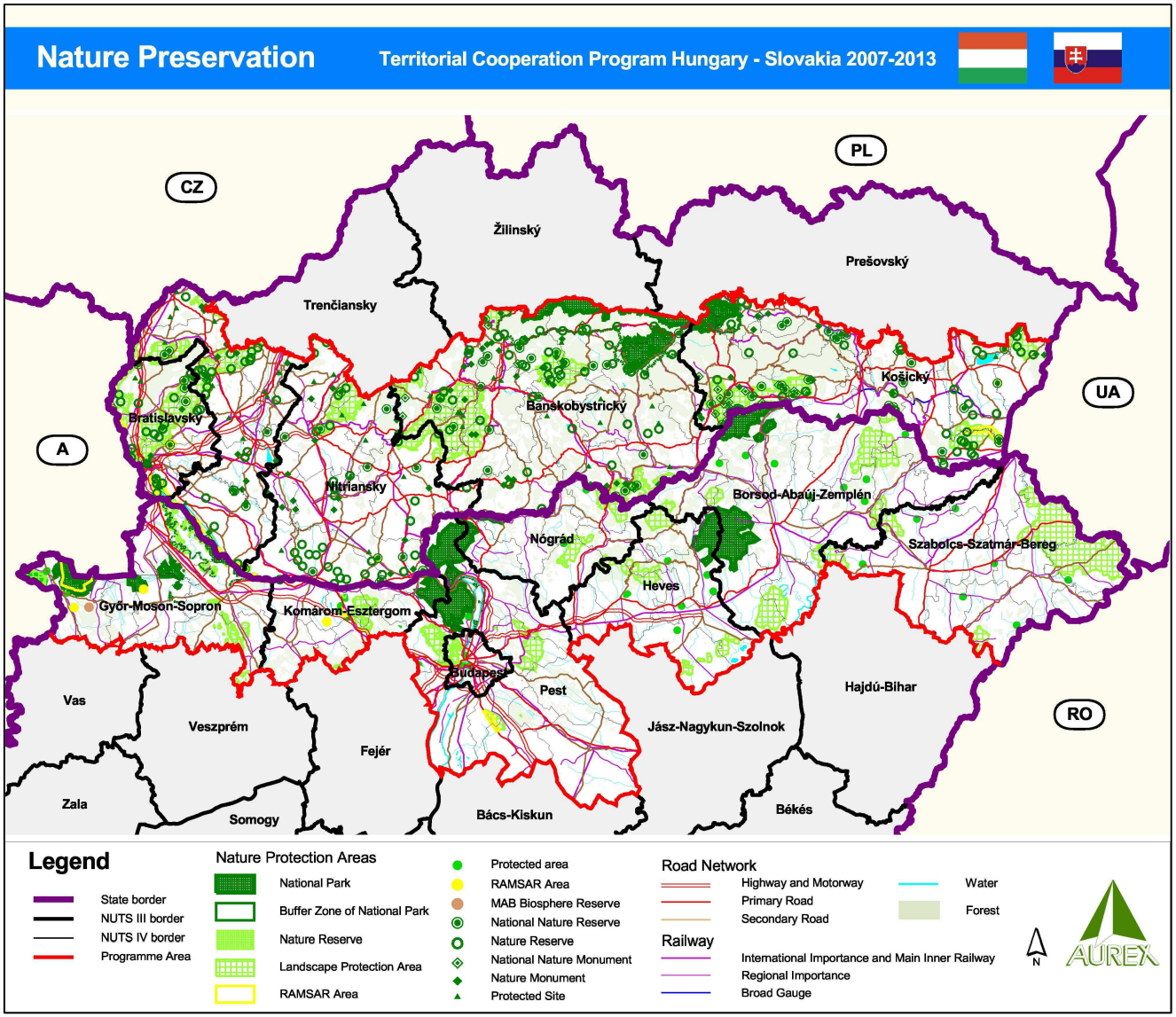
Map 2 Population



Map 3 Transport



Map 4 Nature preservation



Annex 3 Cross-border National Parks

Table 13 Cross-border National Parks

County	Holiday resort	National park	World Heritage Site
Győr-Moson-Sopron	Alpokalja, Szigetköz, Rába-Marcal, Fertő lake	Fertő-Hanság NP	Millenary Benedictine Abbey of Pannonhalma and its Natural Environment, Fertő and its surroundings
Komárom-Esztergom	Danube Bend, Velencei lake - Vértes, Budapest -surroundings, Gerecse	Duna-Ipoly NP	-
Pest	Budapest-surroundings Danube bend	Duna-Ipoly NP	-
Nógrád	Cserhát and its surroundings, Danube Bend, Mátra-Bükk	Duna-Ipoly NP, Bükk NP	Hollókő
Heves	Mátra-Bükk, Cserhát and its surroundings, Tisza lake	Bükk NP	Hortobágy
Borsod-Abaúj-Zemplén	Mátra-Bükk, Zemplén, Felső-Tisza stage, Aggtelek and its surroundings, Tisza lake	Bükk NP, Aggtelek NP, Hortobágy NP	Aggtelek karst, Tokaj Wine Region Historic Cultural Landscape, Hortobágy
Szabolcs-Szatmár-Bereg	Felső-Tisza stage	-	-
Bratislava	Danube River, Danube cycling road, Wine route of the Small Carpathians, PLA of the Small Carpathians, Záhorie and Dunajské luhy, NNR of Devínska Kobyla,	-	-
Trnava	Piešťany and Smrďáky, Dunajská Streda, Gabčíkovo, Topoľníky, Veľký Meder, Sládkovičovo,	-	-

	Žitný Island lake in Dunajská Streda, Buková water reservoir, The Driny Cave, PLA of the Small Carpathians, White Carpathians, Záhorie and Dunajské Luhy, Považský Inovec Mountains,		
Nitra	Štiavnicke Hills PLA, Ponitrie PLA Dunajské luhy PLA, Watermill in Kolárovo, Rudniansky Waterfalls, Hron River	-	-
Banská Bystrica	Štiavnicke Hills PLA, Poľana PLA, Ponitrie PLA, Cerova vrchovina PLA, Kremnica Hills, Slovak Ore Mountains, Hron River	Low Tatras NP (NAPANT), Muránska planina NP Veľká Fatra NP Slovak Paradise NP	Town Banská Štiavnica, the Biospherical reserve of Poľana, registered on the UNESCO World Heritage list
Košice	PLA of the Vihorlat and Latorica, Slovak Ore Mountain, Slanské vrchy Mts.,	The Slovak Paradise NP Slovenský kras (Slovak Karst) NP	Dobšiná Ice cave and the Ochtina Aragonit cave in the national park of the Slovak Paradise, Caves of the stalactites in the national park of Slovak Karst (the Domica cave, the Jasovská cave, the Gombasecká cave and the Silická cave), protected by UNESCO

Annex 4 Euroregions

Table 14 Euroregions

Euroregion's name	Forming date	Country members	County/township/settlement members
Váh-Danube-Ipeľ	1999	Hungary, Slovakia	Komárom-Esztergom, Pest, Nitra
Hármas-Duna-vidék	2001	Hungary, Slovakia	Győr-Moson-Sopron, township of Dunajká Streda and Galanta
Ipeľ-Ipoly	1999	Hungary, Slovakia	Settlements in Börzsöny from Nógrád and Pest, township of Veľký Krtíš and Lučenec, settlements along the river Ipeľ
Neo-Gradiensis	2000	Hungary, Slovakia	Nógrád, township of Veľký Krtíš, Lučenec and Poltár
Ister-Granum	2003	Hungary, Slovakia	Komárom-Esztergom, Nitra
Sajó-Rima	2000	Hungary, Slovakia	125 settlements
Carpathians	1993	Hungary, Slovakia, the Ukraine, Romania, Poland	Borsod-Abaúj-Zemplén, Heves, Szabolcs-Szatmár-Bereg, Hajdú-Bihar, Jász-Nagykun-Szolnok, county towns, towns with county rank
Euroregion Kras	2001	Hungary, Slovakia	Association Euroregion Kras and Civil-association Micro region Domica (34 Slovak municipalities), Municipality association of Galyasági, Miskolc, Perkupa, Regional Development Agency of North Hungary
Zemplén Euroregion	2004	Hungary, Slovakia	9 small regions in Slovakia, 5 small regions of Hungary, regional institutions and 17 partners
Ung-Tisza-Túr Euroregion	2005	Hungary, Slovakia, Romania, Ukraine	Settlements of Túristvándi in Hungary, Vojany in Slovakia, Turulung in Romania and Haty in Ukraine