

# **LACE-Phare CBC**

**Draft**

**Assessment Report (HU/RO)**

# LACE-Phare CBC

## Assessment Report (HU/RO)

*(To be completed after each needs assessment mission.  
Indicative contents below. Additional information can be in annexes)*

LCPH0038

### 1. Profile of the cross-border region:

#### 1.1 Definition of the border or cross-border region and Map

*specify administrative units; “cross-border region” if CEC/CEC border or euroregion*

The Hungarian/Romanian border is 443km in length and runs from Szabolcs-Szatmár-Bereg (HU) and Satu Mare (RO) counties in the North to Csongrád (HU) and Timis (RO) counties in the South. The border was created at the end of World War I. (see **Annex 1** for map of the HU/RO border region).

**Definition of the Hungarian border region:** The county is the principal local administrative structure in Hungary. There are 19 counties in the country, of which 4 are located along the border with Romania. These are (with their county capitals):

- Szabolcs-Szatmár-Bereg (Nyíregyháza);
- Hajdú-Bihar (Debrecen);
- Békés (Békéscsaba); and
- Csongrád (Szeged).

**Definition of the Romanian border region:** A similar local administrative structure operates in Romania based on counties (*Judets*). There are 39 *Judets* in the country, of which 4 are located along the border with Hungary. These are (with their county capitals):

- Satu Mare (Satu Mare);
- Bihor (Oradea);
- Arad (Arad); and
- Timis (Timisoara).

#### 1.2 Political / administrative structures

*regional/local authorities, etc*

**Hungary:** Local government in Hungary is organised through the county structure of administration (NUTS 3 regions). The chief decision-making bodies at county level are the County Development Councils. The large towns such as Debrecen and Nyíregyháza have an elected city/town council which is responsible for many activities within the limits of the city. The smallest units of public administration are the local municipalities, which are organised into Inter-Communal Cooperations (NUTS 4 regions). The ICCs consist of 7-32 local municipalities and have their own development concepts and programmes.

For the purposes of regional development and within the context of preparation for the use of EU Structural Funds, the Hungarian Government has established 7 statistical regions (NUTS 2 regions) for the country. The 1996 'Act on Regional Development and Physical Planning' states that regional development is to be co-ordinated at the level of the counties but that regions will deal with planning and the financial management of projects that go beyond the concerns of one individual county. Each has a Regional Development Council which is the chief decision-making body. The 4 border counties do not constitute a single unit. Instead they comprise part of two separate regions:

- Northern Great Plain Region;
- Southern Great Plain Region.

**Romania:** Each county or 'Judet' has an elected county council which coordinates the activity of the local councils. The 'Prefect' is the representative of the central government and supervises the public services provided by the ministries and by other local authorities at the regional level.

It was decided in 1997 to divide the whole country into 8 development regions with the "capital" of each region hosting the Regional Development Agency. The 4 county councils in the border area do not constitute a single development region. Instead they form part of two separate regions:

- North West Development Region (comprises 6 judets including Satu Mare & Bihor);
- West Development Region (comprises 4 judets including Arad & Timis).

### 1.3 Main socio-economic characteristics

*main sectors of economy, unemployment, cross-border commuting, etc*

**Hungary:** The total population of the border area is .....? (also please specify the population of each of the 4 counties).

The Eastern border counties of Hungary are the most peripheral (relative to Budapest) and underdeveloped in the country with above average rates of unemployment, lower rates of economic growth and a history of out-migration of younger and the most economically active part of the population.

The local economy is strongly dependent on agriculture and primary industry and has suffered over the past decade as markets to the east in the former Soviet Union and countries such as Romania have drastically declined. Towns with a considerable level of industry have likewise suffered from the economic consequences of the transformation from Communism to market Capitalism. There is a strong perception among people in the border areas that successive governments have not implemented an effective regional development policy for the eastern parts of the country as the economic gap has widened with the more prosperous transdanubian areas to the west.

**Romania:** The total population of the border area is .....? (also please specify the population of each of the 4 judets). The main urban centres are Timisoara (350,000), Oradea (223,000), Arad (200,000) and Satu Mare (150,000). The border areas with Hungary have lower than the national average of population density (96 inhabit./sq. km), especially Arad (67 inhabit./sq. km).

While unemployment has become a major economic and social problem in Romania mainly as a result of the restructuring of the economy and the decline of traditional markets, the border areas

with Hungary have not been as severely affected. The border areas are more developed with a higher number of new private companies (more evident in the northern part of the border area) and a higher concentration of industries. This higher level of development can be related to factors such as its location as a 'gate to the west' and also to the ethnic mix of the population which includes Hungarians, Serbs, Jews and Germans (the latter has decreased in recent years). Many of the joint ventures and inward investments in the border area are linked to some of these ethnic groups and many of the joint ventures have cross-border partners in Hungary.

The major advantages of the border area includes its proximity to Western markets, availability of skilled workers, improving transport and communications structures and foreign investment. Due to the greater levels of development and the presence of greater employment opportunities, the border area has seen considerable inward migration of people from other parts of Romania, particularly Moldavia.

Agriculture continues to be the primary industry along much of the border area (similar to the Hungarian border areas) and some of the best arable land in the country is located here. However, it is still suffering from problems with land ownership and restructuring of the economic structure. Important industries include textiles manufacturing (Timis), soft drinks (Oradea) and breweries (Satu Mare and Oradea). The border area has also become an important centre for the packaging and conditioning industry where goods are prepared for export to the western markets.

Transport infrastructure and communications across the border is relatively well developed with 4 main crossing points – 3 road and 1 railway crossing. An increasing amount of funding is going towards the upgrading of these existing crossings, particularly as the successive wars in the ex-Yugoslavia have forced more East-West traffic onto these routes throughout the 1990s.

Daily cross-border commuting between Romania and Hungary is basically non-existent due mainly to bureaucracy and delays at the border crossings. The numbers of weekly and seasonal commuters have increased, particularly as a result of the vibrant informal and 'black' economy located within the border areas.

#### 1.4 Degree of cross-border cooperation

*who cooperates? since when? with support from EU programmes?*

The scope and level of cross-border cooperation has significantly increased over the past decade. The Communist system restricted cross-border contacts to the official state level. The only alternative form of cross-border contacts were at the local level and confined to socio-cultural linkages between educational bodies, municipalities and the churches.

Since the fall of Communism, cross-border cooperation has gradually developed in a number of areas:

- a. Improved inter-state relations is evident between the Hungarian and Romanian governments since the signing of the Basic Treaty (Treaty between the Republic of Hungary and Romania on Understanding, Cooperation and Good Neighbourliness) which upholds the legitimacy of the present border while recognising the rights of ethnic minorities in both states. The Treaty addresses some of the core causes of decades of mistrust and suspicions between both states

and identifies areas of mutual cooperation, particularly in the context of pre-accession negotiations to the EU of both countries. It states that the two countries 'will continue at different levels, regular exchanges of view in order to ensure further development and deepening of their bilateral relations...cooperation in the realisation of regional and sub-regional projects and other forms of cooperation with the aim of promoting, in the field of economy, industry, agriculture, ecology, transport and communications as well as in other fields of mutual interests.' Increasing inter-governmental contacts and its spill-over to regional and local cross-border cooperation has been further strengthened by the composition of the present coalition government in Romania which includes representatives from the ethnic Hungarian parties. At the same time, two of the centrally appointed regional Prefects are from an ethnic Hungarian background.

- b. The establishment of Euroregions (Carpathian Euroregion & Danube-Kris-Mures-Tisa Euroregion) have provided a framework for increased cross-border cooperation between local and regional governments as well as NGOs;
- c. Political agreements have been signed between local authorities along the Hungarian – Romanian border and these agreements have led to increased cross-border contacts and exchanges. Some of these linkages have recently been funded under the Phare CBC and Phare CREDO Programmes, while the majority continue to be funded by municipalities and local governments / NGOs in both countries. For example, Hajdu-Bihar (HU) and Bihor (RO) county councils have gradually developed cross-border linkages over the past decade and this cooperation is now becoming more formalised through the establishment of joint committees and structures on areas such as environmental protection and infrastructure development.
- d. business cooperation linkages have increased in recent years and is strongly promoted through various international programmes. For example, Hajdu-Bihar and Bihor Chambers of Commerce established an agreement for cooperation in 1992 which has led to a mutual exchange of information and organisation of exhibitions and fairs. Since 1997, this cooperation has included joint project applications for Phare funding.

The operation of Phare CBC and to a lesser extend Phare CREDO have raised the profile of cross-border cooperation throughout the border area and helped to identify new opportunities of mutual benefit.

#### 1.5 Barriers to cross-border cooperation

*physical and other barriers (eg mountains, border crossings), language/ethnic problems, centralisation, major socio-economic discrepancies on either side, etc.)*

The main barriers to cross-border cooperation on the HU/RO border are:

- a. State centralisation and bureaucratic procedures for cross-border travel and trade have severely restricted the cross-border movement of people and goods and inhibited the development of cross-border cooperation.
- b. Mutual suspicions between both countries remains a major obstacle to cross-border cooperation. However, the existence of ethnic minorities on both sides of the border also provides a means of developing cross-border contacts (e.g. language skills, business linkages).
- c. Like border regions throughout Europe, there is some mismatch of competencies and responsibilities for organisations engaged in cross-border cooperation. This problem becomes a bigger obstacle due to the general lack of contact between organisations on both sides of the border.

## 2. Structures:

### 2.1 Cross-border structures

*describe structure: eg, political assembly, secretariat, working groups, etc*  
*describe financial, personnel, etc resources*

Some recent structures include:

- a. **Carpathian Euroregion** was established in 1993 with regional representation from Poland, Hungary (includes border counties of Szabolcs-Szatmár-Bereg & Hajdu-Bihar), Ukraine and Slovakia. Romanian counties (Satu Mare and Oradea) initially participated as observers due to disagreements at national level on the purpose and role of the Euroregion. The structure of the Euroregion is modelled on similar 'western' Euroregions with a governing Council, Secretariat / Executive Director and Working Commissions on Environment and Tourism, Regional Economic Cooperation, Social Infrastructure and Audit and Control. **Danube-Kris-Mures-Tisa Euroregion** consists of regional representatives from Romania, Hungary and Yugoslavia with working groups in European integration, Tourism, Transport and Infrastructure, Economic Development, Business information and Communication, Fairs and Exhibitions, Training and Environmental Protection. It includes the Romanian and Hungarian counties from the southern part of the border area.
- b. Cross-border agreements between various local authorities (e.g. Hajdu-Bihar (HU) and Bihor (RO)). Some of these agreements have been established as a result of the requirements of EU programmes such as Phare CBC. For example, a Joint Working Group has been established under Phare CBC which brings together national ministries and local authorities from both sides of the border involved in the programme. The group is the principal forum for joint programming of cross-border activities under the programme.
- c. Twinning between cities, towns or villages in order to develop cross-border contacts in order to facilitate business and socio-cultural relations. For example, the cities of Debrecen and Oradea have a long standing twinning or 'sister cities' agreement which has led to many new contacts and projects. At the more local level, smaller towns such as Letavertes have established sister connections with similar sized towns in Romania, which have led to socio-cultural contacts and exchanges as well as some new business opportunities.
- d. Agreements between business organisations such as Hajdu-Bihar and Bihor Chambers of Commerce.
- e. Formal linkages between universities and schools aimed at identifying and exploiting common resources and providing exchanges of experience and knowledge.

### 2.2 Other structures / authorities / social partners engaged in cross-border cooperation

*describe structure: eg, political assembly, secretariat, working groups, etc*  
*describe financial, personnel, etc resources*

Cooperation between business organisations and chambers of commerce and trade has been increasing in recent years. The Cooperation Council of Chambers of Commerce has been established for such linkages.

There is potential for more cooperation between NGO and civil society organisations on both sides of the border, but this is restricted by their weakness and problems within civil society. The churches continue to have strong cross-border linkages and this has extended to wider socio-cultural

cooperation, albeit mainly confined to specific ethnic/religious groups such as Hungarians in Transylvania.

### 2.3 Activities / services:

- promotion of cross-border cooperation  
*eg, brochures/leaflets/newsletters, media relations, workshops/seminars; networking*

Various cross-border structures and working agreements are promoting cross-border cooperation through the dissemination of information and the organisation of workshops and seminars. For example, the Carpathian Euroregion publishes an occasional newsletter which provides information on specific cross-border problems as well as giving information and contacts on key actors in the border regions. It has also organised a number of workshops and seminars in the border areas aimed at identifying and addressing problems of its member regions. The most successful series of workshops were organised within the framework of a joint project with the Maas-Rhine Euregio and included an important comparative and learning dimension, as well as providing an exchange of experiences.

Activities related to the operation and implementation of Phare CBC and Phare CREDO have generated wide publicity in the border regions and raised the profile of cross-border cooperation. Many of the funded projects under these programmes have disseminated information on their activities through media and information events.

- other services / activities  
*other than those described in sections 3 and 4*

Other activities and services taking place include:

- Association of Carpathian Region Universities (ACRU);
- Bilateral agreements and cross-border exchanges of staff/students.

### 2.4 Awareness of cross-border cooperation issues / knowledge of CBC programmes

*including: Interreg, Phare CBC, CREDO, pre-accession instruments, Str. Funds*

As a CEC-CEC border, organisations on the HU/RO border have a relatively high awareness of cross-border cooperation issues and growing knowledge of CBC programmes such as Phare CBC. At the same time, there is a strong realisation on both sides of the border that regional cross-border cooperation can help to address problems such as underdevelopment, poor transport, low trade, cross-border travel and unemployment.

## **3. Programme related Activities:**

### 3.1 Strategy development

*data collection; surveys; studies; SWOT analysis; consultations; strategy/concept formulation, etc*

Within the context of new regional development policies and actions, the border areas on both sides of the border have recently prepared (or are preparing) development concepts which include SWOT analysis, consultation and development of a strategy which takes account of the opportunities for cross-border cooperation.

For example, in the context of the Special Preparatory Programme for EU accession, each of the 7 Hungarian NUTS 2 regions are currently preparing regional development plans which will feed into the National Development Plan. At the same time county development plans are also under preparation. However, plans in the border regions do not include a significant cross-border dimension.

Organisations such as the Carpathian Euroregion have also recently developed concepts which investigate the obstacles and opportunities for cross-border cooperation with the constituent border regions.

### 3.2 Programming, especially Phare-CBC / Interreg related:

*priority setting and definition of objectives; drafting of programme; financial programming; programme negotiation*

The Phare CBC Programme has funded cross-border projects since 1996 with a budget of 5 million Euro on both sides of the border. Regional offices have been established on both sides of the border (Bekescaba (HU) and Arad (RO)). These offices have provided a local dimension to the programme (e.g. information and awareness) and have taken a role in the implementation and management of the Small Project Funds.

Some of the key actors on both sides of the border have acquired experience of programming under the Phare CBC Programme. This is due to increase under the new Phare CBC Programme when the HU/RO border will be fully eligible for Phare assistance. However, there is a realisation that key needs, mainly at regional level, in terms of programming exist such as project development and financing procedures and regulations.

### 3.3 Management of programme implementation

- Small Project Funds:

*secretariat, project selection, monitoring, financial management*

The Phare CBC offices in the border area have been responsible for promoting and tendering of the Small Project Funds under the Phare CBC Programme. However, the monitoring and evaluation of projects under the SPF lacks a strong cross-border dimension and there is scope for greater coordination between regional offices in Hungary and Romania.

- other aspects of programme management

*eg, participation in Joint Coordination Committee, information provision to project proposers*

None.

### 3.4 Project development and implementation

*project definition; proposal preparation; partnership agreement; financial aspects of project management; contracting/procurement issues; reporting issues*

A number of local authorities together with business organisations and NGOs have secured funding from Phare programmes and some are engaged in cross-border projects. However, many new project proposals are mainly theoretical and require more firm financial projections as well as more coordination with similar organisations across the border.

#### **4. Specific / Sectoral Actions (1 Page):**

*(Describe briefly the main projects which have been implemented or are substantially developed; specify the promoter/manager/partners and source/amount of financial support; explain the cross-border nature of the project; if many projects available, annex full lists of projects with partners from both sides of the border)*

A number of projects have been funded under Phare CBC and Phare CREDO. However, most of these projects lack a genuine cross-border dimension and activities are often parallel rather than genuinely cross-border.

##### 4.1 Economic Development (SMEs, rural development, etc)

Complex Regional Development Concept for the Hungarian border counties and a separate Regional Development Concept for the Romanian border region – some cross-border input but funded under separate budgets and within a different time frame. The results of the projects will form the basic document for future cross-border developments and applications for new sources of funding under Phare.

Csenger Animal Husbandry Project is follows an initiative of Romanian local leaders whose aim is to support cattle farmers on both sides of the border. The project is linked to the County Development Concept. The objective of the project is to increase the output of high quality agricultural products in the target area by generating employment and income on both sides of the border. The output will be a model cattle farm with dairy and meat processing facilities that can provide technical and professional extension services to the farmers in the area – funded under HU Phare CBC.

Agricultural Extension Network involves all 4 HU border counties and the Romanian counties of Satu Mare and Bihor in a pilot project supported by the British Know-How Fund. The objective of the project is to improve the performance fo the agricultural sector on both sides of the border with the output of well functioning agricultural extension service with offices in Debrecen, Oradea and Satu Mare – funded under British Know-How fund and HU Phare CBC.

Romanian lead SME project funded under CREDO (Satu Mare).

##### 4.2 Tourism

Carpathian Euroregion has recently prepared a tourism map of the border regions.

Complex tourist development programme that develops cooperation and flow of information – includes exchanges between HU and RO – funded under HU SPF.

##### 4.3 Training, Education and Labour Market

International Training Centre in Bekescsaba which organised business related courses, adult education and further training. Romanian partner is the Vasile Goldis Private University in Oradea – project funded through HU Phare CBC.

European Studies Centre (EUREGIO studies) at Szeged University with foster the notions of regionalism and cross-border cooperation with the establishment of a European Documentation Centre and the development of curricula, especially concerning studies of European law – funded under HU Phare CBC.

Csenger Cross-Border Vocational Training project is based on an agreement between Ady Endre school in Csenger (HU) and Kolcsey Ferenc school in Satu Mare (RO) to harmonise the education of grades nine to twelve at the two schools.

Universities are working on educational and training projects – one network is funded by the Carpathian Euroregion.

#### 4.4 Environment

Environmental issues (common problems) are the focus of a number of Phare CBC and Phare CREDO projects. For example:

- Surface Water Refillment and Underground Water-bases Protection in the Maros Sediment Cone Area, is aimed at alleviating the increasing surface water deficit of the area – funded through HU Phare CBC.
- Development of Koros Valley Water Management in order to increase cross-border surface water flows – funded through HU Phare CBC.
- Joint Flood Monitoring on River White-Koros – funded through HU Phare CBC.
- Development of Monitoring System on the River Berettyo – funded through HU Phare CBC.
- Flood Prevention in the River Basin Cris – funded through RO Phare CBC.

#### 4.5 Socio-cultural

Socio-cultural projects are evident within the formal EU funded programmes, particularly through CREDO and Small Project Funds as well as through international donor organisations such as USAID, Soros Foundation etc. There is also a large number of more informal projects funded by various municipalities with a strong focus on socio-cultural contacts and exchange events.

#### 4.6 Transport (infrastructure, public transport, etc)

Phare CBC has funded projects with a strong transport dimension, particularly concerning the opening and modernisation of cross-border crossings. Projects funded under Phare CBC are complementary to transport projects funded under the HU National Phare Programme which includes the development of border crossing points. For example:

- Reconstruction of border crossing station in Csengersima in order to cope with increases in international traffic – funded under HU Phare CBC. The project is synchronised with similar activities on the Romanian side of the border.
- Feasibility study for Csenger Agrotechnological Innovation Centre in order to utilise the agricultural potential of the border region – funded under HU Phare CBC.
- Bekescsaba Industrial Park – funded under HU Phare CBC.
- Modernisation of the Petea Border Crossing Office – funded under RO Phare CBC.

At the same time, the Phare Transit Facilitation & Customs Modernisation Programme is aimed at increasing efficiency in customs clearance and improving border crossing infrastructure.

#### 4.7 Other infrastructures

Bekescsaba Industrial Park (Phase 1) covers the planning and establishment of a Hungarian – Romanian Business Incubator Centre with services to small scale enterprises – funded under HU Phare CBC.

Bihar region Enterprise Zone is well advanced which will include an incubator and innovation centre, a regional industrial park, a logistics centre and a range of business services – funded under HU Phare CBC.

#### 4.8 Other (*specify, eg research, innovation, technology transfer*)

\* See Annex for a full list and description of Hungarian projects funded under Phare CBC in 1996, 1997 and 1999 programmes.

## **Action Plan (HU/RO)**

*(To accompany the assessment report. 1-2 Pages. Indicative contents below.  
Important: attach annex with list of regional/local practitioners, with full addresses etc)*

### **Actions Specific to the Region (2 Pages):**

*(“cross-border region” if CEC/CEC border; “border region” otherwise, but coordinated with LACE-TAP activities if CEC/EU border)*

The existence of the regional offices for the Phare CBC programme has facilitated greater awareness of cross-border cooperation. However, the extent of cross-border cooperation has been limited and mainly restricted to specific programme activities. Consequently, there is a clear need to establish working structures on the HU-RO border which are more long-term in nature and can address the wider issues of cross-border cooperation.

It is proposed that the establishment of such working structures is a priority for the border area and that these structures should have a long-term perspective. The establishment of these structures should be aided and facilitated by outside technical assistance which can draw upon the experiences and best practice from other European border regions. In consideration of the above needs assessment, the following assistance should be offered:

#### **1. Training workshop**

*define priority topics by reference to sections 2, 3 and 4 of the Assessment Report, main participants, etc*

In the context of full eligibility of the HU/RO border under Phare CBC, it is considered important that a training workshop should be held in the border area which can include as wide participation as possible. Priority topics (not listed by level of importance), based on the needs assessment, include:

- Information and assistance on project identification, design and preparation.
- Up-to-date information on cross-border cooperation programmes, particularly Phare CBC.
- Information on new Phare CBC Regulation with strong focus on types of eligible projects (hard and soft), funding requirements and administration / management.
- programming information and assistance particularly in the context of preparing regional development plans and strategies.
- Experiences and best practice of cross-border cooperation from other European border regions.

#### **2. Counselling / advice**

*define priority topics by reference to sections 2, 3 and 4 of the Assessment Report, main recipients of support, etc*

Specific counselling advice may be required and should be determined in the context and findings of the proposed regional workshop to be held in the border area.

### 3. Study visits

*where to visit / why*

Study visits are considered an important tool for the exchange of experience and best practice. However, they should be organised to complement existing study tours and attempt to broaden participation to actors not reached by existing programmes / contracts. Identification of suitable locations should be considered in context of holding a joint study tour of Hungarian and Romanian participants.

### 4. Other support required

*distinguish whether within the scope of LACE-Phare CBC or otherwise*

### 5. Annex - list of regional/local practitioners

*for LACE-Phare CBC mailing list and as a basis for invitations to regional workshops, counselling/advice sessions, international seminars, etc*

Romania (see Annex)

- Nicoleta Capitan, Development of SMEs Foundation, (CREDO Secretariat) Satu Mare
- Ms Andrea Orosz, Regional Office for Phare CBC, Arad
- Mr Mircea Iurea, Bihor County Council, Oradea
- Mrs Andrea Geszteredi, Satu Mare County Council, Satu Mare

Hungary (full list requested and will be sent next week)

- Mr Mihaly Galovicz, Phare CBC Regional Office, Bekescsaba
- Mayor of Debrecen
- County Council representative from each of the 4 county councils
- University representative (e.g. KLTE, Debrecen);
- NGOs

### **Feedback for “horizontal” activities of LACE-Phare CBC:**

International seminars, Publications, Networking, etc

Keen interest in participating in seminars, study tours and receiving LACE-Phare CBC publications. Availability of Hungarian and Romanian language versions of publications is considered important.

Possible locations for the Regional Workshop include Debrecen in Hungary or Satu Mare, Oradea or Timisoara in Romania – Oradea may be a more central location.