

Strategic Report

on the implementation of

EEA Financial Mechanism and Norwegian Financial

Mechanism 2009-2014 in Hungary

12 October 2011 – 29 February 2012

Prepared by the Hungarian National Focal Point

March 2012

TABLE OF CONTENT

TABLE OF CONTENT	2
PREFACE	3
1. INTRODUCTION	4
2. STATUS OF PREPARATION OF PROGRAMMES	7
2.1. Initiatives for strengthening of bilateral relations	7
2.2. List of programmes with basic information	9
2.3. Status of preparation of programmes	11
2.4. Programmes operated by the FMO or donor state entity in accordance with Art 5.13. of the Regulation	22
3. STATUS OF THE PROGRESS ON THE NATIONAL IMPLEMENTATION SET-UP	25
3. 1. National Implementation Set-up	25
3.2. Tender procedure of the Implementing Agency	27
3.3. TA Agreement	28
4. STATUS OF COOPERATION WITH DONOR PARTNERS	29
5. RISK ASSESSMENT	30
6. PUBLICITY AND COMMUNICATION	32
7. INDICATIVE IMPLEMENTATION PLAN FOR THE NEXT PERIOD	35

PREFACE

The purpose of the Report on the implementation of the EEA Financial Mechanism and Norwegian Financial Mechanism 2009-2014 in Hungary is to give updated information on the preparation of the programmes during the period 12 October 2011 – 29 February 2012.

The report has been prepared by the Hungarian National Focal based on the template provided by the Financial Mechanism Office.

1. INTRODUCTION

The Memorandum of Understanding on the implementation of the EEA Financial Mechanism was officially signed by all parties on 14 October 2011.

The Memorandum of Understanding on the implementation of the Norwegian Financial Mechanism was signed officially on 12 October 2011 in Gödöllő.

According to the signed Memoranda of Understanding the following programmes will be implemented in Hungary under the EEA Financial Mechanism 2009-2014.

Programme area	Allocation (EUR)
Energy Efficiency	8 412 000
Renewable Energy	7 711 000
Adaptation to Climate Change	7 010 000
Funds for Non-governmental Organisations	12 618 000
Children and Youth at risk	11 216 000
Conservation and Revitalisation of Cultural and Natural Heritage	11 216 000
Scholarships	1 752 500

According to the signed Memoranda of Understanding the following programmes will be implemented in Hungary under the Norwegian Financial Mechanism 2009-2014

Programme area	Allocation (EUR)
Green Industry Innovation	21 216 000
Global Fund for Decent Work and Tripartite Dialogue	832 000
Bilateral Research Cooperation	24 128 000
Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities	8 320 000
Public Health Initiatives	16 640 000

Since the signature of the Memoranda of Understanding the following **main activities** have been taken at national level:

- The Hungarian Focal Point organized numerous meetings for the Programme Operators to assist them in launching and coordinating the programme planning phase and to ensure that they understand deeply the framework and detailed regulation of the Financial Mechanisms. The following meetings were held:
 - The Focal Point in cooperation with the FMO organized a workshop for the designated Programme Operators and Donor Programme Partners on 28 October 2011. The subjects of the meeting were the strategic planning including result based management, the bilateral cooperation, the management and control systems, programme proposal and reporting.
 - The Focal Point held meetings with the Managing Authorities, acting as Programme Operators. First consultation was held on 25 November 2011, the second was held after the cut-off date of this report, on 13 March 2012.
 - The Focal Point in cooperation with the FMO organized a workshop for the Programme Operators held on 27 January 2012 to discuss the most crucial issues of the programming period.
- The Focal Point in cooperation with the Programme Operators has prepared a timeline for the programme preparation work. Accordingly, the first drafts of the programme proposals have been submitted by mid-February 2012 to the Focal Point. The Focal Point reviewed the documents and has let prepared a quality check assurance by professional independent experts.
- The Focal Point established a working group consisting of representatives of the national entities, i.e. the Focal Point, the Certifying Authority, the Audit Authority and their supervisory Ministry. The working group prepares the government decree on the implementation of the Financial Mechanisms 2009-2014 that incorporates the Regulation into the national law, and will form the basis of the description of the management and control system.
- The Communication strategy has been prepared and submitted to the FMO in February 2012.

- The Focal Point follows with attention the programme preparation work of the Programme Operators, thus the Focal Point participates on the Cooperation Committee and planning working group meetings as an observer.
- The Focal Point shares any new information, guidelines issued by the Financial Mechanism Office with the Programme Operators. The FP keeps close contact and shares the main information on the preparation works, important news and expected meetings with the Financial Mechanism Office and the Norwegian Embassy.
- The Focal Point provides regular and ad hoc information on the status on the Financial Mechanisms to the National Development Ministry.
- The Focal Point has begun the establishment of the Monitoring Committee, which will be held expectedly in May 2012.
- The tender procedure for the selection of the Implementing Agency is in its final phase.
- The TA budget was submitted by the Focal Point to the FMO in February 2012. In the meantime the Focal Point is preparing the work plan and implementation system for the National Bilateral Fund to be able to submit them within 2 months after the conclusion until the approval of the TA budget.

Information on **advance payment** requests: During the reporting period, there was not any submitted advance payment request.

2. STATUS OF PREPARATION OF PROGRAMMES

2.1. Initiatives for strengthening of bilateral relations

One of the overall objectives of the EEA and Norwegian Financial Mechanisms 2009-2014 is the strengthening of bilateral relations between the Donor States and the Beneficiary States. The responsibility of the National Focal Point is to contribute the achievement of this objective, amongst others with the bilateral fund at national level.

The work plan and implementation system for the Fund for Bilateral relations is under preparation by the National Focal Point, which will contain the methodology, plans, activities and indicators for using the resources of this fund. Programme Operators have been requested to submit their concepts, what activities they would use the funds on. To deepen the knowledge on existing bilateral relations and opportunities for further cooperation the National Focal Point has requested information from the Royal Norwegian Embassy and the Hungarian Embassy in Oslo during February 2012. The Embassy in Oslo has made various recommendations for future cooperations, emphasizing also the possibility to transfer know-how not only from the Donor States to Hungary, but also to share valuable experiences of Hungary with the Donor States. The Royal Norwegian Embassy will give its written recommendations on bilateral relations after the cut-off date of this report, but consultations and ad-hoc advice on possible partnerships is regularly provided.

Based on the submitted proposals by the Programme Operators and recommendations of the Hungarian Embassy in Oslo and the Royal Norwegian Embassy in Budapest, the National Focal Point has determined the specific objectives of the fund as follows:

- exchange of experience
- transfer of knowledge
- cooperation and building connections

The National Focal Point emphasizes that the resources of bilateral cooperation shall be channeled through the Programme Operators to ensure synergies with the supported programmes and bring tangible impacts in specific areas most relevant for bilateral cooperation. Programme Operators shall be open to involve any other Hungarian public entities as a partner and participant of the planned bilateral actions. Such an arrangement ensures a proportionate, simple implementation set-up and contributes well to achieve significant results in the terms of bilateral relations both on national and programme level.

Based on the indicative plans of the Programme Operators, the sources of the fund will be used in greater proportion in 2012 and 2013. The estimated amount of costs in percentage to be used annually is as follows:

- 2012-2013: appr. 25% annually
- 2014-2015: appr. 15% annually
- 2016-2017: appr. 10% annually

The Focal Point will observe and control the use of the fund sources.

2.2. List of programmes with basic information

According to the signed Memorandum of Understanding the following programmes will be implemented within the EEA Financial Mechanism 2009-2014 under the responsibility of the National Focal Point.

Programme area	Allocation (EUR)	Programme Operator	Donor Programme Partner	Objective
Energy Efficiency	8 412 000	Managing Authority for Environmental Programmes of the National Development Agency	-	Reduced emissions of greenhouse gases and air pollutants
Renewable Energy	7 711 000	Energy Centre - Energy Efficiency, Environment and Energy Information Agency	The Icelandic National Energy Authority	Increased share of renewable energy in energy use
Children and Youth at Risk	11 216 000	Managing Authority for Human Resources Programmes of the National Development Agency	Council of Europe	Improved well-being of children and young people at risk
Conservation and Revitalisation of Cultural Heritage and Natural Heritage	11 216 000	Managing Authority for Regional Programmes of the National Development Agency	Norwegian Directorate for Cultural Heritage (Responsible Authority)	Cultural and natural heritage for future generation safeguarded and conserved and made publicly accessible
Scholarships	1 752 500	Tempus Public Foundation	The Icelandic Centre for Research (RANNIS) National Agency for International Education Affairs (AIBA, Liechtenstein) Norwegian Centre for International Cooperation in Higher Education (SIU)	Enhanced human capital and knowledge base in the Beneficiary States

According to the signed Memorandum of Understanding the following programmes will be implemented within the Norwegian Financial Mechanism 2009-2014 under the responsibility of the National Focal Point.

Programme area	Allocation (EUR)	Program Operator	Donor Programme Partner	Objective
Green Industry Innovation	21 216 000	Szent István University	Innovation Norway	Increased competitiveness of green enterprises, including greening of existing industries, green innovation and green entrepreneurship
Bilateral Research Cooperation	24 128 000	National Innovation Office	The Research Council of Norway	Enhanced research-based knowledge development in the Beneficiary States through enhanced research cooperation between Norway and the Beneficiary States
Capacity Building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities	8 320 000	National Focal Point	KS, VOX	Strengthened institutional capacity and human resource development in public institutions, local and regional authorities in the Beneficiary States within the agreed priority sectors through cooperation and transfer of knowledge with similar institutions and authorities in Norway
Public Health Initiatives	16 640 000	Managing Authority for Human Resources Programmes of the National Development Agency	Norwegian Institute of Public Health	Improved public health and reduced health inequalities

2.3. Status of preparation of programmes

Programme area: **Energy Efficiency**

Upcoming activities: Working group meeting in March with the following topics: discussion of the draft Programme Proposal and identification of further steps and tasks.

Information on programme preparation: The Programme Operator has started the programme preparation in November 2011. The first working group meeting was held on 13 December, 2011 with participation of the representatives of the FMO and the Royal Norwegian Embassy. The Programme Operator has presented the concept of the programme proposal. Members of the working group agreed on the presented concept. The first draft of the programme proposal was prepared and submitted to the National Focal Point in February, 2012.

Pre-defined projects: -

Bilateral partners involvement: The Programme Operator has no Donor Programme Partner, but in order to explore the possibilities for building bilateral relations the PO has organised a meeting with the representatives of the FMO on 14 December, 2011 and with the Royal Norwegian Embassy in Budapest on 20 December, 2011.

Programme area: **Renewable Energy**

Upcoming activities: Further agreements on the Programme Proposal will be carried out both via e-mails and personally with the Donor Programme Partner and the members of the working group if it will be necessary. Further Cooperation Committee meeting jointly with the working group will be held on 4 April, 2012 and in the 2nd week of May.

Information on programme preparation: The preparation work has started in November

2011. The working group and the Cooperation Committee has been established and the first Cooperation Committee kick-off meeting was held on 14 December, 2011. On the meeting the common goals were outlined, and it was agreed that the exact areas to be funded would be realised and specified at the working group and Cooperation Committee meetings. The first working group meeting was held on 11 January, 2012, where the concept of the programme proposal was presented by the Programme Operator. Based on the statement of the working group the Programme Operator has consulted with the Ministry of Rural Development and has prepared the first version of the programme proposal. Before the second working group meeting this version has been sent to the members for review, and the suggestions has been transferred into the document. The second working group meeting was held on 8 February 2012 where the modified draft programme proposal was negotiated. After having consensus on the target areas of the programme, the first version of the programme proposal has been submitted to the National Focal Point on time. On 17 February 2012 the Cooperation Committee meeting has been informed on the progress of the programme preparation.

Pre-defined projects: not yet decided.

Bilateral partners involvement: The representative of the Royal Norwegian Embassy in Budapest joins the meetings of Cooperation Committee and working group. The donor programme partner is involved in the work of the programme preparation via e-mails and personally on the Cooperation Committee meetings. The donor programme partner visited the Programme Operator on 16 February 2012 to discuss the programme proposal in details before the Cooperation Committee meeting on the next day. The bilateral relations are going to be used to synchronize the partners' plans the best.

Programme area: **Children and Youth at risk**

Upcoming activities: Further working group meetings are planned to accelerate the programme preparation as follows:

- March 30, 2012
- 4 April, 2012 (to be confirmed)
- 3 May, 2012 (to be confirmed)

Planned Cooperation Committee meeting: 18 April, 2012 (to be confirmed).

The PO plans to organize meetings and/or workshops in order to involve the stakeholders to identify the needs and expectations more precisely and to receive more confirmation in connection with the direction which will be determined during the preparation period.

Information on programme preparation: At the end of last year the delegation of the members to the Cooperation Committee and the working group has taken place. The rules of procedures has been prepared to regulate work of the Cooperation Committee.

Working group meetings was held at the following dates:

- 11 January, 2012
- 20 January, 2012
- 1 February, 2012

Dates of the Cooperation Committee meetings:

- 14 December, 201
- 8 February, 2012

During the programme preparation there were two main problems. The first problem was to avoid overlap with similar programs funded by EU or national sources, and the second one was the difficulty of conciliation between the sectoral representatives in the working group. As a result –

although it contains quality of professional ideas - the draft programme proposal submitted in February 2012 can only be regarded as a working document because of the lack of the unified standpoint. The partly renewed draft programme proposal will be elaborated by the Programme Operator and by the working group with help of Donor Programme Partner and based on the interim quality assessment in the near future.

Pre-defined projects: not yet decided

Bilateral partners involvement: The cooperation with the Donor Programme Partner was limited to the first Cooperation Committee meeting, where a thorough presentation was provided on the Council of Europe standards and activities and the relevant issues related to the programme area. The Donor Programme Partner has reviewed the summary of the draft programme proposal and has sent an opinion to the Programme Operator on the document. The Donor Programme Partner offered the possibility to organize a visit to Strasbourg in order to meet with the relevant departments of the Council of Europe and receive first hand information with regards to the programme area.

Programme area: **Conservation and Revitalisation of Cultural Heritage and Natural Heritage**

Upcoming activities: The Programme Operator intends to call together the Cooperation Committee meeting for the first week of April 2012 and the Programming Working Group after the finalisation of the program proposal's draft. The development of the draft programme document will take place in cooperation with the Donor Programme Partner during March. The date of the next planning group meeting will be fixed after the conciliations and improvements taken place cooperating with the DPP and offering remarks by the members of the Planning working group on the draft document.

Information on programme preparation: During the reporting period the first preparation meeting was held with the Ministry of National Resources on the preparation of the programming on 9 January 2012. The Hungarian National Office of Cultural Heritage was also involved in the preparation work during the reporting period. The main issues were the timing of preparation work of programming, the identification of concerned participants in the programming, the specification of representatives of the Cooperation Committee and Working Group, the assignment of tasks of the Programme Operator. The main lines of the programme were delineated. On 16 January 2012 the Programme Operator held a meeting with the Hungarian participants of the programming for preparing the upcoming Programming Working Group meeting. The first Cooperation Committee meeting was held on 23 January 2012, and the first Working Group meeting was held next day with the participation of the Donor Programme Partner. The main lines of the programme area were discussed and agreed on these meetings in conjunction with the Donor Programme Partner.

Pre-defined projects: Further detailed explanation and support is required for the planned project. The promoter of the pre-defined project would be the Magyar Nemzeti Digitális Archívum (Hungarian National Digital Archives). The main role of MaNDA is to safeguard Hungarian culture through the development and maintenance of a digital archive of national cultural artifacts. MaNDA also monitors changes in the national cultural heritage and keeps its database up-to-date and available to the general public. The main aim of this project would be to establish a unified digital database and system for Hungary's national heritage, including:

- Historic buildings – especially listed buildings, ruins, and archaeological sites;
- Natural assets – gardens, parks, and parks, natural wonders;
- Works of art and historical artifacts – including art and other

objects with links to historic properties;

- Historical and scientific documents.

Bilateral partners involvement: On 17 January 2012 the representatives of the Programme Operator and the Ministry of National Resources met in Brussels with the representatives of the Financial Mechanism Office and Arts Council, in order to get to exchange information on the artistic environment in Hungary and in the donor states. The donor partner (RA) attended the Cooperation Committee and the Programming Working Group. The PO intended to finalise the draft of the program proposal in light of their comments. In the granted projects, especially in the case of investments relating to restoration and presentation of cultural and natural heritage associated with traditional activities and lifestyles, it will be expected to build up bilateral relations with the assistance of the DPP for identifying potential partners.

Programme area: **Scholarships**

Upcoming activities: The Programme Operator plans to organize the third meeting of the Planning Group meeting. The date of this meeting will be defined later. The conciliation is continuous with the Donor Programme Partners.

Information on programme preparation: The Programme Operator held its first meeting on 6 December 2011 with the participation of its Donor Programme Partners. The Programme Operator carried out several needs analysis among the potential applicants (via Questionnaires). They sent e-mails to the contact persons of the higher education, school and VET contacts and chambers of commerce and to the potential foreign partners as well. The Operator organised two Planning Group meetings for the relevant Hungarian Ministries held on 26 January 2012 and 10 February 2012 where they agreed on the main focus of the proposal. Later on they informed the participant on the progress of the concept.

Pre-defined projects: -

Bilateral partners involvement: The first meeting with the Donor Programme Partners was held in Budapest, 6 December 2011. Two of the three Donor Programme Partners were represented (SIU from Norway and RANNIS from Iceland) and they gave useful advice and recommendations concerning the proposal to the Programme Operator. As a result of the first meeting they agreed on the members of the Cooperation Committee and it has been officially confirmed as well. They regularly inform the Donor Programme Partners on the progress of the proposal and the questions emerged, they keep close contact via e-mail.

Programme area: **Green Industry Innovation**

Upcoming activities: The Programme Operator organizes the next Cooperation Committee meeting on 19 March 2012. Internal meetings – with the participation of experts from the university and professional organizations taking part in the preparation of the feasibility study – will be held in the near future.

Information on programme preparation: The Programme Operator organized the first Cooperation Committee meeting on 14 December 2011. They held two more Cooperation Committee meetings on 20 January and 14 February 2012. The first Working Group meeting was held on 12 January, the second was held on 8 February 2012. Based on the conciliation with the representatives of the Hungarian Ministries and the Donor Programme Partners the main lines of the programme were defined during the reporting period. The first draft of the programme proposal was sent to Focal Point and Donor Programme Partner.

Pre-defined projects: -

Bilateral partners involvement: The Programme Operator and Donor Programme Partner agreed on the sub-programmes and the framework of the cooperation Norwegian companies are interested in the cooperation with Hungarian

partners, thus the Programme Operator agreed with the DPP on the arrangement of a study visit to Norway in March to meet with Norwegian organisations and companies. Innovation Norway made many useful recommendations during the preparation work (such as the potential smaller project size - 200.000 EUR to 1 million EUR).

Programme area: **Bilateral Research Cooperation**

Upcoming activities: The Programme Operator will improve the first draft of the programme proposal by means of the next Cooperation Committee meeting which will be held on 29 February and 1 March 2012, and by the next Working Group meeting organized for the second half of March 2012.

Information on programme preparation: The Programme Operator set up a working group in the National Innovation Office, being responsible for the coordination, strategic planning, legal and financial aspects of the Bilateral Research Cooperation. Consultations and meetings were held with the representatives of the Donor Partner (RCN). The first Cooperation Committee Meeting was held on 17 November 2011. They outlined the potential fields of cooperation, the gender issue, the project size and duration, possibility of networking, timeline. The Cooperation Committee agreed to wait for the further suggestions of the Working Group. Planning group meetings were held on 9 December 2011, 10 January 2012. The Working Group studied the aspects of programme planning and defined the main lines of the programme and formulated the background studies of the programme proposal. The next Cooperation Committee and Working Group meetings (held on 25 January, 1 February 2012) specialized the main fields and the framework of the programme area.

Pre-defined projects: -

Bilateral partners involvement: The Programme Operator is working in close cooperation

with the Donor Programme Partner (RCN). They regularly hold consultations, conciliate on the results of the Working Group meetings. The preparation of the first part of the draft programme proposal has been executed by the help of the Donor Programme Partner.

Programme area: **Capacity Building and Institutional Cooperation**

Upcoming activities: After the cut-off date, on 8 March 2012, a Workshop was organized for the national associations of local and regional governments of Hungary. The next Cooperation Committee meeting will be held in Oslo, on 24-25 April.

Information on programme preparation: The Cooperation Committee has decided on a three pillar structure regarding the programme set-up:

1. Pre-defined project proposals of line ministries (max. 3 project, 1 million EUR / project) – Call for the pre-defined project proposals has been circulated to the 8 line-ministries on 27 February 2012, the deadline for submission of proposals is 26 March 2012.
2. Pre-defined project of KS and one or more national associations of local or regional governments in Hungary (1 project with a budget of 1,5 million EUR) – Call for the pre-defined project proposal has been circulated to the 8 national associations of local or regional governments on 06 March 2012, the deadline for submission of proposals is 06 April 2012.
3. Open call for local and regional governments for pilot projects ensuring better public services for citizens via cooperation with Norwegian local governments (allocation: the rest of the programme budget)

Pre-defined projects: See above. Decision on pre-defined projects to be incorporated in the programme proposal will be made on the CC meeting in April.

Bilateral partners involvement: The Cooperation Committee consists of representatives of the Focal Point as PO, and VOX and KS as DPP. The cooperation of the partners is smooth and very effective, regular contacts take place also outside the formal meetings. All projects under this programme will be implemented in partnership with one or more entities from the Donor States. Selected pre-defined project promoters will have the chance to develop their proposals further in close cooperation with their proposed donor project partners. The Royal Norwegian Embassy in Budapest gives valuable support for potential project promoters in finding relevant Norwegian partners.

Programme area: **Public Health**

Upcoming activities: Further working group meetings are planned to accelerate the programme preparation as follows:

- March 29, 2012
- 5 April, 2012 (to be confirmed)
- 4 May, 2012 (to be confirmed)

Planned Cooperation Committee meeting: 18 April, 2012 (to be confirmed).

Further consultations or workshops will be planned to receive inputs from the stakeholders.

Information on programme preparation: The establishment of the Cooperation Committee and the working group took place in November 2012. The rules of procedures have been prepared to regulate work of the Cooperation Committee.

Working group meetings were held at the following dates:

- 12 January, 2012
- 24 January, 2012
- 6 February, 2012

Dates of the Cooperation Committee meetings:

- 14 December, 201
- 8 February, 2012

During the programme preparation the first problem was to avoid overlap with similar programs funded by EU or national sources, and the second one was to balance the different interests of the sectoral representatives of the working group. As a result – although the document contains quality of professional ideas – further elaboration of the draft programme proposal submitted in February 2012 will be necessary in cooperation with the working group members and with help of the Donor Programme Partner in the next period.

Pre-defined projects: The planning of a pre-defined project depends on the evolving concept of the relevant part of the programme proposal.

Bilateral partners involvement: The Donor Programme Partner is very proactive. Fast responses for the requests of the PO was given and the relevant documents and proposals were often consulted during the preparation. The Donor Programme Partner has provided a thorough presentation on the Norwegian Institute of Public Health standards and activities, and the relevant issues related to the programme area at the first Cooperation Committee meeting and highly valuable comments during the second Cooperation Committee meeting and in written as well. The Donor Programme Partner has offered the possibility to organize a visit to Oslo in order to meet with the relevant departments of the Norwegian institute of Public Health and receive first hand information with regards to the programme area.

2.4. Programmes operated by the FMO or donor state entity in accordance with Art 5.13. of the Regulation

This part of the Annual Report has been prepared according to the information provided by the Financial Mechanism Office.

Programme area	Allocation (EUR)	Programme Operator	Objective
Adaptation to Climate Change	7 010 000	The Financial Mechanism Office (FMO) is entrusted with operating the Programme in line with Article 5.13 of the Regulation.	Reduced human and ecosystem vulnerability to climate change
Funds for Non-governmental Organisations	12 618 000	The Financial Mechanism Office (FMO) is entrusted with operating the Programme in line with Article 5.13 of the Regulation. Appointment of the fund operator shall be consulted with the National Focal Point	Strengthened civil society development and enhanced contribution to social justice, democracy and sustainable development
Global fund for Decent Work and Tripartite Dialogue	832 000	Innovation Norway	Decent work promoted and tripartite cooperation improved between employers' organisations, trade unions and public authorities in supporting equitable and sustainable economic and social development

The MoU between the donor states of the EEA Financial Mechanism and Hungary entrusts the Financial Mechanism Office (FMO) with the operation of the Adaptation to Climate Change Programme and the NGO Fund.

Adaptation to Climate Change Programme:

The FMO has contracted the Regional Environmental Center (REC) as a Fund Operator for PA7. REC will therefore prepare a programme proposal in accordance with the Regulation for the Implementation of the EEA Financial Mechanism and the Programme Operator's Manual and will submit a completed proposal to the FMO no later than on 30 April 2012.

The implementation of the programme will then be based on an implementation agreement between the FMO and REC, subject to the approval of the programme proposal by the FMC.

REC has established a cooperation committee as referred to in Article 3.3 of the Regulation. REC invites the Norwegian Directorate for Civil Protection and Emergency Planning (the Donor Programme Partner) to actively participate in the preparation of the proposal. REC also, as required by the MoU, invites the relevant Hungarian governmental actors to advise on the preparation of the programme.

The draft scope of the programme was decided in the CC meeting on 21 February. A stakeholder meeting/workshop was recently held (20 March) and the next Cooperation Committee meeting is scheduled to take place after the first draft programme proposal has been prepared. A draft proposal is expected to be ready at the beginning of April.

There are no pre-defined projects foreseen in the proposal.

Funds for Non-governmental Organisations

Following the call for expressions of interest for the role of NGO Fund Operator in Hungary, the FMO has undertaken an appraisal of the submissions received.

Based on the defined criteria, one applicant was shortlisted and six rejected at the beginning of March. The shortlisted applicant is the Ökotárs Foundation in partnership with Autonómia Foundation, Foundation for Development of Democratic Rights (DemNet) and Carpathian Foundation Hungary (CF-HU).

The terms of reference for the Programme are being finalised and will be approved by the donors by the end of March, to be sent to the shortlisted applicant by beginning of April.

The deadline for submitting a bid is two months. A decision by the donors on the Fund Operator will be taken in June.

There are no pre-defined projects foreseen in the proposal.

Global fund for Decent Work and Tripartite Dialogue

The objective of the Fund for Decent Work is to promote the decent work agenda and improve tripartite cooperation between employers' organisations, trade unions and public authorities in supporting equitable and sustainable economic and social development.

The Fund has launched a call for proposals simultaneously in the 12 newest member states. The closing date is the 22 April 2012.

On Wednesday, February 8, 2012, an information day was organised for the Decent Work and Tripartite Dialogue programme in Budapest.

The volume of the programme for re-granting in Hungary is 819.520,- EUR

Innovation Norway is the Programme Operator of the programme, and will select the projects. Projects must be finished by 31 December 2014 with a maximum duration of 24 months.

Partnership projects between Hungarian and Norwegian entities are encouraged.

Further information on the call and other documents, see www.decent.work

3. STATUS OF THE PROGRESS ON THE NATIONAL IMPLEMENTATION SET-UP

3. 1. National Implementation Set-up

The National Focal Point has established a working group in December 2011, consisting of representatives of the national entities, i.e. the Focal Point, the Certifying Authority, the Audit Authority and their supervisory Ministry. **The working group prepares the government decree on the implementation of the Financial Mechanisms 2009-2014 that incorporates the Regulation into the national law, and will form the basis of the description of the management and control system.**

The working group meets every two weeks. Until January 2012, the working group has elaborated the conceptual framework of management and control systems. It has been decided, that as much as possible, the implementation set-up has to follow the procedures of the Structural Funds, since it is a well-functioning system, well-known by all the Hungarian entities involved in the implementation of the Financial Mechanisms.

The financial management system applied under the Structural Funds is based on pre-financing from the central state budget. The National Development Agency (NDA), acting as the National Focal Point has the responsibility for central budgetary planning of the budgetary chapter for EU funds, including also the EEA and Norway Grants. Consequently, the NDA can ensure all payments from Hungarian central budgetary money, and the reconciliation of the Donor contribution takes place between the Focal Point and Certifying Authority. That means a rather centralized system, where the National Focal Point plays an active role in the financial management and control of the Grants, as it was also the case under the Financial Mechanisms 2004-2009.

Accordingly, the National Focal Point will take up further roles, beyond the ones defined in the Regulations. It will be the responsibility of the NFP to transfer project grants, upon the payment request verified by the Implementing Agency and approved by the respective Programme Operator. The NFP will be responsible to verify the expenditures of the Programme Operators and the Implementing Agency, and transfer them management costs.

Financial officers of the FMO have been consulted, whether such an arrangement would be acceptable by the Donor States and in line with the Regulations. According to the feedback received from FMO, many of the Beneficiary States apply a system similar to the Structural Funds, so as long as the timely financial flows towards and liquidity of the institutional actors and project promoters is ensured, the system is considered to be in compliance with the Donor's requirements.

The working group has continued the elaboration of a government decree along these lines.

Planned chapters of the government decree are:

- Scope and subject of the legislation
- Definitions
- Description of the roles of entities involved in the implementation (NFP, CA, AA, PO, IA, Monitoring Committee)
- Procedures for organizing calls and receiving applications
- Procedures for concluding grant agreements
- Procedures for monitoring and reporting
- Financial management of the implementation
- Irregularities
- Audits and controls
- Management of the Technical Assistance
- Publicity requirements

3.2. Tender procedure of the Implementing Agency

The tendering procedure of the Implementing Agency is in progress as of the cut-off date of the present report. The following steps have been made:

1st step: Open call for registration (November – December 2011)

The call was published on the website of the National development Agency and in national newspapers. The call provided a brief description on the tasks to be implemented, and requested interested tenderes to provide information on their:

- Experience in regranting related to EU, national or international funds
- Experience in project management
- Experience related to public procurement

By the deadline of 5 December 2011, 23 entities turned in a registration. Among them, there was a diverse spectrum of organizations, including entities acting as intermediate bodies under the EU Structural Funds, consulting companies, law firms and NGOs as well.

2nd step: Call for submission of bids (February – March 2012)

The NFP decided to open up to the broad scale of expertise presented by the registered entities, and not to establish a short list. All registered entities have been requested to submit a bid, but strong criteria have been set in the terms of reference, in order to persuade the registered organizations to build up consortia with wide range of competence.

Main criteria were:

- Solid financial and economical position (no public debts, positive balance in the last 3 years, revenue deriving from re-granting activities at least 2 billion HUF in the last two years, 100 million HUF liquid financial resources)
- Institutional and infrastructural capacities (institutional experience in regranting in an amount of 10 billion HUF, at least 5 offices around the country)
- Human resources (at least 15 professional experts, including legal, financial officers, experts in the field of the different programme areas, communication experts)

The deadline for submitting bids was 17 February 2012. 3 bids have been received from the following entities:

1. Consortium of MAG Zrt., Vital Management Kft. and Dél-Alföldi Fejlesztési, Közbeszerzési és Tanácsadó Kft.
2. Consortium of ESZA Társadalmi Szolgáltató Nonprofit Kft, 4Sales Systems Kft., and ÉMI Építésügyi Minőségellenőrző Innovációs Nonprofit Kft.,
3. Wekerle Sándor Alapkezelő

As of the cut-off date of the present report, the evaluation of the 3 bids is taking place.

3rd step: Negotiation (March – April 2012)

The two best tenderers will be called on to enter into the negotiation phase. Detailed contractual conditions, working methodology and timeline will be negotiated, based on which the tenderes will submit a final professional and financial offer.

The winner of the tender procedure will be the entity offering the best value for money.

3.3. TA Agreement

After several preliminary consultations with FMO, and reaching an agreement with the entities concerned within the TA, the TA budget was submitted to FMO on 01 February 2012 by the Focal Point. After the cut-off date of the present report on 12 March 2012 few clarification questions have been received from the FMO, that will be answered in due time.

4. STATUS OF COOPERATION WITH DONOR PARTNERS

Please find the detailed summaries on initiatives for strengthening of bilateral relations, and on the involvement of the Donor Programme Partners in the preparation works in Chapter II.

There is excellent cooperation with the Norwegian Royal Embassy located in Budapest and the Hungarian Embassy in Oslo. They give continuous assistance in the development and improvement of the bilateral relations both at programme and national level. The Norwegian Royal Embassy of Budapest has lend assistance to the Focal Point in the preparation of the Communication Strategy. The Hungarian Embassy in Oslo gives a hand in the quest of potential donor project partners. For that purpose they intend to organize an information event in Oslo before the end of 2012 for potential donor project partners in the fields of Renewable Energy, Green Industry Innovation and Bilateral Research Cooperation.

The National Focal Point deems it important that it is ensured that Donor State entities being potential donor project partners also understand the importance of strengthening bilateral relations. The National Focal Point welcomes all assistance of the Embassies, the FMO, the FMC, the NMFA and Donor Programme Partners in the search and recommendation of potential donor project partners and their encouragement for openness for cooperation.

5. RISK ASSESSMENT

Description of risk	Assessment		Risk mitigation
	Likelihood [low/medium/ high]	Impact [low/medium/ high]	
Lack of capacity of Programme Operators	Medium	Medium	Operating broad consultation fora (Planning Working Groups) that ensures external inputs for the programme preparation; encouragement of the employment of new, expert colleagues; NFP endeavours to close the tender procedure of the Implementing Agency as soon as possible to provide back-office support to POs
The procurement of external assistance, that is necessary for the preparation work is lengthy	Medium	Medium	Encouragement of the employment of new colleagues funded by programme preparation costs, using internal resources
The expectations are not totally understood by each of the Programme Operator	Low	High	The Focal Point is in daily contact with the Programme Operators to assist their daily work, in addition the Focal Point organizes meetings for providing general information for the Programme Operators
Certain Donor Programme Partners are not fairly well-informed regarding the regulations of Financial Mechanisms and their exact role, thus they happen to misinform the Programme Operator	Low	Medium	Providing information for the Donor Programme Partners by the Financial Mechanism Office

The information provided by the Financial Mechanism Office for the Programme Operators, Donor Programme Partners and Focal Point (regarding e. g. the outcomes, indicators) are not fully unified	Low	Medium	The sector officers of the Financial Mechanism Office should always internally discuss and unify the information provided
The expectations are not totally understood by the members of the Working Groups	Medium	Medium	The Focal Point and the Programme Operator provide wide range of information for the members of the Working Group meetings
If national statistics should be used as baseline value of the selected indicators, it will be difficult to demonstrate the effects of the implemented programmes	High	Medium	The direct effect achieved by the Programmes should be measured. Consequently the value of the baseline indicators should be in many cases zero.
Splitting the programme budget by outcomes can be often made only very indicatively, since under many programmes projects will be granted that contribute to two or more outcomes	High	Low	Disregard from the division of the budget between the outcomes would be recommended
Lack of capacity for cooperation from the side of the donor state entities	Medium	Medium	FMO, FMC, NMFA, DPPs and Norwegian Embassies should encourage the donor state entities to build bilateral relations
The Focal Point will not have enough information until 31 January 2013 for the decision on the allocation of resources for the reserve (Art. 1.10. of the Regulations)	High	Medium	Postpone the deadline until 31 January 2014

6. PUBLICITY AND COMMUNICATION

The National Focal Point has prepared and submitted to the Financial Mechanism Office its Communication Strategy in February 2012. Hereinafter an extract of strategy can be found.

The National Focal Point in Hungary has developed the communication strategy in line with the overall objectives of the EEA and Norwegian Financial Mechanisms 2009-2014. In order to implement these objectives the National Focal Point has performed a situation analysis and has identified the **main communication objectives** as follows:

- a) communicating the overall objectives of the Financial Mechanisms;
- b) identifying and communicating specific objectives reflecting national priorities;
- c) giving individual image to the Financial Mechanisms to distinguish it from other grant opportunities;
- d) sharing information on an aggregate, overall level on the achievements of the FMs 2009-2014 in Hungary;
- e) ensuring transparency of application procedures and the regulations of project implementation, and clearly communicating them;
- f) reaching not only stakeholders, but the general public as well with information on the contributions of the FMs 2009-2014;
- g) observing and supervising the activities of the Programme Operators and Implementation Agency with regard to communication on the FMs 2009-2014.

To achieve these objectives the necessary information are and will be shared with relevant stakeholders, including governmental organizations, Programme Operators, potential and actual beneficiaries from Hungary, partner entities from the Donor States, and also with the general public. The way of implementation of the tasks at national level can be found in the Strategy.

The National Focal Point has used and plans to use activities and tools which operated well in the previous period, but also identified measures that shall be applied more effectively. The National Focal Point counts on the help of the Royal Norwegian Embassy and intends to continue to work in close co-operation.

The overview of **communication activities** of the National Focal Point can be seen below.

The list of activities has to be started with **events and actions of the past** that served as occasions to broadcast the messages in connection with the FMs 2009-2014 already in the period of the preparation of the present financial mechanisms.

The participants of the ***Closing conference of EEA and Norway Grants 2004-2009*** on 17 June 2011 were the stakeholders of this grant period: the Project Promoters, the representatives of the Royal Norwegian Embassy in Hungary, the representatives of Financial Mechanism Office and the Hungarian institutions: the National Development Agency, the National Authorization Office and the Implementing Agency. Participants received first hand information on the future possibilities of the EEA and Norway Grants 2009-2014.

The occasion of the ***Signing Ceremony of Memoranda of Understandings*** on 12 October 2011 gave an opportunity for the governmental organizations, the Programme Operators, and the widest audience via the media to get acquainted with the EEA and Norway Financial Mechanism 2009-2014. Programme areas supported and the allocation of the funds was published at this occasion. The ceremony organized by the National Focal Point and Royal Norwegian Embassy, was followed by a press conference.

On 28 October 2011 the National Focal Point has organized a ***workshop for the Programme Operators and donor programme partners*** to give guidance at the beginning of the programme preparation.

The NFP instructed each Programme Operator to set up a ***planning working group and the Cooperation Committee***. The programme preparation process is thereby based on extensive consultations at institutional and governmental stage with the involvement of the Donor Programme Partners, and these consultations will continue till the approval of the programme proposals.

During the programme preparation phase the National Focal Point is permanently working on developing the national management and control systems of the grants implementation. In order to share the conclusions and inform each other about the progress the National Focal Point has organized a ***meeting for the Programme Operators*** on 27 January, 2012 with participation of the representatives of FMO (see Chapter I).

After the signing of Memoranda of Understandings the National Focal Point has established a **subpage** on the website of National Development Agency in order to introduce general information on the Grants. The subpage is dedicated to the EEA and Norwegian Financial Mechanism 2009-2014 and contains the main data of programme areas. The subpage will be updated regularly and will contain links to the dedicated website of the programmes with more information. The subpage is accessible via the links http://www.nfu.hu/egt_norveg_fm_2009_2014 and www.eeagrants.hu as well.

In November 2011 a new **mailbox** was created for the EEA and Norway Financial Mechanism 2009-2014. It is displayed on the subpage mentioned above and available for not only the FMO, but also everybody who would like to get any information on the grants. The name of the mailbox: norvegalap@nfu.gov.hu.

Part of the communication activities of the National Focal Point have to be regular through the whole period of the FMs 2009-2014 and these are in progress now as well. These **permanent activities** are the followings:

- Providing regular information to the *POs and other entities (Implementing Agency, Certifying Authority, Audit Authority)* through regular **meetings, circulating documents** received from the FMO, providing **internal guidelines**;
- providing regular information to the *governmental organizations* through **reports, documents, handouts, etc.**;
- providing information to the members of the *Monitoring Committee* and the *Donor States* through the annual **Strategic Report**;
- **regular contacts** with the *Royal Norwegian Embassy* for the harmonizing and updating the communication activities;
- updating the content of the **website** (subpage) dedicated to the grants;
- checking regularly the **mailbox** dedicated to the FMs 2009-2014, answering questions of *the potential beneficiaries* and other enquirers through phone and mail etc.
- publicizing the grant opportunities under the **national fund for bilateral relations** (activities to be described in details in the work plan and implementation system of the fund).

7. INDICATIVE IMPLEMENTATION PLAN FOR THE NEXT PERIOD

Action	Planned timing	Responsible entity
First Monitoring Committee meeting	May 2012	NFP
Closing the tender procedure of the Implementing Agency	May 2012	NFP
Concluding the TA Agreement	May 2012	NFP
Launching public consultation of the government decree	June 2012	Ministry for National Development
Submission of Programme Proposals	July 2012	Programme Operators, via NFP
Submission of the Workplan and Implementation system of the National Fund for Bilateral Relations	July 2012	NFP
Entry into force of the government decree	October 2012	Government
Submission of the description of the national management and control systems	November 2012	NFP
Approval of Programme Proposals	November 2012	Donor States
Signing Programme Agreements	November 2012	NFP and Donor States
Signing Programme Implementation Agreements	December 2012	NFP, Programme Operators and Implementing Agency
Launching event	December 2012	NFP in cooperation with the Embassy
Launching open calls	1st quarter of 2013	Programme Operators with the assistance of the Implementing Agency