Operational Programme for Fisheries
Mid-Term Review

Final Report

A s s i g n e d b y t h e :

Ministry of Rural Development

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AGRÁR EURÓPA
Tanácsadó Kft.
Mutatjuk a helyes irányt

CONTENTS

EXECUTIVE SUMMARY

The present document is the Final Report of the Mid-Term Review of the Operational Programme for Fisheries (hereinafter: OPF) of Hungary, prepared by Agrar Europa Kft.

The aim of the review is to examine the efficiency of the OPF as a whole in order to provide a basis for the necessary adjustments so as to, based on the findings of the review, improve the quality of support and implementation. The assessment also examines the relevance of objectives in the course of which it tries to reveal whether the system of objectives currently listed in the programme really satisfies the present needs of the fisheries sector as well as the opportunities provided by the socio-economic environment the sector functions.

Within the framework of the OPF support became accessable in the case of two axes by 31. December 2010: the support of aquaculture, natural water fishery and fish processing investments within Axis 2; costs related to programme management within Axis 5.

By 31. December 2010 29.4% of sources was earmarked, out of which investment sources represent a more significant proportion (earmarking, exceeds 40% for Axis 2). Altogether 165 applications for support were submitted, out of which 140 targeted investments. As far as the progress of Axis 2 is concerned it can be concluded that the composition, quantity and quality of the projects were satisfactory. As for Axis 5, payments primarily covered the costs of programme management, while activity supporting implementation with studies and targeted analyses was represented to a lesser degree.

The assessment of the progress of the programme based on the monitoring data by the present phase could not been carried out comprehensively. The deadline for applicants to submit monitoring data was 18. March 2011. The management of the programme has not been able to extract the reliable and relevant monitoring data from the IACS, partly because of errors of applicants in the course of data submission, partly because the correction of those errors proved to be extremely time-consuming.

Based on the evaluation of the OPF the most important recommendations are listed below. We suggest that the recommendations be taken into consideration not only for the period to 2013, but also in the course of the preparation for the next planning period.

1. One of the most important findings of the Programme evaluation is that we do not recommend the modification of the set of objectives of the approved OPF for reasons detailed below. What we do recommend, however, is the examination of the possibility and necessity of the rearrangement of funds among the axes.

In the period under review the development and regulation of the fisheries sector was charac-

terised by a great degree of stability. The fundamental objectives and measures of the OPF have not changed since the approval of the OPF, the regulations serving the purposes of implementation were published on time and they provided an optimal framework for the strategic objectives of the Programme to be implemented according to schedule. Beneficiaries thus have been able to launch and develop their projects and business enterprises successfully.

The interviews carried out with personnel at the institutional system revealed that the fisheries sector was much less affected by the economic crisis than other sectors. The ARDA is in the opinion that the implementation of the projects was not hindered by the economic crisis.

The evaluators concluded that sectoral needs have not changed and no new sectoral demands have emerged since the approval of the OPF and the accessibility of support.

Changes in the economic and in some cases legal environment of the fisheries sector have not had an effect on the sector itself; therefore they have not affected the objectives of the OPF either. We claim that all the original objectives are still relevant.

In the course of the content review of the OPF the evaluators concluded that the SWOT analysis is relevant to the current conditions and environment of the fisheries sector, thus no modification is necessary in this respect. Minor supplements are recommended, namely the listing of fish poaching among the threats for aquaculture as well as the problem of inadequate funding in the area of education and research. This does not necessitate any modifications of the set of objectives, since the current system makes it possible to support investment aiming at the protection of property; on the other hand, underfunding is not a sectoral phenomenon but a general one in Hungary as far as educational and research activities are concerned.

The fundamental expectation towards the fisheries sector has not changed; the most important task of the sector is to satisfy the freshwater fish demand of the population. This is served by the measures of Axis 2 aiming at technological development, capacity enhancement and modernisation. The measures of Axis 3 to be launched soon, will increase the fish consumption of the population, which increase in the production side is given within the Programme framework.

The programming of both the National Fisheries Strategic Plan and the OPF is a long-term one, and the implementation of the Programme does not stop at the end of the present programming cycle either. This is also reflected in the launch of Axis 3 in the near future, the measures of which will affect the years following 2013 as well, connecting the current OPF to the fisheries programme of the next planning and financial period.

Based on the statements above we can establish that the set of objectives of the OPF meets the demands of the sector without a need for modifications.

2. For the aim of fighting against fish poaching we recommend that in the future those investments be emphatically supported that relate to the protection of property and thus to a more economical production.

The support scheme for the fisheries policy primarily serves the needs of the competitiveness of the fisheries production sector. Profitability is one of the components of competitiveness. It is widely accepted among the stakeholders of the Hungarian fisheries sector that fish poaching means significant financial loss, i.e. it decreases profitability considerably. Among the activities supported currently there are also investments serving the needs of property protection (e.g. fence) which can be suitable to cut down on fish poaching.

3. A flow chart should be prepared and published to describe the protocol of the FOP from the project idea to the end of the operating cycle.

The flow chart serves the needs of investors who are planning to apply for fisheries support for their developments. The evaluators think a flow chart is useful because the measures of the OPF are regulated by several regulations that are modified independently of each other, including the Administrative Procedure Act . This latter one for example is not part of fisheries law, so fish farmers and processors are not affected by it on a day-to-day basis, however, it fundamentally determines the protocol of applications for support and payment.

Based on the experience of the interviews and questionnaires we can establish that in the period of the completion of applications for support it is not obvious for the applicants what the exact protocol is, thus they cannot make a sound enough decision about their participation in the support scheme. The flow chart makes protocol steps visually transparent, showing the intervals and deadlines for the institutions and the applicant, and this way makes cash flow connected to development easier to plan.

4. The IACS should be made suited to handling investment projects with no errors and extra time needed.

The IACS does not foster the handling of projects of a developmental type properly. It does not help the work of the administrator with automatic bounds either. The administrator handles the support intensity of the different applicants and projects outside the IACS, in a separate Excel file. It makes the work of the administrator more difficult and the chance of making errors also increases.

5. A thorough examination of the manageability of applications for support and payment from the Technical Assistance within the system of the IACS is recommended.

According to information provided by the MA the applications for support and payment in Axis 5 are not handled in the IACS but in an Excel file in the MA. On one hand, this solution

is uncertain, since Excel is a programme for the management of tables and its structure does not meet the needs of the management of applications for support and payment complying with the requirements of the protocol of the OPF (e.g. traceability). On the other hand, the fact that the projects using the sources of the OPF are handled in different computer systems (IACS and Excel) makes programme-related inquiries and search impossible, primarily from the point of view of financial progress. Since the IACS is essentially a system designed to handle agricultural direct support, and within the framework of the OPF suitable modules had to be formulated for the purpose of managing applications targeting investment, it is also necessary to plan and formulate modules for the applications for support and payment for Axis 5 of the OPF. We recommend a detailed preliminary examination through which the concrete tasks, responsible personnel and the necessary financial framework can be determined.

6. We suggest the examination of the possibility for handling the fisheries developmental programme in a separate IT system for the planning period after 2013.

In the course of the evaluation several problems have come up regarding the current IT system of the OPF applications that on the one hand make the task of personnel dealing with applications more difficult, on the other hand make the close monitoring of the progress of the programme less certain. The system of the IACS is not suitable to handle applications for investment support, neither is it suitable to handle the documentation related to the sub-areas of the fisheries sector i.e. developments manageable through tenders and not supports applications (e.g. projects related to marketing and innovation).

7. There is also a need to determine a threshold value based on the monitoring data structure that makes the necessary modifications to the programme transparent.

The fisheries sector is less sensitive to the change of external parameters, as it was already established from the interviews. The set of objectives for fisheries farmers has not changed either. As a result, no programme modification is induced. The annual monitoring data provides information about the fulfilment of programme objectives. The target values are evaluated at the mid-term of the OPF as well as at the end of the whole programme (ex post). The evaluators claim that this frequency of evaluation is not satisfactory to provide enough information to reach the target values by the end of the Programme. Intervention threshold values are needed for the management of the programme, because they indicate the areas of the progress of the Programme that contribute to the realisation of the Programme objectives and the target values. It is also necessary to attach a possibility of intervention to these threshold values to make intervention possible if the threshold values are not met.

8. We suggest that the monitoring data structure be reviewed and modified so that it suits the requirements ofobjectives.

The aim of monitoring in our interpretation is the annual monitoring of the progress of the

Programme as well as the collection of information to serve as a basis for decisionmakingabout the necessary intervention. Data collection is necessary because it makes it possible to make assumptions about the fulfilment of aims. A central element in the set of objectives of the Programme is the increase of fish consumption, but there is no data referring to it within monitoring (e.g. amount of direct fish sales and/or its annual increase). Furthermore, there is no monitoring data for the sustenance of biodiversity, neither for water consumption. Competitiveness is not defined in the Programme, so there are no indicators measuring competitiveness either. All these are listed in the Programme as objectives, but since there are no monitoring indicators referring to them, they cannot be monitored.

There is a possibility to define national indicators, since the EU central indicators cannot cover the set of objectives of every single member state; therefore we recommend the review and modification of the monitoring system from this aspect.

9. An extension of the competence of the organisations participating in the implementation of the OPF and the Monitoring Committee is also desirable.

The comprehensivity of the organisations involved in planning and implementation is satisfactory as it is indicated in the analysis section. Based on the professional interviews we suggest that the competence of the members of the MC be enhanced, together with their capacities regarding the management of EU support systems and OPF claims. For instance, the minutes of the MC reveal that the organisation responsible for equal opportunities has made no observations in the history of the Programme so far, although it is a very important horizontal aim in the course of the implementation of the EU support schemes. We recommend the application of means that give feedback to the MC as a body about the development of capacities, e.g. a full-day session of the MC that deals with a given competence-development topic exclusively. A possible topic area in the support schemes of the EU is strategic planning, and the system of EU regulations determining programme implementation (e.g. with regard to the bounds that are not OPF-specific but still influence the realisation of the programme).

10. We recommend that the measures of Axis 3 be launched as soon as possible.

A continuous encouragement of consumption is obviously necessary to maintain the effectiveness of the fisheries sector, its increase as well as its balanced nature. Developments progress, the produced quantity of fish must be marketed, and Hungarian consumers, as it was shown earlier, have a rather stabile consumption structure that will not change without a programme targeting the encouragement of consumption. Therefore the optimal time for launching Axis 3 within the implementation of the programme is the present time.

11. With regard to the n+2 rule on implementation the evaluators think that the MA should examine the possibility and necessity of the rearrangement of funds among the axes so that these funds can fully be allocated.

By examining earmarking we can establish that the number and total sum of projects in the non-convergence region is very small. In 2010 the loss of resources was avoidable, but since the extent of investment in the non-convergence region will probably be very little in 2011, a rearrangement among the axes may be necessary.

12. We recommend the examination of the launch of the fisheries environmental management programme.

Within the framework of agricultural-rural development support between 2004 and 2009 there was a possibility in the agricultural-environmental management programme (AEM) to partially compensate for the extra costs arising from the environmental management of extensive fish ponds and the loss of income due to voluntary environmental limitations. This programme provided fish pond farms joining the programme with a compensation possibility for five years. The majority of fish pond farms did indeed make use of this possibility. During the planning of the OPF a support construction similar to the AEM was built into the operative programme on a measure level despite the fact that there was an opportunity in the course of planning that the support, as earlier, could be financed within the framework of the AEM from the European Agricultural Rural Development Fund (EARDF).

Because of the position of the European Commission (especially the opinion of the DG-AGRI), support from the EARDF can only be given to a limited extent and not in a uniform manner as far as extensive fish ponds are concerned, thus this support has to be provided from the European Fisheries Fund (EFF), within the framework of the OPF. This compensation programme is the **Fisheries Environmental Management Programme (FEMP)**.

Similarly to the raw material production of agriculture, fishery activity is also closely connected to its environment and has a great role in sustaining it. One of the elements of the set of objectives of the OPF is the sustenance of biodiversity, a means by which the system of regulations of the fisheries environmental management programme can be enforced. This will most probably entail extra costs and loss of profit that must be compensated for through fisheries environmental management payments.

The advantages of the launch of the programme and of those drawing on the compensation:

From the point of view of the OPF:

- continuity between programming periods;
- resource earmarking – utilisation of OPF financial framework;
- decreasing the threat of resource loss arising from the n+2 rule
- better planning of the use of resources by non-convergence regions

From the point of view of the Beneficiaries:

- a partial compensation for costs linked to non-flexible prices;
- a possibility to use compensation freely.

Since the OPF contains the measure to be launched, only a **programme modification of a technical nature** is necessary in connection with the rearrangement of resources among the priority axes.

1. INTRODUCTION

1.1 Background and aims of evaluation

The present document is the Final Evaluation Report of the Mid-Term Review of the Operational Programme for Fisheries, Hungary, prepared by Agrar Europa Kft.

As it is laid down in Article 49 of Council Regulation 1198/2006/EC on the European Fisheries Fund it is the obligation of every country to prepare the mid-term review of the OPF. The deadline for the completion of the mid-term evaluation is determined by Article 27 of Council Regulation 498/2007/EC that stipulates that member states should submit the evaluation report to the European Council by 30 June 2011.

The aim of the evaluation is to examine the efficiency of the OPF as a whole in order to provide a basis for the necessary adjustments so as to, based on the findings of the evaluation, improve the quality of support and implementation. The assessment also examines the relevance of objectives in the course of which it tries to reveal whether the system of objectives currently listed in the programme really satisfies the present needs of the fisheries sector as well as the opportunities provided by the socio-economic environment the sector is in.

The structure and contents of the Final Evaluation Report fully corresponds to the contents of the Project Launch Report compiled in accordance with the contract with the Ministry of Rural Development (hereinafter: MRD) as the Managing Authority (hereinafter: MA) of the OPF. The evaluation was implemented as follows.

Table 1.

Event	date
Publication of the call for tenders,	05.08.2010.
Submission of the bid of Agrar Europa Kft,	23.08.2010.
The Ministry of Rural Development announces results,	10.12.2010.
Conclusion of the contract,	15.12.2010.
Kick-off meeting,	17.01.2011.
Submission of project launch report,	21.01.2011.
Letter of commission, declaration of secrecy,	26.01.2011.
Submission of the OPF financial report (as in December 2010.),	15.02.2011.
Submission of preliminary evaluation document,	01.04.2011.
Non-final submission of the OPF annual report, financial statement,	04.05.2011.
Preliminary opinion of Managing Authority on the preliminary evaluation document,	06.05.2011.
Submission of preliminary monitoring data,	06.05.2011.
Submission of final monitoring data from IACS,	03.06.2011.
Professional interviews (from-to),	08.02-01.03.2011.
Internal interviews (from-to),	08.02-18.03.2011.

1.2 Methodology of evaluation

Our evaluation approach and methodology were formulated to fully meet the requirements of the Call for tenders. Thus we strictly followed the tasks specified in the invitation of tenders, the **methodological principles of the EU** relevant for the mid-term evaluation as well as the Tavistock evaluation guidelines widely applied for the purposes of the evaluation of developmental programmes, all of which were adapted to suit the practice of the Hungarian development policy and the special characteristics of the OPF.

Our **Approach** is based on the classic, structured evaluation approach, the four phases built on each other:

- **Structuring** – Understanding the situation at the time of the evaluation as well as the formulation of the evaluation framework (evaluation questions, means and indicators);
- **Data collection** – examination of the possibilities of the involvement of stakeholders; definition of the area to be observed, data collection;
- **Analysis** – answering evaluation questions, evaluation of the effects of the fisheries policy;
- **Report compilation, recommendations** – evaluation based on the criteria defined in the first step, synthesis of evaluation, finalisation of evaluation report, communication of results, formulation of recommendations;

In the course of our work we apply formative and participative methods, quantitative and qualitative analyses alike. **Our method is fundamentally process-oriented (based on cooperation) and forward-looking** in the sense that our recommendations for the optimisation of the implementation of the OPF are based on the results and experiences of the Programme so far and the characteristics of the changes in the environment since the programming period.

Recommended focal elements of methodology:

- **Document-processing:** We review, process, systematise and synthesize the information found in the basic Hungarian documents of programming and programme-implementation, documentation of applications for support and payment, studies, evaluations, references, methodological guidelines and other relevant materials.
- **Data analysis:** We extract relevant data from the operational database of applications for support and payment (financial and physical indicators, monitoring data) which then are structured and analysed.
- **Applicants` questionnaires**: We prepare and – with the help of the MA – publish a questionnaire aimed at obtaining information from the applicants, organisations on the beneficiary side and other stakeholders about the system of handling applications and measure conditions with the help of open and closed questions.
- **Inside questionnaires:** We can obtain information from colleagues working in the institutional system with the help of thematic questionnaires to be filled in partly independently.
- **Professional interview:** One of the most efficient means of extracting – and to a certain extent synthesising – information, since the direct communication between the source of information and the provider of the information makes it possible to process complex questions and topics. The well-structured nature of our discussions with stakeholders (the

players of the support system: the MA, the Agricultural and Rural Development Agency (hereinafter: ARDA), successful and rejected applicants, professional organisations) is fostered by a draft interview.**Case study:** The case **s**tudy introduces the characteristics and possible pitfalls of the Programme and the support system through the example of a particular, possibly complex and complicated investment.

The most important characteristic of our methodology is that the governing principle is to respond to our **evaluation questions** to which all our methods were subordinated. This approach is adopted to the preparation of both the **preliminary** and the **final evaluation document**. The sole difference between the methodology of the preparation of the above mentioned two documents is that while in the case of the former we can primarily rely on the analysis of the documentation and data, the expertise of the consultants, the results of the first phase of professional interviews and the focus group discussion, in the case of the latter we based our opinion on the case studies, further interviews as well as the conclusions drawn from the applicants` questionnaires.

1.3 Difficulties arising in the course of the evaluation

In the course of the compilation of its bid Agrar Europa Kft. mapped all the possible parameters that can hinder the realisation of the Mid-Term review of the OPF or can be detrimental to its quality. Apart from the aforementioned factors the evaluators faced no difficulties besides the fact that willingness to elaborate on the open questions of the questionnaires proved to be very little.

The occurrence of the individual risks in the evaluation process was as follows:

Risk no. 1: There is an element of risk in the accessibility and availability of the interviewees, the decision-makers of the institutional system and the experts relevant from the point of view of the realisation of the project, and also their willingness to respond which can possibly cause a delay in the evaluation process.

The above mentioned players relevant for the evaluation were available and accessible, and the same applies to the relevant data. There was a relative delay in data-submission owing to the fact the annual obligation to supply data and the evaluation project were not synchronised. The deadline for beneficiaries to supply monitoring data was 15th March 2011, thus the submission of data to the evaluators was not accessible before 10th May due to the time-consuming nature of data-processing and the examination of data reliability.

Risk no. 2: Similar problems can be caused in the scheduling of the project by any delay in the decisions required for the progress of the project (e.g. interview draft, approval of draft reports).

The timing of the decisions in the course of the project did not hinder the execution of the evaluation tasks.

Risk no. 3: In the absence of necessary entitlement not all data sources are available connected to the evaluation of the Programme.

No entitlement issues arose during the project.

Risk no. 4: The reliability of primary and secondary information obtained during the interviews cannot be guaranteed, although these data will make a significant impact on the results of the evaluation.

When selecting the interviewees we took into account the potential differences between the opinions of those affected by the OPF, therefore we compiled our list of respondents so that it would be representative.

Risk no. 5: The many times overtaxed colleagues in the institutions do not spend enough time on the interviews and the participation in workshops, which leads to loss of information and mistaken conclusions.

We had sent the interview drafts to the partners before the actual interview so that they were able to prepare in advance and thus optimise the information extraction phase of the interviews.

1.4 Abbreviations

AERI	Agricultural Economics Research Institute
ARDA	Agriculture and Rural Development Agency
ARDOP	Agriculture and Rural Development Operative Programme
CFSC	Committee for Fisheries Strategy Coordination
CO	Contributing Organisation
CP	Communication Plan
EFF	European Fisheries Fund
FIFG	Financial Instrument for Fisheries Guidance
HAA	Hungarian Aquaculture Association
HFFA	Hungarian Fish Farmers` Association
HFFAPB	Hungarian Fish Farmers Association and Product Board
HTCA	Hungarian Tax and Customs Administration
IACS	Integrated Administration and Control System
MA	Managing Authority
MARD	Ministry of Agriculture and Rural Development
MC	Monitoring Committee
MRD	Ministry of Rural Development
LPA	Law on Public Administration
NFHA	National Federation of Hungarian Anglers
NFSP	National Fisheries Strategic Plan of Hungary
NGO	Non-Governmental Organisation
NSC	National Society of Conservationists
OPF	Operational Programme for Fisheries
RIAFI	Research Institute for Aquaculture, Fisheries and Irrigation
SME	Small and Medium-sized Enterprise
TA	Technical Assistance

2. RESPONSES TO THE EVALUATION QUESTIONS WITH REGARD TO THE AIMS OF THE OPF

2.1 New needs in the area of the development of the fisheries sector (Evaluation question no. 1)

Evaluation question: *With regard to the fact that there have been significant changes in the regulatory, political, social and economic environment since the elaboration of the OPF, do you think there are new needs from the point of view of the objectives of the OPF?*

What elements (on the international, national and regional level) have been able to influence the measures significantly since the ex-ante evaluation?

In the course of the elaboration of the OPF an evaluation was made including a strategic environmental examination. Since the ex-ante evaluation there have been considerable economic and social changes.

Nevertheless, while thoroughly analysing the parameters of the Hungarian fisheries sector, special attention needs to be paid to the circumstances defining sectoral characteristics. The Hungarian fisheries sector is primarily characterised by inland fishery production based on fish pond systems. The population of Hungary consumes an annual amount of freshwater fish corresponding to the quantity of production. The sector is considered to be a small one from the point of view of physical and financial output alike, although in the case of an increase in fish consumption the sector would be capable of satisfying the enhanced needs. The opportunities of the sector are fundamentally influenced by domestic fish consumption habits. Fish belongs to the group of food-products consumed to a lesser extent in Hungary, besides, gastronomy in Hungary is conservative enough to change its consumption structure rather slowly. Owing to all these parameters, although the external socio-economic environment of the fisheries sector has changed considerably since the ex-ante evaluation, it has had a significant effect neither on the fish-consumption habits of the population nor on the fisheries sector itself. The economic crisis has affected the area of employment negatively and again, it has had only little influence on the fisheries sector. Our evaluation reveals that in 2009 there were 1280 employees in the fisheries sector altogether (production and processing combined), and even if we add to this the number of businesses having a statistical average of 0 (if we suppose that in spite of this 1 person did indeed work), there were not more than 1385 employees in the fisheries sector.

Taken fish pond farming, natural water fishery and angling together, the output of fish for human consumption in Hungary was 22.7 thousand tonnes in 2008, exceeding the level of the previous year by 1%. The output of our fish farms and intensive farms was a little less than in 2007. As opposed to this, natural water fishery was more productive. In 2008 fish consumption per capita was around 4.18 kg.

The total area of operating fish ponds did not change significantly overall, 14 hectares of this entered production newly in 2008 and 128 hectares were reconstructed fish pond areas. Carp is still the dominant species in our fish farms, accounting for 76% of fish produced for human

consumption. The dominant species of intensive farms is African catfish, giving 94% of the output of intensive farms in 2008. Production of this particular species was increasing dynamically in the first decade of the 2000s, however, in 2008 this process appeared to be interrupted. The reason for this was supposedly the saturation of the market. In freshwater intensive farms output of table size trout increased from 42 tonnes (2006) to 62 tonnes (2009). (Source: Halaszat (Fishery - periodical) 2006-2009, Dr Karoly Pinter.)

As for natural waters, recreational fishery (angling) plays the most important part, where commercial fishery has only the complementary role of stock regulation. Out of total catch in natural waters and reservoirs 5 116 tonnes (72.8%) was the catch of anglers.

In 2009 according to the statistical data the total area used by the sector was approximately 36 thousand ha[1]. According to data submitted to the Research Institute of Agricultural Economics[2] by the nearly 400 fishpond enterprises, total fishpond surface was 27.5 hectares, of which 24.7 ha were in operation. The data show that of the total area of fish ponds 76% is used for farming, out of which 2 800 ha are not in operation. 79% of the catch of fish pond farming in Hungary is harvested in three regions: the North-Great Plain Region, the South-Transdanubian Region and the South-Great Plain Region. Within these areas Hajdu-Bihar County, Somogy County and Csongrad County contribute to the total production to the largest extent and they are also the counties with the most significant total size of fish pond area. Counties with the highest number of fish farms are Baranya County, Fejer County and Somogy County.

Table 2 **Main production data of the Hungarian fisheries sector**

Indicator	2007	2008	2009
Fish farms and intensive farm units			
Fish pond farms (hectares)	24 302	24 248	24 701
fish for human consumption (tonnes)	15 865	15 687	14 825
Natural waters and reservoirs			
Area in use (hectares)	115 852	139 515	140 647
Total catch (tonnes)	7 024	7 394	6 364
of this: fish for human consumption (tonnes)	6 669	7 027	6 098
Total fish for human consumption (tonnes)	**22 534**	**22 714**	**20 923**

Source: Research Institute of Agricultural Economics and National Fisheries Database

Total fish production and catch in fish farms and intensive fish farms was 22 thousand tonnes in 2009, out of which fish for human consumption was 15 tonnes, 51%, a decrease of 5.5% compared to that of the previous year. It is regrettable that production of carp for human consumption has been decreasing for years, in 2009 harvest was 555 tonnes less than a year before. Total fish growth (progeny) per ha was 521 kg, carp progeny per hectare was around 400

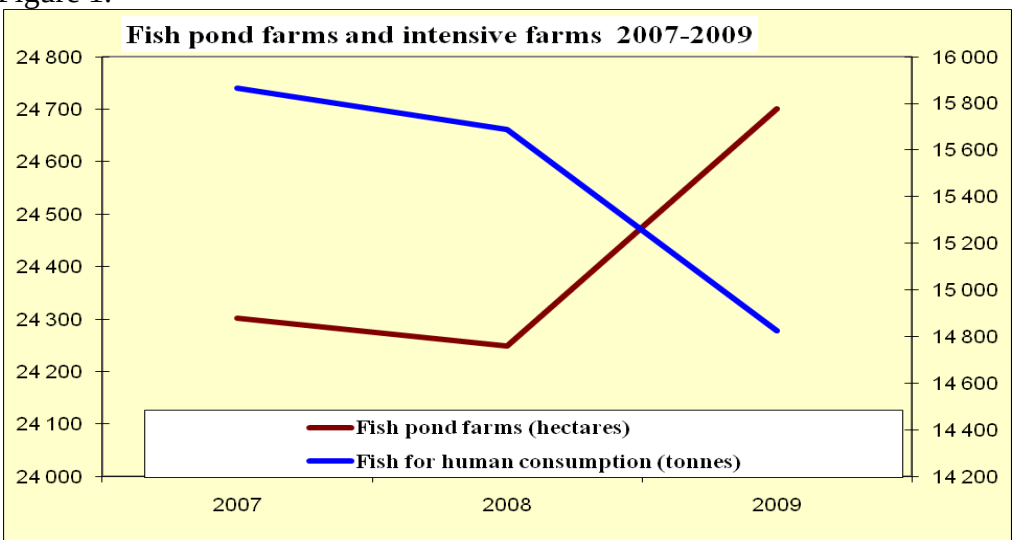
[1] Area under agricultural or forest cultivation must be registered as arable land, grassland, pasture, grape area, garden, orchard, reeds, forest and afforested area or fish pond, with regard to the regular utilisation of the area and according to its natural state. If the area is not under agricultural or forest cultivation, it should be classified as not operating agricultural or forest area. (Act 1997/CXLI on real estate registration)
[2] Research Institute of Agricultural Economics

kg. There was a decrease of 4 per cent in our harvest of carnivorous fish compared to 2008. In the case of pike the amount of catch decreased, catch of pike-perch and catfish increased slightly. Fish pond production of catfish has been approximately 200-250 tonnes for years.

Demand for freshwater fish is satisfied by fish farms. Demand for every species is satisfied from domestic production, the sector primarily produces fish for human consumption for the domestic market.

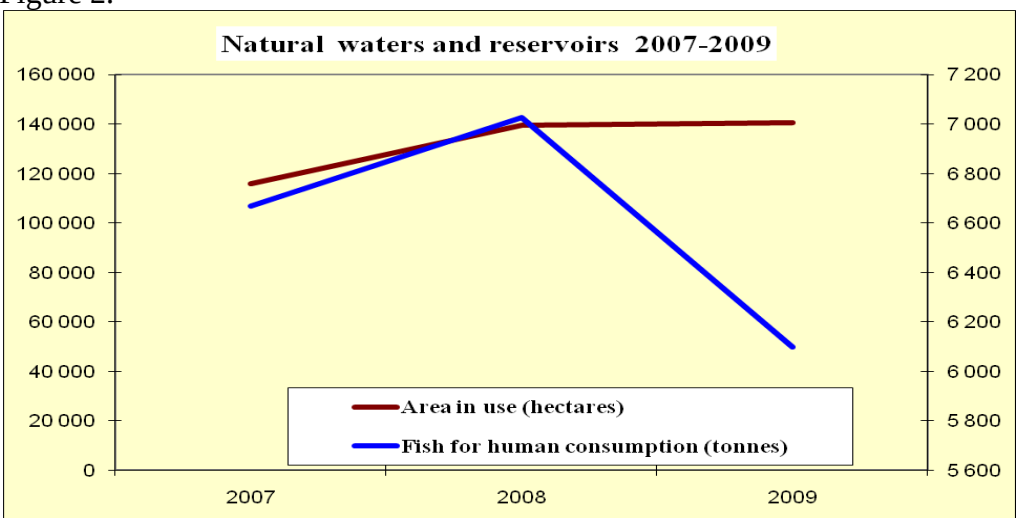
Carp represents 67% of freshwater fish production and 12% is the percentage of African catfish. Producers generally market live carp, African catfish, silver carp, grass carp and carnivorous species in the domestic market. As for freshwater fish for human consumption, we export mainly carp and silver carp (to Romania). Although the total quantity of our export in 2009 did not increase, its value did.

Figure 1.



Source: Fishery - periodical issues 2006-2009.

Figure 2.

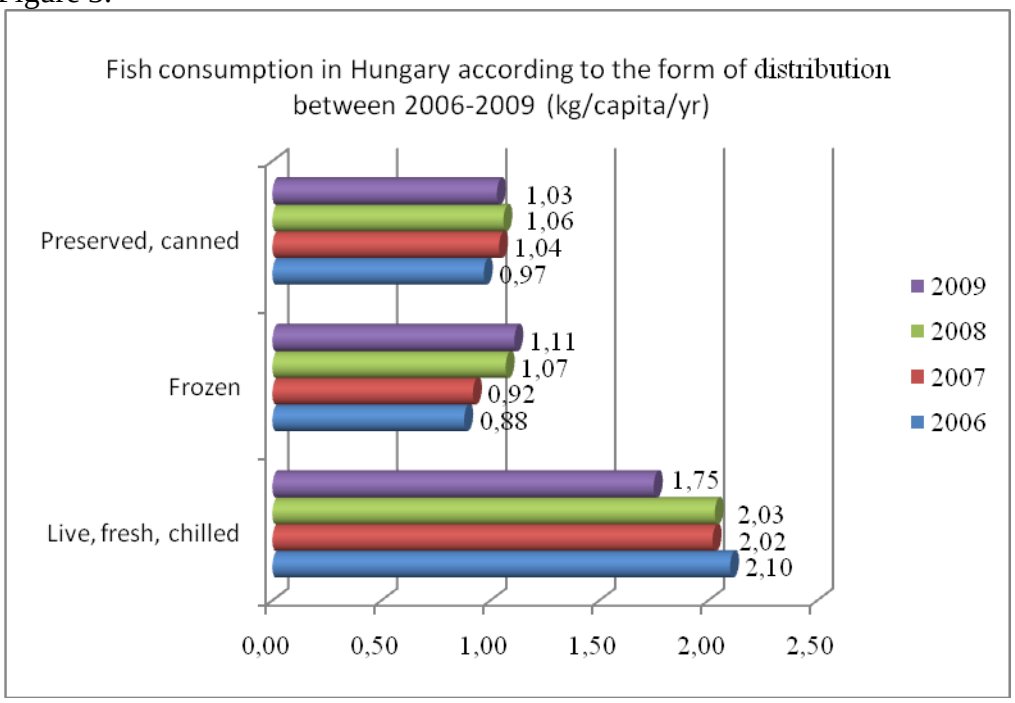


Source: Fishery - periodical issues 2006-2009.

Intensive freshwater fish production decreased by 8% compared to that of the previous year, totalling 1 798 tonnes in 2009. 11 intensive fish producing units operate, specialising in different species. The most significant of these is African catfish, comprising 93% of intensive fish production.

The intensification of investment activity is signalled by the fact that in 2009 the size of new production area was 6 ha and that of reconstructed fish pond area was 284 ha, as opposed to 2008 with 14 ha and 128 ha respectively.

Figure 3.



Source: Fishery - periodical issues 2006-2009.

55-56% of total domestic fish consumption is satisfied from production in our fish farms and natural waters. The remaining approximately 45% is imported which, taken together with consumption, had been increasing to 2008, however, due to the economic crisis domestic demand fell by 5%, thus import also decreased accordingly.

Table 3 **Fish consumption in Hungary 2006-2009 (kg/capita/yr)**

According to form of distribution

Year	Total consumption	Live, fresh, chilled	Frozen	Preserved, canned
2006	3.95	2.10	0.88	0.97
2007	3.98	2.02	0.92	1.04
2008	4.16	2.03	1.07	1.06
2009	3.89	1.75	1.11	1.03

Source: Halaszat – periodical 2006-2009

According to statistical data from APEH[3] (HTCA), in 2009 there were 235 enterprises registered in the Hungarian fisheries sector. 59 of these did not effect revenue from fishery, thus practically did not carry out this activity. 78 of these 235 enterprises had before-tax loss. 3 businesses indicated that they had investment projects during the year. Average registered staff was 1 331 persons. This group of businesses realised earnings of about HUF 8 billion in 2009.

Table 4 shows that regarding the number of players, the fisheries sector in Hungary is characterised by a low number of enterprises; on the other hand the majority of these businesses are a micro-enterprise. Annual growth is not significant, however, owing to the relatively low baseline number the proportion of growth can be large (e.g. from 2008 to 2009 the number of businesses in the fisheries sector increased by 27 per cent, but it only meant 29 micro-enterprises altogether). The size of these enterprises is characterised by the fact that in 2009 the average number of employees at fish processing companies was 3.75 persons, while at fish farms it was 5.6 persons per business.

Table 4

Composition of the Hungarian fisheries sector regarding type of enterprise

Line of industry	2006 (pcs)				2007 (pcs)			
	micro	small	medium	other	micro	small	medium	other
Fishery	80	8	3	0	71	7	4	0
Marine fishery	-	-	-	-	-	-	-	-
Freshwater fishery	-	-	-	-	-	-	-	-
Fish-farming	105	9	1	0	108	10	1	0
Marine fish-farming	-	-	-	-	-	-	-	-
Freshwater fish-farming	-	-	-	-	-	-	-	-
Fish processing	9	2	1	0	9	2	1	0
Fish processing, preservation	-	-	-	-	-	-	-	-

Line of industry	2008 (pcs)				2009 (pcs)			
	micro	small	medium	other	micro	small	medium	other
Fishery	-	-	-	-	-	-	-	-
Marine fishery	4	0	0	0	0	0	0	0
Freshwater fishery	48	8	3	0	65	8	2	0
Fish-farming	-	-	-	-	-	-	-	-
Marine fish-farming	15	0	0	0	4	0	0	0
Freshwater fish-farming	90	10	1		130	10	1	0
Fish processing	-	-	-	-	-	-	-	-
Fish processing, preservation	9	2	0	0	10	2	0	0

Source: HTCA

[3] Hungarian Tax and Customs Administration

The economic and financial crisis unfolding in September 2008 is not reflected in a fall in the number of Hungarian fishery enterprises; on the contrary, the number of businesses has increased.

The change of external factors

The Operational Programme for Fisheries was elaborated in the period of 2006-2007 and as far as external factors are concerned the nearly four years that have passed since then have brought changes, and in some cases these changes are considerable. It is important to take stock of them because they can necessitate the fine-tuning of the objectives of the OPF and can also affect several aspects of the implementation.

A summary of the most important social and economic changes around the Programme can be seen below, together with the trends that have evolved since its launch:

a) Economic factors, macroeconomic processes

In 2007 the growth of the European Union barely slowed down compared to the previous year, however, in the last quarter the downturn of the American economy could clearly be felt in Europe, too. After the boom of the world economy in the preceding years, in 2008 the global economy plunged into recession.

The crisis reached its deepest point in the spring of 2009 and in the summer months a very slow and fragile recovery started as far as the global economy is concerned, while in 2010 the dominant economies of the world experienced a substantial annual GDP growth. The economy of Germany that has a key role from a Hungarian perspective, for instance, performed 3.4 per cent better than a year before.

Hungary was forced to carry out a budget consolidation in 2006 and the resulting convergence programme entailed a serious downturn in domestic demand. In 2008 the situation was further aggravated by the financial and economic crisis and after the sources of credit grew narrower it was the IMF and the credit limit awarded by the EU in October 2008 that contributed to the fact that the budget could be financed after all. In 2009 the drastic decline of the world economy that started in 2008 seemed to come to a halt and there might be some hope for real recovery.

Hungary as an open economy and an integral part of the world economy was affected by the general financial crisis more than the average and, as a consequence, GDP fell by 6.3 per cent in 2009. Apart from the unfavourable conditions of the world economy, the serious recession can largely be traced back to the narrowing domestic demand. Nevertheless, an export-driven economic turn ensued in Hungary, too. In 2010 the Hungarian economy underwent a promising economic correction and the indicator for annual economic growth went up to 1.2 per cent.

b) The effects of the financial-economic crisis on agriculture

Now and in the near future the situation of the Hungarian agriculture and, within this, the fisheries sector is considerably aggravated by the consequences of the global financial and economic crisis. To mention just the most important consequences: smaller chances to obtain

credit, an increase in interest rate costs, the dwindling of effective demand and the resulting limitation of production, the increase in the price of energy resources and means of production, the worsening position of producers` revenues as well as the deterioration of the financial relations between economic organisations.

In the area of plant production – despite a good average yield and quantity – prices went down and demand weakened due to the crisis. In the case of certain sectors the structural problems of production became more acute and for certain horticultural products, for instance apple and melon, a governmental intervention was necessary. In 2010 the price of plant products started to grow dynamically.

In 2007 plant production volume was more than 21 per cent under that of the previous year, as a result of spring frost damage and drought. 2008 was characterised by an outstanding yield of plant products which was really spectacular, especially after the poor results in 2007. In 2009 agricultural performance was considerably worse than the outstanding results of the previous year, and it can primarily be explained by the unfavourable results of plant production. A bigger area remained unsown and a bigger crop area perished than a year earlier. Even the production results of 2010 could not strengthen the supply side.

In the recent years weather conditions have become more extreme, and as a result, production is fluctuating more than ever before. The most important management factor of the fisheries sector is the changes and situation of the natural hydrological regime. From the point of view of fishery, in periods of heat waves the main task to be solved is to handle the intensification of the phenomenon of eutrophisation, while in the case of abundant precipitation it is the management of the amount of water drained through lakes.

The tendency of animal husbandry being pushed into the background can be observed all over the world and this trend – due to the above-mentioned reasons – has been present in the Hungarian agriculture emphatically.

In the animal husbandry sector (especially in the forage-consuming segments) balance worsened further and stock-breeders were not able to make up for the increase in feed costs and transportation in their prices. The economic parameters of the fisheries sector were barely different from those of the animal husbandry sector.

The Hungarian food industry (and within this, fish processing) got into an extremely difficult situation. Farmers producing for the domestic market had to face these difficulties primarily because of a loss of market share and the tide of cheap but occasionally lower quality import products sold by supermarket and hypermarket chains. The ability of producers to enforce their interests against the aggressive marketing policy of the above mentioned chain stores is still weak. Several important food processing companies are under liquidation or face bankruptcy proceedings. This threatens the livelihood of thousands of suppliers and families either directly or indirectly.

The chances of small and medium-sized enterprises getting a bank loan have diminished (the narrowing of the credit sources of banks, a stricter credit application analysis, and a drastic increase in interest). The rise in costs triggered a lasting and extensive wave of liquidity prob-

lems as a result of which we can witness insolvency and near-bankruptcy among small and medium-sized enterprises.

The situation was further aggravated by the fact that the Hungarian Forint weakened owing to the financial and economic crisis (an increase in the price of means of production, the fact that developments have become more expensive and an increase in interest). The stabilisation of the Forint exchange rate and the strengthening of its value was a welcome phenomenon in the second half of 2010.

c) Weather conditions in the past few years

The fisheries sector is especially exposed to nature. Since it is in the temperate zone and because of its location Hungary is not prone to extremes of climate. The whole area of the country belongs to the same climate, but naturally mountains and hydrographical factors also play a part. Hungary belongs to the climatic sub-type `continental climate with a long warm season`.

2007 was the warmest year of the past century. At the same time, the late-spring frost caused serious damage due to the warmer-than-average weather. In 2007 precipitation was approximately 8 per cent higher than the average of several years. Except for September, October and December the whole year was characterised by higher than average amounts of sunshine.

Authorities had to declare a state of emergency of a second degree due to record-breaking heat two times in 2008. By November 2008 temperatures were higher than average again. The frost at the end of spring did not cause significant damage. The amount of precipitation exceeded the average by approximately 2 per cent.

The weather of 2009 abounded in extremes. In winter sleet and sticky snow caused problems and damage, in summer there were violent storms in many parts of the country resulting in loss and damage of yield. Owing to the wet weather, floods were more devastating than usual and there were record water levels at several points.

2010 was registered as a year when precipitation exceeded the average (in many districts 150-180 per cent of the annual average was measured).

In the past thirty years climatic warming has been accelerating in Hungary and the occurrence of extreme weather conditions has increased. An effect of the general warming can be the occurrence of these extreme weather conditions that is characteristically manifested in extreme amounts of precipitation and an increasing fluctuation of temperatures. Due to the special characteristics of soil in Hungary, an increase in the frequency of excess water and droughts is to be expected.

d) Regulatory steps

The financial implementation of the OPF and the corresponding financial support is regulated by Council Regulation 1198/2006/EC on the European Fisheries Fund (27. July 2006) and Commission Regulation 498/2007/EC (26. March 2007), the so-called EFF regulations.

The Hungarian regulations were drawn up in line with the above mentioned regulations. In

procedural questions regarding implementation Act XVII of 2007 has to be observed. Ministry Regulation 25/2009. (III. 17.) (MARD) regulates the general conditions of support-allocation, while Ministry Regulation 26/2009. (III: 17.) (MARD) regulates the exact conditions of support for fisheries investments.

Ministry Regulation 27/2010. (III. 26.) (MARD) is the modification of Ministry Regulation 25/2009. (III.17.) (MARD) on the general rules concerning the claim of support co-financed by the European Fisheries Fund and Ministry Regulation 26/2009. (III.17.) (MARD) on the conditions of the European Fisheries Fund support according to Axis 2.

e) Aspects of sectoral policy

The strategic objectives of the OPF

- to increase the fish consumption of the population
- to supply consumers with a wide range of good-quality fish products at an affordable price
- to improve sustainable fish production
- to develop the fishery background of angling
- to improve the competitiveness of Hungarian fish producers

f) Social processes

Trends in the labour market

In 2008 the situation in the labour market deteriorated further, even if compared to its already unfavourable situation in the previous years. Within the active population the proportion of activity and employment decreased both in absolute and in relative terms, while unemployment increased. In 2009 these negative processes in the labour market continued parallel with the deepening of the crisis and the diminishing of the real economy. Besides the stagnation of activity there was a significant fall in employment and a drastic increase in the rate of unemployment.

The Hungarian rate of unemployment which is rather high compared to several other countries of the union can be traced back to a number of structural problems and the low rate of production volume (as well as a downturn in 2009).

It was clearly the South-Great Plain Region, the South-Transdanubian Region and the North-Great Plain Region where the role agriculture plays in employment was the most significant in the period in question; this role, however, started to decrease (though more and more slowly) and the above-mentioned role was gradually taken over by the service industry which, as opposed to agriculture, can rather be connected to cities. The above-mentioned processes demonstrate the deterioration of the employment situation of countryside settlements. The number of the registered unemployed and their proportion within the population in the age group 18-59 is far less favourable in rural areas than the national average. The increase in the rate of unemployment significantly exceeds that of the national average.

The economic crisis triggers the impoverishment of the society through making workplaces uncertain, and it is also reflected in fish poaching becoming more and more widespread, though it cannot be supported by statistical data and is only claimed by those affected by it.

Demographic processes in rural areas

Migration data show that migration to rural settlements experienced around 2001 slowed down considerably by 2005, and by 2008 migration from rural settlements much exceeded migration in the opposite direction. This unfavourable demographic process can be attributed to the increasingly difficult means of sustenance in the countryside. Migration of the young is especially characteristic, thus countryside settlements with a dwindling population can be said to be ageing.

The bottleneck for the improvement of quality of life in rural areas is still the lack of means of sustenance and the low level of income. Among the reasons we can name the low level of mobility characterising the rural population arising from the problems of the accessibility of villages (a road network in need of maintenance) and also from the problem of public transport (more and more infrequent services). Besides the harder and harder situation of entrepreneurship another reason is the lack of skilled workforce that is capable of regular and good quality work (unemployment through several generations).

g) Changes in the fisheries policy of the European Union

The beginnings

With our EU accession the Financial Instrument for Fisheries Guidance (FIFG) was adopted and utilised as part of the Agricultural and Rural Development Operative Programme between 2004-2006 entitled `The structural support of the fisheries sector`. The co-financing ratio of the Hungarian state accounted for 25 per cent, while the total financial fund exceeded HUF 1.5 billion. By the end of the programme 88 applications for support were submitted, of which 54 were granted support. The fisheries sector fully utilised the available financial resources.

The fisheries policy of the European Union primarily focuses on the regulation of marine fishery, thus landlocked countries like Hungary are less affected by the current reform processes. The area referring to and having a significant effect on Hungary is the area of support for fisheries policy. In the following section there is an overview of the policy with a summary of changes in fisheries policy so far.

<u>Measures preceding the adaptation of the OPF</u>

For the programming period 2007-2013 the European Fisheries Fund (EFF) substituted FIFG in order to finance necessary community resources needed for the operation of the fisheries sector and the transformation of its system. The funds allocated to Hungary within the framework of the EFF are regulated by the Hungarian Operational Programme for Fisheries.

- The first step in the elaboration of the programme was to draw up the National Fisheries Strategic Plan that incorporates developmental ideas regarding each element of the fisheries sector.

- There was a public debate and consultation with the stakeholders to determine the principles and objectives of the strategy (on 29. September 2005: open debate in the Parliament; a commission for the Research Institute for Fisheries, Aquaculture and Irrigation (RIFAI) to prepare the strategic plan; setting up the Committee for Fisheries Strategy Coordination etc).
- 20. December 2007: the European Commission approves the National Fisheries Strategic Plan.
- 2007: a Strategic Environmental Assessment is prepared and approved as a means of proactive environment protection.
- 2007: Ex-ante evaluation in line with Union regulations
- 9. September 2008: the European Committee approves the Operational Programme for Fisheries.

Measures taken after the approval of the OPF

After the approval of the Programme the most important measures of the organisation of implementation followed:

- Setting up the organisational unit of the Managing Authority of the Operational Programme for Fisheries, with the main responsibility of coordinating the implementation of the OPF.
- On 20. November 2009 the European Commission approved the system description of the OPF and it opened up resources for Hungary. The description includes among others the operative sections of the Organisational and Operational Rules of the MARD (later MRD) and those referring to the Managing Authority, the Audit Authority and the Audit Organisation. It also includes the Cooperation Agreement regulating cooperation among the European Fisheries Fund, the Managing Authority, the Certifying Authority and the Contributing Organisation (ARDA). The different operational, implementation and audit manuals, plans etc also form part of the system.

- The 1st session of the Monitoring Committee (MC) of the OPF was on 3. December 2008, the 2nd one on 30. January 2009, where the MC accepted the selection criteria for applications for support for measures of Axis 2 of the OPF.
- 17. March 2009: based on this Ministerial Regulation 25/2009 on `OPF Implementation` and 26/2009 on `Axis 2 investments of OPF` was published, regulating Programme implementation and the conditions for granting investment support for fisheries.
- 22. May 2009: I. OPF Conference in Debrecen with the aim of informing the public about the Programme. The series of events continued in 2010.
- 1. December 2009: the 3rd session of the MC of the OPF.
- The first round of applications was between 1. June and 31. July 2009.
- The second round of applications was between 1. July and 31. August 2010.
- The 4th and 5th sessions of the MC were in 2010.
- The Certifying Authority submitted an expense declaration to the Commission two times: the first one in October 2010, the second one in December.
- Hungary was given an advance payment of 7-7 % two times besides the transfers covering the applications for payment. The first one was awarded automatically in 2008, the second 7% was requested in 2009 which was awarded in the same year.

Summary

Based on the experience of the past few years the conclusion to be drawn is that in the period in question Hungary has been characterised by a great degree of stability in issues related to the development and regulation of the fisheries sector, closely linked to the effects of European economic programming. The basic objectives and measures of the OPF have not changed; the regulatory framework serving the purposes of implementation has successfully fostered the strategic objectives of the programme to be fulfilled pro-rata, and thus provided a suitable background for society to enforce its interests regarding angling, recreation, environment protection and healthy nutrition. Furthermore, it has helped beneficiaries to successfully launch and develop their projects and business enterprises.

What effect has today`s financial and economic crisis had on the sector? How has the fuel crisis of 2007/2008 affected the sector?

Based on the interviews conducted with those working within the institutional system, the economic crisis has had little effect on the fisheries sector. According to ARDA the economic crisis does not hinder the implementation of the projects since these projects are small-scale (and it is not related to the financial strength of fishery enterprises or their creditworthiness). According to the Ministry of Rural Development, possibilities for fish sales have become narrower, which can be attributed to the decrease in purchasing power.

The players of the economy see this issue partly differently, and opinions are not unanimous. Some businesses say the crisis has not affected the sector, others say it has indeed made the market narrower to the extent that there is a chance that fish consumption per capita will not exceed from 4 kg to 6 kg as expected earlier.

Based on the interviews we can establish that the fuel crisis of 2007/2008 did not have a dramatic effect on the Hungarian fisheries sector.

What kind of new sectoral needs have emerged connected to these changes?

Judging from the interviews we can state that sectoral needs have not changed and no new needs have emerged since the adoption of the OPF and the availability of support, since the difficulties of the sector are caused by external factors (the impoverishment of the society, a conservative nutrition culture) that cannot be influenced by sectoral means, for instance support measures.

To what extent have these changes questioned the objectives of the OPF? Has any of the objectives become partly or wholly irrelevant? And on the other hand, what other objectives have become important?

The changes in the environment of the fisheries sector have not had an effect on the sector itself, thus the objectives of the OPF are not affected either. None of the original objectives have become irrelevant and no new possible objective has emerged and become more significant over time and with changes in the environment.

A recurring problem that has not been addressed in the course of the implementation of the OPF is the continuous increase in the number of fish poaching that raises the question of protection of property. We are of the opinion that it is worth dealing with this issue on the level of sectoral development and in the monitoring committee in order to draw up a monitoring system corresponding to the SMART[4] criteria with the help of which any changes can be monitored and reaction becomes possible on the programme level.

The overview of the SWOT-analysis is laid out in a table containing a textual description as specified in the OPF as follows. It can be concluded from the review of the content that the SWOT-analysis corresponds to the current parameters and environment of the domestic fisheries sector, thus there is no need for alteration. There is one extra point we would like to make: the increasing number of fish poaching should be mentioned among the threats in the area of aquaculture. This, on the other hand, does not necessitate alterations in the priorities or objectives, given the fact that investments targeting protection of property can be supported in the present system as well.

Table 5.

AQUACULTURE	
Strengths - The great diversity of Hungarian hydrographical parameters and a very rich biodiversity - Low environmental load of domestic fish farm production - Fish farm production is based on expertise accumulated over a long period of time - A comprehensive application of quality assurance systems - Water efficient and environmentally friendly fish production technologies - A sound technological basis for certified organic fish production	**Weaknesses** - Poor condition of production infrastructure - Low technical level (machinery and equipment) - An aged workforce - Low technical qualification and lack of readiness for innovation among young employees - Poor protection or property - Many times unsatisfactory fish storage capacity (in quantity and quality)
Opportunities - An increasing interest in angling and natural waters - A growing emphasis on nutrition-related factors in the trend towards a healthy way of living	**Threats** - Intensifying cumulative damage caused by birds (primarily cormorant) - Weather extremes becoming more prevalent - An increasing fish poaching trend

Table 6

INLAND FISHERIES	
Strengths - Excellent climatic and hydrographical conditions - The existence of integrated producer groups for marketing	**Weaknesses** - Degradation of habitats - A decreasing proportion of species of a high value - Disappearance of spawning sites and fish cradles

[4] SMART: Specific, measurable, available, relevant, time-bound.

	- Sedimentation of waters - Water management exclusively based on technical aspects - A difficult estimation of catch - Problems in protection of private property
Opportunities - A growing popularity of angling as a pastime - People loving water-related environments live a more environmentally-conscious lifestyle and thus make a positive impact on society.	**Threats** - An increase in the number of fish-eating birds (especially cormorant) - The vanishing of natural water areas

Table 7

FISH PROCESSING AND MARKETING	
Strengths - Existing quality assurance systems - Existing and operating tracing systems - Direct connection between fish processors and fish producers, intermediary trade thus unnecessary	**Weaknesses** - Poor product range, dominantly products with a low added value - Low utilisation of processing capacity - Low technical standards and the resulting high costs of energy - Low mechanisation, a high rate of manual labour use - As a result: high production costs - The question of modern effluent treatment is many times not solved - Hungarian fish products are less well-known - Consumers are unfamiliar with the wide range of ways to prepare fish dishes
Opportunities - An increasing demand for fish in urban areas - A growing interest in fishery-related culinary events	**Threats** - Additional costs arising from the strict animal and food safety requirements that cannot be incorporated into consumer prices

Table 8

EDUCATION AND RESEARCH	
Strengths - Internationally acclaimed research activity related to fishery - An existing coordination between research related to fishery and fishery strategy - Hungary is a member of international fishery organisations - Hungarian fishery research participates in international projects as well - A significant number of fish producers are members of interest representing or-	**Weaknesses** - There are several interest representing groups in Hungary operating parallel - Only a small number of sectoral players participate in research - Only few students participate in education related to fishery thus this segment of education is under threat

ganisations	
Opportunities - The resource side of research and education programmes is expanding due to international cooperation	**Threats** - Due to urbanisation the popularity of the fishing way of life exposed to weather conditions is decreasing and this in turn can lead to a low number of students - the underfunded nature of research and educational activity does not make it possible to support technological development scientifically

2.2 The relevance of the OPF (Evaluation question no. 2)

Evaluation question: *Taking the previously mentioned changes into consideration, to what extent does the original (or modified) OPF meet the needs of the fisheries sector from the point of view of the Common Fisheries Policy?*

The data introduced in the previous chapter show that the fisheries sector in Hungary is relatively small. The production of fishery products is strongly market-driven and the amount of freshwater fish that can be sold in the country is determined by the extent of consumption. Food consumption in Hungary is rather conservative, which means that on one hand it contains few species, on the other hand it changes only slowly and is inflexible in its composition.

The basic needs of the fisheries sector are unchanged, namely the stimulation of the freshwater fish consumption of the population as well as the ensuing marketing campaigns and ultimately technological development (both in the area of production and processing) necessary for the improvement of the production capacity that would make it possible to satisfy freshwater fish consumption from domestic resources. Finally, the implementation of central marketing measures serving a common need as well as organising campaigns encouraging consumption are also among the above-mentioned needs.

Based on all these we can conclude that the OPF meets the needs of the sector without any modification.

The conclusion we can draw from the data of the questionnaires is that the system of conditions described in the OPF satisfies the needs of the fisheries sector (4.2 points out of the possible 5).

The system of objectives of the support system of the fisheries sector is demonstrated below.

Table 9.

NFSP	The general objectives of the OPF	The specific objectives of the axes	OPF	Legal basis
1. To improve the supply the population has of safe and healthy fish food, in order to increase fish consumption and develop nutrition structure.	OO4. To promote fishery and aquaculture products and to increase the level of fish meat and fish product consumption in Hungary.	SO4.1. To foster the promotion of fishery and aquaculture products in the Hungarian market.	2.1. To provide the basics and system of conditions for safe fish meat production.	**26/2009. (III.17.) MARD regulation** To provide the production basics and system of conditions for safe fish meat production (Chapter II)
			2.4. To improve the hygienic conditions of fish processing plants and the working conditions of those employed there as well as to decrease environmental load.	**26/2009. (III.17.) MARD regulation** To provide the production basics and system of conditions for safe fish meat production (Chapter II) To improve the conditions of public health and hygiene. (Chapter III) To improve hygiene and product quality. (Chapter IV)
			3.1. To improve the quality of products and the level of food safety in the domestic fisheries sector.	**26/2009. (III.17) MARD regulation** To provide the production basics and system of conditions for safe fish meat production (Chapter II)
			3.3. To introduce a quality policy and to increase the proportion of products with more added value.	**26/2009. (III. 17.) MARD regulation** To produce products of excellent quality for new markets. (Chapter III)
			3.3. To examine consumer behaviour as regards fish consumption and to examine the current situation and the opportunities in the market of fish and aquaculture products.	

NFSP	The general objectives of the OPF	The specific objectives of the axes	HOP	Legal basis
2. To develop environment-friendly and water-economical fish production technologies that also fulfil the animal welfare criteria.	OO3. To improve natural water resources and biodiversity in the area of fish farms as well as to sustain and enhance the traditional values of the aquatic environment.	SO3.1. To improve aquaculture production with the help of ecological methods (2029/91. (EEC regulation)	2.1. To introduce aquaculture production methods that decrease the negative effects on the environment or increase the positive ones, as opposed to the methods currently applied in aquaculture sectors.	**26/2009. (III. 17.) MARD regulation** To enhance productivity and efficiency in aquaculture primarily through improving technical and technological standards, taking into account aspects of environment protection. (Chapter II) To decrease negative effects on the environment. (Chapter III) A positive effect on the environment. (Chapter IV)
			2.2. To protect, sustain and enhance environmental values, natural resources and biological diversity.	**26/2009. (III. 17.) MARD regulation** To enhance productivity and efficiency in aquaculture primarily through improving technical and technological standards, taking into account aspects of environment protection. (Chapter II)
			2.4. To apply new techniques and introduce innovative production methods.	**26/2009. (III. 17.) MARD regulation** To build, reconstruct and modernise fish hatcheries; to decrease environmental load during fish production. (Chapter II)
			3.4. To elaborate, internalise and advocate new technical expertise, production technologies and procedures aiming at greater efficiency economically and biologically and a smaller environmental load.	**26/2009. (III. 17.) MARD regulation** To enhance productivity and efficiency in aquaculture primarily through improving technical and technological standards, taking into account aspects of environment protection. (Chapter II)

NFSP	The general objectives of the OPF	The specific objectives of the axes	OPF	Legal basis
3. To provide for the competitiveness of fish producers in the domestic and EU markets and to promote the sustainability of the sector for future generations.	OO1. To provide for the sustainability and competitiveness of aquaculture and the inland water fishery sector.	SO1.1 To modernise means of production and create new production opportunities, to improve working conditions and sustain workplaces.	2.1. To broaden the possibility of direct sales on fishing premises.	**26/2009. (III. 17.) MARD regulation** To broaden the possibility of direct sales on fishing premises. (Chapter II)
	OO2. To provide for the sustainability and competitiveness of the fish processing sector.	SO1.3. To enhance technical knowledge and expertise.	2.1. To introduce new species of fish and to promote the production of marketable species.	**26/2009. (III. 17.) MARD regulation** To produce new products and develop innovative production methods.
	OO4. To promote fishery and aquaculture products and to increase the level of fish meat and fish product consumption in Hungary.	SO2.1. To enhance the productivity and efficiency of the fish processing sector primarily through the modernisation of processing plants and the improvement of hygiene and working conditions.	2.4. To improve the current fish-processing capacity.	**26/2009. (III. 17.) MARD regulation** To enhance the production capacity of aquaculture (including intensive production units) by means of building new fish farms. (Chapter II)
		SO4.1. To foster the promotion of fishery and aquaculture products in the Hungarian market.	2.4. To produce products of excellent quality for niche markets.	**26/2009. (III. 17.) MARD regulation** To control and improve product quality. (Chapter III)
			2.4. To enhance the range of products and added value among processed fishery and aquaculture products.	
			3.1. To provide for and improve market transparency, quality, food safety and traceability.	**26/2009. (III. 17.) MARD regulation** To control and improve product quality. (Chapter III)
			3.1. To build up a system of cooperation and to exchange professional and practical experience among the players of the sector.	

			3.3. To inform consumers and create new market opportunities for fishery and aquaculture products by organising promotional campaigns.	
			3.3. To create market opportunities for fishery products outside the Community.	
			3.1. To build partnerships with the fishery sector of third countries.	

Has the NFSP been modified taking into account the new environment? If not, what analyses have been carried out concerning the success of the strategy, especially as regards the EFF?

The NFSP has not been modified owing to the fact that although the socio-economic environment has changed, the fish consumption habits of the Hungarian population have not been affected by it significantly. The success of the strategy is furthered by the efficient implementation of the OPF. The success of the strategy for the fisheries support programme can truly be evaluated once the effects of the marketing campaigns are felt.

Has the change of the environment modified the original OPF (both in quality and in quantity)? Has it led to the formulation of new objectives? Have the priorities among the axes changed taking the new context into account?

As we concluded earlier, the change of the environment has altered neither the quantity nor the quality of the domestic fish consumption habits that primarily influence the fisheries sector. As a result, it was not necessary to change the OPF and within this the relative importance of the axes compared to each other. According to the designers of the programme the first step of the OPF is the elaboration of the physical infrastructure of production and processing, then the thus revitalised production sector will be able to fulfil domestic demand for fish increased by the marketing campaigns of the second phase as far as the composition of species, quantity and quality is concerned. To the key date of the review, 31 December 2010, support conditions of the production/processing infrastructure were announced and there were two-two occasions to submit applications for support. Parallelly, funded by Axis 5 the common fisheries marketing programme was compiled, aiming at the coordination of the campaigns for the increase of fish consumption and the specification of activities to be supported in relation to Axis 3. Currently the social coordination of the marketing programme is in progress in the course of the evaluation programme among a wide range of stakeholders.

We can conclude that the implementation of the interdependent activities of the OPF is in progress, and according to the data of the key date progress is as planned, the modification of the OPF has not been necessary thus far, nor has the need to change the priority of the axes come

up resulting from the progress of the programme or the alteration in external factors.

If there has been an alteration, has the modification improved the objectives?

There has been no modification in the system of the objectives of the OPF.

Corresponding conclusions, recommendations

- In the interests of combating fish poaching we recommend that the support of investments related to the protection of property and through this a more economical production be of high priority.

3. ANSWERING EVALUATION QUESTIONS REGARDING IMPLEMENTATION

3.1. Partnership, the involvement of stakeholders into implementation (Evaluation question no. 3)

Evaluation question: *How efficiently is the principle of partnership applied in the course of the implementation of the EFF? Are stakeholders drawn in efficiently? Is the implementation of the EFF properly coordinated on the national and local level? Is the involvement of conservationist organisations and associations for gender equality satisfactory?*

As far as the planning and implementation of the OPF is concerned, we can state that all the stakeholder state organisations and social partners have been involved in the implementation of the Programme and the development of the fisheries sector to the highest possible extent. In the course of implementation all these organisations have been given a seat in the Monitoring Committee (MC). According to the usual procedure of the MA its members are given the opportunity to express their opinion about every modification, whether it refers to the Programme, the measures or the details of the individual measures, and the opinion of the governmental and social partners is always taken into account by the MA. Among the social partners there are fishery interest representation groups that, since the Hungarian fishery sector is small, maintain a close relationship with their members and enquire about their members` opinions when expressing their views in front of the MC. We can thus state that through the operation of the MC the fishery sector in its entirety is given the opportunity to contribute to the elaboration of the implementation system of the Programme.

Was the number of stakeholders involved in the planning phase satisfactory, especially as far as environmental organisations and ones focusing on equal opportunities are concerned? Have the stakeholders been involved in the different levels of programme monitoring, especially the operation of the monitoring committee during the implementation?

When elaborating the OPF it was a basic requirement to consider the principles of partnership and transparency. To ensure this a special procedural method was introduced. Since the OPF cannot be separated from the NFSP logically, the harmonisation of the two documents was going on parallel, except for the approval process of the documents.
The MA that managed FIFG utilisation in the 2004-2006 planning period signed a contract with the Szarvas-based HAKI (Research Institute for Fisheries, Aquaculture and Irrigation, hereinafter: RIFAI) to elaborate the Hungarian NFSP and OPF. To foster partnership HASKOBI (Committee for Fisheries Strategy Coordination, hereinafter: CFSC) was established with the following members: the Natural Resources Department of the Ministry of Agriculture and Rural Development, the Agricultural and Rural Development Agency, the RIFAI, the Agricultural Centre of the University of Debrecen and the representatives of HALTERMOSZ (Hungarian Fish Farmers Association and Product Board, hereinafter: HFFAPB). The common characteristic of the members is that they have thorough knowledge regarding fishery, economics and the technicalities of fishery. The composition of the committee (a broad public administration and professional representation) guaranteed that there was a continuous oppor-

tunity for coordination as well as a basis for a consensus-based adaptation of recommendations and modifications. CFSC prepared the working papers of the OPF on schedule, based on experience drawn from national support schemes and the FIFG, as well as comprehensive preliminary professional consultations. The working papers of the OPF were prepared based on the strategy which had previously been discussed at a professional fishery forum, and after the modifications accepted in the framework of partnership version no. 1 was prepared. The working papers and financial plan of the OPF already contained the measures planned in connection with the financing of the EFF and the objectives of these measures. The participants of the professional forum represented the organisations listed below:

- MARD, Department of Natural Resources, Unit of Hunting, Fishery and Water Management;
- Hungarian Fish Farmers Association and Product Board (HFFAPB);
- National Federation of Hungarian Anglers (NFHA) representing some 320 thousand anglers;
- Balaton Fishery Company;
- the largest state-owned fish farm, the Hortobágyi Fish Farm Company;
- Szegedfish Ltd, representing one of the largest fish farms;
- Aranyponty Ltd, the largest multi-functional fish pond farm;
- Koros Fishery Cooperative, the representative of natural water fishery;
- Szarvas-Fish Ltd, the representative of the intensive production of African catfish;
- Togazda Fishery Ltd, one of the largest private producers;
- University of Debrecen (Debrecen) and Szent Istvan University (Godollo);
- Euconsult Foundation, the representative of fishery consultancy;
- CFSC, the author of the material and of further documents.

The composition of the Monitoring Committee of the OPF is different from the organisations involved in the planning of the OPF, however, this is due to the fact that in the planning period the involvement of organisational units with professional experience and sectoral knowledge was relevant, while in the period of implementation of the OPF other organisations have also been involved, namely the ones that were given the opportunity to express their views in the planning phase.

In our opinion and also based on the interviews carried out with the stakeholders, the MC of the OPF complies with both the current regulations and the principle of comprehensivity, including the organisations working for equal opportunities and environment protection.

In the topic area of nature conservation the National Society of Conservationists represents NGOs, and the State Secretariat for Environmental Affairs of the Ministry of Rural Development (MRD) together with the National Inspectorate for Environment, Nature and Water represents the state, while the topic area of gender equality is covered by the Gender Equality Council in the Monitoring Committee of the OPF.

The National Society of Conservationists (NSC) is a platform for more than 100 environment protection and nature conservation organisations and its primary aim is to protect nature and foster sustainable development. The members of the Society established in 1989 are present in every county and fight for the conservation of our natural values and the prevention of environmental load. We closely cooperate with international organisations such as the network of

Friends of Earth and thus we play an important role in European and global civil initiatives for environment protection.

The Gender Equality Council is a body helping governmental work with its opinions, recommendations and consultation.

In this role it

- expresses its opinion concerning the recommendations for regulations affecting equal opportunities as well as domestic and international reports and information;
- participates in the elaboration of domestically and internationally supported programmes aiming at improving equal opportunities as well as the preparation of reports in this subject;
- initiates modifications for regulations aiming at equal opportunities and also other governmental decisions and new programmes;
- makes suggestions for particular measures in order to enhance equal opportunities connected with the New Hungary Development Plan and the New Hungary Rural Development Strategic Programme.

Based on the information above the evaluators believe that the areas covered (nature conservation, equal opportunities) are represented in the Monitoring Committee of the OPF properly. These are significant areas.

As regards the participation and activity of the two organisations in MC sessions we have to note that the representative for equal opportunities attended neither of the MC sessions of the OPF, while the representative for nature conservation attended the first two sessions of the MC. The participation of the state organisation for environment protection in MC sessions was proportionally better. Cooperation with the organisations responsible for environment protection is especially fruitful in the MC as far as Programme implementation is concerned, though fish farms get no compensation against environmental damage (for instance cormorant is a protected species thus it cannot be controlled and fishermen have to tolerate large scale damage).

When examining the composition of the MC we concluded that the proportion of governmental organisations to social groups/NGOs (60:40) fulfil the prescriptions of the Union.

The composition of the Monitoring Committee:

Members with voting right and the delegating organisations

1. Chairman – Head of Managing Authority of the OPF (Head of Unit)

Ministry of Rural Development:
2. Department of Rural Development
3. Department of Fisheries (MRD)

Intermediate body:
4. Agricultural and Rural Development Agency, Department of Investments into the

Processing Industry and Fisheries

Ministries and other bodies of national competence:
5. Ministry of Rural Development, State Secretariat for Environment Protection, Nature Conservation and Water Management
6. Ministry for National Economy
7. National Directorate for Environment, Nature Protection and Water Issues, Expert Department

Interest representation:
8. Hungarian Agricultural Chamber
9. National Association of Hungarian Farmers` Societies
10. National Association of Agricultural Co-operatives and Producers
11. National Confederation of Water Management Associations
12. HFFA Hungarian Fish Farmers` Association
13. NFHA National Federation of Hungarian Anglers
14. AAE Association of Agrarian Employers
15. RIAFI Research Institute for Aquaculture, Fisheries and Irrigation
16. HAA Hungarian Aquaculture Association
17. Fisheries Scientific Council

Members with consultative rights

1. Representative of the European Commission
2. Deputy State Secretariat of MRD responsible for Foreign Affairs
3. Research Institute of Agricultural Economics
4. National Development Agency
5. Central Agricultural Office
6. OPF Certifying Authority
7. OPF Audit Authority
8. Central Hungarian Regional Council
9. Agriculture and Rural Development Agency, Organisational and Coordination Department

Based on the interviews we can sum up that players of economic life also found the comprehensiveness of organisations within the framework of partnership satisfactory. They added that there are relatively few people in Hungary who can comprehend the sector from the point of view of developmental policy. They spelt out that the task ahead of us is to prepare organisations for this task so that there are more competent domestic organisations, and that this task should be financed from Technical Assistance funds.

Does the leadership of the programme involve the proper players on the proper levels? Has the delegation of tasks been proper and relevant? In the course of programme management, has coordination gone smoothly between the national and regional levels? What about cooperation with authorities of other areas (e.g. environment protection)?

In Hungary there is no regional differentiation as far as fishery is concerned, neither is there

regionality in a public administration sense that could be interpreted within the framework of the OPF, whether we talk about players of different levels or programme management. The OPF is centrally managed and no county or regional institutions are involved in the management. This is a centralised approach from the organisational point of view, but to be able to fully appreciate it we naturally have to know the size of the sector introduced in this review, as well as the number of players. The cost-effective management of the OPF can only be provided for this way.

Based on the interviews and the evaluators' opinion, the management of the programme involves the stakeholders into the implementation of the programme properly. The MC has every fishery interest representation group among its members as well as the other authorities concerned. The statutes of the MC stipulate that members can express their opinions in the formulation of regulations in every case, and since these members maintain close relationships with their own members, practically any Hungarian fishery farmer has the possibility to participate in the implementation of the Programme. Distribution of tasks is proper and transparent based on the statutes of the MB and the Evaluating Committee, the Cooperation Agreement signed by the Managing Authority, the Certifying Authority and the Contributing Organisation as well as the Operational Manual of the MA of the OPF.

In the course of the implementation of the OPF there was a dramatic change in environment protection. After May 2010 the structure of ministries was modified in Hungary, what was earlier the Ministry of Environment Protection became part of the Ministry of Rural Development that is at the same time the Managing Authority of the OPF, thus coordination between the two areas can be found within the very same institution. Cooperation with other stakeholder authorities is proper.

Has cooperation between the Managing Authority and the European Committee been smooth?

The representative of the European Commission is a member of the Monitoring Committee of the OPF with consultative rights, the DG Mare for Maritime Affairs and Fisheries was represented by Maria Tuptova. Cooperation between the MA and the European Commission is very good; there is a regular contact between the two institutions both on the managerial and on the administrative level. The planning and implementation phase of the OPF was also characterised by smooth and efficient cooperation. An example for the excellent working relationship is the organisation of the fisheries conference of landlocked countries in which only representatives interested in aquaculture participated.

What improvements have been made since the previous programme period in the managerial and implementation system with the aim of enhancing efficiency and decreasing management-related costs?

Management-related costs are to be paid from Technical Assistance funds. As far as personal expenses are concerned, we can state that they are regulated by the law. MA staff financed from Technical Support funds deal with the implementation of the OPF full time. In some cases certain activities overlap at the Agricultural and Rural Development Agency because the

unit dealing with fishery measures also focuses on the measure for increasing the value of agricultural products within the New Hungary Development Programme, and on the managerial level management costs are not broken down. This circumstance also means that the management costs of the OPF have been optimised on the administrative level of the Agricultural and Rural Development Agency.

There are no phases in the implementation of the OPF where the evaluation subquestion is relevant. Based on the interviews the efficiency of programme-management has improved compared to the period of 2004-2006, but it is relevant that the system protocol of fishery support, forms, IT-system, human resource needs and all the other parameters of the two periods are different, the comparison of the two systems is therefore not relevant.

3.2 To what extent does the application procedure further the achievement of the aims of the OPF? (Evaluation question no. 4)

Evaluation question: *What ensures the efficient implementation of the projects and management processes from the initial stage of the projects to payment in order to best meet the objectives of the programme?*

Part of the documentation related to the Operational Programme for Fisheries is the Communication Plan (CP) 2009-2015 that was approved by the head of the MA in 2009. The CP covers both internal and external communication, the latter serving the purpose of making the OPF more popular and fostering the implementation of the Programme.

A precondition of the implementation of the OPF is a proper level of internal communication among the participating public administration institutions. Those involved in this internal communication are the members of the Managing Authority, the Certifying Authority, the Audit Authority, the Contributing Organisation and the Monitoring Committee.

In the area of external communication the priority communication objectives of the Managing Authority are as follows:

- to inform the stakeholders of the sector about the OPF and the support opportunities
- to introduce the OPF and familiarise citizens with its range of activities
- to earn the trust of citizens
- to make support information regarding the OPF widely known
- besides the compulsory elements, to foster a good relationship with the Commission and the Contributing Organisation
- to foster a good relationship with the interest representation groups of the fisheries sector and other organisations

According to the CP the external means of communication aimed at making the OPF more popular and well-known are as follows:

- a logo and image representing the OPF
- a large-scale information campaign about the launch of the programme, the support

axes and the results of the OPF
- Image Handbook
- participation in national exhibitions with the aim of popularising the OPF
- a publication containing relevant information, min. 1000 copies
- two leaflets (A/4, 1 page), 2000 copies
- gifts with the logo of OPF
- publication of OPF-related news in the national media
- informing the public about OPF-related news and once a year about the list of beneficiaries on the website of the Ministry of Agriculture and Rural Development (at the time of the review Ministry of Rural Development)

The CP allocates resources to every single external communication campaign thus establishing the means of financing them.

According to the questionnaires filled in by colleagues working for the institutions involved, the system of applications for support and payment progresses as expected (4.5 points for the question related to eligible measures).

The communication of the programme, the size of the financial framework of the measures, the extent to which these measures are known based on earlier similar eligible measures are the factors that obviously contribute to the proper applicant enquiries.

The applicants are in a favourable position as far as information and the practice of investment-related support is concerned (5-5 points), they are in a bit less favourable position as regards the topic areas of lucrativity, the non-profit institutional background assisting applicants, the availability of tender writers and success in earlier measures (4-4 points), and their situation is considered to be the least favourable in the areas of the state of technological development, innovation capacity, financial situation and the ability to provide the their own financial contribution (3-3 points).

The application and decision-making process is progressing as expected or at an even better pace in the opinion of representatives of the institutional background.

The measures of the OPF meet the needs of the long-term objectives of rural development, the strategy of the OPF, the needs of the target groups and their idea of development, as well as the parameters and financial means of the target groups.

Table 10 indicates the extent to which the system of conditions for the measures meets the needs and parameters of the target groups (1 – not appropriate at all, 5 – perfectly appropriate).

Based on the responses given by players of the institutional background the system of conditions for the measures is essentially appropriate to ensure that the supported applications really serve the objectives of the programme the most effectively, and the contents of the accepted applications reflect the actual developmental needs of the sector, thus the approved projects further the achievement of the objectives of the OPF as much as possible.

Table 10

Parameter	average
Scope of those eligible for support	4.7
Range of activities eligible for support	4.7
Range of eligible costs	4.3
Minimum amount of support (HUF)	2.0
Maximum amount of support (HUF)	3.0
The existence of necessary financial means of the applicant`s own	2.3
Obligation to complete project within 12/24/30 months	3.0
Obligation for public procurement	5.0
Environment protection obligations	2.0
Obligation to maintain project results	2.7

The system of evaluation is also fully appropriate for the selection of the best projects from the point of view of the OPF. The developments of successful applicants contribute to the decrease of regional disparities fully and the target groups in question can participate in the measures with equal chances.

Does the communication system support programme measures efficiently?

The large-scale conference defined in the CP was organised on 22nd May 2009, open to the entire fishery profession. The presentations covered the whole spectrum of the implementation of the OPF, presenters represented every area of the institutional background (Managing Authority, Contributing Organisations). There were approximately 160 participants. The event immediately preceded the first deadline for application for OPF support (1 June – 31 June 2009). In the course of the conference the organisers collected information concerning planned investments which was used as feedback when planning the range of eligible measures.

Less than 5 days after the date of the conference there was another opportunity for the Managing Authority to obtain information, since in the town of Szarvas there was a presentation organised by RIFAI[5] where information was supplied to the participants of the conference. The professional forum on Axis 3 of the OPF of the MA organised at RIAFI on 2 March 2010 also served the purposes of informing the general public.

Since the launch of the OPF MC documentation and Technical Assistance-financed information material has been available for the group of beneficiaries. We have to mention here that the professional organisations were involved with OPF-related legislation and evaluation in every case. The professional organisations are members of the MC, thus they receive all the materials and information from the MA directly. ARDA uses an email-address solely for the purposes of information concerning the practical implementation of the OPF.

Based on this the evaluators can establish that in the period of the launch and implementation

[5] Research Institute for Fisheries, Aquaculture and Irrigation

of the Programme the information of potential applicants is appropriate and comprehensive. It is also supported by interviews carried out in the institutional background. It is characteristic that since the launch of the Programme there have been few telephone enquiries at the Contributing Organisations, while one third of the beneficiaries filling in the questionnaires named the Agricultural and Rural Development Agency as their source of information. The rating potential developers gave to the information activity was 90%. Proposals by those less satisfied with the information activity are listed in Table 11 (verbatim).

Table 11

We all have a registration obligation towards the Water Directorate and Inspectorate, thus we are in the files. Based on their database everyone could be contacted in the form of information letters with an internet-link!
The wording of calls for applications should be made clearer and unambiguous. (Naturally, the anwer refers to applications here.)
Several repeated publications in the media, on websites, in newsletters (anyone can subscribe to the latter and thus receive information automatically).
More information meetings would be needed and I would propose the introduction of information through interest-representing bodies and direct emails.
Commentary on tenders and the list of successful applicants should be accessible to anyone. Plans about forecasts for new tenders, like in the case of the Operative Programme for Economic Development. (Naturally, the answer refers to the evaluation of applications for support and the opening up of measures.)
New information should be published in specialist journals.
In emails.
Before the publication of information a letter should be sent to the applicant, because those who are not assisted by a tender writer and are not listed in the database of an enterprise-development company or who do not follow the website of the Agricultural and Rural Development Agency will miss all the opportunities. (The answer refers to applicants.)
Annual personal information 3-4 days before the deadline for applications; written, personal information from the interest representing association; explanation by experts, notices; sharing experience
A bigger number of professional information forums, events: opportunities, typical mistakes, preparation of an application, FAQ (The answer refers to the applications for support.)
Central Agricultural Office regional professional forums organised by the Agricultural and Rural Development Agency.
Perhaps information emails.

Based on the analysis of the interviews we can establish that the opinion of the institutional background about the communication of the OPF is positive overall, on the other hand the economic stakeholders evaluate it as partly acceptable, partly to be improved. Having said that, they think (including those who claim communication should be improved) that information was available if had been sought.

Responses to the relevant question reveal that respondents generally know the institutional system evaluating the applications; the score was 3.6 points out of 5.

Is the application procedure appropriately unambiguous for the beneficiaries? What reason did beneficiaries have for not submitting applications? (postponement, bureaucracy, necessary permits etc.)

Respondents gave an average of 3.6 points out of 5 for to question connected to familiarity with the protocol and institutional system of the OPF, which means more than two-thirds of the respondents are familiar with the application system.

The protocol is introduced in the legal basis regulation (defining the submission of measures), and in the communication of ARDA. Nevertheless, it does not include the deadline ARDA has for decision-making and this information is included in a regulation (the law on public administration procedures[6]) that is less or not at all known among farmers of the fishery sector. What is more, there is no direct reference to the above-mentioned law in the ministerial regulations and law defining the OPF, it is only identified by a code number in the related regulations chapter of the communication of ARDA. Based on the above the evaluators establish that farmers in the fisheries sector can access the exact protocol only with difficulty.

Applicants are familiar with the score system since it is included in the appendix of the legal basis regulation, besides, in the event of the modification procedure of the scoring system the farmers have the opportunity to express their opinion about it and receive further information through the interest representation organisations participating in the MC. Besides the scoring system there is no other influencing factor regarding the selection of successful projects, thus the mechanism of selection is transparent for applicants from this respect, except for two areas.

- the scoring of the financial plan, in the case of which no information can be gained about the basis on which the evaluating IACS gives 2-2 points or less.

- the acceptance of the book value of the investment or its decrease by a certain percentage point – in this case the reference-values of the ARDA are not known either.

Half of the respondents indicated that there is a civil servant they can access for information regarding eligible activities of the OPF and the completion of the applications.

If there is a factor preventing clients from submitting their applications it is primarily a bureaucratic factor, the majority of fishery farmers practically have to hire an advisor to complete applications for support. The relatively exaggerated and disproportionate nature of bureaucracy was mentioned in connection with the smaller investments.

Based on the questionnaires the administrative burdens make the submission of applications more difficult (3.6 points out of the possible 5).

A further administrative factor that hinders applicants in the application process is the requirement that it is necessary for them to have a valid building and water licence permit already at the time of the submission of the application. There were certain initiatives to cancel this obligation but as a result of consultation with professional organisations it was decided

[6] CXL/2004 Law on the general rules of the protocol and service of public administration authorities

that it is necessary to submit these documents already with the application, since occasionally the permit can refer to a development different from the one in the application and in this case the granted support amount cannot be transferred. From the point of view of the review we have to establish that in the case of an enterprise planning the development consistently obtaining the permits did not hinder the submission of the application.

For the purposes of handling applications of an investment type the IACS in its current structure is only suitable with certain compromises. A further observation about the IACS is that its inadequate functioning causes delays in payments compared to the date of the submission of the application for payment.

3.7 points out of 5 were awarded to the fact that the definition of a concrete application period makes it more difficult to submit applications. Applicants would find the possibility of continuous application more favourable.

For the question enquiring about how complicated the support system is the average score was 3.9 points signalling that even successful applicants consider the system to be complicated. Despite this, transparency got a positive 4.2 points.

The application process is considered to be longer than necessary; here the score was 85 per cent of the maximum.

Does the selection procedure facilitate the selection of the best projects? (selection criteria, transparency of selection and decision-making)

Selection criteria are under continuous internal evaluation. As a result, they were modified compared to the original version from 2009 and this modification makes it possible to support projects that are suitable for implementation and thus serve the achievement of the objectives of the OPF more efficiently. The financial aspects of evaluation got more emphasis and now the maximum amount of support depends on income. The institutional system expects these changes will provide for the support of professionally and financially viable projects.

In the course of the interviews players in the business sector expressed that the selection procedure did not provide for the selection of the best projects. The expertise of the applicant should be checked more thoroughly. Several non-functioning investments were supported. Besides expertise, innovation and fish processing should be given more emphasis with innovation listed as a separate checklist point.

74 per cent of the respondents think the selection system is suitable for the selection of the best applications.

We compiled a table for the best projects comparing their opinion about the importance of certain project parameters from an economic point of view on one hand, and how important the same items are considered to be as reflected in the support system in the opinion of the respondents. The result is shown in Table 12 (when scoring, the respondents had to rank the project features; 1 – the most important, 11 – the least important. We also included 3 `other ` rows in the table but responses were not relevant).

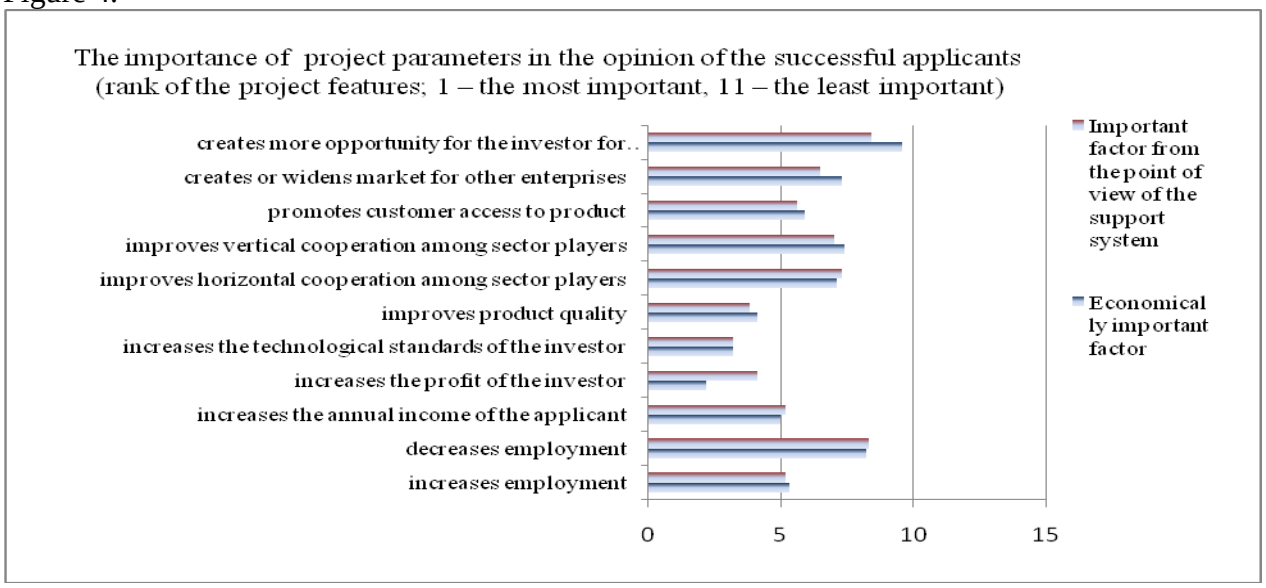
Based on the information in the Table we can establish that while in practice the most important characteristic of a good project is the enhancement of the profitability of the business, it is only ranked 3rd from the point of view of the support system in the opinion of the respondents. The least important factor was the corporate social responsibility of the enterprise.

Table 12

Economically important factor		**Important factor from the point of view of the support system**	
increases employment	5.3	increases employment	5.2
decreases employment	8.2	decreases employment	8.3
increases the annual income of the applicant	5.0	increases the annual income of the applicant	5.2
increases the profit of the investor	2.2	increases the profit of the investor	4.1
increases the technological standards of the investor	3.2	increases the technological standards of the investor	3.2
improves product quality	4.1	improves product quality	3.8
improves horizontal cooperation among sector players	7.1	improves horizontal cooperation among sector players	7.3
improves vertical cooperation among sector players	7.4	improves vertical cooperation among sector players	7.0
promotes customer access to product	5.9	promotes customer access to product	5.6
creates or widens market for other enterprises	7.3	creates or widens market for other enterprises	6.5
creates more opportunity for the investor for demonstrating corporate social responsibility	9.6	creates more opportunity for the investor for demonstrating corporate social responsibility	8.4

To the question enquiring about the development of their own project half of the respondents replied they were increasing employment. As for an increase in income (to what extent their profit will increase after the investment) respondents forecast an average of 20 per cent (the extreme values were 0 and 200 per cent).

Figure 4.



Besides the scoring system there is no other factor capable of influencing the selection of successful projects.

To what extent was environment protection taken into account in the mechanism of selection?

The evaluation system is transparent; the measure regulation is published as an appendix to the regulation. The selection mechanism is based on the scoring system for reasons of predictability and transparency. There is an item related to environment protection in the scoring system:

Table 13

Environment protection max.: 10	
With the implementation of the operation environmental load is directly decreased, part or all of the operation aims at this objective	10
With the implementation of the operation environmental load is only indirectly decreased	6

Does the mechanism of selection support women? (if relevant)

The support system awards extra points if the applicant or the manager of the enterprise applying of support is female.

Table 14

Gender equality max.: 5	
If min. 50% of the employees and/or the manager of the enterprise is female	5
With the implementation of the operation at least one female position is created	4
The proportion of female employees is between 20 and 50%	3

Within the framework of Technical Assistance there is an opportunity to achieve gender equality.

Women have a special situation in the fisheries sector in Hungary. There are only a few positions where women can be employed, since the activities related to fishery are physically demanding. Possible areas for employment are managerial or assistant positions, fish processing and rearing fry.

How efficient is the system of payments especially with regard to processing time?

The protocol of the OPF in Hungary is regulated by the protocol of public administration. In the relation of the administration of payments it means that deadlines for administration are basically determined by the law on public administration procedures. For regular successful

projects the Contributing Organisations can observe the prescribed 90 days, which is a number based on practice. The administration procedure for applications for payment starts when the application is submitted properly, i.e. when all relevant documents and data are fully submitted.
The IACS registers the date of submission of the application for payment, the date of passing the payment decision and the date of transfer for the support sum. However, the exact period of administration cannot be calculated from the available database since the database does not contain the date when the application for payment is fully available. In connection with the operation of the IACS and the decision-making procedure regarding payment, there is practically no difference in time between the decision-making and the transfer of the support to be paid, the ARDA transfers the support sum to the bank account of the beneficiary at the time of the decision-making.

Players in the business sector have a negative opinion about processing times, and declared that the credibility of the development programme is undermined by the delayed payments.

3.3. The efficiency of programme monitoring (Evaluation question no. 5)

Evaluation question: *How efficient is the system of programme monitoring?*

How efficient is the monitoring of the programme (and the projects), especially as reflected in the corresponding indices and data?

The evaluators think that from the current structure of monitoring data it is impossible to draw any conclusions (even if the provided information is correct) that would inform us about the achievement of the objectives of the OPF or the NFSP, even if the monitoring data contain crucial information and they comply with the requirements of the Infosys system.

Access to monitoring data is difficult, which is reflected in the fact that although the deadline for the submission of data was 18 March, no exact data was available for the Managing Authority and the ARDA even on 19 May.

How reliable is data on which monitoring is based?

Within the framework of the OPF, annual data submission is regulated by Ministerial Regulation 26/2009 (III.17) (MARD). Data input is the responsibility of the successful applicant, the system of annual data submission is operated by ARDA. The data structure of monitoring is nationally uniform. Data submission is managed electronically, through the system of client gates. Only private entities can submit data through the client gate, thus other types of client need authorisation from a natural client in possession of access to the system.

The first `gate` to ensuring that data supplied by clients is reliable is the internet surface that carries out a formal check of supplied data automatically (e.g. if a letter is typed in instead of a number, there is an error message). The IT surface does not carry out cross-checks.

After processing the data the ARDA has the possibility to modify data that are obviously incorrect. The comprehensive administrative check of data is not possible. There are no directions concerning the later check of supplied data either. Data can be checked during the spot checks keeping track of the implementation of the projects. Data is used by inspectors in the course of preparing for spot checks, thus it is possible to establish their incorrectness during the inspection.

The comprehensiveness of data submission for the purposes of the OPF was satisfactory, in 2010 only 2 out of 50 of those obliged to submit data did not comply. The reason for this is that the group of clients of the OPF is significantly smaller than that of the New Hungary Rural Development Programme also handled in the IACS (where non-compliance with the obligation was 20%), and also, better communication. Those not complying with the obligation concerning data submission will be liable to a heavy fine.

The technical aspect of data management is carried out by an external company responsible for the operation of the IACS.

In relation to the reliability of the data, there have also been problems in the current evaluation procedure causing significant delays. The ARDA collects the declarations about the correction of obviously incorrect data, which is a time-consuming procedure with significant human resource needs. The data has to be corrected also because the number of entities submitting data is so small that the lack or incorrect nature of data can considerably modify statistical figures.

Added to the previous ones, what new indices have been introduced into monitoring?

Monitoring data is listed in Ministerial Regulation 26/2009. (III.17.) (MARD), while it was modified in Ministerial Regulation 27/2010. (III.26.) (MARD).

The data to be supplied in the course of annual data submission was modified from in 2010. The group of data referring to natural water fishery became more emphatic, besides, in the current version of monitoring data figures are also included about investment realised due to the support. At the same time, no separate data is shown any more about investment in the creation of new farms, the modernisation of existing ones and investment into fish hatcheries. In the current system only quantities arising as a result of support can be indicated, which is sufficient from the point of view of the support scheme. The same applies to the common display of the newly-established and the modernised fish processing units in the current system. The current grouping does not make it possible that – like earlier – the consequences of the establishment of new farms/fish processing plants can be assessed together with the consequences of the existing farms/fish processing plants.

The modification of the data structure of monitoring was based on Appendix III of EC Regulation 498/2007/EC.

Table 15

Original monitoring data structure (Regulation 26/2009 MARD)	**Monitoring data structure at the end of the period under review (Regulation 27/2010 MARD)**
(1) Monitoring data for measure `Support for productive investments in aquaculture`	
a) For sub-measure `Enhancement of production capacity by building new fish farms `:	
area of new fish pond (ha)	1.1. Area of new fish pond funded by support (ha)
volume of the production part of a new intensive fish rearing system (m3)	1.2. Volume of the production part of a new intensive fish rearing system funded by support (m3)
	1.2.1. Volume of production part of new intensive fish production system (m3)
annual production for carp (t), trout (t), eel (t), other species (t)	1.5. Total fish production (t)
	1.5.1. carp (t)
	1.5.1.1. carp funded by support (t)
	1.5.2. trout (t)
	1.5.2.1. trout funded by support (t)
	1.5.3. eel (t)
	1.5.3.1. eel funded by support (t)
	1.5.4. other species (t)
	1.5.4.1. other species funded by support (t)
employment: full time and part time, male and female employees	1.8. Average number of employees (person)
	1.8.1. part-time (person)
	1.8.2. female (person)
	1.9. Number of new employees funded by support (person)
	1.9.1. part-time (person)
	1.9.2. female (person)
	1.10. Number of employees retained funded by support (person)
	1.10.1. part-time (person)
	1.10.2. female (person)
annual net income	1.11. Net income (thousand HUF)
income from fish production and fish processing activity	1.11.1. Income from fish production and fish processing activity (thousand HUF)
direct costs	1.12. Direct costs (thousand HUF)
trading profits	1.13. Trading profits (thousand HUF)
earnings before tax or enterprise tax base	1.14. Earnings before tax or enterprise tax base (thousand HUF)
balance sheet profit or earnings after tax	1.15. Balance sheet profit or earnings after tax (thousand HUF)
material and services of a material nature	1.16. Material and services of a material nature (thousand HUF)
proportion of processed fish of own production	1.7. Proportion of processed fish of own production (t)

size of business	1.17. Size of business (micro, small, medium)
	1.16. Depreciation (thousand HUF)
	1.1. Total cost of investment (thousand HUF)
b) For sub-measure `Modernisation or enlargement of active farms`:	
area of new fish pond (ha)	1.1.1. Area of fish pond of new fish farm (ha)
reconstructed fish pond (ha)	1.3. Area of fish pond modernised with support (m3)
volume of producing part of new intensive fish production system (M3)	1.2. Volume of the new, production part of intensive fish production system funded by support (m3)
	1.2.1. Volume of producing part of new intensive fish production system (m3)
volume of modernised intensive fish-rearing system	1.4.Volume of producing part of intensive fish-rearing system funded by support (m3)
annual production for carp (t), trout (t), eel (t), other species (t)	1.6. Production of supported fish hatcheries (pcs)
	1.6.1. carp (pcs)
	1.6.2. trout (pcs)
	1.6.3. other species (pcs)
employment: full time and part time, male and female employees	1.8. Average number of employees (person)
	1.8.1. part-time (person)
	1.8.2. female (person)
	1.9. Number of new employees funded by support (person)
	1.9.1. part-time (person)
	1.9.2. female (person)
	1.10. Number of employees retained funded by support (person)
	1.10.1. part-time (person)
	1.10.2. female (person)
annual net income	1.11. Net income (thousand HUF)
income from fish production and fish processing activity	1.11.1. Income from fish production and fish processing activity (thousand HUF)
direct costs	1.12. Direct costs (HUF)
trading profits	1.13. Trading profits (thousand HUF)
earnings before tax or enterprise tax base	1.14. Earnings before tax or enterprise tax base (thousand HUF)
balance sheet profit or earnings after tax	1.15. Balance sheet profit or earnings after tax (thousand HUF)
material and services of a material nature	1.16. Material and services of a material nature (thousand HUF)
proportion of processed fish of own production	1.7. Proportion of processed fish of own production (t)
size of business	1.17. Size of business (micro, small, medium)
c) For sub-measure `Building, enlarging, modernisation of fish hatcheries `:	
carp (pcs/yr), trout (pcs/yr), other species (pcs/yr) from fish hatchery	1.6. Production of fish hatcheries funded by support (pcs)
	1.6.1. carp (pcs)

	1.6.2. trout (pcs)
	1.6.3. other species (pcs)
employment: full time and part time, male and female employees	1.8. Average number of employees (person)
	1.8.1. part-time (person)
	1.8.2. female (person)
	1.9. Number of new employees funded by support (person)
	1.9.1. part-time (person)
	1.9.2. female (person)
	1.10. Number of employees retained funded by support (person)
	1.10.1. part-time (person)
	1.10.2. female (person)
annual net income	1.11. Net income (thousand HUF)
income from fish production and fish processing activity	1.11.1. Income from fish production and fish processing activity (thousand HUF)
direct costs	1.12. Direct costs (thousand HUF)
trading profits	1.13. Trading profits (thousand HUF)
earnings before tax or enterprise tax base	1.14. Earnings before tax or enterprise tax base (thousand HUF)
balance sheet profit or earnings after tax	1.15. Balance sheet profit or earnings after tax (thousand HUF)
material and services of a material nature	1.16. Material and services of a material nature (thousand HUF)
proportion of processed fish of own production	1.7. Proportion of processed fish of own production (t)
size of business	1.17. Size of business (micro, small, medium)
(2) Monitoring data for measure `Support for fish processing and sales`	
a) For sub-measure `Increasing fish processing capacity`:	
capacity of new fish processing unit (t/yr)	3.1. Capacity of new fish processing unit (t)
annual capacity of modernised fish processing plant (t/yr)	3.2. Annual capacity of modernised fish processing plant (t)
fresh or chilled products (t/yr)	3.4. Fresh or chilled products (t)
preserved or semi-preserved products (t/yr)	3.5. Preserved or semi-preserved products (t)
frozen or deep frozen products (t/yr)	3.6. Frozen or deep frozen products (t)
other processed products (t/yr)	3.7. Other processed products (t)
employment: full time and part time, male and female employees	3.11. Average number of employees (person)
	3.11.1. part-time (person)
	3.11.2. female (person)
	3.12. Number of new employees funded by support (person)
	3.12.1. part-time (person)
	3.12.2. female (person)
	3.13. Number of employees retained funded by support (person)
	3.13.1. part-time (person)
	3.13.2. female (person)

annual net income	3.14. Net income (thousand HUF)
income from fish production and fish processing activity	3.14.1. Income from fish production and fish processing activity (thousand HUF)
direct costs	3.15. Direct costs (thousand HUF)
trading profits (thousand HUF)	3.16. Trading profits (thousand HUF)
earnings before tax or enterprise tax base	3.17. Earnings before tax or enterprise tax base (thousand HUF)
balance sheet profit or earnings after tax	3.18. Balance sheet profit or earnings after tax (thousand HUF)
material and services of a material nature	3.20. Material and services of a material nature (thousand HUF)
	3.3. Amount of processed fish (t)
	3.3.1. amount of freshwater processed fish (t)
proportion of processed fish of own production	3.3.2. amount of processed fish of own production (t)
size of business	3.21. Size of business (micro, small, medium)
	3.19. Depreciation (thousand HUF)
	3.22. Total cost of investment (thousand HUF)
b) Development, modernisation of fish processing units:	
annual capacity of fish processing unit (t/yr)	3.1. Annual capacity of new fish processing unit (t)
number of fish processing units where hygiene and working conditions improved	3.8. Number of units where hygiene and working conditions improved (pcs)
number of fish processing units where environmental conditions improved	3.9. Number of units where environmental conditions improved (pcs)
number of fish processing units where better production systems were introduced	3.10. Number of units where better production systems were introduced (pcs)
other processed products (t/yr)	3.7. Other processed products (t)
employment: full time and part time, male and female employees	3.11. Average number of employees (person)
	3.11.1. part-time (person)
	3.11.2. female (person)
	3.12. Number of new employees funded by support (person)
	3.12.1. part-time (person)
	3.12.2. female (person)
	3.13. Number of employees retained funded by support (person)
	3.13.1. part-time (person)
	3.13.2. female (person)
annual net income	3.14. Net income (thousand HUF)
income from fish production and fish processing activity	3.14.1. Income from fish production and fish processing activity (thousand HUF)
direct costs	3.15. Direct costs (thousand HUF)
trading profits	3.16. Trading profits (thousand HUF)
earnings before tax or enterprise tax base	3.17. Earnings before tax or enterprise tax base (thousand HUF)
balance sheet profit or earnings after tax	3.18. Balance sheet profit or earnings after tax (thousand HUF)
material and services of a material nature	3.20. Material and services of a material nature (thousand HUF)

proportion of processed fish of own production	3.3.2. amount of processed fish of own production (t)
size of business	3.21. Size of business (micro, small, medium)
	3.19. Depreciation (thousand HUF)
	3.22. Total cost of investment (thousand HUF)
c) Monitoring data for measure `Inland (natural water)` fishing:	***2. Monitoring data for measure `Inland (natural water)` fishing***
number of supported units	2.4. Number of supported units (pcs)
employment: full time and part time, male and female employees	2.1. Average number of employees (person)
	2.1.1. part-time (person)
	2.1.2. female (person)
	2.2. Number of new employees funded by support (person)
	2.2.1. part-time (person)
	2.2.2. female (person)
	2.3. Number of employees retained funded by support (person)
	2.3.1. part-time (person)
	2.3.2. female (person)
	2.5. Net income (thousand HUF)
	2.5.1. income from fish production and fish processing activity (thousand HUF)
	2.6. Direct costs (thousand HUF)
	2.7. Trading profits (thousand HUF)
	2.8. Earnings before tax or enterprise tax base (thousand HUF)
	2.9. Balance sheet profit or earnings after tax (thousand HUF)
	2.10. Depreciation (thousand HUF)
	2.11. Material and services of a material nature (thousand HUF)
	2.12. Size of business (micro, small, medium)
	2.13. Total cost of investment (thousand HUF)

Are mid-term objectives clear? Can the system provide information about the stage of implementation properly?

The mid-term financial statements of the OPF are as follows:

Table 16

FINANCIAL STATEMENTS	**Data from launch period (2006)**	**Mid-term data (2010)**
Area of new fish pond *(ha)*	23 878	24 178
Area of reconstructed fish pond *(ha)*	0	1.000
Total production of aquaculture sector *(tonnes)*	22 843	25 584
Fish consumption per capita *(kg/yr)*	3.96	4.50

A more detailed system of indicators can be found in the OPF planned for 2015, mid-term objectives have not been defined on this level.

Figure 4.

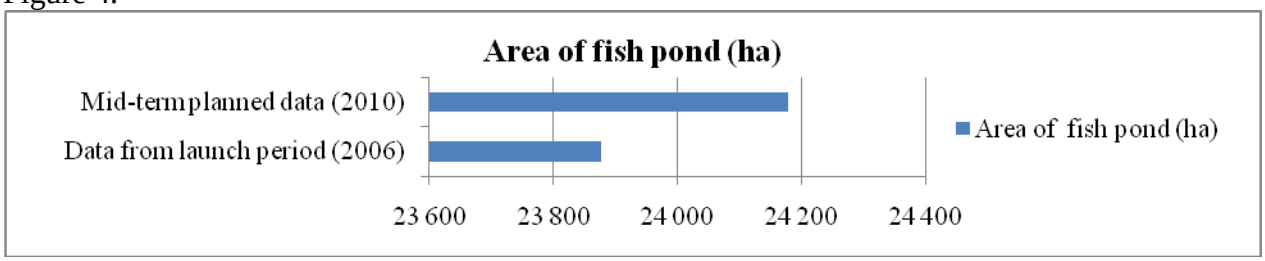


Figure 5.

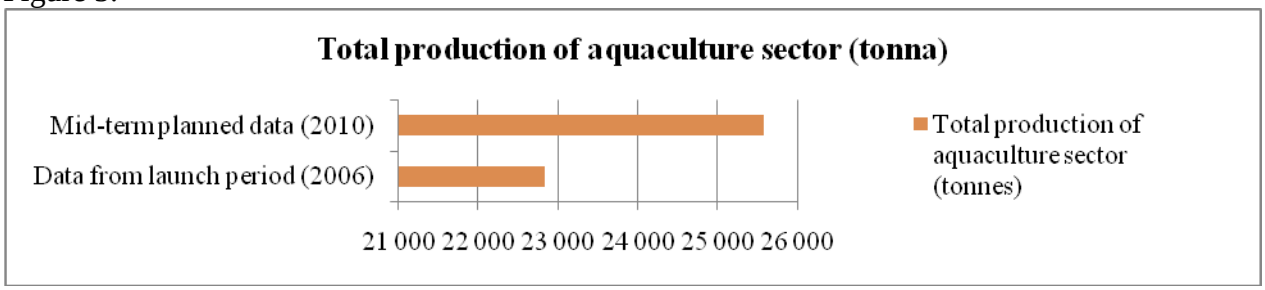
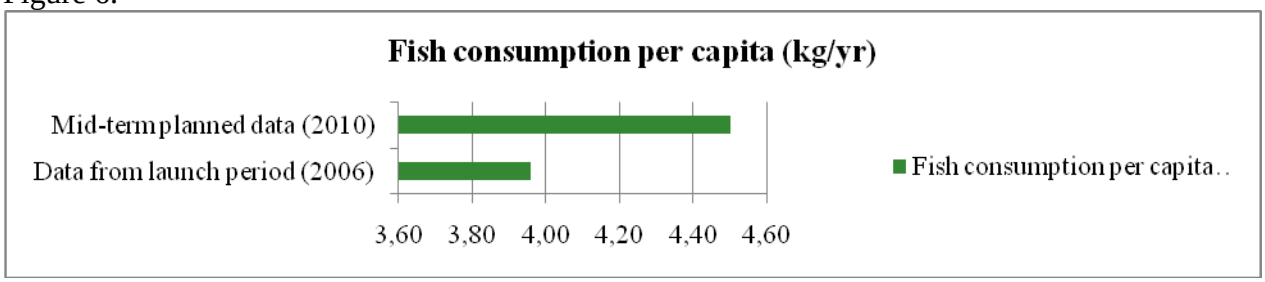


Figure 6.



The data structure of the annual monitoring submission of data provides sufficient data about approaching the above financial statements. An exception to this is fish consumption per capita, since this data is not available in the framework of monitoring data collection, however, the first three data are.

The ARDA has an obligation to provide data for the Managing Authority weekly and monthly, including financial data and data referring to the management of applications for support as well as a narrow range of indicators. These reports contain only data concerning applications for support and payment but not physical indicators. Data is provided for the Managing Authority both in a listed form and in the form of overall data. So far the modification of the implementation of the OPF has been based on this data (including e.g. the modification of the scoring system). There are no threshold values based on which the Programme should be modified. Threshold values are mid-term values in the OPF in the context of the present mid-term review.

If the Managing Authority has an obligation to provide data for the European Commission, these data are provided for the Managing Authority by the ARDA. This data structure is filed by the ARDA and later it simplifies the process in similar cases.

The annual submission of data (Organisational and Coordination Department) and the handling of applications for support and payment (Processing Industry and Fishery Investment Unit) are handled in two different units within the ARDA. So far the individual and overall data of annual data submission have not been compared to the data of support applications from which conclusions could be drawn regarding e.g. the extent and efficiency to which a support sum contributes to the achievement of objectives set by the NFSP and the OPF. The ARDA does not have the human resource capacity for this task.

The comparison of weekly and monthly reports provides sufficient data about the implementation of the Programme.

Do member states use indices for sexes?

Hungary uses indices for sexes for the annual submission of OPF data. No value is attached to sexes in the description or among the numeric objectives of the OPF.

According to the current monitoring data structure the following indices reflect on sexes:

- Average number of employees, female (person)
- Number of new employees funded by support, female (person)
- Number of employees retained funded by support, female (person)

Do member states use indices measuring environmental integration?

There is no monitoring data for the measurement of environmental integration among data referring to fish production and natural water fishery despite the fact that the production of fishery products may have significant environmental effects. There is monitoring data connected to fish processing under `Number of units where environmental conditions improved (pcs) `.

Are monitoring data used efficiently when re-interpreting the activities if their implementation is not adequate?

The management system of the OPF uses monitoring data of the OPF for the compilation of annual or, in the present case, mid-term assessments describing the progress of the Programme. Based on this database there has been no re-interpretation of activities until the time of assessment.

Corresponding conclusions, suggestions

1. A flow chart should be made to illustrate the protocol of the OPF from the birth of the project idea to the end of the operational period.

2. IACS investment projects should be made suitable for handling without errors and a need for extra time.

3. Threshold values based on monitoring data structure should be determined that make the definition of the necessary programme modifications transparent.

4. The overview and modification of the monitoring data structure that meets the requirements of the set of objectives.

5. An increase of the competence of organisations participating in the implementation of the OPF and the Monitoring Committee.

4. ANSWERING EVALUATION QUESTIONS REGARDING THE PROGRESS AND EFFICIENCY OF THE PROGRAMME

4.1 The state of the implementation of the Programme at the end of 2010 (Evaluation question no. 6)

Evaluation question: *What stage is the implementation of the programme at the end of 2010 at?*

Data from convergence and non-convergence regions are taken together in the course of the evaluation of the progress of the OPF.

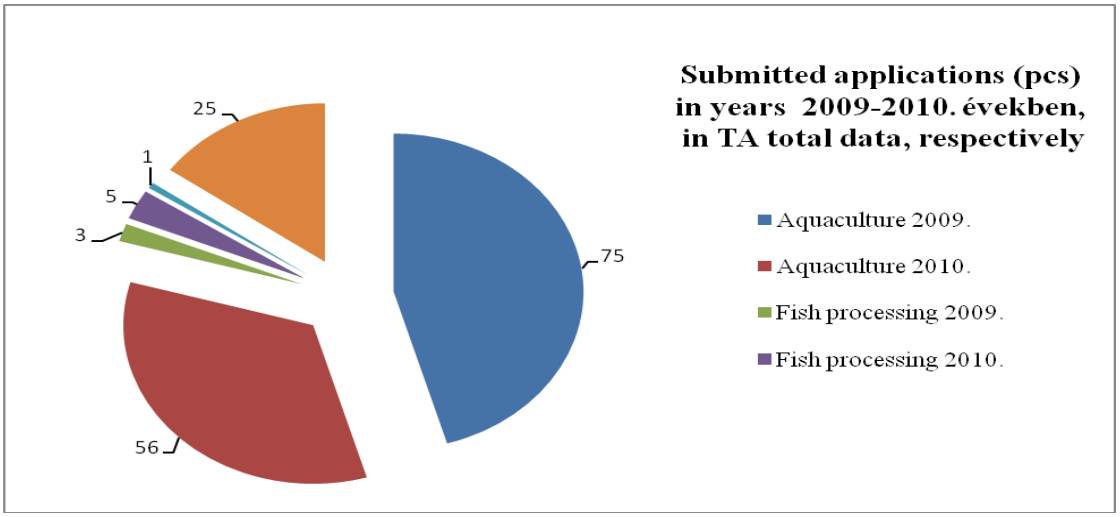
The main aim of the Operational Programme for Fisheries was to increase fish consumption in Hungary, so in the course of planning the aim was to set up a system of conditions so that the range of those eligible for support among the players of the fishery sector can be the widest possible, and that as many applicants are granted support as possible.

The Table shows the progress of the Programme on the day of the key date of evaluation (31.12.2010).

Table 17 **Submitted applications in the framework of the OPF**

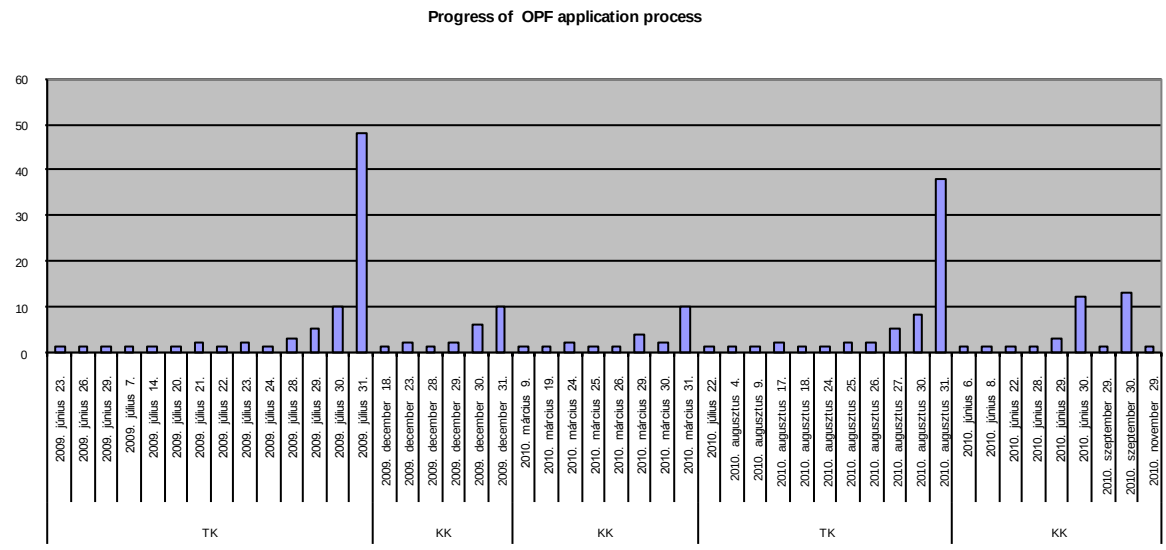
Measure	Submission period	Submitted application pcs	Support applied for thousand HUF	Granted support thousand HUF	Not granted support thousand HUF
Aquaculture	1 June – 31 July 2009	75	3 520 753	3 510 099	10 654
Aquaculture	1 July – 31 August 2010	56	not available	not avail-able	not available
Fish processing	1 June – 31 July 2009	3	150 477	150 162	315
Fish processing	1 July – 31 August 2010	5	not available	not avail-able	not available
Natural water fishery	1 July – 31 August 2010	1	216	not avail-able	not available
Technical assistance	Ongoing	25	223 114	208 255	4 060
Total		165	3 894 560	3 868 516	15 029

Figure 7.



It can be seen from the data of Table 17 that a total of 165 applications were submitted up to the key date of the assessment in the framework of the OPF, out of which 140 were of a developmental type and 25 for activities that can be supported from the Technical Assistance. 55.7 per cent of applications for development were submitted in 2009, 44.3 per cent in 2010. In the case of technical assistance, submission of applications is ongoing, 67 per cent of them were submitted in 2009 and 33 per cent in 2010. For measures belonging to Axis 3 no application period was announced to the day of the key date of the evaluation due to the fact that in the opinion of the organisers (and at the same time the Managing Authority) technological parameters should be improved first and only then can sales of fish produced with the help of the modernised technological parameters be promoted.

Figure 8. **Schedule of applications for submission**



A special feature of the 2007-2013 fishery support programme is revealed in the chart below, namely that the submission of applications for support is not ongoing but periodical; there are usually 2-2 months for the submission of applications for support (and later 1-1 month for applications for payment). The rhythm of the periods of application for support and payment is

demonstrated in the table below and it is visible that the number of applications is characteristically higher on the last day of the period.

Table 18 shows that the majority of rejected applications for support was submitted on the last day of the period assigned for it, indicating that at the end of the period clients were `in a hurry`. As for the volume of rejected applications and the support applied for, there is no available data in the database.

Table 18 **Rejected applications for support**

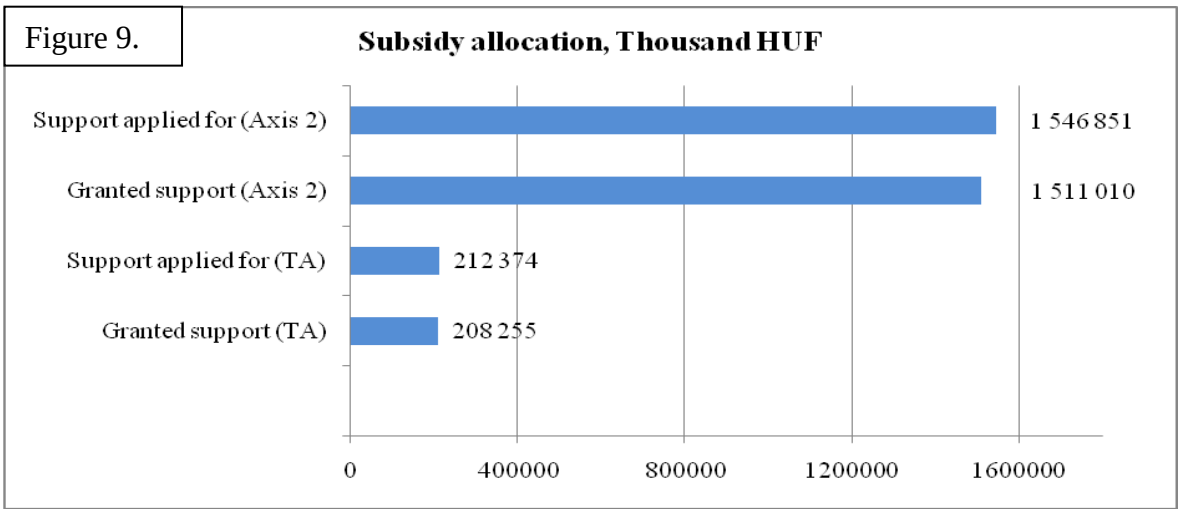
Date of submission	Number of rejected applications for support, pcs
28. July 2009	1
31. July 2009	12
17. August 2010	1
30. August 2010	1
31. August 2010	4
Total	19

Regarding the eligibility of costs included in applications for payment, based on the data below we can establish that 98 per cent of support applications connected to applications of a developmental type meet the requirements of the settlement system of the OPF, while in the case of the Technical Support it is 99 per cent.

Table 19 **Support sums granted in applications for payment (from the launch of the OPF to 31. December 2010)**

	Support sum, thousand HUF	Approval rate, %
Support applied for (Axis 2)	1 546 851	
Granted support (Axis 2)	1 511 010	98
Support applied for (TA)	212 374	
Granted support (TA)	208 255	99

Figure 9.



Altogether 289 applications (for support and payment) were filed in the framework of the OPF

up to the key date, as shown in the table below (Table 20).

According to the status-table of 31 December 2010, 64 out of 140 applications of a developmental type were granted, 19 of them were rejected, 1 was withdrawn (it was an application for payment) and 44 of them are being processed. The reasons for rejection were as follows: 8 of them were rejected for lack of eligibility, 10 for administrative reasons.

Table 20 **The current status of OPF applications**

Detailed status	Type of application	Type of application (without number)[7]	Total pcs
Submitted	Application for support	Application for support (AS)	1
Rejected	Application for support	AS	19
	Application for support	Application for support (TA)	1
Waiting for assessment	Application for support	AS	7
Completion needed	Application for support	AS	1
Started	Application for support	AS	3
Payment approved	Application for payment (TA)	Application for payment (TA)	55
Paid	Application for payment 1	AP	22
	Application for payment 2	AP	22
	Application for payment 3	AP	18
	Application for payment 4	AP	13
	Application for payment 5	AP	1
Paid Total			76
Withdrawn	Application for support	AS	1
Being processed	Application for support	AS	44
Granted	Application for support	Application for support (TA)	24
		AS	64
Granted	Application for support Total		88
Total			88
Withdrawn	Application for payment	Application for payment (TA)	1
	Application for payment 3	AP	1
	Application for payment 4	AP	1
	Application for support	Application for support (TA)	2
Withdrawn Total			5
Total			299

(AS: Axis 2 application for support; AP: Axis 2 application for payment)

Regarding the completion of investments supported by the OPF we can establish that a final application for payment was submitted in 29 cases, 22 out of which was developmental (7 projects are supported by the Technical Assistance). The 22 completed investments account for 34 per cent of the approved developmental applications submitted to the key date of the

[7] The column describes the application based on the type of project, whether it is developmental or Technical Assistance.

review. As for project composition, 1 completed project is related to fish processing while the other 21 projects are related to aquaculture-development. By the key date of the review every project received the last instalment of the support sum except for one.

Regarding the evaluation time of the applications we can make the following observations.

As shown in the table below, in the case of applications for support and payment the time needed for decision is close to the 90 plus one time 30-day administration deadline prescribed by the regulation. If we also consider the circumstance that cannot be deduced from the information available i.e. that the deadline for administration starts on the day when the entire documentation of the application is submitted to the ARDA (this date is not displayed in the table of evaluation) and we also deduct the 8 days prescribed for completion, we can conclude that the ARDA observed the regulations in the period being assessed. Besides, as it is also obvious from the table, the ARDA was able to shorten the time needed for administration gradually, which demonstrates that the administrators also `got used to` the system and by correcting the errors of the system they eliminated the factors that would make administration time longer.

Table 21 **Duration of administration for support and payment applications in the OPF**

Submission period for applications for support	**Average duration of administration in days**	
	Handling applications	Payment administration
June 2009	163	-
July 2009	149	-
Total number of applications for support	**150**	**-**
Submission period for applications for payment		
December 2009	119	13
June 2010	71	5
March 2010	83	6
November 2010	10	1
September 2010	55	5
Total number of applications for payment	**85**	**8**

The actual length of the bank transfer of payments of granted support can be seen in Table 21 (Axis 5 data are not included in the analysis of administration time since owing to the low number of projects no conclusions can be drawn from them). From the extremely low figures we can conclude that on the one hand administration time was decreased to a minimum, and on the other hand, from the point of view of applicants, the ARDA provides for the bank transfer practically immediately after passing the decision.

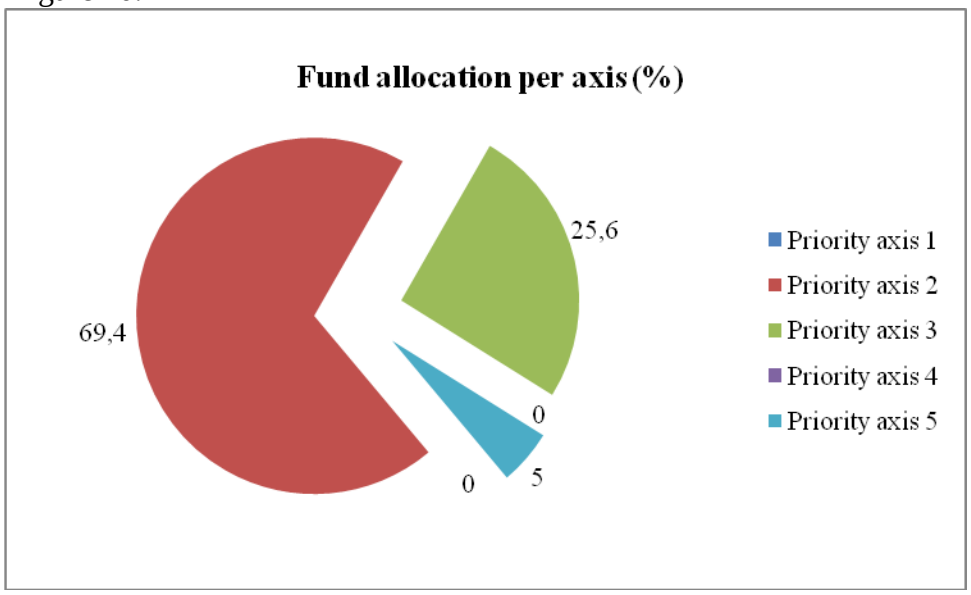
There were two extremely high values for payment, on one occasion it was 142 days, on another 33 days. If these two extreme values are not counted when calculating the average, the average duration of transfer decreases from 8 days to 5 days. Among the reasons for delay

only problems in the IACS system were mentioned during the interviews.

What is the size of funds available per measure and axis?

Axes 1 and 4 of the priority axes of the OPF defined by EFF requirements are not applicable in Hungary since we neither have a sea and a fishing fleet nor a settlement (fulfilling EFF requirements) the existence of which is largely dependent on the activity of fishing.

Figure 10.



Within the framework of Axis 2 submitted in 2009 for the development of aquaculture, natural water fishery and the processing and distribution of fishery and aquaculture products, the 78 applications for support were evaluated in the value of HUF 5.3 billion for measures `Productive investments in aquaculture` and `Investment in fish processing and marketing`. Total commitment for 2009 and 2010 is HUF 3.7 billion (28 per cent of domestic EFF framework) and applications for payment were submitted in the value of HUF 1,792,390,198. No payment was made for Axis 2 in 2009.

The elaboration of priority Axis 3 aiming at common interests has been started. In 2009 payment was made only for Technical Assistance (priority Axis 5) (HUF 52.6 million). The evaluation of applications for support submitted in 2010 was almost completely finished by the end of 2010, however, no commitments were made.

Payment data of the ARDA 2010 show that after the preparation of the projects emphasis was placed on implementation. Fish farm and fish processing plant investments and reconstructions were partly completed; beneficiaries received approximately HUF 1 billion support last year for priority Axis 2. Axis 5 supports the preparation, monitoring, management and technical support, assessment and control measures necessary for the implementation of Regulation 1198/2006/EC. Payment data in this area (HUF 108 million) also show that cost accounting is continuous.

In the period under review 2 out of the 3 relevant Axes opened, 2 and 5. We examine the ap-

propriation of these funds to describe the extent of progress.

Commitment rate for Axis 2 is 40.1 per cent, for Technical Assistance it is 31.9 per cent. The EFF proportion in the commitment is 75 per cent in every case. Exact data is shown in Table 23 per axis. Commitment rate per measure cannot be indicated, since in the OPF funds were allocated for axes, not measures.

Table 22 **Payments of the OPF and payment distribution per axis**

Axis	Fund		Support granted (commitment) to 31 December 2010		Payments (thousand HUF)	
	2007-2013 (thousand HUF)	Distribu-tion (%)	Thousand HUF	Commitment rate %	in 2009	in 2010
Priority axis 1	-	-	-	-	-	-
Priority axis 2	9 125 800	69.4	3 660 263	40.1	0	1 411 370
Priority axis 3	3 364 900	25.6	0	0	0	0
Priority axis 4	-	-	-	-	-	-
Priority axis 5*	652 000	5.0	208 255	31.9	52 600	55 627
Total	13 142 700	100	3 868 516	29.4	52 600	1 466 997

*Technical assistance
Source: Agricultural and Rural Development Agency (ARDA)

It is visible from the applications for support related to Axis 2 from convergence and non-convergence regions that the approximately EUR 1 million resource allocated for the non-convergence region was probably not earmarked. If this remains so, we recommend the resource be reallocated. Having reviewed the options and bearing in mind the set of objectives of the OPF and the sector, our suggestion is that the reallocation should target Axis 5, exclusively for the following purposes:

- completion of preparatory studies – e.g. market analyses – in order to foster the implementation of the individual axes and their measures;
- the costs of the implementation and operation of a monitoring system following the changes in the price of aquacultural products and market processes continuously;
- preparation of other studies listed in the relevant chapters of the OPF; the realisation of other studies and evaluations becoming necessary in the process of the OPF

Table 23 **Distribution of commitment (thousand HUF)**

Axis	Total com-mitment	Out of this		EFF pro-portion %	Successful applicants` own re-sources
		EFF	national		
Priority axis 1	-	-	-	-	-
Priority axis 2	3 660 263	2 743 322	916 941	75	2 580 500
Priority axis 3	0	0	0	0	0
Priority axis 4	-	-	-	-	-

Priority axis 5*	208 255	156 191	52 064	75	0
Total	3 868 516	2 901 387	967 129	75	2 580 500

Is implementation evenly distributed among the axes and measures? Is it in accordance with the objectives of the OPF?

Due to the delay in the launch of Axis 3 the distribution of implementation among the axes is not even.

The duration of Axis 3 is longer and the Managing Authority thinks the delayed launch may contribute to the success of the realisation of the strategic objectives with regard to the fact that the Managing Authority holds that the first step should be technological development and then, when the sector is ready to satisfy increased demand, marketing programmes stimulating fish consumption can be launched.

The table below indicates changes compared to the initial figures:

Table 24

FINANCIAL STATEMENTS	**Data of launch period** (2006)	**Mid-term data** (2010)	**Actual mid-term data (2010)**	**Data of target period** (2015)	Expected rate (%)	Fulfilment rate (%)	**Proportion used** (%)
Area of new fish pond *(ha)*	23 878	24 178	23 972	24 878	100%	31%	31%
Area of renovated fish pond *(ha)*	0	1 000	270	4 000	100%	27%	27%
Aquaculture total fish production of sector *(tonne)*	22 843	25 584	n.a.[8]	29 696	100%	n.a.	n.a.
Fish consumption per capita *(kg/year)*	3.96	4.50	n.a.	6.00	100%	n.a.	n.a.

In connection with applications for support and payment in Axis 3 attention should be drawn to rule n+2 that stipulates that by the end of 2011 measures targeting common interest should reach the stage of calling the resources, otherwise Hungary is likely to lose them. As it was introduced in the section covering evaluation question no. 2, the implementation of the Programme was not in full compliance with the original objectives at the time of the mid-term review at the end of 2010, since the general and specific objectives connected to Axis 3 could not be realised.

However, as for Axes 2 and 5 it can be declared that regarding monitoring data and the objectives of the mid-term financial statements defined in the Programme, the progress of the implementation of the Programme is provided for.

What kinds of delay occurred during the implementation of the OPF? How many processes were withdrawn? Are the delayed or withdrawn processes significant in relation

[8] Not available.

to a particular measure, region or group of beneficiaries, or are they characteristic of the entire programme? Have reasons been identified (lack of co-financing etc?) What measures have been implemented aiming at improvement?

These evaluation questions were covered earlier.

4.2 The results of Axis 2 with regard to the medium term objectives of the OPF (evaluation question no. 8)

Axis 2 of the OPF covers measures for aquaculture, inland fishery, fish processing, marketing, and fishery products.

The table below details Axis 2 measures:

Table 25 **Measures for Axis 2**

	Code	Aquaculture, natural water fishery, the processing and marketing of fishery and aquaculture products
Priority Axis 2.	**M2.1** **M2.2** **M2.3** **M2.4**	Measure 2.1: Measures for investments in aquaculture Measure 2.2: Measures for water environment protection Measure 2.3: Natural water fishery Measure 2.4: Investments in fish processing and marketing

The aim of the support is to increase the number of productive fish ponds, to reconstruct ponds in a bad condition and to improve the infrastructural conditions of fish farms.

The table below details the most important data of the measure:

Table 26

Feature	Aquaculture, natural water fishery, the processing and marketing of fishery and aquaculture products
Ceiling	EUR 32.524.903 = HUF 8.850.026.106
Number of applications for support submitted	140 pcs
Number of applications for support granted	64 pcs
Number of applications for payment granted	22 pcs
Commitment	HUF 3.700.000.000

The basis of support construction is Implementation Regulation 25/2009 and Ministry Regulation 26/2009 of the Ministry of Agriculture and Rural Development.

The main figures of the support process:

Maximum sum of support HUF 200.000.000.
Support intensity: 60 per cent on convergence-area, 40 per cent on non-convergence area.

Eligibility criteria for aquaculture productive investment support for natural persons, private entrepreneurs, independent businesses, business organisations and cooperatives are as follows:

- micro, small or medium-sized enterprises;
- fish production activity;
- fulfilment of registration obligation in the Farming Information System (TIR).

Farmers eligible for support had one-two months for the submission of their applications for support in 2009 and 2010. The primary aim of the completed projects was the modernisation and enlargement of ponds.

The priorities and objectives detailed in the OPF reflect the type of the already completed projects.

Environmental impact assessments partly hinder the realisation of aquaculture projects since applicants occasionally fail to allow for the time needed for this, thus they miss the deadline for submission. However, experience shows that all in all timing improved, as reflected in the number of second round applications. Proper information is an efficient way of solving the problem.

Production capacity increased in aquaculture that improved the safety of production owing to the dredging of old fish ponds, besides, capacity was also enhanced by new production units.

In the area of inland fishing one project was submitted in OPF 2 but its effect cannot be measured since it was not evaluated within the interval reviewed.

Based on the available data altogether 8 applications were submitted in the topic area of fish processing and marketing, 3 in 2009 and 5 in 2010, out of which 1 was realised. We can establish that 1/8 of the targeted investments was realised that does not influence the output, competitiveness and sustainability of the sector perceptibly.

As far as the evaluation of monitoring data regarding Axis 2 is concerned, 19 out of 57 data rows on clients with aquacultural investment are not included in the analysis below since their data submission qualified as incorrect by the Department of Investments into the Processing Industry and Fisheries. 2 successful applicants submitted data for fish processing activity by the 18. March 2011 deadline and both submissions were satisfactory. Naturally, the heading of the table does not suit the nature of data in the case of yes-no questions.

Table 27

Monitoring question	Answer, pcs	Total persons, HUF, pcs	Average persons, HUF, pcs	Min. value persons, HUF, pcs	Max. value persons, HUF, pcs
Out of full time employees how many women worked in the year under review?	38	281	7.4	0	83
Out of full time employees how many men worked in the year under review?	38	1225	32.2	0	254
How many full-time workers could be retained in the year under review due to the support?	38	89	2.3	0	13
How many new, full time employees did you hire in the year under review due to the support?	38	9	0.2	0	3
How many new, full time female employees did you hire in the year under review due to the support?	38	3	0.1	0	1

Employment data are evaluated in Chapter 5 of the Review, however, we list them here since they are part of the annual data submission.

As far as data from aquacultural data submission are concerned we can state that there was not much initiative to establish new farms, applications for support were rather submitted with the aim of renovating existing farms where production is primarily extensive. There is one client for fish hatchery investment.

Table 28

Monitoring question	Answer, pcs	Total persons, HUF, pcs	Average persons, HUF, pcs	Min. value persons, HUF, pcs	Max. value persons, HUF, pcs
863 Did you build a NEW fish farm from the support and you are involved in EXTENSIVE production?	38	Yes: 1	No: 37	Not relevant.	Not relevant.
870 Did you build a NEW fish farm from the support and you are in-	38	Yes: 2	No: 36	Not relevant.	Not relevant.

volved in INTENSIVE production?					
804 Did you MODERNISE or EXTEND your existing fish farm and you are involved in EXTENSIVE production?	38	Yes: 32	No: 6	Not relevant.	Not relevant.
811 Did you MODERNISE or EXTEND your existing fish farm and you are involved in INTENSIVE production?	38	Yes: 4	No: 34	Not relevant.	Not relevant.
820 Did you build or renovate a FISH HATCHERY from the support?	38	Yes: 1	No: 37	Not relevant.	Not relevant.

It can easily be seen from answers given to questions referring to the progress of developments that the majority of investments by successful applicants was started in 2010 (the data about the launch of the investment to the end of 2010 are practically the same as the data referring exclusively to 2010.)

Table 29

Monitoring question	**Answer, pcs**	**Total persons, HUF, pcs**	**Average persons, HUF, pcs**	**Min. value persons, HUF, pcs**	**Max. value persons, HUF, pcs**
How many cubic metres of intensive system did you modernise or extend exclusively as a result of the support between 1 January 2010 and 31 December 2010?	38	5180.9	136.3	0	3600
How many cubic metres of intensive system did you modernise or extend exclusively as a result of the support between the launch of the investment and the end of the year under	38	5180.9	136.3	0	3600

review?					
How many hectares of fish pond did you renovate exclusively as a result of the support between the launch of the investment and the end of the year under review?	38	175.93	4.6	0	69.28
How many hectares of fish pond did you renovate exclusively as a result of the support in the year under review?	38	83.9	2.2	0	25.5
How many hectares of new fish pond did you build exclusively as a result of the support between the launch of the investment and the end of the year under review?	38	8.56	0.2	0	6
How many hectares of new fish pond did you build exclusively as a result of the support in the year under review?	38	8.56	0.2	0	6
How many cubic metres of new intensive system did you build exclusively as a result of the support in the year under review?	38	1626	42.8	0	1146
How many cubic metres of new intensive system did you build exclusively as a result of the support	38	1626	42.8	0	1146

between the launch of the investment and the end of the year under review?					

The financial strength of farms is characterised by the row with the indicators of revenues and profit. The group of successful applicants is comprised of farmers with an average of HUF 444 million annual sales revenue. The size of farms ranges from a revenue of HUF 77 thousand to HUF 5 billion. Their profit reflects the profitability of fishery basic material production well, or more exactly, its low profitability; average annual earnings before taxes is HUF 1.4 million, it ranges from minus HUF 660 million to HUF 176 million.

Table 30

Monitoring question	**Answer, pcs**	**Total persons, HUF, pcs**	**Average persons, HUF, pcs**	**Min. value persons, HUF, pcs**	**Max. value persons, HUF, pcs**
How much was your sales revenue (for those with double-entry bookkeeping net sales revenue, for those with non-double-entry bookkeeping tax base revenue)?	38	16 885 358 110	444 351 529.2	77 055	5 450 498 000
How much was your sales revenue exclusively from fishery activity?	35	7 076 612 642	202 188 932.6	77 055	1 236 230 000
How much were your earnings before taxes (if you have double-entry bookkeeping), or tax base (if you do not have double-entry bookkeeping)?	35	50 018 917	1 429 111.9	-660 082 000	176 752 000

As regards fish species affected by investment, in the absence of fish hatchery investments larva production from support was 0 in 2010.
Aquacultural investment, whether it is extensive or intensive production, affects only carp among the species monitored, and there was data input in the `other` category as well. It is interesting to note that the monitoring of fish species is not suitable for the survey of the composition of species affected by support. Production data justifies progress deducible from the investment data, i.e. that the launch of the implementation of investments was in 2010 in the majority of the cases.

Table 31

Monitoring question	Answer, pcs	Total persons, HUF, pcs	Average persons, HUF, pcs	Min. value persons, HUF, pcs	Max. value persons, HUF, pcs
How many other larvae did you issue exclusively as a result of the support between the launch of the investment and the end of the year under review?	38	0	0	0	0
How many other larvae did you issue exclusively as a result of the support in the year under review?	38	0	0	0	0
How many trout larvae did you issue exclusively as a result of the support between the launch of the investment and the end of the year under review?	38	0	0	0	0
How many trout larvae did you issue exclusively as a result of the support in the year under review?	38	0	0	0	0
How many carp larvae did you issue exclusively as a result of the support between the launch of the investment and the end of the year under review?	38	0	0	0	0
How many carp larvae did you issue exclusively as a result of the support in the year under	38	0	0	0	0

review?					
How many tonnes of eel did you produce in the modernised or extended intensive farm exclusively as a result of the support between the launch of the investment and the end of the year under review?	38	0	0	0	0
How many tonnes of eel did you produce in the modernised or extended intensive farm exclusively as a result of the support in the year under review?	38	0	0	0	0
How many tonnes of eel did you produce in the new intensive farm exclusively as a result of the support between the launch of the investment and the end of the year under review?	38	0	0	0	0
How many tonnes of eel did you produce in the new intensive farm exclusively as a result of the support in the year under review?	38	0	0	0	0
How many tonnes of other fish species did you produce in the modernised or extended intensive farm exclusively as a	38	196.5	5.2	0	196.5

result of the support between the launch of the investment and the end of the year under review?					
How many tonnes of other fish species did you produce in the modernised or extended intensive farm exclusively as a result of the support in the year under review?	38	196.5	5.2	0	196.5
How many tonnes of other fish species did you produce in the modernised or extended fish farm exclusively as a result of the support between the launch of the investment and the end of the year under review?	38	84.6	2.2	0	56.3
How many tonnes of other fish species did you produce in the modernised or extended fish farm exclusively as a result of the support in the year under review?	38	82.4	2.2	0	56.3
How many tonnes of other fish species did you produce in the new fish farm exclusively as a result of the support between the launch of the investment and the end of the	38	8	0.2	0	8

year under review?					
How many tonnes of other fish species did you produce in the new fish farm exclusively as a result of the support in the year under review?	38	8	0.2	0	8
How many tonnes of other fish species did you produce in the new intensive farm exclusively as a result of the support between the launch of the investment and the end of the year under review?	38	205.5	5.4	0	196.5
How many tonnes of other fish species did you produce in the new intensive farm exclusively as a result of the support in the year under review?	38	205.5	5.4	0	196.5
How many tonnes of trout did you produce in the modernised or extended intensive farm exclusively as a result of the support between the launch of the investment and the end of the year under review?	38	0	0	0	0
How many tonnes of trout did you produce in the modernised or extended intensive farm exclusively as a	38	0	0	0	0

result of the support in the year under review?					
How many tonnes of trout did you produce in the new intensive farm exclusively as a result of the support between the launch of the investment and the end of the year under review?	38	0	0	0	0
How many tonnes of trout did you produce in the new intensive farm exclusively as a result of the support in the year under review?	38	0	0	0	0
How many tonnes of carp did you produce in the modernised or extended fish farm exclusively as a result of the support between the launch of the investment and the end of the year under review?	38	271.5	7.1	0	138
How many tonnes of carp did you produce in the modernised or extended fish farm exclusively as a result of the support in the year under review?	38	254.5	6.7	0	138
How many tonnes of carp did you produce in the new fish farm exclusively as a result	38	3.5	0.1	0	3.5

of the support between the launch of the investment and the end of the year under review?					
How many tonnes of carp did you produce in the new fish farm exclusively as a result of the support in the year under review?	38	3.5	0.1	0	3.5

Regarding the processing of fishery products two successful applicants submitted monitoring data as shown below. Since the number of subjects submitting data is extremely low, no reliable conclusion can be drawn from the sum and the average.

Overall we can establish that relatively few fish processing plants were granted support considering that in the previous submission periods the utilisation of the resources was also at an early stage, thus competition between applications was less fierce and it was easier to get support.

In general we can state that no plant constructed capacity from scratch, they renovated the existing one. The size of the two successful companies is significantly different from each other but both of them had a profitable year. Their role in employment can also be interpreted in different ways: supposedly they are considerably important employers locally, but on the national level and from the point of view of newly created employment their effect on employment is insignificant.

Table 32

Monitoring question	Answer, pcs	Total persons, HUF, pcs	Average persons, HUF, pcs	Min. value persons, HUF, pcs	Max. value persons, HUF, pcs
Among full time employees how many women worked in the year under review?	2	64	32	12	52
Among full time employees how many men worked in the year under review?	2	173	86,5	33	140
Did you establish a NEW fish processing unit from the support?	2	Yes: 0	No: 2	0	0
How many tonnes of fresh or chilled products did you produce in the new processing plant	2	0	0	0	0

exclusively as a result of the support in the year under review?					
How many tonnes of fresh or chilled products did you produce in the new processing plant exclusively as a result of the support between the launch of the investment and the end of the year under review?	2	0	0	0	0
How many tonnes of preserved or semi-preserved products did you produce in the new processing plant exclusively as a result of the support in the year under review?	2	0	0	0	0
How many tonnes of preserved or semi-preserved products did you produce in the new processing plant exclusively as a result of the support between the launch of the investment and the end of the year under review?	2	0	0	0	0
How many tonnes of frozen or deep-frozen products did you produce in the new processing plant exclusively as a result of the support in the year under review?	2	0	0	0	0
How many tonnes of frozen or deep-frozen products did you produce in the new processing plant exclusively as a result of the support between the launch of the investment and the end of the year under review?	2	0	0	0	0
How many tonnes of other processed products (prepared fish flour or smoked, salted or dried products) did you produce in the new processing plant exclusively as a result of the support in the year under review?	2	0	0	0	0

How many tonnes of other processed products (prepared fish flour or smoked, salted or dried products) did you produce in the new processing plant exclusively as a result of the support between the launch of the investment and the end of the year under review?	2	0	0	0	0
How many tonnes of capacity did you achieve in the new processing plant exclusively as a result of the support in the year under review?	2	0	0	0	0
How many tonnes of capacity did you achieve in the new processing plant exclusively as a result of the support between the launch of the investment and the end of the year under review?	2	0	0	0	0
Did you EXTEND or IMPROVE your existing fish processing unit from the support?	0	Yes: 2	No: 0	0	0
How much was your sales revenue (for those with double-entry book-keeping net sales revenue, for those with non-double-entry bookkeeping tax base revenue)?	2	6 901 683 000	3 450 841 500	780 577 000	6 121 106 000
How much was your sales revenue exclusively from fishery activity?	2	780 577 000	390 288 500	0	780 577 000
How much was your earnings before taxes (if you have double-entry bookkeeping), or tax base (if you do not have dou-ble-entry bookkeeping)?	2	108 055 945	54 027 973	176 945	107 879 000
How many full time employees did you manage to retain in the year under review due to the support?	2	13	6.5	0	13
How many new full time employees did you hire in the year under review due to the support?	2	9	4.5	0	9

How many new full time female employees did you hire in the year under review due to the support?	2	5	2.5	0	5
In how many units did hygiene and working conditions improve exclusively due to the support between the launch of the investment and the end of the year under review?	2	2	1	1	1
In how many units did hygiene and working conditions improve exclusively due to the support in the year under review?	2	2	1	1	1
In how many units did environmental conditions improve exclusively due to the support between the launch of the investment and the end of the year under review?	2	1	0.5	0	1
In how many units did environmental conditions improve exclusively due to the support in the year under review?	2	1	0.5	0	1
In how many units did you introduce a better production system (quality, technology, innovation) exclusively due to the support between the launch of the investment and the end of the year under review?	2	2	1	1	1
In how many units did you introduce a better production system (quality, technology, innovation) exclusively due to the support in the year under review?	2	2	1	1	1
How many tonnes of other processed product (fish flour, smoked, salted or dried products) did you produce in the renovated processing unit exclusively due to the support between the launch of the investment and the end of the year	2	40	20	0	40

under review?					
How many tonnes of other processed product (fish flour, smoked, salted or dried products) did you produce in the renovated processing unit exclusively due to the support in the year under review?	2	40	20	0	40
How many tonnes of frozen or deep-frozen products did you produce in the renovated processing unit exclusively due to the support between the launch of the investment and the end of the year under review?	2	3.2	1.6	0	3.2
How many tonnes of frozen or deep-frozen products did you produce in the renovated processing unit exclusively due to the support in the year under review?	2	3.2	1.6	0	3.2
How many tonnes of fresh or chilled products did you produce in the renovated processing unit exclusively due to the support between the launch of the investment and the end of the year under review?	2	0	0	0	0
How many tonnes of fresh or chilled products did you produce in the renovated processing unit exclusively due to the support between the launch of the investment and the end of the year under review?	2	0	0	0	0

How many tonnes of preserved or semi-preserved products did you produce in the renovated processing unit exclusively due to the support between the launch of the investment and the end of the year under review?	2	0	0	0	0
How many tonnes of preserved or semi-preserved products did you produce in the renovated processing unit exclusively due to the support in the year under review?	2	0	0	0	0
How many tonnes of capacity did you reach in the renovated fish processing unit exclusively due to the support between the launch of the investment and the end of the year under review?	2	90	45	20	70
How many tonnes of capacity did you reach in the renovated fish processing unit exclusively due to the support in the year under review?	2	90	45	20	70

Compared to the medium term objectives of the OPF, what preliminary results can be mentioned in the case of Axis 2?

The mid-term results of Axis 2 are in accordance with the general objectives of the OPF regarding the number and quality of projects submitted, granted and realised as well as regarding the commitment. However, there is some delay as for the establishment of new fish ponds, the reasons for which are as follows:

- Due to the complexity and time-consuming nature of the authorisation procedure, potential applicants were often not able to establish a fish pond with support.
- Owing to the financial crisis, applicants for support placed emphasis on the improvement of existing capacities instead of the costly investment in a new fish pond.

The effects are as follows:

- Production capacity did not increase to the expected extent;

- Several investments were realised from the investors own resources instead of a support, since they missed the deadline for the submission of applications for support, thus these data cannot be processed by the ARDA.

What projects were implemented in aquaculture? What were the priorities (productive investments, measures for the protection of wetlands and the environment, public and animal health measures)?

In 2009 the number of applications for support was 75, in 2010 it was 56 in this topic area. The sum aimed at the modernisation of fish processing units and capacity increase targeted a separate objective. The ARDA handled 3 applications for support in 2009 and 5 in 2010.

In the second round of Axis 2 support (submission period 1 July – 31. August 2010) 1 application was submitted in connection with natural water fishery that was not evaluated by the end of the period reviewed (31. December 2010).

Did the environmental impact assessment hinder the implementation of aquaculture projects? What was done to tackle the problem?

The time-consuming nature of environmental impact assessment was not unknown for applicants. Yet, lengthy preparations resulted in the postponement or cancellation of the investment in several cases. In our experience cooperation on the side of the authorities taking part in the authorisation procedure is not satisfactory, the delays can be attributed to lack of capacity and the complexity of the procedure.

We recommend that there be discussions among the ministries so that the fishery sector – summing up its own experience and problems - can make proposals for solutions to the Ministry controlling the competent authorities. With regard to the fact that the Ministry of Environment and Water Management merged into the Ministry of Rural Development, an efficient authorisation procedure can be elaborated if coordinated properly. Another way of tackling the problem is proper information.

Did production capacity increase in aquaculture? Did production increase? Did the profitability of the sector improve, especially as far as SMEs are concerned? To what extent are these enterprises connected to the EFF?

Production capacity was increased in aquaculture that improved the safety of production owing to the dredging of old fish ponds, besides, capacity was also enhanced by new production units. The overall profitability of the sector did not improve; however, in the crisis even stagnation in profitability is something to be welcomed.

The overall profitability of SMEs did not improve significantly either despite the fact that several investments were implemented using the maximum support sum.

Did problems come up during the implementation of the water-environmental, animal

and public health measures? Where? What measures were taken to rectify the problems?

The authorisation procedure in the case of water-environmental investments is still lengthy; moreover, compliance with the procedural steps is also difficult, which hinders efficient planning.

In the course of increasing fish processing capacity no problems arose related to animal and public health, since applicants for support were already informed about regulations because they had operated fish processing units earlier, which made the job of the authorities easier, too.

What local indicators exist for the measurement of the environmental, animal and public health effects of aquaculture? Can the effects be already felt in this phase?

No indicators are available.

What projects were implemented in the topic area of inland fishing? What were the factors of primary importance (environment protection, working conditions etc)? Were there any problems regarding implementation? How were they addressed?

There is 1 project under evaluation in the second application period of the OPF, but no progress can be examined in the given interval since the applicant has not received the support decision yet.

What projects were realised in the area of marketing and processing? Were there any implementation-related problems? How were they addressed? How did they contribute to the competitiveness and sustainability of the sector?

Based on the available data, altogether 8 applications were submitted in the topic area of fish processing and marketing, 3 in 2009 and 5 in 2010, out of which 1 has been realised. We can establish that 1/8 of the targeted investments was realised, which does not influence the output, competitiveness and sustainability of the sector perceptibly.

4.3 The results of Axis 3 with regard to the medium term objectives of the OPF (evaluation question no. 9)

Evaluation question: *What preliminary results can be mentioned in the case of Axis 3 compared to the medium term objectives of the OPF?*

No measure for Axis 3 has been announced in the implementation phase of the OPF so far, thus there is no data available for assessment.

The players of the business sector had a different opinion from that of the institutional system, namely that the transfer of know-how, innovation and product development included in Axis 3 should have preceded the launch and implementation of the investment measures in Axis 2.

A remark should be made here in connection with Axis 3, namely that within the framework of Axis 5 a sectoral marketing concept and a know-how transfer programme have been elaborated and is now under discussion, that can serve as a basis for the launch of measures satisfying the set of objectives of Axis 3.

4.4 The results of Axis 4 with regard to the medium-term objectives of the OPF (Evaluation question no. 10)

Evaluation question: *What preliminary results can be mentioned in the case of Axis 4 related to the medium-term objectives of the OPF?*

The measures of Axis 4 are not relevant in Hungary.

4.5 The performance and result indicators of Axis 5 (Evaluation question no. 11)

Evaluation question: *To what extent does Axis 5 contribute to the efficient implementation of the programme?*

In the period under review Axis 5 provided funds for 22 projects. These funds were used adequately, contributing to the successful implementation of the Programme. The beneficiary institutions receiving funds from Technical Assistance are as follows:

- Ministry of Agriculture and Rural Development (from 2010 Ministry of Rural Development;
- Agricultural and Rural Development Agency;

The Technical Assistance can operate the set of conditions necessary of the launch and operation of the Programme, no modification is needed for the implementation.

Regarding the handling of applications for support for Technical Assistance the following fact was mentioned: the applications and the related applications for payment are not managed in the IACS that otherwise serves the purposes of handling OPF projects.

What measures were implemented in relation to Axis 5 (experts, studies, communication, information systems etc)?

There are three large areas for the Technical Assistance funds of the OPF:

- enhancing managerial potential, payment of wages and benefits;
- communication (events, advertisement, brochures, exhibitions, self-organised events, landlocked country event, logo, image handbook),
- controlling tasks (KPMG).

Table 33 **Implemented projects**

Project	Deadline	OPF TA eligible costs		
		2008	2009	2010
Costs of OPF-related preparations in 2008	31.12.2008.	HUF 9 097 791		
Implementation of OPF task with the help of additional workforce in 2009-2011	31.12.2011.		HUF 19 288 937	HUF 21 561 921
Personal costs of the Managing Authority of the OPF in 2009 (wages, material and accumulation expenditures)	31.03.2010.		HUF 41 000 000	
The organisation of the two sessions of the Monitoring Committee of the OPF in 2009 and ordering other professional events and publications	31.12.2009.		HUF 2 000 000	
Design of the logo of the OPF	01.07.2009.		HUF 975 000	
I. OPF conference in Debrecen	31.12.2009.		HUF 1 481 000	
Preparation of the image handbook of the logo of the OPF	31.12.2009.		HUF 1 350 000	
Controlling activity related to the OPF (EFF) based on public procurement no. 94.517/6/2006	30.09.2009.		HUF 8 700 000	
Annual assessment and professional event in Rétimajor	31.01.2010.		HUF 720 000	
Improvement of managerial capacity with the help of enhancing group cohesion	31.01.2010.		HUF 136 000	
Publications and other published material according to the communication strategy of the OPF	30.01.2010.		HUF 3 067 624	
Travel-related costs of the Managing Authority of the OPF for 2009	31.01.2010.		HUF 4 000 000	
Activity as Controlling authority regarding the OPF (EFF) in 2010	31.03.2011.			HUF 10 000 000
The professional coordination and elaboration of an implementation programme for 2010-2015 for support measure `Creation of new markets and organisation of promotion campaigns` for Axis 3 of the OPF	31.01.2011.			HUF 3 930 000
Controlling activity related to the OPF (EFF) based on public procurement no. 94.517/6/2006 in 2009	31.03.2011.			HUF 8 700 000

Personal expenditures of the Managing Authority of the OPF in 2010 (wages, education)	30.06.2011.			HUF 35 000 000
The organisation of the professional conference of landlocked member states of the European Fisheries Fund in Szarvas, the introduction of the Research Institute for Fisheries, Aquaculture and Irrigation and fishery units in the neighbourhood.				HUF 730 800
The mid-term review of the Hungarian programme of the Operational Programme for Fisheries based on Article 27 of European Community Regulation 498/2007.	30.06.2011.			HUF 5 000 000
The organisation of the 5th session of the Monitoring Committee of the OPF (1. December 2010.) and at a later date the same task with its 6th session (in the first half of 2011)	30.06.2011.			HUF 1 269 000
Ordering publications and other souvenirs according to the communication strategy of the OPF in 2010	30.06.2011.			HUF 2 549 000
Travel-related costs of the Managing Authority of the OPF in 2010, post-financing of study tours and conferences abroad	30.06.2011.			HUF 4 000 000
Legal tasks related to the public procurement tender related to the controlling authority tasks of the OPF	30.06.2011.			HUF 255 000

Axis 5 provides appropriate financial assistance and information in the course of the creation and implementation of the Programme.

How does the implementation of technical assistance contribute to gender equality (e.g. the support of a gender equality working group and special networks within the fishery sector)?

There was no specific implementation in the interest of gender equality within the fisheries sector; however, the Programme provides opportunity for the Managing Authority to pass the necessary measures if gender equality became disproportionate. The proportion of the sexes dealing with fishery is close to 50 per cent in the Ministry and the ARDA, so gender equality is proper here.

What happened in the course of the implementation of Axes 1, 2, 3 and 4 as a result of the improvement of the technical assistance?

The basic technical assistance was carried out in the course of the elaboration of the project and the Programme, implementation and assessment is separate. Axis 5 contributes to the operation of the individual axes as follows:

Axis 2:

- personal expenditures of the Managing Authority of the OPF,
- OPF Monitoring Committee sessions,
- professional events;
- publications.

Axis 3:

- elaboration of strategy and programme;
- creation of new markets;
- implementation of measures of Axis 3 with programme-coordination of the period between 2010-2015.

Table 34 **Data for operations in Axis 5**

Priority Axis 5 – Technical assistance			
Operations	**Data**	**Title**	**Sum (HUF)**
Operation 1.: programme management and implementation	Data 1.: operation targeting technical assistance related to the implementation of the operative programme	Costs related to the preparation of the OPF in 2008 - Controlling activity related to the OPF (EFF) based on public procurement no. 94.517/6/2006 - Controlling activity related to the OPF (EFF) in 2010 - Controlling activity related to the OPF (EFF) based on public procurement no. 94.517/6/2006 in 2010	9 097 791 8 700 000 10 000 000 8 700 000
	Data 2.: operation targeting management capacity related to the activity of the ARDA	- Realisation of OPF activity with additional workforce in 2009-2010. - Personal expenditures of the Managing Authority of the OPF for 2009 (wages, material and accumulation expenditures) - Improvement of managerial capacity with the help of enhancing group cohesion - Personal expenditures of the Managing Authority of the OPF in 2010 (wages, education)	40 850 858 41 000 000 136 000 35 000 000
	Data 3.: operation related to communicational activities	- The organisation of the two sessions of the Monitoring Committee of the OPF in 2009 and ordering other professional events and publications - The design of the logo of the Operational Programme for Fisheries - Preparation of an image handbook for the logo of the Operational Programme for Fisheries - Publications and other published material according to the communication strategy of the OPF	2 000 000 975 000 1 350 000 3 067 624 1 269 000

		- The organisation of the 5th session of the Monitoring Committee of the OPF (1. December 2010.) and at a later date the same task with its 6th session (in the first half of 2011) - Ordering publications and other souvenirs according to the communication strategy of the OPF in 2010	2 549 000
	Data 4.: operation targeting fostering network-building	The organisation of the professional conference of landlocked member states of the European Fisheries Fund in Szarvas, the introduction of the Research Institute for Fisheries, Aquaculture and Irrigation and fishery units in the neighbourhood.	730 800
	Data 5.: evaluation operation	The mid-term review of the Hungarian programme of the Operational Programme for Fisheries based on Article 27 of European Community Regulation 498/2007.	5 000 000
Operation 2.: studies (except for the evaluation)	Data 1.: studies		
Operation 3.: information and publicity	Data 1.: operation providing for publicity	- I. OPF conference in Debrecen. - Annual assessment and professional event in Rétimajor	1 481 000 720 000
	Data 2.: operation for informing stakeholders	- The professional coordination and the elaboration of an implementation programme for 2010-2015 for support measure `Creation of new markets and organisation of promotion campaigns` for Axis 3 of the OPF	3 930 000
Operation 4.: other technical assistance measures	Data 1.: operation connected to other technical assistance	- Travel-related costs of the Managing Authority of the OPF for 2009 - Travel-related costs of the Managing Authority of the OPF in 2010, post-financing of study tours and conferences abroad - Legal tasks related to the public procurement tender related to the authorising tasks of the OPF	4 000 000 4 000 000 255 000
Total:			**184 812 073**

5. THE EFFECTS OF THE OPF ON GENDER EQUALITY, ENVIRONMENT, BIODIVERSITY AND EMPLOYMENT

The analysis of partnership contains the following topic areas:

- Analysis of programme-level realisation of partnership;
- Introduction of measures to be implemented;
- Assessment of the role of organisations involved in the Programme;

The success of the principle of partnership is defined by the Operational Programme for Fisheries of Hungary in the following areas:

a. Gender equality in the implementation of the Operational Programme for Fisheries

In the Strategy the role of women in fishery and their occupational opportunities were revealed in the following areas:

- Fry rearing;
- Fish processing.

On the current level of Programme implementation already realised, investments in fish processing and fish rearing increased the proportion of women in the sector. The effect on employment is evaluated in the next chapter. As it was mentioned earlier, gender equality is taken into consideration by the score system of the measures; if the application for support is submitted by a woman or the business is managed by a woman, extra points are awarded. However, the analysis of the monitoring data does not make it possible to analyse the OPF from this respect since the submission of data of this kind is not required from the successful applicants.

The data referring to the employment of women from the annual data submission in relation to aquacultural investment: 297 women worked in the area of fishery basic material together with 1356 men. Thus the proportion of female employees is approximately 18%. Average female employment is 5.21 persons per business. In relation to the 2 plants submitting data about fish processing, the number of female employees is 64, that is 27% of the 237 people (out of which 173 are men) working in the two units – this figure reflects the employability of women in processing.

b. Environment protection

In the course of the realisation of the Programme the investments did not increase load on the environment, they decreased it instead, owing to which the quality of fish pond water outgoing exceeded that of the incoming. The result clearly indicates that fish ponds as buffers not only have no negative impact on their environment but they also improve it by binding organic matter.

The effect fish ponds have on the flora and fauna is also positive, and as a result of joining the Ramsar Convention Hungary contributes towards the conservation of wetlands.

During the implementation of the Programme the following environment-related problems have come up:

- Cormorant (Phalacrocorax carbo), which is a fully protected species in Europe due to its relative scarcity, enjoys the environment of our fish ponds and natural waters thus causing measurable damage in them. The very fact that it is a protected species can cause a decrease in fish stock in certain areas.

- The presence of Otter (Lutra Lutra) in our natural waters is bad news for a lot of fishers, although it causes significantly fewer problems to its habitat than it is usually held. That is why the communication campaign activity of non-profit organisations is important in drawing the attention of fishpond farmers to this mistaken belief.

During the progress of the Programme a compulsory task is the preparation and updating of an Environmental Monitoring, Evaluation and Reporting Plan (EMERP).

c. Governmental organisations and NGOs involved in the implementation of the Programme

The Managing Authority provides opportunity for large-scale social coordination for all those organisations that can contribute to the efficiency of the Programme with their presence and opinion. Partnership is made complete by forums, conferences and face-to-face consultations.

When examining the composition of the Monitoring Committee we can conclude that the 60:40 proportion of governmental organisations and NGOs complies with the requirements of the Union. Parallelly, we think that the activity of organisations responsible for the implementation of Horizontal and Equal Opportunities principles is less apparent in the sessions of the Monitoring Committee due to the actual size of the fisheries sector within the economy as a whole and its position in public perception (special sector, few stakeholders).

The organisations concerned are involved in implementation to a proper degree, consequently it can be established that their role is important and sustainable in connection with the implementation of the objectives of the EFF.

All in all we can conclude that the principle of partnership is efficiently enforced in the implementation of the Programme.

d. In the course of the Programme the following measures have been or are being implemented regarding partnership and equal opportunities:

In the support system extra points are given if the applicant for support or the manager of the applicant enterprise is a woman. In the previous application period no female fisher applied for support but there was an enterprise with a female manager. The table we received did not include data in this respect, thus we cannot assess the effect of this measure. Further data is needed.

Within the framework of Technical Assistance there is opportunity for furthering the cause of

equal opportunities.

Among the Collective Measures of Axis 3 and with the launch of specialised trainings the objective of improving equal opportunities also emerges but since in the review period this measure has not yet started, it cannot be evaluated either.

e. Assessment of the role of organisations involved in the implementation of the Programme

During the elaboration of the Strategy and the Programme, there were large-scale social discussions owing to which both the representatives of equal opportunities policies and those of environmental policy expressed their opinion about the future perspectives of the fisheries sector.

Besides, in the course of the implementation of the Programme a consultative role was assigned to all the organisations that can be expected to form an opinion and make recommendations for the establishment and maintenance of partnership within the sector.

The Ministry of Environment and Water Management that was integrated into the Ministry of Rural Development in 2010 maintains a close relationship with the MC of the OPF.

The National Society of Conservationists which made frequent observations during the elaboration of the Programme is given opportunity for consultation during the implementation as well.

When selecting the members of the Monitoring Committee special attention was paid to making sure that the monitoring of the Programme is carried out by relevant organisations.

Besides the biggest professional organisation HFFAPB, during the implementation of the Programme HAA (Hungarian Aquaculture Association) and HFFA (Hungarian Fish Farmers` Association) was established, the latter as a result of the transformation of HFFAPB, and these organisations receive information and participate in expressing their opinion to an equal extent.

Coordination between national and regional levels was efficient and satisfactory during the management of the Programme.

Based on monitoring data for 2010 we can evaluate the effect of the OPF on employment as follows: in the course of monitoring in the area of aquaculture 57 successful applicants responded, out of which 19 were marked as non satisfactory data submission by the DIPIF[9]. The 57 applicants reported the retention of altogether 107 workplaces, out of which 18 applicants are among the ones with non satisfactory data submission. On average it represents 1.88 employees per business. The company with the biggest number of retained employees boasted with 13 retained workplaces, while the other extreme is 0.
As far as newly hired employees are concerned, the employment capacity of aquaculture increased with 12 persons due to the supports, which is rather modest. Out of this 3 persons belong to the applicants who were marked for non satisfactory data submission. The average

[9] Department of Investments into the Processing Industry and Fisheries

value is approximately 0.21%.

As for female employees, due to the support there was an increase of 4 female employees in aquaculture in the fisheries sector in 2010, out of which 1 person was employed by a farm that did not submit satisfactory data.

We listed the complete data of all the 57 data providers above because the non-satisfactory data submission is not related to the number of employees supposedly.

Table 34 **Employment data of the OPF in 2010 from the annual data**

Title	How many full-time employees did you manage to retain due to the support in the year under review?	How many new full-time employees did you hire due to the support in the year under review?	How many new full-time female employees did you hire due to the support in the year under review?
Aquaculture			
answer	57	57	57
total	107	12	4
average	1.88	0.21	0.07
min.	0	0	0
max.	13	3	1
Fish processing			
applicant 1	0	0	0
applicant 2	13	9	5

Source: ARDA

6. RECOMMENDATIONS OF THE MID-TERM REVIEW OF THE OPF

Based on the evaluation of the OPF the most important recommendations are detailed below. It is recommended that they be taken into account not only for OPF period ending in 2013 but also in the course of preparing for the following planning period.

▪ The evaluators do not recommend any modifications in the set of objectives of the approved OPF. The reasons for this are detailed below.

Based on the experience of the past few years we can conclude that in the period under review Hungary was characterised by a great extent of stability as far as the development and regulation of the fisheries sector is concerned, which can also be attributed to the economic programming in Europe. The main objectives and measures of the OPF have not changed, the regulational framework of implementation fostered the implementation of the strategic objectives related to the schedule well and efficiently, thus it furthered the interests of the Hungarian society in its efforts to improve its fishery, recreation, environment protection and healthy nutrition. On the other hand, beneficiaries were supported in launching and developing their projects and business enterprises.

Based on the interviews carried out within the institutional system we can establish that the fisheries sector was affected by the economic crisis to a lesser extent. The ARDA claims that the implementation of the projects is not hindered by the crisis since the projects are of a small size.

Business players view this question from a slightly different perspective and opinions are not uniform. Some entrepreneurs hold that the economic crisis caused a significant narrowing of the market in fish consumption.

Based on the interviews we can establish that sectoral needs have not changed and neither have new needs emerged since the approval of the OPF and the accessibility of the funds, because the difficulties of the sector are caused by external factors (the impoverishment of the population, conservative nutrition) that cannot be influenced by sectoral measures, even if we include support schemes.

The changes in the business environment in general did not affect the fisheries sector itself to an extent that the modification of the set of objectives of the OPF would be necessary. Neither of the original objectives have become irrelevant and/or no possible new objective has emerged that could become important with time and the changes of the environment.

With the analysis of the contents of the OPF we can claim that the SWOT-analysis is in line with the current circumstances and environment of the fisheries sector thus there is no need to change that. Minor additions are recommended, for instance the intensification of fish poaching should be listed among the threats of the area of aquaculture, besides, the problem of inadequate funding in the area of education and research should also be mentioned. These additions do not necessitate a change in priorities or in the set of objectives with regard to the fact that investments targeting the protection of property can also be supported in the current system; on the other hand, under-funding is not a sectoral phenomenon but a general one in Hun-

gary as far as educational and research activities are concerned.

The basic requirement for the fisheries sector is unchanged, and this is the technological development aiming at satisfying the freshwater fish consumption of the population from domestic production (including the increased demand for freshwater fish as a result of future marketing campaigns), besides, the implementation of central marketing measures serving common needs together with campaigns to stimulate consumption.

The planning activity of both the National Fisheries Strategic Plan and of the OPF is a long-term one, and the implementation of the Programme also reaches over the next programming cycle. This is reflected in the launch of Axis 3 in the near future as well, the measures of which will affect the years after 2013 and thus they connect the current OPF to the fisheries programme of the next planning-financial period.

Based on the statements above we can conclude that the set of objectives of the OPF serves the sectoral needs without any modifications.

- With the aim of fighting against fish poaching we recommend that in the future those investments be emphatically supported that relate to the protection of property and thus to a more economical production.

The support scheme for the fisheries policy primarily serves the needs of the competitiveness of the fisheries production sector. Profitability is one of the components of competitiveness. Losses have a direct impact on profitability. It is widely accepted among the stakeholders of the Hungarian fisheries sector that fish poaching means significant financial loss. Among the activities supported currently there are also investments serving the needs of enhancing property protection (e.g. fence) which can be suitable to decrease fish poaching.

- A flow chart should be prepared and published to describe the protocol of the FOP from the project idea to the end of the operating cycle.

The flow chart serves the needs of investors who are planning to apply for fisheries support for their developments. The evaluators think a flow chart is useful because the measures of the OPF are regulated by several regulations that are modified independently of each other, including the Administrative Procedure Act . This latter one for example is not part of fisheries law, so fish farmers and processors are not affected by it on a day-to-day basis, however, it fundamentally determines the protocol of applications for support and payment.

Based on the experience of the interviews and questionnaires we can establish that in the period of the completion of applications for support it is not obvious for the applicants what the exact protocol and system of conditions is, thus they cannot make a sound enough decision about their participation in the support scheme. The flow chart makes protocol steps visually transparent, showing the intervals and deadlines for the institutions and the applicant, and this way makes cash flow connected to development easier to plan.

- The IACS should be made suited to handling investment projects with no errors and extra time needed.

The IACS does not foster the handling of projects of a developmental type properly. It does not help the work of the administrator with automatic bounds either. The administrator handles the support intensity of the different applicants and projects outside the IACS, in a separate Excel file. It makes the work of the administrator more difficult and the chance of making errors also increases.

- A thorough examination of the manageability of applications for support and payment from the Technical Assistance within the system of the IACS is recommended.

According to information provided by the MA the applications for support and payment in Axis 5 are not handled in the IACS in the ARDA, but in an Excel file in the MA. On one hand this solution is uncertain, since Excel is a programme for the management of tables and its structure does not meet the needs of the management of applications for support and payment complying with the requirements of the protocol of the OPF (e.g. traceability). On the other hand, the fact that the projects using the sources of the OPF are handled in different computer systems (IACS and Excel) makes programme-related inquiries and search impossible, primarily from the point of view of financial progress.

While the IACS is essentially a system designed to handle agricultural direct support, within the framework of the OPF applications for investment should be handled. For this purpose suitable modules had to be formulated in the IACS to manage Axis 2. A similar need arose in connection with the applications for support and payment for Axis 5, that is, it is also necessary to plan and formulate modules for this purpose. We recommend a detailed preliminary examination through which the concrete tasks, responsible personnel and the necessary financial framework can be determined.

- We suggest the examination of the possibility for handling the fisheries developmental programme in a separate IT system for the planning period after 2013.

In the course of the evaluation several problems have come up regarding the current IT system of the OPF applications that on the one hand make the task of personnel dealing with applications more difficult, on the other hand make the close monitoring of the progress of the programme less certain. The current system of the IACS is not suitable to handle applications for investment support full scale. It cannot handle applications for support related to sub-areas of the fisheries sector, it can only manage developments through tenders (e.g. projects related to marketing and innovation).

- There is also a need to determine a threshold value based on the monitoring data structure that makes the necessary modifications to the programme or the realisation of the programme transparent.

The fisheries sector is less sensitive to the change of external parameters, as it was already established from the interviews. The set of objectives for fisheries farmers has not changed either. As a result, in the set of objectives no programme modification is induced. The annual monitoring data provides information about the fulfilment of programme objectives. The tar-

get values are evaluated at the mid-term of the OPF as well as at the end of the whole programme (ex post). The evaluators claim that this frequency of evaluation is not satisfactory to provide enough information to reach the target values in earmarking by the end of the Programme. Intervention threshold values are needed for the management of the programme, because they indicate the areas of the progress of the Programme that contribute to the realisation of the Programme objectives and the target values. It is also necessary to attach a possibility of intervention to these threshold values to make intervention possible if the threshold values are not met.

- We suggest that the monitoring data structure be reviewed and modified so that it suits the requirements of objectives.

The aim of monitoring in our interpretation is the annual monitoring of the progress of the Programme as well as the collection of information to serve as a basis for decisionmaking about the necessary intervention. Data collection is necessary because it makes it possible to make assumptions about the fulfilment of aims. A central element in the set of objectives of the Programme is the increase of fish consumption, but there is no data referring to it within monitoring (e.g. amount of direct fish sales and/or its annual increase). Furthermore, there is no monitoring data for the sustenance of biodiversity, neither for water consumption. Competitiveness is not defined in the Programme, so there are no indicators measuring competitiveness either. All these are listed in the Programme as objectives, but since there are no monitoring indicators referring to them, they cannot be monitored.

There is a possibility to define national indicators, since the EU central indicators cannot cover the set of objectives of every single member state; therefore we recommend the review and modification of the monitoring system from this aspect.

- An extension of the competence of the organisations participating in the implementation of the OPF and the Monitoring Committee is also desirable.

The comprehensivity of the organisations involved in planning and implementation is satisfactory as it is indicated in the analysis section. Based on the professional interviews we suggest that the competence of the members of the MC be enhanced, together with their capacities regarding the management of EU support systems and OPF claims. For instance, the minutes of the MC reveal that the organisation responsible for equal opportunities has made no observations in the history of the Programme so far, although it is a very important horizontal aim in the course of the implementation of the EU support schemes. We recommend the application of means that give feedback to the MC as a body about the development of capacities, e.g. a full-day session of the MC that deals with a given competence-development topic exclusively. A possible topic area in the support schemes of the EU is strategic planning, and the system of EU regulations determining programme implementation (e.g. with regard to the bounds that are not OPF-specific but still influence the realisation of the programme).

- We recommend that the measures of Axis 3 be launched as soon as possible.

A continuous encouragement of consumption is obviously necessary to maintain the effectiveness of the fisheries sector, its increase as well as its balanced nature. Developments progress, the produced quantity of fish must be marketed, and Hungarian consumers, as it was shown earlier, have a rather stabile consumption structure that will not change without a programme targeting the encouragement of consumption. Therefore the optimal time for launching Axis 3 within the implementation of the programme is the present time.

- With regard to the n+2 rule on implementation the evaluators think that the MA should examine the possibility and necessity of the rearrangement of funds among the axes so that these funds can fully be allocated.

By examining earmarks we can establish that the number and total sum of projects in the non-convergence region is very small. In 2010 the loss of resources was avoidable, but since the extent of investment in the non-convergence region will probably be very little in 2011, a rearrangement among the axes may be necessary.

- We recommend the examination of the launch of the fisheries environmental management programme.

Within the framework of agricultural-rural development support between 2004 and 2009 there was a possibility in the agricultural-environmental management programme (AEM) to partially compensate for the extra costs arising from the environmental management of extensive fish ponds and the loss of income due to voluntary environmental limitations. This programme provided fish farms joining the programme with a compensation possibility for five years. The majority of fish farms did indeed make use of this possibility. During the planning of the OPF a support construction similar to the AEM was built into the operative programme on a measure level despite the fact that there was an opportunity in the course of planning that the support, as earlier, could be financed within the framework of the AEM from the European Agricultural Rural Development Fund (EARDF).

Because of the position of the European Commission (especially the opinion of the DG-AGRI), support from the EARDF can only be given to a limited extent and not in a uniform manner as far as extensive fish ponds are concerned, thus this support has to be provided from the European Fisheries Fund (EFF), within the framework of the OPF. This compensation programme is the **Fisheries Environmental Management Programme (FEMP)**.

Similarly to the raw material production of agriculture, the fishery activity is also closely connected to its environment and has a great role in sustaining it. One of the elements of the set of objectives of the OPF is the sustenance of biodiversity, a means by which the system of regulations of the fisheries environmental management programme can be enforced. This will most probably entail extra costs and loss of profit that must be compensated for through fisheries environmental management payments.

The advantages of the launch of the programme and of those drawing on the compensation:

From the point of view of the OPF:

- continuity between programming periods;
- resource earmarking – utilisation of OPF financial framework;
- decreasing the threat of resource loss arising from the n+2 rule
- better planning of the use of resources by non-convergence regions

From the point of view of the Beneficiaries:

- a partial compensation for costs linked to non-flexible prices;
- a possibility to use compensation freely.

Since the OPF contains the measure to be launched, only a **programme modification of a technical nature** is necessary in connection with the rearrangement of resources among the priority axes.

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7 Case study: Czikkhalas halastavai Ltd

7.1. Project environment

The case study introduces the project-generation of Czikkhalas Halastavai Ltd as part of the Mid-Term Review of the `Operational Programme for Fisheries 2007-2013` together with the good practice characterising the supported project.

Mr Laszlo Czikk, the proprietor and manager of the Ldt gave his previous consent to the preparation of the present case study.

Mr Czikk was a fish dealer and the owner of 6 fish shops as well as a national distributor. When he reached this level by 1982 he was faced with the situation that market demand exceeded his capacity, and it happened in the middle of the summer season when there was no fish harvesting in the fish farms he maintained relationships with, and therefore there was a shortage of fish on the market.

After searching for a long time he found the area near the village of Varsad that later became the starting point of the present farm.

It was a rather marshy area that on the other hand had the creek Donat running across it, and the stream was a watercourse with good water and environmental parameters. The drainage basin of the creek was 130 km2 and due to its fortunate situation of being void of industrial pollution it provided excellent production conditions for the company, not only for rearing carps but also for the more sensitive carnivorous species like pike or pike-perch.

After the settlement of the lease and ownership relations of the area, development could begin. As a result of the process in 1992 the first two ponds were completed, the first of which is really sizeable with its 28 hectares.

The construction of fish ponds was finished in 2003, by then 10 interconnected producing fish ponds were built with a total size of 226 hectares. The ponds are barrage ponds. Besides, 17 wintering ponds are also part of the farm on 4 hectares.

By now the family business has also integrated into its farming activity the environment of the ponds, 400 hectares of forest and a game farm.

In 1998 Imre Egyed, a former expert of the old Hortobagy State Farm was recruited and with his presence the so-far not always professional system of production changed radically.

The most characteristic feature of the current farming model is the reasonable, strategy-based farming. Division of labour within the company enhances efficiency.

The basis for reorganisation was the separation of the following operations:

- Production;
- Technical administration;
- Business administration;
- Trade.

Annual average number of employees: 40-45 persons.

Besides permanent workforce the company employs part-time staff and extra staff for peak times. In 2011 there was a round of recruitment subsidised by the Tolna County Regional Labour Centre as a result of which afforestation of eroded areas adjacent to the fish ponds is being carried out.

In the course of this programme workers actually take part in production, while owing to the newly planted trees, erosion of a lesser extent can be expected in the areas near the ponds.

The farm represents a multifunctional and sustainable model by way of utilising the ponds, forests and arable lands as well as game management.

There is a sound basis for the operation of the business with the following guarantees:

- Real assets owned by the company;
- Operating assets;
- Regular and firm orders;
- A sound financial background:
- Loan portfolio;
- Bank guarantee;
- Clientele;
- Support resources.

Last year the annual sales-revenues of Czikkhalas Halastavai Ltd were as follows:

Table 36 **Annual net sales-revenues of the company (their own data)**

Year	Sales-revenues (million HUF)
2008	580
2009	520
2010	470

An average of 30-50 per cent of fish sold is of own production, and since annual sales-revenues are decreasing, the proportion is steadily increasing at the cost of the quantity of re-sold fish.

The proportion of fish species produced by the company is shown in the table below:

Table 37 **Proportion of fish species produced by the company**

Species	Proportion (%)
Carp	85
Carnivorous fish (pike, pike-perch, wels)	10
Other herbivorous (grass carp, bighead carp)	5

The proportion of fish sold is roughly the same as the proportion of fish produced. The direction of sales are shown in the table below.

Table 38 **Sales direction**

Sales channel	Proportion (%)
Anglers` associations	40
Hypermarkets	40
Sales in shops owned by the company (2 pcs)	20

In the previous years the company distributed fish to approximately 230 anglers` associations in different species and age compositions. Another significant channel for sales is supplying hypermarkets with live fish. As the distributor of 15 Tesco hypermarkets, the company is interested in a continuous production and supply, it improves its production and delivery capacities with this in mind, several times using support funds.

The two shops in the ownership of the company have a significant annual trading volume contributing 20% of all sales, which can well mean 100 tonnes of fish. Although the shops complain of a decline, they represent remarkable total sales on the market due to their excellent location.

Introduction of the project environment

The natural environment in Hungary is favourable for fish production in fish ponds, however, production potential is held back by the relatively bad condition of production areas and strong market limitations.

The Hungarian fisheries sector accounts for 2.5 per cent of gross domestic animal husbandry production and approximately 1 per cent of total domestic agricultural production.

The annual production of table size fish for human consumption in the Hungarian fisheries sector was around HUF 9 billion of which HUF 6 billion was table size fish for human consumption from fish farms and HUF 3 billion was table size fish for human consumption from natural waters. With this value of production of fish for human consumption, the fisheries sector contributes 0.04% to national GDP. However, its significance is bigger than the figure shows, since the sector serves as a basis for the existence of several supply and service industries as well as the entire recreational fishing and angling and their economic production.

Economically speaking, the most important fish is the common carp representing around 61% of total annual catch and production. The second most significant species in the production of our fish farms is the group of herbivorous fish with a share of 15 per cent. Carnivorous species account for 13 per cent while the remaining 11 per cent is comprised of different types of breem and other species of low market value.

Investments in the sector have greatly increased compared to the previous years, in which investment support possibilities played a significant role (e.g. SAPARD, FIFG etc).

Fishery is capable of satisfying domestic demand for freshwater fish both in quantity and quality. Nevertheless, to meet consumers` needs Hungary is reliant on import in order to supply consumers with a wide range of fish products and marine fishery products.

In the domestic distribution of fishery products food safety plays the same role as in the more developed western states of the EU.

The fishery sector in Hungary is stagnating. Although there was a recession due to the crisis in 2008, owing to the OPF measures opening up in 2009 there has been a clear improvement in the situation of the sector.

The introduction of the institutional players of the project

The duties of the Managing Authority of the Operational Programme for Fisheries belong to the Forestry, Fisheries and Hunting Department of the Ministry of Rural Development and, within this, to the Operational Programme for Fisheries Managing Authority Unit.

The Ministry of Agriculture and Rural Development (MARD) was transformed into the Ministry of Rural Development (MRD) following the governmental change in 2010. The operation of the unit responsible for fisheries is unchanged, thus change in this area was problem-free.

The Paying Agency responsible for support is the Agricultural and Rural Development Agency (ARDA), the main role of which is the administration of support and payment related to fishery support and administration of monitoring data.

There were two periods for applications in the period reviewed of which granted support within OPF I has already been paid. Applications submitted under OPF II in 2010 have not yet been evaluated.

The basis for the application for support is laid down in Implementation Regulation 25/2009 and Ministerial Regulation 26/2009 (MARD).

7.2. The detailed introduction of the project

The developmental directions of the support application

The objective of the support of aquaculture investment is to enlarge, modernise and develop fish producing capacity. Among the eligible activities there is the construction of new fish ponds and intensive fish producing units as well as the extension and modernisation of the

existing ones. Furthermore, the acquisition of equipment and machinery is also eligible if they directly serve the purpose of freshwater fish production. It is possible to purchase vehicles to transport live fish up to 50 per cent of the net investment in production infrastructure, as well as support for land purchase up to 10 per cent of the investment if on the supported area infrastructure of production or of the premises is developed.

There are three sub-measures within the measure:

- To increase production capacity by creating new fish farms;
- To modernise or extend producing farms;
- To construct, extend or modernise fish hatcheries;

The main objective of supporting **natural water fishery** is to conserve fishery traditions. To this end equipment for fishery becomes eligible for support.

In the area of **fish processing and marketing** the establishment of new fish processing units and the modernisation of the existing ones is eligible. There are two sub-measures within this measure:

- To increase fish processing capacity;
- To modernise fish processing units.

Enterprises eligible for support in the area of aquaculture and fish processing are the ones that are micro, small and medium size enterprises in line with Act 2004/XXXIV or ones not satisfying the definition but employing less than 750 people or having less than EUR 200 million sales revenues, natural persons (in aquaculture certified private farmers, too), furthermore, who meet their obligation for registration in the Farming Information System (TIR) in line with Ministerial Regulation 119/2007 (X.18.) (MARD). In the case of natural water fishery the eligibility criterion is fishery activity of a commercial nature in some domestic natural water.

The content of the Project

Application for support registration number: 1099085501

The title of the application for support: The construction of wintering ponds, production and infrastructural investments in the premises of Czikkhalas Ltd

Czikkhalas Halastavai Ltd was granted European Community developmental support already within the framework of SAPARD and ARDOP, this way enhancing its production capacity and making production and marketing more efficient by purchasing machinery and equipment for its production activity.

The resources of the 2007-2013 Programming Period of the OPF represented an opportunity for the company again, that is why they were looking forward to launch of the first round of the programme in 2009.

Development is of crucial importance for the company, therefore they make an annual investment of approximately HUF 100 million in a systematic and strategic way. The support of the European Union makes it easier to implement the investments.

The key elements of the strategy are listed below:

- To enhance and modernise production capacity;
- To modernise the machinery of production units;
- To modernise means of fish transportation;
- To increase the safety of production.

During project preparation the company compared its developmental needs to the OPF set of objectives, thus promoting the preparation of the documentation of a successful application. It was able to adjust its planned developments into the measure in line with the set of objectives of the OPF fully, thus we can establish that the OPF set of objectives meets the needs of the developmental needs of the business.

However, strategic planning does not determine rigid directions, development is characterised by a change of direction due to the economic and social effects of the crisis in 2008.

The rhythm of development has slowed down compared to the one originally projected, and more emphasis has been placed on investments targeting fish protection. The reason for this is the aim to reduce the number of fish poaching cases the increase of which can be attributed to the economic crisis and to whole layers of society falling into poverty.

The OPF does not touch upon the problem area of fish protection that is not solely a professional question.

Developments affected six main directions, totalling about HUF **230 million**, of which support is HUF **138 million** with a support intensity of 60 per cent.

The support application was submitted in June 2009.

Project preparation and application submission was facilitated by the fact that the business studied the Programme in time, and also by the fact that they were familiar with the information and data sheet system through other sources of the New Hungary Rural Development Programme. At the time of the compilation of the application the colleague who had earlier worked for the MARD on the preparation of the OPF was already working for the enterprise.

A pre-requisite of the application was a valid water construction permit and a building permit for developments involving construction works. Although this condition did not hinder the submission of the application of Czikkhalas Ltd, the scheduling of the related costs came up earlier than it would have been necessary, besides, if the support had not been granted, it would have represented an unnecessary expense.

A further negative factor was that it was impossible to save data sheets, that is, after printing the completed forms it is impossible to save them in an editable format for later use for lack of

a free programme suitable for this purpose. The fact that the form cannot be saved is an especially big problem in the case of construction items with a lot of data, since it is possible that because of a typing mistake a whole page has to be filled in again, which makes the completion of applications (for support and payment) more difficult.

The company received the decision about support in December 2009.

From the point of view of the investment slow administration was an especially big problem, and this is a general characteristic of ARDA administration. Unfortunately the fact that applications are handled separately from the measures of the rural development programme, it did not result in a shorter decision process.

The company provided the necessary data in the course of spot checks not only for the inspectors of the ARDA but also for KPMG. It was difficult for the company to prepare for the spot check because the ARDA did not issue an exact list of documents to be checked in the course of spot checks.

Although the evaluation of applications for payment was also relatively long, after completion of the missing documents money was transferred quickly.

The preparation, management and completion of the project was not smooth, but thanks to the well-prepared professional team it ended with a positive result.

The table below summarises the developments realised with the help of the support and their objectives:

Table 39 **Activities, objectives and outcomes within HOP I**

	Activity	Objective	Outcome
1.	Dredging	To improve the security of harvesting	100% harvesting
2.	Creation of wintering ponds	To build small-size wintering ponds	6 ponds have been built
3.	Road construction	To stabilise the crest edge of wintering dams and to construct roads between ponds	
4.	Manuring boat	To construct a mobile manuring boat of own construction	An increased production security due to more efficient manuring
5.	Investment in security	To install gate cameras, a video system and fences	With the installation of the system security has improved
6.	Purchase of equipment and machinery	To provide for the secure supply of hypermarkets with fresh fish	50 fish tanks and 27mobile fish vats, 2 special fish transporting vehicles and 2 outboard engines have been purchased

7.3 The most important outcomes and effects of the project

Dredging:

One of the most important tasks in the operation of a system of fish ponds is the maintenance of the channel. The layers with sediment can bring about a lack of oxygen that decreases the area of fish habitat, besides, during harvesting fishing pits as the deepest points of ponds can retain water, thus decreasing the efficiency of harvesting.

As a result of the investment the fishing pits of four ponds were cleaned thus increasing the efficiency of harvesting to 100 per cent.

The investment, although it is not directly of a productive purpose, is recovered in two years.

Creation of wintering ponds:

As a result of the investment six new wintering ponds were created and with this storage capacity was increased significantly. A consequence of this is a considerable increase in quality, since by selecting and storing fish of different age and species, harvesting becomes much easier and service is quicker and cheaper.

Another advantage of wintering ponds of a bigger capacity is that by using them shorter market intervals can be bridged, which means that if buying price is lower, stored quantities can be sold later in a better market position and at a higher price, creating extra profit.

Road construction:

Investment into premises does not only serve the purposes of comfort but it can also contribute to decreasing costs. By constructing new roads traffic and transport between marshy ponds became possible, it was not necessary to make long detours, and this way time and fuel can be saved. Another advantage is that harvesting can be efficient in weather conditions with a lot of precipitation and ice, it is not necessary to use special machinery to approach these areas. Covering dams with concrete makes traffic and transport easier, furthermore, it stabilises crests.

Preparation of a manuring boat:

One of the pre-conditions of large-scale fish rearing is the manuring of water. If manure is applied at the right times and in the right quantities, it can bring about a considerable increase in yield, while a manual application of this method is an operation that both requires more man hours and is more time-consuming.

The manuring boat of the company`s own construction is also part of the development. As a

result of the development a mobile, diesel-engine, hydro-driven manuring boat was constructed that is easy-to-transport between the ponds, easy-to-steer and cheap-to-operate. With its help an annual amount of 5 tonnes of manure can be spread.

The investment resulted in more efficient operation, bigger production security and a yield increase, with a return time of one year.

Investment in security:

One of the most spectacular elements of the development was the installation of a security system the cost of which was not significant (it accounts for five per cent of the whole investment, HUF 12.3 million), however, it has a measurable effect.

From the point of view of implementation the system can be divided into three parts, but its operation is complex:

- A gate security camera able to recognise car registration numbers;
- A video-system with several cameras able to move horizontally and vertically;
- The construction of a fence.

The installation of the security system was necessitated by circumstances, since poachers caused considerable damage when they attacked fish farm ponds. In winters as much as 400 tonnes of fish can be found in wintering ponds in intensive storage and damage here can be extremely big. The most important objective was to avoid this. Besides, the video system and the gate security camera records movement within the premises, so events can be reviewed subsequently.

All in all, it is a constructive development where the proportion of price/value/efficiency is rather high. With the help of the development an annual amount of one per cent yield increase can be achieved, which equals to minimum five tonnes of fish.

Purchase of equipment and machinery:

With the help of the support the company bought 50 fish tanks and 27 mobile fish vats as well as 2 transport vehicles.

With regard to the fact that the company supplies the biggest hypermarkets with fresh live fish, it is important to provide for proper delivery and storage conditions not only at the premises but at the point of sale, too. Tanks serve this purpose.

Transport vehicles are special vehicles with the help of which fish can be delivered quickly and cheaply. Although outboard engines are not connected to transfer-service directly, they are an indispensable means of movement on the ponds.

Summary

The good practice introduced in the case study is a perfect example of proper planning and implementation. As part of an overall strategy, the implemented investments have a key role

in the life and development of the company, and at the same time they serve as a basis for further development.

Application for support in OPF II was drawn up closely connected with the project introduced above, with the following overall data:

With a net HUF 118 million support sum there was an overall HUF 196 million investment application for the following objectives:

- Renovation of the water supply of wintering ponds;
- Electricity-supply of wintering ponds;
- Road construction phase II;
- Purchase of 15 fish tanks;
- Purchase of 2 tractors;
- Purchase of a fish-transporting truck;
- Installation of a pump;
- Installation of an aerator and a self-feeder;
- Purchase of further outboard engines.

Although in the period under review the OPF II application was not evaluated, we can establish that the company has adapted a project-like way of thinking, serving the needs of continuous, sustainable development.

Pictures of the process:

Picture 1: Fish pit before dredging

Picture 2: fish pit during dredging