

Enhancing co-operation between chambers to improve employment in Satu Mare and Szabolcs-Szatmár-Bereg county (ENCOCH) (ROHU-370)



Joint Integrated Development Strategy

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Background and introduction

The Chamber of Commerce and Industry of Szabolcs-Szatmár-Bereg County as Lead Partner, the Chamber of Commerce, Industry and Agriculture Satu Mare and the Chamber of Craftsmen Association, as Project Partners submitted a joint application on 31 January 2018 for getting support from the European Regional Development Fund in the framework of the Interreg V-A Romania-Hungary Programme.

European Cross-Border cooperation - Interreg A - aims to tackle common challenges identified jointly in the border regions and to exploit the untapped growth potential in border areas, while enhancing the cooperation process for the purposes of the overall harmonious development of the Union.

The project Enhancing cooperation between chambers to improve employment in Satu Mare and Szabolcs-Szatmár-Bereg counties (ROHU370 - ENCOCH) aims to implement a two years long project to strengthen the cross-border labour market under the Investment Priority 8/b *“Supporting employment-friendly growth through the development of endogenous potential as part of a territorial strategy for specific areas, including the conversion of declining industrial regions and enhancement of accessibility to, and development of, specific natural and cultural resources”*.

The aim of the Joint Integrated Development Strategy is to determine – based on a detailed analysis of the labour market situation of the project region – the specific objectives for the development of the labour market that the project partners want to achieve within the framework of the project. The territorial scope of the strategy covers Szabolcs-Szatmár-Bereg and Satu Mare counties, however, the impact of the project may extend beyond the areas. The activities to achieve the project objectives, implemented within the framework of the project, are included in the county-specific Action Plans. The Joint Integrated Development Strategy includes the following main chapters:

- The first chapter – **State of the art** – gives a detailed description of the recent data and trends of the labour market in the targeted Hungarian-Romanian cross-border area.
- The second chapter – **Joint vision** – defines the desired situation that should be achieved jointly by the project partners as a result of the project.
- The third chapter – Objectives and **priorities** – identifies the general and specific project objectives to achieve the joint project vision. It briefly also outlines the priorities and interventions related to the objectives, which are discussed in detail in the action plans, and identifies the main target groups of the project.
- The last chapter – **The institutional system of implementation** – is about the practical – organizational and operational – task of the project implementation.

State of the art

In the chapter, the current situation and trends of the targeted Hungarian-Romanian cross-border region is outlined. First, the exact territory covered by the strategy is identified and then a comprehensive analysis of the demographic, socio-economic and employment situation of the area is presented. Finally, based on the situation analysis, a SWOT analysis is prepared to summarize the main findings and present the possible development of the region.

This strategy was written during the COVID-19 pandemic, so the strategy cannot ignore the fact that the epidemic will have a number of negative economic and labour market effects that need to be addressed in the future.

The COVID-19 pandemic has had far-reaching consequences beyond the spread of the disease itself and efforts to quarantine it. As the virus has spread around the globe, concerns have shifted from supply-side manufacturing issues to decreased business in the services sector. The pandemic caused the largest global recession in history, with more than a third of the global population at the time being placed on lockdown.

The situation caused by the epidemic poses new challenges for Hungary and Romania, so it will also have an impact on the economic and labour market processes of Szabolcs-Szatmár-Bereg and Satu Mare counties. It will also have an impact on the implementation of this strategy.

In this chapter, the current situation caused by the pandemic is not detailed, as in many cases accurate, reliable data are not available to draw appropriate conclusions about the epidemic.

Geographical demarcation

Interreg A – Cross-Border cooperation supports cooperation between NUTS 3 level regions from at least two different Member States lying directly on the borders or adjacent to them. The ROHU-370 project targets the northern part of the Romanian-Hungarian (ROHU) cross-border (CB) region which consists of Szabolcs-Szatmár-Bereg county in Hungary and Satu Mare county in Romania (Figure 1).

The region has a total area of 10,353.71 km². Szabolcs-Szatmár-Bereg county is the 6th largest county in Hungary with an area of 5,935.86 km² (6.38% of Hungary). Satu Mare county is the 36th largest county in Romania with an area of 4,417.85 km² (1,85% of Romania).

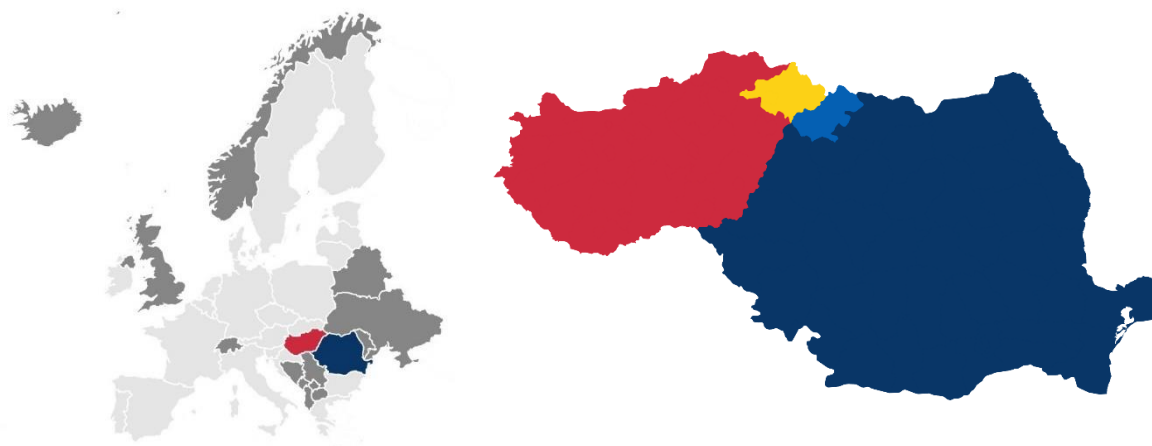
Szabolcs-Szatmár-Bereg county is the easternmost county in Hungary. It is bordered on the north by Borsod-Abaúj-Zemplén county and by Košice Region Slovakia, on the northeast by Zakarpatska Oblast (Ukraine), on the southeast by Satu Mare county (Romania) and on the southwest by Hajdú-Bihar county,

Satu Mare County is a county in north-eastern part of Romania. The counties and districts adjacent to the county are as follows: Zakarpatska Oblast (Ukraine) to the north, Maramureş county to the east, Sălaj and Bihor counties to the south (south-west) and Szabolcs-Szatmár-Bereg county (Hungary) to the west (northwest).

The area is located in the north-eastern part of the Pannonian (Carpathian) basin. From a geographical aspect, most territory of the region is plain. Szabolcs-Szatmár-Bereg county can be divided into two main regions: the Felső-Tisza vidék (the Upper-Tisza valley) and the Nyírség. Both areas belong to the Alföld (Hungarian Great Plain).

Satu Mare county is a geographically more diverse county. However, besides the hills and the mountains, almost two-thirds of its territory is also made up of plain, which is part of the Pannonian basin. The plain areas make up the western and south-eastern parts of the county. The terrain elevation gradually increases from west to east. The mountainous area covers the north-eastern part of the county, represented by the Oaş Mountains and a small part of the Gutin Mountains. The region is crossed by several rivers which are the Túr/Tur, the Szamos/Somes, the Kraszna/Crasna (in both counties) and the Tisza/Tisa (only in Szabolcs-Szatmár-Bereg county).

Figure 1: Location of Hungary and Romania in the European Union and Szabolcs-Szatmár-Bereg and Satu Mare counties in Hungary and in Romania



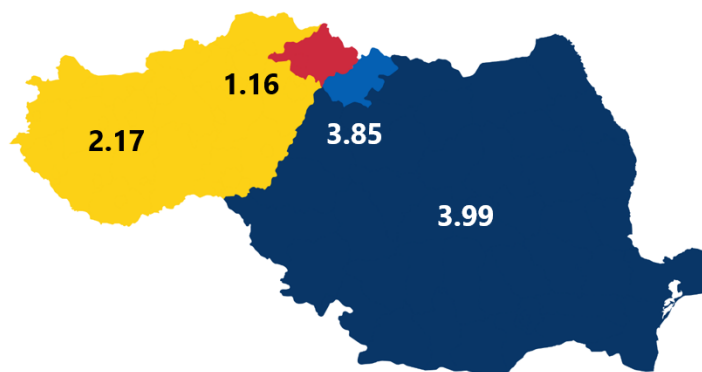
Source: own editing (piktochart.com)

Demographic and socio-economic background

According to the 2020 statistical data, the resident population was 549,028 people in Szabolcs-Szatmár-Bereg county and 331,109 people in Satu Mare county. Based on the population, Szabolcs-Szatmár-Bereg county is the 3rd most populous county in Hungary, while Satu Mare county is the 26th most populous county in Romania¹. In 2020, 5.62% of the Hungarian population live in SZSZB and 1.71% of the Romanian population live in SM.

The population of the project region decreased by 2.19%, from 899,856 to 880,137, between 2011 and 2020. At the same time, the rate of population decrease was different in the two counties: the population of Szabolcs-Szatmár-Bereg county decreased by 1.16% (Hungary: 2.17%), and the population of Satu Mare county by 3.85% (Romania: 3.99%) (Figure 2).

Figure 2: The rate of resident population declines between 2011 and 2020 (%)

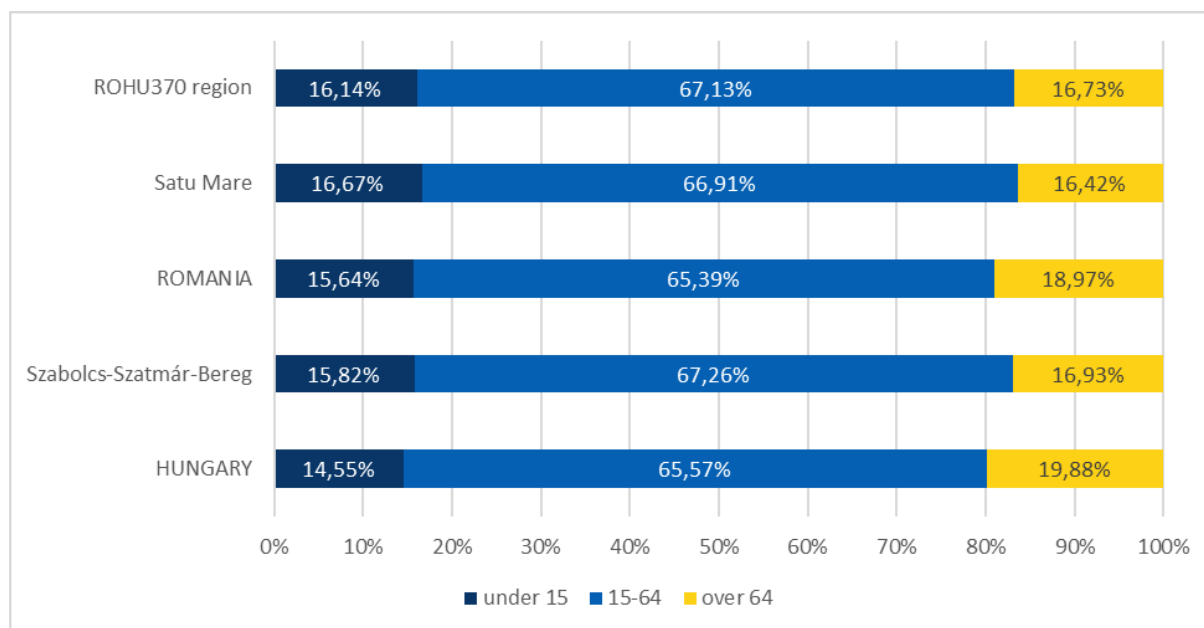


Source: Hungarian Central Statistical Office, Regional database (Hungary); National Institute of Statistics, TEMPO online (Romania); own editing (piktochart.com)

Consistently low birth rates and higher life expectancy are transforming the shape of age pyramids in most EU countries. As a result, the proportion of young people and people of working age are declining, while the relative size of the elderly population is increasing in the EU-27 (Eurostat, 2020). The demographic trends outlined above are also present in Hungary and Romania. Examining the age distribution of the population of the project region and the two counties, we state the following (Figure 3):

¹ Excluding the NUTS3 regions of the capitals, Budapest and Bucharest.

Figure 3: Share of the population by age, 2020



Source: Hungarian Central Statistical Office, Regional database (Hungary); National Institute of Statistics, TEMPO online (Romania)

- The number of people under age 15 was 142,043 (16.14%) in the project region; the working-age population (people aged 15 to 64) was represented by 590,806 persons (67.13%); and finally, the 65 and over population was 147,288 persons (16.73%).
- The age structure of Satu Mare county shows a more favourable picture than that of Szabolcs-Szatmár-Bereg county – in the former 16.67% of the population is young, 16.42% is elderly, while in the latter 15.82% of the population is young, 16.93% is elderly.

Comparing the Hungarian and Romanian data, we can conclude that since 2011 the share of the 65 and over population has increased significantly and the share of people under age 15 and the working-age population has decreased at each territorial level.

The proportion of the young population decreased the most in Szabolcs-Szatmár-Bereg county (by 9.42%) and in Satu Mare county (by 7.84%), while the proportion of the elderly population also increased the most at county levels (by 21.04% in Szabolcs-Szatmár-Bereg county and by 18.26% in Satu mare county).

Table 1: Change of the population by age between 2011 and 2020

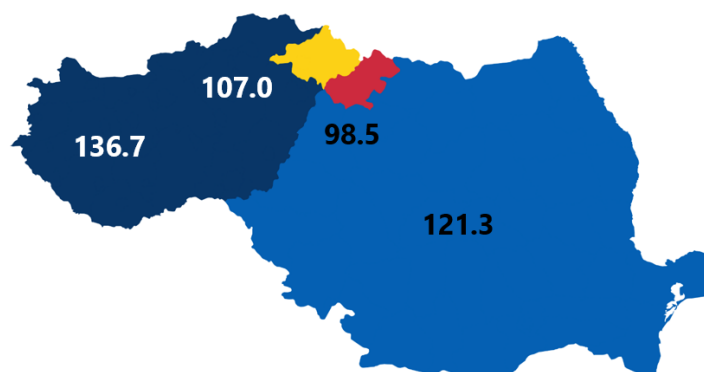
	People aged under 15	People aged 15-64	People aged 65 and over
HUNGARY	-2,46%	-6,58%	16,22%
Szabolcs-Szatmár-Bereg	-9,42%	-3,55%	21,04%
ROMANIA	-5,29%	-7,69%	12,83%
Satu Mare	-7,84%	-7,11%	18,26%

Source: Hungarian Central Statistical Office, Regional database (Hungary); National Institute of Statistics, TEMPO online (Romania)

One of the commonly used indicators of population aging is the ageing index. It refers to the number of elders (people older than 64) per 100 persons younger than 15 years old in a specific population. This index increases as population ages. The ageing index of the project region increased from 78.8 in 2011 to 103.7 in 2020. This means that the number of elderly people per 100 young people has increased by 24.9 within the last decade. Figure 4 shows that the examined territorial units in Hungary had much less favourable ageing indexes than their Romanian

counterparts during these years. However, the ageing index of Szabolcs-Szatmár-Bereg county is the most favourable in Hungary.

Figure 4: Ageing index (2020)

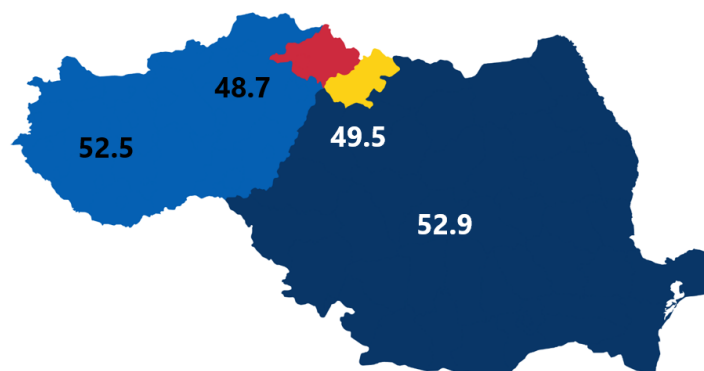


Source: Hungarian Central Statistical Office, Regional database (Hungary); National Institute of Statistics, TEMPO online (Romania); own editing (piktochart.com)

The age distribution of the population is also very important from the point of view of the labour market. As discussed above, the share of older persons in the total population will increase significantly in the coming decades. This will, in turn, lead to an increased burden on the working-age population to provide for the social expenditure required by the ageing population (*Eurostat, 2020*).

The dependency ratio is an age-population ratio of those typically not in the labour force (dependent part of the population – aged under 15 and over 64) and those typically in the labour force (working age population – aged 15-64). It is used to measure the pressure on the productive part of the population: a lower dependency ratio means that there are sufficient people working who can support the dependent population, while a higher ratio indicates more financial stress on working people.

Figure 5: Dependency ratio (2020)



Source: Hungarian Central Statistical Office, Regional database (Hungary); National Institute of Statistics, TEMPO online (Romania); own editing (piktochart.com)

Examining the differences between the territorial levels, we can conclude that the dependency ratio is similar in the two counties (48.68 in Szabolcs-Szatmár-Bereg; 49.46 in Satu Mare), while the two national values are also similar but show a higher value (52.51 in Hungary; 52.92 in Romania) than the county indicators.

Between 2011 and 2020, of the two counties in the region, the dependency ratio increased more in Satu Mare (from 44.4 to 49.5) than in Szabolcs-Szatmár-Bereg county (from 45.1 to 48.7). At regional level, the dependency ratio increased from 44.8 to 49.0 during the period under review, which means that there were 4 more “dependent-age” people for every 100 working-age people in 2020 compared to 2011.

However, the total age dependency ratio could mask the differing trends occurring in the younger and older population. The ratio can be separated into two parts: the old-age dependency ratio and the child dependency ratio.

When evaluating the two dependency ratios separately, we get a more accurate picture of the economic dependence of the population, as we can conclude that:

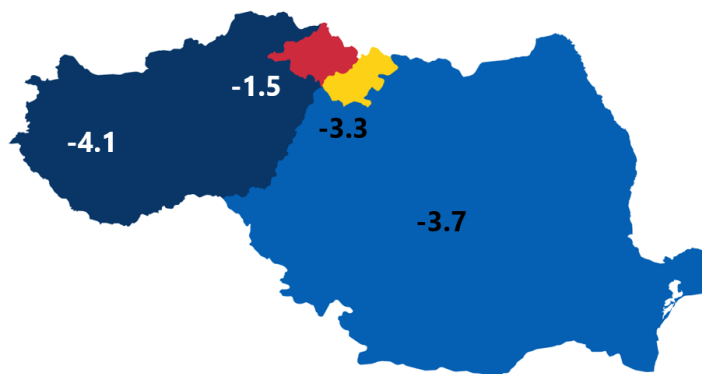
- at county level, the child and the old age dependency ratios are at the same level, while at national level the old age dependency ratio is much higher than the child dependency ratio.
- since 2011, the child dependency ratio has decreased in both counties (by 1.5 percentage point in Szabolcs-Szatmár-Bereg county, by 0,2 percentage point in Satu Mare county); while the old age dependency ratio has increased at all territorial level by more than 5 percentage point.

The demographic trend of the region is characterised by a significant level of natural decrease and negative inland immigration. Examining the natural change of the population, different territorial units show different situations.

In the period under review, the rate of population decline per 1,000 inhabitants was the highest in Hungary (-4.13) followed by Romania (-3.69), Satu Mare county (-3.34) and Szabolcs-Szatmár-Bereg county (-1.48)² (Figure 6). Due to natural decrease, the population in Szabolcs-Szatmár-Bereg county has decreased by 8,260 persons, while the population has decreased by 6,712 persons in Satu Mare county between 2011 and 2019.

The domestic migration indicator in Satu Mare and Szabolcs-Szatmár-Bereg county was continuously negative, however the level of the migration was much higher in the Hungarian county. Due to domestic migration, the population in Szabolcs-Szatmár-Bereg county has decreased by 35,477 persons, while the population has decreased only by 1,305 persons in Satu Mare county between 2011 and 2019 (Figure 6).

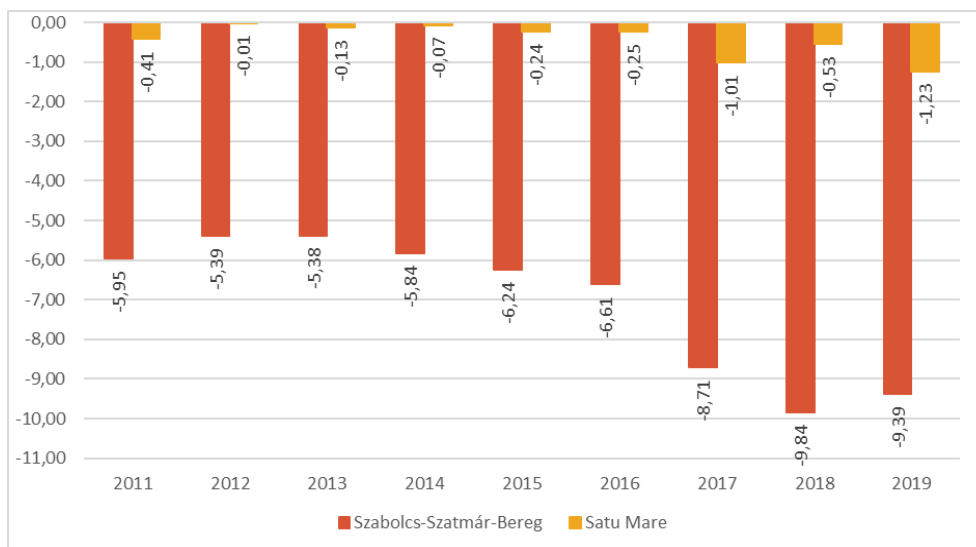
Figure 6: Rate of natural increase or decrease of the population per 1,000 inhabitants, 2011-2019



Source: Hungarian Central Statistical Office, Regional database (Hungary); National Institute of Statistics, TEMPO online (Romania), own editing (piktochart.com)

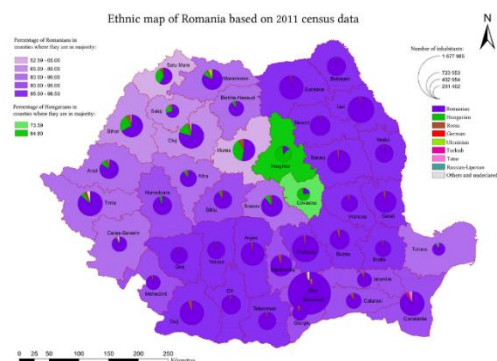
² Values in parentheses refer to 2019.

Figure 7: Net settling of domicile per 1,000 inhabitants (2011-2019)



Source: Hungarian Central Statistical Office, Regional database (Hungary); National Institute of Statistics, TEMPO online (Romania)

Figure 8: Ethnic map of Romania based on 2011 census data



Source: (National Institute of Statistics, 2011)

According to the 2011 Census in Romania, information on ethnicity was available for 18,884.8 thousand people out of a total of 20,121.6 thousand people. 16,792,868 people declared themselves Romanians (88.9%). The Hungarian population registered at the census was 1,227,623 people (6.1%). The 3rd largest minority is the Romani (621,573 people, 3.0%). The Hungarian minority of Romania is the largest ethnic minority in Romania. Hungarians form a large majority of the population in the counties of Harghita (85.2%) and Covasna (73.7%), and a large percentage in Mureş (38.1%), Satu Mare (34.7%), Bihor (25.3%), Sălaj (23.3%) and Cluj (15.9%) counties (National Institute of Statistics, 2011).

In Hungary, the Romanian minority (0.4%) is the 3rd largest minority after the Romani (3.2%) and German (1.9%) minorities according to the 2011 Census. The largest proportion of people of Romanian nationality live in Békés (1.7%), Csongrád, Hajdú-Bihar, Pest counties and Budapest (0.5%). (KSH Népszámlálás, 2011). The proportion of the Roma population is underestimated in both countries. Their actual proportion in the population may be above 8%.

Diagnosing the labour market

In the following chapters, we analyse the region from a labour market perspective. The first is a brief overview of the region's economy, the economic profile of the region. After that, we describe the supply side of the labour market in more detail (labour market activity, employment, income conditions, education of the population), and then we cover the labour mobility patterns characteristic of the region. Finally, we briefly summarize who are the main actors regulating the labour market in the two countries.

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General economic indicators

Gross Domestic Product

In 2018, the GDP per capita was 7,700 euros in Szabolcs-Szatmár-Bereg county (13,700 euros in Hungary) and 7,300 euros in Satu Mare county (10,500 euros in Romania). In the GDP per capita county ranking, Szabolcs-Szatmár-Bereg county has the second last place in Hungary. Satu Mare County ranks 22nd out of 41 counties in Romania. In 2018, compared to 2017, the value of GDP at current prices increased more strongly than the EU average, by 9.9% in Hungary and by 10.1% in Romania.

The GDP per capita as a percentage of the EU-27³ average was 26% in Szabolcs-Szatmár-Bereg county (24% in 2017) and 24% in Satu Mare county⁴, while the national indicators were 45% in Hungary (44% in 2017) and 35% in Romania (33% in 2017).

In the case of the two counties, the volume indices of real expenditure per capita (in PPS) reached 40% (38% in 2017) of the EU average (EU 27 from 2020) in Szabolcs-Szatmár-Bereg county and 47% in Satu Mare⁵. GDP per capita in PPS in percentage of the EU27 (from 2020) average were 71% in Hungary (69% in 2017; 73% in 2019;) and 66% in Romania (64% in 2017; 69% in 2019;)

Enterprise statistics

In 2018, there were 31,652 active enterprises in Szabolcs-Szatmár-Bereg county and 8,019 in Satu Mare county. There were more than twice as many active businesses per capita in Szabolcs-Szatmár-Bereg county (56.7 per 1,000 inhabitants) as in Satu Mare county (24.0 per 1,000 inhabitants). At the same time, the number of active enterprises in Szabolcs-Szatmár-Bereg county has increased by 12.7% since 2011 (by 11.5% in Hungary), and it has increased by 17.7% in Satu Mare county (by 21.6% in Romania).

In 2018, 206 and 162 active companies employed more than 50 employees in Szabolcs-Szatmár-Bereg county and in Satu Mare county. This was only 0.65% of the active businesses in Szabolcs-Szatmár-Bereg county and 2% in Satu Mare county. The number of enterprises employing more than 250 people were 32 in Szabolcs-Szatmár-Bereg county and 21 in Satu Mare county.

The counties' economy has dynamically grown in recent years, due mainly to major investments made by a number of multinational companies mostly in the county seats. At the same time, both counties are economically backward in many aspects compared to other counties of the countries. This is especially true for Szabolcs-Szatmár-Bereg county.

- Satu Mare county benefits from its position, close to the border of Romania with Hungary and Ukraine, and it is one of the places which attracts foreign investment in industry and agriculture. The predominant industries in the county are: textiles industry, machine and automotive components, food industry, wood and furniture industry.
- Szabolcs-Szatmár-Bereg county is one of the least developed regions in Hungary. Food processing, as well as the chemical, electronics, textile and optical industries, as well as mechanical engineering, plastics and rubber, play a significant role in the county's economy.

Examining the distribution of active enterprises by the NACE Rev.2 economic activities in 2018, we can state that:

- The role of agriculture is more significant than the national values (4% in Hungary, 3.6% in Romania) in both counties (12.7% in Szabolcs-Szatmár-Bereg county, 6.2% in Satu Mare county).
- The role of secondary sector is more dominant in Satu Mare county (28%) than in Szabolcs-Szatmár-Bereg county (16.6%).
- In both counties, 'Wholesale and retail trade; repair of motor vehicles and motorcycles' is the most important sector in the business structure. 28.3% of the active enterprises in Satu Mare county and 21.1% in Szabolcs-Szatmár-Bereg county operated in this sector.
- In Szabolcs-Szatmár-Bereg county, the high proportion of active enterprises operating in the 'Professional, scientific and technical activities' economic activity (11.0%) stands out. (Figure 20 in Annexes)

³ European Union – 27 countries from 2020

⁴ 2017 data

⁵ 2017 data

Labour market indicators

Employment and unemployment

Due to the more comprehensible analysis and the national differences in the collection of statistical data, we would like to describe separately the main points of the labour market situation in the border region. In the subchapters, we present the main labour market indicators of Szabolcs-Szatmár-Bereg county (Hungary) and Satu Mare county (Romania), and then we summarize the main territorial differences.

Prior to the analysis, we present a simplified picture of the composition of the labour force according to Kotzeva (2018):

- From a labour market perspective, the population is aggregated across three broad age groups: young (under 15 years old); working age (15-64 years old) and elderly (65 years and older).
- The working age population can be divided into two large groups, the economically active population (otherwise referred to as the labour force) and the economically inactive population (in other words, they were neither employed nor unemployed).
- The inactive population includes those who have worked and those who have never worked. This group is largely composed of students, pensioners and people caring for other family members, but also includes volunteers and people unable to work because of disability.
- The labour force aged 15-64 years is made-up of people in work (employed persons) and people who are not working, but actively seeking and available for work (unemployed persons).

When analysing a labour market in a territorial unit, it is important to examine labour market indicators, such as activity, employment, and unemployment rates – these indicators make the differences between the territorial levels more visible.

- The activity rate represents the rate of active persons in the given age group in the total population of the same age group.
- The employment rate is the ratio of employed persons to the working age population.
- The unemployment rate is the ratio of unemployed persons in the economically active population.

Szabolcs-Szatmár-Bereg county, Hungary:

In 2019, the population was composed of 375,216 persons aged 15-64 years. The economically active population was 260,233 persons of this age, while the economically inactive population accounted for 114,983 persons. The number of employed persons was 238,648 and the number of unemployed persons was 21,585 in 2019 in the county.

In 2019, all the examined labour market indicators were less favourable in the county than in national level. The activity rate (71.0%) was 1.6 percentage points lower; the employment rate (65.1%) was 5 percentage points lower, and the unemployment rate (8.3%) was 4.8 percentage points higher than in the country. (In 2018, the activity rate was 71.4%, the employment rate was 65.1%, and the unemployment rate was 8.9% in Szabolcs-Szatmár-Bereg county.)

In terms of labour market trends, it is favourable that:

- Since 2011 both the county and the national labour market indicators have improved not only in absolute but also in relative terms.
- The number of economically active population has increased by 18.4% (40,449 persons) and the number of employed persons has increased by 32.8% (58,972 persons) in Szabolcs-Szatmár-Bereg county between 2011 and 2019.
- During the period under review, the rate of growth was less favorable for the economically active population (9.7%) as well as for the employed (19.1%) on country level.
- The number of unemployed dropped dramatically at both county (by 46.2%; 18,523 persons) and country level (by 65.9%; 307,055 persons).
- Between 2011 and 2018⁶, the absolute growth of the active and the employed population resulted in an increase of 14.2 percentage points (10.3 percentage points on national level) in the activity rate and an

⁶ For Satu Mare County, the latest labour market indicators are available till 2018. Therefore, we also analyse the trends between 2011 and 2018 on the Hungarian side.

increase of 18.6 percentage points (13.8 percentage points on national level) in the employment rate in relative terms.

- In relative terms, the decline of the number of unemployed resulted in a 9.4 percentage point drop in the unemployment rate in Szabolcs-Szatmár-Bereg county (a 7.4 percentage point drop on national level).

Satu Mare county, Romania:

The labour resource (working age population) was 223,513 persons in the county in 2019. The county's labour force accounted for 146,300 persons, while there were 77,213 who were economically inactive. The number of employed persons was 142,700 and the number of unemployed persons was 3,631 in Satu Mare.

In 2018⁷, most of the examined labour market indicators was more favourable in Satu Mare county than in Romania. However, the activity rate (69.1%, 69.6% in 2019) was lower than in the country (71.1%), the employment rate (67.3%) was 2.5 percentage points higher, and the unemployment rate (2.6%) was 0.7 percentage points lower than in Romania (4%).

Examining the labour market processes, we get a more mixed and complicated picture on the Romanian side of the cross-border area:

- Due to a significant population decline, the number of economically active and employed people has declined in Satu Mare county, while in Romania, despite the decline in the economically active population, the number of employed has increased between 2011 and 2019.
- The number of economically active population has decreased by 4.1% (6,300 persons) in the county (by 0.9% – 76,000 persons – in national level).
- Similarly, the number of employed persons has also decreased in the county (by 2.0%; 2,900 persons), while it has increased (by 1.5%; 127,100 persons) nationally.
- The number of unemployed dropped dramatically at both county (3,408 persons, by 48.4%) and country level (203,148 persons, by 44.1%).
- These processes, outlined above, resulted in a 6.6 percentage point increase in the activity rate (a 8.9 percentage point increase in the national activity rate) and in a 7.2 percentage point increase in the employment rate in Satu Mare county (a 5.5 percentage point increase in the national employment rate).
- Despite the decrease in the number of economically active and employed population, the activity and the employment rate has increased, because the labour force has decreased to a greater extent (by 5.3% and by 5.6%) between 2011 and 2018.
- In relative terms, the decline of the number of unemployed resulted in a 2.0 percentage point drop in the unemployment rate in Satu Mare county (a 1.9 percentage point drop on national level) between 2011 and 2018.

Main findings:

Comparing the labour market indicators of the two counties of the cross-border region, we can make the following main findings:

- Since 2011, the number of economically active population increased in Szabolcs-Szatmár-Bereg county and Hungary, while it decreased in Satu Mare county and Romania.
- Consequently, the activity rate has been higher in Szabolcs-Szatmár-Bereg county (71.0% in 2019) than in Satu Mare county (69.6% in 2018) since 2015
- The employment rate was better in Satu Mare county (67.3%) than in Szabolcs-Szatmár-Bereg county (65.1.0%) in 2018. However, the employment rate has improved to a greater extent in Szabolcs-Szatmár-Bereg county since 2011.
- The number of unemployed has significantly decreased at all territorial levels.
- The unemployment rate in Satu Mare county (2.6%) was much lower than in Szabolcs-Szatmár-Bereg county (8.9%) in 2018.

Figure 9-11 shows the most important employment indicators of the working age population in 2019⁸.

⁷ For Satu Mare County, the latest labour market indicators are available till 2018.

⁸ For Satu Mare County, the employment rate is 2018 data.

Figure 9: Activity rate, 2019 (%)

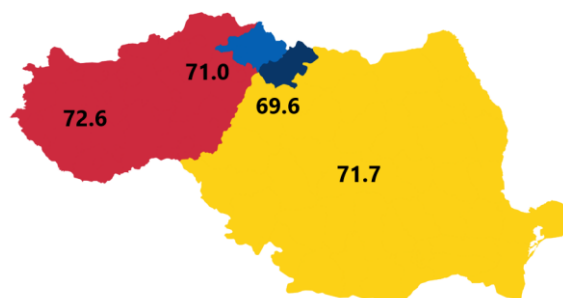


Figure 10: Employment rate (%)

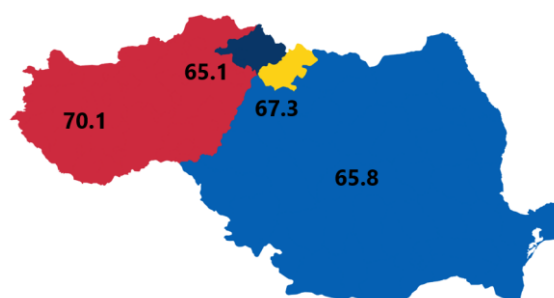
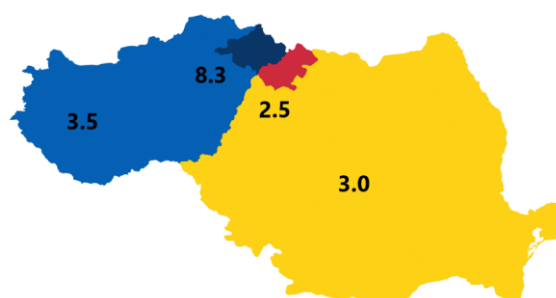


Figure 11: Unemployment rate, 2019 (%)



Source: Hungarian Central Statistical Office, Regional database (Hungary); National Institute of Statistics, TEMPO online (Romania); own editing (piktochart.com)

Sectoral distribution of employees⁹

In 2019, there were 127,825 employees in Szabolcs-Szatmár-Bereg county and 84,560 employees in Satu Mare county. The number of employees per 1,000 inhabitants was 231.2 in Szabolcs-Szatmár-Bereg county (326 in Hungary) and 254.3 in Satu Mare county (282.3 in Romania). Since 2012, the number of employees has decreased by 8,833 persons (by 6.46%) in Szabolcs-Szatmár-Bereg county and it has increased by 9,895 persons (by 13.25%) in Satu Mare county.

A territorial unit's economy can be divided into various sectors to define the proportion of the population engaged in different activities (Figure 13, Figure 21 in Annexes). The 'three-sector model' (Fisher, 1939) – developed by Allan Fisher, Colin Clark, and Jean Fourastié – in economics divides economies into three sectors (primary, secondary, tertiary) of activity. (Some studies talk about quaternary and quinary sectors as a further development of the 'three-sector model'.) This categorization represents a continuum of distance from the natural environment.

⁹ Data on enterprises with at least five employees and budgetary institutions in full, and employment-relevant non-profit organizations.

Figure 12: Number of employees per 1,000 inhabitants (2019)

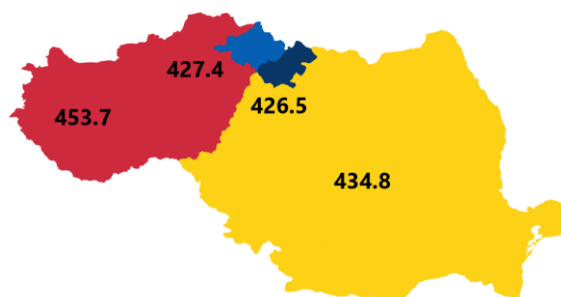
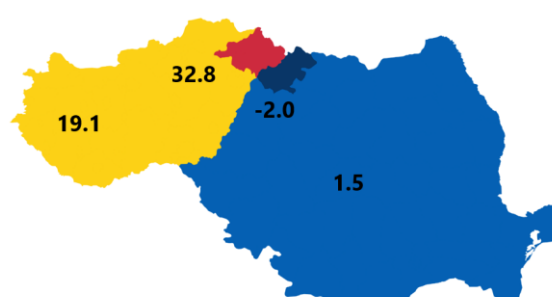


Figure 13: Percentage change in the number of employees between 2011 and 2019 (%)



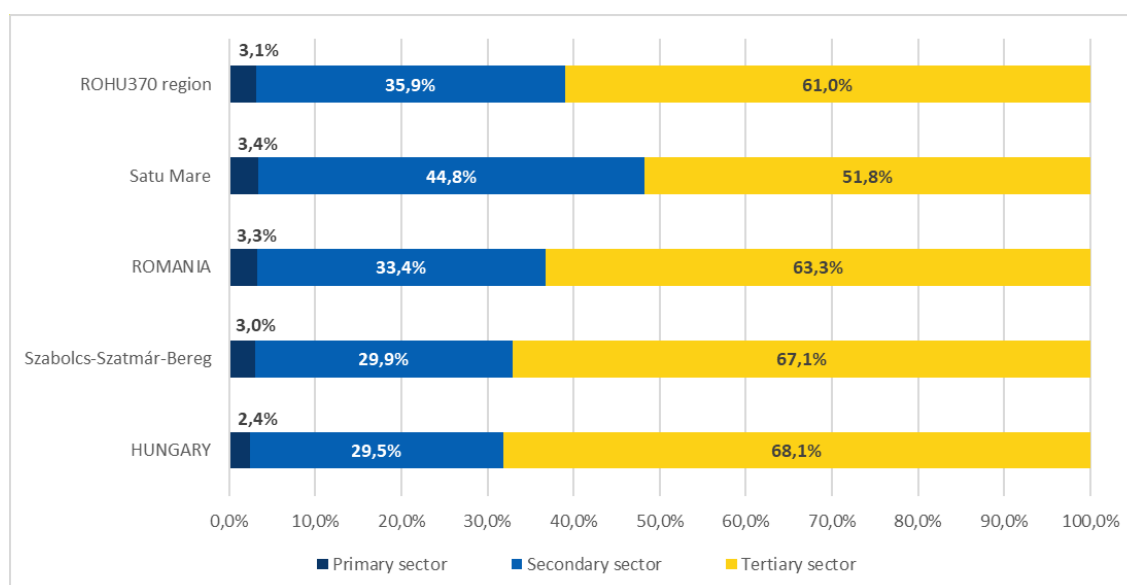
Source: Hungarian Central Statistical Office, Regional database (Hungary); National Institute of Statistics, TEMPO online (Romania); own editing (piktochart.com)

The primary sector of the economy is the economic sectors dealing with the extraction of primary raw materials of nature. Activities associated with primary economics include agriculture, forestry, hunting, fishing, mining and quarrying (NACE Rev.2 Code: A; B).

The secondary sector of the economy produces finished goods from the raw materials extracted by the primary economy. All manufacturing, processing and construction jobs lie within this sector. Activities associated with the secondary sector include manufacturing, finished goods production, construction, energy utilities and other utility services (NACE Rev.2 Code: C; D; E; F).

The tertiary sector of the economy includes services in the broad sense (also known as the service industry). This sector sells the goods produced by the secondary sector and provides commercial services to both the general population and to businesses in the economic sectors. Activities associated with this sector include wholesale and retail trade; transportation and storage; financial and insurance activities; administrative and support services; state and policing; information and communication; professional, scientific and technical activities; education; health and social care; tourism and cultural activities (NACE Rev.2 Code: G; H; I; J; K; L; M; N; O; P; Q; R; S).

Figure 14: The distribution of employees in the three main economic sectors in 2019



Source: Hungarian Central Statistical Office, Regional database (Hungary); National Institute of Statistics, TEMPO online (Romania)

Szabolcs-Szatmár-Bereg county, Hungary:

In 2019, 3% of employees were employed in the primary, 29.9% in the secondary and 67.1% in the tertiary sector in Szabolcs-Szatmár-Bereg county. The national distribution was similar: 2.4% of employees were employed in the primary, 29.5% in the secondary and 68.1% in the tertiary sector.

3,809 people worked in the primary sector in the county. Since 2012, their number has decreased by 1,483 people. A declining share of employees has been involved in the primary sector since 2012 both in the county and in the country. Within the sector, the proportion of people working in mining and quarrying was negligible (0.0% in the county, 0.1% in Hungary).

In 2019, 38,283 people worked in the secondary sector in Szabolcs-Szatmár-Bereg county. Between 2012 and 2019, the secondary sector was characterized by a minimally declining number (the number of employees decreased by 74 persons) but an increasing share (by 1.8 percentage points) of employees in the county. At the national level, their number has increased by almost 50,000 persons and their share has increased from 27.8% to 29.5% since 2012.

The processing industry employed the most people in the secondary sector in Szabolcs-Szatmár-Bereg county: 23.6% of all employed (30,116 people) worked in manufacturing in 2019. Besides the processing industry, a significant number of employees (5.2%, more than 6,600 people) worked in the construction industry in the county.

Most employees worked in the tertiary sector in Szabolcs-Szatmár-Bereg county and in Hungary. In 2019, 85,725 people worked in Szabolcs-Szatmár-Bereg county and around 2.17 million people worked in Hungary in the sector. However, since 2012, the number and share of service sector workers has decreased in county (by almost 7,300 persons, 1 percentage point) and in national level (approximately by 43,600 persons, 1 percentage point).

Human health and social work activities employed the most people – 30,519 people, 23.9% of all employed – within the tertiary sector and in the whole economy in Szabolcs-Szatmár-Bereg county in 2019. The second most worked in Education (11.2%) and then in Wholesale and retail trade; repair of motor vehicles and motorcycles (9.8%) within the service sector. Proportion of employees working in Public administration and defence; compulsory social security (9.4%) was also relatively high in the county (Figure 20 in Annexes).

Satu Mare county, Romania:

In 2019, 3.4% of employees were employed in the primary, 44.8% in the secondary and 51.8% in the tertiary sector in Satu Mare county. In contrast, in Romania, 3.3% of employees were employed in the primary, 33.4% in the secondary and 63.3% in the tertiary sector.

2,713 people worked in the primary sector in the county. Since 2012, their number has increased by 697 people. At the county level, their proportion rose from 2.9% to 3.4%, while nationally it decreased by 0.3 percentage point. Within the primary sector, the proportion of people working in mining and quarrying was minimal in Satu Mare county (0.2%) and in Romania (0.9%).

In 2019, 37,886 people worked in the secondary sector in Satu Mare county. Between 2012 and 2019, the secondary sector was characterised by an increasing number (by 3,239 employees) but a decreasing proportion (by 1.6 percentage points) of employees in Satu Mare county. The situation was the same at national level: the number of employees increased (by 149,804 employees) and their proportion decreased (by 1.8 percentage points) in the sector.

The processing industry employed the most people in the secondary sector and in the whole economy in Satu Mare county: it means that – 33.3% of all employed – 28,175 people worked in manufacturing in the county. Besides the processing industry, a significant number of employees (9.2%, around 7,800 people) worked in the construction industry in Satu Mare county.

In relative terms, to a lesser extent, the service sector is also the largest employer in Satu Mare and Romania. 43,802 people worked in Satu Mare county and around 3,470 thousand people worked in Romania in the sector in 2019. Since 2012, the number of tertiary workers has increased by almost 6,000 employees in Szabolcs-Szatmár-Bereg county (from 50.7% to 51.8% of all employed) and by approximately 543,000 employees in Romania (from 61.3% to 63.3% of all employed).

Within the tertiary sector, Wholesale and retail trade; repair of motor vehicles and motorcycles employed the most people – more than 14,000 people, 16.7% of all employed – in Satu Mare county. Proportion of employees working in Human health and social work activities (8.2%) and Education (6.8%) were also relatively high in the county (Figure 20 in Annexes).

Main findings:

- As mentioned at the beginning of the subsection, the number of employees has decreased in Szabolcs-Szatmár-Bereg county (also in Hungary) and it has increased in Satu Mare county (also in Romania) between 2012 and 2019.
- Proportion of people working in the primary sector was the highest in Satu Mare county (3.4%), while in the neighbouring Szabolcs-Szatmár-Bereg county 3.0% of the employees worked in the sector. Comparing to the national level, the proportion of employees in the primary sector was lower in Hungary (2.4%) than in Romania (3.3%).
- Except for Satu Mare county, a declining share of employees has been involved in the primary sector since 2012.
- The proportion of people working in the secondary sector is much higher in Satu Mare county than in Szabolcs-Szatmár-Bereg county, while the proportion of people working in the service sector is much lower in the Romanian county.
- The tertiary sector is the largest employer in all the examined territorial units.
- In 2019, the majority of employees worked in 'Human health and social work' in Szabolcs-Szatmár-Bereg county, while in Satu Mare county they worked in 'Manufacturing' (also in Hungary and in Romania).
- In 2019, most of the employees worked in 'Human health and social work activities' in Szabolcs-Szatmár-Bereg county, while in Satu Mare county in 'Manufacturing'.
- Among economic activities, the number of people working in 'Human health and social work activities' increased the most in absolute and relative terms, while the number of people working in 'Wholesale and retail trade; repair of motor vehicles and motorcycles' decreased the most in absolute terms, and the number of people working in 'Transport and storage' decreased the most in relative terms in Szabolcs-Szatmár-Bereg county.
- In Satu Mare County, the number of employees working in 'Wholesale and retail trade; repair of motor vehicles and motorcycles' increased the most in absolute and relative terms, while the number of people working in 'Education' decreased the most in absolute terms, and the number of people working in 'Manufacturing' decreased the most in relative terms in the county. (However, the number of people working in 'Manufacturing' increased in absolute terms.) (Figure 21 in Annexes).

Earnings

The average monthly net earnings were 467 euros in Szabolcs-Szatmár-Bereg county (681 euros in Hungary) and 515 euros in Satu Mare county (612.5 euros in Romania). Based on the county ranking of the average monthly net earnings, residents of Szabolcs-Szatmár-Bereg county has the lowest salary in Hungary, while residents of Satu Mare county has the 24th lowest salary in Romania (out of 41 counties and the capital). Till 2016, the average monthly net earnings were higher in the Hungarian side of the project cross-border area. In Szabolcs-Szatmár-Bereg county, the average monthly net earnings were 68.6% of the Hungarian average monthly net earnings, while it reached 84.1% of the Romanian national average in Satu Mare county. Between 2018 and 2019, the average monthly net earnings were increased by 9,3% in Szabolcs-Szatmár-Bereg county (by 11,5% in Hungary) and by 15,5% in Satu Mare county (by 13% in Romania).

Educational attainment

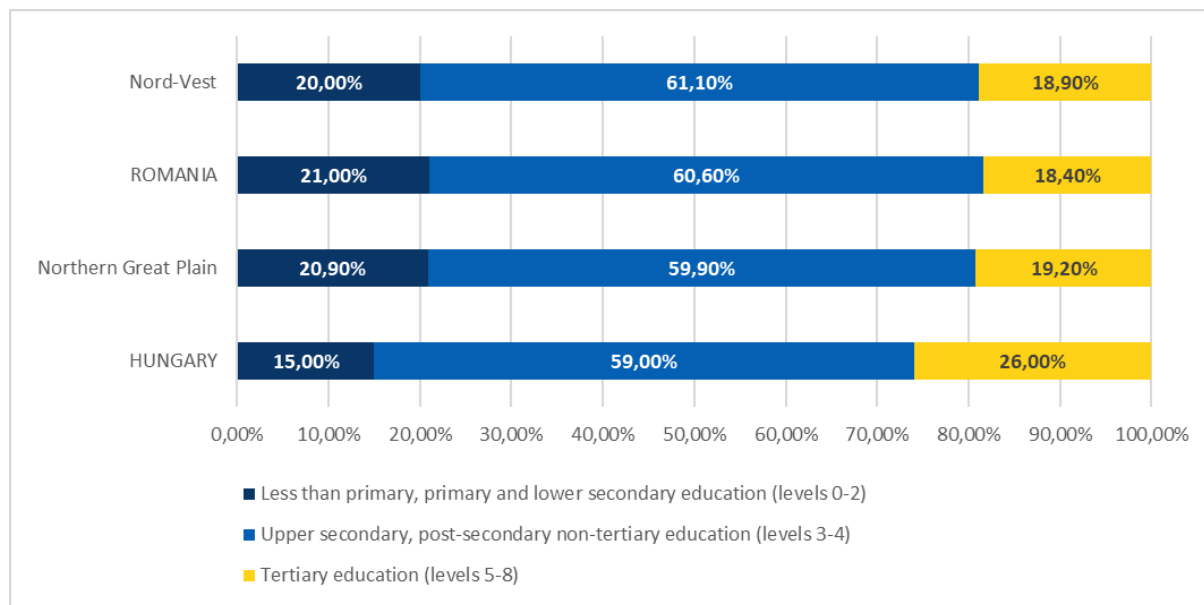
Educational systems vary across countries, so in this study the statistical data of the joint UNESCO-OECD-Eurostat data collection will be used to compare educational attainment in Hungary and Romania (at NUTS 2 level). The data collection used the International Standard Classification of Education (ISCED) classification¹⁰ which provides internationally agreed definitions for the classification of education programmes. In general, the analysis of statistical data (*Figure x*) shows that:

- Overall, the indicators of educational attainment have improved everywhere in the last 5 years.

¹⁰ The educational levels according to the International Classification of Educational Standards (ISCED 2011) are: nurseries, kindergartens, primary and secondary schools, primary and secondary special schools, high schools, school groups (including several levels of education), vocational and foremen schools, post-high schools and tertiary institutions.

- The proportion of those with less than primary, primary, and lower secondary education has decreased: it decreased the most in the Nord-Vest region in Romania (by 4.4 percentage points).
- The proportion of the population with a higher education degree has increased everywhere, to the greatest extent – by 2.1 percentage points – in the Northern Great Plain region in Hungary.
- However, the proportion of people with tertiary education is still well below the EU-27 average (31.6%).

Population (aged 25 to 64 years) by educational attainment level (ISCED 2011)



Source: [Home - Eurostat \(europa.eu\)](http://Home - Eurostat (europa.eu))

Upper secondary education

Upper secondary (ISCED level 3) education in Hungary typically begins after 8 years of primary education (primary and lower secondary level, ISCED 1 and 2), starting at grade 9. It usually lasts for 4 years, although it can last for 5 or 3 and less frequently for 2 years. The three main programmes of upper secondary education are high school, vocational high school (until 2016 the name was vocational secondary school) and vocational secondary school (until 2016 the name was vocational school).

ISCED level 3 (upper secondary) education begins after 4 years of lower secondary education (ISCED 2) in Romania. Upper secondary education may be high-school education, with the following specializations: theoretical, aptitude-based and technological – this covers the high-school grades 9 to 12/13 or it can be vocational education, including dual vocational education, with the duration of at least 3 years.

In 2019, the number of students in upper secondary education was 22,426 in Szabolcs-Szatmár-Bereg county and 9,131 in Satu Mare county. In terms of population, this means that there were 40.6 students in upper secondary education per 1,000 inhabitants in Szabolcs-Szatmár-Bereg county, which is significantly higher than in Satu Mare county (27.5).

Since 2011, the number of participants in upper secondary education has declined in all territorial units. The rate of decline was higher on the Romanian side (41.7% in Satu Mare county, 30.4% in Romania) than on the Hungarian side (33.9% in Szabolcs-Szatmár-Bereg county, 27.6% in Hungary).

Higher education

Neither Nyíregyháza (the county seat of Szabolcs-Szatmár-Bereg county) nor Satu Mare (the capital of Satu Mare county) is a significant educational and scientific centre within Hungary and Romania, but higher education is provided in both county seats.

There are several higher education institutions operating in Nyíregyháza (two of which has a headquarters in the city):

- University of Nyíregyháza (University of Applied Sciences, Nyíregyháza);
- Faculty of Health, University of Debrecen (public university, Debrecen);

- ‘St. Athanasius’ Greek Catholic Theological College (educational institution of the Hungarian Greek Catholic Church, Nyíregyháza);
- Dénes Gábor College (private educational institution, Budapest).

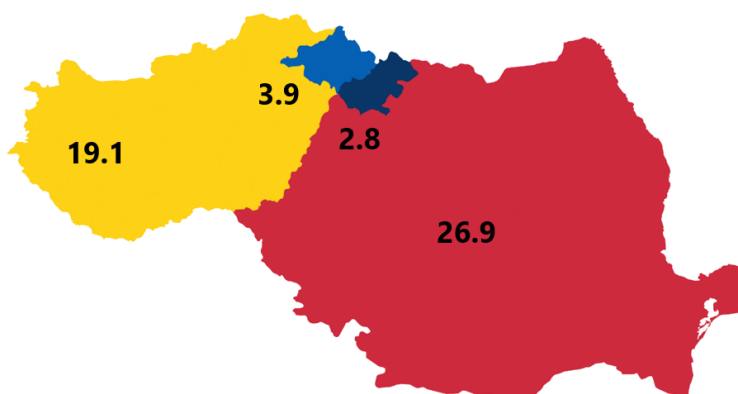
In 2019, the number of students of higher education institutions was 2,165 (of which 1,485 people attended an institution based in Nyíregyháza). In terms of population, this means that there were only 3.9 students in tertiary education per 1,000 inhabitants in Szabolcs-Szatmár-Bereg county, which is significantly less than the national value (28.9). Since 2011, similar to the national processes, the number of students in higher education has decreased significantly in the county, by 42.6% (by 14.4% nationally).

Satu Mare is not a university headquarters, but many important Romanian universities have outsourced training in the city. These are the followings:

- Babeş-Bolyai University (public university, Cluj-Napoca);
- Technical University of Cluj-Napoca (public university, Cluj-Napoca);
- „Vasile Goldiș” Western University of Arad (private university, Arad);
- University of Oradea (public university, Oradea);
- Spiru Haret University (private university, Bucharest).

The number of students of higher education institutions was 929 in 2019. This means that the number of students in tertiary education in Satu Mare county was 2.8 per 1,000 inhabitants, which is far below the national value (26.9). The number of students participating in higher education has also decreased significantly, by 37.6% in Satu Mare county, while the rate of decline was much smaller (3.4%) in Romania.

Figure 15: Number of students in tertiary education per 1,000 inhabitants



Source: Hungarian Central Statistical Office, Regional database (Hungary); National Institute of Statistics, TEMPO online (Romania)

Technical and vocational training

Vocational education and training (VET) is a key element of the lifelong learning system, providing the necessary knowledge, skills and competencies for each profession or the wider labour market. VET responds to the needs of the economy but also contributes to the personal development of students. It has a central role in employment and social policy.

VET systems can rely on a well-developed network of VET providers in Europe. They are based on governance structures with the involvement of social partners (employers, trade unions) in different bodies (chambers, committees, councils, etc.). VET systems consist of initial and continuing VET:

- Initial vocational education and training are usually carried out at the upper secondary level before young people entering working life. Trainings take place either in a school-based environment (the majority of learning takes place in a classroom) or in a work-based environment that is as close as possible to the real life experience (in schools, training centres or companies, with apprenticeship/internship programmes).
- Continuing vocational education and training takes place after the initial education and training, or after entering working life. It aims to improve or develop knowledge and/or abilities, teach new skills, retrain for a career move, or to continue personal and professional development. It is largely work-based with the majority of learning taking place in a workplace (European Commission, 2020).

On average, 50% of young Europeans aged 15-19 participate in initial vocational education and training (at the upper secondary level). However, the EU average masks significant geographical differences. For example, while in Szabolcs-Szatmár-Bereg county 58.3% (54.0% in Hungary) of the students in upper secondary education was participating in vocational education and training, this rate was only 26.50% in Satu Mare county (16.3% in Romania). In terms of the whole population, we also get a similar picture: in Szabolcs-Szatmár-Bereg county, there were 24.0 students attending vocational training per 1,000 inhabitants, which indicator was only 7.3 in Satu Mare county. At the same time, it is important to highlight that since 2011, the number of participants in vocational education and training in Szabolcs-Szatmár-Bereg county (also in Hungary) has decreased, while in Satu Mare county (also in Romania) it has increased significantly.

VET in Hungary:

The Hungarian education system rests on three pillars, as vocational education is separated from public education, and a separate law regulates public education, vocational training, and higher education. Secondary vocational education is divided into two major units within the school system, vocational education, and vocational training. From 1 September 2020, basic knowledge is taught in 25 sectors through vocational education, on which the training of 174 basic professions can be built. In the new vocational training system, the National Qualifications Register (OKJ) is replaced by the Register of Professions, which includes 174 basic professions belonging to 25 sectors. It indicates the interoperability between professions within the sector, the time of training, and the level of digital competence. The Register of Professions is in line with EU standards.

A new educational approach is introduced in the new vocational training system. In vocational schools, students learn sectoral basic knowledge in the first year, followed by two years of vocational training. In September, technical training also started in all sectors, where they teach basic knowledge for two years and professional curriculum for three years. Interoperability between the two forms of education is ensured under pre-defined conditions (Szász, 2020).

VET in Romania:

In Romania, the distinctive features of initial VET are its inclusiveness, with pathways among different levels of learning and between vocational and more academic tracks. It focuses on easing progression and avoiding dead ends. Reflecting the double role of VET in promoting economic as well as social development, initial VET's main goals are to ensure:

- learners' personal and professional development;
- equal access opportunities to VET;
- high-quality provision, organisation and development.

Initial VET qualifications are based on training standards describing the training process in units of learning outcomes and include an assessment standard for each unit. The standards were revised in 2016 to increase the labour market relevance of VET by ensuring a better match between qualifications and the reality of working life after graduation.

Over the last decade, Romania has developed a system for validating non-formally or informally acquired skills and competences. In accordance with the guidelines adopted by the National Authority for Qualifications, procedural arrangements have been put in place to create a network of providers acting as validation/assessment centres. These centres are active in more than half of the counties (CEDEFOP, 2019).

Table 2: The main features of the VET system in Hungary and Romania

The main features of the VET system are:	
Hungary	<ul style="list-style-type: none"> ▪ participation in both upper-secondary VET tracks is decreasing; ▪ apprenticeship has been steadily increasing (25% of all IVET learners in 2017 had an apprenticeship contract); ▪ early leaving from education and training is a challenge, especially in VET; it coexists with low employment rates in the age span 15-24; ▪ the share of adults enrolling in VET offered in the school system to upskill is on the rise.

The main features of the VET system are:

Romania

- VET has a double role: promoting economic and social development in the country; it supports addressing challenges linked to very low participation in lifelong learning and a high share of early leavers from education and training;
- training standards were updated in 2016 to increase the relevance of qualifications to the labour market.
- Since 2017/18, a dual form of initial VET has also been available; participation is growing but still low.

Source: CEDEFOP, 2019, b

Labour migration

In the context of cross-border labour market analysis, it is important to examine the current labour mobility situation and trends in Hungary and Romania. When analysing labour mobility, it is necessary to distinguish between movers and cross-border commuters/workers. According to the 2019 Annual Report on Intra-EU Labour Mobility:

- EU-28 or EFTA movers are EU-28 or EFTA citizens who reside in an EU-28 or EFTA country other than their country of citizenship.
- Cross-border workers are employed or self-employed in a country other than their country of residence. Cross-border workers may include the legally defined groups of seasonal and frontier workers and may also include some posted workers. Cross-border workers are defined as EU or EFTA citizens who live in one EU or EFTA country and work in another. Cross-border workers therefore move across borders regularly. (*Fries-Tersch et al., 2020*).

Movers

In 2018, there were 17.6 million EU-28 movers in the EU, out of which 12.9 million EU movers of working age (20-64 years). Working age EU-28 movers are still concentrated in a small number of Western European Member States. In 2018 three-quarters of EU-28 movers were residing in five major destination countries, namely Germany, the UK, Spain, Italy, and France.

Based on the countries of origin, about half of the EU-28 movers across the EU-28 Member States were citizens of Romania, Poland, Italy, and Portugal. However, compared to 2017, the number of movers from Romania increased by 7%, while it decreased by 6% from Poland. Indeed, the number of Romanians living in other EU countries continues to increase. Romanians in Germany increased by 21%, in Austria by 14% and in the UK by 13%.

In 2017, Romania, Germany, Poland and the United Kingdom had the largest outflow of nationals (more than 100,000 people). Most EU countries had negative net mobility for nationals, meaning that more nationals left the country than returned to it. The only exceptions were Denmark, Estonia, Malta, and Hungary. For the two countries examined:

- in 2017, 173,000 Romanians left Romania and only 124,000 returned to it;
- while in the same year 26,000 Hungarians left the country and 29,000 returned.

Table 3: Recent Hungarian and Romanian movers (thousand) of working age (20-64), by country of residence (columns), 2018

	Austria	Belgium	Croatia	Cyprus	Czech Republic	Denmark	Estonia	Finland	France
HU	63	0	0	0	2	4	0	0	5
RO	73	54	0	12	1	24	0	0	62
	Germany	Greece	Hungary	Ireland	Italy	Latvia	Lithuania	Luxembourg	Malta

HU	137	0	-	11	7	0	0	3	0
RO	370	14	6	29	931	0	0	3	1
	Nether-lands	Poland	Porugal	Spain	Sweden	Norway	Switzer-land	United Kingdom	
HU	7	0	0	5	4	3	16	55	
RO	9	0	10	559	10	9	16	345	

Source: Fries-Tersch et al., 2020; Annex B; Table 15

Cross-border commuters

In 2018, the total number of EU-28 cross-border workers was around 1.475 million. This represented 0.7% of the total employed population in the EU. Compared to 2017, their number increased by 2%. Including the EFTA countries as countries of residence and countries of work, the total numbers of cross-border workers were 1.9 million in 2018.

Comparing with cross-border workers by place of residence and by place of work, we can state the following:

- Around 1.1 million (58%) cross-border workers were residing in the EU-15 and 774,000 (41%) were living in the EU-13 countries. Further 1% (18,000) were residing in an EFTA country.
- 67% (1.3 million) of the cross-border workers were working in the EU-15, 13% (237,000) in the EU-13 and 20% (377,000) in the EFTA countries.
- This shows that the proportion of cross-border workers who live in the EU-13 is much higher than who work in an EU-13 Member States.

Among EU Member States, the proportion of cross-border commuters is particularly high in Slovakia, Estonia, Slovenia, and Hungary, where the cross-border workers make up between 2% and 5% of all employed nationals. These are interesting examples, as cross-border work in these countries plays a very important role and it is more often an alternative to long-term mobility than in other countries. In Hungary, the importance of cross-border commuting has increased rapidly as a result of joining the European Union and the Schengen area. Romania's accession to the Schengen area could also lead to an increase in cross-border commuting.

In 2019, the number of cross-border workers among the Member States was the 3rd largest among those living in Hungary and working in Austria (56,000). A larger number of people worked cross-border on the Poland-Germany (122,000 people) and France-Luxembourg (93,000 people) routes (Eurostat, 2020, b).

Detailed – regional – statistical data on the number of cross-border commuters are available from the year of 2011 (at the time of the last census):

- 83% of cross-border commuters (22,500 people) worked in Austria (compared to 2019, their number has almost increased twice and a half as much since 2011).
- The other neighbouring countries were much less attractive to Hungarian workers.
- In the case of Romania, the close relationship with the Hungarian minority in Transylvania increases the number of cross-border commuters. The majority of commuters live in areas directly adjacent to the border: nearly two-thirds of them are residents of Békés, Hajdú-Bihar or Szabolcs-Szatmár-Bereg counties (Egedy, 2017). Relevant commuting statistics from the Romanian side were not available.

Institutional/policy framework

In addition to describe the demographic, economic, employment and educational situation of the eligible project area, it is also important to present the basis of legislation, related to the labour market and employment. In the following subchapter, we list the relevant public bodies and legislative acts that serve as an extensive legal, institutional, and political background.

In Hungary, three ministries are key institutions and regulators of employment policy within the Government. The Ministry of Innovation and Technology ([Magyarország Kormánya - Innovációs és Technológiai Minisztérium \(kormany.hu\)](http://Magyarország Kormánya - Innovációs és Technológiai Minisztérium (kormany.hu))), the Ministry of Human Resources (Magyarország Kormánya - Emberi Erőforrások Minisztériuma)

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(kormany.hu) and the Ministry of Finance ([Magyarország Kormánya - Pénzügyminisztérium \(kormany.hu\)](http://Magyarország Kormánya - Pénzügyminisztérium (kormany.hu))) are all working in synergy to provide the necessary conditions for jobseekers and employed people in Hungary.

In addition, several other institutions deal with policies affecting directly or indirectly the labour market:

- the Secretary of State for Public Education;
- the Secretary of State for Higher Education, Innovation and Vocational Training;
- the Secretary of State for Social Affairs; and
- the Secretary of State for Employment Policy.

In Hungary, the central organization of the labour market is the National Employment Service, managed by the Minister of Economy. There are county-level government offices with employment department and district-level offices with employment department as well to arrange regional and local tasks related to labour market.

In Romania, the Ministry of Labour and Social Protection (www.mmuncii.ro) is the responsible national-level organization in the field of employment. It works in accordance with Decision No. 12/2017 on the organization and functioning of the Ministry of Labour and Social Protection. The National Agency for Employment is under the authority of the Ministry of Labour and Social Protection. The agency applies policies and strategies on employment and vocational training for jobseekers elaborated by the ministry and has the following main objectives:

- boosting employment and preventing unemployment;
- stimulating the participation of jobseekers in vocational training services;
- increasing employment opportunities and the social inclusion of certain categories of people who face employment difficulties; and
- facilitating the free movement of workers in the Member States of the European Union (www.anofm.ro).

Relevant institutions under the Ministry's authority include the National Authority for Disabled Persons, the National Agency for Equal Opportunities for Women and Men, the National Agency for Payments and Social Inspection and the Labour Inspection, including the Territorial Labour Inspectorates (www.inspectmun.ro).

Hungarian and Romanian legislation follows both European legislation and international trends in the field of labour law while showing characteristics inherent in national regulation:

- Employment relations in Hungary are governed by the Act I of 2012 on Labour Code and other labour law legislation (for example the Act IV of 1991. on Job Assistance and Unemployment Benefits), collective bargaining agreements and individual employment contracts (Accace, 2020).
- In Romania, the most important labour market laws are Law 53/2003 on Romanian Labour Code, Law 227/2015 regarding the Fiscal Code and Law 202/2002 on the equality of chances between women and men (Accace, 2020, b).
- In addition to country-level documents and legislation, a number of regional and county-level strategy documents support and influence the local labour market.

Even though Satu Mare and Szabolcs-Szatmár-Bereg counties are neighbours and face similar labour market challenges that can be a fertile ground for co-operation, especially in vocational training, and for healthy workforce migration, co-operation between the responsible institutions is limited and there is no meaningful working relationship between them.

SWOT analysis

SWOT analysis is a strategic planning technique that allows an entity – in our case the labour market of Szabolcs-Szatmár-Bereg and Satu Mare counties – to identify strengths, weaknesses, opportunities, and threats related to project planning. The SWOT analysis assumes that strengths and weaknesses are often internal, while opportunities and threats are usually more external. The SWOT acronym consists of the initials of the four parameters examined by the technique, which are:

- **STRENGTHS:** characteristics of the labour market that appear as advantages;
- **WEAKNESSES:** characteristics of the labour market that place the labour market at a disadvantage;
- **OPPORTUNITIES:** elements in the labour market environment that the region could exploit to its advantage;
- **THREATS:** elements in the labour market environment that could cause trouble for the region.

Table 4 summarizes the key statements of the previous chapter, which fundamentally affects the present and future of the labour market processes in Szabolcs-Szatmár-Bereg and Satu Mare counties. The SWOT analysis provides an ideal starting point for outlining the joint vision and defining the general and strategic goals of the Joint Integrated Development Strategy.

Table 4: SWOT analysis

STRENGTHS
<ul style="list-style-type: none"> ▪ Favourable geopolitical position of the region ▪ Better age structure, lower ageing index than the national values ▪ Improving employment indicators ▪ Low unemployment rate (in Satu Mare county) ▪ Improving educational attainment indicators

WEAKNESSES
<ul style="list-style-type: none"> ▪ Negative inland immigration. ▪ Decreasing proportion of young population, ageing society. ▪ Relatively low activity rate. ▪ Unfavourable unemployment rate (in Szabolcs-Szatmár-Bereg county), structural unemployment. ▪ Youth unemployment is relatively high (in Szabolcs-Szatmár-Bereg county). ▪ GDP per capita is lower than the national value. ▪ Net wage is below the national average. ▪ The role of the region in national higher education system is not significant. ▪ Decreasing number of students in higher education. ▪ The proportion of people with tertiary education is below the EU average. ▪ Outmigration of young, talented people.

OPPORTUNITIES
<ul style="list-style-type: none"> ▪ Romania's accession to the Schengen area. ▪ Emerging high-speed transport links (M49-A14 expressway). ▪ Strengthening cross-border economic relations. ▪ Increase in the number of participants in vocational training. ▪ Coordinating the VET environment. ▪ Mutual recognition of qualifications. ▪ Increase in the number of cross-border workers.

THREATS

- The level of foreign capital investment is declining in Central and Eastern Europe.
- Weakening European cooperation.
- Due to national isolation (ethnic tension) and the epidemic, the importance of cross-border employment is declining.
- Fail of the harmonization of output requirements for VET systems.

Joint vision

The labour market vision of the Hungarian-Romanian CB counties, presented in the situation analysis, is influenced by the internal and external factors identified in the SWOT analysis. Based on these factors, a common vision can be outlined to be kept in mind when defining and implementing the objectives set out in this strategy and the interventions set out in the related county specific action plans. The long-term labour market vision of the region is as follows:

As a result of long-term cooperation and Romania's Schengen accession, Szabolcs-Szatmár-Bereg county in Hungary and Satu Mare county in Romania create a common cross-border labour market.

The cross-border co-operation between the labour market actors is continuous: under the leadership of the county chambers, the stakeholders regularly discuss the labour market challenges of the region and the possibilities of strengthening the labour market. Labour market actors from both sides of the border are working together to create an extensive network to address potential labour market challenges and promote proactive cross-border employment initiatives.

The distinguished conditions of vocational training make an attractive and diversified offer available at national level. Potential and new employees have competitive knowledge, skills, and competencies. These skills make them suitable to apply for and get a job within the entire region.

As a result of training tailored to the needs of the labour market, businesses and other employers look for and find ideal workers on both sides of the border; the level of labour shortages remains at a minimum. Structural and long-term unemployment is becoming a rare phenomenon in the target area.

Altogether, the supply and demand side of the labour market achieve a balance as the joint efforts – and Romania's Schengen accession – enhance the cross-border mobility of the workforce.

As a result of all these tendencies:

- the competitiveness of the region continuously grows, the economy of the cross-border region prospers sustainably;
- the employment is increasing, the selective migration of the young and/or well-qualified workforce in the cross-border region is declining;
- as a result, the population retention power of the counties is improving; the rate of population decline is slowing.

Several steps are required to achieve this desired state. The next strategic part of the document describes the main goals of the organizations, involved in the implementation of the project, to achieve the common labour market vision.

Objectives and priorities

Project objectives

Overall objective of the project

To address the common labour market challenges in the cross-border area, the Enhancing cooperation between chambers to improve employment in Satu Mare and Szabolcs-Szatmár-Bereg county – ENCOCH – project aims to develop and deepen the existing professional relationship between the project partners (Romanian and Hungarian chambers), but goes even further than that: its main objective is to enhance the co-operation of local labour market actors/stakeholders – in general, not just in the framework of the official project partnership – to improve the matching of labour market needs in the eligible cross-border area. The project objective completely corresponds with the priority axis – PA3 - Improve employment and promote cross-border labour mobility (Cooperating on employment) – and contributes to the completion of the specific objective – Increased employment within the eligible area – of the programme.

Specific objectives:

Improving the co-operation between chambers and other labour market actors to support employment in the cross-border region – Specific Objective 1

The aim of this objective is to enhance cooperation between labour market institutions and other labour market actors in the region, as well as to create the institutional background for professional thinking on the possibility of creating a common cross-border labour market. One of the key elements achieving this objective is to establish a cross-border labour market forum. The forum provides an opportunity for the region's main labour market actors to discuss the development potential of and the key challenges most affecting the regional labour market.

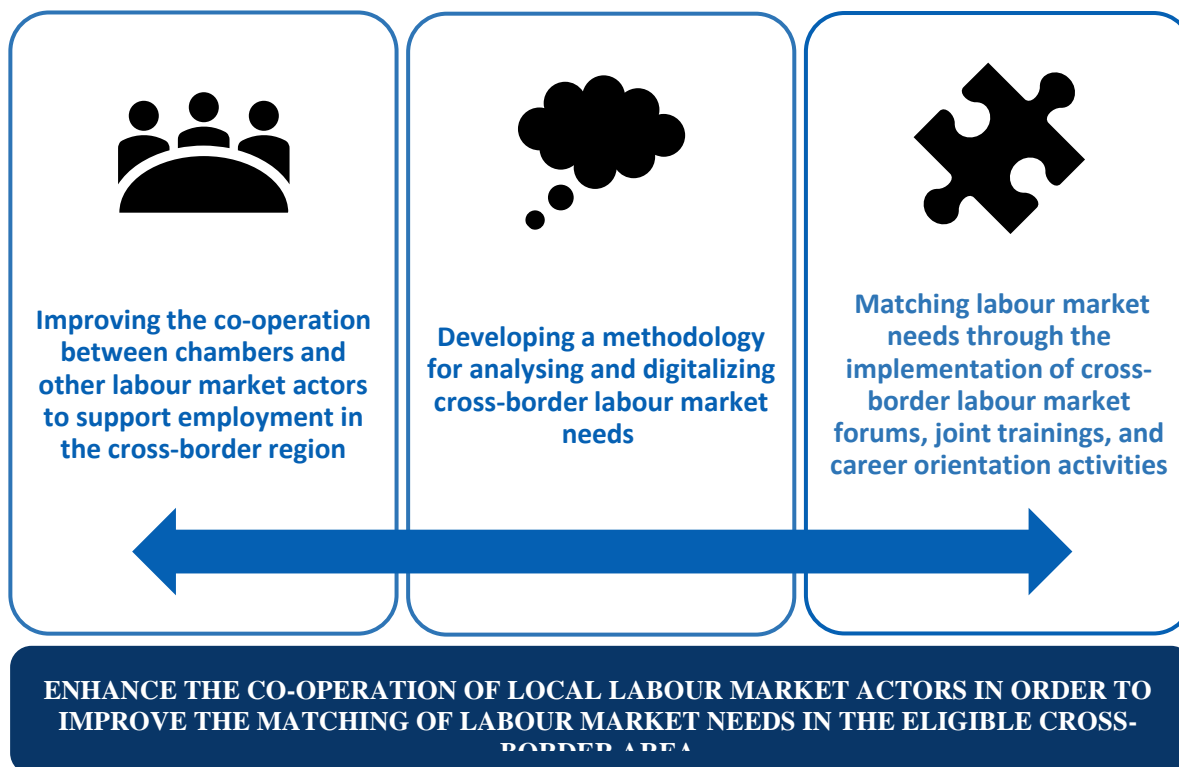
Developing a methodology for analysing and digitalizing cross-border labour market needs – Specific Objective 2

Monitoring labour market needs and organizing them into an online database is essential to address the labour market challenges in the area. Developing an online labour market database and a methodology for regular measurement of labour market needs is therefore one of the first and most important steps to move towards a common cross-border labour market. The aim of establishing a shared online database and website is to create a digital platform that facilitates cross-border job seeking in both counties. Companies, with the help of chambers if necessary, can upload their current labour market needs to the database. The website will also have a search interface, so job seekers can find out if there is a vacancy in their profession in the cross-border area.

Matching labour market needs through the implementation of cross-border labour market forums, joint trainings, and career orientation activities – Specific Objective 3

To meet the labour market needs of the cross-border region, it is important to know the common challenges and find common solutions to them. An important element of matching the labour market needs is to provide relevant, well-utilized trainings in the area. Developing a cross-border labour market, these training courses need to be coordinated (common curriculum, output expectations, evaluation system). This objective has a serious impact on increasing employment and creating a common cross-border labour market, as it aims to match the expectations of the employers with the knowledge and skills of the workforce, based on a detailed examination of the needs of employers.

Figure 16: General and specific objectives of the project



Source: own editing

Identifying the target groups

The target groups (stakeholders) addressed by the project benefit directly or indirectly from the achievement of the objectives. The Joint Integrated Development Strategy focuses on people and organizations in five main categories:

- Education/training centres and schools – (vocational) education institutions (and their students) are one of the most important target groups of the project, as they are one of the key actors who are able to mitigate and manage the shortage of skilled workforce and respond to the needs of the regional labour market on the supply side.
- SMEs – SMEs can be identified as one of the primary target groups of the project. The SMEs in the cross-border region will benefit directly from the project through entrepreneurial trainings and PLATO program.
- Large enterprises – One of the indirect target groups of the project are large enterprises of the cross-border region. Addressing large companies is important in two aspects:
 - on the one hand, managers of large companies will be the mentors of entrepreneurial trainings and,
 - on the other hand, the involvement of certain managers in the operation of the cross-border labour market forum is essential.

Furthermore, large companies will profit from the results of the project indirectly through the growth of the skilled workforce.

- Business support organizations – one of the main goals of the project is to bring together the labour market actors of the region to create a functioning institutional network. Therefore, the managers and professionals of these institutions will be one of the indirect target groups of the project.
- General public – as the project contributes to the increase of the employment and the economic development of the region, potentially the total population of the two counties might benefit from the project's results depending on their current and future employment personal status. The project will pay special attention to socially disadvantaged social groups (e.g. young entrants, Roma people).

Identification of priorities and activities

The realization of the specific objectives of the project defined in the integrated development strategy is served by 5 project priorities and related activities. The project priorities are the followings:

- Strengthening co-operation between the partners and other labour market actors – Priority 1
- Developing the integrated development strategy document and action plans as well as other labour market analysis and strategies – Priority 2
- Performing a labour market survey and analysis, setting up an online database and webpage – Priority 3
- Organizing career orientation events and professional trainings for the primary target groups – Priority 4
- Developing an adequate infrastructure for the provision of labour market services – Priority 5 (The priority is relevant on the Romanian side of the CB region.)

Table 5: Specific objectives and related priorities for achieving the joint labour market vision of the CB project region

SPECIFIC OBJECTIVES	PRIORITIES
Improving the co-operation between chambers and other labour market actors to support employment in the cross-border region – Specific Objective 1	Strengthening co-operation between the partners and other labour market actors
Developing a methodology for analysing and digitalizing cross-border labour market needs – Specific Objective 2	Develop analytical and strategic documents to strengthen the local economy and labour market
	Establish and operate an online database and website to support cross-border job search
Matching labour market needs through the implementation of cross-border labour market forums, joint trainings, and career orientation activities – Specific Objective 3	Organizing career orientation events and professional trainings for the primary target groups
	Developing an adequate infrastructure for the provision of labour market services (The priority is relevant on the Romanian side of the CB region.)

Source: own editing

The priorities can correspond to the so called ‘Activites’ of the Application Form submitted within the framework of the application. Detailed descriptions of the priorities are included in the county-specific action plans. The activities under the priorities described above will be complemented by horizontal activities – for example, the work of professional contributors, project management and communication activities – covering the whole project. The next section briefly describes the priorities identified in the project.

Strengthening co-operation between the partners and other labour market actors

Related project objective:	Improving the co-operation between chambers and other labour market actors to support employment in the cross-border region
Description:	At present, there are no formal conditions for co-operation between labour market actors in the border area. To create a common, cross-border labour market, it is essential that contacts between the labour market actors of the region take place within a regular, institutionalized framework. To this end, it is proposed to set up a joint, cross-border labour market forum, which provide an opportunity for the main labour market actors to discuss the key challenges and development potential of the regional labour market.

Develop analytical and strategic documents to strengthen the local economy and labour market

Related project objective:	Developing a methodology for analysing and digitalizing cross-border labour market needs
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Description:	To ensure the professional background of the project, it is important to develop professional documents that indirectly contribute to the implementation of the project and the achievement of the project's goals. In addition to the development of the joint integrated development strategy and county specific action plans, the project is supported by other professional documents: Labour Market Good Practice Handbook; Local product and service Development Strategy; Cross-border Investment Incentive Strategy.
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Establish and operate an online database and website to support cross-border job search

Related project objective:	Developing a methodology for analysing and digitalizing cross-border labour market needs
Description:	Creating an online database and webpage serves to strengthen the digital conditions for cross-border job searching. The common, cross-border online labour market database and website will help jobseekers to search for jobs more efficiently, and indirectly increase the competitiveness of regional companies and the cross-border mobility of the workforce.

Organizing career orientation events and professional trainings for the primary target groups

Related project objective:	Matching labour market needs through the implementation of cross-border labour market forums, joint trainings, and career orientation activities
Description:	<p>Project activities were designed by the project partners to incorporate into the content of the project their relevant experience gained during their operation, in particular their previous project experience. The partners have been involved in the organization and implementation of several vocational and entrepreneurial trainings, exhibitions and fairs, and career orientation events.</p> <p>Based on this experience, in line with one of the specific objectives of the project ("Meeting labour market needs through cross-border labour market forums, joint training and career guidance activities"), the project partners plan to organize and implement cross-border vocational training, counselling, career orientation events, as well as entrepreneurial training and study tour.</p>

Developing an adequate infrastructure for the provision of labour market services

Related project objective:	Matching labour market needs through the implementation of cross-border labour market forums, joint trainings, and career orientation activities
Description:	To organize and implement high-quality vocational trainings, professional counselling and entrepreneurial mentoring, a sustainably operated infrastructure must be provided, in which services that meet all needs can be held to the participants in the programs. To this end, the Romanian project partners are carrying out partial renovation work on their own properties, as well as procuring the office and IT equipment needed to implement the cross-border trainings and career orientation activities. The priority is relevant on the Romanian side of the CB region.

The institutional system of implementation

For the successful implementation of the Joint Integrated Development Strategy and the related Action Plans, an adequate institutional system must be provided:

- Experienced and reliable people should be involved in the implementation of the project.
- The project must have effective monitoring processes with measurable and realistic indicators.
- Effective ways to manage and reduce potential risks need to be ensured.

In this chapter, these factors will be described in detail.

Organizational background

In this subsection, the partner organizations responsible for and its employees involved in the implementation of the project will be described.

Organizations responsible for the implementation

The proper and successful implementation of the strategy is strongly influenced by the organizations responsible for it, which are the same as the beneficiaries of the ROHU 370 project. The project partnership is the result of old collaborations and a long consultation process. In the preparatory phase of the project, the composition and roles of the partnership were outlined along the following main criteria:

- the partners have relevant experience and the necessary internal or external capacity for implementing the interventions;
- the partnership is territorially balanced in the cross-border cooperation;
- it covers the needed professional competencies and the influencing force regarding labour market, cross-border cooperation, and vocational training etc.;
- the partners complement each other and all partners play a defined role in the partnership.

Based on the guidelines defined above, the partnership consists of the following organizations, which have well-defined functions during the implementation of the project:



The **Chamber of Commerce and Industry of Szabolcs-Szatmár-Bereg County (CCISSB)** – established in 1994 – is the economic self-government organization of the local entrepreneur community, represent about 1,500 enterprises. It has also represented the interests of craft entrepreneurs since April 2000.

The chamber operates according to the new Chamber Act (Act 1999 – CXXI on Chambers of Commerce). It provides high-quality services to contribute to the development of the economy, like organizing international business meetings and training courses. Working with SMEs and training centres in the area regularly, it has a clear understanding of both the key skills that entrepreneurs need and the domestic vocational training environment.

Its extensive networking and project experiences justify its leadership in the implementation of the Joint Integrated Development Strategy – mainly in the

following activities:

- elaboration of the integrated development strategy and action plans and other relevant documents;
- conducting a labour market questionnaire survey and analysis;
- establishment of the online labour market database;
- organizing labour market forums;
- providing career orientation and vocational trainings for students;
- development of the training structure that meets the needs of the labour market; and
- organizing entrepreneurial training and PLATO study tour.

The **Chamber of Commerce, Industry and Agriculture Satu Mare** (CCIA SM) is the advocacy body of the enterprises operating in Satu Mare county. It is an autonomous, non-governmental organization, aimed at developing the trade, industry, agriculture and service sector, promoting and supporting the interest of the business community of the region.

It performs its duty in accordance with the Law 335/2007 of Chambers of Commerce in Romania. The organization plays a crucial role in the economic development and the labour market processes, as it can cooperate with, link and moderate between the private actors and the public authorities. The chamber's experience – accumulated during the organization of local fairs, exhibitions, seminars, and various training programs – will be capitalized in the project and shared with the other project partners. The wide-range experiences in cross-border cooperation and its extensive professional network of the Chamber ensure its key role in implementing the common employment strategy. It will be responsible for the implementation of the following activities:



- professional participation in the development of the integrated development strategy and action plans and other relevant documents;
- conducting a labour market questionnaire survey and analysis;
- assisting in the establishment of the online labour market database;
- organizing labour market forums;
- holding career orientation events and cross-border vocational trainings for students;
- participate in the development of the training structure that meets the needs of the labour market;
- providing vocational advice/counselling for the primary target group;
- organizing cross-border entrepreneurial training and PLATO study tour, and
- creation of a Cross-Border Mobility Centre in Satu Mare



The **Chamber of Craftsmen Association** (Asociatia Camera Mestesugarilor – ACM) was established in the framework of a Romanian-Hungarian Phare CBC project in 2008, with the involvement of 18 founding members; currently, it has 120 members. It represents the economic and social interests of craft enterprises and those with a similar profile, offering consultancy, professional training courses and exhibitions. Strengthening cross-border partnerships and improving the economic potential of the region are

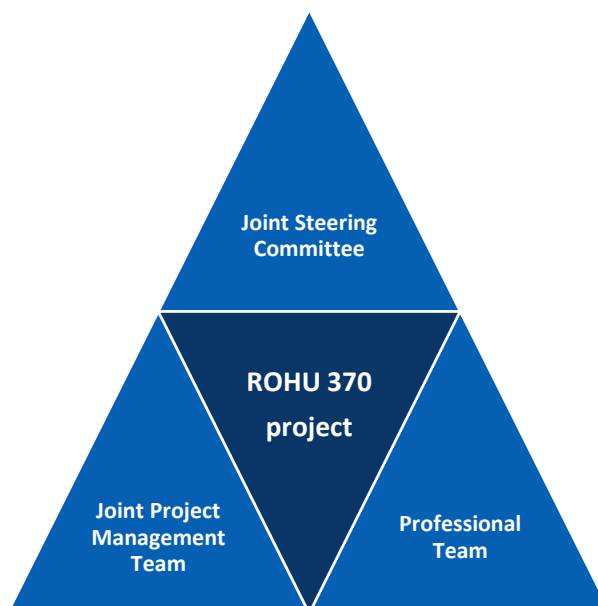
key goals of the organization. The Chamber performs the following tasks related to the implementation of the strategy:

- assisting in the development of the integrated development strategy and action plans and other relevant documents and the establishment of the online labour market database;
- implementing vocational trainings for students;
- participate in the development of the training structure that meets the needs of the labour market;
- organizing PLATO study tour, and
- operation and renewal of a vocational training centre.

Organizational structure of the implementation

The partner organizations presented in the previous chapter are involved in the implementation of the project – and the current strategy developed within the project. Each organization contributes to the successful implementation of the project by fulfilling its own tasks. However, in many cases, each activity is carried out jointly, in consultation and in a coordinated manner. The organizational structure of the project implementation consists of 3 organizational units, which are the Joint Project Management Team, the Professional Team, and the Joint Steering Committee.

Figure 17: The trinity of the organizational units responsible for project implementation.



Source: own editing

Joint project management team

Project management is necessary for the coordination of all other project activities, as well as contacting and reporting to the relevant program bodies. Because of the volume and complexity of the management activities, the partners will establish and operate a joint project management team consisting of staff members from the partners with relevant knowledge and experience in implementation cross-border projects.

The following principles shall be considered in the establishment and operation of the Joint Project Management Team:

- detailed planning of management tasks, operating an appropriate financial and accounting system;
- monitoring the progress of project implementation with the help of the defined project indicators;
- providing day-to-day contact between management and partners;
- compliance with strict administrative requirements for EU-funded projects: transparency, traceability, verifiability, and exclusion of conflicts of interest;
- maximum utilization of experiences: clear responsibilities with adequate knowledge and experience in implementing cross-border interventions.

During the 24-month project implementation period, project meetings are organized regularly (monthly). Due to the COVID-19 epidemic, the meetings are held online (via Zoom meeting, email consultation). In addition to the internal staff, contracted external experts will contribute to the successful implementation of the management activities. Figure x shows the jobs in the joint project management team employed by each partner.

Table 6: Joint Project Management Team

Job title	Description	Relevant partner
Joint project coordinator	Coordinating the management and controlling the implementation processes. Organizing and optimizing of the resources necessary for the productive and effective implementation of project activities. Harmonizing and supervising the cooperation of project partners and external contributors. Preparation and submission of project progress reports, payment claims and amendment notices. Monitoring any changes to the application that affect the implementation of the project and, if necessary, intervening during the implementation process.	Chamber of Commerce and Industry of Szabolcs-Szatmár-Bereg County

Job title	Description	Relevant partner
	<p>Convening and leading partner meetings.</p> <p>Representing the LP and the partnership on project events and during the possible on-site verification checks of the application's managing authorities.</p>	
Joint financial coordinator	<p>Overall financial coordination of the activities.</p> <p>Continuous communication with the joint project management team and with the external Project Manager on the financial implementation of the project.</p> <p>Being responsible for the accounting of the LP. Summarizing inputs to progress reports and applications for reimbursement of costs</p> <p>Representing the LP and/or the project partners during the possible on-site verification checks of the application's managing authorities.</p>	
Joint project assistant	<p>Implementation of administrative and operational tasks at Romanian partners' level.</p> <p>Assisting the joint project coordinator in coordinating the management and controlling the implementation processes.</p> <p>Providing input to progress reports.</p> <p>Continuous communication with the project management team.</p> <p>Assisting the joint project coordinator in representing the project at project and external events.</p>	Chamber of Commerce, Industry and Agriculture Satu Mare
Joint financial assistant	<p>Assisting to the joint financial coordinator in the financial administration of the project.</p> <p>Providing input to partner level progress reports and applications for reimbursement of costs.</p> <p>Realisation of payments and proper accounting of costs.</p> <p>Continuous communication with the project management team.</p>	Chamber of Craftsmen Association

Source: own editing

Professional team

In addition to the management team, the professional implementation of the project is carried out by professional implementers – and contracted external service providers – employed by the partners. The continuous cooperation of the professional team members is ensured by the regular communication. The professional team consists of the following actors (Table 5):

Table 7: Professional Team

Job title	Description	Relevant partner
Senior expert	<p>Coordinating the professional implementation of the entire project.</p> <p>Participating in the development of preparatory materials related to the professional implementation.</p> <p>Coordination and evaluation of the work of internal and external experts.</p>	
IT expert	<p>Coordinating the IT tasks (online database and webpage, project webpage) related to the implementation of the project.</p> <p>Evaluation of the work carried out by external IT service providers.</p>	Chamber of Commerce and Industry of Szabolcs-Szatmár-Bereg County
PR expert	<p>Providing professional support for the joint PM team's communication work.</p> <p>Maintaining professional contact with the primary target groups of the project.</p> <p>Presenting the project's professional results on the communication channels of the project.</p>	
Professional coordinator	<p>Coordinating the professional implementation of the project for both Romanian partners.</p> <p>Participating in the development of all documents related to the professional implementation.</p>	Chamber of Commerce, Industry and

Job title	Description	Relevant partner
Professional coordinator of the Mobility Center	Coordination and evaluation of the work of internal and external experts.	Agriculture Satu Mare
	Coordinating the Mobility Centre creation, construction and functioning tasks and services provided by it, related to the implementation of the project. Coordinating all procurement activities connected to the project. Evaluation of the work carried out by external service providers.	
	Providing professional support for the joint PM team's communication work. Maintaining professional contact with the primary target groups of the project Offering professional advice on specific issues concerning jobseekers and employers. Coordinating the vocational /psychologist adviser and the trainings for employers and qualified employees offered by the beneficiary. Presenting the project's professional results on the communication channels of the project on the Romanian side.	
HR councillor	Providing professional support for the joint PM team's communication work. Maintaining professional contact with the primary target groups of the project Offering professional advice on specific issues concerning jobseekers and employers. Coordinating the vocational /psychologist adviser and the trainings for employers and qualified employees offered by the beneficiary. Presenting the project's professional results on the communication channels of the project on the Romanian side.	Chamber of Craftsmen Association
Professional coordinator of the Training Center	Coordinating the implementation of the professional activities of the Training Centre to be established within the project. Participating in the development of preparatory materials related to the professional implementation. To coordinate and comment on the work of internal and external experts.	
Training assistant	Coordination of the training tasks related to the implementation of the project. Liaison with the target group of the trainings and the representatives of the partners. Evaluation of the work related to the trainings carried out by external service providers.	
Legal advisor	Providing professional support for the joint PM team's in legal issues (including public procurement).	

Source: own editing

Joint Steering Committee

Due to the wide-ranging partnership and widespread interventions derived from the strategy, it makes sense to set up a steering committee to which all partners delegate one or more representatives to ensure proportionate participation in decision-making. The Joint Steering Committee has the following tasks:

- supporting the successful implementation of the project;
- monitoring and evaluating the project's progress (controlling the monitoring and evaluation process);
- decision-making about changes influencing the project progress;
- approval of project progress reports.

Joint Steering Committee will have at least 2 meeting per year. Ad hoc meetings will be organized if necessary.

Internal rules of procedure

The internal processes of the implementation will be regulated by the internal rules of procedure, which composed by the Joint Project Management Team and approved by the Joint Steering Committee. The internal rules of procedure have the following aims:

- identifying the details of the management procedures to ensure a clear, transparent, efficient and effective task-sharing;
- managing the implementation plan according to the pre-established timetable, preparing the financial documentations;
- agreeing on the internal communication rules (see the Communication Strategy for detailed guidance on project communication);

- monitoring and evaluating the implementation and providing proper risk assessment and risk management.

The internal rules of procedure shall specify internal communication methods and tools that guarantee regular and clear communication and a transparent and obvious task-sharing between the project team members. The official language of the project is English (partners can communicate locally in their national language). In internal communication, therefore, it is important to define some communication rules (see the Communication Strategy for detailed guidance on project communication):

- Using clear, simple, and easily understandable language.
- Avoid vague messages which can be interpreted in multiple ways.
- To avoid misunderstandings, using terms and expressions from the Application Form of the project.
- Regarding the output documents the project needs to deliver, the name of the files must also be standardized (see 5th Chapter of the Communication Strategy).

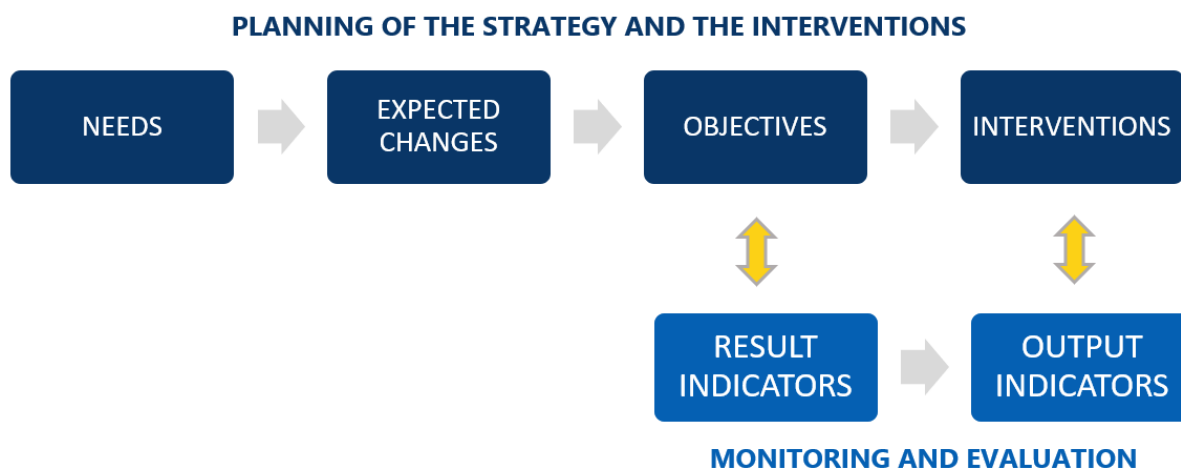
Monitoring and evaluation

Continuous monitoring and evaluation of activities along the objectives to be achieved is essential and should be based on the following issues:

- What are the key challenges?
- What tools can be used to manage them?
- What outputs and results are expected?

To answer these questions, a clear intervention logic (Figure 17), SMART indicators, and monitoring and evaluation methods need to be defined.

Figure 18: Relationship between the planning and the monitoring and evaluation system



Source: own editing

Intervention logic

It is necessary to analyse the current situation (State of the art) before the planned activities, which will help to make the results clearer and more realistic. Based on the identified strengths / weaknesses and opportunities / threats (SWOT), the objectives and expected results can be determined (Objectives and priorities) – what kind of changes will the project result from the initial situation?

Indicators

Indicators are measurable information used to determine whether a project is performing as expected and achieving its results. Indicators can be quantitative or qualitative. Strong indicators are simple, precise, and measurable. In addition, indicators that are ‘SMART’ should be pursued: Specific, measurable, attainable, relevant, and timely.

SMART criteria were originally proposed as a management tool for project and program managers to set goals and objectives (Doran, 1981), but nowadays the SMART criteria are used by many in the field of monitoring and

evaluation and have become a common best practice approach in developing indicators. But what should a SMART indicator look like?

SPECIFIC: The indicator clearly and directly relates to the outcome. It is described without ambiguities.

MEASURABLE: The indicator has the capacity to be counted, observed, analysed, tested, or challenged. If one cannot measure an indicator, then progress cannot be determined.

ACHIEVABLE: Indicators should be reasonable and possible to reach.

RELEVANT: An indicator should be a valid measure of the result/outcome and be linked through research and professional expertise; and

TIMELY/TIMEBOUND: Indicators must reflect the timing of collection. / There should be a time limit within which changes are expected and measured.

An indicator always has four elements: a clear and exact description, baseline and target values, and a chosen method of measurement. Within the framework of the present strategy, the result and output indicator defined by the Fact Sheet of Investment priority 8/b of the ROHU Programme will be used, which:

- **RESULT INDICATOR:** ‘Employment rate in the eligible area as a percentage of the working age population’
- **OUTPUT INDICATOR:** ‘Number of participants in joint local employment initiatives and joint training’

Table 8: Result and output indicators of the Strategy

Indicator	Definition	Baseline value	Year	Target value	Year	Source/method
Number of participants in joint local employment initiatives and joint trainings (programme output indicator)	Number of individuals who take part in joint employment initiatives and/or joint training programmes aimed at employment (number of participants)	0	2020	568	2022	Attendance registers of relevant events of the ROHU 370 project
Employment rate (programme result indicator)	Employment rate in Szabolcs-Szatmár-Bereg county as a percentage of the working age population (%)	65.1	2019	65.1	2022	Data of KSH ¹¹
				65.2	2023	
				65.3	2024	
	Employment rate in Satu Mare county as a percentage of the working age population (%)	67.3	2018	67.3	2022	Data of INSSE ¹²
				67.4	2023	
				67.5	2024	

Source: own editing

Monitoring and evaluation

Monitoring and evaluation are support activities intended to enhance the work of those involved in project management and implementation. M&E are two concepts used together, which are often interpreted as synonymous with each other, but the two activities cover different things:

- Monitoring focuses on the implementation progress. It is the continuous checking of information on progress to confirm that progress is being made in the defined direction. It usually involves monthly to quarterly reporting on outputs, activities and use of resources (e.g. people, time, money etc.). It should be used to ensure that what has been planned is going forward as intended and within the resources allocated. As a result, the potential risks can be detected and managed over time (see Chapter Risk evaluation and management).

¹¹ KSH: Hungarian Central Statistical Office

¹² INSSE: National Institute of Statistics of Romania

- In contrast, evaluation is used to ensure that the direction chosen is correct, and that the right mix of strategies and resources were used to get there. It answers the question of whether the interventions achieved the expected results and had the expected effect.

Table 9: Differences between monitoring and evaluation

	Monitoring	Evaluation
Description	Analysis of reaching target values of the indicators – Monitoring is the process of overseeing and checking the activities undertaken to ascertain whether the project is capable of achieving the expected results or not.	Analysis of impacts, effectiveness and efficiency – Evaluation is a scientific process which examines the success of the project – whether it has met the objectives/indicators.
Target	Follow-up of implementation – It is dealing with verifying that project activities are being undertaken, services are being delivered, and the project is leading to the desired changes described in the project proposal.	Feedback and risk management during and after the implementation – Assesses higher level outcomes and impact and may verify some of the findings from the monitoring.
Question to answer	“Are we doing things right?”	“Are we doing the right thing?”
Organization responsible for the task	It is an internal project activity.	Can be externally led (particularly end-of-project evaluations), though they should involve the active participation of project staff.
Scheduling	Takes place during the implementation (and the maintenance) phase.	Occurs at pre-determined points – ex ante, mid-term and ex-post analysis – during implementation.
Relevant documents	Indicator tables, execution reports	Evaluation reports

Source: own editing

Risk evaluation and management

Risk management is a complex process to identify potential factors that could affect the successful project implementation; and to manage their potential (negative) effects if they occur. Risk management is the identification, evaluation, and prioritization of risks, followed by the coordinated and economical application of resources to minimize, monitor and control the probability/impact of unfortunate events (Hubbard, 2009).

During the project implementation, we consider any uncertain event or condition that might affect the project as a risk – the effect of uncertainty on objectives. Depending on how the project partners influence them, risks can be internal or external, and depending on their nature, they can be legal, economic (financial), social, organizational and other (implementation) risks.

Strategies to manage risks typically include avoiding the risk (avoid), reducing the negative effect or probability of the risk (mitigate), transferring all or part of the risk to another party (transfer), and even retaining some or all the potential or actual consequences of a particular risk (accept).

In this chapter:

- the possible risks that arise and the way in which the risk is managed is described (Table 8),
- the probability and impact of the occurrence of each risk is determined (Figure 18).

Table 10: Risks evaluation and management

RISK	PREVENTION / MITIGATION / MANAGEMENT MEASURES
LEGAL RISKS	
Negative changes of the legal and policy environment	Continuous monitoring of legislative and policy changes Sufficient flexibility in terms of organizational structure and interventions Participation in the policy discussions
ECONOMIC (FINANCIAL) RISKS	
Changes in the budget of the interventions	Precise budget planning Sufficient flexibility linked to the redistribution of the budget and the generated savings.
Delays in financial schedule	Continuous monitoring of the implementation and the indicators Modifications of the financial schedule if necessary and possible
Negative changes of the macroeconomy	Monitoring of the macroeconomic processes: preparing for worst-case scenarios Sufficient flexibility in terms of interventions: modifications if necessary and possible Networking with relevant stakeholders for support
SOCIAL RISKS	
Undermotivated target groups	Effective communication strategy Pre-analysing their needs and expectations Presenting benefits and opportunities
ORGANIZATIONAL RISKS	
Conflicts within the partnership	Establishment of a balanced partnership Common elaboration and approval of internal rules of procedures Clear responsibilities and communication
High turnover on the project team	Investigate reasons for turnover and provide feedback on possible corrective measures to management. Improve team cohesion through proactive communication. Develop a methodology for potential new team members to become effectively acquainted with the project.
Lack of appropriate professionals	Detailed selection process

RISK	PREVENTION / MITIGATION / MANAGEMENT MEASURES
	Non-discriminative recruitment Offering competitive wages
OTHER (IMPLEMENTATION) RISKS	
Delays in implementation	Preparing a realistic, feasible and flexible schedule Preparing (public) procurements thoroughly Properly account for schedule dependencies including stakeholder dependencies that are not directly controllable.

Source: own editing

Figure 19: Likelihood and impact of the Joint Integrated Development Strategy's risks

		IMPACT		
		LOW	MEDIUM	HIGH
LIKELIHOOD	LOW		Negative changes of the legal and policy environment High turnover on the project team	Undermotivated target groups Conflicts within the partnership
	MEDIUM	Delays in financial schedule	Lack of appropriate professionals	
	HIGH		Delays in implementation Changes in the budget of the interventions	Negative changes of the macroeconomy

Source: own editing

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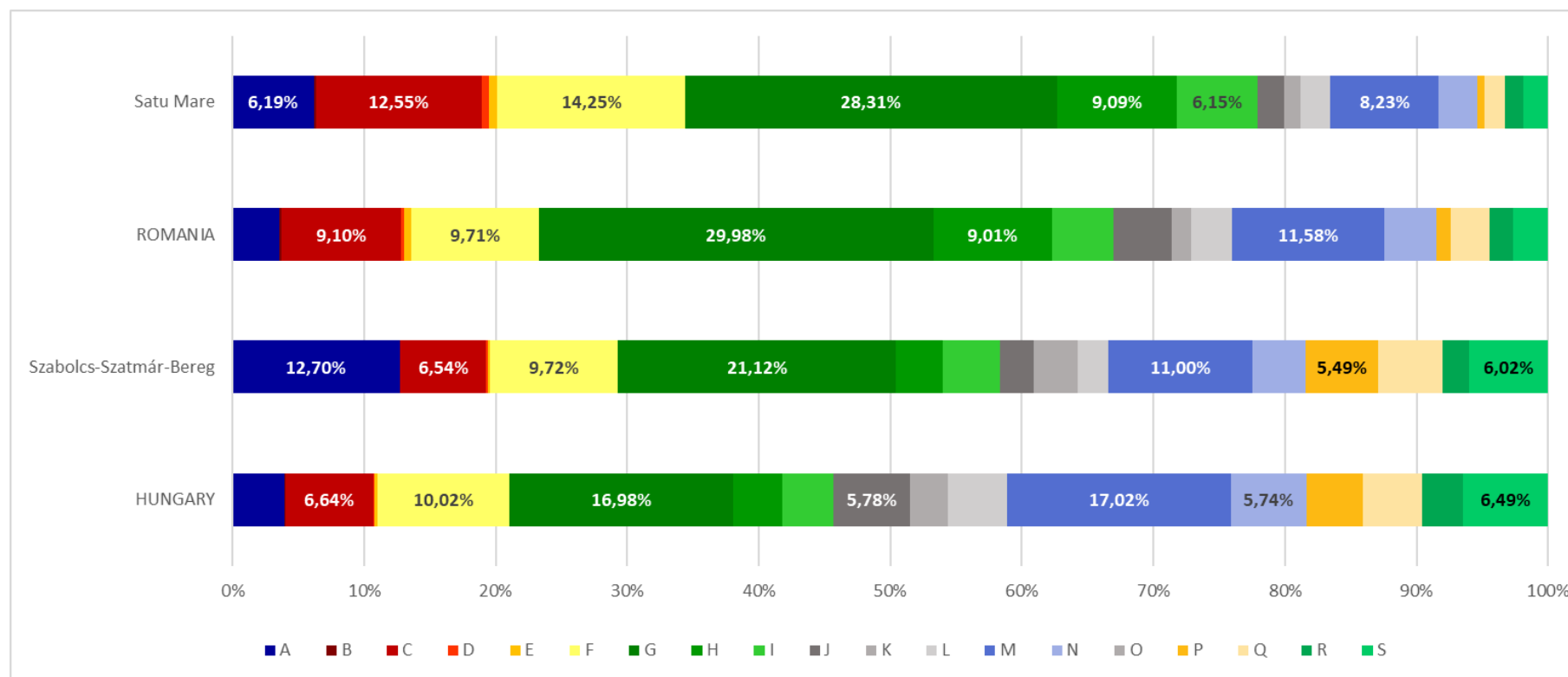
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Annexes

Figure 20: The distribution of active enterprises by the NACE Rev.2 economic activities in 2018



Source: Hungarian Central Statistical Office, Dissemination database (Hungary); National Institute of Statistics, TEMPO online (Romania)

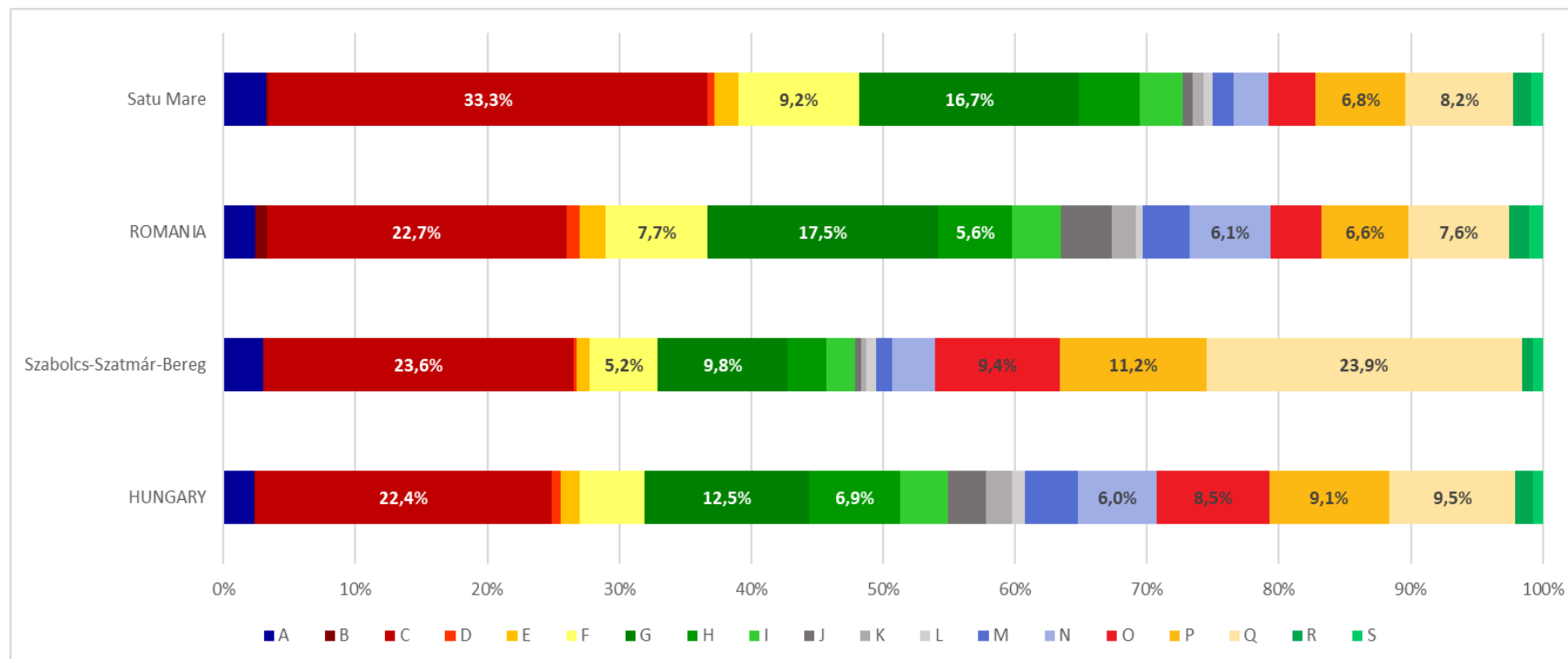
Primary Sector: **A** Agriculture, Forestry and Fishing; **B** Mining and Quarrying

Secondary Sector: **C** Manufacturing; **D** Electricity, Gas, Steam and Air Conditioning Supply; **E** Water Supply, Sewerage, Waste Management and Remediation Activities; **F** Construction

Tertiary Sector: **G** Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles; **H** Transportation and Storage; **I** Accommodation and Food Service Activities; **J** Information and Communication; **K** Financial and Insurance Activities; **L** Real Estate Activities; **M** Professional, Scientific and Technical Activities; **N** Administrative and Support Service Activities; **O** Public Administration and Defence, Compulsory Social Security; **P** Education; **Q** Human Health and Social Work Activities; **R** Arts, Entertainment and Recreation; **S** Other Service Activities

Annexes

Figure 21: The distribution of employees by the NACE Rev.2 economic activities in 2019



Source: Hungarian Central Statistical Office, Dissemination database (Hungary); National Institute of Statistics, TEMPO online (Romania)

Primary Sector: **A** Agriculture, Forestry and Fishing; **B** Mining and Quarrying

Secondary Sector: **C** Manufacturing; **D** Electricity, Gas, Steam and Air Conditioning Supply; **E** Water Supply, Sewerage, Waste Management and Remediation Activities; **F** Construction

Tertiary Sector: **G** Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles; **H** Transportation and Storage; **I** Accommodation and Food Service Activities; **J** Information and Communication; **K** Financial and Insurance Activities; **L** Real Estate Activities; **M** Professional, Scientific and Technical Activities; **N** Administrative and Support Service Activities; **O** Public Administration and Defence, Compulsory Social Security; **P** Education; **Q** Human Health and Social Work Activities; **R** Arts, Entertainment and Recreation; **S** Other Service Activities