

## ANNEX X

### Model for the implementation reports for the European Territorial Co-operation goal

#### PART A

#### DATA REQUIRED EVERY YEAR ('LIGHT REPORTS') (Article 50(2) of Regulation (EU) No 1303/2013)

##### 1. IDENTIFICATION OF THE ANNUAL / FINAL IMPLEMENTATION REPORT

CCI	2014TC16RFCB008
Title	(Interreg V-A) HU-HR - Hungary-Croatia
Version	1.0
Reporting year	2018
Date of approval of the Report by the Monitoring Committee	21 May 2019, via MC decision No 12/2019 (21.05) (version)

##### 2. OVERVIEW OF THE IMPLEMENTATION OF THE CO-OPERATION PROGRAMME (Article 50(2) of Regulation (EU) No 1303/2013 and Article 14(3)(a) of Regulation (EU) No 1299/2013)

*Key information on the implementation of the Co-operation Programme for the year concerned, including on financial instruments, with relation to the financial and indicator data.*

The present Report, prepared pursuant to Annex X of Commission Implementation Regulation (EU) No 2015/207, aims at providing an overview of the **activities that were undertaken in relation to the Programme in the year 2018**.

**At the centre of the reporting year was the implementation of the Programme's first 55 projects:** the 53 co-operations contracted in 2017 as a result of the first open Call for Proposals (CfP), furthermore the two strategic projects, 'Beneficiary Light Scheme' (in Priority Axis 1) and 'De-mine HU-HR II' (in PA2). **At the same time, preparations were made regarding the second CfP** which would open the remaining ERDF allocation at the disposal of the Programme.

The first quarter was spent mostly with the preparation and opening of the Beneficiary Report (BR) module of the IMIS 2014-2020 system to the Front Office (FO) users of the Hungarian and Croatian Beneficiaries (B-s) representing 40+16% of the total ERDF funding allocated to the Programme (including the strategic project 'Beneficiary Light Scheme'). **Following a long development phase the BR module was opened on 20-23 March, and the FO users of the B-s could start entering their reports** (some covering one, some more than one 4-month implementation period) with a deadline of 3-5 April.

**Before the start of progress reporting a modification round was managed with all projects**, in order to adapt the final IMIS content before the first reporting to the actual situation in the projects. The request for the submission of modification needs was sent out on 16 February, and the Lead Beneficiaries (LB-s) were individually sending their replies stretched over a longer period. If

necessary, a completion/clarification round was also managed.

**The second quarter of the year saw the submission of the first BR-s through the FO part of the IMIS 2014-2020 system. With constant co-ordination regarding the progress in both Member States,** the FLC bodies managed the validation of costs for Hungarian and Croatian project parts throughout the entire second quarter. A weekly exchange of data enabled the controllers to establish a sequence of validations which took into consideration whether the Declaration on Validation of Expenditure has or has not yet been issued on the other side – making it easier to match the checking of BR-s that belonged to the same project, but on the two sides of the border.

In order to aid the LB-s in their upcoming (project level-) reporting efforts, **two LB workshops were organised about the use of IMIS 2014-2020;** one was held on 24 April in Čakovec, Croatia and one on 26 April in Pécs, Hungary. The presentations focused on the most important aspects of reporting and on the IMIS screens which the LB-s were about to encounter. The Pécs workshop was attended by the representative of the Managing Authority (MA) as well, who spoke **also about the strict anti-fraud rules to be applied in connection to HU-HR projects.**

The first project level report (Project Report and Application for Reimbursement, PR & AfR) was submitted to the JS on 1 June and was approved on 15 June. From that point on **the reception, completion and approval of PR-s and AfR-s continued into the third and fourth quarter of 2018 (and into 2019) as well, becoming a routine exercise** for both the LB-s and the approving programme management bodies (JS and MA).

Besides the projects (to be) selected via open CfP, the Programme contains also two operations which can be regarded as **strategic projects. 'De-mine HU-HR II' in PA2,** a continuation of the earlier co-operation of the two Member States' authorities for the removal of landmines, managed its fourth and fifth implementation report in the year 2018. The total EU funding requested in these reports amounted to 789.409,05 EUR. At the same time the other co-operation planned outside the spectrum of open CfP-s, **the 'Beneficiary Light Scheme' project of PA1** (Economic Development) which started implementation on 1 February 2017 has managed in 2018 the second phase of its first two-step selection process, and has also managed the first phase of a second call for SME-s. Contracting the supported operations from both iterations of the selection procedure stretches over into 2019, when also the last two-stage call will be announced.

To support the efficient day-to-day communication of the Programme towards the general public and the interested potential applicants, **an all-new website ([www.huhr-cbc.com](http://www.huhr-cbc.com)) was set up in 2015;** it has a new maintenance contract from 2018 onwards and **is complemented by an official Facebook and Twitter profile.** The Programme participated also in 2018 in the **European Co-operation Day** initiative and also organised a large-scale event entitled the 'Best Practice Conference' which managed to attract many stakeholders of the border region.

**Concerning the meetings held in the Programme** in 2018 there was one session of the MC in November, one technical meeting between the programme bodies in February and one meeting of the FLC bodies, the JS and the MA and Croatian NA, also in February. Next to the 'live' MC meeting there were also 3 written decision-making procedures managed during the course of the year.

Regarding the human resources available to programme implementation, **the Joint Secretariat (JS)** operated also in 2018 with a full team of 8 co-workers. **Both the MA and the Croatian NA** keep committing the same human resources as previously present in the cross-border co-operation programme of the 2007-2013 financial perspective.

**There was a succession in the management of the tasks of the MA in 2018,** since after the national level elections and the restructuring of ministries in Hungary the responsibility for the cross-border Interreg programmes was shifted **from the Prime Minister's Office to the Ministry of Foreign Affairs and Trade.**

As the tasks have widened (mainly through the actual implementation of the Programme's first 55

projects) the **involvement of the First Level Control (FLC) bodies, of the Certifying Authority (CA) and of the Audit Authority (AA)** was also increasing from the beginning of 2018.

**The IT system of the Programme (IMIS 2014-2020)** was being further developed throughout the year 2018 and, among others, the integrated control module of the system (enabling the submission of progress reports) was finalised and opened to be used by the B-s.

Related to all the above, and the 2018 performance of the Programme **in relation to financial and indicator data, please refer to Chapter 3.2, 3.3 and 3.4** of the present report.

### 3. IMPLEMENTATION OF THE PRIORITY AXES (Article 50(2) of Regulation (EU) No 1303/2013)

#### 3.1 Overview of the implementation

ID	Priority Axis	Key information on the implementation of the Priority Axis with reference to key developments, significant problems and steps taken to address these problems
PA 1	Economic development	<p>The Priority represents 16,38 percent of the ERDF funding allocated to the Programme. <b>The entire amount is dedicated to financing the so-called Beneficiary Light Scheme</b>, a special operation partly acting like a regular project and partly like a support scheme. This model of providing <i>de minimis</i> support to SME-s in a cross-border context was taken by the planning experts (and endorsed by the Task Force) from the Euroregion Rhine-Waal at the border of Germany and the Netherlands.</p> <p><b>The main B-s</b> are non-profit organisations dealing with enterprise support in each of the seven border counties, while <b>the LB is HAMAG-BICRO</b>, a Croatian enterprise promotion agency. The official starting date of the project was 1 February 2017. <b>The opening of the mechanism to SME-s started in summer 2017 and continued into 2018 as well.</b> The two-step selection procedure consists of the following stages: a) a Call for Light Concepts, ending with an initial selection step; b) a project development phase where external experts (called the External Project Support Facility, EPSF) aid the SME-s in the detailed elaboration of their project ideas; and c) a Call for Light Project Proposals, at the end of which the Selection Board of the SME support scheme decides about the co-operations to be co-financed.</p> <p><b>A slight delay in the implementation of the PA can be attributed to the late selecting of the EPSF.</b> As described in Chapter 9.1 of the present report, the contracting of the experts by the LB suffered a 6-7 month delay due to appeal processes connected to the public procurement procedure. Finally, the tendering was in August 2018 found to be in line with the rules in Croatia, and the winning tenderer could be contracted by the LB. <b>The partnership of the schemes tries to make up for the delay by speeding up SME-selection, having launched at the</b></p>

		beginning of 2019 already the last Call for Light Concepts.
PA 2	Sustainable use of natural and cultural assets	<p>IP 6d is providing support to <b>the strategic project 'De-mine HU-HR II'</b> in the amount of 3.008.090,28 Euros of ERDF funding. The project started its activities (on the Croatian side removal of landmines and quality assurance of the operations, on the Hungarian side non-technical and technical survey of areas, removal of explosive remnants of war, environmental rehabilitation) on 1 June 2016 and closed on 31 May 2018. The project has in 2018 managed project-level reporting on the fourth and fifth 4-month implementation period; <b>the total EU funding paid out for these reports amounted to 789.409,05 EUR.</b> The final project report (PR6) is expected to be submitted in the second quarter of 2019, bringing this strategic project to a close also financially.</p> <p>Regarding the rest of the Priority, in case of both IP 6c and 6d, the funding contained therein is being distributed mainly via open CfP-s. <b>Calls regarding IP 6c</b> contain in their rules regulating eligible project activities references to <b>the 'Regional Tourism Product Plan'</b>, developed in 2011 in the framework of the Hungary-Croatia (IPA) Cross-border Co-operation Programme 2007-2013 and serving ever since as a tool for the more streamlined joint development of (natural- and cultural heritage based) tourism in the eligible programme area.</p> <p>The first CfP has opened 12.752.544 Euros and 8.576.241 Euros of EU contribution to IP 6c and 6d, respectively. As a result of decisions on funding taken by the MC in March 2017, projects in IP 6c (17 co-operations) are spending 15.473.141 Euros, and projects in IP 6d (3 partnerships) 2.094.545 Euros of ERDF on their joint activities.</p> <p><b>There are no significant problems with the implementation of the Priority.</b> The projects with the biggest EU funding are being managed in this PA, but their implementation is proceeding smoothly, owing to the thorough assessment and contracting process during which all legal and other obstacles (ownership issues, building- and other permits etc.) were identified and cleared before the start of the project activities. <b>Increases in the prices of construction material</b>, encountered by some B-s, are handled with the regrouping of remaining funds within the project budgets and/or with involving more own contribution from sources other than the ERDF funding of the project.</p>
PA 3	Co-operation	<p>The Priority represents <b>9,4 percent of the ERDF funding</b> allocated to the Programme (meaning 5.717.494 Euros). Its Specific Objective is to involve more social and institutional actors into cross-border co-operation. <b>This type of priority has always been well received by the potential applicants</b> of the Hungarian-Croatian border region, therefore the Task Force members and the planning experts recommended its inclusion into the Programme, supported also by the opinion of local</p>

		<p>stakeholders on the ground.</p> <p>The Priority is planned to be managed mainly through open CfP-s and <b>was launched already as part of the first CfP</b>, with an indicative 2.500.000 Euros of EU contribution. The selected and contracted 15 projects in this Priority are spending 2.658.115 Euros of ERDF on their joint activities.</p> <p><b>There are no significant problems encountered with the implementation of this Priority.</b></p>
PA 4	Education	<p>This PA also represents <b>9,4 percent of the ERDF funding</b> allocated to the Programme (meaning 5.717.494 Euros). Its Specific Objective is to improve the role of educational institutions as intellectual centres for increasing the specific local knowledge-base in the region. The Priority was requested by the local stakeholders to be featured in the Programme, and it is to support co-operations at all levels of education (pre-school, primary and secondary education, adult education and higher education).</p> <p>This Priority is also planned to be managed through open CfP-s and <b>was launched already as part of the first CfP</b>, with 2.700.000 Euros of indicative total EU contribution. The funded and contracted 18 projects in this Priority can spend 2.937.511 Euros of ERDF on their joint activities.</p> <p><b>There are no significant problems experienced with the implementation of this Priority either.</b> However, the only cancelled co-operation of the Programme can be found in this PA – project HUHR/1601/4.1.1/0003 (acronym: 'MT-UNICOP', LB: University of Pécs, Hungary) withdrew from concluding the Subsidy Contract. The EU funding amount of 213.548 EUR will be used for projects in this same Priority in the second open CfP.</p>
PA 5	Technical Assistance (TA)	<p>The MC has approved at its 1<sup>st</sup> meeting (on 8 December 2015) altogether 8 TA projects and corresponding TA forms. With the support of these TA projects (among others) the following were accomplished in the reporting year 2018:</p> <ul style="list-style-type: none"> <li>- 1<sup>st</sup> quarter: organising 1 technical meeting and 1 FLC-JS meeting dealing with progress reporting – managing 1 big round of project modifications with 53+1 LB-s – opening 1 new module of IMIS (BR module) to 75+3 Hungarian and 99+5 Croatian B-s – preparing the AIR 2017 and launching an MC written procedure for its acceptance – approval of PR<sub>4</sub> in strategic project 'De-mine HU-HR' and start of B-level reporting about the 5<sup>th</sup> implementation period – finishing the FIR of the 2007-2013 programme, including JMC approval and upload by the MA to the EC via the SFC system;</li> <li>- 2<sup>nd</sup> quarter: approval of the AIR 2017 by the MC – organising 2 LB workshops in the border region – opening 1 new module of IMIS (PR &amp; AfR module) to 53+1 LB-s – approving five PR-s, for a total of 134.586,47 EUR of EU contribution – start of</li> </ul>

		<p>B-level reporting by strategic project 'De-mine HU-HR' about its 5<sup>th</sup> implementation period while finishing its activities (following a closing conference) with 31 May;</p> <ul style="list-style-type: none"> <li>- 3<sup>rd</sup> quarter: approving of 41 PR-s, for a total of 1.546.928,68 EUR of EU contribution – starting to enter strategic project 'De-mine HU-HR' (previously managed on paper) with all its reports into the IMIS 2014-2020 system – closing of the elongated public procurement procedure in strategic project 'Beneficiary Light Scheme' for the establishing of the EPSF and, together with the selected experts, start of developing the identified project concepts of the SME-s into full-fledged proposals – at the same time, a new Selection Board meeting resulting in 20 more supported Light Concepts, marking the beginning of the 2<sup>nd</sup> application stage of the second SME call;</li> <li>- 4<sup>th</sup> quarter: approval of 48 PR-s, for a total of 3.798.543,95 EUR of EU contribution – continuing of recording strategic project 'De-mine HU-HR' with all its reports into the IMIS 2014-2020 system – development by the EPSF of 20 project concepts submitted by SME-s to the first call into 17 full-fledged Light Project Proposals which were submitted to the 2<sup>nd</sup> application stage of the 'Beneficiary Light Scheme' – 5 awareness-raising events and 1 evaluators' (also in the strategic project) – organising of 1 large-scale Best Practice Conference in Zalakaros, Hungary – organising 1 MC meeting deciding on the documents of the second open CfP.</li> </ul>
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### 3.2 Common and programme specific indicators (Article 50(2) of Regulation (EU) No 1303/2013)

*Data for common and programme-specific indicators by Investment Priority transmitted using the Tables 1 to 2 below.*

Table 1

## Result indicators (by Priority Axis and Specific Objective); applies also to the Technical Assistance Priority Axis

Automatic from SFC						Annual value					Observations (if necessary)
ID	Indicator	Measure-ment Unit	Baseline Value	Baseline Year	Target Value (2023)	2014	2015	2016	2017	2018	(Frequency of reporting is planned to be 2018, 2020 and 2023.)
PA 1, 1.1	Average GVA per capita of industry and services sectors of the programme area	EUR	5.208,00	2011	5.500,00	5.208,00	0,00	0,00	0,00	0,00	Indicator is connected to the 'Beneficiary Light Scheme' strategic project which has submitted its first PR on 1 October 2018. This particular indicator has not yet been reported on by the end of year 2018.
PA 2, 2.1	Number of guest nights in Zone B defined by the Handbook to Tourism Projects in the Hungary-Croatia (IPA) Cross-border Co-operation Programme 2007-2013	number	1.758.826,00	2013	1.846.747,00	1.758.826,00	0,00	0.00	35,00	18,00	Most of the values will be reported by B-s / LB-s in the final BR-s / PR-s, at the end of project implementation, when the statistical data is available.
PA 2, 2.2	Increased number of habitats with 'A: excellent' conservation status of selected Special Bird Protection Areas	number	179,00	2014	192,00	179,00	0,00	0,00	0,00	0,00	
PA 3, 3.1	Number of entities participating in cross-border networks and bilateral co-operations	number	36,00	2015	49,00	36,00	0,00	0,00	80,00	42,00	
PA 4, 4.1	Number of educational institutions in the border region that offer courses jointly or with region- or neighbouring country-specific content	number	29,00	2014	90,00	29,00	0,00	0,00	18,00	13,00	

Table 2

**Common and programme specific output indicators (by Priority Axis, Investment Priority); applies also to Technical Assistance Priority Axes**

	ID	Indicator (Name of indicator)	Measurement unit	Target value (2023)	CUMULATIVE VALUE					Observations (if necessary)
					2014	2015	2016	2017	2018	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	1.1	Number of enterprises receiving support	pcs	80,00	0,00	0,00	0,00	80,00	80,00	The 'Beneficiary Light Scheme' project did not yet select SME-s for support. In 2018 only Light Concepts were selected to be developed in the second phase.
Cumulative value – Outputs delivered by operations (actual achievement)					0,00	0,00	0,00	0,00	0,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	1.2	Number of enterprises receiving grants	pcs	80,00	0,00	0,00	0,00	80,00	80,00	The 'Beneficiary Light Scheme' project did not yet select SME-s for support. in 2018, only Light Concepts were selected to be developed in the second phase.
Cumulative value – Outputs delivered by operations (actual achievement)					0,00	0,00	0,00	0,00	0,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	1.3	Number of enterprises receiving non-financial support	pcs	80,00	0,00	0,00	0,00	80,00	80,00	The 'Beneficiary Light Scheme' project did not yet select SME-s for support. in 2018, only Light Concepts were

Cumulative value – Outputs delivered by operations (actual achievement)					0,00	0,00	0,00	0,00	0,00	selected to be developed in the second phase.
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	2.1.1	Total surface area of rehabilitated land	ha	450,00	0,00	0,00	459,85	459,85	459,85	Three project reports were approved in 2017, and the value remained the same. The final figure will be reported by the LB in project report No. 6, due in 2019.
Cumulative value – Outputs delivered by operations (actual achievement)				450,00	0,00	0,00	0,00	0,00	0,00	Two projects ('De-mine HU-HR II' and 'Tourism 4 All') determined the target value of the indicator. Until the end of year 2018 no PR-s were approved which would raise the achievement of this indicator.
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	2.1.2	Increase in expected number of visits to supported sites of cultural or natural heritage and attractions	number	60.000,00	0,00	0,00	0,00	36.548,00	36.223,00	The target values on this indicator set by the B-s were changed during the project modification process granted to every project partnership in order to achieve a realistic level of indicators.
Cumulative value – Outputs delivered by operations (actual achievement)				60.000,00	0,00	0,00	0,00	911,00	4.601,00	It is expected to receive the real (delivered) level of indicators by the approval of the final PR-s.
Cumulative value – Outputs to be	2.1.3	Number of	number	40,00	0,00	0,00	0,00	23,00	23,00	

delivered by selected operations (forecast provided by Beneficiaries)		tourism facilities / service providers being certified by an environmental sustainability scheme								
Cumulative value – Outputs delivered by operations (actual achievement)				40,00	0,00	0,00	0,00	0,00	16,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	2.2.1	Surface area of habitats supported in order to attain a better conservation status	ha	5.400,00	0,00	0,00	0,00	135,37	165,37	
Cumulative value – Outputs delivered by operations (actual achievement)				5.400,00	0,00	0,00	0,00	1,99	154,57	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	2.2.2	Number of participants in joint education training schemes and awareness raising programmes	persons	1.000,00	0,00	0,00	0,00	546,00	741,00	
Cumulative value – Outputs delivered by operations (actual achievement)				1.000,00	0,00	0,00	0,00	0,00	250,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by	2.2.3	Number of joint international studies	pcs	10,00	0,00	0,00	0,00	6,00	6,00	

Beneficiaries)										
Cumulative value – Outputs delivered by operations (actual achievement)				10,00	0,00	0,00	0,00	0,00	0,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	3.1	Number of institutions participating in joint capacity building actions	number	33,00	0,00	0,00	0,00	90,00	120,00	
Cumulative value – Outputs delivered by operations (actual achievement)				33,00	0,00	0,00	0,00	22,00	51,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	3.2	Number of harmonized processes, shared initiatives, coordinated policies and projects developed jointly	number	66,00	0,00	0,00	0,00	37,00	37,00	
Cumulative value – Outputs delivered by operations (actual achievement)				66,00	0,00	0,00	0,00	5,00	10,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	3.3	Number of participants in joint capacity building actions and events	number	810,00	0,00	0,00	0,00	1.208,00	1.212,00	
Cumulative value – Outputs delivered by operations (actual				810,00	0,00	0,00	0,00	835,00	1.143,00	

achievement)										
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	4.1	Training courses developed and delivered (formal and informal)	number	40,00	0,00	0,00	0,00	101,00	101,00	
Cumulative value – Outputs delivered by operations (actual achievement)				40,00	0,00	0,00	0,00	27,00	65,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	4.2	Number of educational premises refurbished	number	15,00	0,00	0,00	0,00	7,00	7,00	
Cumulative value – Outputs delivered by operations (actual achievement)				15,00	0,00	0,00	0,00	1,00	3,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	4.3	Number of educational premises upgraded with technical equipment	number	15,00	0,00	0,00	0,00	37,00	39,00	
Cumulative value – Outputs delivered by operations (actual achievement)				15,00	0,00	0,00	0,00	19,00	28,00	
Cumulative value – Outputs to be delivered by selected	4.4	Number of participants	number	860,00	0,00	0,00	0,00	1.706,00	1.816,00	

operations (forecast provided by Beneficiaries)		in joint education and training schemes to support youth employment , educational opportunities and higher and vocational education across borders								
Cumulative value – Outputs delivered by operations (actual achievement)				860,00	0,00	0,00	0,00	419,00	1.838,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	4.5	Number of involved marginalised persons in training programmes	number	200,00	0,00	0,00	0,00	475,00	455,00	The target value changed due to the project modifications processed in 2018.
Cumulative value – Outputs delivered by operations (actual achievement)				200,00	0,00	0,00	0,00	280,00	466,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	5.1	Projects selected for financing	number	100,00	0,00	9,00	10,00	63,00	63,00	Two strategic projects, eight TA projects and 53 regular projects contracted.
Cumulative value – Outputs delivered by operations (actual achievement)				100,00	0,00	0,00	0,00	0,00	32,00	31+1 ('De-mine HU-HR II') projects have finished implementation during 2018.

Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	5.2	Electronic monitoring system established	number	1,00	0,00	0,00	1,00	1,00	1,00	The Programme (and its IT system) passed the designation audit in December 2017.
Cumulative value – Outputs delivered by operations (actual achievement)				1,00	0,00	0,00	1,00	1,00	1,00	There have been no fully implemented TA projects yet.
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	5.3	Programme evaluation plan prepared (and approved by the MC)	number	1,00	0,00	0,00	1,00	1,00	1,00	The Evaluation Plan was approved by the MC in December 2016.
Cumulative value – Outputs delivered by operations (actual achievement)				1,00	0,00	0,00	1,00	1,00	1,00	There have been no fully implemented TA projects yet.
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	5.4	Programme communication plan prepared (and approved by the MC)	number	1,00	0,00	1,00	1,00	1,00	1,00	The Communication Strategy of the Programme was approved by the MC on in December 2015.
Cumulative value – Outputs delivered by operations (actual achievement)				1,00	0,00	0,00	1,00	1,00	1,00	There have been no fully implemented TA projects yet.
Cumulative value – Outputs to be delivered by selected operations (forecast provided by	5.5	Guiding documents addressed to applicants and	number	3,00	0,00	1,00	1,00	4,00	8,00	New documents in 2018: IMIS FO User Manual for the BR Module, FAQ on Project Implementation, National Guidelines of

Beneficiaries)		Beneficiaries								the HR FLC, IMIS FO User Manual for the PR Module.
Cumulative value – Outputs delivered by operations (actual achievement)				3,00	0,00	0,00	1,00	4,00	8,00	There have been no fully implemented TA projects yet.
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	5.6	Publicity events	number of events	10,00	0,00	1,00	4,00	5,00	6,00	New event in 2018: Best Practice Conference in Zalakaros.
Cumulative value – Outputs delivered by operations (actual achievement)				10,00	0,00	0,00	4,00	5,00	6,00	There have been no fully implemented TA projects yet.
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	5.7	Number of employees (FTE-s) whose salaries are co-financed by technical assistance	number of FTE-s	9,00	0,00	0,00	9,00	9,00	9,00	
Cumulative value – Outputs delivered by operations (actual achievement)				9,00	0,00	0,00	0,00	9,00	9,00	There have been no fully implemented TA projects yet.

### 3.3 Milestones and targets defined in the performance framework (Article 50(2) of Regulation (EU) No 1303/2013) – submitted in Annual Implementation Reports from 2017 onwards

*Reporting on financial indicators, key implementation steps, output and result indicators to act as milestones and targets for the performance framework (submitted starting with the report in 2017).*

Table 3

#### Information on the milestones and targets defined in the performance framework

Priority Axis	Indicator Type (Key implementation step, financial, output or, where appropriate result indicator)	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	2014	2015	2016	2017	2018 <sup>1</sup>	Observations (if necessary)
PA 1 <sup>2</sup>	Financial	1.1	Financial indicator	EUR	2.200.000,00	11.718.000,00	0,00	0,00	0,00	0,00	406.748,58	Explanations for the underperformance is provided in Chapter 13.
	Output	1.2	Number of enterprises receiving grants	pcs	15,00	80,00	0,00	0,00	0,00	0,00	0,00	

<sup>1</sup> Financial indicators were calculated based on AfP-s submitted to the EC in 2018.

<sup>2</sup> Within the strategic project 'Beneficiary Light Scheme' only the selection procedures were managed until the end of 2018, therefore the contracting of the first SME-s and the first payments to them will take place in 2019 only. As described in Chapter 9.1, complaint rounds in a major public procurement procedure of the LB have caused a 6-7 month delay in the implementation of the entire scheme.

PA 2 <sup>3</sup>	Financial	2.1	Financial indicator	EUR	7.580.000,00	42.093.711,00	0,00	0,00	0,00	1.740.525,76	3.931.605,12	Explanations for the underperformance is provided in Chapter 13.
	Output	CO09	Increase in expected number of visits to supported sites of cultural or natural heritage and attractions	number	9.000,00	60.000,00	0,00	0,00	0,00	0,00	4.601,00	
	Output	CO23	Surface area of habitats supported in order to attain a better conservation status	ha	810,00	5.400,00	0,00	0,00	0,00	0,00	154.57	
PA 3 <sup>4</sup>	Financial	3.1	Financial indicator	EUR	1.210.000,00	6.726.464,00	0,00	0,00	0,00	0,00	911.271,47	
	Output	3.3	People participating in joint actions and events	number	125,00	810,00	0,00	0,00	0,00	0,00	1.143,00	
PA 4 <sup>5</sup>	Financial	4.1	Financial indicator	EUR	1.210.000,00	6.726.464,00	0,00	0,00	0,00	0,00	1.029.501,93	

<sup>3</sup> The monitoring system used by the projects to report their progress has been introduced during April 2018, therefore the financial progress reported to the EC is lagging behind the real progress of the reports and the real spending. At the same time, the n+3 goals of the Programme have been accomplished for the year 2018.

<sup>4</sup> The monitoring system used by the projects to report their progress has been introduced during April 2018, therefore the financial progress reported to the EC is lagging behind the real progress of the reports and the real spending. At the same time, the n+3 goals of the Programme have been accomplished for the year 2018.

<sup>5</sup> The monitoring system used by the projects to report their progress has been introduced during April 2018, therefore the financial progress reported to the EC is lagging behind the real progress of the reports and the real spending. At the same time, the n+3 goals of the Programme have been accomplished for the year 2018.

	Output	4.2	Number of participants in joint education and training schemes to support youth employment, educational opportunities and higher and vocational education across borders	number	150,00	860,00	0,00	0,00	0,00	0,00	1.838,00	
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\*Member States submit cumulative values for output indicators. Values for financial indicators are cumulative. Values for the key implementation steps are cumulative if the key implementation steps are expressed by a number or percentage. If the achievement is defined in a qualitative way, the table should indicate whether they are completed or not.

### 3.4. Financial data (Article 50(2) of Regulation (EU) No 1303/2013)

Table 4

#### Financial information at Priority Axis and Programme level

as set out in Table 1 of Annex II to Commission Implementing Regulation (EU) No 1011/2014 (1) [Model for transmission of financial data] (2) and table 16 of model for co-operation programmes under the European Territorial Co-operation goal

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
The financial allocation of the Priority Axis based on the Co-operation Programme						Cumulative data on the financial progress of the Co-operation Programme					
PA	Fund	Category of region	Basis for the calculation of Union support	Total funding	Co-financing rate	Total eligible cost of operations selected for support (EUR)	Proportion of the total allocation covered with selected operations (%) (column 7/ column 5 *100)	Public eligible cost of operations selected for support (EUR)	Total eligible expenditure declared by beneficiaries to the Managing Authority	Proportion of the total allocation covered by eligible expenditure declared by beneficiaries (%) (column 10/ column 5 *100)	Number of operations selected
PA 1	ERDF		Total eligible cost	11.718.000,00	85%	12.510.299,00 <sup>6</sup>	106,76 %	9.960.299,00	484.705.39	4,14 %	1

<sup>6</sup> In case of PA1 the total amount of EU contribution (9.960.299,00 EUR) has been allocated by the MC to the strategic project 'Beneficiary Light Scheme', however, due to the differentiation of the co-financing rate between the 'main' and the 'light' Beneficiaries, the amount of national contribution – as well as the total funding – has been raised slightly as compared to the financial plan of the CP. Please note that the total amount of subsidy does not change, only the total of eligible costs, by the increase of the amount of own contribution. (It cannot be expected that all B-s in the scheme are supported to the same degree. On one hand the 'main' B-s should not have to provide own contribution since they are performing management type activities for the sake of the Programme, and on the other hand it is not reasonable to provide 85% of co-financing to the SME B-s, with respect to the lower figures of the other programmes in Hungary and Croatia that support SME-s. Nevertheless, the co-financing ratio of maximum 85% will be ensured on the level of the whole scheme.)

PA 2	ERDF		Total eligible cost	42.093.711,00	85%	24.197.265,65	57,48 %	24.105.934,61	10.392.860,16	24,69 %	21
PA 3	ERDF		Total eligible cost	6.726.464,00	85%	3.127.189,51	46,49 %	3.084.361,89	1.893.258,53	28,15 %	15
PA 4	ERDF		Total eligible cost	6.726.464,00	85%	3.446.790,94	51,24 %	3.425.800,04	2.417.201,14	35,94 %	18
PA 5	ERDF		Total eligible cost	6.635.389,00	55%	6.635.388,87	100 %	6.635.388,87	585.703,69	8,83 %	8
<b>Total</b>	<b>ERDF</b>		<b>Total eligible cost</b>	<b>73.900.028,00</b>	<b>82,3%</b>	<b>49.916.933,97</b>	<b>67,55 %</b>	<b>47.211.784,41</b>	<b>15.773.728,91</b>	<b>21,34 %</b>	<b>63</b>

*Where applicable, the use of any contribution from third countries participating in the Co-operation Programme should be provided (for example IPA and ENI, Norway, Switzerland):*

Not relevant in case of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020.

Table 5

**Breakdown of the cumulative financial data by category of intervention (Article 112(1) and (2) of Regulation (EU) No 1303/2013 and Article 5 of Regulation (EU) No 1304/2013)**

(as set out in Table 2 of Annex II to Commission Implementing Regulation (EU) No 1011/2014 [Model for transmission of financial data] and tables 6-9 of Model for co-operation programmes)

Priorit y axis	Characteristic s of expenditure	Categorisation dimensions								Financial data			
	Fund	Interventio n field	Form of finance	Territorial dimension	Territorial delivery	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations	Public eligible cost of operations	The total eligible expenditure declared by	Number of operations selected
PA 1	ERDF	001. Generic productive investment in SME-s	01	01	07	03	08	06	HU-HR	5,202,000.00	3,901,500.00	0	<a href="#">1</a> <sup>7</sup>
PA 1	ERDF	001. Generic productive investment in SME-s	01	02	07	03	08	06	HU-HR	2,601,000.00	1,950,750.00	0	1
PA 1	ERDF	001. Generic productive investment in SME-s	01	03	07	03	08	06	HU-HR	867,000.00	650,250.00	0	1
PA 1	ERDF	066. Advanced support services for SME-s and groups of SME-s	01	01	07	03	08	06	HU-HR	1,386,179.40	1,386,179.40	0	1
PA 1	ERDF	066. Advanced support services for SME-s and	01	02	07	03	08	06	HU-HR	924,119.60	924,119.60	484,705.39	1

<sup>7</sup> Within PA1 only one operation has been selected, the 'Beneficiary Light Scheme' strategic project.

Priorit y axis	Characteristic s of expenditure	Categorisation dimensions								Financial data			
	Fund	Interventio n field	Form of finance	Territorial dimension	Territorial delivery	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations	Public eligible cost of operations	The total eligible expenditure declared by	Number of operations selected
		groups of SME-s											
PA 1	ERDF	075. Development and promotion of tourism services in or for SME-s	01	01	07	03	08	06	HU-HR	918,000.00	688,500.00	0	1
PA 1	ERDF	075. Development and promotion of tourism services in or for SME-s	01	02	07	03	08	06	HU-HR	459,000.00	344,250.00	0	1
PA 1	ERDF	075. Development and promotion of tourism services in or for SME-s	01	03	07	03	08	06	HU-HR	153,000.00	114,750.00	0	1
PA 2	ERDF	034. Other reconstructed or improved road	01	03	07	06	08	11	HU-HR	1,019,155.50	1,019,155.50	238,446.16	1
PA 2	ERDF	085. Protection and enhancement of biodiversity, nature protection and green infrastructure	01	03	07	06	08	21	HU-HR	2,464,171.15	2,458,208.97	1,198,201.00	3
PA 2	ERDF	086. Protection, restoration and sustainable use of Natura 2000 sites	01	03	07	06	08	21	HU-HR	2,884,513.93	2,819,844.80	438,579.69	1
PA 2	ERDF	087. Adaptation to climate change	01	03	07	06	08	21	HU-HR	277,377.35	277,377.35	129,549.17	1

Priorit y axis	Characteristic s of expenditure	Categorisation dimensions								Financial data			
	Fund	Interventio n field	Form of finance	Territorial dimension	Territorial delivery	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations	Public eligible cost of operations	The total eligible expenditure declared by	Number of operations selected
		measures and prevention and management of climate related risks											
PA 2	ERDF	o89. Rehabilitation of industrial sites and contaminated land	01	03	07	06	08	21	HU-HR	3,529,399.70	3,529,399.70	3,285,114.62	1
PA 2	ERDF	090. Cycle tracks and footpaths	01	02	07	06	08	11	HU-HR	953,182.59	953,182.59	34,229.08	1
PA 2	ERDF	090. Cycle tracks and footpaths	01	03	07	06	08	11	HU-HR	6,399,988.83	6,399,988.83	2,569,828.12	4
PA 2	ERDF	091. Development and promotion of the tourism potential of natural areas	01	03	07	06	08	20	HU-HR	842,285.50	842,285.50	392,572.84	1
PA 2	ERDF	092. Protection, development and promotion of public tourism assets	01	02	07	06	08	20	HU-HR	252,314.37	252,314.37	18,597,78	1
PA 2	ERDF	092. Protection, development and promotion of public tourism assets	01	03	07	06	08	20	HU-HR	4,325,529.91	4,311,860.40	1,678,186.28	4

Priorit y axis	Characteristic s of expenditure	Categorisation dimensions								Financial data			
	Fund	Interventio n field	Form of finance	Territorial dimension	Territorial delivery	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations	Public eligible cost of operations	The total eligible expenditure declared by	Number of operations selected
PA 2	ERDF	094. Protection, development and promotion of public cultural and heritage assets	01	03	07	06	08	20	HU-HR	1,249,346.82	1,242,316.60	409,555.42	2
PA 3	ERDF	119. Investment in institutional capacity and in the efficiency of public administrations and public services	01	02	07	11	08	17	HU-HR	895,072.15	889,484.65	409,684.72	4
PA 3	ERDF	120. Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies	01	01	07	11	08	20	HU-HR	1,210,287.17	1,202,834.41	915,591.26	5
PA 3	ERDF	120. Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies	01	02	07	11	08	20	HU-HR	872,917.32	857,752.21	506,058.05	5

Priorit y axis	Characteristic s of expenditure	Categorisation dimensions								Financial data			
	Fund	Interventio n field	Form of finance	Territorial dimension	Territorial delivery	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations	Public eligible cost of operations	The total eligible expenditure declared by	Number of operations selected
PA 3	ERDF	120. Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies	01	03	07	11	08	20	HU-HR	148,912.87	134,290.62	61,924.50	1
PA 4	ERDF	117. Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings	01	01	07	10	08	18	HU-HR	156,087.86	153,797.23	97,305.59	1
PA 4	ERDF	117. Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings	01	02	07	10	08	18	HU-HR	1,634,237.22	1,623,681.55	1,231,415.39	9
PA 4	ERDF	117. Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings	01	03	07	10	08	18	HU-HR	199,950.00	199,950.00	186,946.17	1

Priorit y axis	Characteristic s of expenditure	Categorisation dimensions								Financial data			
	Fund	Interventio n field	Form of finance	Territorial dimension	Territorial delivery	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations	Public eligible cost of operations	The total eligible expenditure declared by	Number of operations selected
PA 4	ERDF	118. Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality	01	01	07	10	08	18	HU-HR	696,748.04	696,748.04	474,262.17	3
PA 4	ERDF	118. Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality	01	02	07	10	08	18	HU-HR	759,767.82	751,623.22	427,271.82	4
PA 5	ERDF	121. Preparation, implementation, monitoring and	01	07	07	12	08	17	HU-HR	6,306,388.87	6,306,388.87	585,703.69	6 <sup>8</sup>

<sup>8</sup> Within PA5 there have been 8 operations (TA projects) selected.

Priorit y axis	Characteristic s of expenditure	Categorisation dimensions								Financial data			
	Fund	Interventio n field	Form of finance	Territorial dimension	Territorial delivery	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations	Public eligible cost of operations	The total eligible expenditure declared by	Number of operations selected
		inspection											
PA 5	ERDF	122. Evaluation and studies	01	07	07	12	08	17	HU-HR	80,000.00	80,000.00	0,00	1
PA 5	ERDF	123. Information and communication	01	07	07	12	08	17	HU-HR	249,000.00	249,000.00	0,00	1

Table 6

**Cumulative cost of all or part of an operation implemented outside the Union part of the Programme area**

1	2	3	4	5
	The amount of ERDF support(*) envisaged to be used for all or part of an operation implemented outside the Union part of the Programme area based on selected operations (EUR)	Share of the total financial allocation to all or part of an operation located outside the Union part of the Programme area (%) (column 2/total amount allocated to the support from the ERDF at programme level *100)	Eligible expenditure of ERDF support incurred in all or part of an operation implemented outside the Union part of the Programme area declared by the Beneficiary to the Managing Authority (EUR)	Share of the total financial allocation to all or part of an operation located outside the Union part of the Programme area (%)  (column 4/total amount allocated to the support from the ERDF at programme level *100)
All or part of an operation outside the Union part of the Programme area (1)	0,00	0,00	0,00	0,00

#### 4. SYNTHESIS OF THE EVALUATIONS (Article 50(2) of Regulation (EU) No 1303/2013)

##### 4.1 Introduction

In line with the Evaluation Plan of the Interreg V-A Hungary-Croatia Cooperation Programme 2014-2020, approved by the MC in 2016 after its 4<sup>th</sup> meeting, **during 2018 an operational- (and partly impact-) evaluation exercise was carried out** in the so called 'First Phase Evaluation of the CBC Programmes Managed by Hungary'. The task was outsourced by the MA to external experts working at CESC, the Central European Service for Cross-border Initiatives. In line with the Evaluation Plan, the evaluation exercise focused on a) programme management and implementation, b) Call for Proposals, project application and selection procedures, and c) the Communication Strategy of the Programme.

**The reference period of the evaluation** was counted from the launch of the first CfP on 29 February 2016 until the cut-off date of the data processing from the IMIS 2014-2020 monitoring system on 31 August 2018.

Within the framework of the evaluation assignment, **the effectiveness and efficiency of the programme management functions, as well as the impact of the Programme on the eligible area was assessed, the latter to a limited extent** due to the fact that a short period of time was spent between the launch of the first CfP and the evaluation exercise itself, and in particular the starting of project implementation and reporting of the first CfP projects. Real impacts will be measurable in a later phase of programme implementation with much better effectiveness.

**Please note that the following parts of this chapter come from the draft Evaluation Report** (which is yet to be discussed and approved by the MC as of April 2019), therefore the formulations and conclusions are those of the experts who performed Implementation-oriented Evaluation I.

##### 4.2 The methods applied in the evaluation process

###### **Document review and analysis:**

Analysis of the programme documents (CP, *ex-ante* assessment report, SEA report, Communication Strategy, final evaluation report of the previous programme, AIR-s, minutes of MC meetings and their background documents); the documents related to programme implementation (documents of CfP-s, background documents of the special tools implemented, RoP-s, internal rules of the programme bodies, job descriptions); and the relevant EU documents (EU2020 Strategy, the Cohesion Policy Regulations of 2014-2020, the basic documents of the EUSDR, guides and background documents of evaluation).

The document analysis aimed at getting an overall picture on the frameworks of the Programme and the achievements reached. Consequently, the documents analysed within a desk research were targeted by textual analysis. Based on the collection, the expert team created a large information basis.

###### **Structured in-depth interviews:**

The interviews addressed the representatives of the programme implementing bodies (MA: 1, Croatian NA: 2, JS: 2, MC: 2 – a total of 7 persons). The objective of the interviews was to get deeper knowledge on the way of functioning of the Programme and on the achievements made.

Originally, face-to-face *and* phone call interviews were planned but finally face-to-face interviews were made exclusively. A group interview was managed with the representatives of the Croatian NA which proved to be very useful since the participants could complement each other's views and knowledge.

#### **On-line survey:**

The aim of the survey was to gather information and experiences from the LB-s of both selected and rejected proposals. The LB-s were requested to answer the questionnaire covering many small details of project development and implementation.

There were 43 filled-in questionnaires received, with 3 of them filled in only partly. The share of selected and not-selected proposals was 29/14. The selected 29 projects represented 52% of the total number of selected projects. It is to be highlighted that the relatively low number of the questionnaires, the heterogeneity of the set of answers and the language problems of the LB-s made the survey usable in a limited way only.

#### **Collection and analysis of data and information on the Programme:**

The primary information source on the progress of the programme was the IMIS 2014-2020 system. Available information was analysed with different quantitative and qualitative methods, including indices, scaling, benchmark, word cloud method, contextual analysis etc.

It has to be highlighted that the scope of the information collected from IMIS and processed with different methods was limited due to the late start of the system's implementation. (Consequently there were projects the content of which has not been uploaded yet, and their AF was available only as the annex of the SC.) From this perspective, the document analysis and the interviews provided a very important contribution since they completed the information available in IMIS.

#### **GIS based territorial analysis:**

The evaluation team gathered and processed statistical data in order to assess the relevance of the Programme's priorities in terms of the changing territorial needs. In order to measure the relevance of the current performance framework and the intervention logic of the Programme – and to identify the necessary modifications of (financial, common and programme specific) indicators – the starting and the current socio-economic situations of the eligible programme area were benchmarked.

### 4.3 Findings related to Effectiveness

#### **Actual progress of the Programme:**

Implementation was launched through three different types of 'calls'.

- **The 'Beneficiary Light Scheme' project (HUHR/1602):** according to PA1 a special operation is to be set up and managed which functions partly like a regular project and partly like a grant scheme. Within the framework of the project, a partnership of 8 main members starts tendering Hungarian and Croatian SME-s and supports them in successful application and project implementation. The official starting date of the project was 1 February 2017. Out of the submitted 53 'light concepts' 20 were selected for a second round of assessment.
- **The strategic project belonging to PA2, 'De-mine HU-HR II' (HUHR/1501)** which is a continuation of the earlier de-mining project of the two Member States. The project was launched on 1 June 2016 and finished on 31 May 2018.

- **The first open CfP (HUHR/1601)**, closed on 31 May 2016. Within the framework of the Call, proposals were invited to be submitted under three priorities (PA2, PA3 and PA4). Out of the 54 selected projects 53 were contracted and started their implementation from May until December 2017. Until the end of August 2018, there were 16 projects closed, but reporting was still ongoing in many cases.

**Based on the indicator value analysis, the delay regarding PA1 is significant;** no value has been reached regarding its three indicators due to the fact mentioned above. PA2 is performing similarly, however, the completion of the strategic project improves the overall picture. The values of two out of the six Programme indicators in PA2 have started to increase. Two indicators out of the three PA3 programme indicators are near the target, one has just started to increase. **PA4 is the best performing Priority of the Programme.** Out of the five Programme indicators, only the indicator 'Number of educational premises refurbished' is low in value. Delay in the development of IMIS is one of the main hindering factors of timely performance.

Although the start of the Programme was problematic, the first project was a large strategic one ('Determine HU-HR II') which is already closed. **It is also a challenge to successfully implement the new tools and mechanisms (Beneficiary Light Scheme)** because the set-out is rather slow for several reasons. The second open CfP of the Programme is expected at the earliest possible moment, in February 2019. It can be concluded that **the final implementation of the Programme is not in danger.**

### **Effectiveness of the communication of the programme**

The Communication Strategy envisages the deepening of the connections with the B-s, the general public and the media. The Programme aims at establishing a feeling of ownership in the B-s. The Strategy defines the target audiences, the tools, the implementation, monitoring and the evaluation of the Programme. It builds heavily on the developments and tools of IT. Raising awareness is one of the objectives.

**It has to be underlined that the effectiveness of the communication was heavily hardened by the missing tenderer and developer of the webpage and by the delayed development of IMIS.** The decreased level of finance in the frames of Technical Assistance is not supporting a better communication, but despite of lower share of TA the Programme's communication is effective.

The communication indicators were set realistically, and they will be fulfilled quite effectively and in time, there are no major problems regarding the realisation. **Language is still considered to be a major obstacle, especially for the Hungarian organisations.**

**Communication is well organised, the opinion on tools and ways of communication of the Programme is very positive.** Project level communication is of outstanding importance and could be further developed, thus it has to be kept supported in order to create a better communication for the whole Programme as well. Identification of communication managers per project is a useful positive change compared to the previous programme.

It is of outstanding importance to get in touch with the local inhabitants and stakeholders personally, on the ground. Organising awareness raising and communication with the border region is more efficient from a local centre. **It is welcomed that the Programme has four offices with JS members, where the opening of the Čakovec office has helped better communicating with the border region.** It is important to underline the positive effects of the on-site work and presence of JS members considering Info Days, Partner Search, LB workshops and other events. **Reaching inactive programme areas is still a challenge to tackle in the future.**

#### 4.4 Findings related to Impact

##### **Relevance of the Programme**

Regarding PA1 (Enhancing the Competitiveness of SME-s) the slow growth rates have remained a problem in the region. **The poor gross value added figures of secondary and tertiary sectors of the border area have also remained**, supporting the original analyses based on which the Programme set its objectives.

Concerning PA2 (Sustainable Use of Natural and Cultural Assets) **it is still valid that the Hungarian-Croatian border is an exceptionally non-permeable one** and as a consequence accessibility of tourist sites is weak, hindering the development of tourism networks and tourism products, as it is the justification of Investment Priority 6c as stated in the CP document. Also it remained a valid statement that heritage could be the source of economic stability and prosperity, and to this end, infrastructure for nature and cultural heritage tourism needs to be improved. **The justification of Investment Priority 6d is also still valid stating the great interest in the region to further restore and protect natural heritage**, however, further significant development cannot be guaranteed in this field of action.

**PA3 (Co-operation) and especially Investment Priority 11b still has potential** in mutual improvement of health and social services in the border region.

As to PA4 (Education), in order to increase the level of education and decrease unemployment as well as to strengthen working age population retention force, **Investment Priority 10b can be justified even these days**.

Compared to the previous programming period 2007-2013, **the proposals are more cross-border and the applicants are more experienced**, thus they can better explain the mission of their project. The level of co-operation within the eligible programme area is considered not mature enough for more integrated cross-border developments but it is not a problem – **mutual trust building is more important at current phase**. Most projects already have pre-history within the same partnership. This factor can be a good starting point for achieving longer-term cross-border impacts.

The improvement of the level of co-operation in the Hungary-Croatia border region however is **hindered by the low density of border crossing points and the language barriers**. It is a shared opinion that there is a real need to increase the number of cross-border road infrastructure but the financial frames of the Programme do not make it possible to include such large projects.

In the current period the Programme launched a new tool (**the Beneficiary Light Scheme**) in order to enhance cross-border cooperation and cohesion. In addition, as a follow-up of the first Priority project, **the de-mining activities** have continued in the frame of a strategic project. The two tools were assessed in terms of their contribution to stronger cohesion and wider citizens' involvement in cross-border activities, and it was found that **they contribute to stronger cross-border cohesion in different ways**:

- The strategic project is a must for any further forms of utilisation of the border area and the exploitation of its territorial capital. **Without the de-mining process, the border will stay hardly permeable** and construction of cross-border infrastructure and the realisation of integrated economic developments will be impossible. This way, the project is considered as a basic condition for stronger cross-border cohesion.
- **The Beneficiary Light Scheme opens the way for co-operation in a new sector**. There are some respondents thinking that the nature of a CBC programme is foreign for an SME functioning in line with the logic of the market; they cannot be 'forced' to co-operate if they

cannot see rewarding it from the market, and if they see it, they do not need calls (and administrative, *de minimis* related or timing burdens) to do it. At the same time, according to the results of the interviews, it seems to be a general opinion that (in spite of the low commitment) **there are SME-s interested in the construction and also the MC supports the approach.**

**The Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 is in line with the Europe 2020 objectives, the European horizontal policies, as well as the concerned macro-regional strategies.** Certain relations between the Programme's PA-s and the EUSDR's actions can be observed. The performance framework of the Programme connects to the EU2020 targets in certain points. Most of the crossing points are in connection with PA2 and PA3.

### **Territorial impact**

The permeability of the border affects the territorial coverage of the projects: **the most active territories of the eligible programme area are situated on its westernmost and easternmost edges where the density of border crossings is the highest** along this very hardly permeable border. The most active B-s come from border areas situated less than 50 kilometres from the state border.

At county level Baranya County from Hungary, while Međimurska, Varaždinska, Koprivničko-križevačka, Virovitičko-podravska and Osječko-baranjska counties from Croatia are represented by a higher number of projects and LB-s. However, **almost totally inactive areas – namely the majority of Somogy and Zala counties, furthermore Bjelovarsko-bilogorska, Požeško-slavonska and Vukovarsko-srijemska counties – are also very much present within the eligible programme area.**

The Hungarian LB-s are underrepresented in terms of allocated amount of EU contribution, and many areas on the Hungarian side have so far been left out of the allocation. Nevertheless, **the total EU contribution by countries is balanced between the two sides.**

### **Permanency**

The sustainability of the project results is a key aspect of the Programme's evaluation. Based on the information provided by the B-s in their AF-s, it was found that **the institutional sustainability is based on the co-operation of the project partner organisations:** on a certain document (such as contracts, strategies, monitoring reports, agreements), on actual ownership or on merging the responsibilities of a given entity with the supervision of the sustainability of the project's results. Furthermore, **financial sustainability is mostly viewed to be ensured individually, by each B:** through outsourcing the financial burdens, through excluding the possibility of appearance of new expenses or through methods designed in the framework of project implementation. Finally, **social sustainability is secured through events, personal contacts and established collaborations or on collected know-how.**

The analysis of the sustainability of the project partnerships showed an overall optimistic image. This is due to the fact that **the partnerships are typically not formed on an ad-hoc basis but on previous positive shared experiences,** compatibility of the partners' vision and expertise, geographical closeness, as well as similar future prospects.

**The integrated approach** has been analysed based on programme documents, the calls of the Beneficiary Light Scheme, on the 'De-mine HU-HR II' project, furthermore on interviews and experiences of the applicants. The outcomes show that:

- **'Beneficiary Light Scheme' and 'De-mine HU-HR II' are not the exact representations of the integrated approach**, these tools have only indirect elements of integrated methodology. Although it is important to have this first step towards the direction of a more integrated approach of a next programme.
- The Beneficiary Light Scheme is a construct that actively helps Hungarian and Croatian SME-s in meeting and planning joint project concepts.
- **'De-mine HU-HR II' could have incorporated other aims and activities, reaching a higher level of complexity and territorial impact** such as promotion of natural heritage, enhancing of cross-border mobility, support of low-carbon economy etc. within the cross-border project area.
- **The concept of strategic projects should be kept for the future** and more such projects would create a higher impact within the border region.
- **The integrated approach does need a little bit more time to be applied in this border region**, thus more time and knowledge should be provided to the potential applicants (e.g. by dissemination of integrated CBC projects). The integrated approach needs to be better learnt by the locals; small steps would be worth taking towards a higher level of use of the approach.
- **Local Action Groups** might be potential applicants for integrated projects and Calls.
- **The integrated approach should mean a higher level of sustainability** of project results and a higher level of integration of partner organisations even after the closure of the projects.
- Even though **the involvement of SME-s was welcomed by many**, they are difficult to be forced to participate, they represent a heterogeneous target group.
- **The territorial impacts have not been regionally sufficient**: impacts of 'De-mine HU-HR II' have remained too local while the Beneficiary Light Scheme results in too scattered and diffuse impacts.

#### 4.5 Findings related to Efficiency

##### **Performance management**

The most important outcome of the interviews was that **the vast majority of the procedures carried out by programme management bodies are delivered in a high quality** due to the extended experiences of the participating entities. Frequent and efficient communication among the interested parties is a reality to which many respondents attribute the smooth operation. However, there are still some problem points which leave room for improvement, **the most often mentioned difficulties are connected to the human resource capacities and to the IMIS 2014-2020 system**.

Another important resource of the evaluation is the information how B-s consider the level of transparency of the assessment and selection procedures of the Programme. In order to gain insight into this issue, the B-s have been asked about it in an online survey. The results show a high level of satisfaction since **nearly three quarters of the respondents answered that they found the procedures to be transparent** and the information provided on the assessment criteria and the selection procedures to be correct and available.

Analysis on the Technical Assistance provided to the programme management bodies showed that **in general those B-s who filled out the questionnaire were quite satisfied by the assistance they have received** in terms of clarity, availability and user friendliness of the information provided. Furthermore,

the majority of the respondents claimed that despite of the fact that they have encountered several problems considering the administrative burden, these did not impede them severely.

**All identified challenges of the previous programming period were partly or fully addressed when planning the current Programme.** Based on the experience gained so far, 50 percent of the recommendations – namely the wish (1) to shift toward an electronic submission system, (2) extending the circle of eligible applicants by involving SME-s and (3) to provide more TA, knowledge transfer, guidance to the B-s in the implementation phase – could be fully implemented. Partially implemented was the expectation (4) to ease burdens concerning the supporting documents, (5) to simplify and speed up cost accounting, reporting procedures and payments, and (6) to apply different application and selection procedures such as two-step and multi-phase application or automatic selection.

**There is an observable effort to involve as many (social) stakeholders from the eligible programme area** with varied backgrounds as possible since different stakeholders were invited to take part in the programming processes. On the other hand, this cannot be said about the programme implementation phase as **in general they showed little interest in taking part of the work of the MC.**

### **Costs of operation**

Assessment of the cost efficiency can hardly be performed because of major shortages in appropriate data due to late reporting of the first CfP projects during the time of the evaluation.

## 5. ISSUES AFFECTING THE PERFORMANCE OF THE PROGRAMME AND MEASURES TAKEN (article 50(2) of Regulation (EU) No 1303/2013)

### (a) Issues which affect the performance of the Programme and the measures taken

The entire project selection procedure, managed in 2016 and 2017, lasted 9 months in the first CfP. Due to a number of formal and eligibility criteria being considered as too strict in retrospect (e.g. the formal requirements of documents to be submitted, like establishing documents and extracts from register), **the formal and eligibility rules were eased in the second CfP**, launched at the beginning of 2019. Potential applicants are informed about these changes (to their benefit) already in the documents of the CfP, such as the Guidelines for Applicants.

**Also, a simplified formal and eligibility assessment is introduced after the submission of project proposals**, with the aim of allowing as many applications into the quality assessment phase as possible, where the scores of the proposals determine who receives funding. Thus only the most outstanding deficiencies now result in the project proposals' rejection in the simplified formal and eligibility phase. (Of course the projects awarded a subsidy will have to properly supply all documents needed for the conclusion of the Subsidy Contract, therefore a thorough check will be built in the contracting phase, after decision-making by the MC.)

**It has been the general intention to make the life of the applicants easier with the new electronic application system as well**, where only scanned documents are needed – even declarations, signed by legally authorised representatives of the project partnerships' organisations, have to be scanned and uploaded only, **no more posting of any documents is necessary.** While preparing the application module of IMIS for the Hungarian-Croatian Programme and during the compiling of the second CfP in 2018 and 2019, the lessons learned from the first CfP were carefully examined and taken into consideration.

(b) OPTIONAL FOR LIGHT REPORTS, otherwise it will be included in point 9.1 (Article 50(4) of Regulation (EU) No 1303/2013)

*An assessment of whether progress made towards targets is sufficient to ensure their fulfilment, indicating any remedial actions taken or planned, where appropriate*

See Point 9.1 of the present Report.
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6. CITIZEN'S SUMMARY (Article 50(9) of Regulation (EU) No 1303/2013)

*A citizen's summary of the contents of the annual and the final implementation reports shall be made public and uploaded as a separate file in the form of annex to the annual and the final implementation report.*

See separate file attached to the Report.

7. REPORT ON THE IMPLEMENTATION OF FINANCIAL INSTRUMENTS (Article 46 of Regulation (EU) No 1303/2013)

*Where the Managing Authority decided to use financial instruments it must send to the Commission a specific report covering the financial instruments operations as an annex to the annual implementation report:*

Not relevant in case of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020. (There are no financial instruments in the meaning of Article 46 of the CPR.)

8. WHERE APPROPRIATE, PROGRESS IN PREPARATION AND IMPLEMENTATION OF MAJOR PROJECTS AND JOINT ACTION PLANS (Article 101(h) and Article 111(3) of Regulation (EU) No 1303/2013 and Article 14(3)(b) of Regulation (EU) No 1299/2013)

Not relevant in case of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020. (There are no major projects or joint action plans in the meaning of Article 101(h) and 111(3) of the CPR or Article 14(3)(b) of the ETC Regulation.)

8.1 Major projects

Table 7

Major projects

Project	CCI	Status of MP 1.completed 2.approved 3.submitted 4.planned for notification/ submission to Commission	Total invest- ments	Total eligible costs	Planned notification/ submission date (if applicable) (year, quarter)	Date of tacit agreement/ approval by Commission (if applicable)	Planned start of implement- ation (year, quarter)	Planned completion date (year, quarter)	Priority Axis/ Investment priorities	Current state of realisation -financial progress (% of expenditure certified to Commission compared to total eligible cost)	Current state of realisation -physical progress Main implementation stage of the project 1.completed/ in operation; 2.advanced construction; 3.construction; 4.procurement; 5.design	Main outputs	Date of signature of first works contract ( <sup>(1)</sup> ) (if applicable)	Observations (if necessary)

<sup>(1)</sup> In the case of operations implemented under PPP structures the signing of the PPP contract between the public body and the private sector body (Article 102(3) of Regulation (EU) No 1303/2013).

*Significant problems encountered in implementing major projects and measures taken to overcome them.*

Not relevant in case of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020.

*Any change planned in the list of major projects in the Co-operation Programme.*

Not relevant in case of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020.

## 8.2 Joint action plans

*Progress in the implementation of different stages of joint action plans*

Not relevant in case of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020.

*Table 8*

### Joint action plans

Title of the JAP	CCI	Stage of implementation of JAP 1.completed 2.> 50 % implemented 3.Started 4.approved 5.submitted 6.planned	Total eligible costs	Total public support	OP contribution to JAP	Priority axis	Type of JAP 1.normal 2.pilot 3.YEI	[Planned] submission to the Commission	[Planned] start of implementation	[Planned] completion	Main outputs and results	Total eligible expenditure certified to the Commission	Observations (if necessary)

*Significant problems encountered and measures taken to overcome them*

Not relevant in case of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020.

## PART B

### REPORTING SUBMITTED IN YEARS 2017, 2019 AND FINAL IMPLEMENTATION REPORT (Article 50(4) of Regulation (EU) No 1303/2013 and Article 14(4) of Regulation (EU) No 1299/2013)

#### 9. ASSESSMENT OF THE IMPLEMENTATION OF THE COOPERATION PROGRAMME (Article 50(4) of Regulation (EU) No 1303/2013 and Article 14(4) of Regulation (EU) No 1299/2013)

##### 9.1 Information in Part A and achieving the objectives of the programme (Article 50(4) of Regulation (EU) No 1303/2013)

###### General progress

The implementation of the Programme is in line with the expectations of the participating Member States.

Following the approval by the EC in September 2015 the institutional setup has been created, TA projects were approved for the main bodies of the programme implementing structure, and **the MC was formed on a preliminary meeting in 2015**. It has since then had seven regular meetings, deciding, among others, about the materials of the first open CfP and about the project proposals to be supported.

###### 2016

At its second meeting, held on **2 February 2016**, the MC decided to manage the first CfP for **PA2, PA3 and PA4 in an open call system**, with the setup that has been used in all previous Hungarian-Croatian cross-border programmes, meaning with **a fixed launch date and a single submission deadline** approximately 90 days later. During the four years that had passed since the last call was open in 2012, **there was significant interest building up among potential applicants**, therefore the programme implementing structure deemed it most logical to open a general CfP for all available PA-s, instead of an on-going call with several submission deadlines. **(It was predictable that almost all applicants would use the possibility to immediately submit project proposals**, and only few partnerships would have chosen to wait for a second or third submission date.) **In order to meet the high interest**, about 40 per cent of the Programme's EU funding except for the strategic projects was made available to the applicants of the first CfP.

**As to PA1 of the Programme, it is handled entirely separated from the other PA-s** and is managed via a special system, in the framework of the 'Beneficiary Light Scheme' project. This construct involves **a two-step selection system**; the target group (SME-s) submit concept notes (called 'Light Concepts') and later detailed projects (called 'Light Project Proposals') to open CfP which have structured submission deadlines. Please find more information about the strategic project of PA1 in the relevant section below.

The other strategic operation, **the 'De-mine HU-HR II' project was identified by the MC as a special project in PA2**, outside a call for proposals system. The reason was the mentioning of the operation already in the CP and the highly successful predecessor project from the 2007-2013 programme. The project partnership almost stayed the same (one new Beneficiary joined in), and the ERDF amount made available to them was agreed by the two Member States to match the EU funding of the 2007-2013 period's co-operation. Please find the progress of the joint de-mining project at the description of PA2 projects below.

Following the opening of the first CfP in February 2016, by the submission deadline of **31 May 2016** **there were 207 applications received, marking the highest interest** in Hungarian-Croatian co-operation to date. **The rest of the year was marked by the formal- and eligibility assessment of the project proposals**, involving one round of completion (where possible due to the absence of rejection reasons).

## **2017**

Following the quality assessment of the project proposals in January and February, a two-day project selection meeting of the MC was organised on **2-3 March 2017**, and as a result **54 projects were selected for funding**. The 23.383.107,23 Euros of EU funding were awarded to 76 Hungarian and 100 Croatian Beneficiaries, while the share of the two Member States in the awarded funding was a very balanced 49:51, for Hungary and Croatia respectively.

Based on the award letters of the MA the LB-s **prepared the necessary documentation for the conclusion of the Subsidy Contracts (SC-s)**, with the JS providing assistance through personal consultations (managed in the border region by the JS members in Pécs, Osijek and Čakovec, and also at the headquarters in Budapest) and via continuous e-mail and phone support.

Partly parallel with the contracting procedure **all contracted projects have started their implementation periods in the year 2017**: 9 co-operations began with their activities in May, 7 in June, 5 in July, 3 in August, 19 in September, 4 in October, 3 in November and 1 in December. Unfortunately there was 1 case out of the 54 where the LB and its partners withdrew from contracting (project ID: HUHR/1601/4.1.1/0003, acronym: 'MT-UNICOP', LB: University of Pécs, Hungary); the awarded EU funding amount of 213.548 EUR is to be used for projects in this same PA in the framework of the second CfP.

To prepare the B-s for their reporting obligations, the Hungarian FLC body organised two **Beneficiary workshops about cost eligibility rules** in Zalaegerszeg, Hungary, on 11 and 12 October 2017. The three similar events of the Croatian side, which included also the presentation of the IMIS 2014-2020 system, took place in Čakovec, Croatia, on 27 February and 5-6 March 2018.

## **2018**

The beginning of the year was dedicated mostly to the preparing and opening of the Beneficiary Report (BR) module of IMIS to the users of the Hungarian and Croatian Beneficiaries. Following the opening of the system on **20-23 March 2018**, the B-s could start enter their reports with a deadline of 3-5 April. **Before opening the IMIS a project modification round was managed with all 53+1 projects** (including the 'Beneficiary Light Scheme' project), in order to adapt the final IMIS content before the first reporting to the actual situation in the ongoing projects.

Dedicated to the topics of n+3 status of the Programme, schedule of IMIS opening, TA reporting and opening of the 2<sup>nd</sup> CfP, **a Technical Meeting (No. 9 in the Programme) was organised on 26 February 2018 in Čakovec, Croatia**. On the same day also a meeting between the JS and the Hungarian and Croatian FLC bodies (the second of its kind) was held.

In constant co-ordination with each other, **the FLC bodies of the two Member States managed the validation of costs for Hungarian and Croatian project parts** throughout the entire second quarter and beyond. At the same time, preparing the LB-s for project level reporting, two LB workshops about the use of IMIS 2014-2020 were held in April 2018. Also on the agenda was the presenting of the strict anti-fraud policy of the MA to the LB-s of HU-HR projects.

**The first project level report (PR) was submitted on 1 June 2018 and was approved shortly thereafter, on 15 June**. It was followed by many more during autumn and winter 2018, leading to all

first CfP projects submitting at least one PR in the reporting year. The number of PR-s approved and the ERDF contained in them can be listed as follows:

- **PR1-s: 54 pieces** submitted and approved, for a total of 2.691.750,89 EUR eligible costs and with 2.348.999,57 EUR of EU contribution,
- **PR2-s: 42 pieces** submitted (40 approved), total eligible cost: 2.690.833,44 EUR, out of which EU contribution: 2.287.207,69 EUR,
- **PR3-s: 4 pieces** submitted and approved, for a total of 355.378,78 EUR eligible costs and with 302.071,93 EUR of EU contribution,
- **PR4-s: 1 piece** submitted and approved, total eligible cost: 36.230,69 EUR, out of which EU contribution: 30.796,07 EUR.

### **Priority Axis 1 – Economic Development**

The funding to this PA (9.960.300 Euros of ERDF, representing 16,38% of the Programme's total EU funding) is entirely dedicated to the so-called '**Beneficiary Light Scheme**'. Building on an example from the German-Dutch border region the planning experts and the MC have embraced a new approach towards supporting co-operation between actors of the economy on the Hungarian and Croatian side: for the first time in this border region the cross-border programme provides ERDF funding to SME-s. The project partnership to manage the support scheme was set up in 2016 and the project (AF and further materials such as the Implementation Manual) was **approved by the MC on its 4<sup>th</sup> meeting, on 1 December 2016**. The contracting process and the starting of implementation were carried over to 2017 and **the strategic project had its kick-off on 1 February 2017**, while the foreseen end date is 31 July 2021.

As 'Beneficiary Light Scheme' is a novelty in the life of the Programme, some crucial steps had to be taken also during project implementation, not only the setting-up, in order to allow the project to operate. **The scheme has a built-in supporting mechanism for the participating SME-s, the EPSF**, which first had to be set up before detailed project elaboration of SME co-operations (the second phase of the two-step selection process inside the scheme) could begin. These experts are funded from the LB's budget and their procurement faced some difficulties because of the many instances in Croatian law for the non-winning tenderers to file complaints against the award procedure of the contract. **HAMAG BICRO managed to engage the winning EPSF team only with a delay of 6-7 months, in September 2018.**

In the meantime, the first Call for Light Concepts was opened on 9 June 2017 with a closing date of 15 September 2017 until which **53 project concepts were received**. The first Selection Board meeting was held on 11 November 2017 when the SB members decided to repeat the evaluation process for better results, thus the successful SB meeting took place on 18 December 2017 with the establishment of the final ranking list. **There were 21 Light Concepts approved** to enter the second round and to elaborate detailed project proposals with the help of EPSF experts. The first Call for Light Project Proposals was launched 26 October 2018, with a submission date of 14 December 2018 and with 17 Light Project Proposals submitted. The planned funding available to the first Call projects is 2,55 million EUR, awarded to the **10 winning SME partnerships in 2019**.

Regarding the next two-step application process, the second Call for Light Concepts was open between 16 April 2018 and 18 June 2018 – **from the 36 submitted concepts 25 were approved to enter the second round** and receive detailed project development aid from the EPSF. Subsequently, the second Call for Light Project Proposals (the second stage) was launched on 17 December 2018 with a submission deadline of 15 February 2019.

**Due to its pilot nature the strategic project is especially closely monitored by the programme implementing bodies** during its implementation which involves a constant learning process and

necessitates a diligent adapting of all of the scheme's basic documents (such as Implementation Manual, Evaluation Manual or Guidelines for Light Applicants) to real-life needs.

The partnership (main B-s) of the Beneficiary Light Scheme has in 2018 submitted one project report (PR<sub>1</sub>), covering four reporting periods. The approved and transferred **EU contribution amounted to 406 748,58 EUR.**

### **Priority Axis 2 – Sustainable Use of Natural and Cultural Assets**

This PA, allocated a total of 35.779.654 Euros of ERDF (representing 58,82% of the Programme's total EU funding), is divided into two IP-s, 6c (Conserving, protecting, promoting and developing natural and cultural heritage) and 6d (Protecting and restoring biodiversity and soil and promoting ecosystem services, including through NATURA 2000, and green infrastructure).

IP 6c hosted one of the strategic projects of the Programme, '**De-mine HU-HR II**', a continuation of the earlier de-mining co-operation of the two Member States which was approved by the MC on its 1<sup>st</sup> meeting in December 2015, and which was under implementation between 1 June 2016 and 31 May 2018. The total EU funding to the project amounted to 2.999.989,74 EUR. The project **managed its first Beneficiary-level reporting in the year 2016**, marking also the first validation activities for the FLC bodies in the 2014-2020 programming period. (The total EU funding requested in the first report amounted to 99.133,17 EUR.) Also, the first PR (approved in April 2017) has already reported a substantial achievement of indicators, including a claimed 459,85 ha of rehabilitated land surface, **fulfilling the planned output indicator set at 450 ha in the CP.**

**The progress reports of the strategic project** were managed as follows (PR<sub>1</sub>, 2 and 3 approved first outside of the IMIS 2014-2020 system – PR<sub>4</sub> and 5 already electronically, with a preceding upload of the earlier paper-based reporting into the system):

- **PR<sub>1</sub>** – total eligible costs 116.627,28 EUR, out of which EU contribution 99.133,17 EUR,
- **PR<sub>2</sub>** – 1.665.980,47 EUR total eligible costs, EU contribution 1.416.083,39 EUR,
- **PR<sub>3</sub>** – total eligible costs 265.069,66 EUR, out of which EU contribution 225.309,19 EUR,
- **PR<sub>4</sub>** – 135.424,68 EUR total eligible costs, EU contribution 115.110,96 EUR, and
- **PR<sub>5</sub>** – total eligible costs 793.291,89 EUR, out of which EU contribution 674.298,09 EUR.
- **PR<sub>6</sub>, to be submitted in 2019**, will cover the remaining 16% of EU funding that is still not yet paid out to the B-s of the project.

For the available funding in IP 6c to **projects to be selected in open calls**, the first CfP saw interest from submitted project proposals at 51.409.488 Euros in total, representing **ca. 4 times** the amount (12.752.544 Euros) made available. Regarding IP 6d this ratio was **1,4 times** (meaning 12.317.661 Euros requested, against 8.576.241 Euros available). **Even more project generating efforts are being devoted to IP 6d** in order to ensure a bigger competition for the available funding. (At the same time it seems that IP 6c has no difficulty in attracting potential partnerships.)

In the frame of the first CfP there were 20 'regular' projects supported within PA2, with the following division among the Components:

- 6 projects in Component 2.1.1, Bicycle Paths,
- 7 projects in Component 2.1.2, Tourism Attractions,
- 4 projects in Component 2.1.3, Thematic Routes and other Tourism Products, and
- 3 projects in Component 2.2.1, Restoring the Ecological Diversity in the Border Area.

Project reports were approved in 2018 as follows:

**Component 2.1.1:**

- **PR1-s: 6 pieces** submitted and approved, for a total of 196.119,15 EUR eligible costs and with 166.701,19 EUR of EU contribution,
- **PR2-s: 4 pieces** submitted and approved, total eligible cost 379.893,05 EUR, out of which EU contribution 322.909,03 EUR.

**Component 2.1.2:**

- **PR1-s: 7 pieces** submitted and approved, for a total of 366.258,25 EUR eligible costs and with 311.319,42 EUR of EU contribution,
- **PR2-s: 6 pieces** submitted and approved, total eligible cost 856.554,34 EUR, out of which EU contribution 728.071,07 EUR,
- **PR3-s: 1 piece** submitted and approved, for 315.501,79 EUR total eligible costs and with 268.176,51 EUR of EU contribution.

**Component 2.1.3:**

- **PR1-s: 4 pieces** submitted and approved, for a total of 217.440,59 EUR eligible costs and with 184.824,42 EUR of EU contribution,
- **PR2-s: 3 pieces** submitted and approved, total eligible cost 153.707,24 EUR, out of which EU contribution 130.651,10 EUR.

**Component 2.2.1:**

- **PR1-s: 2 pieces** submitted and approved, for a total of 45.454,04 EUR eligible costs and with 38.635,90 EUR of EU contribution,
- **PR2-s: 2 pieces** submitted and approved, total eligible cost 111.435,63 EUR, out of which EU contribution 94.720,26 EUR,
- **PR3-s: 1 piece** submitted and approved, for 8.421,91 EUR total eligible costs and with 7.158,62 EUR of EU contribution,
- **PR4-s: 1 piece** submitted and approved, total eligible cost 36.230,69 EUR, out of which EU contribution 30.796,07 EUR.

**Priority Axis 3 – Cooperation**

Almost half, 2.500.000 EUR from the total amount of 5.717.494 Euros of ERDF allocated to this PA (representing 9,4% of the Programme's total EU funding) was made available to potential applicants in the framework of the first open CfP. **A popular topic already in the previous Hungarian-Croatian co-operation programmes**, this thematic area attracted the second largest amount of submitted applications, at 52 pieces. The requested total funding amount of 9.663.788 EUR means that **interest was 3,9 times higher than the available allocation**. Containing relatively smaller sized projects (from 50.000 to 300.000 Euros per project), this PA is to be opened in the second CfP as well.

The next CfP in this PA addresses the question of unsuccessful (formally non-compliant) project proposals as in this field there were 52 submitted applications, out of which 27 had to be rejected due to formal- and eligibility reasons (14 with mistakes that did not make a completion round possible, and 13 after completions), so that **only 25 project proposals could move to the quality assessment**, following which 15 were selected for funding, based on the professional opinion of the quality assessors. **A new system of assessment is introduced with the second CfP**, managed in 2019, where after a basic formal and eligibility check all compliant project proposals proceed to quality

assessment and receive scores. (A detailed check of documents will of course also be conducted, but only on those projects which receive the support of the MC.) It is expected that this new approach helps to identify the best projects in a more applicant-friendly way.

From the **15 supported projects of the first CfP in PA3** there are 12 in Component 3.1.1 (Thematic co-operation) and 3 project in Component 3.1.2 (People-to-people co-operation).

Project reports were approved in 2018 as follows:

**Component 3.1.1:**

- **PR1-s: 12 pieces** submitted and approved, for a total of 624.158,50 EUR eligible costs and with 530.534,52 EUR of EU contribution,
- **PR2-s: 6 pieces** submitted and approved, total eligible cost 252.415,95 EUR, out of which EU contribution 214.553,44 EUR.

**Component 3.1.2:**

- **PR1-s: 3 pieces** submitted and approved, for a total of 106.455,68 EUR eligible costs and with 90.487,27 EUR of EU contribution,
- **PR3-s: 1 piece** submitted and approved, for 25.574,60 EUR total eligible costs and with 21.738,40 EUR of EU contribution.

**Priority Axis 4 – Education**

The ERDF allocation of this PA, just as in case of PA3, amounts to 5.717.494 Euros of ERDF allocated to this PA (representing another 9,4% of the Programme's total EU funding). At the time of programme planning the inclusion of this PA was also requested by the stakeholders 'on the ground', and as if to underline the positive decision, **this PA has received the largest number of applications in the first open CfP, attracting 55 project proposals**. The total requested amount of EU funding was 9.603.168 Euros as compared to an available 2.700.000 Euro framework, resulting in **a funding need 3,6 times higher than made available**.

In the frame of the first CfP **18 project proposals received support within PA4**, with the following division: 3 projects in Component 4.1.1 (Co-operation in higher education) and 15 projects in Component 4.1.2 (Co-operation in preschool, primary and secondary education and adult education).

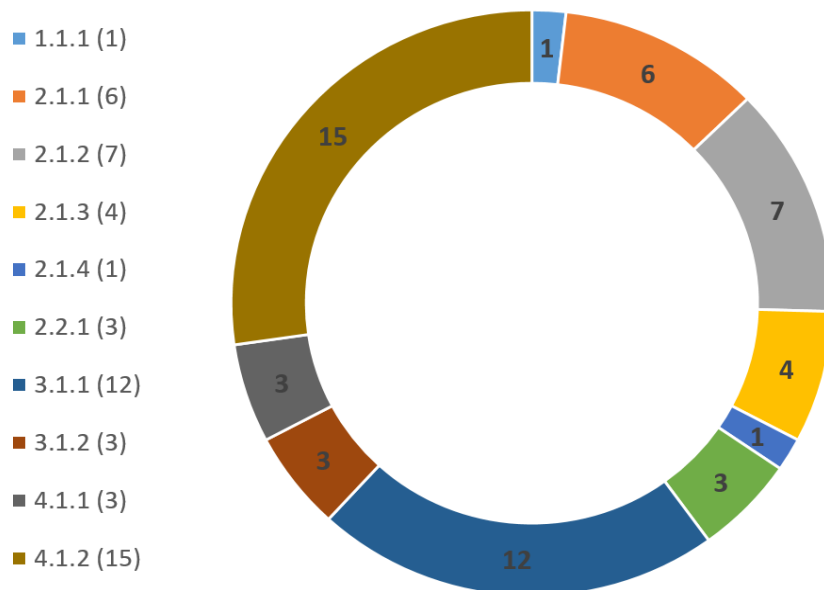
**Component 4.1.1:**

- **PR1-s: 3 pieces** submitted and approved, for a total of 59.059,98 EUR eligible costs and with 50.200,92 EUR of EU contribution,
- **PR2-s: 2 pieces** submitted and approved, total eligible cost 121.225,53 EUR, out of which EU contribution 103.041,68 EUR.

**Component 4.1.2:**

- **PR1-s: 15 pieces** submitted and approved, for a total of 670.056,12 EUR eligible costs and with 569.547,35 EUR of EU contribution,
- **PR3-s: 11 piece** submitted and approved, for 454.095,42 EUR total eligible costs and with 385.980,88 EUR of EU contribution.

**The number of supported projects in all PA-s** of the Programme so far is displayed on the following diagram:



**The individual components are the following:**

- 1.1.1 – Strategic project 'Beneficiary Light Scheme'
- 2.1.1 – Bicycle paths
- 2.1.2 – Tourism attractions
- 2.1.3 – Thematic routes and other tourism products
- 2.1.4 – Strategic project 'De-mine HU-HR II'
- 2.2.1 – Restoring the ecological diversity in the border area
- 3.1.1 – Thematic co-operation
- 3.1.2 – People-to-people co-operation
- 4.1.1 – Co-operation in higher education
- 4.1.2 – Co-operation in preschool, primary and secondary education and adult education

**Priority Axis 5 – Technical Assistance**

At 6% of the total EU funding allocated to the Programme, TA is the smallest PA, however, it acts as the engine of programme implementation since it contains financial support to all the organisations that manage the Programme throughout its entire life cycle. The 3.649.464 Euros of ERDF (and matching national contributions) are allocated to **8 TA projects, all approved by the MC at its 1<sup>st</sup> meeting, on 8 December 2015.**

Reflecting on the goal of PA5 to '*improve the administrative procedures and lower the administrative burden of the Beneficiaries*' **the activities in the Programme were also in 2018 in line with the statement of Chapter 7 of the CP that 'the efforts of the Programme to decrease the administrative burden will have to balance between quality and quantity of documentation, as well as between giving clear guidance and overregulation'.** As regards the two concrete actions envisaged in the CP, the situation in 2016 was as follows:

- **Simplified cost options** have been introduced already in the first CfP. **Preparation costs are defined as a lump sum** of 3.000 EUR per project, **the Beneficiaries can choose to receive their staff costs as a flat rate** of up to 20% of direct costs other than staff costs, furthermore **office and administration expenditure is calculated as a flat rate** of 15% of the staff costs, and **equipment for general (office) use is an eligible expenditure** that is automatically granted to the selected projects in the form of **a lump sum** for the maximum of 1.000 EUR per Beneficiary. Owing to these newly introduced changes in administering and reporting, the Beneficiaries are freed from a substantial burden, and – along the rules set in the CfP and the Control Guidelines – also the FLC bodies on both sides profit from the simplification of the checking of costs.
- In line with Article 122(3) of the CPR and the requirements of e-Cohesion, in the processes following the awarding of the EU subsidy the paper-based administration obligations of the Beneficiaries have drastically decreased. **The selected projects perform their reporting activities already in the electronic monitoring system** which integrates all control processes from the Beneficiary Reports upwards. **At the same time, the second open CfP has been launched electronically in 2019**, decreasing the administrative burden already in the application phase. The analysis and summary of the beneficial changes brought by the full-scale operation of the electronic monitoring system, from application until project closure, is possible in the year 2019 when the second CfP will have been assessed and the first CfP projects will have been closed.

#### 9.2 **Specific actions taken to promote equality between men and women and to promote non-discrimination, in particular accessibility for persons with disabilities, and the arrangements implemented to ensure the integration of the gender perspective in the cooperation programme and operations (Article 50(4) of Regulation (EU) No 1303/2013 and Article 14(4), subparagraph 2, (d) of Regulation (EU) No 1299/2013)**

During formal and eligibility assessment the following compliance with eligibility criteria was checked thoroughly: 'The project proposal has provided detailed information about how it addresses the horizontal principles of sustainable development, equal opportunities and non-discrimination, and equality between men and women'.

During quality assessment, in connection with the target group evaluation aspects of Components 2.1.2 and 2.1.3, **0 to 3 points were awarded by the assessors** (out of a total score of 100) based on the proper identification of the target group, considering the ones in need. In general, among the selected project proposals in Component 2.1.2 and 2.1.3 relatively high scores (exceeding 60 %) were given to the above described criteria.

In case of Component 3.1.2 special attention was paid during the selection procedure to the involvement of minorities. **3, as the highest score (out of 100) was reached by those project proposals that actively involve minorities into their activities.** Since not all people-to-people, co-operation type project proposals were focusing on minorities, the relevance of this criterion was rather moderate (less than 50%).

During the quality assessment of proposals, **Component 4.1.1 had two main focuses promoting equal opportunities.** One of them was the '*Connection to the labour market*' aspect of a given project proposal – 0 to 2 points were given for the respective criterion. In general, the selected projects received relatively high scores to this criterion (exceeding 60%). The other equal

opportunity criterion was the involvement of '*Marginalised people and national minorities*' in the project.

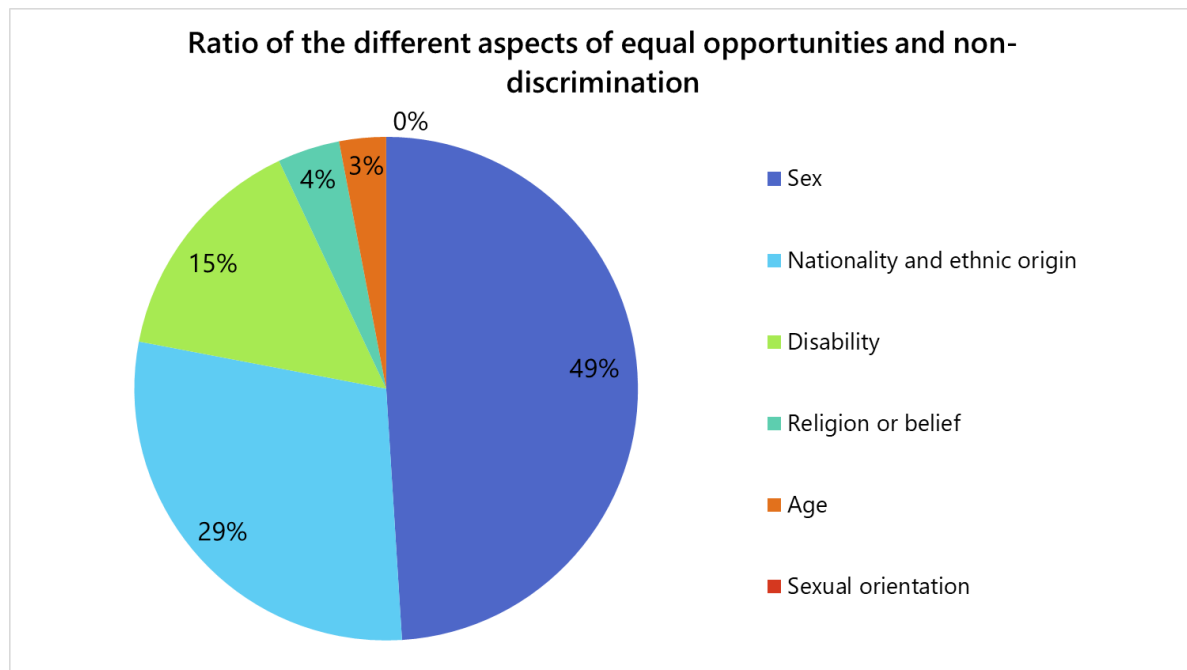
**Finally, in case of Component 4.1.2 the following aspect of equal opportunities was investigated during quality assessment:** '*Marginalised people and national minorities*' in the project. In this respect again two aspects were scrutinized thoroughly by the quality assessors: the relevance of this latter criterion was rather moderate (less than 50%).

**Among the selected project proposals** 21 co-operations chose the 'Number of project activities/events involving marginalized communities (minorities, Roma people, disadvantages people, refugees, and/or people with disabilities)' indicator and 19 the 'Number of project activities/events in connection with equal opportunities and gender equality' indicator. (Please note that there were project proposals that chose both indicators.)

**Regarding selected first CfP projects that indicate to involve Roma people** and people living in deep poverty, in most of the cases special conditions were formulated as part of the fulfilment of conditions before contracting, such as a clear description on how exactly these disadvantaged groups will be involved in the project activities and events. The methodology was checked during the contracting process, in the second and third quarter of 2017. **Out of the 54 selected projects 21 have project activities** promoting the involvement of disadvantaged groups.

**Implementation-oriented Evaluation I**, mentioned under Chapter 4 (Synthesis of the evaluations) of this report, addressed also the issue of equality and non-discrimination and analysed all projects approved by the MC based on their input for the horizontal principles criteria. After closely analysing the measures mentioned by the B-s in their project material, it seems that most of the projects regarded the inclusion of horizontal issues as a necessary requirement formulated by the Programme.

The next graph presents the ratio between the different aspects of equal opportunities and non-discrimination as they appear in the projects. **The aspect that is mostly dealt with is the sexes. The second most explored aspect is the nationality and ethnic origin:** nearly one third of the B-s intend to eradicate any discrimination based on nationality or ethnicity. **The third largest group consists of initiatives dealing with providing equal opportunities for people living with any type of disability.** The other three aspects are considerably less dealt with – only 4% is dedicated to religious, 3% to age-based non-discrimination, and no project mentioned any steps to be taken to counteract discrimination based on sexual orientation.



### Equality between men and women

Regarding this horizontal principle the most often repeated inputs provided by the projects express more a broad ideological commitment than actual measures to be taken in accordance with the horizontal issues. For instance: *'This project results knows no genders, minorities or races'*.

A similarly popular type of answer was to link the gender aspect of equal opportunities with the composition of the project staff. A considerable number of projects cited that their project management offers opportunities for women as well, for example: *'The project management team will be composed predominantly by women. This function will be maintained until the end of the project and in the sustainability period as well. Measurement: list of contact persons and staff involved.'* Others also quantified this participation in this way: *'Project team will have at least 50% women in the team.'* Another aspect of this point is the question of equal pay. Some projects emphasized that *'salaries of women and men doing similar tasks will be similar and not gender-dependent'*, which is also an important aspect of this horizontal principle.

Others, in a smaller number, tried to approach the subject from a different angle. One such perspective was of the communication, where the discussed horizontal principle was made evident through the communication of the openness of the project: *'Communication of the project will convey the message of non-discrimination by fostering the participation of women and other disadvantaged groups in project events, initiatives'*. Another quite rare attempt was to approach the subject in a more integrated and complex way. For instance one project mentioned three different initiatives with which they try to realize this horizontal principle: *'75% of the project team members are women, the principle of equal payment for equal work is guaranteed, gender perspective is ensured by the design of service portfolio (e.g. women bikes for rent, organisation of women cycling day event).'* As it can be seen from this example it is not impossible to try to depart from the most evident and basic answers and tailor the specific project to the given horizontal principle.

## Disability

Disability is the third most widely discussed aspect of the first horizontal principle. However, the vast majority of the answers is so general that no actual planned measure can be identified. Most of the projects deal with the issue in a superficial way: *'[t]he project will contribute to respect horizontal principle of equal opportunities and non-discrimination. That is why project plans participation of women and disabled people.'*

The second most popular approach was to commit to organise the different project activities in a venue that is easily accessible. Thus, most of the input submitted through the application forms are along the lines of the following ones: *'[t]his project will enable participation of all marginal groups. Access to the bike trail will be built without barriers that prevent access for disabled persons'* and *'[w]e will certainly continue these efforts on the proposed project. In regards to disabled, events will be organized preferably in venues where accessibility for disabled is ensured.'*

On the other hand there are also initiatives which intend to involve people living with disabilities to participate in different activities. For instance: *'One of the festivals, the Purslane Picnic integrates an awareness walk into its programme of events, when able bodied and disabled people climb together up to Jakabhegy.'* or *'Disabled people will also be involved through ensuring them the opportunity to meet some sports (i.e. wheelchair basketball, wheelchair dance sport, etc.) & try them. They can meet civil organizations working in the field of sport, which can help them to choose which sport they can exercise regularly. This 'expo' gives the possibility to disabled people to support their social inclusion through sport.'*

Furthermore, there are measures taken in order to ensure the participation of disabled people both in the events (*'[w]e will monitor the number of women, disabled and disadvantaged people during the activities especially during the workshops, training and dissemination events.'*) and in the public discourse (*'[g]reat project output that will significantly help disadvantaged groups is a computer program and mobile application that will enable much easier and efficient communication of disabled people (citizens) with responsible people at local authorities on waste management and communal topics.'*)

### 9.3 Sustainable development (Article 50(4) of Regulation (EU) No 1303/2013 and Article 14(4), subparagraph 2, (e) of Regulation (EU) No 1299/2013)

To promote sustainable development, the following aspects were addressed through all PA-s of the Programme:

- Selection of projects with highest resource efficiency and sustainability,
- Prevention of investments with considerable negative environmental and climate effects,
- Increased use of sustainable procurement (green public procurement),
- Comparing life cycle costs of investment options for long term perspective.

**Sheet 5 of the AF** was set up in a way that within the key aspects of project description a specific question was asked about sustainable development.

**In the quality assessment grids** an individual list of criteria was tailored to each Component in order to ensure that the projects are serving Programme's objectives. **Out of the total 100 points 35 points were dedicated to the Component specific aspects**, meaning that those selection criteria that were predefined in the CP were strongly followed during the quality assessment phase and the scoring of project proposals. Environmental protection requirements were taken into account in case of all Components containing works activities. Throughout the quality assessment it has been closely investigated whether during the project implementation special attention is to be paid to environmental protection requirements. In case of Component 2.2.1 even the conformity with EU and national directives concerning environmental protection requirements was taken into consideration.

**The feasibility and sustainability of project proposals** were in particularly scrutinized by a separate section in the quality assessment grid. In case of all Components the project contribution to the horizontal principles of the Programme, especially to the aspects defined for each relevant Specific Objective on sustainable development, was taken into consideration under the sustainability of the projects. All these aspects were included (and scored) in the quality assessment grids.

**Regarding indicators, special horizontal ones were introduced on AF Sheet 7**, covering the topic of sustainable development and equal opportunities. Out of the 6 predefined indicators all projects were obliged to select at least one and to plan a target value for it.

**Beyond Priority 2** even under Priority 3 (Co-operation – Enhancing Institutional Capacity and an Efficient Public Administration) project proposals with inter alia the following expected results were promoted in the CfP:

- Energy efficiency, exploitation of renewable energy sources,
- Innovative approaches to environmental protection and management not covered by Specific Objective 2.2.

Also, all procurements managed by the programme implementing bodies from **Technical Assistance resources** are fully in line with the national public procurement legislations, including the rules regarding 'green procurements'.

**As regards the supported projects of the first open CfP, sustainable development received rather considerable attention** since 25 projects out of the 54 selected (46,3%) can be directly or indirectly linked to sustainable development (including climate change, nature conservation, environmental protection, reducing CO<sub>2</sub> emission, promoting local products, sustainable eco-tourism, biking, e-vehicles, supporting renewable energy resources and energy efficiency, sustainable waste management, and raising awareness in these respects). In 2018 the transferred EU contribution to these 25 projects amounted to 1.147.580,00 EUR.

**According to the outcomes of Implementation-oriented Evaluation I it seems that sustainable development is a principle that truly inspired the B-s**, as they came up with a wide variety of measures to be taken in order to put this principle in practice. Some projects mentioned that they envisage to realize this principle by the way they manage the project, for instance using public transportation when going to project meetings, using online communication tools, avoiding printing as much as possible or at least using recycled paper when printing is absolutely necessary (e.g. *'Croatian project partner will give priority to using recycled paper in relation to the bleached paper'*).

One project collected these ideas outstandingly well, the following way: *'project partners will reduce their environmental and carbon foot-print by using public transport or sharing car when they go to*

*project meetings, minimizing the number of personal meetings and opting for online meetings, organizing back-to-back meetings to save time, cost and to increase sustainability and looking for local/regional products/services as much as possible. During the whole project partners will pay attention to resource efficiency and sustainability in a way that they will organize environment-friendly events due to the following factors: organizing events at venues with good public transport links or facilitating the access to public transport and creating a clear re-use and recycling policy in order to implement energy-efficient events, including power, light, heat and cooling.'*

Other projects are by definition geared towards sustainable development, such as the one dealing with bees. Here additional measures are not so necessary as the idea of sustainability is already represented as the project materials formulates it as well: *'[t]he whole theme of the project is connected to sustainable development. Many studies show the decrease of bees and bee habitat in the last 15 years. If this decreasing trend continues, it could in time lead to decreasing of plants, than animals and in the end - humans. Project acronym shows the importance of developing beekeeping not only for economic reasons but for the protection of the whole food chain.'* Another similar case is the one where sustainability is reflected in speeding up bureaucratic procedures in order to save time and energy as the project explains: *'since our pilot project is focussed on the development of public administration services, sustainability is interpreted in a special way. Overall, we must take into account the time and energy saved, once a number of procedures become more accessible and simpler, preventing citizens from having to travel to the neighbouring country or spend too much precious time with bureaucratic procedures. On the other hand, cutting "red tape" will make the operation of our offices more efficient and contribute to saving energy by a reduced amount of time spent processing citizens' claims. Speeding up procedures thus saves time and energy for both citizens and administrations, thereby contributing to EU horizontal principles on sustainable development.'*

Furthermore, a great number of projects pointed out their commitment to sustainability by mentioning that they planned their infrastructural modifications in a way that they would not result in any negative environmental effects. For example project Attractour states that the *'planned investments in tourism attractions-visitor centres in Čakovec and Letenye have no significant impact on the Environment since the planned interventions are mere reconstructions of the existing buildings with no modifications of the building outlines.'* Others have provided even more details stating that the *'reconstruction of the building will be designed to meet the health and hygiene conditions, does not endanger human health, does not distort the natural environment, and its reconstruction will be no release of hazardous gases, vapours and other harmful substances in terms of air pollution.'* Even better are those solutions which ensure to improve the given environmental solutions such as this project's: *'architectural solutions that will be constructed are enriching the flora that surrounds the area of Tourism-education centre and its facilities. The thematic resting area will be a butterfly garden with flower types that attract butterflies. Also, to parking line will not be asphalted, it will have the grass that will improve the nature friendly image.'*

#### **9.4 Reporting on support used for climate change objectives (Article 50(4) of Regulation (EU) No 1303/2013)**

**In the first open CfP of the Programme there have been several Components in which project proposals aiming at fully and directly, or partially and indirectly, combating climate change**

**could be submitted.** These were Component 2.2.1, 'Restoring the ecological diversity in the border area' and Component 3.1.1, 'Thematic co-operation' (mostly the field of renewable energy sources) – and taking into consideration the promotion of environmentally friendly tourism and transport, thus the reduction of CO<sub>2</sub> also Component 2.1.1, 'Bicycle paths', Component 2.1.2, 'Tourism attractions' and Component 2.1.3, 'Thematic routes and other tourism products'.

Altogether 20 project proposals targeted **Component 2.2.1** in the first CfP. Among these proposals 13 aimed at combating climate change directly or indirectly, with such planned activities as promoting sustainable land use, protecting indigenous oak forests and indigenous animal species, eliminating invasive species and monitoring groundwater levels, promoting sustainable agriculture, protecting native fruit trees, restoring oxbows and reservoirs, enhancing arboretums, restoring game habitats, promoting eco-gardening and organic farming, and implementing conservational activities in the Mura-Drava-Danube Transboundary Biosphere Reserve. These 13 project proposals altogether requested 8.033.513 Euros of EU contribution. **All 3 selected projects can be linked to combating climate change** (oak forest protection, eliminating invasive tree species and monitoring groundwater levels, and restoring side arms and oxbows at the Drava River). The EU contribution of these three projects, approved in March 2017, amounts to 2.292.384 Euros.

**Component 3.1.1** received 33 project proposals. From these 12 were set to combat climate change directly or indirectly, with such planned activities as CO<sub>2</sub> reduction of buildings, promoting renewable energy sources / energy efficiency / electric vehicles, monitoring flash-floods and installing hydro-meteorological stations, promoting solar and biomass energy, implementing flood protection activities at the Drava river, preparing a cross-border flood forecast model, supporting sustainable waste management, introducing short food supply chains. These 12 project proposals altogether requested 2.628.7069 Euros of EU contribution. **Among the 12 supported projects 7 can be linked to combating climate change** (CO<sub>2</sub> reduction of buildings, promoting renewable energy sources / energy efficiency / electric vehicles, sustainable waste management). The total EU contribution to these 7 projects is 1.594.039 Euros.

Potential applicants submitted 13 project proposals to **Component 2.1.1**, out of which **6 were supported by the MC**, for a total of 7.388.959 Euros of EU contribution. The 29 project proposals submitted to **Component 2.1.2 resulted in 8 selected projects aiming at directly or indirectly supporting ecotourism**; their total EU funding amounts to 6.695.021 Euros. Out of these supported projects 2 co-operations (for an amount of 1.908.906 Euros of EU contribution) can be regarded as directly or indirectly serving the goals of combating climate change. Finally, in **Component 2.1.3** altogether 38 project proposals were submitted in the first CfP; **out of the 4 supported projects there is 1 indirectly linked to climate change**, amounting to 324.695 Euros of EU funding.

#### 9.5 **Role of partners in the implementation of the cooperation programme (Article 50(4) of Regulation (EU) No 1303/2013 and Article 14(4), subparagraph 1, (c) of Regulation (EU) No 1299/2013)**

The members of the MC were defined while **taking into consideration the Commission Delegated Regulation on the European Code of Conduct on Partnership**, in order to ensure efficiency and broad representation, thus the members and observers of the MC are **on one hand** competent national, regional, local, urban and other public authorities having relevant experiences, **and on the other hand** organisations representing civil society, such as environmental partners, non-governmental organisations and bodies responsible for promoting social inclusion, gender equality and non-discrimination.

Regarding the first group (**public authorities**) the main principle for identifying and selecting the members was the **continuity between the two programming periods** 2007-2013 and 2014-2020. **The NUTS 3 level representatives** (the voting members) are exactly the same as in the preceding cross-border co-operation: the three Hungarian and eight Croatian counties of the border region as the main territorial stakeholders of the two countries. **The members in advisory capacity which are ministries** have also been selected based on their 'traditional' involvement in the (J)MC; they are the responsible national level representatives of the sectors (thematic areas) addressed by the Programme.

**Concerning the organisations which represent civil society, the principle for involving them was to ensure a balanced representation** of the thematic areas covered, while at the same time keeping the number of MC members optimal for efficient debates and decision-making. Thus the two Member states agreed that **social inclusion and environmental protection** should be covered by Hungarian social partners (the General Directorate of Social Affairs and Child Protection Sub-Office of Zala County, the Equal Treatment Authority and the Drava Federation, respectively), while Croatian social partners would represent **actors of the economy, the local governmental sphere and the NGO-s** (see the Croatian Chamber of Economy, the Association of Municipalities and Cities and ACT-Autonomous Centre).

**Experience with the enlarged partnership in the MC has been positive;** the new members have quickly embraced their role in the joint body and have provided useful input to the first and second CfP and their documents, next to actively participating in project selection and in the supervision of project implementation. **The access of the MC members to all documents of the Programme and to all information available is continuously ensured.** Next to MC meetings and written procedures they are informed about all programme events as applicable, where they are always invited to participate. Personal contact via e-mail and telephone is more frequent with some social partners of the MC than with others; there is still room for a closer involvement of one or other member organisation.

**In the reporting year 2018 the MC had one meeting** which was attended by the overwhelming majority of the members, and the quorum for decision-making was easily met. **On the agenda were** the modification of the RoP (due to institutional changes affecting the membership), the discussion and approval of the documents of the second CfP (Call, Guidelines for Applicants, assessment grids etc.) and the approval of the modified Assessment Manual, adjusted to the new electronic submission and assessment system. **The meeting also featured a presentation by the Desk Officer of the European Commission** about the preparations for the financial perspective 2021-2027. Next to the 'live' meeting **the MC has also decided on programme- and project level issues in 3 written procedures** in 2018, managed electronically via e-mail and the Back Office of the Programme's website.

#### 10. OBLIGATORY INFORMATION AND ASSESSMENT ACCORDING TO ARTICLE 14(4), SUBPARAGRAPH 1 (a) AND (b), OF REGULATION (EU) No 1299/2013

##### 10.1 Progress in implementation of the evaluation plan and the follow-up given to the findings of evaluations

The Evaluation Plan of the Programme was approved by the MC after its 4<sup>th</sup> meeting, in December 2016, and the first activities regarding programme evaluation were performed in the year 2018 when the **experts contracted by the MA (the Central European Service for Cross-border Initiatives, CESCI)** managed the first phase of the Implementation-oriented Evaluation of the

**Programme.** Please find the results of the draft evaluation report, as of April 2019 under finalisation and awaiting MC approval, in Chapter 4 of the present report.

## 10.2 The results of the information and publicity measures of the Funds carried out under the Communication Strategy

Communication activities in 2018 were implemented based on the 'Communication Strategy of the Interreg V-A Hungary-Croatia Co-Operation Programme 2014-2020', approved on 8 December 2015 via MC Decision No. 7/2015 (8.12), as well as the Communication Plan For The Year 2018 as approved by the MC on 18 September 2018 via MC Decision No. 6/2018 (18.09). The 'Introduction' chapter of the Strategy references the Eurobarometer surveys which showed that on the level of the entire Union, **the awareness of citizens of the positive impacts of Regional Policy is limited.**

**However, the situation in the two Member States involved in this Programme is significantly better than the European average,** with Hungary and Croatia regularly being featured among the top positive results. Building on this good starting point, the Communication Strategy defines **the goal** that *'the achievements of the Programme as a whole, as well as those of its individual projects, should be widely promoted and, when possible, put into a wider perspective of their contribution to the EU Cohesion Policy'*.

**All communication activities of the Programme** make it their priority to emphasize the role of the EU funding for the Programme and the Hungarian-Croatian border region. **This translates to the level of projects through the Project Communication Guidelines,** compulsory to be followed by all selected operations within the first CfP. Thus *'the Beneficiaries are required to [...] ensure a statement included in any document, attendance or other certificate about the effect that the Programme was financed by the EU'* (see Chapter 1.1 of the PCG). Projects are also obligated *'to ensure that their final outputs have clear reference to EU contribution, while Programme and EU (EU Interreg with ERDF reference) logos are obligatory to be used'*. Compliance with the detailed programme level rules regarding communication (and regarding the emphasising of the EU support to the project) **is being monitored by both the FLC bodies and the JS during project reporting.**

**The focus of programme level communication in 2018 was on the implementation of the first CfP projects and on the preparation of the upcoming launch of the second CfP.**

**One major communication event was held in 2018: a Best Practice Conference** on 14 November on the Hungarian side of the border area, in Zalakaros. The Conference presented an occasion to showcase the two strategic projects (Beneficiary Light Scheme, De-mine HUHR II) and the selected first CfP projects within each of the eight Components of the Programme.

**To mark the 7<sup>th</sup> edition of European Co-operation Day,** certain B-s of co-financed projects organised in co-operation with the JS altogether 16 events, showcasing their outcomes and future plans to the public.

**The closing conference** of the first strategic project of the Programme, 'De-mine HU-HR II', was organised in Villány, Hungary on 25 May 2018. **The feedback of participants and general audience was very positive,** followed by tweets and retweets on the Programme's Twitter account (<https://twitter.com/InterregHUHRcbc>) as well as posts and likes on the official Facebook profile (<https://www.facebook.com/huhr.cbc>). In general, all programme events gathered strong national and regional media coverage.

Having managed to be backed up by a new 3-year contract, the programme website ([www.huhr-cbc.com](http://www.huhr-cbc.com)) developed in 2018 a partially new look, while the Programme was very active on social media as well.

**Preparations were made for the printing of promotional materials** necessary for the implementation of the communication activities (mainly the Information Days and the Partner Search Forum at the beginning of 2019) as laid down in the annual Communication Plan 2018. All promotional materials (canvas bags, posters, A4 and A5 notepapers, pen drives, caps and pens) have also practical value for the projects, **showing them the practical usage of the logos and other visual elements for their own project outcomes.** Furthermore, the logos and other visual elements necessary for the implementation of activities were provided to the new projects (in electronic format) after their selection in 2017.

The communication activities of the Programme in 2018 were conducted **using the synergies with the 2007-2013 programme.** In general, **the smooth transition from one cross-border programme into the other is continuously stressed** by the programme implementing bodies during their conversation with the public and – especially – the circle of old B-s and new potential applicants.

To enable the proper implementation, monitoring and evaluation of the information and communication related activities, **a system of output- and result indicators has been developed in the Communication Strategy.** The evaluation system is centred on quantitative indicators for the programming period, where the output indicator is to measure the activity taken to establish the respective measure, and the result indicator shows what the direct result of the action is. The Communication Strategy has defined yearly frequency of reporting for the output indicators, while for the result indicators either the end of programme implementation or three times during programme implementation: in 2018, 2020 and 2023.

**Table of output indicators (Communication):**

Indicator	Measurement Unit	Achievement (with 2018)	Target Value (2023)	Source of Data	Frequency of Reporting
Promotional material disseminated at publicity events	pcs	2.900	5.000	Quarterly and annual reports	Yearly
Number of events held in co-operation with other programme bodies (technical- and FLC meetings, FLC workshops, special information days etc.)	events	13	16	Quarterly and annual reports	Yearly
Number of communication actions with potential media impact (including project level assistance from JS)	actions	114	150	Quarterly and annual reports	Yearly
Number of e-newsletters issued	pcs	5	12	Quarterly and annual reports	Yearly
Programme website updates	updates	296	500	Quarterly and annual reports	Yearly
Social media updates	updates	451	500	Quarterly and annual reports	Yearly

**Table of result indicators (Communication):**

Communication Objective	Indicator	Measurement Unit	Baseline Value	Baseline Year	Achievement (with 2018)	Target Value <sup>9</sup> (2023)	Source of Data	Frequency of Reporting (indicated in the Comm. Strategy)
Ensuring transparency of the whole Programme implementation process	Increase of the number of articles published	pcs	453	2015	792	950	Comm. Plan 2007-2013 and quarterly / annual reports	three times during programme implementation: 2018, 2020 and 2023
	Positive evaluation of internal communication	mark 1-5	0	2015	1	3 and above	Survey on internal communication, on-going evaluation report	at the end of programme implementation
Generating interest among all relevant target groups by providing adequate information on	Increase in the number of visits to the website	visits	116.777	2015	176.534	245.000	Comm. Plan 2007-2013 and quarterly / annual reports	three times during programme implementation: 2018, 2020 and

<sup>9</sup> Target value consists of the achievement of 2007-2013 period summed up with 2014-2020 period result as continuation.

Communication Objective	Indicator	Measurement Unit	Baseline Value	Baseline Year	Achievement (with 2018)	Target Value <sup>9</sup> (2023)	Source of Data	Frequency of Reporting (indicated in the Comm. Strategy)
funding opportunities								2023
	Increase in the number of participants at publicity events	number of participants	7.385	2015	12.830	15.000	Comm. Plan 2007-2013 and quarterly / annual reports	three times during programme implementation: 2018, 2020 and 2023
To provide sufficient information and guidance on implementation requirements for Beneficiaries	Number of projects with designated Communication Manager	number	0	2015	37	20	Quarterly and annual reports	three times during programme implementation: 2018, 2020 and 2023
To foster a positive image of the EU and EU funds within the local communities, engaging the citizens	Increase in the number of citizens in the Hungarian-Croatian border area familiar with EU funded	per cent	43%	2015	n. r.	50%	Eurobarometer survey <sup>10</sup>	at the end of programme implementation

<sup>10</sup> [http://open-data.europa.eu/en/data/dataset/S1565\\_422\\_ENG](http://open-data.europa.eu/en/data/dataset/S1565_422_ENG)

Communication Objective	Indicator	Measurement Unit	Baseline Value	Baseline Year	Achievement (with 2018)	Target Value <sup>9</sup> (2023)	Source of Data	Frequency of Reporting (indicated in the Comm. Strategy)
for a more active and positive approach to the EU	cross-border co-operation activities in the region							
	Number of new contacts established via social media	contacts (likes / followers / shares / subscribers / views)	0	2015	530	1.000	Quarterly and annual reports	three times during programme implementation: 2018, 2020 and 2023

11. ADDITIONAL INFORMATION WHICH MAY BE ADDED DEPENDING ON THE CONTENT AND OBJECTIVES OF THE COOPERATION PROGRAMME (Article 14(4), subparagraph 2 (a), (b), (c) and (f), of Regulation (EU) No 1299/2013)

11.1 **Progress in implementation of the integrated approach to territorial development, including sustainable urban development, and community-led local development under the cooperation programme**

Chapter 4 of the CP contains the finding that *'significant spatial differences are present in the border region, as the main economic centres are situated at the eastern part or western part of the border area, while the middle section of the region is lagging behind'*. To try to counterbalance this situation the CP stipulates that *'in order to avoid the concentration of the benefits of the interventions in more developed areas – in the towns and, specifically, in the Pécs – Osijek corridor – the JS shall intensify its communication activities in less active and less developed areas of the region'*.

During the advertising of the first open CfP in the spring of 2016 **there were two Partner Search Forums organised especially for the middle section of the eligible programme area**. The event organised on 6 April 2016 in Virovitica, Croatia was dedicated to PA3 and PA4, as was the event held on 11 April in Nagyatád, Hungary. These partner search opportunities **attracted 68 and 48 participants**, respectively, which represents an increase as compared to the turnout at similar events in the predecessor programme.

Analysing the project selection taken place in 2017 related to the first CfP, **the share of ERDF support going to the central part of the eligible programme area** (borderline counties Somogy in Hungary, Koprivničko-križevačka and Virovitičko-podravska, furthermore ex-adjacent counties Bjelovarsko-bilogorska and Požeško-slavonska in Croatia) **is an aggregated 34,26 per cent of the total funds awarded**. This means that the middle territories which represent one third of the border region managed to receive one third of the funds opened to applicants so far. This situation is more balanced than in the calls of the predecessor programme, and ensures that the eastern and western 'pull' inside the eligible programme area is mitigated.

Nevertheless, **the Programme will pay close attention to this geographical area in the future as well**. The physical presence of programme staff in the border region (at the JS offices in Pécs, Hungary and Osijek and Čakovec, furthermore via the colleagues of the Hungarian FLC body, working in Pécs and Zalaegerszeg) is an important factor which has been useful not only during the application phase but also during the implementation of the selected projects. **Most LB-s are paired with FLC and JS employees based on their geographical location, providing them the programme management services not only in the two national capitals, Budapest and Zagreb, but in their own area of operation**. Needs of applicants and B-s in the middle section of the eligible programme area are covered by all management staff in the region on a flexible, case-by-case basis.

11.2 **Progress in implementation of actions to reinforce the capacity of authorities and beneficiaries to administer and to use the ERDF**

Not relevant in case of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020.

### 11.3 Contribution to macro-regional and sea basin strategies (where appropriate)

**From the point of view of the operations,** in case a project proves to contribute to one of the Priority Areas of the EU Strategy for the Danube Region based on its action plan, extra points can be awarded to it during project assessment. **The quality assessment grid** of the first CfP of the Programme contained a related criterion in relation to each Component. Point 2 of the heading 'Relevance and methodology' **highlights the following aspect:**

*'The planned project shows synergy with macro-regional strategies (EU Strategy for the Danube Region). The planned project shows synergy with other EU funded projects or other development initiatives in the relevant field, the ways of complementing these is properly described. The project builds upon other operations previously implemented by a member of the partnership.'*

**The criterion was awarded a score of 0-4 points (on a scale of 100)** and was therefore an important factor that determined the final score of a project proposal. Quality assessors were advised at their personal training in Budapest to ascertain the compliance of the project activities with the macro-regional strategy relevant to the territory of the Programme. In case of the 54 selected projects of the first CfP **the average value of the criterion of synergy with macro-regional strategies is 3 out of 4 points,** indicating that based on the content of the project proposals and their planned activities the quality assessors judged the connection of the projects to the Danube Strategy as relevant.

**From the institutional point of view** both the preparation of the materials of the CfP and the project selection process were closely observed by the Danube Region Strategy National Co-ordinators of Hungary and of Croatia who are sitting on the MC as members in advisory capacity.

### 11.4 Progress in the implementation of actions in the field of social innovation

Not relevant in case of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020.

## 12. SMART, SUSTAINABLE AND INCLUSIVE GROWTH

*The EUROPE 2020: A strategy for smart, sustainable and inclusive growth* (hereinafter referred to as EU2020) is the EU's agenda for growth and jobs for 2010-2020.

In general the programme document identifies the following contributions to the EU2020 main goals:

- *Smart growth* is encouraged by supporting the cooperation and joint developments of SMEs, creating the conditions of and encouraging their cooperation with local higher education institutions and also promoting the use of ICT technologies in the process of cooperation.
- *Sustainable growth* is promoted by supporting the preservation and sustainable exploitation of the regions rich natural heritage and to increase the stability of the existing valuable ecosystems. Environmental sustainability and resource efficiency will be applied as horizontal preferences in all measures of the programme.
- *Inclusive growth* is supported mainly by strengthening the institutional environment for future collaboration and by developing more positive attitudes to current and future cooperation by encouraging the implementation of joint educational and training programmes. In order to ensure the strategy's positive impact on territories lagging behind in development – mainly in terms of employment and equality of opportunities - geographical preferences and territory-specific selection criteria will be applied in all cases it lends itself appropriate.

According to the main aims of the EU2020 the following headline indicators at EU and at national level were established<sup>11</sup>:

*Table: EU2020 headline indicators (EU-28, HR, HU)*

EU/Member State	EU-28	Croatia	Hungary
Employment rate	Increasing the employment rate of the population aged 20-64 to at least 75%	62.9 %	75%
Gross domestic expenditure on research and development	Increasing combined public and private investment in R&D to 3% of GDP	1.4 %	1.8%
Greenhouse gas emissions	Reducing greenhouse gas emissions by at least 20% compared to 1990 levels	11%	10%
Share of renewable energy	Increasing the share of renewable energy in final energy consumption to 20%,	20%	13%
Energy efficiency	Moving towards a 20% increase in energy efficiency (equaling a reduction to 1 483 Mtoe of primary energy consumption)	11.5	24.1
Early leavers from education and training	Reducing school drop-out rates to less than 10% (of the population aged 18 to 24)	4%	10%
Tertiary educational	Increasing the share of the population aged 30-34 having completed tertiary education	35%	34%

<sup>11</sup> [https://ec.europa.eu/eurostat/documents/4411192/4411431/Europe\\_2020\\_Targets.pdf](https://ec.europa.eu/eurostat/documents/4411192/4411431/Europe_2020_Targets.pdf)

EU/Member State	EU-28	Croatia	Hungary
attainment	to at least 40%		
Poverty and social exclusion	Lifting at least 20 million people out of the risk of poverty and social exclusion (compared to 2008)*	Reduce to 1 220 000 the number of persons at risk of poverty or social exclusion	- 450 000 persons

As we can see, the targets of the two concerned member states (Hungary and Croatia) in many cases are more moderate than the targets on the EU level. In some cases the Hungarian, while in other cases the Croatian targets are closer to the common EU values.

For the assessment of the programme's contribution to realizing the EU2020 targets the programme's indicators have been analysed in relation with the EU2020 topics. The "+" signs show in the next table the explicit contributions.

Table: The programme's potential contribution for the EU2020 targets

Programme indicators				EU 2020 Topics					
ID (Priority axis)	Indicator or key implementation step	Measurement unit	Final target for 2023 (Milestone for 2018)	Employment	R&D	GHG emissions	Energy consumption	Education	Poverty and social exclusion
1	Number of enterprises receiving non-financial support	enterprises	80 (-)	+					
1	Number of enterprises receiving grants	enterprises	80 (15)	+					
1	Number of enterprises receiving support	enterprises	80 (-)	+					
2	Total surface area of rehabilitated land	hectares	450 (-)						
2	Increase in expected number of visits to supported sites of cultural and natural heritage and attractions	visits/year	60000 (9000)						
2	Number of joint international studies	number	10 (-)						
2	Number of participants in joint education training schemes and awareness raising programmes	number	1000 (-)	+				+	
2	Surface area of habitats supported to attain a better conservation status	hectares	5400 (810)						
2	Number of tourism facilities / service providers being certified by an environmental sustainability scheme	number	40 (-)						
3	People participating in joint actions and events	number	810 (125)						
3	Number of harmonized processes, shared initiatives, coordinated policies and projects developed jointly	number	66 (-)						
3	Number of institutions participating in joint capacity building actions	number	33 (-)						

Programme indicators				EU 2020 Topics					
4	Number of involved marginalised persons in training programmes	number	200 (-)						+
4	Number of participants in joint education and training schemes to support youth employment, educational opportunities and higher and vocational education across borders	number	860 (150)	+				+	
4	Number of educational premises upgraded with technical equipment	number	15 (-)	+				+	
4	Number of educational premises refurbished	number	15 (-)	+				+	
4	Training courses developed and delivered (formal and informal)	number	40 (-)	+				+	

As we can see the indicators of the programme connects to the EU2020 targets only in a few points. Most of the crossing points are about employment and education, but nothing about R&D, GHG emissions and energy consumption. However, it does not mean, that the programme would completely ignore these issues.

Contribution to the equal opportunities connecting to the EU 2020's goal of Inclusive growth are described under chapter 9.2 of the present document.

### 13. ISSUES AFFECTING THE PERFORMANCE OF THE PROGRAMME AND MEASURES TAKEN — PERFORMANCE FRAMEWORK (Article 50(2) of Regulation (EU) No 1303/2013)

As it can be seen in table 3 of the present document, that out of the 4 main priorities the target values of the Performance Framework output and financial indicators determined for the year 2018 were in some cases reached, even overachieved (PA3, PA4), in case of one priority the target value of the output indicator was partially achieved (PA2) and in case of PA1 the target for the output indicator could not be achieved due to unforeseen obstacles which prevented the Programme from bringing the expected values. As to the financial indicator target values the targeted amounts are achieved in an average of 51% regarding all 4 PAs. However, the n+3 goals of the Programme have been accomplished for the year 2018.

In case of PA 1 covering the topic of SME development, the pilot strategic project of the B-light scheme has been introduced as a novelty to the Programme. As it is described in chapter 9.2 of the present document, the scheme has a built-in supporting mechanism (EPSF) established in order to provide technical help for the SME partnerships, which have been pre-selected in the Concept note phase of the two step project selection process, to elaborate their cbc applications to the project selection phase. The EPSF experts are funded from the budget of the LB (HAMAG BICRO, HR) and their procurement faced some difficulties due to provisions of the Croatian law for the non-winning tenderers to file complaints against the award procedure of the contract. Procurement procedure started on the 30 October 2017, it was open for 3 months together with the completion rounds. Three consortiums submitted their tenders through the national procurement office. After the result of the procurement procedure was launched, one of the non-winning consortiums filed complaints against the decision which had to be handled according to the Croatian national procurement law. The process was closed on 10 July 2018 and the LB managed to conclude the service framework contract with the winning EPSF team only on 24 July 2018. The experts could start working with the SME partnerships from September 2018 on which altogether resulted in a delay of 6-7 months in the implementation of the entire scheme.

Selection of the first SME light projects as well as concluding the EU contribution contract with them and starting their implementation will take place in 2019 therefore the connected performance framework indicators can be measured from 2019 on.

As to other PA's performance indicators, in spite of the fact that most of the 1<sup>st</sup> call (normal) projects have started their implementation in the course of 2017, the monitoring system used by the projects to report their progress has been introduced during April 2018 which had a negative effect on the progress of both the financial and content related reporting of the projects. This is why the reported values for 2018 in PA2 especially where big infrastructural developments are financed are lagging behind the real progress of the project implementations and the real spending.

Since the validation process has already speeded up, we expect that the target values of most of the Programme indicators including the Performance indicators too will show a much realistic and better picture for the year 2019.