

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

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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 2020.**

The reporting year saw a shift in focus from the projects selected in the first Call for Proposals (CfP) to the co-operations supported in the second CfP. All activities in first Call projects had been finished by 31 December 2019, thus 2020 brought by the financial closing of these operations. Final reporting was managed throughout most of the year, with final payments of ERDF reaching gradually all projects of the HUHR/1601 Call.

While the number of active projects has gradually decreased from the first CfP, **the second Call projects appeared in a great number due to the several selection rounds organised by the Monitoring Committee (MC) in 2020.** On its 9th meeting, on 15 January the committee took funding decisions related to **41 regular projects and 1 strategic project**, awarding a total of 10.676.038,30 EUR of ERDF. (Altogether 162 project proposals had been received in Call HUHR/1901, launched and closed in the year 2019.) Decisions on Component 2.1.2 (Tourism Attractions) were postponed to a later date, and were taken via MC written procedure in May. Out of the many tourism-development project ideas (always the most popular thematic area in the Hungarian-Croatian CBC programmes) **8 co-operations were selected, receiving a total of 8.864.050,43 EUR of EU contribution.** Last but not least, after calculating the remaining ERDF amounts coming back

from finished first CfP projects, there was possibility to select further projects from the Reserve list of the second Call – **5 additional co-operations received together 1.883.404,71 EUR of EU funding.**

The entire year was characterised by smooth and efficient co-operation between the institutions of the programme implementing structure: the First Level Control (FLC) bodies, the Joint Secretariat (JS), the Managing Authority (MA) and Croatian National Authority (NA), furthermore the Certifying Authority (CA) and the Audit Authority (AA). All actors contributed to the programme processes managed under their responsibility, from the receiving and validating of Beneficiary Reports, over checking and approving Project Reports, to the handing of project changes (mostly Beneficiary changes and budget reallocations), but also from managing the Technical Assistance (TA) projects over the initiating of payments to the Lead Beneficiaries (LB-s) (and the sending of Applications for Payment to the EC) to the performing of system audits and audits on operations.

The first quarter of 2020 was spent mostly with selecting the first group of second Call projects and to preparing their Subsidy Contracts (SC-s). Besides that, there were also 18 final PR-s approved in relation to first Call projects, for a total of 3.507.190,94 EUR of EU contribution. It was at the end of Q1 when the SARS-CoV-2 pandemic hit the programme area (as it did with the rest of the world), causing many difficulties for project stakeholders and programme bodies alike – see more in Chapter 5 of the present report (*Issues Affecting The Performance of The Programme And Measures Taken*). **A system audit, managed by the contractor of the AA, kicked off with a notification letter on 23 March.** The final report, issued 18 September, qualified the Programme as 'Category 2 – Works, but some improvement(s) are needed'.

The second quarter saw the approval of further final payments to LB-s of the first Call (a total of 2.192.781,28 EUR of EU contribution for 10 final project reports), **while the preparation of the second Call's projects' SC-s was still ongoing.** The LB-s collected from all their fellow Beneficiaries the materials necessary for contracting, the JS checked the documentation and requested completions if relevant, then issued a Declaration on the fulfilment of conditions, to which the MA provided the Declarations on commitment necessary for the drafting of the SC text. Signatures were provided on this document both by the MA and the LB, and the latter also had to sign a Partnership Agreement with its project partners. Due to the limitations brought by the COVID-19 pandemic, many of these steps had to be performed via postal sending, back-and-forth, which of course significantly added to the time need of the individual steps. In the meantime, **during May a new group of second CfP projects was selected, meaning that 8 additional contracting procedures** were launched by the JS, complete from sending the award letter to preparing the draft SC. Also in Q2 of the reporting year, **an audit on operations was launched (on 15 July)** to check on 13 projects (and 1 TA project); the final reports were issued with the date of 1 October.

While the third quarter brought only a few final reports (4 of them were approved, for together 488.848,83 EUR of EU contribution), **the number of signed SC-s rose to 43 and by the end of September already 41 projects have actually begun with the implementation of their activities.** The closing of the border from 1 September on presented a hindrance that was overcome for the time being with the re-scheduling of project events (e.g. by postponing them from the first reporting period of a given project to the second or third), and/or by moving smaller events into the virtual space (e.g. by organising partner meetings, trainings and conferences via the Internet and its available online meeting platforms). **By the end of September additional 5 projects had been approved from the Reserve list** of the second CfP – both MA / JS and the LB-s were eager to start the contracting procedure for these ERDF sources as well.

Finally, in Q4 of 2020 there were 4 final reports approved (for a total of 1.883.567,20 EUR of EU contribution), while 5 new SC-s were signed and 5 projects started with implementation. A significant change came to the Programme as the new monitoring system, the INTERREG+ was introduced and opened. The second CfP projects were recorded by the JS already in this new system, and Beneficiary-level (and later project-level) reporting have started end of 2020 with this

reporting tool. Please find more information on INTERREG+ in Chapter 5.b of the present report.

Besides the projects (to be) selected via open Cfp, the Programme contains also four operations which can be regarded as **strategic / pilot 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, was implemented between 2016 and 2018 and has thus not presented any task for the programme implementation system in 2020.
- **The 'Beneficiary Light Scheme' project** which started implementation on 1 February 2017 and is running at least until July 2021 (with plans of prolongation being discussed as of Q1 2021). Since the project covers the entirety of PA1, please find information about its 2020 activities in Chapter 3.1.
- **'CBJointStrategy'** in PA3, in charge of performing the impact evaluation of the 2014-2020 programme and facilitating the planning of the new Interreg programme of the 2021-2027 perspective. Pannon EGTC as LB has in 2020 – with the help of its subcontractors – organised 2 surveys (with over 1.600 / over 2.500 addressees) and 7 territorial workshops, out of which they have produced the draft Situation Analysis and SWOT Analysis of the cross-border area, furthermore a so-called Decision-making Paper designed to support the choosing of the proper PO-s for the new programme. All materials are case-by-case approved by the Programming Committee of the future programme (and by the MC of the present programme, if the matter is related to programme evaluation).
- **'MuKoBridge'** in PA2, managing the planning of a new Drava-bridge between Murakeresztúr (HU) and Kotoriba (HR). The project with EU contribution of 782.335,15 EUR of EU contribution was supported by the MC on its 9th meeting, in January and has an implementation period of March 2020 to December 2022. The project partners are NIF National Infrastructure Developing Plc. as LB, Croatian Roads Ltd. as B1 and Mura Region EGTC as B2.

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) was set up in 2015**; it has had a new maintenance contract from 2018 onwards and **is complemented by an official Facebook and Twitter profile**. The Programme participated also in 2020 in the **European Co-operation Day** initiative, however, due to the pandemic only a few live events were possible to be held across Europe. The Programme promoted the ECD campaign via its social media sites, and one smaller live event (with ca. 50 participants) was held in Križevci, Croatia on 21 September (<https://bit.ly/203OrD8>) with additional online audience also present. For all communication activities of the Programme, please refer to Chapter 5.b of this report.

Concerning the meetings held by the Programme in 2020 there was one session of the MC in January – all other meetings had to be organised digitally due to the outbreak of the SARS-CoV-2 virus. (One Beneficiary workshop was held via the Zoom platform in September and one LB workshop in December.) Next to the 1 'live' MC meeting there were also 8 written decision-making procedures managed during the course of the year.

Regarding the human resources available to programme implementation, **the JS** operated in 2020 with a team of 7 co-workers. One programme- and communication manager left the JS with 30 January, since then the Čakovec office is being operated by the formerly Osijek-based programme- and communication manager, who is now in charge of representing the JS in the whole programme area on the Croatian side. In case COVID-restrictions allow for it, she joins LB-s on their events in all counties of the Croatian programme area. **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 and the current programme 2024-2020.

Related to all the above, and the 2020 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. **The Programme has successfully managed to achieve its cumulative n+3 spending goal also in 2020**, and has by the time of preparing this report already reached its cumulative target for the year 2021 as well.

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. The entire amount is dedicated to financing the so-called 'Beneficiary Light Scheme', 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>The main Beneficiaries are non-profit organisations dealing with enterprise support in each of the seven border counties, while the LB is HAMAG-BICRO, a Croatian enterprise promotion agency. The official starting date of the project was 1 February 2017. The opening of the mechanism to SME-s started in summer 2017, and its implementation continued into 2020 as well. The two-step selection procedure consisted 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) aided 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 decided about the co-operations to be co-financed.</p> <p>A slight delay in the implementation of the PA could be attributed to the late selecting of the EPSF. (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.) The partnership of the scheme tried to make up for the delay by speeding up SME-selection, having by the end of 2020 launched already the 4th Call for Light Project Proposals.</p> <p>The partnership (main Beneficiaries) of the strategic project has in 2020 submitted two project reports, for a total EU contribution of 781.945,50 EUR, while the SME-s supported from the scheme have</p>

		<p>been transferred altogether 921.160,86 EUR of ERDF for their 16 approved reports.</p>
PA 2	Sustainable use of natural and cultural assets	<p>IP 6d provided support to the first strategic project of the Programme, 'De-mine HU-HR II', in the amount of 2.971.344,40 Euros of EU 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.</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. Calls regarding IP 6c contain in their rules regulating eligible project activities references to the 'Regional Tourism Product Plan', 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) were to spend 15.473.141 Euros, and projects in IP 6d (3 partnerships) 2.094.545 Euros of ERDF on their joint activities. The PA was open also in the second CfP, managed during 2019. The 17 projects in IP 6c (8 selected in January, 8 in May and 1 additional in September) account for a total of 12.385.102,98 EUR of ERDF, while the 3 projects of IP 6d, all selected in January, are worth a total of 2.384.338,13 EUR of EU contribution.</p> <p>There are no significant problems with the implementation of the Priority. 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.) are identified and cleared before the start of the project activities. Increases in the prices of construction material, encountered by some Beneficiaries, 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 9,4 percent of the ERDF funding 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. This type of priority has always been well received by the potential applicants 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 stakeholders on the ground.</p> <p>The Priority is managed mainly through open CfP-s and was</p>

		<p>launched already as part of the first Cfp, with an indicative 2.500.000 Euros of EU contribution. The selected and contracted 15 projects in this Priority received 2.658.115 Euros of ERDF for their joint activities. Project selection in the second Cfp, launched and assessed in 2019/2020, resulted in 18 new projects for a total of 3.041.551,79 EUR of EU contribution.</p> <p>A new operation in this PA, the pilot project 'CBJointStrategy', was selected for support by the MC on its 8th meeting, on 21 May 2019. Its objectives are to a) prepare the impact analysis of the 2014-2020 cross-border programme, and b) to draft (building also on the impact analysis) the situation analysis and the strategy of the new, 2021-2027 programme. Special weight is given to the outputs of this project by the fact that the sole Beneficiary, the European Grouping of Territorial Co-operation 'Pannon', has among its constituting members all borderline counties of the Hungary-Croatia border region, ensuring that all stakeholders are closely involved in the entire strategy-drafting process. The planning- and capacity-building project was awarded 246.153,62 EUR of EU funding and is planned to be implemented until 31 August 2021.</p> <p>There are no significant problems encountered with the implementation of this Priority.</p>
PA 4	Education	<p>This PA also represents 9,4 percent of the ERDF funding 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 managed through open Cfp-s and was launched already as part of the first Cfp, with 2.700.000 Euros of indicative total EU contribution. The funded and contracted 18 projects in this Priority could spend 2.937.511 Euros of ERDF on their joint activities. Project selection in the second Cfp, launched and assessed in 2019/2020, resulted in 15 new projects for a total of 2.709.936,38 EUR of EU contribution.</p> <p>There are no significant problems experienced with the implementation of this Priority either.</p>
PA 5	Technical Assistance (TA)	<p>The MC has approved at its 1st meeting (on 8 December 2015) altogether 8 TA projects and corresponding TA forms. One additional TA project and -form were introduced in 2018 when project HUHR TA/01 had to be split to two, due to technical reasons. With the support of these 9 TA projects (among others) the following were accomplished in the reporting year 2020:</p> <ul style="list-style-type: none"> - 1st quarter: approval of 18 PR-s, for a total of 3.507.190,94 EUR of EU contribution; project selection in 1 open Cfp; supporting of 1 new strategic project ('MuKoBridge'); preparing of first draft AIR 2019; selecting of 8 SME-co-operations (in the 'Beneficiary Light

		<p>Scheme');</p> <ul style="list-style-type: none"> - 2nd quarter: approval of 10 PR-s, for a total of 2.192.781,28 EUR of EU contribution; project selection in 1 component (2.1.1), with 8 new projects supported; finalisation of AIR 2019; 7 project reports submitted by the participating SME-s (in the 'Beneficiary Light Scheme'); - 3rd quarter: approval of 4+7 PR-s, for a total of 1.163.181,97 EUR of EU contribution; 1 project selection round managed Reserve list of Call HUHR/1901, with 5 new projects supported; 1 Beneficiary Workshop organised (online); project kick-off meetings with 5 SME-co-operations (in the 'Beneficiary Light Scheme'); - 4th quarter: approval of 4+9 PR-s, for a total of 2.130.394,92 EUR of EU contribution; 1 LB training organised (online).
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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	Measurement Unit	Baseline Value	Baseline Year	Target Value (2023)	2014	2015	2016	2017	2018	2019	2020	(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	0,00	7.704,00	Based on the available statistical data.
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	0,00	3.132.096,00	Based on the statistical data available in 2020 for 2019.
PA 2, 2.2	Increased number of habitats with 'A: excellent' status of selected Special Bird Protection Areas	number	179,00	2014	192,00	179,00	0,00	0,00	0,00	0,00	0,00	204,40	

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	0,00	158,00	
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	0,00	45,00	

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)	Measure- ment unit	Target value (2023)	CUMULATIVE VALUE							Observations (if necessary)
					2014	2015	2016	2017	2018	2019	2020	
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	80,00	80,00	
Cumulative value – Outputs delivered by operations (actual achievement)					0,00	0,00	0,00	0,00	0,00	19,00	28,00	
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	80,00	80,00	
Cumulative value – Outputs delivered by operations (actual achievement)					0,00	0,00	0,00	0,00	0,00	19,00	28,00	
Cumulative value – Outputs to be delivered by selected operations	1.3	Number of enterprises receiving non-	pcs	80,00	0,00	0,00	0,00	80,00	80,00	80,00	80,00	The value is reported by LB regarding all three Calls for SME Light Concepts until

(forecast provided by Beneficiaries)		financial support											the end of year 2020.
Cumulative value – Outputs delivered by operations (actual achievement)					0,00	0,00	0,00	0,00	0,00	167,00	400,00		
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	459,85	459,12	The target values set by the Beneficiaries for this indicator have slightly changed during the project modification process (a possibility granted to every project partnership in order to achieve a realistic level of indicators).	
Cumulative value – Outputs delivered by operations (actual achievement)				450,00	0,00	0,00	0,00	0,00	0,00	493,00	493,00		
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	36.223,00	36.548,00	The target values set by the Beneficiaries for this indicator have slightly changed during the project modification process (a possibility 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	20.239,00	36.719,00	It is expected to receive the real (delivered) level of indicators by the time of the approval of all final PR-s.	
Cumulative value – Outputs to be delivered by selected operations	2.1.3	Number of tourism facilities /	number	40,00	0,00	0,00	0,00	23,00	23,00	23,00	23,00		

(forecast provided by Beneficiaries)		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	22,00	22,00		
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	165,37	165,37	Overachievement of indicator has been reported and approved, as valid supporting documentation was submitted.	
Cumulative value – Outputs delivered by operations (actual achievement)				5.400,00	0,00	0,00	0,00	1,99	154,57	236,96	25.000,37		
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	741,00	741,00		
Cumulative value – Outputs delivered by operations (actual achievement)				1.000,00	0,00	0,00	0,00	0,00	250,00	499,00	855,00		
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	2.2.3	Number of joint international studies	pcs	10,00	0,00	0,00	0,00	6,00	6,00	6,00	6,00		

Cumulative value – Outputs delivered by operations (actual achievement)				10,00	0,00	0,00	0,00	0,00	0,00	1,00	5,00	
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	120,00	90,00	The target value changed due to the project modifications processed in 2020.
Cumulative value – Outputs delivered by operations (actual achievement)				33,00	0,00	0,00	0,00	22,00	51,00	118,00	118,00	
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	37,00	37,00	
Cumulative value – Outputs delivered by operations (actual achievement)				66,00	0,00	0,00	0,00	5,00	10,00	31,00	37,00	
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	1.212,00	1.212,00	
Cumulative value – Outputs delivered by operations (actual achievement)				810,00	0,00	0,00	0,00	835,00	1.143,00	1.974,00	2.248,00	

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	101,00	101,00	
Cumulative value – Outputs delivered by operations (actual achievement)				40,00	0,00	0,00	0,00	27,00	65,00	121,00	121,00	
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	7,00	7,00	
Cumulative value – Outputs delivered by operations (actual achievement)				15,00	0,00	0,00	0,00	1,00	3,00	6,00	6,00	
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	43,00	38,00	The target value changed due to the project modifications processed in 2020.
Cumulative value – Outputs delivered by operations (actual achievement)				15,00	0,00	0,00	0,00	19,00	28,00	39,00	39,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	4.4	Number of participants in joint education and training	number	860,00	0,00	0,00	0,00	1.706,00	1.816,00	2.168,00	1.842,00	The target value changed due to the project modifications processed in 2020.

Cumulative value – Outputs delivered by operations (actual achievement)		schemes to support youth employment, educational opportunities and higher and vocational education across borders		860,00	0,00	0,00	0,00	419,00	1.838,00	3.489,00	3.489,00	
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	545,00	475,00	The target value changed due to the project modifications processed in 2020.
Cumulative value – Outputs delivered by operations (actual achievement)				200,00	0,00	0,00	0,00	280,00	466,00	529,00	529,00	
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	64,00	100,00	Two strategic projects, eight TA projects and 54 regular projects contracted.
Cumulative value – Outputs delivered by operations (actual achievement)				100,00	0,00	0,00	0,00	0,00	32,00	65,00	120,00	3 strategic projects, 8 + 1 TA projects, 107 regular projects (53 from the first CfP and 54 in the second) + 1 pilot project ('CBJointStrategy').

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	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	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	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	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	1,00	1,00	The Communication Strategy of the Programme was approved by the MC in December 2015.
Cumulative value – Outputs delivered by operations (actual achievement)				1,00	0,00	0,00	1,00	1,00	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)	5.5	Guiding documents addressed to applicants and	number	3,00	0,00	1,00	1,00	4,00	8,00	9,00	10,00	New document in 2020: COVID-19 Guidance Document.

Cumulative value – Outputs delivered by operations (actual achievement)		Beneficiaries		3,00	0,00	0,00	1,00	4,00	8,00	9,00	10,00	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	11,00	11,00	Because of the SARS-CoV-2 pandemic, there were no publicity events organised.
Cumulative value – Outputs delivered by operations (actual achievement)				10,00	0,00	0,00	4,00	5,00	6,00	10,00	10,00	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	9,00	9,00	
Cumulative value – Outputs delivered by operations (actual achievement)				9,00	0,00	0,00	0,00	9,00	9,00	9,00	7,00	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)	2014-2016	2017	2018	2019 ¹	2020	Observations (if necessary)
PA 1 ²	Financial	1.1	Financial indicator	EUR	2.200.000,00	11.718.000,00	0,00	0,00	406.748,58	678.668,11	3.721.295,53	
	Output	1.2	Number of enterprises receiving grants	pcs	15,00	80,00	0,00	0,00	0,00	0,00	28,00	
PA 2	Financial	2.1	Financial indicator	EUR	7.580.000,00	42.093.711,00	0,00	1.740.525,76	3.931.605,12	10.937.885,55	22.649.432,13	

¹ Financial indicators were calculated based on eligible costs accepted in Applications for Reimbursement (in 2020) and submitted to the EC in Applications for Payment.

	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	4.601,00	4.601,00	36.719,00	
	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	154.57	154.57	25.000,37	
PA 3	Financial	3.1	Financial indicator	EUR	1.210.000,00	6.726.464,00	0,00	0,00	911.271,47	2.296.906,38	2.818.915,94	
	Output	3.3	People participating in joint actions and events	number	125,00	810,00	0,00	0,00	1.143,00	1.143,00	2.248,00	
PA 4	Financial	4.1	Financial indicator	EUR	1.210.000,00	6.726.464,00	0,00	0,00	1.029.501,93	2.805.686,71	3.128.272,26	
	Output	4.2	Number of participants in joint education and training schemes to support youth employment , educational opportunities and higher	number	150,00	860,00	0,00	0,00	1.838,00	1.838,00	3.489,00	

			and vocational education across borders									
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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	106,76	9.960.299,00	3.772.763,48	32,20	1
PA 2	ERDF		Total eligible cost	42.093.711,10	85%	41.705.311,10	99,08	41.597.201,86	22.907.828,32	54,42	42
PA 3	ERDF		Total eligible cost	6.726.464,00	85%	6.681.777,64	100,00	6.610.759,17	2.950.926,05	44,16	35
PA 4	ERDF		Total eligible cost	6.726.464,00	85%	6.525.999,88	96,38	6.500.970,97	3.217.566,61	47,52	33
PA 5	ERDF		Total eligible	6.635.389,00	55%	6.635.388,87	100,00	6.635.388,87	3.056.698,47	46,07	9

			cost								
Total	ERDF		Total eligible cost	73.900.028,00	82,3%	74.058.776,49	100,21	71.304.619,87	35.905.782,93	48,59	120

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)

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support (€)	Public eligible cost of operations selected for support (€)	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
PA 1	ERDF	001. Generic productive investment in SME-s	01	01	07	03		06	HU-HR	6 120 000,00	4 590 000,00	1 583 508,27	13
PA 1	ERDF	001. Generic productive investment in SME-s	01	02	07	03		06	HU-HR	4 080 000,00	3 060 000,00	728 641,48	1
PA 1	ERDF	066. Advanced support services for SME-s and groups of SME-s	01	01	07	03		06	HU-HR	1 386 179,40	1 386 179,40	876 368,24	1
PA 1	ERDF	066. Advanced support services for SME-s and groups of SME-s	01	02	07	03		06	HU-HR	924 119,60	924 119,60	584 245,49	1
PA 2	ERDF	034. Other reconstructed or improved road	01	03	07	06		11	HU-HR	1 862 734,27	1 862 734,27	967 398,77	2

³ Within PA1 only one operation has been selected, the 'Beneficiary Light Scheme' strategic project.

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support (€)	Public eligible cost of operations selected for support (€)	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
PA 2	ERDF	085. Protection and enhancement of biodiversity, nature protection and green infrastructure	01	03	07	06		21	HU-HR	4 220 630,39	4 220 630,39	2 393 964,29	5
PA 2	ERDF	086. Protection, restoration and sustainable use of Natura 2000 sites	01	03	07	06		21	HU-HR	3 759 177,18	3 759 177,18	2 771 480,51	3
PA 2	ERDF	087. Adaptation to climate change measures and prevention and management of climate related risks	01	03	07	06		21	HU-HR	241 829,98	241 829,98	241 829,98	1
PA 2	ERDF	089. Rehabilitation of industrial sites and contaminated land	01	03	07	06		21	HU-HR	3 495 699,40	3 495 699,40	3 495 699,40	1
PA 2	ERDF	090. Cycle tracks and footpaths	01	02	07	06		11	HU-HR	892 237,50	892 237,50	892 237,50	1
PA 2	ERDF	090. Cycle tracks and footpaths	01	03	07	06		11	HU-HR	7 669 375,98	7 669 375,98	5 765 617,76	5
PA 2	ERDF	091. Development and promotion of the tourism potential of natural areas	01	02	07	06		20	HU-HR	1 692 741,15	1 692 741,15	0,00	1

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support (€)	Public eligible cost of operations selected for support (€)	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
PA 2	ERDF	091. Development and promotion of the tourism potential of natural areas	01	03	07	06		20	HU-HR	4 271 365,97	4 271 365,97	878 542,08	4
PA 2	ERDF	092. Protection, development and promotion of public tourism assets	01	02	07	06		20	HU-HR	2 930 711,12	2 930 711,12	231 444,49	4
PA 2	ERDF	092. Protection, development and promotion of public tourism assets	01	03	07	06		20	HU-HR	5 854 277,60	5 797 575,08	4 096 134,46	5
PA 2	ERDF	094. Protection, development and promotion of public cultural and heritage assets	01	02	07	06		20	HU-HR	2 466 162,07	2 452 297,23	0,00	5
PA 2	ERDF	094. Protection, development and promotion of public cultural and heritage assets	01	03	07	06		20	HU-HR	2 348 368,49	2 310 826,61	1 173 479,08	5
PA 3	ERDF	119. Investment in institutional capacity and in the efficiency of public administrations and public services	01	01	07	11		17	HU-HR	741 410,26	741 410,26	0,00	3

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support (€)	Public eligible cost of operations selected for support (€)	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
PA 3	ERDF	119. Investment in institutional capacity and in the efficiency of public administrations and public services	01	02	07	11		17	HU-HR	1 657 154,25	1 657 154,25	942 507,88	8
PA 3	ERDF	120. Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies	01	01	07	11		20	HU-HR	1 886 850,23	1 861 319,78	1 071 990,91	10
PA 3	ERDF	120. Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies	01	02	07	11		20	HU-HR	1 651 629,93	1 625 055,22	793 996,11	9
PA 3	ERDF	120. Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies	01	03	07	11		20	HU-HR	744 732,97	725 819,66	142 431,15	5

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support (€)	Public eligible cost of operations selected for support (€)	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
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		18	HU-HR	144 853,96	144 853,96	144 853,96	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		18	HU-HR	2 264 989,23	2 245 594,81	1 506 147,34	13
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		18	HU-HR	182 743,08	182 743,08	182 743,08	1
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		18	HU-HR	608 757,47	608 757,47	608 757,47	3
PA 4	ERDF	118. Improving the labour market relevance of	01	02	07	10		18	HU-HR	3 324 656,14	3 319 021,65	775 064,76	15

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support (€)	Public eligible cost of operations selected for support (€)	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
		education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality											
PA 5	ERDF	121. Preparation, implementation, monitoring and inspection	01	07	07			17	HU-HR	6,306,388.87	6,306,388.87	3 056 698,47	74
PA 5	ERDF	122. Evaluation and studies	01	07	07			17	HU-HR	80,000.00	80,000.00	0,00	1
PA 5	ERDF	123. Information and communication	01	07	07			17	HU-HR	249,000.00	249,000.00	0,00	1
Total	ERDF									74 058 776,49	71 304 619,87	35 905 782,93	120
Grand total										74 058 776,49	71 304 619,87	35 905 782,93	120

⁴ Within PA5 there have been 9 operations (TA projects) selected.

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
	<p>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)</p>	<p>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)</p>	<p>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)</p>	<p>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)</p>
<p>All or part of an operation outside the Union part of the Programme area (1)</p>	<p>0,00</p>	<p>0,00</p>	<p>0,00</p>	<p>0,00</p>

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

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 4th meeting, the Impact Evaluation of the Programme has started at the beginning of 2020, parallel with the planning exercise of the new programme for 2021-2027, **in the frame of pilot project 'CBJointStrategy'**. It was approved by the MC on 12 July 2019 via its 14th written decision-making procedure, and it is managed by Pannon EGTC as sole Beneficiary, incorporating all counties of the Hungarian-Croatian cross-border programme area as members.

Though **the Impact Evaluation of the Programme** is implemented as a separate activity within the pilot project, it **is closely integrated into the programming process**: it directly relies on the data collection and consultation activities of the situation analysis phase (concluded in February 2020), and it will iteratively evolve alongside the Joint Development Strategy of the future Interreg programme between Hungary and Croatia for the period 2021-2027.

Milestones of the Impact Evaluation in 2020:

- **Inception Report**, endorsed by the MC on 15 January 2020 on its 9th meeting with conditions; final approval on 30 June 2020.
- **1st online questionnaire survey** conducted between 24 January and 10 February 2020, to support both the situation analysis and the impact evaluation phases of the 'CB Joint Strategy project'. Altogether 2.469 stakeholders were targeted by the survey, producing 346 valid (properly filled-in) answers. 192 of respondents were former/current Beneficiaries of the Programme (74 HU and 118 HR). Their answers serve as the basis of the analysis presented within the Interim Report on Impact Evaluation.
- **Interim Report on Impact Evaluation**, approved by the MC on 30 June 2020 in the frame of its 19th MC written procedure.
- **2nd online questionnaire survey**, taken place between 15 December 2020 and 15 January 2021, including a more detailed impact assessment, specifically focusing on the PO-s to be selected for the 2021-2027 period. (Thus the survey served the strategy-making process as well.) The questionnaire was sent out to 2.513 addresses, from whom 349 valid (properly filled-in) answers arrived back to the experts. 223 of the respondents were former/current Beneficiaries of the Programme (84 HU and 139 HR). Results of the survey **will be included into the Final Impact Evaluation Report**.

The approved Interim Report represented a work-in-progress document, based on a first evaluation of interim findings and most relevant experiences collected from the current programming period. The Interim Report contained the following thematic chapters:

- **Desk research** of the Interreg V-A Hungary-Croatia Cooperation Programme 2014-2020: Desk research based on the screening and analysis of projects in the IMIS database, including a summary of main findings, serving also as input for the programming exercise of the upcoming programme.
- **Evaluation of impact** on 2014-2020 priorities and result indicators: Based on the data collected for the Situation Analysis (and further data concerning interim programme results), this chapter contrasts analysis findings to the initial needs and challenges of the border region, arranged under the 4 Thematic Priorities of the Programme.
- **Interim assessment of programme implementation** in the 2014-2020 period: Interim assessment focusing on typology of screened projects and Beneficiaries; quality and added value

of co-operation between project partners; main obstacles of realising planned results; difficulties encountered during project development and implementation; delays and their reasons.

- **Combined inventory of current development needs** in the programme area: The inventory combines and analyses the outcomes of brainstorming sessions of territorial programme preparation workshops and of the online survey implemented in February 2020.
- **The final chapter of the document** highlights further steps and the schedule of the evaluation process, initially planned to be finalised by 31 January 2021.

At the time of submitting the present report to the MC, **the Final Report of the Impact Evaluation is scheduled to be available in April 2021.**

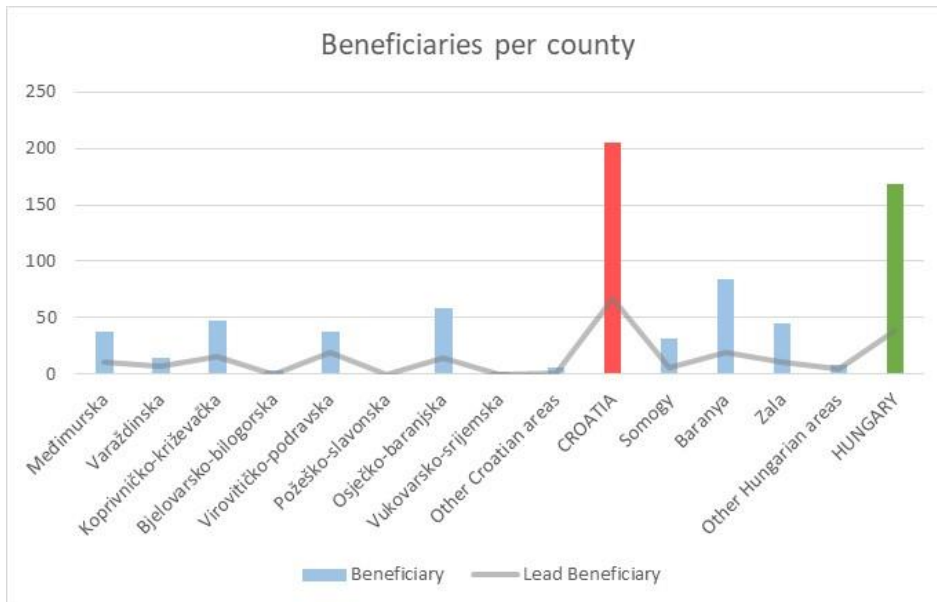
A draft version has been made available in March, please find some of the main findings quoted below. The almost 200-page document will be presented to the MC as soon as it will have been finalised.

- **The guiding principles on project selection** and general formulation of some quality criteria set against the funded projects, laid down in the CP document, have been strictly kept, as the principles have been included as conditions in the Guidelines for Applicants and the quality assessment grid, which had been agreed by the MC before the launch of the calls.
- Comparing activities (both in terms of number of projects and size of partnership) and funding, **average number of partners per project is ca. 3.1 among the selected projects**, however this indicator significantly varies between the single PA-s and components. SME projects in PA 1 are having the less partners (usually 2, one from each country), while in case of most other PAs this figure is above 3. For ecological diversity projects (PA 2) the average size of a partnership is 4.2.
- In terms of funding, **the average project size is around 458 thousand EUR**. The biggest average project size is detected in infrastructure-focused PA 2 projects, in particular for component 2.1.1 (bicycle path) and 2.1.2 (tourism attractions) projects, where project sizes are 1,40-1,27 million EUR respectively. Smallest projects prevail in 3.1.2 (people-to-people cooperation) and 4.1.2 (preschool, primary and secondary education) components, below 0,2 million EUR.
- In terms of intensity of activities – which is measured by the number of beneficiaries/project parts – **Croatia was generally more active, with 55% of the total number of project parts. In terms of total project costs the two countries are rather balanced**, which means project parts are having slightly larger average budget among Hungarian partners.
- As for public bodies, in general Croatian ones were more active than those in Hungary. Also, a significant difference is detected between the activity on various levels of governance. **While local public bodies are the most active in both countries, regional bodies show significantly higher activity in Croatia. On the contrary, Hungarian national level authorities are somewhat more active.** In terms of other categories, significant difference is detected in case of other education and training institutions, which are generally more active in Croatia. This difference is justified by the fact that in Hungary a large part of the primary and secondary educational institutions is managed by the Klebelsberg Centre, which is a state-run public body. On the other hand, in Croatia, public schools are separate legal entities, controlled by local governments or counties.

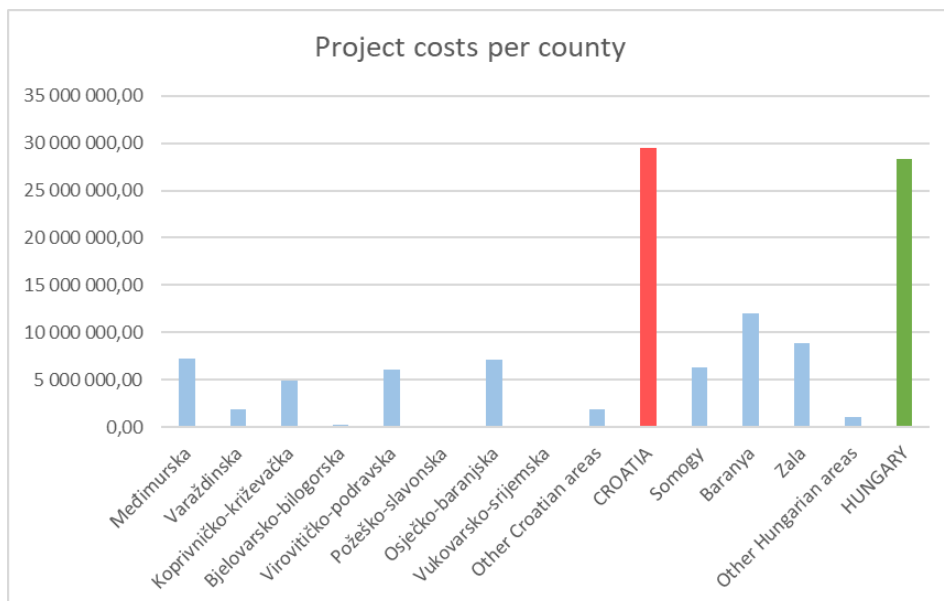
A similar distribution is visible in case of total project costs: the largest amounts were committed to public beneficiaries, especially in the case of Croatia. Difference in funding for other

educational and training institutions is justified by a higher activity in Croatia, while higher education institutions were more active in Hungary. **The non-profit and SME sectors are rather balanced. The contribution of the research sector is insignificant.**

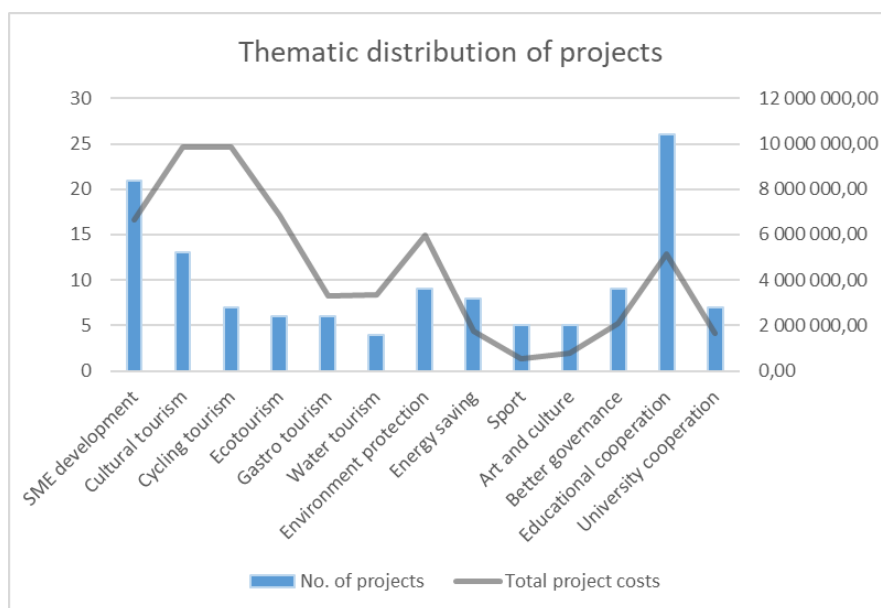
- Though Croatia was generally more active, in terms of counties, the highest **number of beneficiaries** was detected in Baranya county, followed by Osječko-baranjska, Koprivničko-križevačka and Zala:



Allocation of project costs between counties show a similar picture: **the most active counties are responsible for the highest project costs.** The biggest deviation from the general picture is detected in case of Virovitičko-podravska, with relatively lower share in project costs:



- In general – in spite of some territorial disparities preferring the counties with large universities and significant sectoral state agencies (Baranya and Osječko-baranjska) – **a very good territorial balance has been achieved concerning the counties located directly at the border.** To be particularly highlighted – also in line with the integrated approach promoted by the CP – is the strong relative performance of the Croatian counties in the middle of the border region, suffering from bad accessibility and depopulation. **On the other hand, mobilisation of the counties neighbouring the border counties on the Croatian side has not been completely successful, as cross-border cooperation has generally remained in the close vicinity of the state border.** This territorial restriction was also promoted through the preference of 'Zone B' in case of components 2.1.1 and 2.1.2, which limited investments in the 40 km strip of the border. **Among the not directly bordering counties, Varaždinska has showed visible activity,** while Bjelovarsko-bilogorska and Vukovarsko-srijemska have cooperated with minimum intensity. Požeško-slavonska has failed to get involved in cross-border cooperation.
- The analysis shows that **the number of projects in educational cooperation and SME development (mostly under the 'Beneficiary Light Scheme') stands out** – 26 and 21 projects, respectively. These two categories were followed by cultural tourism (13 projects), environment protection and governance (9-9 projects). Some themes with their own component were targeted by relatively lower number of projects, like cycling tourism or higher education cooperation (7-7 projects). At the same time, **the highest total funding was received by themes including more infrastructure elements, with cultural and cycling tourism at the top** (ca. 9,94 million EUR each), followed by SME development (6,66 m EUR), environment protection (6,00 m EUR) and educational cooperation (5,14 m EUR). Themes focused on soft activities (sports, art& culture, etc.) received the lowest total funding.



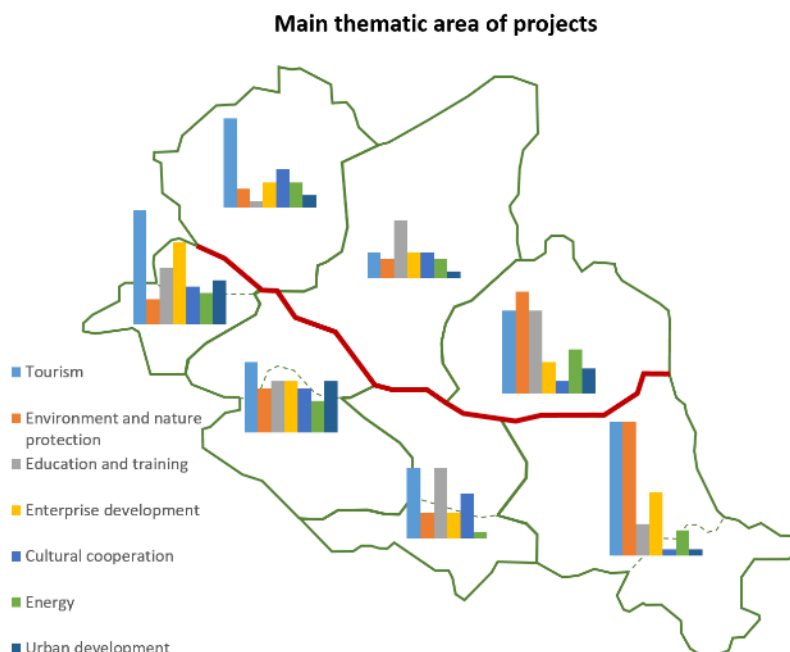
- Distribution of funding related to various project objectives shows a mixed picture on regional level. **Preference to some objectives in the different counties is caused by the local capabilities and institutional setting.** The importance of local institutional background is reflected in the high concentration of funding with environment protection objectives, namely in Baranya and Osječko-baranjska counties, where key regional environment protection organisations are seated. Similar concentration is shown in university cooperation, in case of Baranya and Koprivničko-križevačka counties. SME development, tourism and educational cooperation show a more balanced picture, but the relatively high rate of tourism funding

(especially water and cycling sector) and environment protection in case of Međimurska is worth mentioning.

Concerning project objectives and achievements, it may be concluded that – apart from a few special topics such as environment protection and university cooperation – **in most of the objectives a relatively good territorial balance has been achieved**, at least considering borderside counties of the programme area. Among the four non-borderside Croatian counties, only Varaždinska showed significant interest in the programme, with a relatively low but balanced presence in most themes. (Its involvement in higher education cooperation is supported by the University North, which has its seat in Varaždin.)

As regards integrated approach promoted by the CP, it should be particularly pointed out that **less developed counties in the middle part of the border area** (in Croatia Virovitičko-podravska in tourism education and sport, Koprivničko-križevačka in education, energy saving, SME development and several other themes, and Somogy in education, SME development, governance and tourism) **have shown relatively high interest**. The relatively high priority of SME development in Somogy and Koprivničko-križevačka is particularly important in this regard.

- The programme area shows huge variation in the geographical distribution of projects within the TO-s: TO06 (Environment and resource efficiency) has great importance in counties on the eastern part (including Pécs and Osijek as the 2 largest cities of the area), and in the western counties (Zala, Međimurska and Varaždinska). The pattern is somewhat reversed in the middle part of the programme area (Somogy, Koprivničko-križevačka and Bjelovarsko-bilogorska counties), where TO10 (Education, training and vocational training) has the largest proportion. Interestingly, TO10 is almost non-existent in Zala, while TO06 is similarly under-represented in Somogy.



Tourism is the most important theme in Zala County, and in all Croatian county pairs. Environment and nature protection is most important for the eastern counties around Pécs and Osijek. **Enterprise development (showing a Croatian dominance as shown above) is most**

represented in the western part of HR (Međimurska and Varaždinska counties). Interestingly, the number of cultural cooperation projects is very low in the most populous eastern counties. Energy is strongly represented in Baranya, while urban development is significant in the western half of HR (Međimurska and Varaždinska, Koprivničko-križevačka and Bjelovarsko-bilogorska counties).

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 single biggest danger and hindrance to programme- and project management in 2020 has been the pandemic caused by the SARS-CoV-2 virus, affecting the entire area of the Hungarian-Croatian cross-border region. The first wave has from the middle of March forced most programme management bodies into home office operation, while the same measures led on the Beneficiaries' side to the almost complete standstill of project activities. Until the first guidance documents appeared, there was a tangible halt of implementation on both sides of the Hungarian-Croatian border, at all project partner organisations.

The JS and MA, in consultation with the AA, prepared in a week's time **a so-called COVID Guidance which would be approved by the MC in an (extraordinary) written decision-making procedure,** closed on 17 March. The document, with additional suggestions from the Croatian NA, was shared with all LB-s on the same day and dealt with cost eligibility issues (of procurements already ordered but cancelled due to the public health limitations) and suggestions regarding the managing of upcoming project activities such as workshops, trainings and other events or travels.

This measure was followed by the adoption of special (and temporary) rules related to the movement of paper-based documents between the programme management institutions (connected e.g. to the issuing of Declarations on Commitment and the signing of Subsidy Contracts). **Both the national processes of the HU FLC and the Joint Procedures Manual of the JS were amended** after consultation with the MA and AA. Approval was granted on 25 March and 16 April, and the rules were in force until 1 June. Later, in the second wave of the pandemic, modified procedures would be re-introduced from 21 September.

With reference to the specific measures as stated in Regulation (EU) 2020/558 of The European Parliament and of The Council of 23 April 2020 (amending Regulations (EU) No 1301/2013 and (EU) No 1303/2013 as regards specific measures to provide exceptional flexibility for the use of the European Structural and Investments Funds in response to the COVID-19 outbreak) the MC in its 20th written decision-making procedure (managed from 10 to 17 July) approved that **a co-financing rate of 100% be applied for the accounting year 2020-2021** (i.e. an exceptional increase of the co-financing rate to 100% in all Priority Axes of the Programme in order to ease the financial burden). The request was uploaded by the MA into the SFC system on 20 July.

During the entire reporting year (and especially at the time of the first wave of the pandemic) the Programme was closely observing the guidance documents issued by various European stakeholders, such as the EC, Interact and ESPON. At the same time the JS kept collecting the questions continuously received from the LB-s, and has compiled and published **on 12 October another COVID-19 Guide to projects under implementation.**

Concerning all circumstances the Programme has managed to handle the pandemic comparably well, due to the mitigating effect of the two Calls for Proposals having been launched in a certain distance from each other. All projects of the first CfP had already finished

implementation by the end of 2019, before the arrival of the first wave. Thus they were already in the process of final reporting and financial closure, and their project activities were not threatened by the restrictions. At the same time, the first projects of the second CfP have started implementation only from spring/summer 2020 onwards and were thus spared at least from the first wave of COVID-19.

However, at the time of compiling this report the second wave and a possible third wave are overlapping which means that even in the second CfP projects started in the second half of 2020 there are more and more project activities that cannot be implemented properly and in time, given the current situation. **Travel restrictions, closed borders, bans on public gatherings and evening curfews are especially hindering CBC projects** that have cultural events and big gatherings planned. For the time being, Beneficiaries can be advised to postpone and re-shuffle their activities and events, but if the situation remains the same during much of 2021 as well then many LB-s will have to request the extension of their projects' implementation period – **which in turn can negatively influence the n+3 performance of the Programme as a whole.**

More information about how second CfP projects could overcome the prolonged adverse effects of the pandemic will be possible to be shared in the AIR 2021.

(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

The general progress of the Programme is advanced, **the selected strategic- and regular projects (and the TA projects) together have already been covering the total available amount of ERDF to the Programme.**

All projects of the first Call for Proposals have finished implementing their activities in 2019 the latest. The project closure phase (final progress reporting) was still ongoing in 2020 as well, but given the successful co-operation between the programme bodies (FLC-s, JS, MA and CA) it did not present any difficulties.

The second and last open Call was managed in 2019, project proposals were assessed and the decision-making on support of projects was prepared in 2019, with the MC meeting taking place on 15 January 2020. **The stipulation of the SC-s for the EU funding began in the first quarter of 2020 and continued throughout the reporting year**, as there were three rounds of project selection related to the second CfP: one in January (with decisions taken on all thematic areas but tourism-development), one in May (deciding on the winners in Component 2.1.2, Tourism Attractions) and one in September (selecting projects from the Reserve list of the CfP).

Further projects to be supported are standing by on **the Reserve list**, but while the method of future selection steps has already been agreed by the MC, the likelihood of many additional projects to receive funding is relatively low: the contracted projects are implemented financially quite efficiently, and only a small amount of funds has been remaining to return back to new projects. In any case, the JS is continuously monitoring the available funds and will make recommendations as to their use on the Reserve list.

Regarding the n+3 rule, ERDF paid out to LB-s until 31 December 2020 amounts to a total of 24.518.754,27 EUR (without the TA), which was in itself significantly higher than the target for the end of 2020 (15.259.298,04 EUR), and which has almost reached already the cumulative target for 2021 (25.093.545,86 EUR).

For a priority-by-priority description please refer to the sub-chapters below:

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 managing 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 4th 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 originally was 31 July 2021. (As of the time of compiling this report there is an ongoing prolongation procedure, requested by the project partnership and to be approved by the MC in the spring of 2021.)

As the '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 External Project Support Facility (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 they have been providing project development assistance to the SME-s since September 2018, being selected in that year by the LB, Croatian enterprise-development company HAMAG-BICRO in a public procurement procedure.

In the meantime, the first Call for Light Project Proposals was opened on 26 October 2018 with a closing date of 14 December until which **17 project proposals were received**. The first Selection Board meeting where funding decisions were to be taken was held on 22 February 2019 when the SB members decided to repeat the evaluation process for better results, thus the successful SB meeting took place on 11 March 2019 with the establishment of the final ranking list. The planned funding available to the first Call projects is 2,55 million EUR, awarded to the **10 winning SME partnerships in 2019, out of which 8 Light Projects could be contracted**. All of them were under implementation during the reporting year, and 3 have already finished implementation, while the other 5 will carry on into 2021 as well.

Regarding the next two-step application process, the second Call for Light Concepts was open between 16 April and 18 June 2018 – **from the 32 submitted concepts 24 were approved to enter the second round** and received detailed project development aid from the EPSF. Subsequently, the second Call for Light Project Proposals (the second stage) was launched on 14 January 2019 with a submission deadline of 15 March until which **21 project proposals were received**. The Selection Board meeting was held on 1 August 2019 when the SB members approved the final ranking list. The planned funding available to the second Call projects was 3,05 million EUR and was awarded to **12 winning SME partnerships**. There was also an awarding ceremony organised by the LB for all SME-s supported in the first two selection processes, the event was held on 29 November 2019 in Prelog, Croatia. **The 6 contracted projects were fully under implementation in 2020**, with one even finishing in the reporting year, while the rest stretch into 2021 (and in some cases, 2022) as well.

In the following, third two-step application process the 3rd Call for Light Concepts was open between 19 March and 20 May 2019. **From the 37 submitted concepts 25 were approved to enter the second round** which was launched on 28 October 2019 with a submission deadline of 20 December, until which **23 project proposals were received**. The SB meeting was held on 28 February 2020, resulting in 8 Light Projects, for a total amount of 2.034.071,93 EUR of EU funding. **The 7 contracted projects**

started implementation either in Q2 or Q3 of 2020, and are expected to close in 2021 (4 projects) or 2022 (3 projects).

(It has to be noted that the difference sometimes encountered between the numbers of selected and contracted Light Projects is due to the special situation that for-profit organisations are facing as opposed to non-profit ones. **It can happen that an SME loses interest in a given development** because in the time passing from the formulation of the project idea to the date of contract signature the product / service is developed by someone else, or the market for the product / service is changing in the meantime in a way that further investment in that particular solution is not reasonable anymore. **Also, SME-s are often struggling with a weak financial background**, and their capability to financially safely implement a planned investment can rapidly change over time, especially if the economic surroundings take a turn for the worse, like it has unfortunately happened in 2020 with the SARS-Cov-2 pandemic. Since supporting SME-s as direct Beneficiaries in a cross-border programme is a novelty on the Hungarian-Croatian border section, it can be carried on as a lesson learned that in business development schemes the future Interreg programmes always have to calculate with a certain percentage of dropouts during the project selection process; thus it is advisable to always work with a properly long Reserve list so that exiting SME co-operations can more easily be replaced by new ones from that list.)

Las but not least, with respect to the remaining amounts of ERDF in the PA, the year 2020 saw the launching of **a last, fourth Call for Light Project Proposals in November**. The green light was given by the MC in October via a written decision-making procedure which also approved the modified implementation documents on scheme level. (With regard to the shortness of time until the end of the programming period, the selection of the SME co-operations was modified from the two-step procedure to a one-step process.) **By the submission deadline of 22 January 2021 there were 45 applications received by HAMAG-BICRO**. Decisions by the Selection Board are expected following formal and quality assessment, during Q2 of 2021.

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 1st 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 from which 2.971.344,40 EUR were successfully spent by the LB and the Beneficiaries.

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). **In the frame of the first CfP there were 20 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).

In the second Cfp 69 applications were submitted to PA2, requesting a total of 56.767.332,15 EUR of EU funding which is more than 3,7 times higher than the EU contribution made available (15.211.969,00 EUR). As regards the components within PA2 the number of project proposals was the following:

- 39 project proposals in Component 2.1.2 (Tourism Attractions), from which 32 made it into the quality assessment phase – there were **9 projects selected** for support in 2020;
- 19 applications in Component 2.1.3 (Thematic Routes and other Tourism Products), with 13 forwarded to quality assessment – resulting in **8 supported projects**, and
- 11 project proposals in Component 2.2.1 (Restoring the Ecological Diversity in the Border Area), out of which 9 were assessed from the quality point of view – and out of which **the MC has selected 3** for implementation.

Please note that due to the advantageous rate of achievement regarding the component-specific indicators, **Component 2.1.1 (Bicycle Paths) was not anymore opened** in the second Call for Proposals. (Certain joint developments concerning bicycle infrastructure were instead possible to be implemented within projects in Component 2.1.2.)

Priority Axis 3 – Cooperation

Almost half (2.500.000,00 EUR from the total amount of 5.717.494,00 Euros) of the 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 9.663.788,00 EUR meant that interest was 3,9 times higher than the available allocation.

From the **15 supported projects of the first Cfp** in PA3 there were

- 12 implemented in Component 3.1.1 (Thematic Co-operation) and
- 3 in Component 3.1.2 (People-to-People Co-operation).

PA3 was opened in the second Cfp as well. 45 applications were submitted, requesting a total of 8.641.985,50 EUR of EU funding, which is more than 2,8 times higher than the EU contribution made available (3.059.379,00 EUR). As regards the Components within PA3

- in Component 3.1.1 there were 30 project proposals submitted, out of which 26 were forwarded to quality assessment and **7 were supported** by the MC in 2020, while
- Component 3.1.2 had 15 project proposals competing for support, out of these 14 reached the quality assessment phase, and **11 could be selected by the MC** for funding during the reporting year.

As mentioned already in Chapter 3.1, **one pilot project, 'CBJointStrategy', is also implemented within PA3**; it was selected for support by the MC on its 8th meeting, on 21 May 2019. Its objectives are to a) prepare the impact analysis of the 2014-2020 cross-border programme, and b) to draft (building also on the impact analysis) the situation analysis and the strategy of the new, 2021-2027 programme. **The sole Beneficiary is Pannon EGTC, and the planning- and capacity-building project was awarded 246.153,62 EUR of EU funding**, with the end date of implementation planned as 31 August 2021.

Priority Axis 4 – Education

The ERDF allocation of this PA, just as in case of PA3, amounts to 5.717.494 Euros of ERDF (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. Projects supported by the MC within the first CfP were divided as follows:

- 3 projects in Component 4.1.1 (Co-operation In Higher Education) and
- 15 in Component 4.1.2 (Co-operation in Pre-school, Primary- and Secondary Education and Adult Education).

In the second CfP altogether 48 project proposals were submitted to PA4, requesting 9.380.989,05 EUR of EU contribution which is 3,6 times higher than the available amount (2.566.435,00 EUR). As regards the Components,

- 4.1.1 received 12 project proposals, out of which 12 reached the quality assessment phase and finally **3 were supported**, while
- 4.1.2 had 36 project proposals, with 33 undergoing quality assessment and **9 receiving support from the MC**.

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) were initially allocated to **8 TA projects, all approved by the MC at its 1st meeting, on 8 December 2015**. One additional TA project and -form were introduced in 2018 when project HUHR TA/01 had to be split to two, due to technical reasons. No new activities or costs were introduced, only the existing ones were re-grouped.

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 2020 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 2020 was as follows:

- **Simplified Cost Options** had 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 changes in administering and reporting, the Beneficiaries have been freed from a substantial burden, and – along the rules set in the CfP and the Control Guidelines – also the FLC bodies on both sides have been profiting from the simplification of the checking of costs.
- In line with Article 122(3) of the CPR and **the requirements of e-Cohesion**, in case of the first CfP 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 BR-s upwards. **At the same time, the second open CfP was launched electronically in 2019, decreasing the administrative burden already in the application phase**. The newly selected projects of 2020 are the first ones that are being implemented 100 per cent in an electronic way, from entering the project proposal to submitting the final PR.

- Last but not least in the autumn of 2020 negotiations have begun between the JS, the FLC-s and the developers of the INTERREG+ monitoring system to enable **a simpler reallocation of smaller amounts inside the Beneficiaries' budgets**. Certain budget changes would not have to be administered by the projects as neither Subsidy Contract changes, nor as 'other project changes'. The related development and the connected modification of the Project Implementation Handbook became reality in January 2021, from which point there is again less administrative burden on the LB-s and Beneficiaries if there are slight modifications in their budget tables owing to new circumstances in their project parts' implementation. **(This flexibility is crucial** since in most cases 1-2 years pass between planning a project budget and closing the implementation of that project, so minor adaptations are necessary in almost but all projects.)

Contribution to macro-regional strategies

The eligible programme area of the Interreg V-A Hungary-Croatia Cooperation Programme 2014-2020 is fully included in the European Union Strategy for the Danube Region (EUSDR). The strategy was launched in 2011 and is built on 4 pillars, divided into 12 priority areas (Priority Area, PA). The pillars are the following:

- Connecting the Danube Region with other regions,
- Protecting the environment in the Danube Region,
- Building prosperity in the Danube Region, and
- Strengthening the Danube Region.

From the point of view of the projects, in case an application proved to contribute to one of the Priority Areas of the EUSDR based on its action plan, extra points could 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.'

In a similar manner, Point 7 of the quality grid of the second CfP contained the same text and awaited scoring for this aspect. **The criterion could be awarded a score of 0-4 / 0-3 points** (on a scale of 100) in the two Calls and was therefore a factor that determined the final score of a project proposal – it could be decisive especially in cases when projects had a very similar score on the Ranking list. 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.

From the institutional point of view both the preparation of the materials of the CfP-s 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. They are constantly involved into all meetings of the MC (including the 'pre-meetings' organised before them on each side of the border as 'national level preparation meetings'), as well as in all written decision-making processes of the MC.

Out of the 54 contracted projects of the second CfP which are currently under implementation, **almost half, 23 make a direct reference to the EUSDR** in the 'Project description' section of their application form.

For example, in Component 2.1.2, **project 'Hidden Landscapes'**, led by the Association for nature and environment protection 'Green Osijek' as LB, is coherent with the EUSDR in that it also promotes green tourism and environmentally friendly visiting to natural areas. The main Croatian project location of Zlatna Greda lies along the Danube- (EuroVelo 6) and the Pannonian Peace Trail cycling routes and plans to establish new facilities (e.g. a wilderness route, hunting lodges and an observation tower), land art and festivals that will induce longer stays of tourists and cyclist along these international routes in the eligible programme area. The project part will be of interest also to the visitors of the nearby Nature park Kopački rit which is a major attraction to eco-tourism enthusiasts in the Slavonian part of the country. On the Hungarian side, Duna-Dráva National Park also has ample experience with environmental protection and green tourism, and its activities and investments in the project complement the goal of Protecting the environment and Building prosperity in the Danube Region.

Project 'Vucedol', implemented in Component 2.1.3 with the lead of Festival Association 'Ördögkatlan', builds on the legacy of several EU-funded projects, making them more sustainable and valorising their outputs. (Some of the examples and linked EU strategies on the European and macro-regional level include the European Year of Cultural Heritage, the Creative Europe Programme and the Polyphony Project supported by the EC.) The project has roots in the EUSDR, especially in its Priority Area 3 (Tourism and Culture) and also in PA9 (People and Skills) as there is a strong educational element as well, but it builds on PA10 as well (Institutional Capacity and Cooperation). The project takes on the output of the Danube Strategy Project Fund, 'The Bridge Project' (<http://thebridge.eu>), and researches and surveys prepared as part of it. Last but not least, the project is also the valorisation and implementation of the Interreg Danube project 'Danube-Iron-Age' (<http://www.interreg-danube.eu/approved-projects/iron-age-danube>) and especially its final output, the International Conference on Archaeology and Tourism. During the design of the current project the partnership has leaned on and integrated several aspects of other strategies, priorities and already existing outputs and methodologies.

'Eco Bridge', led by the Town of Čakovec in Component 2.2.1, is in line with the EUSDR which stresses the importance of building on natural and cultural opportunities provided by the Danube river and its tributaries (i.e. the Drava or Mura rivers). The project complements the EUSDR Action Plan with regard to pillar B) PROTECTING ENVIRONMENT IN THE DANUBE REGION, Priority Area: to preserve biodiversity, landscapes and quality of air and soils. EUSDR aims actions directed at 'managing Natura 2000 sites and other protected areas effectively' and 'to develop green infrastructure in order to connect different biogeographic regions and habitats'. The project complements all of the quoted by investing in three urban parks (two in Čakovec, HR and one in Letenye, HU) which will promote natural heritage of the cross-border destinations of Međimurje County and Zala County. In presenting the natural heritage, emphasis will be on Natura 2000 sites covered by the project. (One of the outputs of the 'Three Rivers = One Aim' project of the 2007-2013 CBC programme was the Study of Birds of The Croatian Part of The Mura-Drava-Danube Biosphere Reserve (2015); that document was the base for the preparation of the 'Eco Bridge' project and it will also serve as the starting point for the survey and analysis to be managed jointly.)

Međimurje Energy Agency Ltd. is LB in **'CO-EMEP'**, a project implemented in Component 3.1.1 and dealing with energy poverty and with developing guidelines on energy poverty mitigation planning. Next to building on several EU-level directives and national laws and plans, they quote PA2, Sustainable Energy and PA5, Environmental Risks (next to PA10, Institutional Capacity And Cooperation) as parts of the EUSDR that are relevant to their planned work. Via thematic workshops and information days the project will identify the problematic sectors while at the same time helping planners on regional and local level to connect with each other and develop their upcoming strategic documents in a way that they include the solutions to the energy poverty problem. At the heart of the project will be the development of a comprehensive online energy management tool and the implementing of pilot actions through developing 10 energy audits and measurements (thermographic measurements, blower door testing and U-value measurement) of identified energy-poor households (5 in HR and 5 in

HU). This is to be followed by the developing of detailed plans for enhancing energy efficiency via defined measures with financial possibilities for each building analysed.

Project 'MR-EGTC Heritage' with LB Mura Region EGTC as its LB set out in Component 3.1.2 to facilitate the increase of institutional co-operation between 27 local public authorities (members of the EGTC) and one NGO, B1 of the project, all located in the close cross-border area around Tótherdahely, HU and Goričan, HR. The project activities reference PA10 of the EUSDR ('Institutional Capacities And Cooperation') which aims at stepping up institutional capacity and co-operation. At the same time, in accordance with the EUSDR Action Plan, the participating settlements through their planned cultural and traditional events are also aligned to PA9, 'People And Skills'. More than 14 festivals are foreseen, among them an event at Pentecost, Festival of the Gibanica, and a Day of Crafts and Day of Wines, furthermore the presenting of traditional crafts of the area (e.g. basket spinning and gold washing) and of the cultural heritage of the local Hungarian, Croatian and German minorities.

With the LB being Calvinist Grammar School, Primary School and Dormitory 'Mihály Csokonai Vitéz', one project partnership in Component 4.1.2 entitled '**ECOoperation**' connects to PA6 ('To preserve biodiversity, landscapes and the quality of air and soils') within Pillar 2, 'Protecting The Environment' of the EUSDR. The aim is to strengthen the work on halting the deterioration in the status of all species and habitats covered by EU nature legislation, in order to achieve a significant and measurable improvement, adapted to the special needs of the respective species and habitats in the Danube Region. The other goal of the project is to enhance the work on establishing green infrastructure and the process of restoration of at least 15% of degraded ecosystems, including soil, in order to maintain and enhance ecosystems and their services in the Danube Region and to improve air quality. Regarding the actions supporting the preservation of biodiversity, landscapes and the quality of air and soils, the project and its participating organisations contributes to achieving the goals of the strategy in their own location and on their own scale.

Information and publicity activities

Communication activities in 2020 were also 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 (08.12), **as well as the Communication Plan For The Year 2020** as approved by the MC on 15 January 2020. 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 the Programme is significantly better than the European average, with Hungary and Croatia regularly being featured among the top positive results, proven again by a Eurobarometer survey, from June 2017 (Flash Eurobarometer 452). 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 (PCG), compulsory to be followed by all selected operations. 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 to be monitored by both the FLC bodies and the JS during project reporting.

The focus of programme-level communication in 2020 was on the implementation of the still running **first CFP projects, especially on reporting their results**, as well as on reporting the **outcomes of the second CFP**, especially after the MC Decisions on awarded funding on 15 January, 15 May and 28 September. Following the decisions on funding, the main focus as regards the second CFP projects was on **supporting the projects through the contracting phase** and following them in the implementation of activities, as well as providing updated documents and training to support **successful implementation**.

As the contracting of the second CFP projects was simultaneous with the introduction of a new monitoring system, the trainings held in 2020 included both the presentation of the rules of implementation and the introduction of the new IT system used. There were several trainings organised, both for internal staff and for Beneficiaries (JS and FLC staff training on 27 August 2020; a workshop for Beneficiaries on 16 September and 1st LB WS on 16 December, with another one to follow on 13 January 2021).

Due to the pandemic the communication activities of the Programme had to be adapted to the situation and were therefore **mostly in a virtual setting**, with extensive use of the website and the social media outlets (70 posts on Facebook), as well as preparation of several video instruction materials to make up for the lack of personal meetings and *in-situ* trainings. The Programme also elaborated and published a guidance document for the implementation of project activities in the situation of a global pandemic (<http://www.huhr-cbc.com/en/project-implementation-documents>).

With many new projects starting with implementation within the second half of the reporting year, **the main communication activities towards the general public** were opening conferences of the projects, held either live or online, depending on the current local situation. During Q3 and Q4 of 2020 at least 15 second CFP projects held their opening events either live or in a virtual setting, promoting the projects and the planned activities with the Programme supporting them in the implementation, by participation and promotion of events.

The Programme staff made extensive use of new technology in an effort to intensify communication in lack of personal contact, so both internal communication as well participation in project events and meetings was often done via **online communication platforms**.

The whole of 2020 was marked by the pandemic, so also the planned project and programme events were being implemented in line with the epidemiological situation at any given moment. This also reflected on the **annual participation of the Programme in the marking of the European Co-operation Day**, where this year only few live events were possible to be held across Europe. The Programme promoted the campaign via its social media sites, and one smaller live event (with ca. 50 participants) was held in Križevci, Croatia on 21 September (<https://bit.ly/2O3QrD8>) with additional online audience also present.

The Programme also took part in marking the **30 years of Interreg** by using the visual elements and dedicated hashtags in the virtual environment, and by participating in the **Project Slam** activities coordinated by Interact, with nominating 5 projects to the selection of the best Interreg project.

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.

Development of the new INTERREG+ IT system

In July 2019 the MA of all four Interreg programmes using the IMIS 2014-2020 system decided – with the support of the participating Member States – to launch a new procurement procedure on developing a

new IT system, the so called INTERREG+ system to cover all missing functions of IMIS 2014-2020. The reason behind the system change was that even after a longer error management period the functionality of the IMIS 2014-2020 system could not be consolidated, and the number of software errors was still higher than expected especially for programmes in their implementation modules. The INTERREG+ system will replace IMIS 2014-2020, at the same time it is developed with a view on the requirements of the 2021-2027 period as well.

The new INTERREG+ system is developed for the following four CBC programmes:

- Interreg V-A Hungary-Croatia Cooperation Programme,
- Interreg V-A Slovakia-Hungary Cooperation Programme,
- Interreg-IPA Cross-border Cooperation Programme Hungary-Serbia and
- Hungary-Slovakia-Romania-Ukraine ENI Cross-border Cooperation Programme.

The first step towards the INTERREG+ system in the Interreg V-A Hungary-Croatia Cooperation Programme was the approval of the modification of the TA project TA/01 by the MC on 4 November 2019, which authorized Széchenyi Programme Office (SZPO, the hosting body of the JS) to launch the public procurement procedure. SZPO initiated the public procurement in November 2019, and as a result signed the development contract with the selected tenderer on 17 February 2020.

The INTERREG+ system development project lasts till 30 September 2021 and will be followed by a continuous maintenance and support period throughout the whole implementation of the Programme. According to the contractual time plan, the system went/will go live with the following functionalities as listed below:

- Project and Contracting Module, covering recording of programme- and CfP data - May 2020;
- Reporting Module, Control and Payment Module – November 2020;
- TA Project Module, Programme-level Financial Module (submission of Application for Payments to EC), planning migration procedure of all implementation and financial data from IMIS 2014-2020 – February 2021;
- Irregularity, Recovery and Closure Module – May 2021;
- e-Application and Assessment Module for the 2021-2027 period – September 2021; and
- Service functions, development of interfaces (i.e. InforEuro), closing of the development project and handover of the source code of the INTERREG+ system – by 30 September 2021.

After the signature of the development contract on 17 February 2020, specification of the new system has immediately started in the coordination of the I+Office (set up within SZPO), in close cooperation with the JS of the Programme. After several testing round the first module, covering Programme, Call and Project data as well as contracting procedure, was launched live on 14 May 2020. Online reporting module for Beneficiaries as well as control functions was launched on 26 August 2020 on the live system, followed by the launch of the LB reporting and payment module on 27 November 2020. Since then Beneficiaries and LB-s of the Programme have started using the INTERREG+ system for the online submission of their reports, as well as First Level Controllers for their validation activities and the JS for its daily programme- and project management activities. Migration of data from IMIS 2014-2020 to INTERREG+ has also been started and will be completed latest by end of November 2021.

The general features of INTERREG+ involve two sides of one system: the Front Office and the Back Office. The Front Office surface of INTERREG+ is for Beneficiaries and LB-s who can submit their Beneficiary Reports, Project Reports and Applications for Reimbursement online, while the Back Office is used by all bodies of the programme implementation (MA, Croatian NA, FLC-s, JS, CA and AA) as a management and monitoring tool.

Advanced technical features of INTERREG+ system have been developed to ease the user's daily activities. The system's **workflow engine** guarantees that each process step has to be completed in sequence according to the pre-defined order, and the system also checks whether the user is authorized to accomplish a certain task. Thanks to **version management** all project changes are tracked and stored so that each project version can be queried and compared to any other versions. The project history screens contain all system events like a diary (who did when and what). **Several hundreds of built-in checks, warnings and automatic calculations** (data aggregation from partner- through project- to programme level) ensure the accuracy of Project Reports and Applications for Reimbursement, while the **built-in document templates and standard notification letters** enhance the convenience of the users. **Detailed budget tables show the projects' financial progress** (planned, reported and remaining amounts, statuses).

Considering the relatively high number of bodies and users involved in programme implementation, the system operates online. This solution facilitates simultaneous data input and flexible data storage capacity at all participating actors. In order to avoid unauthorized logins and movements, **INTERREG+ possesses a sophisticated access rights system:** access to functions and data is restricted by organizational membership, level of hierarchy and geographic location.

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 this 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 investments	Total eligible costs	Planned notification/submission date (if applicable) (year, quarter)	Date of tacit agreement/approval by Commission (if applicable)	Planned start of implementation (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 (i) (if applicable)	Observations (if necessary)

(1) 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 3Started 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.

