

ANNEX X

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

PART A

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

1. IDENTIFICATION OF THE ANNUAL / FINAL IMPLEMENTATION REPORT

CCI	2014TC16RFCB008
Title	<i>(Interreg V-A) HU-HR - Hungary-Croatia</i>
Version	1.0
Reporting year	2016
Date of approval of the report by the Monitoring Committee	15 May 2017 via Written Procedure

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)

The present Report, prepared pursuant to Annex X of Commission Implementation Regulation (EU) 2015/207, aims at providing a brief overview of the **activities that were undertaken in relation to the Programme in the year 2016.**

Following the approval of the EC for the Programme, provided on 7 September 2015 via Decision No. C(2015)6228, the programme implementing bodies immediately started drafting materials for **the first open Call for Proposals (CfP)**; after a first round of discussion on the 1st meeting of the MC on 8 December 2015, followed by further elaboration, the MC approved the materials of the CfP on its 2nd meeting, on 5 February 2016. Opening up 60% of the Programme's EU funds (except the amounts foreseen for strategic projects) the CfP was published on 29 February 2016, making available 26.528.785 Euros of ERDF funding for the non-profit organisations of the eligible programme area, under Priority 2, 3 and 4 of the Programme.

March, April and May 2016 were mainly spent with **helping the project-generating activities** of potential applicant organisations. Personal consultations were provided by the JS, and there were **seven Information Days organised.** (At four locations there was also a Partner Search Forum held, for potential applicants looking for partner organisations.) By the submission deadline of 31 May 2016, the JS had received **207 applications, marking the highest interest** in Hungarian-Croatian co-operation to date.

The formal and eligibility assessment of project proposals was managed by the JS in June, July, August and September. Following a completion/clarification round and after the finalisation of the formal and eligibility rejections, 89 project proposals reached **the phase of quality assessment,**

commencing end of January 2017. The two-day project selection meeting of the MC was organised on 2-3 March 2017, and as a result **54 projects were selected for funding**, for a total of 23.383.107,23 Euros of ERDF sources.

Next to the projects (to be) selected via open CfP, the Programme contains as of now also two operations which can be regarded as **strategic projects**. The 'De-mine HU-HR II' project, a continuation of the earlier de-mining co-operation of the two Member States, managed its first Beneficiary-level reporting in the year 2016 – while the other co-operation planned outside the spectre of open CfP-s, **the 'B-Light Scheme'** of Priority Axis 1 (Economic Development), set up its project partnership in 2016, besides being officially approved by the MC on its 4th meeting, on 1 December 2016.

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 from January 2015**, going live in April that year. The official programme website is **complemented by an official Facebook and Twitter profile**, started by the JS in 2016. The programme participated also last year in the **European Co-operation Day** initiative, reaching a substantial number of stakeholders and potential applicants with information about the Hungarian-Croatian co-operation programmes.

Regarding the human resources available to programme implementation, **the JS**, established on 25 October 2015, operated in 2016 with a full team of 8 co-workers. **Both the MA and the Croatian NA** keep committing the same human resources as previously present in the now closing 2007-2013 programme. As the tasks widen (mainly through the implementation of the Programme's first 56 projects) the **involvement of the FLC bodies, of the Certifying Authority and of the Audit Authority** is bound to increase from the first half of 2017.

Concerning the designation process for the period 2014-2020, continuous discussion with the involvement of all programme implementing bodies continued also in 2016 and resulted in the elaboration of the most important documents of programme implementation. Besides these the internal documents, rules of procedures of the MA, the Croatian NA and the JS were also prepared.

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	The Priority represents 16,38 per cent of the ERDF funding allocated to the Programme (meaning 9.960.300 Euros). The entire amount is dedicated to financing the so-called B-Light Scheme , a special operation partly acting like a regular project and partly like a support scheme. This example to provide <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-Wall at the border of Germany and the

		<p>Netherlands.</p> <p>The main Beneficiaries: one non-profit organisation dealing with enterprise support from each of the seven border counties, were identified during 2015, while the LB, HAMAG BICRO was selected by the future project partnership (the future main Beneficiaries) following the 2nd MC meeting, held on 5 February 2016. The Application Form (AF) and the Implementation Manual of the scheme received the endorsement of the MC on the 4th meeting, on 1 December 2016. The conclusion of the EU-funding Subsidy Contract is expected for spring 2017, and the official starting date of the project is 1 February 2017. The opening of the mechanism to SME-s from both sides can be expected in the spring of 2017 – the preparations for the first call for SME project ideas are ongoing as of April 2017.</p> <p>Currently there are no significant problems envisaged with the implementation of the Priority. The LB and the B-s were carefully selected and additional guarantees are under development to ensure the smooth management of this strategic project in the year 2017.</p>
PA 2	Sustainable use of natural and cultural assets	<p>The Priority represents the biggest part, 58,82 per cent of the ERDF funding allocated to the Programme. It is split into two Investment Priorities (IP-s): 6c (<i>Conserving, protecting, promoting and developing natural and cultural heritage</i>) with 27.203.413 Euros foreseen, and 6d (<i>Protecting and restoring biodiversity and soil and promoting ecosystem services, including through NATURA 2000, and green infrastructure</i>) with 8.576.241 Euros planned.</p> <p>IP 6d is providing support to the strategic project ‘De-mine HU-HR II’ in the amount of 3.008.090,28 Euros of ERDF funding. The project started implementation on 1 June 2016 and is scheduled to close on 31 May 2018. The project has in 2016 managed its first Beneficiary-level reporting; as of April 2017, the first Project Report is being assessed by the JS.</p> <p>Regarding the rest of the Priority, in case of both IP 6c and 6d, the funding contained therein is subject to open Cfp-s. Calls regarding IP 6c shall 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) are to spend 15.473.141 Euros, and projects in IP 6d (3 partnerships) 2.094.545 Euros of ERDF on</p>

		<p>their joint activities.</p> <p>Currently there are no significant problems envisaged with the implementation of the Priority. As of April 2017, an enquiry is being conducted by the JS regarding the planned achievements of selected projects regarding programme-level indicators. In case under-achievements will be detected, one or more targeted CfP-s shall be opened in order to identify further projects in either IP which can contribute to reaching the goals set in the CP.</p>
PA 3	Co-operation	<p>The Priority represents 9,4 per cent 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 planned to be managed exclusively through open CfP-s and was launched already as part of the first CfP, with 2.500.000 Euros of EU contribution. As a result of decisions on funding taken by the MC in March 2017, the 15 projects in this Priority are to spend 2.658.115 Euros of ERDF on their joint activities.</p> <p>Currently there are no significant problems envisaged with the implementation of the Priority. As of April 2017, an enquiry is being conducted by the JS regarding the planned achievements of selected projects regarding programme-level indicators. In case under-achievements will be detected, one or more targeted CfP-s shall be opened in order to identify further projects which can contribute to reaching the goals set in the CP.</p>
PA 4	Education	<p>The Priority represents 9,4 per cent 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 planned to be managed exclusively through open CfP-s and was launched already as part of the first CfP, with 2.700.000 Euros of EU contribution. As a result of decisions on funding taken by the MC in March 2017, the 19 projects in this Priority are to spend 3.151.059 Euros of ERDF on their joint activities.</p> <p>Currently there are no significant problems envisaged with</p>

		<p>the implementation of the Priority. As of April 2017, an enquiry is being conducted by the JS regarding the planned achievements of selected projects regarding programme-level indicators. In case under-achievements will be detected, one or more targeted CfP-s shall be opened in order to identify further projects which can contribute to reaching the goals set in the CP.</p>
PA 5	Technical Assistance (TA)	<p>The Priority represents 6 per cent of the ERDF funding allocated to the Programme (meaning 3.649.464 Euros), the maximum share possible in the 2014-2020 financial perspective. This will be matched by 2.985.925,00 Euros of national co-financing from Hungary and from Croatia in order to enable the successful management of the Programme.</p> <p>The main result will be the sound and timely execution of all necessary measures that are the prerequisite for the Programme's effectiveness (such as the setting up and operating of programme bodies, including financing of their personnel and external service needs, the preparation and launch of CfP-s, the selection of projects, project monitoring, administrative and technical assistance, programme evaluation, information and communication activities, audit and first level control measures, development and operation of an electronic monitoring system etc).</p> <p>The MC has approved at its 1st meeting, on 8 December 2015 the following TA projects and corresponding TA forms:</p> <ul style="list-style-type: none"> - TA/01, title: 'Core activities of the Interreg V-A Hungary-Croatia Co-operation Programme', Beneficiary: Széchenyi Programme Office (Hungary) - TA/02, title: 'External expertise provided for the Managing Authority in Budapest', Beneficiary: Hungarian Prime Minister's Office - TA/03, title: 'Operation of the Certifying Authority in Budapest', Beneficiary: Hungarian State Treasury - TA/04, title: 'Audit activities of the Interreg V-A Hungary-Croatia Co-operation Programme', Beneficiary: Hungarian Directorate General for Audit of European Funds - TA/05, title: 'Establishment and operation of the first level control of TA expenditures of Croatian TA beneficiaries and other national level activities to be carried out by the Croatian National Authority', Beneficiary: Agency for Regional Development of the Republic of Croatia - TA/06, title: 'Establishment and operation of the control system and other national activities in Hungary', Beneficiary: Széchenyi Programme Office (Hungary) - TA/07, title: 'Establishment and operation of the first

		<p>level control of TA expenditures of Hungarian TA beneficiaries and other national level activities to be carried out by the Hungarian National Authority', Beneficiary: Hungarian Prime Minister's Office</p> <ul style="list-style-type: none"> - TA/08, title: 'Establishment and operation of the first level control of TA expenditures of Croatian TA beneficiaries and other national level activities to be carried out by the Croatian National Authority', Beneficiary: Ministry of Regional Development and EU Funds of the Republic of Croatia <p>Currently there are no significant problems envisaged with the implementation of the Priority.</p>
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3.2 Common and programme specific indicators (Article 50(2) of Regulation (EU) No 1303/2013)

Table 1

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

Automatic from SFC						Annual value			
ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2023)	2014	2015	2016	Observations (if necessary)
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	5.208,00	5.208,00	Frequency of reporting is planned to be 2018, 2020 and 2023.
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	1.758.826,00	1.758.826,00	Frequency of reporting is planned to be 2018, 2020 and 2023.
PA 2, 2.2	Increased number of habitats with 'A: excellent' conservation status of selected Special Bird Protection Areas	number	179,00	2014	192,00	179,00	179,00	179,00	Frequency of reporting is planned to be 2018, 2020 and 2023.
PA 3, 3.1	Number of entities participating in cross-border networks and bilateral co-operations	number	36,00	2015	49,00	36,00	36,00	36,00	Frequency of reporting is planned to be 2018, 2020 and 2023.
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	29,00	29,00	Frequency of reporting is planned to be 2018, 2020 and 2023.

Table 2

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

	ID	Indicator (Name of indicator)	Measurement unit	Target value (1) (2023)	CUMULATIVE VALUE			Observations (if necessary)
					2014	2015	2016	
Selected operations (forecast provided by Beneficiaries)	1.1	Number of enterprises receiving support	pcs	80,00	0,00	0,00	0,00	The 'B-Light Scheme' project did not yet select SME-s for support.
Fully implemented operations (actual achievement)					0,00	0,00	0,00	
Selected operations	1.2	Number of enterprises receiving grants	pcs	80,00	0,00	0,00	0,00	The 'B-Light Scheme' project did not yet select SME-s for support.
Fully implemented operations					0,00	0,00	0,00	
Selected operations	1.3	Number of enterprises receiving non-financial support	pcs	80,00	0,00	0,00	0,00	The 'B-Light Scheme' project did not yet select SME-s for support.
Fully implemented operations					0,00	0,00	0,00	
Selected operations	2.1.1	Total surface area of rehabilitated land	ha	450,00	0,00	0,00	459,85	The value figures in the submitted (but in 2016 not yet approved) progress report of the 'De-mine HU-HR II' project.
Fully implemented operations				450,00	0,00	0,00	0,00	

Selected operations	2.1.2 ¹	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	See footnote.
Fully implemented operations				60.000,00	0,00	0,00	0,00	See footnote.
Selected operations	2.1.3	Number of tourism facilities / service providers being certified by an environmental sustainability scheme	number	40,00	0,00	0,00	0,00	See footnote.
Fully implemented operations				40,00	0,00	0,00	0,00	See footnote.
Selected operations	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	See footnote.
Fully implemented operations				5.400,00	0,00	0,00	0,00	See footnote.
Selected operations	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	See footnote.
Fully implemented operations				1.000,00	0,00	0,00	0,00	See footnote.
Selected operations	2.2.3	Number of joint international studies	pcs	10,00	0,00	0,00	0,00	See footnote.
Fully implemented operations				10,00	0,00	0,00	0,00	See footnote.
Selected operations	3.1	Number of institutions participating in joint capacity building actions	number	33,00	0,00	0,00	0,00	See footnote.
Fully implemented operations				33,00	0,00	0,00	0,00	See footnote.
Selected operations	3.2	Number of harmonized processes, shared initiatives, coordinated policies and projects	number	66,00	0,00	0,00	0,00	See footnote.
Fully implemented operations				66,00	0,00	0,00	0,00	See footnote.

¹ Indicators with ID 2.1.2 to 4.5: There were no projects selected and/or under implementation in 2016 in PA 2, 3 and 4 (except for the strategic projects 'De-mine HU-HR II'), thus there are no achievement values yet connected to these indicators. First Project Reports from the projects selected in March 2017 will contain the first ever figures regarding these indicators.

		developed jointly						
Selected operations	3.3	Number of participants in joint capacity building actions and events	number	810,00	0,00	0,00	0,00	See footnote.
Fully implemented operations				810,00	0,00	0,00	0,00	See footnote.
Selected operations	4.1	Training courses developed and delivered (formal and informal)	number	40,00	0,00	0,00	0,00	See footnote.
Fully implemented operations				40,00	0,00	0,00	0,00	See footnote.
Selected operations	4.2	Number of educational premises refurbished	number	15,00	0,00	0,00	0,00	See footnote.
Fully implemented operations				15,00	0,00	0,00	0,00	See footnote.
Selected operations	4.3	Number of educational premises upgraded with technical equipment	number	15,00	0,00	0,00	0,00	See footnote.
Fully implemented operations				15,00	0,00	0,00	0,00	See footnote.
Selected operations	4.4	Number of participants in joint education and training schemes to support youth employment, educational opportunities and higher and vocational education across borders	number	860,00	0,00	0,00	0,00	See footnote.
Fully implemented operations				860,00	0,00	0,00	0,00	See footnote.
Selected operations	4.5	Number of involved marginalised persons in training programmes	number	200,00	0,00	0,00	0,00	See footnote.
Fully implemented operations				200,00	0,00	0,00	0,00	See footnote.
Selected operations	5.1	Projects selected for financing	number	100,00	0,00	9,00	10,00	Two selected strategic projects and eight selected TA projects.

Fully implemented operations				100,00	0,00	0,00	0,00	There have been no fully implemented projects yet.
Selected operations	5.2	Electronic monitoring system established	number	1,00	0,00	0,00	0,00	In April 2017 the setting up of the Programme's monitoring system is still ongoing.
Fully implemented operations				1,00	0,00	0,00	0,00	There have been no fully implemented TA projects yet.
Selected operations	5.3	Programme evaluation plan prepared (and approved by the MC)	number	1,00	0,00	0,00	1,00	The Evaluation Plan was approved by the MC in December 2016.
Fully implemented operations				1,00	0,00	0,00	0,00	There have been no fully implemented TA projects yet.
Selected operations	5.4	Programme communication plan prepared (and approved by the MC)	number	1,00	0,00	1,00	1,00	The Communication Strategy of the Programme was approved by the MC on in December 2015.
Fully implemented operations				1,00	0,00	0,00	0,00	There have been no fully implemented TA projects yet.
Selected operations	5.5	Guiding documents addressed to applicants and Beneficiaries	number	3,00	0,00	1,00	1,00	The Guidelines for Applicants of the first CfP was approved by the MC on its 2 nd meeting,

								on 5 February 2016.
Fully implemented operations				3,00	0,00	0,00	0,00	There have been no fully implemented TA projects yet.
Selected operations	5.6	Publicity events	number of events	10,00	0,00	1,00	4,00	Opening Conference in 2015, two big ECD events and one project ECD event in 2016.
Fully implemented operations				10,00	0,00	0,00	0,00	There have been no fully implemented TA projects yet.
Selected operations	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	Due to the n+3 rule and the tasks connected to the programme of the 2007-2013 period, the JS members' personal costs were still financed from 'old' TA sources. The FTE target figure will be reached for the first time in 2017.
Fully implemented operations				9,00	0,00	0,00	0,00	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

Table 3

Information on the milestones and targets defined in the performance framework

Priority Axis	Indicator Type (Key implementation step, financial, output or, where appropriate result indicator)	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	2014	2015	2016	Observations (if necessary)
PA 1 ²	Financial	1.1	Financial indicator	EUR	2.200.000,00	11.718.000,00	0,00	0,00	0,00	n.a.
	Output	1.2	Number of enterprises receiving grants	pcs	15,00	80,00	0,00	0,00	0,00	n.a.
PA 2 ³	Financial	2.1	Financial indicator	EUR	7.580.000,00	42.093.711,00	0,00	0,00	0,00	n.a.

² The AF and the Implementation Manual of the strategic project 'B-Light Scheme' were approved only in December 2016, therefore the selection of the first SME-s for funding and the first payments to them (and the 'main' Beneficiaries operating the scheme) will take place in 2017 only.

³ The first achievement values will be reported by the projects and the first payments of EU funding will be made to the projects only in 2017 since there were only two selected strategic projects in 2016. The 'De-mine HU-HR II' project did not receive any ERDF in the year 2016 since its project level reporting (to be followed by the reimbursement of costs) stretched over into 2017.

	Output	CO09	Increase in expected number of visits to supported sites of cultural or natural heritage and attractions	number	9.000,00	60.000,00	0,00	0,00	0,00	n.a.
	Output	CO23	Surface area of habitats supported in order to attain a better conservation status	ha	810,00	5.400,00	0,00	0,00	0,00	n.a.
PA 3 ⁴	Financial	3.1	Financial indicator	EUR	1.210.000,00	6.726.464,00	0,00	0,00	0,00	n.a.
	Output	3.3	People participating in joint actions and events	number	125,00	810,00	0,00	0,00	0,00	n.a.
PA 4 ⁵	Financial	4.1	Financial indicator	EUR	1.210.000,00	6.726.464,00	0,00	0,00	0,00	n.a.
	Output	4.2	Number of participants in joint education and training schemes to support youth employment, educational opportunities and higher and vocational education across borders	number	150,00	860,00	0,00	0,00	0,00	n.a.

*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.

⁴ The first achievement values will be reported by the projects and the first payments of EU funding will be made to the projects only in 2017 since there were only two selected strategic projects in 2016

⁵ The first achievement values will be reported by the projects and the first payments of EU funding will be made to the projects only in 2017 since there were only two selected strategic projects in 2016.

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

Table 4

Financial information at Priority Axis and Programme level

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 ⁶	106,76%	n.r. ⁷	0,00	0,00%	1,00
PA 2	ERDF		Total eligible	42.093.711,00	85%	3.529.399,70 ⁸	8,38%	n.r.	0,00	0,00%	1,00

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

⁷ The Programme uses total eligible costs as basis for the calculation of the EU contribution.

Cost								
Total eligible cost	6.726.464,00	85%	0,00	0,00%	n.r.	0,00	0,00%	0,00
Total eligible cost	6.726.464,00	85%	0,00	0,00%	n.r.	0,00	0,00%	0,00
Total eligible cost	6.635.389,00	55%	6.635.388,87	99,99%	n.r.	0,00	0,00%	8,00
Total eligible cost	73.900.028,00	82,3%	22.675.087,57	30,68%	n.r.	0,00	0,00%	10,00

Contribution from third countries participating in the Co-operation Programme should be provided (for example IPA and ENI,

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)

Priority Axis	Characteristics of expenditure		Categorisation dimensions								Financial data			
	Fund	Category of region	1 Intervention field	2 Form of finance	3 Territorial dimension	4 Territorial Delivery mechanism	5 Thematic Objective dimension	6 ESF secondary theme	7 Economic dimension	8 Location dimension	Total eligible cost of operations selected (EUR)	Public eligible cost of operations selected (EUR)	Total eligible expenditure declared to MA	Number of operations selected
PA 1	ERDF		001. Generic productive investment in SME-s	01. Non-repayable grant	01. Large Urban areas 02. Small Urban areas 03. Rural areas	07. Not applicable					8.670.000,00	6.502.500,00	0,00	0,00 ⁹
			066. Advanced support services for SME-s and groups of SME-s								2.310.299,00	2.310.299,00	0,00	0,00
			075. Development and promotion of tourism services in or for SME-s								1.530.000,00	1.147.500,00	0,00	0,00
PA 2	ERDF		032. Local access roads	01. Non-repayable grant	02. Small Urban areas 03. Rural areas	07. Not applicable					0,00	0,00	0,00	0,00
			034. Other reconstructed or								0,00	0,00	0,00	0,00

⁹ Within PA1 only one operation has been selected, the 'B-Light Scheme' strategic project.

			improved road										
			085. Protection and enhancement of biodiversity, nature protection and green infrastructure						0,00	0,00	0,00	0,00	
			086. Protection, restoration and sustainable use of Natura 2000 sites						0,00	0,00	0,00	0,00	
			087. Adaptation to climate change measures and prevention and management of climate related risks						0,00	0,00	0,00	0,00	
			089. Rehabilitation of industrial sites and contaminated land						3.529.399,70	3.529.399,70	0,00	1,00	
			090. Cycle tracks and footpaths						0,00	0,00	0,00	0,00	
			091. Development and promotion of the tourism potential of natural areas						0,00	0,00	0,00	0,00	
			092. Protection, development and promotion of public tourism assets						0,00	0,00	0,00	0,00	
			094. Protection, development and promotion of public cultural and heritage assets						0,00	0,00	0,00	0,00	

PA 3	ERDF		119. Investment in institutional capacity and in the efficiency of public administrations and public services	01. Non-repayable grant	01. Large Urban areas 02. Small Urban areas 03. Rural areas	07. Not applicable					0,00	0,00	0,00	0,00
			120. Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies								0,00	0,00	0,00	0,00
PA 4	ERDF		117. Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings	01. Non-repayable grant	01. Large Urban areas 02. Small Urban areas 03. Rural areas	07. Not applicable					0,00	0,00	0,00	0,00
			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								0,00	0,00	0,00	0,00
PA 5	ERDF		121. Preparation, implementation,	01. Non-repayable grant	07. Not applicable	07. Not applicable					6.306.388,87	6.306.388,87	0,00	0,00 ¹⁰

¹⁰ Within PA5 there have been 8 operations (TA projects) selected.

			monitoring and inspection										
			122. Evaluation and studies							80.000,00	80.000,00	0,00	0,00
			123. Information and communication							249.000,00	249.000,00	0,00	0,00

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>747.732,41</p>	<p>1,23 %</p>	<p>0,00</p>	<p>0,00 %</p>

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

Beside the Ex-Ante Evaluation and the Strategic Environmental Assessment, both part of the programming exercise, there were no programme evaluations conducted or findings of such evaluations published in 2016. **The Evaluation Plan of the Programme was approved by the MC after its 4th meeting, in December 2016,** and the first activities regarding programme evaluation will be performed in the year 2017.

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

There are no foreseeable issues that affect programme performance.

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

See Point 9.1 of the present report.

6. CITIZEN'S SUMMARY (Article 50(9) of Regulation (EU) No 1303/2013)

The Annual Implementation Report (AIR) of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 was prepared and submitted to the European Commission in May 2017 and it provides a brief overview of the activities that were undertaken in relation to the Programme in the previous year 2016.

The AIR contains information on the following: **the setting up** of the institutional structure, **the preparation and launch** of the first open Call for Proposals, **the assessment** of the applications received **and the outcomes of project selection**:

- The Programme, jointly planned by Hungarian and Croatian stakeholders and approved by the European Commission in September 2015, is managed by several institutions, from both Member States. The main responsibility for implementation lies with **the Managing Authority** (the Prime Minister's Office of Hungary), **the National Authority** (the Ministry of Regional Development and EU Funds in Croatia) and **the Monitoring Committee**, a joint body composed of local and central stakeholders (and also representatives of civil society) of both sides.
- **The first Call for Proposals** in the Programme was opened to applicants in February 2016, with a submission deadline of end of May. **The Joint Secretariat**, working with colleagues in Budapest, Pécs, Osijek and Čakovec, was in charge of assisting anyone interested in preparing a joint project idea between eligible Hungarian and Croatian organisations in the field of heritage-based tourism development, environmental protection, co-operation between citizens and organisations, and in education.
- From the 207 submitted applications the Monitoring Committee selected in March 2017 **altogether 54 projects, for a total of over 23,3 million Euros of EU funding**. Partnerships will start implementing their joint activities from April and May 2017 onwards, and can co-operate for up to 20 months in the framework of their approved projects.
- Since there is ample EU funding left in the Programme, **a second Call for Proposals will be prepared and published** by the implementing bodies, foreseeably in the second half of 2017.

More information about the Programme can be found **on the official website:** www.huhr-cbc.com. If you are interested in the future possibilities of applying, please connect with the Programme also **on Facebook** (www.facebook.com/huhr.cbc) and **on Twitter** (<https://twitter.com/InterregHUHRcbc>)!

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

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

Significant problems encountered and measures taken to overcome them

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

PART B

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

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

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

General progress

The implementation of the Programme is in line with the expectations of the participating Member States. Following the approval by the EC in September 2015 the institutional setup has been created, TA projects have been approved for the main bodies of the programme implementing structure, and **the MC was formed on a preliminary meeting in 2015**. It has since then had five regular meetings, deciding, among others, about the materials of the first open CfP and about the project proposals to be supported.

Preparation for the designation process started in 2015 and continued also in 2016; several internal meetings (in the MA and in the hosting institution of the JS) and joint meetings (with the participation of the MA, the JS, the Certifying Authority and the Audit Authority) have been held. Work was finished among others on the Description of the Monitoring and Control System and on the Memorandum of Understanding. As of April 2017, the AA is already assessing the finalised documentation necessary for the designation. **Work continues on the electronic monitoring system of the Programme**, designed to ensure conformity with the requirements of e-Cohesion by the time of contracting and implementing the projects of the first CfP.

Following the opening of the first CfP in February, the months of March, April and May 2016 were mainly spent with **helping the project-generating activities of potential applicant organisations**. Personal consultations were provided by the JS on all four locations of its operation (Budapest, Pécs, Osijek and Čakovec), and all colleagues received questions and provided answers via telephone and e-mail. **There were seven Information Days organised**, bringing the first CfP closer to the potential applicants in all counties of the eligible programme area. In the first week of April the JS held one-day presentations and Q&A sessions in Pécs (for Baranya County), Zlatna Greda (for Osječko-baranjska and Vukovarsko-srijemska Counties), Virovitica (for Virovitičko-podravska and Požeško-slavonska Counties), Nagyatád (for Somogy County), Križevci (for Koprivničko-križevačka and Bjelovarsko-bilogorska Counties), Čakovec (for Međimurje and Varaždinska Counties) and Nagykanizsa (for Zala County). At four locations (Pécs, Virovitica, Nagyatád and Križevci) **there were also a Partner Search Forums held**, two times in the thematic area of nature protection and tourism development, and two times related to the field of education and co-operation. All events were prominently featured on the official website and on the Programme's Facebook profile. There were more than 750 people invited via targeted e-mail, and a total of more than 500 persons participated at the events.

By the submission deadline of 31 May 2016, the JS had **received 207 applications, marking the highest interest** in Hungarian-Croatian co-operation to date. The formal and eligibility assessment of project proposals was managed by the JS in June, July, August and September. Due to formal and/or eligibility shortcomings 64 applications were rejected, and 138 LB-s were requested to submit a completion. Following the assessment of the additional documents, a further 54 project proposals had to be rejected, with 89 project proposals reaching the phase of quality assessment,

commencing end of January 2017. Quality assessors were selected from the Pool of Assessors, a group of 39 Hungarian and Croatian professionals, narrowed down from 73 candidates who submitted their CV-s to the open Call for Assessors, managed between 9 and 30 June 2016 via the Programme's website and the homepages of the MA and the Croatian NA.

The two-day project selection meeting of the MC was organised on 2-3 March 2017, and as a result **54 projects were selected for funding**. The 23.383.107,23 Euros of EU funding will go to 76 Hungarian and 100 Croatian Beneficiaries, while the share of the two Member States in the awarded funding is a very balanced 49:51, for Hungary and Croatia respectively. The new projects will start implementing their joint activities from the spring of 2017 continuously, thus **the selecting, contracting and commencing of these projects all takes place in 2017**.

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 '**B-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 will provide ERDF funding to SME-s. The project partnership to manage the support scheme was set up in 2016 and the project (AF and further materials such as the Implementation Manual) was **approved by the MC on its 4th meeting, on 1 December 2016**. The contracting process and the starting of implementation are being carried over to 2017 as **the scheme is scheduled to officially start on 1 February 2017**.

Due to the special setup described above and the time needed to put this complex partnership in place, progress in 2016 and the preceding years was limited to establishing the project partnership of 1 LB and 7 territorial Beneficiaries and to elaborating the AF (including the budget) of the strategic project, furthermore to discuss in detail and approve its Implementation Manual in the MC. **Progress towards achieving the objectives of the Programme, furthermore contributions to the value of the related indicators are expected from the reporting year 2017 onwards** as the scheme is to gain momentum by publishing its first call for SME-s and by selecting the first co-operations that can be awarded ERDF support under the project. The timeframe for implementation stretches from 1 February 2017 until 31 July 2021, therefore more and more outputs and results can be share in the annual implementation reports of the upcoming reporting years.

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 hosts 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 has been under implementation since 1 June 2016. The project **managed its first Beneficiary-level reporting in the year 2016**, marking also the first validation activities for the FLC bodies in the 2014-2020 programming period. The first Project Report, to be approved by the JS in April 2017, has already reported a substantial achievement of indicators, including a claimed 459,85 ha of rehabilitated land surface, **fulfilling the planned output indicator set at 450 ha in the CP**.

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).

This could signal that **even more project generating efforts can be devoted to IP 6d in the future** in order to ensure a bigger competition for the available funding. (At the same time it seems that IP 6c has no difficulty in attracting potential partnerships.) The possibilities will be considered together with the results of the investigation into the planned achievement of indicators by the funded projects of the first CfP. The launching of the second open CfP is to substantially benefit from these analyses.

Priority Axis 3 – Cooperation

Almost half, 2.500.000 EUR from the total amount of 5.717.494 Euros of ERDF allocated to this PA (representing 9,4% of the Programme's total EU funding) was made available to potential applicants in the framework of the first open CfP. (There are no strategic projects foreseen in this Priority). **A popular topic already in the previous Hungarian-Croatian co-operation programmes**, this thematic area attracted the second largest amount of submitted applications, at 52 pieces. The requested total funding amount of 9.663.788 EUR means that **interest was 3,9 times higher than the available allocation**. Containing relatively smaller sized projects (from 50.000 to 300.000 Euros per project), this PA is expected to be opened in the second CfP as well, however, based on the lessons of the ongoing analysis of indicator achievements, **it might be necessary to steer the content of the planned co-operations** through active project generation efforts in a way that the submitted and selected projects entirely accomplish the outputs and results as planned in the CP.

Priority Axis 4 – Education

The ERDF allocation of this PA, just as in case of PA3, amounts to 5.717.494 Euros of ERDF allocated to this PA (representing another 9,4% of the Programme's total EU funding). At the time of programme planning the inclusion of this PA was also requested by the stakeholders 'on the ground', and as if to underline the positive decision, **this PA has received the largest number of applications in the first open CfP, attracting 55 project proposals**. The total requested amount of EU funding was 9.603.168 Euros as compared to an available 2.700.000 Euro framework, resulting in **a funding need 3,6 times higher than made available**. Also in case of this PA it is to be investigated before the second open CfP (no strategic projects are foreseen) how the remaining 47% of the funds should be made available, and whether it is necessary to guide the interest from one component of the PA to the other (e.g. from higher education towards the lower tiers of education, or eventually the other way around).

Priority Axis 5 – Technical Assistance

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

Following the electronic monitoring system's becoming fully operational in 2017, **the TA Beneficiaries will start reporting their costs**, and after the necessary validation and payment

steps **there will be more data available** regarding TA projects' spending in the annual report to be submitted in 2018.

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

As part of the application package of the first open CFP, made available on the programme webpage, **the Guidelines for Applicants (GfA) in its Chapter 4.4 (Horizontal policies) included all main requirements towards potential applicants** as laid down in the CP, highlighting those aspects that the project proposals has to address in their content.

Sheet 5 of the AF was set up in a way that within the key aspects of project description a specific question was asked about equal opportunities, as follows:

'5.2 a) Consistency of the project with EU horizontal principles on equal opportunities and non-discrimination:

Projects should contribute to the horizontal principle of equal opportunities and non-discrimination (see Chapter 4.4 of the GfA). Please describe in detail how your organisation/project contributes to the needs of the chosen target-group and in what form. Identify how you can help and promote the integration of disadvantaged people, and what is the benefit of the project for them. Please, indicate which beneficiary organisation(s) will be responsible for the activity planned and what measurable output/result will be realised.'

Furthermore, on AF Sheet 5 under section 5.3 (Component specific aspects, information) all LB-s had to provide answers, which could then be scored in the quality assessment grids. In terms of these component specific aspects, separate quality grids were elaborated for each Component, taking into consideration the differences in the nature of the projects submitted for different thematic fields. In case of those Components (e.g. 2.1.2, 2.1.3, 3.1.2, 4.1.1 and 4.1.2) where the project activities were foreseen to be more connected to people, targeted questions were posed towards the applicants within the above-mentioned section 5.3 of AF Sheet 5:

- *'Please describe handling of the special needs of the target groups (seniors, children, families etc.) if there is any.*
- *Please describe which minorities and how will be involved in the project implementation; please describe the bilingual (HU-HR) aspects of project results and/or implementation, if any.*
- *Please underpin how the project results will serve actual labour market demands.*
- *Please describe what kind of and how the marginalized people and the national minorities will be involved in the project implementation.'*

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

- *'Number of project activities/events involving marginalized communities (minorities, Roma people, disadvantages people, refugees, and/or people with disabilities).*
- *Number of project activities/events in connection with equal opportunities and gender equality.'*

Projects selected for funding by the MC in March 2017 will have to report in 4-month-periods (during the entire project implementation phase) about their achievements regarding equal opportunities. First data will be available and can be reported in the Annual Implementation Report about the year 2017.

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

Sustainable development principles are of key importance to the eligible area of the Programme due to its fragile position within one of most important European river ecosystems. Therefore sustainable development is addressed through all five Priority Axes of the Programme.

As part of the application package of the first open CfP, made available on the programme webpage, **the GfA in its Chapter 4.4 (Horizontal policies) included all main requirements towards potential applicants** as laid down in the CP, highlighting those aspects that the project proposals has to address in their content.

Sheet 5 of the AF was set up in a way that within the key aspects of project description a specific question was asked about sustainable development, as follows:

'5.2 b) Consistency of the project with EU horizontal principles on sustainable development:

Projects have to contribute to the horizontal principle of sustainable development. Please describe in detail how your organisation/project contributes to sustainable development, and in what form. Identify what impact your project has on the environment, and in what extent. Please, indicate which beneficiary organisation(s) will be responsible for the planned activity and what measurable output/result will be realised.'

Besides the above general question, on AF Sheet 5 in section 5.3 (Component specific aspects, information) there were targeted questions focusing on how the most important selection criteria (as laid down in Appendix 4 of the GfA) connected to environmental issues and sustainable development are being handled in the project proposal:

- *'Please present the measures, steps the project is taking for the protection of the environment during its operation (in particular the preservation of the good status of the environment with special regard to water resources, the nature and the reduction of waste should be considered).*
- *Please describe what kind of direct and indirect, short and long term effect(s) the project will have on the local biodiversity.*

- *Please refer to EU and/or national legislation in which the usage of the given method is duly justified and ascertain as appropriate and is not against of any environmental regulation.*
- *Please describe in detail how project activities will affect the local ecosystem positively. Please list the indicator species.*
- *Please describe in what way and in what extent your project proposal is in line with relevant EU directives (e.g. Water Framework Directive - River Basin Management Plan both on national and Danube River Basin District levels, Habitat Directive, etc.).*
- *Please describe in what way and in what extent your project proposal is in line with the EU2020 Strategy.*
- *Please describe how the achievements, project results will be sustained jointly after the closure of the project.'*

In the quality assessment grids an individual list of criteria was tailored to each Component in order to ensure that the projects are serving Programme's objectives. **Out of the total 100 points 35 points were dedicated to the Component specific aspects**, meaning that those selection criteria that were predefined in the CP were strongly followed during the quality assessment phase and the scoring of project proposals. The most important selection criteria were transparently shared with the applicants not only via the CP document, but also through Appendix 4 of the GfA.

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

- *'Number of Beneficiaries using renewable energy resources in the project.*
- *Number of locations where renewable energy resources are introduced by the project.*
- *Number of awareness rising events (workshops, trainings, educational programmes) targeting or promoting sustainable development, environmental education and natural assets.*
- *Number of awareness rising events (workshops, trainings, educational programmes) targeting or promoting cultural values in the border region.'*

Projects selected for funding by the MC in March 2017 will have to report in 4-month-periods (during the entire project implementation phase) about their achievements regarding sustainable development. First data will be available and can be reported in the Annual Implementation Report about the year 2017.

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

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

be submitted. These were **Component 2.2.1**, 'Restoring the ecological diversity in the border area' and **Component 3.1.1**, 'Thematic co-operation' (mostly the field of renewable energy sources) – and taking into consideration the promotion of environmentally friendly tourism and transport, thus the reduction of CO₂ **also Component 2.1.1**, 'Bicycle paths', **Component 2.1.2**, 'Tourism attractions' **and Component 2.1.3**, 'Thematic routs and other tourism products'.

For a detailed list of eligible activities in these Components, furthermore for the indicators in these Components related to the mitigation of the effects of climate change please refer to **the GfA** of the first CfP and to **the AF** to be used by the potential beneficiaries. These documents of the CfP were prepared with view to the **content of the CP as well**.

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

Component 3.1.1 received 33 project proposals. From these 12 were set to combat climate change directly or indirectly, with such planned activities as CO₂ reduction of buildings, promoting renewable energy sources / energy efficiency / electric vehicles, monitoring flash-floods and installing hydro-meteorological stations, promoting solar and biomass energy, implementing flood protection activities at the Drava river, preparing a cross-border flood forecast model, supporting sustainable waste management, introducing short food supply chains. These 12 project proposals altogether requested 2.628.7069 Euros of EU contribution. **Among the 12 supported projects 7 can be linked to combating climate change** (CO₂ reduction of buildings, promoting renewable energy sources / energy efficiency / electric vehicles, sustainable waste management). The total EU contribution to these 7 projects is **1.594.039 Euros**.

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

As a total of all the above projects (19 co-operations directly or indirectly linked to combating climate change) **13.508.985 Euros of EU funding are planned to be spent from the resources**

of the Programme. Project implementation is to commence in April and May 2017, therefore **first data on the actual activities and the actual spending will become available towards the end of 2017**, after the first 4-month reporting period of these projects has been successfully completed.

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

In line with Article 47 of Regulation (EU) No 1303/2013 **the MC of the Programme was set up well within the prescribed deadline** of three months from programme approval: the EC endorsement for the CP was dated 7 September 2015 and the preliminary meeting of the joint body, discussing its Rules of Procedure, was held already on 9 September. The first 'real' meeting of the MC (with several topics on the agenda and with actual decisions made) was held on 8 December 2015.

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

The MC is composed of the following organisations:

a) Members entitled to vote:

- HU: Baranya County, Somogy County and Zala County, plus the Prime Minister's Office representing the Hungarian ministries;
- HR: Međimurska County (sharing one vote with Deputy Voting Member Varaždinska County), Koprivničko-križevačka County (sharing one vote with Deputy Voting Member Bjelovarsko-bilogorska County), Virovitičko-podravska County (sharing one vote with Deputy Voting Member Požeško-slavonska County), Osječko-baranjska County (sharing one vote with Deputy Voting Member Vukovarsko-srijemska County), plus the Ministry of Regional Development and EU Funds representing the Croatian ministries.

b) Members in advisory capacity:

- HU: Ministry of National Development (field of infrastructure), Ministry of Foreign Affairs and Trade (field of cross-border economic development), Ministry of Human Capacities (field of culture), Ministry of Agriculture (field of environment), Ministry for National Economy (field of tourism and SME development), Danube Region Strategy National Co-ordinator for Hungary, General Directorate of Social Affairs and Child Protection Sub-Office in Zala County, Equal Treatment Authority, Drava Federation;

- HR: Ministry of Environmental and Nature Protection, Ministry of Entrepreneurship and Crafts, Ministry of Science, Education and Sports, Ministry of Tourism, Danube Region Strategy National Co-ordinator for Croatia, Croatian Chamber of Economy, Association of Municipalities and Cities, ACT-Autonomous Centre.

c) Members with a consultative role:

- European Commission, Audit Authority, Croatian member of the Group of Auditors, Certifying Authority, Széchenyi Programme Office (hosting institution of the JS).

In the reporting year 2016 the MC had three meetings (February 2 – discussing and approving the materials of the first open CFP and the annual communication plan, and interviewing the two LB candidate organisations for the strategic project ‘B-Light Scheme’; **May 3** – discussing and approving the AIR 2014-15 and the Assessment Manual; and **December 1** – discussing and approving the Evaluation Plan of the Programme and certain materials connected to the ‘B-Light Scheme’). The meetings of the MC were attended by the overwhelming majority of the members, and the quorum for decision-making was easily met on each occasion. Especially NUTS 3 level voting members and also the members in advisory capacity have been playing an active role in shaping the discussion on the meetings. **Next to the live meetings there was one written decision-making procedure managed, in March 2016**, approving the Annual Report of the JS for the year 2015 and the JS Annual Working Plan for 2016.

Although made possible by Article 12 of Regulation (EU) No 1299/2013, the MC has as of 2016 not yet deemed it necessary to establish a Steering Committee to perform some of its tasks and responsibilities.

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

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

Beside the Ex-Ante Evaluation and the Strategic Environmental Assessment, both part of the programming exercise, there were no programme evaluations conducted or findings of such evaluations published in 2016. **The Evaluation Plan of the Programme was approved by the MC after its 4th meeting, in December 2016**, and the first activities regarding programme evaluation will be performed in the year 2017.

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

Communication activities in 2016 were implemented based on the ‘Communication Strategy of the Interreg V-A Hungary-Croatia Co-Operation Programme 2014-2020’, approved on 8 December 2015 via MC Decision No. 7/2015 (8.12), as well as the Communication Plan For The Year 2016 as approved by the MC on 5 February 2016. **The focus in 2016 was on the launch of the first CFP** and on the Information Days, paired with smaller, thematically concentrated four Partner Search Forums.

Two major communication events were organised in 2016 in the framework of the 5th European Cooperation Day (ECDay) and in co-operation with the Embassy of the Republic of Croatia to Hungary: the Osijek Croatian National Theatre's performance of the opera 'Nikola Šubić Zrinski' at the Hungarian State Opera House on 18 September and the performance of the LADO National Folk Dance and Song Ensemble of Croatia in the Palace of Arts on 25 October. The two events together hosted more than 1900 participants, and a copy of the Hungary-Croatia (IPA) CBC Brochure of Projects was delivered to each visitor.

A kick-off conference and interactive play with programme-level impact and a loose connection to ECDay as well was organised in Belišće, Croatia on 24 October by the first strategic project of the Programme, 'De-mine HU-HR II'. All programme events gathered strong national and regional media coverage, which was also significant in 2016 at the time of the launch of the first CfP at the end of February.

The programme website (www.huhr-cbc.com) developed in 2016 new features, including Facebook and Twitter. The homepage was among ten nominees for the 'Best Interreg V Website Award' in Bruges, Belgium on 6 June.

Finally, a printing of promotional materials necessary for the implementation of the communication activities as laid down in the annual Communication Plan was also conducted in 2016.

To enable the proper implementation, monitoring and evaluation of the information and communication related activities, **a system of output- and result indicators has been developed in the Communication Strategy**. The evaluation system is centred on quantitative indicators for the programming period, where the output indicator is to measure the activity taken to establish the respective measure, and the result indicator shows what the direct result of the action is. The Communication Strategy has defined yearly frequency of reporting for the output indicators, while for the result indicators either the end of programme implementation or three times during programme implementation: in 2018, 2020 and 2023. Thus the present report, drafted in April 2017, contains a kind of pre-view of the result indicators to be reported next year.

Table of output indicators (Communication):

Indicator	Measurement Unit	Achievement (with 2016)	Target Value (2023)	Source of Data	Frequency of Reporting
Promotional material disseminated at publicity events	pcs	1.800	5.000	JS annual and quarterly reports	Yearly
Number of events held in co-operation with other programme bodies (technical- and FLC meetings, FLC workshops, special information days etc.)	events	7	16	JS annual and quarterly reports	Yearly
Number of communication actions with potential media impact (including project level assistance from JS)	actions	35	150	JS annual and quarterly reports	Yearly
Number of e-newsletters issued	pcs	4	12	JS annual and quarterly reports	Yearly
Programme website updates	updates	89	500	JS annual and quarterly reports	Yearly
Social media updates	updates	179	500	JS annual and quarterly reports	Yearly

Table of result indicators (Communication):

Communication Objective	Indicator	Measurement Unit	Baseline Value	Baseline Year	Achievement (with 2016)	Target Value¹¹ (2023)	Source of Data	Frequency of Reporting (indicated in the Comm. Strategy)
Ensuring transparency of the whole Programme implementation process	Increase of the number of articles published	pcs	453	2015	488	950	Comm. Plan 2007-2013 and JS annual and quarterly reports	three times during programme implementation: 2018, 2020 and 2023
	Positive evaluation of internal communication	mark 1-5	0	2015	n. r.	3 and above	Survey on internal communication, on-going evaluation report	at the end of programme implementation
Generating interest among all relevant target groups by providing adequate information on funding	Increase in the number of visits to the website	visits	116.777	2015	133.283	245.000	Comm. Plan 2007-2013 and JS annual and quarterly reports	three times during programme implementation: 2018, 2020 and 2023

¹¹ Target value consists of the achievement of 2007-2013 period summed up with 2014-2020 period result as continuation.

Communication Objective	Indicator	Measurement Unit	Baseline Value	Baseline Year	Achievement (with 2016)	Target Value¹¹ (2023)	Source of Data	Frequency of Reporting (indicated in the Comm. Strategy)
opportunities	Increase in the number of participants at publicity events	number of participants	7.385	2015	10.335	15.000	Comm. Plan 2007-2013 and JS annual and quarterly reports	three times during programme implementation: 2018, 2020 and 2023
To provide sufficient information and guidance on implementation requirements for Beneficiaries	Number of projects with designated Communication Manager	number	0	2015	1	20	JS annual and quarterly reports	three times during programme implementation: 2018, 2020 and 2023
To foster a positive image of the EU and EU funds within the local communities, engaging the citizens for a more active and positive	Increase in the number of citizens in the Hungarian-Croatian border area familiar with EU funded cross-border co-operation	per cent	43%	2015	n. r.	50%	Eurobarometer survey ¹²	at the end of programme implementation

¹² http://open-data.europa.eu/en/data/dataset/S1565_422_ENG

Communication Objective	Indicator	Measurement Unit	Baseline Value	Baseline Year	Achievement (with 2016)	Target Value¹¹ (2023)	Source of Data	Frequency of Reporting (indicated in the Comm. Strategy)
approach to the EU	activities in the region							
	Number of new contacts established via social media	contacts (likes / followers / shares / subscribers / views)	0	2015	272	1.000	JS annual and quarterly reports	three times during programme implementation: 2018, 2020 and 2023

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

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

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

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

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

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

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

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

The criterion can be awarded a score of 0-4 points (on a scale of 100) and was therefore an important factor that can determine the final score of a project proposal. Quality assessors were advised at their personal training, provided by the JS at the time of presenting the project proposals to the experts for assessment, 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 and the project selection process were closely observed by the Danube Region Strategy National Co-ordinators of Hungary and of Croatia who are sitting on the MC as members in advisory capacity.

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

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