

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	2017
Date of approval of the report by the Monitoring Committee	13 April 2018, via MC decision No 1/2018 (13.04)... (first version)

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

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

The present Report, prepared pursuant to Annex X of Commission Implementation Regulation (EU) No 2015/207, aims at providing a brief overview of the **activities that were undertaken in relation to the Programme in the year 2017**.

The reporting year began in January and February with the quality assessment of the project proposals submitted to the first open Call for Proposals (CfP). From the 89 scored project ideas **the Monitoring Committee (MC) selected 54 projects for funding** at the beginning of March. The phase of preparing and signing the Subsidy Contracts stretched from April to December, depending on the speed with which the project partnerships could supply the necessary documents. Partly parallel with the contracting procedure all projects have started their implementation periods during 2017; the first ones commenced already in May, while the last partnership started its activities on 1 December. Co-operation between the Lead Beneficiaries (LB-s), the Joint Secretariat (JS) and the Managing Authority (MA) in the contracting phase of the first CfP was close and efficient, and most of the projects have already accomplished a full implementation period (4 months) by the end of the year.

Besides the projects (to be) selected via open CfP, the Programme contains also two operations which can be regarded as **strategic projects**. **'De-mine HU-HR II'**, a continuation of the earlier co-operation of the two Member States' authorities for the removal of landmines, managed its first, second and third implementation report in the year 2017. The total EU funding requested in these reports amounted to 1.740.525,76 EUR. At the same time the other co-operation planned outside the spectre of open CfP-s, **the 'B-Light Scheme' project** of Priority Axis 1 (Economic Development), started implementation on 1 February and managed the first phase of its two-step Beneficiary

selection between June and December.

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 and is complemented by an official Facebook and Twitter profile.** The Programme participated also in 2017 in the **European Co-operation Day** initiative.

Regarding the human resources available to programme implementation, **the JS** operated also in 2017 with a full team of 8 co-workers. **Both the MA and the Croatian NA** keep committing the same human resources as previously present in the cross-border co-operation programme of the 2007-2013 financial perspective. As the tasks widen (mainly through the implementation of the Programme's first 55 projects) the **involvement of the First Level Control (FLC) bodies, of the Certifying Authority (CA) and of the Audit Authority (AA)** is bound to increase from the beginning of 2018.

The IT system of the Programme (IMIS 2014-2020) was being further developed throughout the year 2017 and, among others, the integrated control module of the system (enabling the submission of progress reports) was in the process of finalisation for the upcoming usage by the Beneficiaries.

Concerning the designation process, continuous discussion with the involvement of all programme implementing bodies continued also in 2017, and resulted in the final Audit Report on Designation being issued by the AA on 19 December, containing an unqualified opinion due to the Management and Control System of the Programme being compliant with the requirements described in Regulation (EU) No 1303/2013.

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 B-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 B-s are one non-profit organisation dealing with enterprise support from 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 from both sides was managed for the first time in June – the project partnership launched stage one of the two-step selection procedure with a three-month submission deadline. The LB and the main B-s actively helped Hungarian and Croatian SME-s in meeting and planning joint project concepts. By the deadline of</p>

		<p>15 September 53 co-operation ideas were submitted, out of which in December the Selection Board of the scheme selected 20 partnerships to proceed to the second stage. Experts engaged by the LB will help the SME-s to further elaborate their project proposals, after which a second decision-making meeting is to be held in the second quarter of 2018, giving way to joint project implementation by the supported SME-s.</p> <p>There are no significant problems envisaged with the implementation of the Priority. The LB and the B-s were carefully selected, are bound by a valid Subsidy Contract, and based on their performance so far (see managing of the first selection round of SME co-operations) are professionally capable of ensuring the scheme's smooth management.</p>
PA 2	Sustainable use of natural and cultural assets	<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 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 is scheduled to close on 31 May 2018. The project has in 2017 managed project-level reporting on the first, second and third 4-month implementation period; the total EU funding requested in these reports amounted to 1.740.525,76 EUR.</p> <p>Regarding the rest of the Priority, in case of both IP 6c and 6d, the funding contained therein is planned to be distributed via 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 their joint activities.</p> <p>There are no significant problems envisaged 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.) were identified and cleared before the start of the project activities.</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 planned to be managed exclusively through open CfP-s and was 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 are to spend 2.658.115 Euros of ERDF on their joint activities.</p> <p>There are no significant problems envisaged with the implementation of the Priority.</p>
PA 4	Education	<p>This Priority 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 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 indicative total EU contribution. The funded and contracted 18 projects in this Priority are to spend 2.937.511 Euros of ERDF on their joint activities.</p> <p>There are no significant problems envisaged with the implementation of the Priority. The only cancelled co-operation of the Programme can be found in this PA – project HUHR/1601/4.1.1/0003 (acronym: 'MT-UNICOP', LB: University of Pécs, Hungary) withdrew from concluding the Subsidy Contract. The EU funding amount of 213.548 EUR will be used for projects in this same Priority in the second open CfP, to be launched in 2018.</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. With the support of these TA projects (among others) the following were accomplished in the reporting year 2017:</p> <ul style="list-style-type: none"> - 1st quarter: quality assessment of 1 open CfP (89 project proposals checked each by 2 times 1 person) – organising of 1 MC meeting dealing with project selection – preparing and sending of 54 letters on the award of subsidy – start of 1 strategic project ('B-Light Scheme') and approval of its

		<p>implementation manual and application package – 1 monitoring visit organised to strategic project 'De-mine HU-HR II' – 5 news on website, 1 press release, 30+20 social media posts (Facebook and Twitter);</p> <ul style="list-style-type: none"> - 2nd quarter: 1 project report checked and approved ('De-mine HU-HR II') – helpline operated for 54 LB-s (via e-mails, FAQ, telephone and personal consultations) – start of 9+7 projects (May/June) – 1 opening conference and the launch of 1 call for 'light concepts' in the 'B-Light Scheme' strategic project – 5 news on website, 1 newsletter, 57+5 social media posts (Facebook and Twitter); - 3rd quarter: 1 project report checked and approved ('De-mine HU-HR II') – helpline operated for 53 LB-s (via e-mails, FAQ, telephone and personal consultations) – start of 5+3+19 projects (July/August/September) – 4 Subsidy Contracts signed by both the LB and MA – 1 Subsidy Contract prepared for a strategic project ('B-Light Scheme') – 53 'light concepts' received to the first call opened to SME-s – 1 MC meeting held about the application package of the second open CfP – 1 ECD event held in the border region – 1 monitoring visit organised to strategic project 'De-mine HU-HR II' – 4 news on website, 49+2 social media posts (Facebook and Twitter); - 4th quarter: 1 project report checked and approved ('De-mine HU-HR II') – helpline operated for 53 LB-s (via e-mails, FAQ, telephone and personal consultations) – start of 4+3+1 projects (October/November/December) – 50 Subsidy Contracts signed by both the LB and MA – 20 'light concepts' selected (and 11 reserve-listed) for the second stage of the SME application process in the 'B-Light Scheme' project – 2 news published on the programme website.
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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				
ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2023)	2014	2015	2016	2017	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				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				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				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				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				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	2017	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries) ¹	1.1	Number of enterprises receiving support	pcs	80,00	0,00	0,00	0,00	80,00	The 'B-Light Scheme' project did not yet select SME-s for support.
Cumulative value – Outputs delivered by operations (actual achievement)					0,00	0,00	0,00	0,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	1.2	Number of enterprises receiving grants	pcs	80,00	0,00	0,00	0,00	80,00	The 'B-Light Scheme' project did not yet select SME-s for support.
Cumulative value – Outputs delivered by operations (actual achievement)					0,00	0,00	0,00	0,00	

¹ Please note that as of March 2018 no achievement values are available yet for the majority of the indicators. First project reports, expected in June 2018, will contain the first actual figures and will be reported in the AIR 2018. Until then, the data entered into the '2017' column of the present table are the forecasted data provided by the projects, for their entire period of implementation. (Only after actual reporting will it be clear how much of a forecasted indicator value was achieved in 2017, and how much in 2018.)

Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	1.3	Number of enterprises receiving non-financial support	pcs	80,00	0,00	0,00	0,00	80,00	The 'B-Light Scheme' project did not yet select SME-s for support.
Cumulative value – Outputs delivered by operations (actual achievement)					0,00	0,00	0,00	0,00	
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	Three project reports were approved in 2017, and the value remained the same. The final figure will be reported by the LB in 2018 in project report No. 6.
Cumulative value – Outputs delivered by operations (actual achievement)									
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	2.1.2 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	See footnote.
Cumulative value – Outputs delivered by									

² Indicators with ID 2.1.2 to 4.5: In 2017 a total of 53 projects were selected, contracted and starting with implementation in PA 2, 3 and 4 (next to strategic project 'De-mine HU-HR II'), however, since there have been no project reports submitted yet in the 53 projects, there are as of March 2018 no achievement values available in connection to these indicators. First project reports, expected in June 2018, will contain the first figures and will be reported in the AIR 2018.

operations (actual achievement)									
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	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	23,00	See footnote.
Cumulative value – Outputs delivered by operations (actual achievement)				40,00	0,00	0,00	0,00	0,00	See footnote.
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	See footnote.
Cumulative value – Outputs delivered by operations (actual achievement)				5.400,00	0,00	0,00	0,00	0,00	See footnote.
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	See footnote.
Cumulative value – Outputs delivered by operations (actual achievement)				1.000,00	0,00	0,00	0,00	0,00	See footnote.
Cumulative value – Outputs to be delivered by selected	2.2.3	Number of joint international studies	pcs	10,00	0,00	0,00	0,00	6,00	See footnote.

operations (forecast provided by Beneficiaries)									
Cumulative value – Outputs delivered by operations (actual achievement)				10,00	0,00	0,00	0,00	0,00	See footnote.
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	See footnote.
Cumulative value – Outputs delivered by operations (actual achievement)				33,00	0,00	0,00	0,00	0,00	See footnote.
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	See footnote.
Cumulative value – Outputs delivered by operations (actual achievement)				66,00	0,00	0,00	0,00	0,00	See footnote.
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	See footnote.
Cumulative value – Outputs delivered by				810,00	0,00	0,00	0,00	0,00	See footnote.

operations (actual achievement)									
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	4.1	Training courses developed and delivered (formal and informal)	number	40,00	0,00	0,00	0,00	101,00	See footnote.
Cumulative value – Outputs delivered by operations (actual achievement)				40,00	0,00	0,00	0,00	0,00	See footnote.
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	See footnote.
Cumulative value – Outputs delivered by operations (actual achievement)				15,00	0,00	0,00	0,00	0,00	See footnote.
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	See footnote.
Cumulative value – Outputs delivered by operations (actual achievement)				15,00	0,00	0,00	0,00	0,00	See footnote.
Cumulative value – Outputs to be delivered by selected	4.4	Number of participants in joint education and	number	860,00	0,00	0,00	0,00	1.706,00	See footnote.

operations (forecast provided by Beneficiaries)		training schemes to support youth employment, educational opportunities and higher and vocational education across borders							
Cumulative value – Outputs delivered by operations (actual achievement)				860,00	0,00	0,00	0,00	0,00	See footnote.
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	See footnote.
Cumulative value – Outputs delivered by operations (actual achievement)				200,00	0,00	0,00	0,00	0,00	See footnote.
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	Two strategic projects, eight TA projects and 53 regular projects selected.
Cumulative value – Outputs delivered by operations (actual achievement)				100,00	0,00	0,00	0,00	0,00	There have been no fully implemented projects yet.
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	The Programme (and its IT system) passed the designation audit in December 2017, with the note that certain functions (e.g. TA and B-light modules, irregularity

									and recovery module) will be under development also in 2018.
Cumulative value – Outputs delivered by operations (actual achievement)				1,00	0,00	0,00	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	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	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	The Communication Strategy of the Programme was approved by the MC on in December 2015.
Cumulative value – Outputs delivered by operations (actual achievement)				1,00	0,00	0,00	1,00	1,00	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 Beneficiaries	number	3,00	0,00	1,00	1,00	4,00	New documents in 2017: Project Implementation Handbook for first CFP projects, Implementation Manual of the 'B-Light

									Scheme', Guidelines for Light Partner applicants of the 'B-light Scheme'
Cumulative value – Outputs delivered by operations (actual achievement)				3,00	0,00	0,00	1,00	4,00	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	New event in 2017: one large tourism development ECD event with programme-level impact.
Cumulative value – Outputs delivered by operations (actual achievement)				10,00	0,00	0,00	4,00	5,00	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	Due to the n+3 rule and the tasks connected to the programme of the 2007-2013 period, 2017 was the first year when the JS members' personal costs were entirely financed from the TA sources of this 2014-2020 programme.
Cumulative value – Outputs delivered by operations (actual achievement)				9,00	0,00	0,00	0,00	9,00	There have been no fully implemented TA projects yet.

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

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

Table 3

Information on the milestones and targets defined in the performance framework

Priority Axis	Indicator Type (Key implementation step, financial, output or, where appropriate result indicator)	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	2014	2015	2016	2017	Observations (if necessary)
PA 1 ³	Financial	1.1	Financial indicator	EUR	2.200.000,00	11.718.000,00	0,00	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	0,00	n.a.
PA 2 ⁴	Financial	2.1	Financial indicator	EUR	7.580.000,00	42.093.711,00	0,00	0,00	0,00	1.740.525,76	n.a.

³ Within the strategic project 'B-Light Scheme' only the first stage of the two-step selection procedure was managed in 2017, 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 2018.

⁴ The first achievement values will be reported by the projects and the first payments of EU funding will be made to them in 2018, data are available in the meantime only from the two strategic projects. Only the 'De-mine HU-HR II' project received ERDF reimbursement in the year 2017 (based on its three approved project reports); the 'B-Light Scheme' project will manage its first reporting (and will thus receive the first payments) in the first half of 2018.

	Output	CO ₀₉	Increase in expected number of visits to supported sites of cultural or natural heritage and attractions	number	9.000,00	60.000,00	0,00	0,00	0,00	0,00	n.a.
	Output	CO ₂₃	Surface area of habitats supported in order to attain a better conservation status	ha	810,00	5.400,00	0,00	0,00	0,00	0,00	n.a.
PA 3 ⁵	Financial	3.1	Financial indicator	EUR	1.210.000,00	6.726.464,00	0,00	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	0,00	n.a.
PA 4 ⁶	Financial	4.1	Financial indicator	EUR	1.210.000,00	6.726.464,00	0,00	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	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.

⁵ The first achievement values will be reported by the projects and the first payments of EU funding will be made to the projects in 2018, data are available in the meantime only from the two strategic projects.

⁶ The first achievement values will be reported by the projects and the first payments of EU funding will be made to the projects in 2018, data are available in the meantime only from the two strategic projects.

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 ⁷	106,76 %	9.960.299,00	0,00	0,00 %	1

⁷ 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 B-s in the scheme are supported to the same degree. On one hand the 'main' B-s should not have to provide own contribution since they are performing management type activities for the sake of the Programme, and on the other hand it is not reasonable to provide 85% of co-financing to the SME B-s, with respect to the lower figures of the other programmes in Hungary and Croatia that support SME-s. Nevertheless, the co-financing ratio of maximum 85% will be ensured on the level of the whole scheme.)

PA 2	ERDF		Total eligible cost	42.093.711,00	85%	24.197.265,66	57,48 %	24.105.934,62	2.047.677,45	4,86 %	21
PA 3	ERDF		Total eligible cost	6.726.464,00	85%	3.127.189,51	46,49 %	3.084.361,09	0,00	0,00 %	15
PA 4	ERDF		Total eligible cost	6.726.464,00	85%	3.446.790,94	51,24 %	3.415.779,74	0,00	0,00 %	18
PA 5	ERDF		Total eligible cost	6.635.389,00	55%	6.635.388,87	100 %	6.635.388,87	0,00	0,00 %	8
Total	ERDF		Total eligible cost	73.900.028,00	82,3%	49.916.933,98	67,55 %	47.201.763,32	2.047.677,45	2,77 %	63

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			
		Fund	Intervention field	Form of finance	Territorial dimension	Territorial delivery	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations	Public eligible cost of operations	The total eligible expenditure declared by
PA 1	ERDF	001. Generic productive investment in SME-s	01	01	07	03	08	06	HU-HR	5,202,000.00	3,901,500.00	0	1 ⁸
PA 1	ERDF	001. Generic productive investment in SME-s	01	02	07	03	08	06	HU-HR	2,601,000.00	1,950,750.00	0	1
PA 1	ERDF	001. Generic productive investment in SME-s	01	03	07	03	08	06	HU-HR	867,000.00	650,250.00	0	1
PA 1	ERDF	066. Advanced support services for SME-s and groups of SME-s	01	01	07	03	08	06	HU-HR	1,386,179.40	1,386,179.40	0	1
PA 1	ERDF	066. Advanced support services for SME-s and	01	02	07	03	08	06	HU-HR	693,089.70	693,089.70	0	1

⁸ Within PA1 only one operation has been selected, the 'B-Light Scheme' strategic project.

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Fund	Intervention field	Form of finance	Territorial dimension	Territorial delivery	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations	Public eligible cost of operations	The total eligible expenditure declared by
		groups of SME-s											
PA 1	ERDF	066. Advanced support services for SME-s and groups of SME-s	01	03	07	03	08	06	HU-HR	231,029.90	231,029.90	0	1
PA 1	ERDF	075. Development and promotion of tourism services in or for SME-s	01	01	07	03	08	06	HU-HR	918,000.00	688,500.00	0	1
PA 1	ERDF	075. Development and promotion of tourism services in or for SME-s	01	02	07	03	08	06	HU-HR	459,000.00	344,250.00	0	1
PA 1	ERDF	075. Development and promotion of tourism services in or for SME-s	01	03	07	03	08	06	HU-HR	153,000.00	114,750.00	0	1
PA 2	ERDF	032. Local access roads	01	02	07	06	08	11	HU-HR	0	0	0	0
PA 2	ERDF	034. Other reconstructed or improved road	01	02	07	06	08	11	HU-HR	101,915.55	101,915.55	0	1
PA 2	ERDF	034. Other reconstructed or improved road	01	03	07	06	08	11	HU-HR	917,239.95	917,239.95	0	1
PA 2	ERDF	085. Protection and enhancement of biodiversity, nature	01	02	07	06	08	21	HU-HR	246,417.12	245,820.90	0	1

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations	Public eligible cost of operations	The total eligible expenditure declared by	Number of operations selected
		protection and green infrastructure											
PA 2	ERDF	o85. Protection and enhancement of biodiversity, nature protection and green infrastructure	01	03	07	06	08	21	HU-HR	2,217,754.04	2,212,388.07	0	1
PA 2	ERDF	o86. Protection, restoration and sustainable use of Natura 2000 sites	01	02	07	06	08	21	HU-HR	288,451.39	281,984.48	0	1
PA 2	ERDF	o86. Protection, restoration and sustainable use of Natura 2000 sites	01	03	07	06	08	21	HU-HR	2,596,062.55	2,537,860.33	0	1
PA 2	ERDF	o87. Adaptation to climate change measures and prevention and management of climate related risks	01	02	07	06	08	21	HU-HR	27,737.74	27,737.74	0	1
PA 2	ERDF	o87. Adaptation to climate change measures and prevention and	01	03	07	06	08	21	HU-HR	249,639.62	249,639.62	0	1

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations	Public eligible cost of operations	The total eligible expenditure declared by	Number of operations selected
		management of climate related risks											
PA 2	ERDF	o8g. Rehabilitation of industrial sites and contaminated land	01	02	07	06	08	21	HU-HR	352,939.97	352,939.97	0	1
PA 2	ERDF	o8g. Rehabilitation of industrial sites and contaminated land	01	03	07	06	08	21	HU-HR	3,176,459.73	3,176,459.73	0	1
PA 2	ERDF	o9o. Cycle tracks and footpaths	01	02	07	06	08	11	HU-HR	735,317.14	735,317.14	0	1
PA 2	ERDF	o9o. Cycle tracks and footpaths	01	03	07	06	08	11	HU-HR	6,617,854.28	6,617,854.28	0	3
PA 2	ERDF	o91. Development and promotion of the tourism potential of natural areas	01	02	07	06	08	20	HU-HR	84,228.55	84,228.55	0	1
PA 2	ERDF	o91. Development and promotion of the tourism potential of natural areas	01	03	07	06	08	20	HU-HR	758,056.95	758,056.95	0	1
PA 2	ERDF	o92. Protection, development and promotion of public	01	02	07	06	08	20	HU-HR	457,784.43	456,417.48	0	1

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations	Public eligible cost of operations	The total eligible expenditure declared by	Number of operations selected
		tourism assets											
PA 2	ERDF	092. Protection, development and promotion of public tourism assets	01	03	07	06	08	20	HU-HR	4,120,059.85	4,107,757.29	0	4
PA 2	ERDF	094. Protection, development and promotion of public cultural and heritage assets	01	02	07	06	08	20	HU-HR	124,934.68	124,231.66	0	1
PA 2	ERDF	094. Protection, development and promotion of public cultural and heritage assets	01	03	07	06	08	20	HU-HR	1,124,412.14	1,118,084.94	0	1
PA 3	ERDF	119. Investment in institutional capacity and in the efficiency of public administrations and public services	01	01	07	11	08	17	HU-HR	537,043.29	533,690.79	0,00	2
PA 3	ERDF	119. Investment in institutional capacity and in the efficiency of public administrations	01	02	07	11	08	17	HU-HR	268,521.65	266,845.40	0,00	1

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations	Public eligible cost of operations	The total eligible expenditure declared by	Number of operations selected
		and public services											
PA 3	ERDF	119. Investment in institutional capacity and in the efficiency of public administrations and public services	01	03	07	11	08	17	HU-HR	89,507.22	88,948.47	0,00	1
PA 3	ERDF	120. Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies	01	01	07	11	08	20	HU-HR	1,339,270.42	1,316,925.86	0,00	6
PA 3	ERDF	120. Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies	01	02	07	11	08	20	HU-HR	669,635.21	658,462.93	0,00	3
PA 3	ERDF	120. Capacity building for all stakeholders delivering education, lifelong learning,	01	03	07	11	08	20	HU-HR	223,211.73	219,487.64	0,00	2

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations	Public eligible cost of operations	The total eligible expenditure declared by	Number of operations selected
		training and employment and social policies											
PA 4	ERDF	117. Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings	01	01	07	10	08	18	HU-HR	995,137.54	987,937.43	0,00	6
PA 4	ERDF	117. Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings	01	02	07	10	08	18	HU-HR	597,082.52	592,762.46	0,00	3
PA 4	ERDF	117. Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings	01	03	07	10	08	18	HU-HR	398,055.02	395,174.97	0,00	2
PA 4	ERDF	118. Improving the labour market relevance of education and training systems,	01	01	07	10	08	18	HU-HR	728,257.93	719,952.45	0,00	3

Priority axis	Characteristics of expenditure	Categorisation dimensions							Financial data				
		Intervention field	Form of finance	Territorial dimension	Territorial delivery	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations	Public eligible cost of operations	The total eligible expenditure declared by	Number of operations selected
		facilitating the transition from education to work, and strengthening vocational education and training systems and their quality											
PA 4	ERDF	118. Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality	01	02	07	10	08	18	HU-HR	436,954.76	431,971.47	0,00	2
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	01	03	07	10	08	18	HU-HR	291,303.17	287,980.98	0,00	2

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations	Public eligible cost of operations	The total eligible expenditure declared by	Number of operations selected
		and their quality											
PA 5	ERDF	121. Preparation, implementation, monitoring and inspection	01	07	07	12	08	17	HU-HR	6,306,388.87	6,306,388.87	0,00	6 ⁹
PA 5	ERDF	122. Evaluation and studies	01	07	07	12	08	17	HU-HR	80,000.00	80,000.00	0,00	1
PA 5	ERDF	123. Information and communication	01	07	07	12	08	17	HU-HR	249,000.00	249,000.00	0,00	1

⁹ Within PA5 there have been 8 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
	The amount of ERDF support(*) envisaged to be used for all or part of an operation implemented outside the Union part of the Programme area based on selected operations (EUR)	Share of the total financial allocation to all or part of an operation located outside the Union part of the Programme area (%) (column 2/total amount allocated to the support from the ERDF at programme level *100)	Eligible expenditure of ERDF support incurred in all or part of an operation implemented outside the Union part of the Programme area declared by the Beneficiary to the Managing Authority (EUR)	Share of the total financial allocation to all or part of an operation located outside the Union part of the Programme area (%) (column 4/total amount allocated to the support from the ERDF at programme level *100)
All or part of an operation outside the Union part of the Programme area (1)	747.732,41 ¹⁰	1,23 %	1.249,70	0,002 %

¹⁰ The figure contains the staff costs of the LB-s of the two strategic projects ('B-Light-Scheme' and 'De-mine HU-HR II') since they are incurred outside of the eligible programme area, in Zagreb (in case of HAMAG BICRO) and Sisak (for HCR/CROMAC), Croatia. Please note that these costs are made necessary by the operation of the headquarters of these LB organisations as most project management costs arise there, as budgeted in the AF. At the same time these costs are incurred entirely in the interest of the eligible programme area since all project administration activities and the related costs directly serve the implementation of the two strategic projects.

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

Synthesis of the findings of all evaluations of the programme that have become available during the previous financial year, including the name and reference period of the evaluation reports used.

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 2017. Following the guidance provided in Chapter 5.2.1 of the Evaluation Plan, **the first implementation-oriented evaluation of the Programme will produce results in the first half of 2018.**

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

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

The entire project selection procedure lasted 9 months in the first CfP. Due to a number of formal and eligibility criteria being considered as too strict in retrospect (e.g. the formal requirements of documents to be submitted, like establishing documents and extracts from register), **it will be considered to ease the formal and eligibility rules in the second CfP.** Potential applicants will be informed about these changes already in the upcoming CfP documents.

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

It is the general intention to make the life of the applicants easier with the electronic application system as well, where only scanned documents will be needed. While preparing the application module and compiling the second CfP, the lessons learned from the first CfP are being carefully examined and taken into consideration.

Regarding the designation procedure for the period 2014-2020, the continuous discussion with the involvement of all management bodies continued also in 2017, and as a result **the AA issued on 19 December 2017 its unqualified opinion** on the Management and Control System of the Programme (in the framework of the final Audit Report on Designation). The AA has examined three aspects of the system: human capacity, compliance of procedures and electronic monitoring system. The first two were checked paper-based from 2016 already, while the examination of the electronic monitoring system was carried out in 2017. **The AA determined that the IMIS 2014-2020 is achieving the necessary functional requirements** prescribed in Annex III of Regulation (EU) No 480/2014, however, the irregularity and recovery module, the closure module and the modules for the handling of national co-financing and TA expenditures are to be developed and finalised during the year 2018.

(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

General progress

The reporting year began with the quality assessment of the project proposals submitted to **the first open CFP**, launched on 29 February 2016. Opening up 60 per cent of the Programme's EU funds (except the amounts foreseen for strategic projects), the CFP received 207 project proposals under Priority 2, 3 and 4 of the Programme, **marking the highest interest** in Hungarian-Croatian co-operation to date.

The 89 project proposals that reached **the phase of quality assessment** were scored by the assessors during January and February 2017, paving the way for a two-day project selection meeting of the MC, organised on 2-3 March in Mohács, Hungary. **Altogether 54 projects were selected for funding**, amounting to a total of 23.383.107,23 Euros of ERDF. This funding is allocated 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.

After the successful decision-making meeting the JS drafted the minutes and prepared the letters to the selected and not selected applicants, which were sent out by the MA at the end of March.

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

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

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

Besides managing the contracting and starting of first CFP projects, the MA, the Croatian NA and the JS have in the second half of the reporting year started **preparations for the second open CFP as well**. The MC meeting to decide on the allocations and the application package was held on 7 September in Križevci, Croatia, where the MC decided to postpone the launching of the CFP and to manage the first reporting round of the first CFP projects before opening the next opportunity for applying. Nevertheless, the materials of the future CFP, planned to be the last in the 2014-2020 programming period, were discussed by the MC and remain prepared and ready-for-use at any agreed time in the year 2018.

Priority Axis 1 – Economic Development

The funding to this PA (9.960.300 Euros of ERDF, representing 16,38 percent 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 (consisting of 1 LB and 7 territorial Beneficiaries) was set up and, along with its basic guiding documents (such as the Implementation Manual), was approved by the MC in 2016, followed by **the scheme's official start of implementation on 1 February 2017.**

The opening of the mechanism to SME-s from both sides was managed for the first time in June – the project partnership launched stage one of the two-step selection procedure with a three-month submission deadline. The LB and the main B-s actively helped Hungarian and Croatian SME-s in meeting and planning joint project concepts. By the deadline of 15 September **53 co-operation ideas were submitted, out of which in December the Selection Board of the scheme selected 20 partnerships to proceed to the second stage.** Experts engaged by the LB will help the SME-s to further elaborate their project proposals, after which a second decision-making meeting is to be held in the second quarter of 2018, giving way to joint project implementation by the supported SME-s.

Progress towards achieving the objectives of the Programme, furthermore contributions to the value of the related indicators are expected from the next reporting year onwards, as the scheme is to gain momentum in 2018 by contracting the first SME-s to join the actual implementation, through managing activities and receiving ERDF reimbursement for their eligible costs. The timeframe for implementation stretches from 1 February 2017 until 31 July 2021, therefore more and more outputs and results can be shared in the upcoming Annual Implementation Reports.

Priority Axis 2 – Sustainable Use of Natural and Cultural Assets

This PA, with a total allocation of 35.779.654 Euros of ERDF (representing 58,82 percent 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 has in 2017 managed project-level reporting on its first, second and third implementation period; **the total EU funding requested in these reports amounted to 1.740.525,76 EUR.** Already the first project report, approved by the JS in April, has reported a substantial achievement of indicators, including 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** higher (meaning 12.317.661 Euros requested, against 8.576.241 Euros available). **Contracted projects** amount to a total ERDF of 15.465.039,88 Euros in IP 6c (17 projects) and 2.094.545,45 Euros in IP 6d (3 projects).

Even more project generating efforts will 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 reported 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 percent 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 number of submitted applications, 52 pieces. The requested total funding amount of 9.663.788 EUR means that **interest was 3,9 times higher** than the available allocation. **The result of first CfP project selection** in this PA is 15 projects with a total of 2.658.110,96 EUR of EU contribution.

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.

A next CfP in this PA will address the question of unsuccessful (formally non-compliant) project proposals as in this field there were 52 submitted applications, out of which 27 had to be rejected due to formal- and eligibility reasons (14 with mistakes that did not make a completion round possible, and 13 after the completion round), so that only 25 project proposals could enter the quality assessment, following which 15 were selected for funding based on the professional opinion of the quality assessors.

It is visible from the first CfP that several of the typical applicant organisations in this thematic field **(e.g. associations and foundations) can still benefit from more knowledge about how to prepare and submit an application** to an EU-funded programme. Although the potential applicants have already had all assistance available to them from the programme implementing bodies in the project preparation phase, **connected to the second CfP the assistance offered to project generating will be more targeted** (e.g. via an information day (and partner search forum) directly for NGO-s). Options will be considered between the MA, the Croatian NA, the JS and the MC during the course of 2018.

In general, a huge improvement is expected from the electronic application process at the time of the second CfP, where also the formal and eligibility assessment step will be largely simplified, in order to forward a bigger share of project proposals into the quality assessment step than in any previous Hungarian-Croatian CfP.

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 percent 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 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 available. Finally, **following project selection and contracting** there are 18 projects with a total of 2.929.772,06 EUR of EU contribution in this PA.

Also in case of this PA it is to be investigated before the second open CfP how the remaining 47% of the funds should be made available, and whether it is necessary to guide general 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 percent 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 2018, **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 2019.

Reflecting on the goal of PA5 to *'improve the administrative procedures and lower the administrative burden of the Beneficiaries'* **the activities in the Programme in 2017 were 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 2017 was as follows:

- **Simplified cost options** have been introduced already in the first CfP. **Preparation costs are defined as a lump sum** of 3.000 EUR per project, **the B-s can choose to receive their staff costs as a flat rate** of up to 20 percent of direct costs other than staff costs, furthermore **office and administration expenditure is calculated as a flat rate** of 15 per cent 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 B. Owing to these changes in administering and reporting, the B-s are freed from a substantial burden, and – along the rules set in the CfP and the Control Guidelines – also the FLC bodies on both sides profit from the simplification of the checking of costs.
- In line with Article 122(3) of the CPR and the requirements of e-Cohesion, in the processes following the awarding of the EU subsidy the paper-based administration obligations of the Beneficiaries are to drastically decrease. **The projects selected in 2017 will perform their reporting activities already in the electronic monitoring system** which integrates all control processes from the Beneficiary Reports onwards. **Additionally, the second open CfP will be launched electronically**, decreasing the administrative burden already in the application phase. The analysis and summary of the beneficial changes brought by the full-scale operation of the electronic monitoring system is possible in the year 2018 when the second CfP will have been launched and the first reporting round of the first CfP projects will have been fully managed.

Information and publicity

Communication activities in 2017 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 (08.12), **as well as the Communication Plan For The Year 2017** as approved by the MC on 2 March 2017. 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 2017 was on the publication of the results of the first CfP and implementation of the first CfP projects. Communication activities in 2017 have had the focus on two main target groups: project beneficiaries (LB-s and B-s) and the general public. They were mainly targeted via projects' **European Co-operation Day (ECDay) events** (<http://www.huhr-cbc.com/en/news/huhr-ecday-project-events-2017/260>), 14 of them were organised by the first CfP projects.

One major communication event (project event with programme impact) was organised in 2017, in Čakovec, Croatia, in the framework of the 6th ECDay and in co-operation with the 'Attractour' project (HUHR1601/2.1.2/0010), the Croatian tourism board and the Croatian Grammar School in Budapest (HOŠIG). It was also a kick-off conference of the 'Attractour' project, before which the students from HOŠIG visited joint Hungarian-Croatian cultural heritage in Letenye, Hungary and Čakovec, Croatia, and where they learnt how cross-border co-operation functions in practice.

The programme website (www.huhr-cbc.com) was maintained in 2017 with Facebook and Twitter developments. The further web maintenance and new developments depend on the new contract with a service provider, to be selected in 2018. (The website was among the ten nominees for the 'Best Interreg V Website Award' in Bruges, Belgium on 6 June 2016.)

Printing of promotional material necessary for the implementation of the communication activities as laid down in the annual Communication Plan was conducted in the last two quarters of 2016. **The JS ensured further dissemination of the promotional material in 2017, showcasing best practice examples** (especially helpful for the tourism projects in the 2014-2020 period). All promotional materials have had practical value for the projects, showing them also the proper usage of the logos and other visual elements for their own project outcomes. Furthermore, the JS provided to the new projects (in electronic format) after their selection PCG, logos, slogan and other visual elements necessary for the implementation of projects.

The communication activities of the Programme in 2017 were using as in the past the existing synergies with the 2007-2013 programme. This was made possible by the fact that especially the tourism development projects present the continuation of the previous programme through applying the 'Handbook to Tourism Projects' elaborated initially for the 2007-2013 period. **In general, the smooth transition from one cross-border programme into the other is continuously stressed by the programme implementing bodies during their conversation with the public.** For more efficient JS implementation of communication measures on the programme level, close co-operation of all actors, including full logistical support of the JS hosting institution have to be ensured at all times.

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.

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

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

See separate file attached to the Report.

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

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

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

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

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

8.1 Major projects

Table 7

Major projects

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