

CITIZENS' SUMMARY
of the
Annual Implementation Report
of the
Interreg V-A Hungary-Croatia Co-operation Programme

1. Background

The Annual Implementation Report (the AIR) of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 (the Programme) was prepared by the programme management structures, approved by the Monitoring Committee and submitted to the European Commission (EC) in June 2018 and **provides a brief overview of the activities that were undertaken in relation to the Programme in the previous year 2017.**

2. Management structure

The Programme was created in co-operation between the two Member States, represented in the planning process by their **regional level stakeholders** (the counties of the programme area) and the **national level institutions** (ministries in charge of the thematic areas targeted by the Programme). The joint planning phase lasted from 2012 to 2015, and the Programme received the approval of the EC on 9 September 2015.

The following are the implementing bodies of the Programme:

- **Managing Authority (MA)** – the Prime Minister's Office of Hungary, responsible for managing the Programme in accordance with the principle of sound financial management, bearing the overall responsibility for programme management towards the EC.
- **Croatian National Authority (NA)** – the Croatian Ministry of Regional Development and EU Funds, co-operating with the MA in steering the Programme, setting its main directions.
- **Certifying Authority (CA)** – the Hungarian State Treasury, managing the bank account of the Programme and transferring the EU funding to the supported projects.
- **Audit Authority (AA)** – the Hungarian Directorate General for Audit of European Funds, in charge of performing audits on a certain share of funded projects in order to ensure the legality of the costs declared by the projects.
- **Monitoring Committee (MC)** – a bilateral body composed of representatives of the regional level (of the counties), of the line ministries and of organisations of civil society, acting as the main decision-maker of the Programme, approving the content of calls for proposals and selecting the projects to be funded.

- **Joint Secretariat (JS)** – a jointly established organisation working in the frame of Széchenyi Program Office Llc in Budapest, Pécs, Osijek and Čakovec, with employees from both Hungary and Croatia, in charge of the day-to-day management of the Programme from the drafting of calls for proposals over the managing of the application and selection procedure to the supervision of the implementation of supported projects.
- **Hungarian Control Body** – a unit in Széchenyi Programme Office Llc, working in Zalaegerszeg and Pécs, responsible for the first level control and approval of costs incurred during project implementation in Hungarian project parts.
- **Croatian Control Body** – a unit of the Agency for Regional Development of the Republic of Croatia in Zagreb, performing the first level control activities related to the Croatian project parts.

3. Geographical coverage

The eligible area of the Programme consists of the following NUTS 3 level regions of Hungary and Croatia:

- Zala County (HU)
- Somogy County (HU)
- Baranya County (HU)
- Varaždinska County (HR)
- Koprivničko-križevacka County (HR)
- Međimurska County (HR)
- Bjelovarsko-bilogorska County (HR)
- Virovitičko-podravská County (HR)
- Požeško-slavonska County (HR)
- Osječko-baranjska County (HR)
- Vukovarsko-srijemska County (HR)

In order to be able to apply for funding from the Programme, as a main rule **an organisation has to have its headquarters or a branch office in one of these counties**. Each project has to have at least one Hungarian and at least one Croatian organisation participating, and the planning, the implementation, the financing and the staffing of the project has to be joint.

4. Thematic coverage

In line with the thematic concentration principle of the EC **the Programme has identified four Thematic Objectives in which it shall support joint projects**. These topics were agreed upon by the MC members, taking into consideration the recommendations of the programme planning experts, who in turn relied on the stakeholders of the border region and on the geographical, economic, social and other features of the eligible programme area.

The Priorities of the Programme for the 2014-2020 period are the following:

Priority Axis 1 – Enhancing the Competitiveness of SME-s	
<p><i>Specific Objective 1.1 – Fostering value added business co-operations between SME-s operating on different sides of the border</i></p> <p>Total EU funding: 9.960.300 EUR</p>	<p>The entire funding to this Priority is 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.</p>
Priority Axis 2 – Sustainable Use of Natural and Cultural Assets	
<p><i>Specific Objective 2.1 – Convert the region's natural and cultural heritage assets to tourism attractions with income generating capabilities</i></p> <p>Total EU funding: 27.203.413,00 EUR</p>	<p>The border region has a rich and diverse natural and cultural heritage, including a high proportion of protected areas. The potential of this heritage to generate economic growth in the border area will be better exploited by the development process.</p> <p>Investments will mostly result in assets developed to become attractions but in justified cases the endangered elements of the built heritage will be conserved for future use. It is expected that these attractions will generate more intense appearance of visitors in the region, contributing to increase of incomes and the stabilisation of revenues of people who deliver services to them.</p> <p>Focus is to be given to the preservation, reconstruction, revitalisation, management, promotion, marketing and branding of natural and cultural heritage sites in order to increase their visibility, furthermore to developing new and innovative tourism products and enhancing the cross-border tourism destinations.</p>
<p><i>Specific Objective 2.2 – Restoring the ecological diversity in the border area</i></p> <p>Total EU funding: 8.576.241,00 EUR</p>	<p>The eligible programme area is rich in natural heritage, nature protected areas cover above 7% on the Hungarian side and above 10% on the Croatian side. The diversity and stability of the ecosystems and landscapes contributes to the long-term stability and resilience of the region also in socio-economic terms by providing local job opportunities in traditional and environment-friendly agricultural sectors.</p> <p>The Programme is expected to result in more coordinated and sounder management of protected areas and/or Natura 2000 sites, in improved knowledge on the status of soil and water bodies as well as the ecosystem conditions, also in joint monitoring systems, shared action plans and coordinated processes created to accelerate reactions to emerging hazards, especially in terms of invasive species or pollution. Small-scale investments will contribute to improve the protection or help restore the natural assets of common interest, such as wetland areas or forest reserves.</p>
Priority Axis 3 – Co-operation	

<p><i>Specific Objective 3.1 – Involvement of more social and institutional actors in cross-border cooperation</i></p> <p>Total EU funding: 5.717.494,00</p>	<p>Cross-border cooperation can only be effective if a wide range of organisations – public bodies, NGO-s, companies, citizens and any other entities – in any combination needed, regardless of the borders, form territorial governance frameworks which can take care of developing and implementing cooperation along agreed strategies in a continuous manner. Interventions to be implemented in this Priority aim at different co-operation policy dimensions and are expected to create new or strengthen joined structures and shared processes to ensure the continuity of co-operation effective in the border area.</p>
<p>Priority Axis 4 – Education</p>	
<p><i>Specific Objective 4.1 – Improve the role of educational institutions as intellectual centres for increasing the specific local knowledge-base in the region</i></p> <p>Total EU funding: 5.717.494,00</p>	<p>To move towards the long term vision of the border region this intervention is to develop means which promote the enlargement and the specific local knowledge base as well as exploit development opportunities of a cross-cultural knowledge base. Therefore the Priority focuses on jointly developed and jointly delivered educational and training services. There are two components, C1 – Co-operation in higher education and C2 – Co-operation in preschool, primary and secondary education and adult education.</p>

For a more detailed description of the Priorities and the list of eligible activities supported by the Programme, **please refer to the Co-operation Programme document**, available for download from the Programme's website at <http://www.huhr-cbc.com/en/official-documents>.

5. Implementation of the Programme in 2017

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.

To prepare the Beneficiaries for their reporting obligations, the Hungarian Control 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.

The first strategic project of the Programme, **'De-mine HU-HR II'**, a continuation of the earlier de-mining co-operation of the two Member States, was approved by the MC on its 1st meeting in December 2015 and 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**.

In the other strategic project, **the 'B-Light Scheme'** of Priority 1, the opening of the mechanism to SME-s from both sides was managed for the first time in June 2017 – the project partnership launched stage one of the two-step selection procedure with a three-month submission deadline. The Lead Beneficiary, HAMAG-BICRO and the main Beneficiaries 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 Lead Beneficiary 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.

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 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.



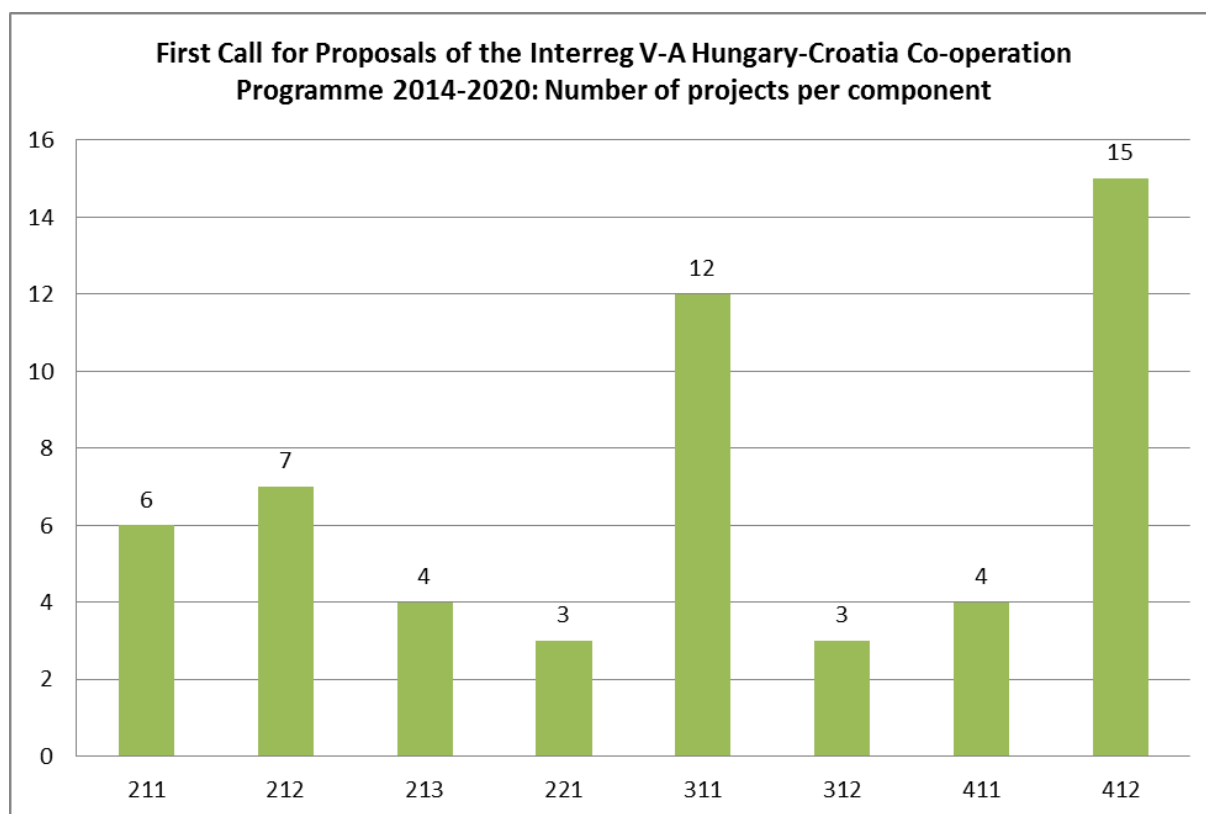
6. Results of the first open Call for Proposals (CfP)

The first CfP in the Programme **was opened to applicants in February 2016, with a submission deadline of end of May 2016.** The JS 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.

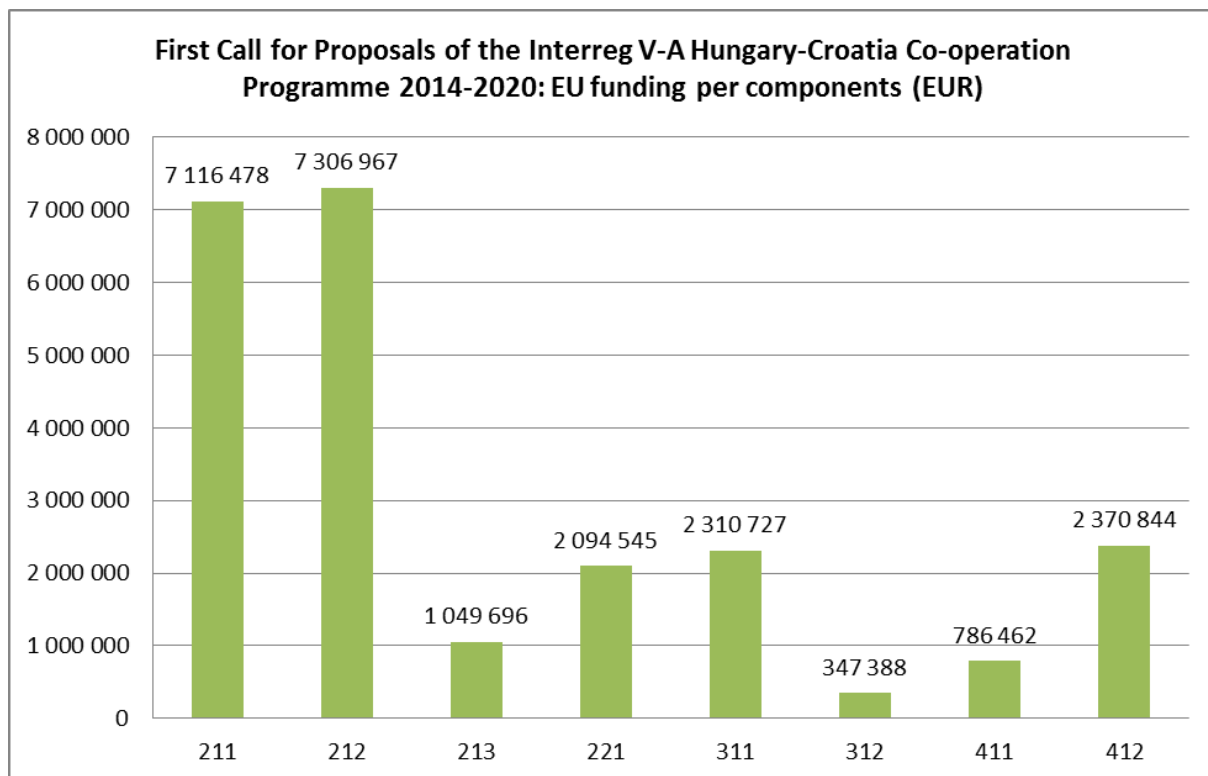
From the 207 submitted applications the MC selected in March 2017 **altogether 54 projects, for a total of over 23,3 million Euros of EU funding.** Partnerships started implementing their joint activities from May 2017 onwards, co-operating for up to 20 months in the framework of their approved projects.

The projects under implementation cover a wide area of investments and are expected to have the most tangible **results in the development of new infrastructure for active and environment-friendly tourism,** with significant proportion of the allocation also dedicated to the **rehabilitation of protected natural heritage sites.** Financially less prominent, but equally significant, are the joint investments in education services and facilities with a number of new joint curricula developed with the aim of **empowering the local communities** and attracting new students into the region with the offer of **new possibilities in education.**

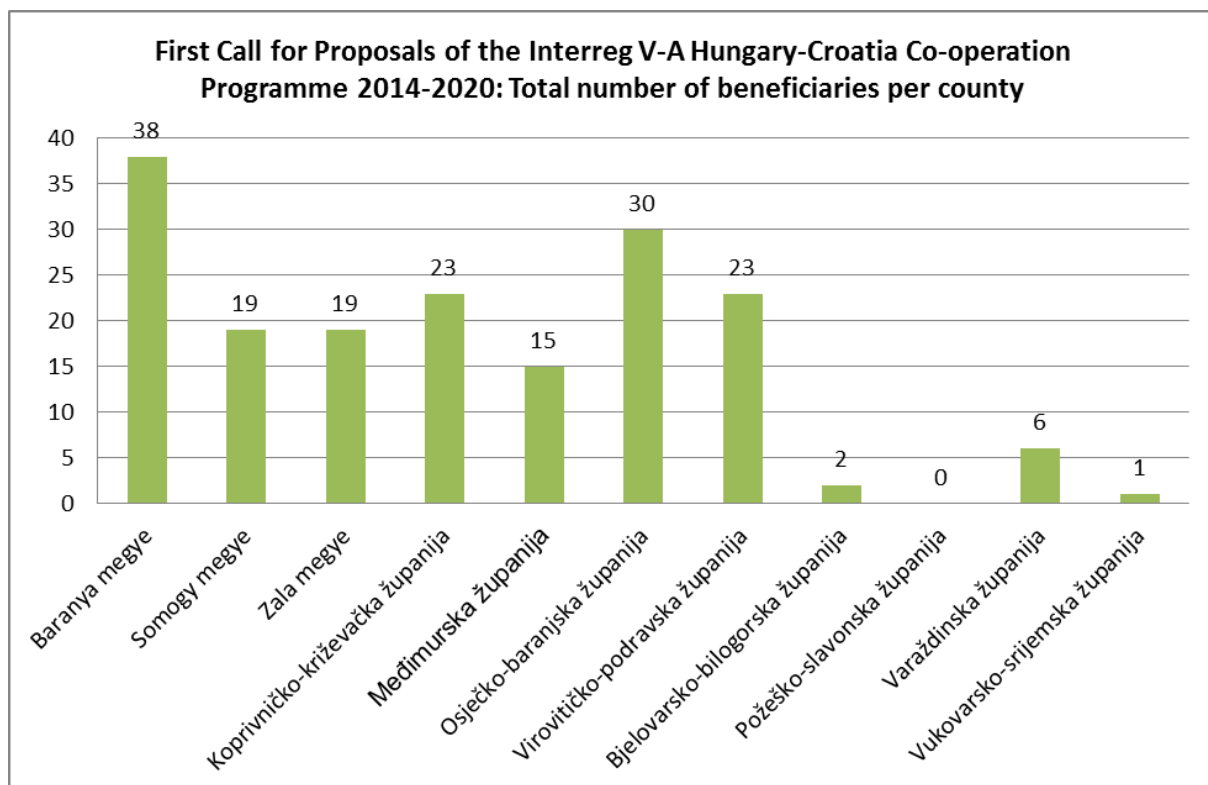
The graph below illustrates the division of supported projects between the Priorities and Components of the Programme – **projects dealing with thematic co-operation of stakeholders and projects managed by schools are the most numerous** among the winners:



It is interesting, however, that when looking at the amount of EU funding awarded to the same Priorities and Components, **the tourism-development and nature protection projects will receive the biggest share of financial support**, amounting to 30 and 31 percent of the allocated amounts of this CfP:

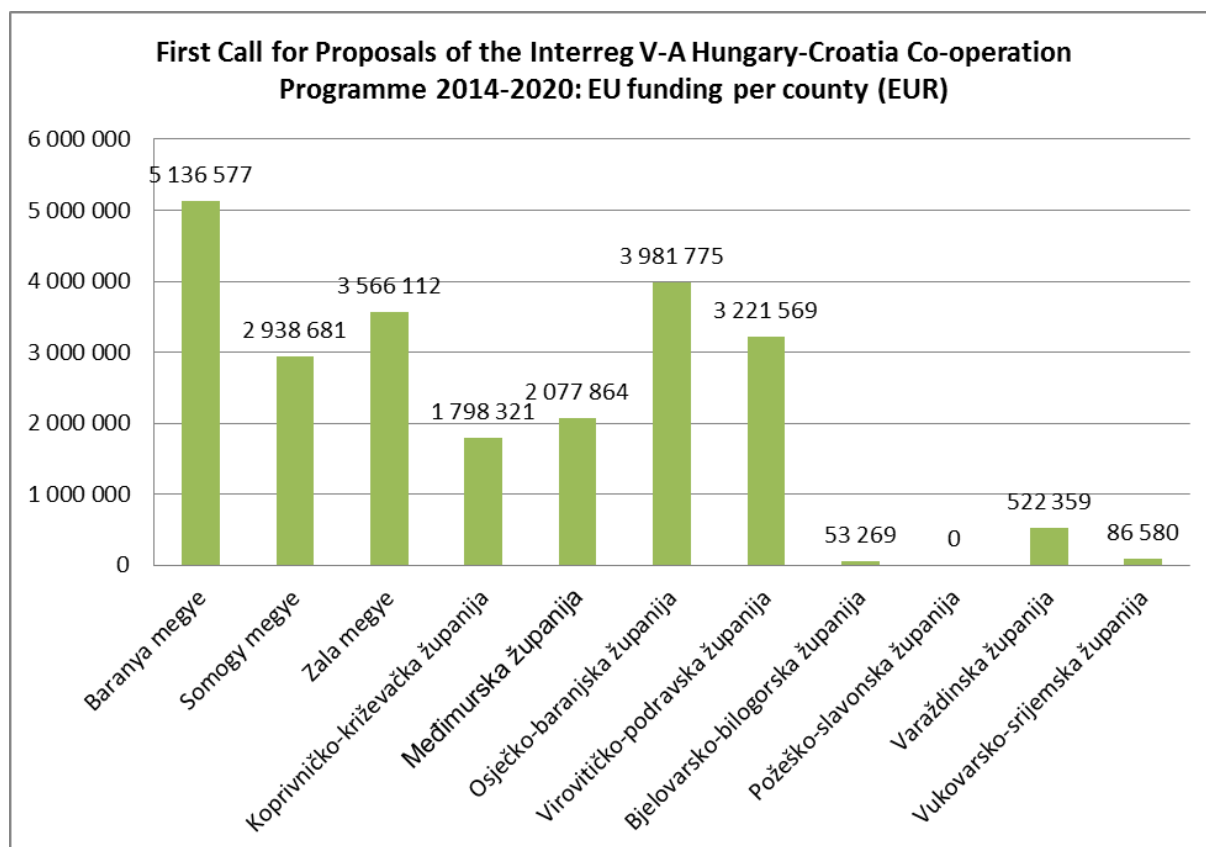


As to the regional distribution of the selected beneficiary organisations, it is visible that **the two neighbouring counties Baranya (HU) and Osječko-baranjska (HR)** are home to the highest number of successful applicants. This has several reasons, ranging from historical to geographical conditions.



An interesting development is the growing share of Koprivničko-križevačka County as compared to the previous calls for proposals, in the 2007-2013 period. This is in line with **the aim of the Programme to strengthen the middle section of the eligible area**, seeing more project proposals not only from the eastern and western end of the common border section.

To show how the number of funded organisations translates into EU funding, the next graph mirrors the above-mentioned situation, with the biggest share of support in the first CfP going to Baranya County (22%) and Osječko-baranjska County (17%).



The reason that the last four counties on the graph (**Varaždinska, Bjelovarsko-bilogorska, Požeško-slavonska and Vukovarsko-srijemska County**) currently have less beneficiaries and therefore less funding than the other Croatian counties can be attributed to the fact that the 2014-2020 programme period is the first one when organisations from these counties can participate in projects without limitations. **In the 2007-2013 period a maximum 20% limit was valid for them**, leading to a smaller activity among the potential beneficiaries. It is the aim of the Programme to encourage more applicants and applications from these four counties in the following calls for proposals.

7. Information

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>)!

Personal contact:

Joint Secretariat

H-1053 Budapest, Szép u. 2.

info@huhr-cbc.com

00-36-1/224-3100