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# **1. STRATEGY FOR THE COOPERATION PROGRAMME'S CONTRIBUTION TO THE UNION STRATEGY FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH AND THE ACHIEVEMENT OF ECONOMIC, SOCIAL AND TERRITORIAL COHESION**

## **1.1 Strategy for the cooperation programme's contribution to the Union strategy for smart, sustainable and inclusive growth and to the achievement of economic, social and territorial cohesion**

1.1.1 Description of the cooperation programme's strategy for contributing to the delivery of the Union strategy for smart, sustainable and inclusive growth and for achieving economic, social and territorial cohesion.

### 1.1.1.1. The aim of the cooperation programme

The cooperation programme (CP) between Hungary and Croatia is one of the European Territorial Cooperation (ETC) programmes which constitute an important part of the EU's Cohesion policy. ETC programmes contribute to the overall economic, social and territorial cohesion of the EU by tackling issues which cross the borders between countries and regions. The aims of ETC programmes are – among others – the creation of common identity, integrated physical space, balanced development and improved policies and governance. To achieve these aims, cross-border cooperation (CBC) programmes identify shared challenges in the border regions, and measures to address them. In doing so the focus is on strengthening cooperation structures in defined areas which are linked to the fields of activity of EU priorities.

This CP is a successor of the 2007 – 2013 Hungary – Croatia IPA CBC Programme. With the accession of Croatia to the EU the programme's co-financing is covered by the ERDF for both countries. Thus, the principles, rules and procedures regulating the programming and the implementation of the instruments of the European cohesion policy are fully applicable to this CP. Apart from some specific rules and procedures related to the former IPA, majority of experiences of the 2007 – 2013 programme are relevant to the current programme and, with respect to its objectives and content, the programme represents strong continuity with its predecessor programme.

Due to the scope of it, the programme will not be able to support large-scale interventions especially not larger scale infrastructure developments. Therefore its guiding principle is to support selected cooperative strategic actions and pilot projects in priority fields, such as enhancing economic cooperations, poor accessibility or the business environment; enhancement and preservation of environmental and natural assets or preventing the risk of loss related to them; fostering the lack of networks among local and regional administrations and improvement of communication between educational and training institutions and key actors of local economy.

The focus of the current programme is slightly shifted towards supporting the reinforcement and expansion of the existing cooperative networks and contributing to the establishment of a sound basis for a dynamic and lasting cooperation across the border. Besides that the programme increases the concentration on encouraging sustainable economic cooperation in the region, while maintaining continuity of activities as outlined above.

### 1.1.1.2. The situation in the programme area

#### Programme area

The programme area covers 31,085 km<sup>2</sup> and has a population of approximately 2.1 million people, 46% of whom live in Hungary and 54% in Croatia (Source: EUSTAT, 2011). The programme area includes administrative units at NUTS III level as follows:

- Hungarian counties: Zala, Somogy and Baranya;
- Croatian counties: Međimurska, Varaždinska, Koprivničko-križevačka, Bjelovarsko-bilogorska, Virovitičko-podravska, Požeško-slavonska, Osječko-baranjska and Vukovarsko-srijemska.

On the Hungarian side of the programme area, Somogy is the biggest and Baranya has the greatest population. On the Croatian side Osječko-baranjska County is the biggest and is also the most populated. The programme area is mainly rural with a number of small and medium towns. The two largest urban centres, Pécs in Hungary and Osijek in Croatia, are situated in the east of the area.

#### *Demographic trends*

The programme area has experienced a significant decline in population in recent years. This has affected all parts of the programme area, but has been particularly marked in Vukovarsko-srijemska County (12.4% between 2001 and 2011), and Bjelovarsko-bilogorska County (10.1%).

Currently, there are about 16,000 Croatians living in the Hungarian part of the programme area, mostly in the settlements along the border, and around 14,000 Hungarians living in the Croatian part, mostly in Osječko-baranjska County. The city of Pécs performs a role as the educational and cultural centre of the Croatians living in Hungary, while in Croatia Osijek acts equivalent for the Hungarians.

In Hungary, the increase of Roma population has led to emerging problems of social nature which is exacerbated by the fact that the highest proportion of Roma minorities live in those localities which already are in the most disadvantageous economic and social position.

The spatial structure of the programme area is characterised by a dispersed pattern of small settlements, with only a small number of medium or large urban areas.

The settlement structure in general is characterised by a large number of small sized towns with limited economic capacity and services, and a general absence of medium sized cities with significant urban functions and services. There are only five cities with more than 40,000 inhabitants. The four Hungarian cities with county rank are: Pécs (the biggest urban centre of the programme area with an agglomeration of about 190,000 people), Kaposvár, Zalaegerszeg as county seat and Nagykanizsa as an urban pole in the south of Zala county (and the most important transport node in the programme area); and

in Croatia it is only Osijek in the programme area with an agglomeration over 100,000 inhabitants.

It is also relevant that the Hungarian towns along the border (Lenti, Letenye, Csurgó, Barcs, Sellye, Siklós) are all relatively small urban centres with very limited services that influence the economic performance of the direct border area. On the Croatian side Varaždin is an important gateway to northwest Croatia. Vinkovci, Bjelovar, Vukovar, Koprivnica, Požega, Đakovo, Čakovec and Virovitica all have over 15,000 inhabitants and act as middle-sized regional centres, but have limited capacity to provide regional level services and facilities. There is a number of small towns and municipalities (Đurđevac, Pitomača, Slatina, Donji Miholjac, Belišće, Valpovo, Križevci, Beli Manastir) in the border area, but as on the Hungarian side, they are too small to act as drivers of regional development.

### *Economy*

The GDP per capita of the counties in the programme area is relatively low, varying between 32% (Vukovarsko-srijemska County) and 54% (Zala County) of the EU average. The area is also less developed and is characterised by lower growth rates than the respective national averages (Hungarian counties: 64-83%, Croatian counties: 54-81% of national GDP per capita average).

Agriculture is important in many parts of the programme area and is a significant source of employment, for instance it provides 10.4% of employment in Vukovarsko-srijemska County compared to the Croatian national average of 2.1%.

The agricultural sector on both sides of the border suffers from a number of common structural difficulties, for instance small size of agricultural holdings, unresolved ownership issues and large amount of land not farmed.

Vineyards and wine production takes place in both the Hungarian and Croatian parts of the area and is frequently linked to the tourism and catering industry.

Tourism plays a significant role in the programme area.

The importance of tourism is especially high in the Hungarian part of the programme area, where there are several important attractions, such as Lake Balaton and spa resorts (e.g. Hévíz and Zalakaros), the Siklósi microregion, where the Harkány spa and wine tourism generates significant tourism nights together with the historic and cultural city of Pécs, a UNESCO World Heritage Site. In the Croatian part (where nationally the great majority of tourism takes place at the Adriatic coast) there is much less tourism activity, mostly concentrated in Osječko-baranjska, Varaždinska, Koprivničko-križevačka and Međimurska County, based on rural tourism, annual events, gastronomy, as well as spa and wellness, mostly for domestic tourists. The towns Osijek and Varaždin have significant cultural heritage, but other locations such as Đurđevac, Križevci, Koprivnica, Orahovica, Lepoglava, Ilok and Kalnik have great potential in developing existing touristic offer and building new one, too. In spite of the potential, tourism activities along the border itself are not significant, with the exception of the Siklósi microregion. There is huge potential to develop sustainable tourism activity within UNESCO Transboundary biosphere reserve Mura-Drava-Danube which extends along Međimurska, Varaždinska, Koprivničko-križevačka, Virovitičko-podravska, Osječko-baranjska and Vukovarsko-

srijemska Counties in Croatia and along Upper Balaton and Danube-Drava National Park.

Alongside the border a number of existing and potential attractions relate to each other in a number of ways due to the common history and the similarity of natural endowments. Thus, some sites have complementary relations to each other (such as wine-producing areas and cultural attractions), others do have some common features (such as the Zrinyi heritage that can be found on both sides of the border), that lends itself for the development of integrated tourism packages, such as thematic routes. In general, the potential individual attractions are relatively small in itself, this way the regional tourism offer is fragmented and not sufficiently visible for potential new visitors outside the region.

Tourism in Hungary shows slightly increasing trends in recent years. Guest nights spent by tourists in commercial establishments increased from 2013 to 2014 in the Southern Transdanubia region slightly below the national average, +4,95% (national average +5,43%).

In Croatia tourist overnights also show an increasing trend (3,3% from 2012 to 2013). The overwhelming dominance of the Adriatic coast is changeless, however, a very slight shift towards other locations can be observed (such as growing the share of “other tourist localities” from 3,7 to 3,9 % from 2012 to 2013, in terms of tourist overnights).

The existence of the area’s potential for cultural, eco- and rural tourism has been recognised by the extensive study commissioned in the framework of the 2007 – 2013 IPA CBC OP. The study also formed the basis of the “Handbook to Tourism Projects...” document. The Handbook to Tourism Projects in the Hungary-Croatia IPA Cross-border Co-operation Programme 2007-2013 has been approved by the Joint Monitoring Committee via JMC Decision No 32/2011 (27.10) serves as document that provides firm strategic direction that tourism development projects shall address, as background for any interventions in tourism. Experiences of the 2007 – 2013 IPA CBC OP show that there is a great interest in participating in tourism-related support schemes and foreseen results of the projects are mostly positive.

The programme area is not highly industrialised. In the Hungarian part, only Zala County meets the Hungarian average for industrial production per capita. In Somogy, industrialisation is only 70% and in Baranya 32% of the national average, despite Baranya being the location of Pécs, the biggest urban agglomeration of the area. Generally, there is an absence of large enterprises. Information communication and financial services are rather weak in all of the three counties, showing the underdevelopment of the economic structure.

In Croatia, the level of industrial activity is above the national average in Međimurska, Koprivničko-križevačka and Varaždinska County, while Vukovarsko-srijemska County is significantly below the national average. The share of services is below the national average in all Croatian counties of the programme area.

In the programme area as a whole, there is no significant sector specialisation, apart from agriculture and food.

Gross value added (GVA) data of secondary and tertiary sectors (industry and services) show even less favourable picture than GDP figures in the programme area. GVA per capita of industry and services sectors in the Hungarian bordering counties reach only 65.7% and in Croatian bordering counties only 70.8% of national average – while respective per capita percentages for total GDP are 69.4% in Hungarian and 78.3% in Croatian bordering counties (data from national statistical offices, 2011). It can be stated that the performance of industry and services sectors is rather low in the programme area which makes it necessary to foster value added producing capability of enterprises operating in industry and services.

The level of SME activity is generally lower in the programme area than the national averages. The density of enterprises is higher in the Hungarian territories than on the Croatian side, especially in the bigger towns and in the proximity of Lake Balaton, whilst it is lower in rural areas. In the Croatian part, the greatest level of SME activity is in Međimurska and Varaždinska County and lowest in the central and eastern part of the programme area.

The crisis affected SMEs much more than large companies. Until 2013, the Hungarian SME sector did not manage to fully recover from the initial shock of the crisis in 2008 and has been sluggish since 2009. Since then, it has fluctuated at around 90 % of 2008 levels for all main aggregates: number of SMEs, employment and value added. Croatia's economy continued to suffer from the economic crisis in 2013, with GDP decreasing further for the fifth year in a row. Employment and added value in the SME sector also decreased.

In terms of employment, SMEs in Hungary are of greater importance than across the EU on average. They account for 71 % of all employees, slightly more than SMEs in the EU (67 %). Yet the share of value added in Hungary is 4 percentage points lower compared with the EU as a whole. Another interesting difference from the EU average concerns manufacturing. In the EU, 46 % of the sector's value added is generated by SMEs, but in Hungary, it is less than a third. In Croatia there are no major differences with the rest of the EU in terms of size classes or employment, but the added value of Croatian SMEs in 2013 was 54 %, four percentage points below the EU average (*see Figure 1*). SMEs kept relatively more employees than the decrease in added value made necessary. This had a negative effect on labour productivity figures (Structural Business Statistics Database, Eurostat, 2013).

**Figure 1: Value added of SMEs in Hungary and Croatia (see Figure annex)**

European-wide analysis clearly shows main entrepreneurial characteristics of relevant NUTS-II Croatian and Hungarian regions of programme area (*see Table*).

**Figure 2: The fourteen average equated pillar values of the three NUTS2 regions of the programme area (see Figure annex)**

As it is shown (see red and dark amber values) enterprises of the programme area have significant problems in financing, product innovation and also in networking: all these factors reach only half or even lower values than average of 125 EU NUTS-II regions (EU average equals to 0,5 at all pillars). This clearly underpins necessity of conceiving new, tailor-made local enterprise development schemes.

Another EU-wide analysis annually evaluates performance of SMEs according to 10 factors (SBA Fact Sheets 2014, European Commission). In Hungary problematic areas of SMEs are entrepreneurship, second chance, skills and innovation, environment and internationalisation; for all of these, Hungary scores below the EU average. While there is room for improvement in practically all SME policy areas, particular attention should be paid to access to finance, internationalisation, and supporting second chance entrepreneurs. Analysis also points out that the level of Hungary's trade with non-EU countries languishes at a rather low level. This is in contrast to the rise in SME exports and imports to and from the single market. In Croatia performance is below average in most other areas, requiring more focused policy measures to catch up with the performance of other EU countries. These areas include entrepreneurship, second chance, responsive administration and internationalisation.

**Figure 2: Dynamic SBA performance of SMEs in Hungary and Croatia, 2008-2014 (see Figure annex)**

*Figure 2* shows that Hungarian and Croatian SMEs are lagging behind considering most of the 10 development factors envisaged, especially in terms of internationalisation: SMEs have rather weak performance in this matter and SMEs have shown no measurable improvement in internationalisation since 2008.

Hungarian Strategy of SMEs 2014-2020 outlines that one of the biggest hindering factor of SMEs is lack of financial resources (Strategy of SMEs 2014-2020, 2013). It is also obvious that SMEs are lagging behind in terms of export activities: only less than quarter of SMEs plan any kind of export activities for the future, export incomes of SMEs reaches only less than half of bigger other types of companies.

Gross value of export and import activities from Croatian counties to Hungary is way under 10% of gross Croatian export-import and only a low proportion of it is carried out with Hungarian bordering counties (data of Croatian Chamber of Commerce, 2013).

Joint cross-border enterprise development strategy conceived by SOVISEC CBC project with involvement of Somogy and Virovitica-Podravina counties defined "Advanced co-operation between the economic actors across the border, helping the foreign trade and market access" as 1st priority of the Strategy (SOVISEC Joint cross-border enterprise development strategy, 2012). Although GVA of industrial sectors are rather weak in these counties, there could be export potentials pointed out: in Somogy the export of the manufacture of computer, electronic and optical products (12,3% of National export), locally manufactured electrical equipment (4.3% of National export) and textiles, leather and related product (3.2% of National export) are significant, while in Virovitica-Podravina the county's largest export consists of manufactured goods, like leather products, furniture and other mineral products. However, the largest share of the county's revenues generated in foreign trade comes from food manufacturing industry and production of furniture (SOVISEC Situation analysis, 2012). As it could be seen there are similarities (manufacturing, textile and leather products) and complementarities (Somogy: electronic products and equipments; Virovitica-Podravina: furniture, food industry) in export activities setting a good basis for cross border trade.

In both Croatia and Hungary, there are SME support networks, with active enterprise development agencies and foundations, chambers of commerce, innovation agencies and business incubators. These have been strengthened in recent years, particularly on the

Hungarian side. However, the low level of SME development generally shows that there is a need and potential to develop this further.

Research and Development (R&D) activity is generally low in the programme area. In both Hungary and Croatia, R&D expenditure is lower than the EU average, and is concentrated in the main cities and not the peripheral border regions.

On the Hungarian side of the programme area, the main actor of research and development activities is the University of Pécs, which has a wide range of international relations with a focus on research, inter alia with the Josip Juraj Strossmayer University of Osijek.

In the Croatian part of the programme area, the main R&D centre is Osijek, where the Josip Juraj Strossmayer University has 11 faculties and the Institute for Agriculture, which is a nationally significant research institution. There is also the Agricultural College seated and operating in Križevci.

R&D activities are typically funded by the public, participation of the private sector is in both countries very weak. Thus, intensity of the cooperation of the universities with the private sector is typically low in both countries in general, and this is characteristic in the programme region, too.

The labour market in the programme area is characterised by significant and increasing levels of unemployment, particularly long-term unemployment. Economic activity as measured by the rate of employment is lower than the national averages in both Croatia and Hungary.

As noted earlier, agriculture – on the whole – is a higher source of employment than nationally, although it varies in different parts of the programme area, being higher in Baranya and Somogy County and the eastern counties of Croatia. Industrial employment also alters, being highest in Zala County in Hungary and Varaždinska and Međimurska County in Croatia.

The Croatian part of the programme area has an unemployment rate of 11.4%, which is above the national average for the same period (9.3% in 2011). However, there are wide differences between the westernmost part of the area, where unemployment is lower, and the eastern part, where it is above the national average. As in Hungary, there has been increasing unemployment in recent years.

Cross-border commuting is not significant from either side, partly because of the lack of large employers.

In Croatia, there is notable disjunction between the labour market and educational system which is reflected in the fact that the majority of unemployed are those with 1-3 year vocational secondary schools, whose number prevail in the structure of unemployed even over those with no schooling or with only primary school. Most of the unemployed have been unemployed for over 12 months and the majority of the unemployed and particularly of long-term unemployed are women. A significant proportion of the unemployed are young (34.59% of all unemployed are below 30), who have trouble entering the labour market, but also those over 45 years of age (also 34.64%), who find it hard to re-enter the job market.

Earnings in the three Hungarian counties are below the national average, which is potentially a comparative advantage in terms of the costs of the labour. A similar situation is seen on the Croatian side, however differences between counties are also considerable, irrespectively to their performance measured by GDP per capita: Osiječko-baranjska and Koprivničko-križevačka are having the highest figures while Međimurska, Virovitičko-podravska and Varaždinska are lagging behind.

### *Environment*

The programme area is characterised by relatively favourable environmental conditions that is partly the result of the absence of pre-1990s large scale and heavily polluting socialist industry on the Hungarian side and the dominance of less-polluting light industry on the Croatian side.

Air quality is generally considered as satisfactory on both sides of the border: in Hungary Zala county has above-average air quality figures, while Baranya county, especially Pécs matches other Hungarian big cities' average figures caused by high concentration of dust resulted by heavy traffic and unfavourable land use in areas of the Mecsek hills. On the Croatian side of the border, air quality is generally satisfactory.

The programme area is characterized by three major water systems: the Danube in the east, the Drava-Mura that forms most of the border line, and Lake Balaton to the north of Somogy and Zala counties. The water systems of the Balaton and Drava-Mura suffer from big volatility.

Volatility caused by human action is also present in the cross-border area. Intense agriculture on one side and permanent neglect of traditionally used land on the other side; one influencing quality of underground waters and land with impact on nature habitats, and the other causing misbalance in natural floodplains and cultural landscapes such as grasslands or backwaters. Backwaters' systems, neglected or dried-out, leads to decrease of natural floodplains' capacities and decrease of wet-land suitable for development of rich ecosystems (issues concerning the reproduction of fish, amphibian and bugs). On the Hungarian side, 7.06% of the programme area is protected landscape. The Danube-Drava National Park Directorate based in Pécs manages most of the protected areas in Baranya and Somogy counties. The Balaton Uplands National Park Directorate manages about 56,997 hectares of protected areas around Lake Balaton

In the Croatian part of the programme area there are no national parks, although there are two parks of nature, the wetland of Kopački rit with an ornithological reserve (Ramsar site), and Papuk, also proclaimed as Geopark, a mountain with rich forests, wetlands and meadows. In addition to those, the Croatian Government in 2011 established a Regional Park (the next level of protection) Mura-Drava that spreads over 5 counties of the Croatian border area.

The territory of the Danube-Drava National Park and the Mura-Drava Regional Park form part of the Mura-Drava-Danube Biosphere Reserve that has been proclaimed by the UNESCO in 2012. The total reserve covers 631,461 ha, whose 395,861 ha is in Croatia and 235,600 in Hungary (the Reserve's area spreads also in Austria, Slovenia and Serbia). The Biosphere Reserve is managed by nationally designated bodies (Danube-Drava National Park Directorate in Hungary and coordination of public institutions (Kopački rit) in Croatia, as well as county level public institutes for protected area

management in Croatia), which makes this activity clearly of important cross-border character.

The quality of surface waters in the programme area is generally favourable. According to data of ecological assessment of surface waters in 2009 the Danube has ‘moderate’ quality, while the Drava and the Balaton are marked as ‘good’ quality waters.

Flood prevention is generally well organised due to well-developed systems of flood protection dikes – although there is a few kilometres long section which needs to be built up and/or developed – and the large surface of floodplain forests and other floodplain landscapes. Ongoing and foreseen investments e.g. in Hungary aim to extend wetlands and, in general, to introduce nature-friendly ways of flood management, including extending the area of floodplain forests and other river-related ecosystems. Thus, further joint planning efforts and small scale investments in specific “green infrastructure” allowing for a more nature-friendly management of floods alongside the region’s rivers is foreseen, including further development of the existing and in it’s essential functions operational flood monitoring and forecast systems on the Drava and Mura. Capitalisation of the results of the cooperations and plans produced by the 2007 – 2013 programme can play an important role in defining bilaterally agreed smaller investments in this intervention field.

Existing natural assets – especially the large scale forests and the cross-border water bodies - are still vulnerable to man-made disasters. No comprehensive alert- or information system exist in the region that could effectively handle the effect of accidental fires or industrial contamination, on the other hand, such events could have serious destructive impact on these values. Projects of the 2007 – 2013 period that aimed at information sharing or improving the reactivity of the national bodies in charge of disaster management were successful, nevertheless, activities remained isolated and fragmented.

The issue of mine-contaminated sites is still present in Croatia. The existence of ERW (Explosive Reminiscence of War), besides representing a constant threat to human life, hinders the economic, mostly tourism and agriculture related exploitation of the area. Also in Hungary, there are areas under nature protection confirmed to contain leftovers of possible military supplies including weapons, ammunition.

The Hungarian part of the border area is characterised by almost 100% level of access to public water supply utilities. However, although improvements have recently been made to sewage system connections, the level of connection in the programme area is still well below the national average.

Similar situation exists in Croatia, where water supply standards are generally in line with the national average, but the levels of water treated by the appropriate sewage systems are not satisfactory, especially in rural areas. Significant investment in the development of sewage networks with appropriate waste plants is planned through national programmes co-financed by EU Cohesion Fund.

The region has beneficial conditions in terms of potential for renewable energy resources, for example by exploiting:

- the waters of the Drava and Mura for energy production, subject to resolving conflicts with nature protection.

- the high number of sunny hours in south of Baranya County for solar energy production.
- the biomass (including agri-waste) which is available due to high level of forestation in Somogy and Zala County.
- the geothermal energy which has favourable conditions in all counties of the Hungarian side of the programme area and in Koprivničko-križevačka county in Croatia, as well as the thermal resources which are generally available throughout the programme area.

### *Transport*

The road infrastructure of the programme area is situated in the triangle of corridors V/b (E71; A4–M7), V/c (E73; A5–M6) and X (E70; A3). The programme area's western periphery is located at the intersection of transnational communication routes that creates excellent accessibility from Western Europe. However the area suffers from capacity problems especially in summer season.

The isolated situation of the middle part of the border area affects the internal cohesion of the programme area. In Hungary the accessibility of county seats' varies: for example Zalaegerszeg and Kaposvár do not have good connection to motorways. The southern periphery of Somogy County is particularly hard to access either from county seats or from outside the area.

The border of Croatia and Hungary – generally speaking – is an exceptionally non-permeable one: it has the lowest border crossing density among Hungarian borders, with an average distance between border crossings of 62 km. The districts of Sellye and Szentlőrinc in Hungary and Slatina on the Croatian side are particularly isolated from the other side of the border. Since the Mura and Drava form the state border over a long distance, the accessibility and crossing over of rivers is an issue and to be enabled by e.g. ensuring ferry connections and constructing bridges.

East-west transport in the border area has serious capacity problems: the connection between Pécs and Zala County depends on poor quality side roads. Similarly on the Croatian side the Podravska main road (D2) has recently been developed with bypasses built around major centres (e.g. Osijek, Virovitica), but horizontal connection still remains ineffective due to long transit road sections on D2.

To improve prospective accessibility of the area, various road infrastructure projects are in the preparatory phase, such as the construction of the trunk road nr. 67 between Szigetvár (H) to the Hungary – Croatia border, including the construction of a bridge over the Drava at Zaláta or the possible construction of the Osijek (HR) – Mohács (H) highway.

Railway facilities are generally characterized by poor quality infrastructure and lack of electrification resulting in low speed, inefficient timetables and limited opportunities for cross-border travel. The cross-border service is limited to the Budapest - Zagreb connection via Koprivnica, Gyékényes and Nagykanizsa and the recently re-established connection between Magyarbóly and Beli Monastir. No rail connection can be accessed from Zalaegerszeg. Several initiatives to establish regular public bus service connections have been failed, due to the lack of sufficient number of users. Thus, service is occasional and limited to certain periods, like the Pécs – Osijek service in pre-Christmas shopping period.

The most significant airport in the region is Hévíz-Balaton near Hévíz that serves summer charter flights mainly from Germany; further lines are under way from Riga and Moscow. Osijek Airport serves regular scheduled flights in the summer season to Dubrovnik and Split, and to Zagreb and London during the remainder of the year. Pécs-Pogány airport currently serves charter flights in the summer season to Greece and Bulgaria.

Water transport is relevant only in the eastern part of the programme area. The Mura border river is navigable only for small vessels for tourism and sport. The Drava is navigable from Barcs to Osijek for small vessels and from Osijek to Aljmaš for larger river cruisers. The Danube has much more significance in terms of navigation. On the Hungarian side Mohács has status of public port, recently equipped with modern infrastructure. In Croatia Vukovar (on Danube) and Osijek (on Drava) have status of international port and passenger terminal facilities. On the Danube there are also small river ports at Ilok and Batina.

### *Education and training*

In the three Hungarian counties of the programme area the most important challenges of the education – such as the uneven quality of the education or the difficulties to access educational services for certain groups of the society, including the Roma – arise from the structure of small settlements, the underdeveloped local economy, the low education level of adults and the high number of families threatened by poverty. – While these challenges remained valid, the education level of the population in the three Hungarian counties improved steadily during the past decade, and in 2011 the proportion of those with eight grades of primary school shows a slightly more favourable picture than the Hungarian average.

The Croatian data demonstrates that the level of secondary and tertiary education in the Croatian side of the programme area (41.51% and 7.50% respectively) is much lower than the national average, especially in counties without large urban centres, such as Virovitičko-podravska, Požeško-slavonska, Međimurska and Bjelovarsko-bilogorska County. Osječko-baranjska County has a higher than average rate of university education than the Croatian area as a whole, which can be attributed to the economic and cultural importance of the City of Osijek. In terms of social inclusion, significant efforts are still required in Croatia to increase the involvement of Roma children into the educational system.

The continuous improvement of the national education systems – including the improvement of the accessibility of the services for the disadvantaged groups - is on the agenda of both national governments and the process is assisted by sectorial OP's and other instruments of the centralised national education policies in both countries. In spite of the various historical and cultural linkages the level of knowledge about the region itself is very low on both sides. The lack of proper knowledge about the region hinders cross-border cooperation in a number of ways – including the fact that it clearly lowers the motivation to cooperate - therefore contributes to the conservation of the peripheral situation of the area with no internal cohesion. To promote the aim of increasing internal cohesion of the region split by the border there is a need to increase – in some cases re-establish – the explicit knowledge about the region itself, additional to the general knowledge that is provided by the national school systems.

Quality of the school infrastructure – buildings, equipment – is very much varied throughout the region. Schools in larger towns are typically in better conditions, while in smaller villages neither buildings nor teaching equipment reaches national standards. School infrastructure, in general is also subject of sectorial investment programmes supported by national resources in both MS's, however, neither additional needs of cooperation are recognised in the refurbishment projects nor preferences for cooperating schools have been set by the national schemes.

Vocational training facilities have been significantly developed in recent years on both sides of the border but need to be further aligned to the needs of employers and economic development. Territorial Integrated Vocational Training Centres were established in Kaposvár, Nagykanizsa, Marcali, Pécs and Zalaegerszeg in the Hungarian side. Adult and vocational education has also been developed in Croatia in recent years. Of 348 adult education institutions that provide formal education in Croatia, 100 are located in the programme area, mostly in Osječko-baranjska County (26) and Varaždinska County (20), while the lowest concentration is in Požeško-slavonska (8), Međimurska (7), Virovitičko-podravska (6) and Koprivničko-križevačka County (5).

Similarly to trans-border mobility of the workforce for the time being, cooperation of these establishments is not intense either. Roots of the weak cooperation are similar to the main reasons of the weak labour force mobility: weak economic linkages, in general, weak motivation and skills to cooperate. While on the short run these factors cannot be realistically changed, pilot-type demonstrative actions may effectively promote the idea of cross-border labour mobility. Thus, dual training (training-oriented cooperation of enterprises and training institutions) can give a boost to a more intense mobility of the labour, contributing to the better employability of the workforce in the region on the longer run. Over the programme period a couple of such cooperative actions may be realistically implemented, on the basis of the cooperation of the vocational training or higher education institutions of the region and the a few of the relatively larger employers. Besides the demonstrative effect, this way specific local knowledge can be created that matches employers' needs and the capabilities of the local institutions.

In terms of the higher education system, the University of Pécs is the most important university on the Hungarian side, with 10 faculties and 26,699 students in 2011, including 53 students from Croatia. There is clear potential to increase this number. The Episcopal Theological College of Pécs is also located in the county seat of Baranya. In Somogy County Kaposvár University operates as the other important university of the region, offering studies in four faculties.

In Croatia, the most important university centre within the programme area is in Osijek, where Josip Juraj Strossmayer University is located. The University consists of 11 faculties in both arts and sciences with over 20,000 students. In Osijek there is also another organization, the Institute for Agriculture, which is a nationally significant research institution. Another university is within the programme area, Croatian youngest university, University North is located in town Varaždin and Koprivnica and in Križevci there is the College of Agriculture, too.

Universities are also very important for functioning of the Mura-Drava-Danube Transboundary Biosphere reserve since they are providing support with scientific researches needed for promotion of innovative sustainable management of the area.

Stakeholders' opinion concludes that people in the border region generally do not have sufficient knowledge about each other's country and the cross-border region itself and that this has also an adverse impact on the intensity of cross-border cooperation. Quality of education is worse in small settlements and access to good services is especially difficult for vulnerable groups of the society such as people threatened by poverty and the Roma. Poverty and isolation hinders access to good quality education and holds back access to joint experiences, too, therefore poverty and social vulnerability also contributes to the low level of the cooperation.

Educational institutions in the region, especially the bilingual schools, educational and cultural centres as well as universities play a vital role in cultural and educational cooperation in the region as set out in the on-going evaluation of the 2007-2013 programme. Support schemes that would have promoted bilingualism as such were not popular among project applicants in the 2007 – 2013 period, indicating, that stakeholders rather prefer collaborative events and actions to pure language courses in order to improve their cooperating capabilities. Thus, support to common courses and knowledge-creation has good chances to meet stakeholders needs and results in a good uptake of funds.

Based on the results of local consultations, the joint history, the existence of shared values (such as clean environment, diversity etc.), as well as the general acceptance of each other on all level of the society may form a good basis for developing a common knowledge base. At higher educational level, complementarity of courses may offer a perspective for success.

#### *Health care*

The performance of the health care system of both countries is below the European average. Health care in the Hungarian counties is under-financed, suffers from inefficient structures and territorial disparities. In general terms the system cannot match the demand both in terms of quality and quantity.

This is reflected in lower life expectancy figures than the EU average and poor health indicators such as smoking and alcohol consumption. In addition there are higher than average levels of social dependency on both sides of the border, with the exception of the western part of the Croatian area.

Croatia, like Hungary, has a relatively low level of health care financing. Furthermore, advanced healthcare is concentrated in larger centres such as Zagreb, while smaller towns are often left with a basic and much less technologically advanced health care. The strongest health care centres of the programme area are located in Pécs and Osijek, these cities have Clinical Hospital Centres.

#### *Language, culture and cooperation*

Successful cross-border cooperation requires good command of foreign languages. However, knowledge of foreign languages in the programme area is very low and language skills are a major bottleneck to improved cooperation. There is therefore an important issue of the use of foreign languages, either Hungarian or Croatian, or a commonly used language such as English or German, to facilitate communication in the border zone. Still, support schemes that would have promoted bilingualism as such were not popular among project applicants in the 2007 – 2013 period.

There is a well-established level of cultural cooperation across the border, driven by partner municipalities and institutions. 38 partnership agreements or informal partnership relations exist between Hungarian and various Croatian municipalities or institutions. Many of these are the result of the current Hungary-Croatia CBC programme. Within the programme, up to December 2012 a total of 198 events were realised under people-to-people actions, involving 325,083 people.

This level of interest was considerably higher than expected and shows the existence of local people's interest in cross-border cultural events and cooperation. Examples of cultural cooperation include mutual attendance at festivals, joint staging of theatre plays and gastronomic events organised around regional food specialties and wine. Bilingual schools are also active in cultural and educational cooperation. The Universities of Pécs and Osijek also cooperate in relation to arts, history, geography and linguistic subjects. Finally, intensive contacts are maintained between museums, archives and libraries. However, results of an interim evaluation of the programme concluded that intense cooperation is dominated by a relatively small number of particularly active partners - like the universities and the development agencies - while many of the region's public institutions remained inactive.

Additionally, quality and usability of cooperative studies and plans prepared in the 2007 – 2013 period varied very much, according to the preparedness and capabilities of the cooperating partners as project holders, although this observation has not been verified by the independent evaluators, being this issue not part of their ToR.

During the programming process institutional stakeholders representing various thematic fields of the economic, environmental and social development in the region expressed their need to engage in building cross-border partnerships, mainly with the purpose of developing viable development projects with the combination of the knowledge of the partners. Thus, needs clearly tended to lack any sectorial or thematic preferences but a strong focus on building up capabilities for a lasting cooperation and clear results on the short run. Areas of cooperation therefore need to cover areas that have development potential for the region, based on its assets and problems.

Croatian counties, towns and municipalities have been building their institutional capacities for the preparation of strategic development programmes and projects since the early 2000s, dictated by the process of EU integration and supported to a large extent by pre-accession funding for regional competitiveness and cross-border cooperation.

The framework for Croatian regional policy is regulated by the Regional Development Act from 2009 which was supplemented in 2010 by the National Strategy for Regional Development 2011-2013 and 21 County Development Strategies 2011-2013. The counties are currently preparing new development strategies for the programming period of 2014-2020.

In Hungary, the 1996 Decree on spatial development and physical planning set the basic framework of regional development policy and laid the foundations of the institutions for spatial development. This Act, modified in 1999 and 2011, set a consistent system of objectives for the spatial development policy.

Regional Development Agencies (RDAs) have been working on regional development issues in the 7 NUTS2 regions of Hungary since 1997. The RDAs have accumulated extensive professional experience and competences in spatial planning; generation,

development and implementation of international projects. However, the system of regional development changed in 2010 and the leading role of RDAs ended. Instead, county self-governments became responsible for the territorial coordination of development policies and instruments. Preparation of these institutions for their tasks in the 2014-2020 period is continuously underway.

There are currently two established European Groupings of Territorial Cooperation (EGTCs) in the Hungarian-Croatian Programme Area, Pannon EGTC and Mura Region EGTC. The Pannon EGTC, seated in the city of Pécs, Hungary, was established on 31 August 2010 and registered in 2012 with the participation of one Slovenian municipality and 49 Hungarian partners (<http://www.pannonegtc.eu/content/members>). Ptuj and Moravske Toplice Municipalities and 7 other Hungarian members have later joined the EGTC. The Croatian Government has approved Virovitičko-podravska County and Antunovac Municipality to join Pannon EGTC at its session held on 18th March 2015 and the decision was published in the Official Gazette No. 32 of 23 March 2015. On the date of publication the decision entered into force. The Municipality of Osijek has also expressed its interest to join Pannon EGTC. . The EGTC elaborated its development strategy including key projects in 2014 and it has a small administrative staff in Pécs.

The second EGTC, Mura Region EGTC (<http://muraregio.eu/>), has been deriving from the 'Mura Region' project financed within the Third CfP of the Hungary-Croatia (IPA) CBC Programme 2007-2013. It has passed the relevant national level governmental approvals on Hungarian side (December 2014) and Croatia (April 2015) and currently it is at the beginning of its functioning and the registration. The seat is in Tótszerdahely (Hungary) and includes 11 Hungarian municipalities close to Mura river and connected to the association called Muramenti Nemzetiségi Területfejlesztési Társulás in Zala county. On the other side of the border there are five Croatian municipalities that joined to that EGTC (Donja Dubrava, Donji Kraljevec, Donji Vidovec, Goričan and Kotoriba). The EGTC has clear geographical logic behind as well as the balanced cross-border effect, based on the membership, but needs quick building up of administrative capacity for managing bilateral cross-border projects.

Participation in the programme as beneficiaries could contribute to their further development.

The staff and the development strategy ("Együttes Fejlesztési Program 2014 – 2020") of the „Pannon EGTC” has been consulted by the expert team in the preparatory phase of the programme and the EGTC has been invited to the workshops organised by the programming team. In the programming process the interests of the EGTC were rather represented by its founders then by the EGTC itself, given the lack of Croatian members of the EGTC. Altogether, out of the programme's four priority areas two shows clear linkages to the final choice of the programme stakeholders regarding the definition of the CP's Specific Objectives. The relevant EGTC objectives are 1. "economic cooperation and tourism development" and 2. "developments serving the conservation of natural environment and the sustainable land management

#### 1.1.1.3. The Cooperation Programme's Strategy

An analysis has identified that the Hungary – Croatia border area holds a number of assets that could be utilized in order to enhance social and economic development in the region.

The most important ones are the following:

- the outstanding quality of natural and cultural resources, like the unspoiled natural environment in the area, including the border river Mura and Drava as well as the Danube and the rich historical heritage of the areas' settlement network
- the existence of medium-sized towns with higher education institutions and lively cultural and entrepreneurial life in both countries
- the excellent potential for local products coupled with long-lasting traditions and knowledge

However, the analysis concludes that currently relatively few of these assets are effectively exploited. The area is rather characterised by underutilised elements of the territorial capital, mainly as a consequence of:

- the border rivers that constitute severe physical barriers to increasing cooperation
- missing elements of infrastructure (weak cross-border connectivity and sparse regional transport networks, underdeveloped tourism and other business related infrastructure)
- weak collaboration of the universities with the business and public sector institutions
- the extremely low level of mobility of the workforce and the lack of integration of the national labour markets
- the low foreign language skills of the inhabitants of the region
- positive experiences of cross-border cooperation are not capitalized sufficiently
- strong orientation of both national economies towards national centres, leaving major parts of the areas as peripheries.

The above-outlined factors result in a relatively weak cross-border cooperation among the various actors in the border region, nevertheless, results of the 2007–2013 programme are making considerable positive impact.

The following main general socio-economic problems have been identified:

- weak performance of local business sector results in high unemployment that – apart from some developing medium-sized towns, mainly in the western part of the area - is exacerbated by the low level of FDI
- mainly as result of the weak economic performance and the bad accessibility of the region (peripheral location in both Member States) outmigration trends are clearly visible, affecting and leaving the region with an ageing population and shrinking incomes

Geographical differences of the region are significant. Main regional economic centres are situated at the eastern part of the border area (Pécs – Osijek), emerging poles are to be found in the western part (Nagykanizsa – Čakovec – Varaždin) while the areas situated in the middle section of the border are lagging behind, also showing evidence of serious poverty and social deprivation, especially but not exclusively on the Hungarian side (Ormánság).

Additionally, the region's rich ecosystem is fragile and vulnerable by incidental natural or man-made disasters.

Some external trends may provide a favourable set of conditions for the better exploitation of the region's assets. The most important ones are the following:

- The free movement of goods and services between the two countries with Croatia's accession to EU encourages business cooperation of SMEs and increases the number of visitors and investors
- Increasing demand for nature-friendly („green”) and cultural tourism in both countries and in Europe as a whole
- Growing interest in various consumer groups in consuming/purchasing local and organic food products
- Initiatives in both countries to increase energy efficiency and the share of renewable sources in energy production
- Increasing interest of civil society in environmental protection and sustainability
- Development and access to ICT technologies provides solutions to cooperation without physical meetings and travelling in an increasing number of areas

However, the realization of these positive trends cannot be taken as granted. Also, external threats are numerous and their chances of impacting on the strategy are not negligible. Most relevant ones are the following:

- the slow recovery from economic crisis may maintain low level of purchasing power in both countries resulting in low level of demand to local products and services that leads to further ageing and depopulation in the region
- FDI may favour more developed agglomerations with no development impact on the large rural areas of the programme region
- integration of the Croatian economy into the EU may result in termination of jobs in rural areas due to improving push for efficiency and more open competition
- the „mainstream” national OPs in the cooperating countries may not focus adequately on the specific problems of the area, this way the level of public investment remains low and necessary investments to address inherent weaknesses will not be made (e.g. in infrastructure, businesses, human capital and environment)
- uncertainties regarding the date of Croatia joining the Schengen area may hinder the development of cross-border infrastructure

Based on the dominance of internal weaknesses and the risks associated with the external trends the strategy shall not aim at offensively exploit existing assets. Instead, it focuses on strategic choices that help overcome the main weaknesses of the region by gradually building up capabilities in intervention areas where the programme can realistically achieve tangible, sustainable and continuously upgradeable results.

Thus, the strategy underlying the programme should focus on eliminating or reducing the existing weaknesses of the various social and economic sub-systems of the region, preparing the region's assets to take full advantage of the emerging external opportunities. To a smaller extent the approach of stabilizing and strengthening currently weak assets to minimise impact of external threats is followed, too. Former approach lends itself in cases like, inter alia, the following:

- encouraging local SMEs by creating better conditions to networking and providing incentives to actually experience added value of cooperation,

- developing attractions for tourists and incentives for touristic service providers to help take advantage of the diverse cultural heritage and natural environment,
- preparing and implementing small-scale transport infrastructure projects to develop the connectivity of the region, in order to overcome accessibility-related barriers to the cross-border movement of visitors,
- enhancing cooperative attitudes by supporting direct cooperation and cooperative educational schemes,

whereas latter one is followed in case of measures for an increased stability and diversity of the region's ecosystems, by

- fostering the cooperative management and the cross-border transfer of know-how, enhancing the quality of the conservation of the natural assets, such as forests and other ecosystems, habitats and the water resources,
- the improvement of cross-border information, monitoring and forecast systems to better tackle risks of mainly man-made disasters on the environment, such as floods, fires or hazardous waste of industrial origin.

The strategy chosen has been also influenced by the characteristics and limitation of support that could be provided by any ETC cross-border programme and also the size of financial resources to be made available to implement the Hungary – Croatia cross-border cooperation programme. Main effects of these considerations is that the programme's strategy supplements the strategies followed by mainstream OPs focusing clearly on enhancing the cooperative efforts of regional stakeholders and, secondly, that the strategy cannot realistically address needs of larger size infrastructure developments even if in some cases need to these investment could be seen as justified.

The objective of the programme in terms of cross-border cooperation is to deepen and, as much as possible to extend the scope of the cooperation and networking on the basis of the success of the already started and experienced cooperative efforts. To achieve this, the programme creates better conditions and provides incentives for the main stakeholders of the region.

The above outlined strategy of the programme is expected to effectively promote the overall long term vision for the programme area, formulated by the various participants of the programming process in the following way:

*“The Hungary – Croatia border area is characterised by an intense and diverse cooperation, facilitated by appropriate cross-border connections, shared knowledge and active and motivated groups of the society, in the focus of which stands the sustainable and value-added exploitation of the region's rich natural and cultural resources and the permanent enrichment of economic, institutional and individual relationships across the border.”*

Position papers of both Hungary and Croatia formulate ambitious proposals regarding the priorities of the countries' cross-border programmes. Current programme's strategy addresses these priorities to the extent they're relevant to the specific development needs of the particular border region and to the extent they're expected to result in tangible and sustainable developments considering the possible scope of the programme.

Following this approach strategy is in line with the proposed priority of position papers addressing the enhancement of economic competitiveness of SMEs contributing to the

economic development of depressed rural areas. The programme strategy also addresses the accessibility-related priority of the position papers in the context of the objective of increasing the region's attractiveness to visitors. Proposed priority of water and flood management, natural and technological risk prevention objective reflects on specific regional needs therefore has been integrated with the strategy of the programme with a strong focus on natural environment and biodiversity. In this way the programme strategy also promotes the implementation of the EU Water Framework Directive as well as Floods Directive to reach their objectives. Under current level of cooperation only less effective actions can be devised in the fields of labour mobility or the various aspects of social inclusion, therefore these areas are more dealt with within the priority axis for improving the cooperation itself. The priority on education focuses on how the different educational and training institutions can increase the specific, local knowledge base in the region and how education can contribute to better understanding of common values and developing a sense of belonging to the border region with regard to children and young adults. To prepare the grounds for effective future interventions in these fields the programme supports building better institutional and individual capabilities and developing more positive attitudes to cooperation itself.

#### 1.1.1.4.Strategic response by the programme to contribute to Europe 2020

Based on all of the above-listed considerations, the strategy's main contribution to the Europe 2020 objectives is as follows:

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

The link of the cooperation programme to the Europe 2020 strategy goals is ensured through the definition of thematic objectives (Article 9, CPR) and the requirement for thematic concentration (Article 5 ETC). The programme is formed by 5 priority axes including technical assistance and 8 investment priorities (Article 5 ERDF, Article 6 and 7 ETC). According to Article 7 (1) ETC Regulation the priority axes correspond with a thematic objective and comprise one or more investment priorities.

The programme strategy is based on the specific analysis and identified needs of the programme area, which have been discussed and agreed on through an extensive programming process including public consultation among the programme stakeholders

and a wider CBC community. Moreover, the programming took into account lessons learned from previous programming periods, the given financial framework and the existence of suitable implementation and administration structures.

To achieve the intended targets for the priority axes and investment priorities every activity supported within the priority axes and its investment priorities has to contribute to the specific objectives of the relevant investment priority. The results of the different activities will have to be measured with given result indicators. Effectiveness in the ratio between the costs of the operation and its contribution to reach the target values is also an important factor as well as the compliance of these activities with the relevant cross-border strategies.

The Cooperation Programme will contribute to Europe 2020 through investing in the following thematic objectives (TOs), each of which is attached to a priority axis:

- Priority Axis 1: Economic Development - Enhancing the competitiveness of SMEs (TO3)
- Priority Axis 2: Sustainable Use of Natural and Cultural Assets – Preserving and Protecting the Environment and Promoting Resource Efficiency (TO6)
- Priority Axis 3: Cooperation - Enhancing Institutional Capacity and an Efficient Public Administration (TO11)
- Priority Axis 4: Education - Investing in Education, Training, including Vocational Training for Skills and Lifelong Learning by Developing Education and Training Infrastructure (TO10)
- Priority Axis 5: Technical Assistance (TA)

1.1.2 Justification for the choice of thematic objectives and corresponding investment priorities, having regard to the Common Strategic Framework, based on an analysis of the needs within the programme area as a whole and the strategy chosen in response to such needs, addressing, where appropriate, missing links in cross-border infrastructure, taking into account the results of the ex-ante evaluation

**Table 1: Justification for the selection of thematic objectives and investment priorities**

Selected thematic objective	Selected investment priority	Justification for selection
03 - Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)	3c - Supporting the creation and the extension of advanced capacities for product and service development	Economy is characterized by low growth rates and density of SMEs. HU SMEs in the border area received substantially less support from national OPs in the past period than national average showing weak absorption capacity of SMEs mainly due to lack of resources. In HR limited access to capital is one important obstacle of SMEs growth. Value added SME production operating in industry and services sectors in the area is extremely low, cooperation among SMEs is also rather poor. Due to poor gross value added figures of secondary and tertiary sectors of the border area and

Selected thematic objective	Selected investment priority	Justification for selection
		<p>the lack of cross-border business cooperation attitudes, SMEs operating in industry and services sectors need to be provided with investment support to boost product and service development activities by joint economic development actions. It generates higher GVA making, enables to find new markets. Cooperation-driven product, service development scheme serves as complementary actions to the SME development instruments.</p>
<p>06 - Preserving and protecting the environment and promoting resource efficiency</p>	<p>6c - Conserving, protecting, promoting and developing natural and cultural heritage</p>	<p>The region is rich in natural and cultural assets that are mainly linked to the river basins and the eventful history of the area. Heritage could be the source of economic stability and prosperity. To this end, infrastructure for nature and cultural heritage tourism needs to be improved, observing sustainable development principles, to preserve these main assets.</p> <p>Still remaining suspected and confirmed minefields and the presence of unexploded ordnance hinder the accessibility of parts of the nature-protected areas in both sides of the border. Although significant results have been achieved in the past, completion of the decontamination activities is needed to ensure safe usage of all territories.</p> <p>The border is an exceptionally non-permeable one: it has the lowest border crossing density among both Hungarian and Croatian borders. As a consequence, cross-border accessibility of tourist sites is weak, hindering this way the development of tourism networks and joint tourism products.</p>
<p>06 - Preserving and protecting the environment and promoting resource efficiency</p>	<p>6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure</p>	<p>The region is characterized by a high biodiversity and a great variety of ecosystems. Large protected areas like Danube-Drava National Park, Kopački rit and Papuk Nature Parks, Regional Park Mura-Drava, with proclaimed UNESCO</p>

Selected thematic objective	Selected investment priority	Justification for selection
		<p>Transboundary Biosphere reserve Mura-Drava-Danube and ample Natura 2000 sites are situated in both countries. A number of exchanges of experiences in the field of the protection of natural heritage between nationally designated bodies took place in the past. Still, there is a great interest in the region for future cooperation to further restore and protect natural heritage. To ensure sustainability of wetlands and smooth management of floods specific measures of protection need to be applied, such as backwaters (oxbows), as crucial part of floodplain system be preserved and revitalized, not drying out or being left to invasive plant species. Use of less aggressive methods and more diversity in agriculture and the traditional ways of land-use should be promoted.</p>
<p>10 - Investing in education, training and vocational training for skills and lifelong learning</p>	<p>10b - Investing in education, training and vocational training for skills and lifelong learning by developing and implementing joint education, vocational training and training schemes (ETC-CB)</p>	<p>The area suffers from inequalities in the education level of the population and the draining effect of the two capital cities. Level of education in general is mediocre and cross-border labour mobility is insignificant. Lack of mutual knowledge on the different aspects of life in both sides of the border hinders cooperation and weakens regional identity.</p> <p>National curricula in none of the MSs provide specific knowledge related to the border region or the neighbouring country.</p> <p>Infrastructure of the schools is in general in low condition in both MS, as well as rooms and equipment is rarely available to satisfy needs of new courses or modern teaching methods needed for the effective delivery of the newly introduced lessons.</p> <p>Poverty and isolation in some areas hinders access to good quality education and holds back access to joint experiences, too, therefore poverty and social vulnerability also contributes to the low level of the cooperation.</p>

Selected thematic objective	Selected investment priority	Justification for selection
		Project experiences show good results in past period
11 - Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration	11b - Promoting legal and administrative cooperation and cooperation between citizens and institutions (ETC-CB)	<p>The two most important preconditions of effective cross-border cooperation to be met are the existence of:</p> <ul style="list-style-type: none"> <li>• cooperation culture,</li> <li>• territorial governance frameworks which can take care of developing and implementing cooperation strategies in a continuous manner.</li> </ul> <p>Cooperation is hindered by the poor cross-border connectivity and low level of language skills. In spite of these barriers cultural cooperation was developed and delivered successfully in the framework of the past CBC programme. However, participation in networking activities remained restricted to those entities which had most of the knowledge about the ways of cooperation, justifying the efforts to intensify and extend the cooperation in the future.</p> <p>To improve cooperation, capacity building is needed for a variety of organizations at different levels of cooperation maturity to strengthen spatial structures and address jointly the relevant bottlenecks of institutional development and policy dimensions.</p>

## 1.2 Justification for the financial allocation

Justification for the financial allocation (i.e. Union support) to each thematic objective and, where appropriate, investment priority, in accordance with the thematic concentration requirements, taking into account the ex-ante evaluation.

The objective is to enable the effective delivery of the programme's results through devoting the necessary financial resources to each priority axis. The programme is co-financed by the European Regional Development Fund. The ERDF allocation of the

programme of is 60,824,406.00 EUR, the total amount of funding available without TA but with national co-financing is 67,264,637 EUR. Two aspects were taken into consideration based on the experiences gained from previous CBC programmes in the area: a) estimated importance of the thematic objective based on the identified needs and the estimated long term impact on the border region's socio economic situation, b) estimated absorption capacity of the potential project holders to develop feasible projects including the magnitude of needs of resources of typical projects.

**Economic Development:** 17.42 % is planned to the priority axis entirely linked to TO3, Enhancing the competitiveness of SMEs. By supporting this sector the local economy of the border region will be stimulated, thus, importance of the interventions ranks high. Funds will be provided to and through those business support institutions which can promote entrepreneurship and encourage local economic development, improve the capacity of SMEs operating in industry and service sectors to produce higher added value and improve their competitiveness in both domestic and international markets.

Absorption capacity of SME support is considered moderate, due to the fact SMEs' role was insignificant in the 2007–2013 programme and the room for manoeuvres left by national programmes might be narrow in the same time. On the other hand, including service providers in the tourism industry can help increase the potential capacity of the sector to absorb funds. Costs of the management of the support scheme have to be taken into account when total costs are to be calculated. These costs may be relatively high due to the fact that no such scheme has ever been operated in this area. Relative "unit" costs of the operation of scheme are decreasing as the number of actually supported SMEs is growing. Once the scheme is set up, the efficiency of the operations grow with the number of actually supported SME-projects. To achieve a considerable impact and visibility of the scheme's interventions, a certain number of projects need to be put in place in the region. The allocation takes also into account that the scheme could provide funds for a sufficient number of SMEs. On this basis the proposed allocation is considered as a balance between the requirements of economy of scale on one hand and the estimated capacity for effective absorption of the funds on the other.

**Sustainable use of Natural and Cultural Assets:** 62.58 % is given to actions under TO6 Preserving and protecting the environment and promoting resource efficiency because of the significance of the region's natural and cultural heritage as one of its most valuable assets. Valorisation of these assets could contribute to the economic development of the area by promoting environment-friendly tourism. Thus, the importance of the priority axis is undoubtedly high.

15% of the total funds allocated to TO6 are foreseen to be spent on small scale investments and strategic project(s) relevant for enabling or improving access to tourist attractions, including investment in local access roads and ferries programmed under IP 6c. In case the results of the transport feasibility study commissioned by the Hungarian government - involving Croatian experts in its preparation - justify the needs, a potential increase of this allocation to 20% is foreseen.

Establishing the basic infrastructural conditions for an increased exploitation of the cultural and natural assets may involve substantial costs. Even if only smaller scale infrastructure projects can be foreseen (like local access roads, bike paths, etc.) they may demand relatively high level of funds. The rehabilitation of the war-affected contaminated sites would require relatively costly interventions, as well.

Out of total ERDF allocation planned to be given to actions under TO6, 15% of the total available funding serves for the improved conservation of these – mainly natural – assets. Potential project holders are prepared to develop new and relevant projects in this field, however, their number is limited, justifying the relative moderate amount to be spent under the corresponding IP 6d.

Cooperation between stakeholders on different sides of the border has already been successful in both tourism- and nature conservation projects and there is also scope to extend this cooperation. Active cooperation led to advanced capabilities to develop and manage projects, improving the absorption in this intervention field that, by today, is considerably high in the field of exploiting and protecting the natural and cultural assets.

As outlined above, strategic importance of the activities foreseen under this priority axis is high. Additionally, both absorption capacities as well as needs are great. These justify the outstandingly high share of allocation to this priority axis.

**Education:** 10 % is allocated to actions under TO10. Although clear needs have been identified to investing in education, training, including vocational training, the relative cost of these types of projects is significantly lower than the cost of investments in infrastructure. Existing absorption capacity – with special regard to really meaningful projects – seems to be moderate, considering, that both infrastructure and human resources for education are subject of the national OPs under the “Growth and Jobs” objective in both states. The funding allocated is in harmony with the needs in the specific niche the actions address.

**Cooperation:** 10 % is allocated to TO11 Enhancing the institutional capacity of public authorities and stakeholders, because there is a mutual demand to exchange of experiences among diverse territorial units of public administration. This should also include the promotion of legal and administrative cooperation in particular the design and implementation of cross-border strategies in a number of fields of common interest. Experiences of former programmes show real benefits of cooperation on a small scale by generating motivation for further joint activities. The intensity of cross-border cooperation is relatively low and the number of participating entities is few, thus, all cooperation, including “people-to-people” forms are considered as important incentives for future more institutionalised operations. On the other hand the expected projects are relatively less costly and the quantity of them is also limited by the number of both communities and institutions being ready and capable to develop and implement meaningful cooperation projects.

**Table 2: Overview of the investment strategy of the cooperation programme**

Priority axis	ERDF support (€)	Proportion (%) of the total Union support for the cooperation programme (by Fund)			Thematic objective / Investment priority / Specific objective	Result indicators corresponding to the specific indicator
		ERDF	ENI (where applicable)	IPA (where applicable)		
1	9,960,300.00	16.38%	0.00%	0.00%	<ul style="list-style-type: none"> <li>▼ 03 - Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)</li> <li> <ul style="list-style-type: none"> <li>▼ 3c - Supporting the creation and the extension of advanced capacities for product and service development</li> <li> <ul style="list-style-type: none"> <li>▼ 1.1 - Fostering value added business cooperations between SMEs operating on different sides of the border</li> </ul> </li> </ul> </li> </ul>	[1.1]
2	35,779,654.00	58.82%	0.00%	0.00%	<ul style="list-style-type: none"> <li>▼ 06 - Preserving and protecting the environment and promoting resource efficiency</li> <li> <ul style="list-style-type: none"> <li>▼ 6c - Conserving, protecting, promoting and developing natural and cultural heritage</li> <li> <ul style="list-style-type: none"> <li>▼ 2.1 - Convert the region's natural and cultural heritage assets to tourism attractions with income generating capabilities</li> <li>▼ 6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure</li> <li> <ul style="list-style-type: none"> <li>▼ 2.2 - Restoring the ecological diversity in the border area</li> </ul> </li> </ul> </li> </ul> </li> </ul>	[2.1, 2.2]
3	5,717,494.00	9.40%	0.00%	0.00%	<ul style="list-style-type: none"> <li>▼ 11 - Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration</li> <li> <ul style="list-style-type: none"> <li>▼ 11b - Promoting legal and administrative cooperation and cooperation between citizens and institutions (ETC-CB)</li> <li> <ul style="list-style-type: none"> <li>▼ 3.1 - Involvement of more social and institutional actors in cross-border cooperation</li> </ul> </li> </ul> </li> </ul>	[3.1.]
4	5,717,494.00	9.40%	0.00%	0.00%	<ul style="list-style-type: none"> <li>▼ 10 - Investing in education, training and vocational training for skills and lifelong learning</li> <li> <ul style="list-style-type: none"> <li>▼ 10b - Investing in education, training and vocational training for skills and lifelong learning by developing and implementing joint education, vocational training and training schemes (ETC-CB)</li> <li> <ul style="list-style-type: none"> <li>▼ 4.1 - Improve the role of educational institutions as intellectual centres for increasing the specific local knowledge-base in the region</li> </ul> </li> </ul> </li> </ul>	[4.1]
5	3,649,464.00	6.00%	0.00%	0.00%	5.1 - The main result will be the sound and timely execution of all measures that are necessary for implementing the Cooperation Programme (including the launch of calls, selection of projects, monitoring, administrative and technical assistance, evaluation, information and communication,	[]

Priority axis	ERDF support (€)	Proportion (%) of the total Union support for the cooperation programme (by Fund)			Thematic objective / Investment priority / Specific objective	Result indicators corresponding to the specific indicator
		ERDF	ENI (where applicable)	IPA (where applicable)		
					audit and control measures etc.) and that are the prerequisite for the programme's effectiveness.	

## 2. PRIORITY AXES

### 2.A DESCRIPTION OF THE PRIORITY AXES OTHER THAN TECHNICAL ASSISTANCE

#### 2.A.1 Priority axis

<b>ID of the priority axis</b>	1
<b>Title of the priority axis</b>	Enhancing the Competitiveness of SMEs

- The entire priority axis will be implemented solely through financial instruments
- The entire priority axis will be implemented solely through financial instruments set up at Union level
- The entire priority axis will be implemented through community-led local development

#### 2.A.2 Justification for the establishment of a priority axis covering more than one thematic objective (where applicable)

Not applicable

#### 2.A.3 Fund and calculation basis for Union support

<b>Fund</b>	<b>Calculation basis (total eligible expenditure or eligible public expenditure)</b>
ERDF	Total

## 2.A.4 Investment priority

<b>ID of the investment priority</b>	3c
<b>Title of the investment priority</b>	Supporting the creation and the extension of advanced capacities for product and service development

## 2.A.5 Specific objectives corresponding to the investment priority and expected results

<b>ID of the specific objective</b>	1.1
<b>Title of the specific objective</b>	Fostering value added business cooperations between SMEs operating on different sides of the border
<b>Results that the Member States seek to achieve with Union support</b>	<p>Analysis has clearly shown that Hungarian and Croatian SMEs have not been able to recover from the shock of the economic crisis. Several analyses revealed that enterprises of the programme area have financial, innovation and networking problems. Weak internationalisation is one of the most crucial hindering factor which is especially true for the SMEs of the programme area with no improvement in the past years.</p> <p>Cross-border business cooperations in the programme area have multiple obstacles: language barrier, traditionally isolating borders hampered by the wartime period of the formerly Yugoslav countries, depressed socio-economic situation of the area, low inclination of SMEs for building international connections, serious problems with entrepreneurial skills and financing.</p> <p>These cumulative problems could be addressed by a special local SME development scheme fostering development of local SMEs with strong focus on value added improvement via improving their financial background and simultaneously enhancing their cross-border business cooperations with high attention to provision of an all-round set of assistance to cooperating SMEs with built-in SME project generation and management services.</p> <p>Investment priority focuses on fostering value added producing capability of enterprises operating in industry and services by boosting their product and service development activities through joint economic development actions which could generate higher GVA and consequently makes it possible to find new markets. By assistance of special development scheme SMEs are expected to develop joint projects aiming at establishing the following types of business cooperation: joint product, technology and service development, supplier chains, common marketing, future establishment of a joint venture.</p> <p>By enhancing business cooperation focusing on joint product and service developments, value added production of cooperating SMEs is expected to be improved in the bordering area. In general, it will help SMEs to become more stable and</p>

<b>ID of the specific objective</b>	1.1
<b>Title of the specific objective</b>	Fostering value added business cooperations between SMEs operating on different sides of the border
	<p>profitable in the border region that is expected to have a positive impact on employment, too.</p> <p>New business services to be made available for tourists visiting the natural and cultural attractions of the border area will contribute to increased attractiveness of the region and to increased revenues from and employment linked to tourism.</p> <p>Crucial element of this special SME development scheme is built-in project generation and management support for cooperating SMEs based on the existing SME support networks with involvement of development agencies and enterprise development foundations operating in the programme area. This new SME development scheme enlarges the scope of their SME support activities in a complementary way (e.g. the new scheme amplifies the impact of existing micro-credit scheme of Hungarian enterprise development foundations).</p> <p>This special cooperation-driven SME development scheme could also serve as complementary set of actions to the SME development instruments of national mainstream programmes. Main complementarity of this scheme lies in the strong focus on SME project generation and management assistance with a built-in mentoring mechanism supporting SMEs in their project activities through the whole duration of project implementation.</p> <p><b>Result indicator:</b></p> <p>Average GVA per capita of industry and services sectors of the programme area</p>

**Table 3: Programme-specific result indicators** (by specific objective)

<b>Specific objective</b>	<b>1.1 - Fostering value added business cooperations between SMEs operating on different sides of the border</b>
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ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
1.1	Average GVA per capita of industry and services sectors of the programme area	EUR	5,208.00	2011	5,500.00	National Bureaus of Statistics	Three times during programme implementation: 2018, 2020, 2023

## 2.A.6 Actions to be supported under the investment priority (by investment priority)

### 2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

<b>Investment priority</b>	3c - Supporting the creation and the extension of advanced capacities for product and service development
<p><b>1.</b></p> <p>Special cross-border SME development scheme is set up with overall project development and management support in order to foster joint product and services development of cooperating SMEs in the programme area and thus improving presently weak financial background and networking attitudes of local SMEs.</p> <p>1. <u>Establishment and elaboration of a cross-border SME development scheme:</u></p> <ul style="list-style-type: none"> <li>• setting up of a funding mechanism and implementation framework for generating cross-border joint SME development projects,</li> <li>• launching and overall management of cross-border SME open call mechanism,</li> <li>• SME project generation assistance: assisting SMEs in developing their cross-border joint project concept notes (active promotion and information service on the cross-border SME scheme, organization of information and brokerage events, assistance for SMEs in elaborating their concept notes, evaluation of concept notes),</li> <li>• SME project development assistance: assisting SMEs in formulating their cross-border joint project proposals (assistance in development of cross-</li> </ul>	

<b>Investment priority</b>	3c - Supporting the creation and the extension of advanced capacities for product and service development
<p>border SME projects, formulating business cooperation activities, outlining project budget, elaboration of supplementary studies if needed),</p> <ul style="list-style-type: none"> <li>• SME project management assistance: supporting SMEs in management of cross-border joint SME development projects (assistance in administrative and financial project management),</li> <li>• monitoring of cross-border SME projects, frequent reporting to JS.</li> </ul> <p>1. <u>Supporting development projects of cooperating SMEs in the following fields:</u></p> <ul style="list-style-type: none"> <li>• cross-border joint product, technology or service development of cooperating SMEs operating on different sides of the border for increasing their value added production and broadening their markets,</li> <li>• joining of SMEs to supplier chains including cooperating SMEs being suppliers of other types of companies (only SMEs are supported),</li> <li>• cross-border joint development of marketing, promotional and demonstration facilities and services of SMEs operating on different sides of the border,</li> <li>• supporting cross-border cooperation of SMEs for participating in training courses gaining or reinforcing specialised management skills and competencies (e.g. language knowledge, cultural behaviour, technical competencies, challenge of succession) for improving their value added production,</li> <li>• encouraging the support of the creation and the further development of the cross-border joint economic clusters.</li> </ul> <p><b>Main target groups and types of beneficiaries</b></p> <p><b>Main target group</b> of the Investment Priority is the SMEs operating in the programme area.</p> <p><b>Cross-border SME development partnership acts as the beneficiary</b> of the Investment Priority with cooperating SMEs involved as Project Partners at a later stage of project implementation via Project Partner Light scheme.</p> <p><b>Members in cross-border SME development partnership:</b></p>	

<b>Investment priority</b>	3c - Supporting the creation and the extension of advanced capacities for product and service development
<p><b>Lead Beneficiary (LB)</b> should have a relevant experience in SME development programmes and has to be able to coordinate the scheme with many Project Partners involved from 2 countries. Knowing the specificities of the border region and having on-site experience in the counties shall be taken into account when selecting the Lead Beneficiary by the Monitoring Committee via restricted nomination procedure.</p> <p><b>Project Partners (PPs)</b> should have a representation of the border area and should have local project development experience in the programme area as well as in supporting development of SMEs. They should have local project management capacities as well. Project Partners should preferably have county-wide scope of activities focusing on counties of the programme area. Those criteria will be taken into account when selecting the Project Partners by the Monitoring Committee via restricted nomination procedure.</p> <p><b>Project Partner Lights (PPLs)</b> are co-operating SMEs operating on both side of the border selected via open call for proposal.</p> <p><b>Specific territories targeted</b></p> <p>For reaching measurable economic cooperation impacts, cross-border SME development scheme focuses on the bordering counties of the programme area:</p> <ul style="list-style-type: none"> <li>• Hungarian side: Baranya, Somogy, Zala counties,</li> <li>• Croatian side: Osječko-baranjska, Virovitičko-podravska, Koprivničko-križevačka and Međimurska counties.</li> </ul> <p>On the basis of results of SME development scheme implementation, extension of the scheme to invitation of SMEs operating in non-bordering counties of the programme area could be possible upon decision of the Monitoring Committee.</p>	

#### ***2.A.6.2 Guiding principles for the selection of operations***

<b>Investment priority</b>	3c - Supporting the creation and the extension of advanced capacities for product and service development
<p>Investment priority is implemented through a special cross-border cooperation project with the aim of supporting cross-border SME projects via a cross-border SME development scheme. A cross-border SME development partnership is entitled for the overall management of the SME development scheme and implementation of special project generation actions for the sake of successful allocation of funds available for cooperating SMEs. Division of tasks</p>	

<b>Investment priority</b>	3c - Supporting the creation and the extension of advanced capacities for product and service development
<p>among Lead Beneficiary and Project Partners (PPs) is stipulated in a Partnership Agreement. Relevant National Authorities and the Managing Authority, involving the MC, shall define specific conditions and eligibility criteria for Project Partners.</p> <p>Lead Beneficiary and PPs are selected by the Monitoring Committee via restricted nomination procedure.</p> <p>Support of cooperating SMEs is implemented via PP Light scheme. Supported SMEs will be selected through an open call for proposal, so SMEs can join the project at a later stage of project implementation as PP Lights.</p> <p>Most important principles for the selection criteria, inter alia, are</p> <ul style="list-style-type: none"> <li>• value added of cross-border joint product, technology or service development of cooperating SMEs,</li> <li>• marketability of joint SME developments,</li> <li>• innovative character of SME developments,</li> <li>• financial sustainability.</li> </ul> <p>Coordination is needed between providing support to SMEs operating in tourism under Priority axis 1 and actions to promote natural and cultural heritage under Priority axis 2:</p> <ul style="list-style-type: none"> <li>• among actors operating in tourism sector exclusively SMEs are supported under TO 3 while no SMEs are supported under TO 6;</li> <li>• under Priority axis 1 preference should be given to joint projects of SMEs operating in the proximity of cultural and natural heritage areas supported by tourism development projects under Priority axis 2 or by tourism development projects co-financed by former Croatian-Hungarian CBC programmes.</li> </ul> <p>SMEs operating in all kind of industrial and services sectors are supported with no sectoral restrictions as in the programme area as a whole, there is no significant sector specialisation.</p>	

<b>Investment priority</b>	3c - Supporting the creation and the extension of advanced capacities for product and service development
<p>Preference should be given to SMEs planning to employ unemployed women or young people.</p> <p>Tourism-related projects of the supported SMEs need to meet specific selection criteria to be elaborated on the basis of the Handbook to Tourism Projects in the Hungary-Croatia IPA Cross-border Co-operation Programme 2007-2013 (approved by the Joint Monitoring Committee via JMC Decision No 32/2011 (27.10)). Tourism-related projects are preferred to be based on past or current developments in line with the Handbook to Tourism Projects.</p> <p>Further general principles are defined in Chapter 8.4.</p> <p><b>Implementation mechanism of PP Light scheme should have the following milestones:</b></p> <ul style="list-style-type: none"> <li>• Setting up the implementation framework (allocation, institutions, financial mechanism, workflow, call for proposal, evaluation manual, implementation manual, etc.)</li> <li>• Establishment of PP Light project partnership and signing Partnership Agreement</li> <li>• SME project generation (development of SME concept notes)</li> <li>• SME project development (development of detailed SME project proposals)</li> <li>• Evaluation and selection procedure</li> <li>• Implementation of cross-border SME projects (reporting, validation of expenditures, reimbursement, closure, etc.)</li> <li>• Monitoring of SME projects</li> </ul>	

**2.A.6.3 Planned use of financial instruments (where appropriate)**

<b>Investment priority</b>	3c - Supporting the creation and the extension of advanced capacities for product and service development

**2.A.6.4 Planned use of major projects (where appropriate)**

<b>Investment priority</b>	3c - Supporting the creation and the extension of advanced capacities for product and service development
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### 2.A.6.5 Output indicators (by investment priority)

**Table 4: Common and programme-specific output indicators**

<b>Investment priority</b>	3c - Supporting the creation and the extension of advanced capacities for product and service development				
<b>ID</b>	<b>Indicator</b>	<b>Measurement unit</b>	<b>Target value (2023)</b>	<b>Source of data</b>	<b>Frequency of reporting</b>
CO01	Productive investment: Number of enterprises receiving support	Enterprises	80.00	Programme monitoring	yearly
CO02	Productive investment: Number of enterprises receiving grants	Enterprises	80.00	Programme monitoring	yearly
CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	80.00	Programme monitoring	yearly

### 2.A.7 Performance framework

**Table 5: Performance framework of the priority axis**

<b>Priority axis</b>		1 - Enhancing the Competitiveness of SMEs					
<b>ID</b>	<b>Indicator type</b>	<b>Indicator or key implementation step</b>	<b>Measurement unit, where appropriate</b>	<b>Milestone for 2018</b>	<b>Final target (2023)</b>	<b>Source of data</b>	<b>Explanation of relevance of indicator, where appropriate</b>
1.1	F	Financial indicator	EUR	2,200,000	11,718,000.00	Programme monitoring	n. a.

Priority axis		1 - Enhancing the Competitiveness of SMEs					
ID	Indicator type	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance of indicator, where appropriate
1.2	O	Number of enterprises receiving grants	number	15	80.00	programme monitoring	

### Additional qualitative information on the establishment of the performance framework

#### 2.A.8 Categories of intervention

Categories of intervention corresponding to the content of the priority axis, based on a nomenclature adopted by the Commission, and indicative breakdown of Union support

#### Tables 6-9: Categories of intervention

**Table 6: Dimension 1 Intervention field**

Priority axis		1 - Enhancing the Competitiveness of SMEs	
		Code	Amount (€)
		001. Generic productive investment in small and medium –sized enterprises (‘SMEs’)	6,502,500.00
		066. Advanced support services for SMEs and groups of SMEs (including management, marketing and design services)	2,310,300.00
		075. Development and promotion of tourism services in or for SMEs	1,147,500.00

**Table 7: Dimension 2 Form of finance**

<b>Priority axis</b>	<b>1 - Enhancing the Competitiveness of SMEs</b>	
	<b>Code</b>	<b>Amount (€)</b>
	01. Non-repayable grant	9,960,300.00

**Table 8: Dimension 3 Territory type**

<b>Priority axis</b>	<b>1 - Enhancing the Competitiveness of SMEs</b>	
	<b>Code</b>	<b>Amount (€)</b>
	01. Large Urban areas (densely populated >50 000 population)	5,976,180.00
	02. Small Urban areas (intermediate density >5 000 population)	2,988,090.00
	03. Rural areas (thinly populated)	996,030.00

**Table 9: Dimension 6 Territorial delivery mechanisms**

<b>Priority axis</b>	<b>1 - Enhancing the Competitiveness of SMEs</b>	
	<b>Code</b>	<b>Amount (€)</b>
	07. Not applicable	9,960,300.00

**2.A.9 A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)**

<b>Priority axis:</b>	<b>1 - Enhancing the Competitiveness of SMEs</b>
Not relevant	

### 2.A.1 Priority axis

<b>ID of the priority axis</b>	2
<b>Title of the priority axis</b>	Sustainable Use of Natural and Cultural Assets

- The entire priority axis will be implemented solely through financial instruments
- The entire priority axis will be implemented solely through financial instruments set up at Union level
- The entire priority axis will be implemented through community-led local development

### 2.A.2 Justification for the establishment of a priority axis covering more than one thematic objective (where applicable)

Not applicable

### 2.A.3 Fund and calculation basis for Union support

<b>Fund</b>	<b>Calculation basis (total eligible expenditure or eligible public expenditure)</b>
ERDF	Total

### 2.A.4 Investment priority

<b>ID of the investment priority</b>	6c
<b>Title of the investment priority</b>	Conserving, protecting, promoting and developing natural and cultural heritage

## 2.A.5 Specific objectives corresponding to the investment priority and expected results

<b>ID of the specific objective</b>	2.1
<b>Title of the specific objective</b>	Convert the region's natural and cultural heritage assets to tourism attractions with income generating capabilities
<b>Results that the Member States seek to achieve with Union support</b>	<p>The 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. 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's expected that these attractions will generate more intense appearance of visitors in the region, contributing to increase of incomes and the stabilization of revenues of people who deliver services to them.</p> <p>Developed and upgraded infrastructural investments focused on upgrading the accessibility and providing better access to existing and potential tourists sites for the purpose of common utilization of cultural and natural heritage assets are envisaged and will be carried out in an environmentally sound way with a view to guaranteeing the higher attention toward the natural and cultural values of the common region.</p> <p>Substantial size of nature-protected territories of both Croatia and Hungary will be given back to proper usage by the eradication of remained minefields in Croatian part and the clear up of Hungarian territories contaminated with other types of unexploited ordnance.</p> <p>Projects of local SMEs providing various services connected to the attractions will be financed under priority axis nr. 1., "Economy".</p> <p><b>Result indicator:</b></p> <p>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.</p>

**Table 3: Programme-specific result indicators** (by specific objective)

Specific objective		2.1 - Convert the region's natural and cultural heritage assets to tourism attractions with income generating capabilities					
ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
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	National Bureaus of Statistics, local municipality level data	Three times during programme implementation: 2018, 2020, 2023

## 2.A.6 Actions to be supported under the investment priority (by investment priority)

### 2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

<b>Investment priority</b>	6c - Conserving, protecting, promoting and developing natural and cultural heritage
<ul style="list-style-type: none"> <li>Investment in preservation, refurbishment and promotion of the elements of natural and cultural heritage, in order to increase the number of sites and events worth visiting, in the same time providing the proper conditions to manage the impact of the increased number of visitors on the surrounding environment or the attraction itself (such as noise, littering or air pollution) and spread information about the attractions for a wider potential group of visitors.</li> <li>Investment in small scale nature and culture interpretation infrastructure (such as engaging community information boards, interactive panels, small scale museographic equipment in situ, indoor, or outdoor), to improve the services for visitors at sites.</li> <li>Coordinated investment in elements of joint or networks of attractions for the purpose of sustainable tourism based on the natural and cultural heritage (such as thematic routes like cultural, pilgrim, hiking or equestrian routes, including connecting the similar national networks to</li> </ul>	

<b>Investment priority</b>	6c - Conserving, protecting, promoting and developing natural and cultural heritage
<p>international connections), in order to provide more attractive packages for a wider segment of visitors, encouraging them to spend more time in the region.</p> <ul style="list-style-type: none"> <li>• Joint promotion of existing or newly developed and harmonized attractions and networks, providing outputs like joint information or reservation services or promotion campaigns for local attractions, in order to improve the image of the region and to improve communication between local service providers and potential visitors.</li> <li>• Small scale investments relevant for enabling or improving access to natural and cultural attractions, thus increasing the number of visitors, including investment in environmentally friendly local access roads, greenways*, ferry crossings or foot-, bicycle or riding paths. Site rehabilitation, including site survey, de-mining and removing the reminiscent of unexploited ordnance found, quality control, certification and environmental rehabilitation of the sites, in order to make contaminated sites safely accessible for the public.</li> </ul> <p><i>*A greenway is a linear open space established along either a natural corridor, such as a river front, stream valley, or ridgeline, or over land along a railroad right-of-way converted to recreational use, a scenic road, or other route. It is any natural or landscaped course for pedestrians, equestrian or bicycle passage; or open space connector linking parks, natural reserves, wildlife habitat corridor, cultural features, or historic sites with each other and with populated areas or a certain strip of linear park designated as parkway or greenbelt.</i></p> <ul style="list-style-type: none"> <li>• Joint actions –including trainings, seminars, other events for sharing best practice - to promote environmental consciousness of both visitors and local tourism service providers</li> <li>• Actions to promote environmentally friendly ways of tourism, such as development and implementation of classification system for attractions and services based on how they respect sustainability principles, introduction of smart ways of visitor management in the most vulnerable areas</li> <li>• Investment in preservation, refurbishment and promotion of the elements of natural and cultural heritage, in order to build on these assets in a sustainable way to promote sustainable tourism.</li> <li>• Promote the creation of new tourism products and events aiming at promoting the cultural and natural heritage with the aim of increasing awareness of and building positive attitude about cultural and natural values</li> <li>• providing the proper conditions to manage the impact of the increased number of visitors on the surrounding environment or the attraction itself (such as noise, littering or air pollution) and spread information about the attractions for a wider potential group of visitors.</li> <li>• Elaboration and harmonization of joint visitor management plans/toolkits that contribute to the visitors’ understanding and appreciation of the destination, reduce damage to sensitive areas, tackle issues that affect the quality of life of local people, encourage visitors to come at times when</li> </ul>	

<b>Investment priority</b>	6c - Conserving, protecting, promoting and developing natural and cultural heritage
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there is spare capacity and attract and disperse visitors within the destination to spread the economic benefits.

Supported tourism development actions under this priority axis should be in line with the Handbook to Tourism Projects in the Hungary-Croatia IPA Cross-border Cooperation Programme 2007-2013 (approved by the Joint Monitoring Committee via JMC Decision No 32/2011 (27.10)). Out of the tourism product portfolio the following products are to be preferred:

- Cycling tourism:
  - Development of the route infrastructure of missing sections of international routes (EV 6 and 13), missing sections of national cycling route core networks, cross-border connection of the national core networks, cross-border linkages of existing tourism sites.
  - Upgrading facilities for quality development of cycling tourism services, promotion of cooperation among service providers, establishment a local value chain of different interconnected services.
  - Development of an attractive, authentic and cyclers' friendly destination image.
  - Improvement of product and sales capacities in order to increase visitors' spendings.
- Other types of active tourism forms such as water-related types, hiking and trekking, equestrian tourism:
  - Upgrading of infrastructure in line with sustainability principles.
  - Development of an attractive active tourism destination image, including 'green' and 'eco' appeal.
- Tourism forms based on the natural and cultural heritage of the areas of bird and animal watching, culture, wine and gastronomy, religious tourism:
  - Development and upgrading of nature and culture interpretation infrastructure.
  - Development of local artisan products and services and their networks based on cultural heritage.
  - Development of bi- and multi-lingual interpretation content using informational technology.
  - Development of the image of an attractive, authentic, unspoiled and unique natural and cultural destination.

#### **Main target groups and types of beneficiaries**

<b>Investment priority</b>	6c - Conserving, protecting, promoting and developing natural and cultural heritage
<p>Main target groups for the projects are:</p> <ul style="list-style-type: none"> <li>• the potential visitors of the region with tourism purpose, mostly from other regions of Croatia and Hungary, but from third countries, too, benefiting from the better quality and increased number of attractions,</li> <li>• the SMEs providing tourism-related services in the region and benefiting from the increased number of visitors.</li> </ul> <p>The indicative list of potential beneficiaries may include</p> <ul style="list-style-type: none"> <li>• Regional and sectoral development agencies</li> <li>• Local and regional self-governments and business undertakings of those</li> <li>• National and regional or local level bodies (institutions, authorities etc.) responsible for the nature, environment, waters and transport</li> <li>• NGOs</li> <li>• Non-profit organisations</li> <li>• Cultural institutions</li> <li>• Tourist boards</li> <li>• State Owned Forest Companies in the border area</li> <li>• Croatian Mine Action Centre (CROMAC)</li> <li>• Hungarian County Police Department</li> <li>• National/regional/local road authorities in both countries</li> <li>• EGTCs</li> </ul> <p><b>Specific territories targeted</b></p> <p>Developments should exclusively target municipalities located in Zone B defined in the Handbook to Tourism Projects in the Hungary-Croatia IPA Cross-border Cooperation Programme 2007-2013.</p>	

### 2.A.6.2 Guiding principles for the selection of operations

Investment priority	6c - Conserving, protecting, promoting and developing natural and cultural heritage
<p>Most of the projects are selected via open calls for proposal. Handbook to Tourism Projects in the Hungary-Croatia IPA Cross-border Co-operation Programme 2007-2013 will continue to serve as major strategic guidance document for all investment to be implemented under the current Specific Objective.</p> <p>Most important selection criteria, inter alia, are</p> <ul style="list-style-type: none"><li>• expected impact on increase of tourism spending</li><li>• level of innovation in valorisation of cultural and natural heritage</li><li>• environmental and economic sustainability of the project</li><li>• the degree the project fits to Handbook to Tourism Projects in the Hungary-Croatia IPA Cross-border Cooperation Programme 2007-2013</li><li>• the degree of involvement of relevant tourism-related professional or societal organizations as partners</li><li>• During the project selection and assessment process, due attention will be paid to the environmental protection requirements, in particular to the preservation of the good status of the environment with special regard to water resources, the nature and the reduction of waste. (if relevant).</li></ul> <p>Specifically for road development projects</p> <ul style="list-style-type: none"><li>• the impacts of the new or improved connections on the expected increase of the traffic shall be forecasted and related mitigating measures implemented, on the basis of the expected number of users of the new or improved infrastructures.</li><li>• road construction activities in areas with high environmental values will not be preferred. If such construction works cannot be avoided specific requirements and monitoring measures will be put in place to minimise environmental impact of the construction works.</li><li>• silent road surface and passive noise reduction tools (noise barriers, protecting trees) will be used in populated areas in line with national regulations of the Member States.</li><li>• in case of road development projects the managing authority ensures through the project assessment process that road constructions have a direct contribution to the achievements of the specific objectives of the SO and linked to projects financed by the cross-border programmes or other programmes under the Investments for Growth and Jobs objective in the 2014-2020 programming period. Responsibility of the managing authority to check the complementarity of these road development interventions and granting of these elements should be approved by the Joint Monitoring</li></ul>	

<b>Investment priority</b>	6c - Conserving, protecting, promoting and developing natural and cultural heritage
<p>Committee.</p> <ul style="list-style-type: none"> <li>• Small scale investments relevant for enabling or improving access to attractions should increase the number of visitors to supported sites of cultural or natural heritage and attractions.</li> <li>• In case of road-developments the managing authority ensures that the rules of the Schengen Agreement will be respected if relevant. Border crossing road developments could only be accomplished on the basis of bilateral agreement in accordance with national legislations.</li> </ul> <p>Preference shall be applied for projects that are able to create “sustainable roads” aimed to reduce environmental impacts in accordance with the relevant national legislations in place. Project holders will be required to identify potential environmental effects of any project proposal and introduce proper compensatory measures to mitigate those. Possible effects will be assessed within the selection procedure.</p> <p>In case ferries are to be purchased, clean, environment-friendly vehicles will be preferred. For all investments, use of local and nature- and environment-friendly materials and techniques will be promoted and preferred wherever it’s realistically possible.</p> <p>Selection criteria are defined in Chapter 2.6. The detailed description of the evaluation and selection process will be laid down in the Evaluation Manual.</p> <p>Besides the open call system strategic approach will be applied in following cases:</p> <ul style="list-style-type: none"> <li>• De-contamination of war-affected territories will be implemented via strategic project, to be developed by Croatian Mine Action Centre (CROMAC) and Baranya County Police Department and to be approved by the MC.</li> <li>• Better access to existing and potential tourist sites for the purpose of common utilization of cultural and natural heritage assets and better connectivity within the programme area can be enabled by implementing strategic project(s) to be jointly identified and subject to an agreement between the relevant Croatian and Hungarian authorities, and to be approved by the MC. Such potential project(s) should be developed with the aim to improve border crossing conditions for tourism-related traffic on the selected site. Indicative location is to be jointly determined on the basis of recognized needs, project feasibility, preliminary assessment of tourist demand and respecting environmental sustainability.</li> </ul>	

### 2.A.6.3 Planned use of financial instruments (where appropriate)

<b>Investment priority</b>	6c - Conserving, protecting, promoting and developing natural and cultural heritage

### 2.A.6.4 Planned use of major projects (where appropriate)

<b>Investment priority</b>	6c - Conserving, protecting, promoting and developing natural and cultural heritage

### 2.A.6.5 Output indicators (by investment priority)

**Table 4: Common and programme-specific output indicators**

<b>Investment priority</b>		6c - Conserving, protecting, promoting and developing natural and cultural heritage			
<b>ID</b>	<b>Indicator</b>	<b>Measurement unit</b>	<b>Target value (2023)</b>	<b>Source of data</b>	<b>Frequency of reporting</b>
CO09	Sustainable Tourism: Increase in expected number of visits to supported sites of cultural and natural heritage and attractions	Visits/year	60,000.00	Programme monitoring	yearly
CO22	Land rehabilitation: Total surface area of rehabilitated land	Hectares	450.00	Programme monitoring	yearly
2.3	Number of tourism facilities / service providers being certified by an environmental sustainability scheme	number	40.00	Programme monitoring	yearly

### 2.A.4 Investment priority

<b>ID of the investment priority</b>	6d
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<b>ID of the investment priority</b>	6d
<b>Title of the investment priority</b>	Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure

## 2.A.5 Specific objectives corresponding to the investment priority and expected results

<b>ID of the specific objective</b>	2.2
<b>Title of the specific objective</b>	Restoring the ecological diversity in the border area
<b>Results that the Member States seek to achieve with Union support</b>	<p>The programme area, especially the border counties are rich in natural heritage. Nature - protected areas cover above 7% in Hungarian side and above 10% in Croatian side of the territory. 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 such as extensive animal grazing and in eco-tourism.</p> <p>The programme is expected to result in more coordinated and sounder management of protected areas, 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. Traditional, low-intensity and ecologically sustainable land-use and farming will be promoted in order to restore the traditional character of the landscape and, in the same time, provide sustainable incomes to the population.</p> <p>The programme is expected to promote also the implementation of measures of the 2nd River Basin Management plan both national level and the Danube River Basin District level coordinated by the ICPDR.</p> <p><b>Result indicator:</b></p> <p><i>Share of species and habitat types with good conservation status or Number of protected (or indigenous) species in the programme region</i></p>

<b>ID of the specific objective</b>	2.2
<b>Title of the specific objective</b>	Restoring the ecological diversity in the border area

**Table 3: Programme-specific result indicators** (by specific objective)

Specific objective		2.2 - Restoring the ecological diversity in the border area					
ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
2.2	Number of habitats with „ A: excellent conservation” status of selected Special Bird Protection Areas	number	179.00	2014	192.00	basic data to be provided State Institute for Nature Protection (HR) / National Park Directorate (HU)	three times during programme implementation: 2018, 2020, 2023

## 2.A.6 Actions to be supported under the investment priority (by investment priority)

### 2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

<b>Investment priority</b>	6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure
	<ul style="list-style-type: none"> <li>• Joint development of management plans and studies for Natura 2000 areas, other protected areas or areas of high ecological value located in the cross-border area, including joint management/action plans and studies for the conservation of key species and habitats or plans to preserve or restore the character of the landscape in order to increase areas of natural and semi-natural habitats and their networks and in order to provide reliable measureable information-base on the biological diversity of the region.</li> <li>• Design and implementation of joint research, data collection and monitoring activities and systems aiming to support biodiversity, water- and soil protection, sustainable land use, etc.</li> <li>• Small scale investment in infrastructure necessary for protecting or managing natural and semi-natural habitats, ecosystems or landscapes (“green</li> </ul>

<b>Investment priority</b>	6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure
<p>infrastructure”), including establishment of green corridors between areas and creation or expansion of multipurpose wetlands or other activities resulting in more nature-friendly and integrated management of water bodies (such as buildings, footpaths, small scale earthworks and site rehabilitation, clearing away non-endemic vegetation, installing plants, etc.)</p> <ul style="list-style-type: none"> <li>• Actions supporting community involvement in nature protection planning, monitoring and conservation activities, including awareness-raising, education and training in relation to nature conservation and sustainable land use</li> <li>• Improving cooperation and supporting the exchange of experiences and knowledge among nature conservation institutions (e.g. protected areas managers) of the border area, including capacity building actions of organizations in charge of nature conservation and water management by developing good practices, exchange of staff, training and research</li> <li>• Harmonized controlling and monitoring activities of the invasive species, including actions aiming to exterminate such species to leave room for indigenous species and habitat restoration (such as clearing away non-endemic vegetation, installing plants, site rehabilitation etc.)</li> </ul> <p><b>Main target groups and types of beneficiaries</b></p> <p>Main target groups are the following:</p> <p>Local farmers, owners of Natura 2000 sites or areas with high ecological value Staff of management of natural parks and other protected areas</p> <ul style="list-style-type: none"> <li>• Non-governmental stakeholders interested in nature conservation and rehabilitation</li> <li>• Local policy makers and planners</li> </ul> <p>as well as all the general public.</p> <p>Typical beneficiaries are the following:</p> <ul style="list-style-type: none"> <li>• regional and sectoral development agencies</li> <li>• local and regional self-governments and business undertakings of those</li> <li>• national and regional/local level bodies (institutions, authorities, etc.) responsible for the nature, environment and waters</li> <li>• scientific institutions and organisations</li> </ul>	

<b>Investment priority</b>	6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure
<ul style="list-style-type: none"> <li>• State Owned Forest Companies in the border area</li> <li>• NGOs</li> </ul> <p><b>Specific territories targeted</b></p> <p>The whole territory of the programme is targeted. Emphasis will be put on parts of the region having a high share of protected sites, such as protected areas or areas with high ecological value.</p>	

#### ***2.A.6.2 Guiding principles for the selection of operations***

<b>Investment priority</b>	6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure
<p>Projects are selected via open calls for proposal.</p> <p>Most important selection criteria, inter alia, are</p> <ul style="list-style-type: none"> <li>• impact on nature protection</li> <li>• level of cooperation among project partners</li> <li>• long run sustainability of joint developments in restoration of biodiversity and protection and promotion of ecosystems</li> <li>• the extent the project builds on results of former cooperation activities, especially plans or strategies elaborated jointly</li> <li>• coherence with the 2nd River Basin Management Plan both on national and Danube River Basin District levels and contribution to the WDF objectives</li> </ul> <p>Further general principles are defined in Chapter 8.4. The detailed description of the evaluation and selection process will be laid down in the Evaluation</p>	

<b>Investment priority</b>	6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure
Manual.	

### 2.A.6.3 Planned use of financial instruments (where appropriate)

<b>Investment priority</b>	6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure

### 2.A.6.4 Planned use of major projects (where appropriate)

<b>Investment priority</b>	6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure

### 2.A.6.5 Output indicators (by investment priority)

**Table 4: Common and programme-specific output indicators**

<b>Investment priority</b>	6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure				
ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
CO23	Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	Hectares	5,400.00	Programme monitoring	yearly
2.2.2	Number of participants in joint education training schemes and awareness raising programmes	person	1,000.00	Programme monitoring	yearly

<b>Investment priority</b>	6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure				
<b>ID</b>	<b>Indicator</b>	<b>Measurement unit</b>	<b>Target value (2023)</b>	<b>Source of data</b>	<b>Frequency of reporting</b>
2.2.3	Number of joint international studies	number	10.00	Programme monitoring	yearly

## 2.A.7 Performance framework

**Table 5: Performance framework of the priority axis**

<b>Priority axis</b>		<b>2 - Sustainable Use of Natural and Cultural Assets</b>					
<b>ID</b>	<b>Indicator type</b>	<b>Indicator or key implementation step</b>	<b>Measurement unit, where appropriate</b>	<b>Milestone for 2018</b>	<b>Final target (2023)</b>	<b>Source of data</b>	<b>Explanation of relevance of indicator, where appropriate</b>
CO09	O	Sustainable Tourism: Increase in expected number of visits to supported sites of cultural and natural heritage and attractions	Visits/year	9,000	60,000.00	Programme monitoring	n. a.
CO23	O	Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	Hectares	810	5,400.00	Programme monitoring	n. a.
2.1	F	Financial indicator	EUR	7,580,000	42,093,711.00	Programme monitoring	n. a.

### Additional qualitative information on the establishment of the performance framework

## 2.A.8 Categories of intervention

Categories of intervention corresponding to the content of the priority axis, based on a nomenclature adopted by the Commission, and indicative breakdown of Union support

### Tables 6-9: Categories of intervention

**Table 6: Dimension 1 Intervention field**

Priority axis	2 - Sustainable Use of Natural and Cultural Assets	
	Code	Amount (€)
	032. Local access roads (new build)	3,150,000.00
	034. Other reconstructed or improved road (motorway, national, regional or local)	3,150,000.00
	085. Protection and enhancement of biodiversity, nature protection and green infrastructure	2,683,474.00
	086. Protection, restoration and sustainable use of Natura 2000 sites	2,683,474.00
	087. Adaptation to climate change measures and prevention and management of climate related risks e.g. erosion, fires, flooding, storms and drought, including awareness raising, civil protection and disaster management systems and infrastructures	1,715,248.00
	089. Rehabilitation of industrial sites and contaminated land	3,400,000.00
	090. Cycle tracks and footpaths	6,500,000.00
	091. Development and promotion of the tourism potential of natural areas	1,174,153.00

<b>Priority axis</b>	<b>2 - Sustainable Use of Natural and Cultural Assets</b>	
092. Protection, development and promotion of public tourism assets		6,626,694.00
094. Protection, development and promotion of public cultural and heritage assets		4,696,611.00

**Table 7: Dimension 2 Form of finance**

<b>Priority axis</b>	<b>2 - Sustainable Use of Natural and Cultural Assets</b>	
	<b>Code</b>	<b>Amount (€)</b>
01. Non-repayable grant		35,779,654.00

**Table 8: Dimension 3 Territory type**

<b>Priority axis</b>	<b>2 - Sustainable Use of Natural and Cultural Assets</b>	
	<b>Code</b>	<b>Amount (€)</b>
02. Small Urban areas (intermediate density >5 000 population)		3,577,966.00
03. Rural areas (thinly populated)		32,201,688.00

**Table 9: Dimension 6 Territorial delivery mechanisms**

<b>Priority axis</b>	<b>2 - Sustainable Use of Natural and Cultural Assets</b>	
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Code	Amount (€)
07. Not applicable	35,779,654.00

**2.A.9 A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)**

<b>Priority axis:</b>	<b>2 - Sustainable Use of Natural and Cultural Assets</b>
Not relevant	

### 2.A.1 Priority axis

<b>ID of the priority axis</b>	3
<b>Title of the priority axis</b>	Cooperation

- The entire priority axis will be implemented solely through financial instruments
- The entire priority axis will be implemented solely through financial instruments set up at Union level
- The entire priority axis will be implemented through community-led local development

### 2.A.2 Justification for the establishment of a priority axis covering more than one thematic objective (where applicable)

Not applicable

### 2.A.3 Fund and calculation basis for Union support

<b>Fund</b>	<b>Calculation basis (total eligible expenditure or eligible public expenditure)</b>
ERDF	Total

### 2.A.4 Investment priority

<b>ID of the investment priority</b>	11b
<b>Title of the investment priority</b>	Promoting legal and administrative cooperation and cooperation between citizens and institutions (ETC-CB)

## 2.A.5 Specific objectives corresponding to the investment priority and expected results

<b>ID of the specific objective</b>	3.1
<b>Title of the specific objective</b>	Involvement of more social and institutional actors in cross-border cooperation
<b>Results that the Member States seek to achieve with Union support</b>	<p>Cross-border cooperation can only be effective if a wide range of organizations – public bodies, NGOs, 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. Therefore, interventions to be implemented aim at different cooperation policy dimensions and are expected to create new or strengthen joined structures and shared processes to ensure the continuity of cooperation effective in the border area. The expected results are:</p> <ul style="list-style-type: none"> <li>• well-established processes for building up or continuing regional institutional cooperation in areas where the need has already been expressed by stakeholders, such as <ul style="list-style-type: none"> <li>○ energy efficiency, exploitation of renewable energy sources</li> <li>○ innovative approaches to environmental protection and management, not covered by related Specific Objective of Priority Axis “Environment”</li> <li>○ labour market regulations, strategies and incentives</li> <li>○ social inclusion and employment promotion for marginalised communities</li> <li>○ use of ICT technologies in provision of basic services like health or social services</li> </ul> </li> <li>• more effective working relationships due to good practice exchange and transfer of knowledge</li> <li>• improved public institutional capacities and skills in cross-border cooperation and strategic/sectoral planning</li> <li>• improved language skills</li> <li>• planning systems and processes, data collection and assessment methods are better harmonized (in line with planning processes)</li> <li>• common regional interests and development directions identified</li> </ul> <p>On civil society level:</p> <p>- existing links and individual relationships further developed</p>

<b>ID of the specific objective</b>	3.1
<b>Title of the specific objective</b>	Involvement of more social and institutional actors in cross-border cooperation
	<p>- the scope of cooperation extended by involving a range of new actors, widening the variety of events in the whole border region</p> <p>- enhancing the level of mutual understanding and acceptance, by showing the society positive experiences of cooperation.</p> <p><b>Result indicator</b></p> <p>Number of entities participating in cross-border networks and bilateral co-operations</p>

**Table 3: Programme-specific result indicators** (by specific objective)

Specific objective		3.1 - Involvement of more social and institutional actors in cross-border cooperation					
ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
3.1.	Number of entities participating in cross-border networks and bilateral co-operations	number	36.00	2015	49.00	survey	three times during programme implementation: 2018, 2020, 2023

## 2.A.6 Actions to be supported under the investment priority (by investment priority)

*2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries*

<b>Investment priority</b>	11b - Promoting legal and administrative cooperation and cooperation between citizens and institutions (ETC-CB)
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<b>Investment priority</b>	11b - Promoting legal and administrative cooperation and cooperation between citizens and institutions (ETC-CB)
<p>Actions aim at providing the opportunity for a wide range of organisations to elaborate on development issues which they together on both sides of the border consider relevant related to the future of the border area. Actions target different levels of stakeholder groups in order to maximise interactions and promote mutual understanding and facilitate the formulation of territorial governance frameworks. The capacity building aspect needs to be in the focus of the joint actions to be carried out, such as: the enhancement of structures, processes and human resources. On the civil society level the design and delivery of a series of joint cultural and sports events are expected in the whole area of the border region ensuring that people meet and interact (“people to people” actions) together with civil society organizations (environmental, cultural, minority, etc.) and municipalities.</p> <p><u>The following types of activities should be supported to reach the <b>specific objective 3.1</b>:</u></p> <ul style="list-style-type: none"> <li>• Organizing meetings and seminars for the exchange of experiences, information in order to identify common development issues, ideas, structures</li> <li>• Joint development of common approaches to identified common problems such as social inclusion and employment promotion for marginalized groups</li> <li>• Joint improvement of basic services like health and social services in the border region through the use of ICT technologies</li> <li>• Joint programming, project preparation and demonstration actions of local governments, non-profit organizations, development and energy agencies in the field of renewable energy and energy efficiency</li> <li>• Better harmonization of the demand and supply side of the labour market such as creation of sub- or micro-regional employment pacts or collection of labour market information and data</li> <li>• Developing and delivering shared labour market information and guidance for the employers and potential employees in the cross-border region</li> <li>• Joint development of databases on the needs and supply on the cross-border labour market</li> <li>• Formulation of bottom up, multi-stakeholder partnerships in order to develop territory based integrated solutions for employment</li> <li>• Joint improvement of the public transport services e.g. by coordinating timetables or other capacity building actions by the public transport service providers operating on the two sides of the border</li> <li>• Develop human skills and knowledge (including language skills) that enable institutions to continue and intensify cross-border cooperation</li> </ul> <p><b><i>Main target groups and types of beneficiaries</i></b></p> <p>Main target groups for the projects are:</p>	

<b>Investment priority</b>	11b - Promoting legal and administrative cooperation and cooperation between citizens and institutions (ETC-CB)
<ul style="list-style-type: none"> <li>• staff members of the local and national institutions and authorities located in the programme area (including regional and sectoral development agencies and organisations in charge of nature conservation and water management in the region)</li> <li>• staff members of local, county and regional self-governments and their undertakings</li> <li>• population of the border region</li> </ul> <p>Indicative list of potential beneficiaries may include:</p> <ul style="list-style-type: none"> <li>• local, county and regional self-governments and their undertakings</li> <li>• local and national institutions and authorities located in the programme area</li> <li>• civil society organisations</li> <li>• labour market services, other national and regional labour market organizations</li> <li>• self-governments of nationalities with minority status on both sides of the border</li> <li>• public transport organisations</li> </ul> <p><b><i>Specific territories targeted</i></b></p> <p>The whole territory of the programme is targeted</p>	

#### ***2.A.6.2 Guiding principles for the selection of operations***

<b>Investment priority</b>	11b - Promoting legal and administrative cooperation and cooperation between citizens and institutions (ETC-CB)
Projects are selected via open calls for proposal.	

<b>Investment priority</b>	11b - Promoting legal and administrative cooperation and cooperation between citizens and institutions (ETC-CB)
<p>Most important principles for the selection criteria, inter alia, are:</p> <ul style="list-style-type: none"> <li>• contribution to achieving the specific objective</li> <li>• improved level of cooperation among project partners based on knowledge transfer and capitalization on previous project results</li> <li>• contribution to more efficient organisational processes of cooperating institutions</li> <li>• potential of the expected results to be capitalised upon</li> <li>• sustainability of joint institutional structures to be developed</li> <li>• sustainability of shared processes to be developed</li> <li>• the scale of involvement of new partners in CBC activities</li> <li>• the scale of geographical coverage</li> </ul> <p>Individual, one-off events are not supported. The partners should lay the basis for long-term partnership. Projects capitalizing on the existing results and make one step further to establish more sustainable connection between citizens and communities and those ensuring the participation of greater number of people should be prioritized.</p> <p>Further general principles are defined in Chapter 8.4. The detailed description of the evaluation and selection process will be laid down in the Evaluation Manual.</p>	

**2.A.6.3 Planned use of financial instruments (where appropriate)**

<b>Investment priority</b>	11b - Promoting legal and administrative cooperation and cooperation between citizens and institutions (ETC-CB)

**2.A.6.4 Planned use of major projects (where appropriate)**

<b>Investment priority</b>	11b - Promoting legal and administrative cooperation and cooperation between citizens and institutions (ETC-CB)
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### 2.A.6.5 Output indicators (by investment priority)

**Table 4: Common and programme-specific output indicators**

<b>Investment priority</b>		11b - Promoting legal and administrative cooperation and cooperation between citizens and institutions (ETC-CB)			
<b>ID</b>	<b>Indicator</b>	<b>Measurement unit</b>	<b>Target value (2023)</b>	<b>Source of data</b>	<b>Frequency of reporting</b>
3.1	Number of institutions participating in joint capacity building actions	number	33.00	programme monitoring	yearly
3.2	Number of harmonized processes, shared initiatives, coordinated policies and projects developed jointly	number	66.00	programme monitoring	yearly
3.3	People participating in joint actions and events	number	810.00	programme monitoring	yearly

### 2.A.7 Performance framework

**Table 5: Performance framework of the priority axis**

<b>Priority axis</b>		3 - Cooperation					
<b>ID</b>	<b>Indicator type</b>	<b>Indicator or key implementation step</b>	<b>Measurement unit, where appropriate</b>	<b>Milestone for 2018</b>	<b>Final target (2023)</b>	<b>Source of data</b>	<b>Explanation of relevance of indicator, where appropriate</b>
3.1	F	Financial indicator	EUR	1,210,000	6,726,464.00	Programme monitoring	n. a.

Priority axis		3 - Cooperation					
ID	Indicator type	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance of indicator, where appropriate
3.3	O	People participating in joint actions and events	number	125	810.00	programme monitoring	

### Additional qualitative information on the establishment of the performance framework

#### 2.A.8 Categories of intervention

Categories of intervention corresponding to the content of the priority axis, based on a nomenclature adopted by the Commission, and indicative breakdown of Union support

#### Tables 6-9: Categories of intervention

**Table 6: Dimension 1 Intervention field**

Priority axis	3 - Cooperation	
	Code	Amount (€)
	119. Investment in institutional capacity and in the efficiency of public administrations and public services at the national, regional and local levels with a view to reforms, better regulation and good governance	2,858,747.00
	120. Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies, including through sectoral and territorial pacts to mobilise for reform at the national, regional and local levels	2,858,747.00

**Table 7: Dimension 2 Form of finance**

Priority axis	3 - Cooperation	
	Code	Amount (€)
01. Non-repayable grant		5,717,494.00

**Table 8: Dimension 3 Territory type**

Priority axis	3 - Cooperation	
	Code	Amount (€)
01. Large Urban areas (densely populated >50 000 population)		3,430,496.00
02. Small Urban areas (intermediate density >5 000 population)		1,715,248.00
03. Rural areas (thinly populated)		571,750.00

**Table 9: Dimension 6 Territorial delivery mechanisms**

Priority axis	3 - Cooperation	
	Code	Amount (€)
07. Not applicable		5,717,494.00

**2.A.9 A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)**

<b>Priority axis:</b>	<b>3 - Cooperation</b>
Not relevant	

### 2.A.1 Priority axis

<b>ID of the priority axis</b>	4
<b>Title of the priority axis</b>	Education

- The entire priority axis will be implemented solely through financial instruments
- The entire priority axis will be implemented solely through financial instruments set up at Union level
- The entire priority axis will be implemented through community-led local development

### 2.A.2 Justification for the establishment of a priority axis covering more than one thematic objective (where applicable)

Not applicable

### 2.A.3 Fund and calculation basis for Union support

<b>Fund</b>	<b>Calculation basis (total eligible expenditure or eligible public expenditure)</b>
ERDF	Total

### 2.A.4 Investment priority

<b>ID of the investment priority</b>	10b
<b>Title of the investment priority</b>	Investing in education, training and vocational training for skills and lifelong learning by developing and implementing joint education, vocational training and training schemes (ETC-CB)

## 2.A.5 Specific objectives corresponding to the investment priority and expected results

<b>ID of the specific objective</b>	4.1
<b>Title of the specific objective</b>	Improve the role of educational institutions as intellectual centres for increasing the specific local knowledge-base in the region
<b>Results that the Member States seek to achieve with Union support</b>	<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 PA4 focuses on jointly developed and jointly delivered educational and training (ET) services. By implementing activities under this specific objective the targeted results are:</p> <ul style="list-style-type: none"> <li>- increased educational and training offer provided mainly by local HE institutions new jointly developed and delivered curricula</li> <li>- potentials for dual vocational training better exploited</li> <li>- new content about each other's country and the region is developed mainly for elementary and secondary schools</li> <li>- increased involvement of disadvantaged – including Roma - groups and individuals in ET activities</li> <li>- awareness of common natural and cultural values of the border region among children and young adults</li> <li>- positive attitude developed with regard to CBC from early age on</li> <li>- motivated children and young adults through involvement in joint educational activities</li> <li>- increased social inclusion of disadvantaged groups</li> <li>- sense of belonging to the broader community of the region developed</li> </ul>

<b>ID of the specific objective</b>	4.1
<b>Title of the specific objective</b>	Improve the role of educational institutions as intellectual centres for increasing the specific local knowledge-base in the region
	<p><b>Result indicator:</b></p> <p>Number of educational institutions in the border region that offer courses jointly or with region- or neighbouring country-specific content</p>

**Table 3: Programme-specific result indicators** (by specific objective)

Specific objective		4.1 - Improve the role of educational institutions as intellectual centres for increasing the specific local knowledge-base in the region					
ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
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	survey	three times during programme implementation: 2018, 2020, 2023

## 2.A.6 Actions to be supported under the investment priority (by investment priority)

### 2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

<b>Investment priority</b>	10b - Investing in education, training and vocational training for skills and lifelong learning by developing and implementing joint education, vocational training and training schemes (ETC-CB)
<ul style="list-style-type: none"> <li>Development and implementation of joint curricula/courses by regional higher education institutions</li> </ul>	

<b>Investment priority</b>	10b - Investing in education, training and vocational training for skills and lifelong learning by developing and implementing joint education, vocational training and training schemes (ETC-CB)
<ul style="list-style-type: none"> <li>• Peer Reviews on identified good practices concerning teaching methods of cross cultural knowledge to share between teaching staff of education providers on both sides of the border</li> <li>• Development and testing of training materials for improved knowledge of the region’s culture</li> <li>• Purchase of equipment strictly as a complementary activity for jointly planned training courses and services if the joint delivery of the planned activity could not be implemented otherwise in a quality manner</li> <li>• Small-scale upgrading of educational premises as a complementary activity for jointly planned training courses and services if the joint delivery of the planned activity could not be implemented otherwise in a quality manner</li> <li>• Developing and delivering joint incentive schemes (internships, placements, hired students) to ensure that graduates studying on one side of the border can gain practical experiences on the other</li> <li>• Developing and delivering joint schemes in dual education to support exchange of apprentices in skills or employment sectors represented in the border area</li> <li>• Incentives to create networks for schools, or twin-schools aiming at knowledge transfer based on good practices</li> </ul> <p>·Design and delivery of traineeships for teachers in enterprises</p> <p>Specific actions will be implemented in order to help integrate marginalised groups of the society, such as people living in poverty and, especially, the Roma. Indicative actions may include</p> <ul style="list-style-type: none"> <li>• Design and operation of a mentoring system to help the participation of the individuals belonging to the marginalised groups in the designed schemes</li> <li>• Design and operation of a mentoring system for specific tailor-made training of teachers working in schools in lagging behind areas</li> <li>• Specific local information events that aim at encouraging the participation of schools with high proportion of the Roma</li> </ul> <p><i>Main target groups</i></p>	

<b>Investment priority</b>	10b - Investing in education, training and vocational training for skills and lifelong learning by developing and implementing joint education, vocational training and training schemes (ETC-CB)
<p>·students living and learning or studying in the border area</p> <p>·apprentices living and studying in the border area</p> <p>·technical/teaching staff of educational and training institutions</p> <p>·groups and individuals of marginalised communities, including the Roma</p> <p><i>Indicative list of potential beneficiaries may include:</i></p> <ul style="list-style-type: none"> <li>• local and national institutions and service providers located in the programme area</li> <li>• local self-government units and their undertakings</li> <li>• educational institutions and establishments (kindergartens, schools, colleges, higher education institutes)</li> <li>• vocational training institutions</li> <li>• open universities</li> <li>• libraries</li> <li>• NGOs</li> <li>• development agencies</li> <li>• cultural centres</li> </ul> <p><i>Specific territories targeted</i></p> <p>The whole territory of the programme is targeted.</p>	

### 2.A.6.2 Guiding principles for the selection of operations

<b>Investment priority</b>	10b - Investing in education, training and vocational training for skills and lifelong learning by developing and implementing joint education, vocational training and training schemes (ETC-CB)
<p>Projects are selected via open Calls for Proposal.</p> <p>Most important principles for the selection criteria, inter alia, are:</p> <ul style="list-style-type: none"><li>·contribution to achieving the specific objective</li><li>·improved level of cooperation among educational and training institutions on all levels</li><li>-the degree the content of the curricula is based on local and/or cross cultural knowledge</li><li>·purchase of equipment or small scale upgrading of educational promises justified as complementary activities to jointly developed, relevant educational services</li><li>·sustainability of joint educational activities needs to be ensured by prioritising those interventions which build new services on results of previous joint developments</li><li>·equal opportunities and gender equality</li><li>·balanced participation of Croatian and Hungarian participants</li><li>·involvement of marginalised groups or individuals</li><li>·the proportionality of the complementary hard elements of jointly developed and delivered projects needs to be ensured by the programming bodies</li></ul> <p>Further general principles are defined in Chapter 8.4. The detailed description of the evaluation and selection process will be laid down in the Evaluation Manual.</p>	

<b>Investment priority</b>	10b - Investing in education, training and vocational training for skills and lifelong learning by developing and implementing joint education, vocational training and training schemes (ETC-CB)

### 2.A.6.3 Planned use of financial instruments (where appropriate)

<b>Investment priority</b>	10b - Investing in education, training and vocational training for skills and lifelong learning by developing and implementing joint education, vocational training and training schemes (ETC-CB)

### 2.A.6.4 Planned use of major projects (where appropriate)

<b>Investment priority</b>	10b - Investing in education, training and vocational training for skills and lifelong learning by developing and implementing joint education, vocational training and training schemes (ETC-CB)

### 2.A.6.5 Output indicators (by investment priority)

**Table 4: Common and programme-specific output indicators**

<b>Investment priority</b>		10b - Investing in education, training and vocational training for skills and lifelong learning by developing and implementing joint education, vocational training and training schemes (ETC-CB)			
<b>ID</b>	<b>Indicator</b>	<b>Measurement unit</b>	<b>Target value (2023)</b>	<b>Source of data</b>	<b>Frequency of reporting</b>
4.1	Training courses developed and delivered (formal and informal)	number	40.00	programme monitoring	yearly
4.2	Number of educational premises refurbished	number	15.00	programme monitoring	yearly
4.3	Number of educational premises upgraded with	number	15.00	programme monitoring	yearly

Investment priority		10b - Investing in education, training and vocational training for skills and lifelong learning by developing and implementing joint education, vocational training and training schemes (ETC-CB)			
ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
	technical equipment				
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	programme monitoring	yearly
4.5	Number of involved marginalised persons in training programmes	number	200.00	programme monitoring	yearly

## 2.A.7 Performance framework

**Table 5: Performance framework of the priority axis**

Priority axis		4 - Education					
ID	Indicator type	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance of indicator, where appropriate
CO46	O	Labour Market and Training: Number of participants in joint education and training schemes to support youth employment, educational opportunities and higher and vocational education across borders	Persons	150	860.00	Programme monitoring	n. a.
4.1	F	Financial indicator	EUR	1,210,000	6,726,464.00	Programme monitoring	n. a.

## Additional qualitative information on the establishment of the performance framework

### 2.A.8 Categories of intervention

Categories of intervention corresponding to the content of the priority axis, based on a nomenclature adopted by the Commission, and indicative breakdown of Union support

#### Tables 6-9: Categories of intervention

**Table 6: Dimension 1 Intervention field**

Priority axis	4 - Education	
	Code	Amount (€)
	117. Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting flexible learning pathways including through career guidance and validation of acquired competences	3,430,496.00
	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, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work-based learning systems, including dual learning systems and apprenticeship schemes	2,286,998.00

**Table 7: Dimension 2 Form of finance**

Priority axis	4 - Education
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Code	Amount (€)
01. Non-repayable grant	5,717,494.00

**Table 8: Dimension 3 Territory type**

Priority axis	4 - Education	
	Code	Amount (€)
	01. Large Urban areas (densely populated >50 000 population)	2,858,747.00
	02. Small Urban areas (intermediate density >5 000 population)	1,715,248.00
	03. Rural areas (thinly populated)	1,143,499.00

**Table 9: Dimension 6 Territorial delivery mechanisms**

Priority axis	4 - Education	
	Code	Amount (€)
	07. Not applicable	5,717,494.00

**2.A.9 A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)**

<b>Priority axis:</b>	<b>4 - Education</b>
Not relevant	

## 2.B DESCRIPTION OF THE PRIORITY AXES FOR TECHNICAL ASSISTANCE

### 2.B.1 Priority axis

<b>ID</b>	5
<b>Title</b>	Technical Assistance

### 2.B.2 Fund and calculation basis for Union support

<b>Fund</b>	<b>Calculation basis (total eligible expenditure or eligible public expenditure)</b>
ERDF	Total

### 2.B.3 Specific objectives and expected results

<b>ID</b>	<b>Specific objective</b>	<b>Results that the Member States seek to achieve with Union support</b>
5.1	The main result will be the sound and timely execution of all measures that are necessary for implementing the Cooperation Programme (including the launch of calls, selection of projects, monitoring, administrative and technical assistance, evaluation, information and communication, audit and control measures etc.) and that are the prerequisite for the programme's effectiveness.	Not applicable (Required where the Union support to technical assistance in the cooperation programme exceeds EUR 15 million)

## 2.B.4 Result indicators

**Table 10: Programme-specific result indicators (by specific objective)**

Priority axis	5.1 - The main result will be the sound and timely execution of all measures that are necessary for implementing the Cooperation Programme (including the launch of calls, selection of projects, monitoring, administrative and technical assistance, evaluation, information and communication, audit and control measures etc.) and that are the prerequisite for the programme's effectiveness.						
ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting

## 2.B.5 Actions to be supported and their expected contribution to the specific objectives (by priority axis)

### 2.B.5.1 Description of actions to be supported and their expected contribution to the specific objectives

Priority axis	5 - Technical Assistance
<p>According to Article 17 of Regulation (EU) no 1299/2013, the limit for Technical Assistance (TA) is determined in a maximum of 6% of the total ERDF amount allocated to the programme. Taking into consideration the size and diversity of the programme area, the co-financing rate will be 45%. The Member States will transfer their national co-financing share to a separate bank account on a yearly basis. The Certifying Authority will be responsible for transferring the EU contribution from the Commission, appropriate to the national contributions provided by the participating countries.</p> <p>The TA aims at supporting the implementation of the programme, the involvement of relevant partners, as well as to increase capacity of institutions and beneficiaries in the programme area for the cross-border actions.</p> <p>The Priority Axis 5 TA seeks in particular to achieve two specific objectives, namely a) to secure the core management for the implementation of the Programme (preparation, contracting, implementation, monitoring, evaluation and control) and b) to implement accompanying activities to support the generation and implementation of high-quality, result-oriented cross-border projects and partnerships in a way that the TA contributes to the effective and smooth management and implementation of the programme.</p> <p>Activities covered by the TA will be financed using the project management approach. All programme management activities to be reimbursed by TA shall be prepared in the form of “TA project proposals”. The proposals have to be approved by the Monitoring Committee. The expenditure will be eligible according to the approved TA fiches. Detailed information on the management of TA will be included in the Implementation and TA Manual.</p> <p>Actions which will be supported from the TA budget will contribute to the improvement of the Programme in the following areas:</p> <p><b><i>Smooth administration and management of the whole CBC Programme:</i></b></p> <p>Technical Assistance funds will be used to prepare programme processes and templates, for programme administration, monitoring, evaluation,</p>	

communication, auditing and to improve the administrative capacity and the common working procedures of the programme bodies and stakeholders.

Indicative actions focusing on the smooth management are:

- Management of the programme by the MA with support of the JS and support to the MC for the implementation and day-to-day management of the programme.
- The drafting and implementation of calls of proposals, including the development of the guidance documents
- Implementation of proper procedures for the quality assessment, monitoring and control of operations implemented under the programme, also making use of external experts where necessary, and contributing to the reduction of administrative burden for beneficiaries
- Evaluation of the programme implementation by gathering data concerning the progress of the programme in achieving its objectives, as well as financial data and data relating to indicators and milestones, and reporting to the MC and the European Commission. For this purpose, an evaluation plan may be drafted.
- Organisation and implementation of audit activities with regard to the programme management and control system and on operations.
- Establishment of cooperation and coordination networks and contacts among representatives of other relevant EU-co-funded programmes by MA and JS (EUSDR, neighbouring ETC programmes, national programmes etc.)
- Providing the necessary professional inputs and funds to both National Authorities and FLCs for the proper functioning, including the necessary capacities at the programme bodies (just as in case of the beneficiaries) to meet the requirements of the EU public procurement rules.
- Setting up effective and proportionate anti-fraud and anti-corruption measures in relation to the implementation of the programme taking into account the risks identified

***Increase the presence of the Programme in the programme area:***

The aim of the programme in the new programming period is to move the day-to-day management of the programme closer to the beneficiaries.

In order to further increase the presence of the programme in the border area, an additional Joint Secretariat (JS) Contact Point will be established. To ensure the geographical balance of the programme area, the new Contact Point shall be placed in the western part of the border region, complementing the other Contact Point operating in the eastern part. The Contact Points are integral parts of the JS, and they report to the head of JS who is directly in charge

Priority axis	5 - Technical Assistance
<p>of their operation.</p> <p>Indicative actions focusing on increasing presence of the Programme in the Programme area:</p> <ul style="list-style-type: none"> <li>• Implementing widespread information activities about the programme and the projects through the elaboration and implementation of a programme communication strategy</li> <li>• Improvement of visual identity in the Programme area</li> <li>• Organising sectoral partner finding forums, and – if necessary – partner finding forums with geographical focus</li> </ul> <p><b><i>Enhancing the capacity of applicants and beneficiaries to apply for and to use the programme</i></b></p> <p>The programme bodies will provide all the necessary information to the potential Beneficiaries and the Beneficiaries about the Programme to increase the number of good quality projects.</p> <p>Indicative actions are:</p> <ul style="list-style-type: none"> <li>• Drafting of information documents for applicants and beneficiaries to guide them in the preparation of applications and in the implementation, evaluation, control and communication of approved operations</li> <li>• Support to (potential) project holders in developing and implementing relevant projects. Diverse seminars, trainings and information events will be organised on national and cross-border level (details will be set out in the communication plan)</li> </ul> <p><b><i>Improve the administrative procedures and lower the administrative burden of the Beneficiaries</i></b></p> <p>The requirements of e-cohesion, laid down in Art 122(3) of CPR will be extensively applied from very beginning of the programme implementation. Application of simplified cost options is also foreseen in the Programme.</p> <p>Indicative actions are:</p> <ul style="list-style-type: none"> <li>• Development and maintenance of the monitoring system, which will be extended with e-Application function</li> <li>• increasing the online communication between the management bodies and towards the beneficiaries</li> </ul>	

Priority axis	5 - Technical Assistance
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- Using simplified cost options

***Knowledge transfer between the two programming periods:***

Regarding the operating of the programme bodies, all knowledge, experience and best practices to be gathered in the 2014-2020 programme shall continue to be used in the management of the new programme.

- Managing the programming of the next period in the Hungarian-Croatian border area, with planning, ex-ante evaluation and Strategic Environmental Assessment

***Capitalisation of the Programme's results:***

- Elaboration of studies, reports and surveys on strategic matters concerning the programme that can contribute to the sustainability and the take up of results and achievements into policies, strategies, investments or that are of public interest, making use of experts when necessary
- Development and maintenance of a structured integrated database of the programme data management that is accessible to all relevant implementing bodies of the programme
- Managing the on-going evaluation of the Programme in order to draw the lessons learned from the present programming period
- Organising implementation workshops for the beneficiaries to help avoid irregularities and ineligible costs

Technical Assistance actions will be implemented by all authorities involved in the management of the programme, listed below:

<b>Beneficiary</b>	<b>Title</b>
Széchenyi Programme Office Nonprofit Ltd. Budapest and Pécs) and operation of the JS	Core activities of the Hungary-Croatia CBC Programme (operation of the JS in Contact Points in Osijek and Čakovec)
Prime Minister's Office, Deputy State Secretariat for International Affairs	Activities of the Managing Authority in Budapest
Hungarian State Treasury	Operation of the Certifying Authority in Budapest

Priority axis	5 - Technical Assistance	
Agency for Regional Development of the Republic of Croatia, Zagreb	Establishment and operation of the control system in Croatia	
Széchenyi Programme Office Nonprofit Ltd.	Establishment and operation of the control system in Hungary	
Directorate General for Audit of European Funds	Audit activities of the Hungary-Croatia CBC Programme	

### 2.B.5.2 Output indicators expected to contribute to results (by priority axis)

**Table 11: Output indicators**

Priority axis		5 - Technical Assistance		
ID	Indicator	Measurement unit	Target value (2023)	Source of data
5.1	Projects selected for financing	Number	100.00	Monitoring system
5.2	Electronic monitoring system established	Number	1.00	MA
5.3	Programme evaluation plan prepared (and approved by the MC)	Number	1.00	MA
5.4	Programme communication plan prepared (and approved by the MC)	Number	1.00	MA
5.5	Guiding documents addressed to applicants and beneficiaries	Number	3.00	JS
5.6	Publicity events	Number of events	10.00	JS
5.7	Number of employees (FTEs) whose salaries are co-financed by technical assistance	Number of FTEs	9.00	MA

## 2.B.6 Categories of intervention

Corresponding categories of intervention based on a nomenclature adopted by the Commission, and an indicative breakdown of Union support.

### Tables 12-14: Categories of intervention

**Table 12: Dimension 1 Intervention field**

Priority axis	5 - Technical Assistance	
	Code	Amount (€)
	121. Preparation, implementation, monitoring and inspection	2,554,626.00
	122. Evaluation and studies	547,419.00
	123. Information and communication	547,419.00

**Table 13: Dimension 2 Form of finance**

Priority axis	5 - Technical Assistance	
	Code	Amount (€)
	01.Non-repayable grant	3,649,464.00

**Table 14: Dimension 3 Territory type**

<b>Priority axis</b>	<b>5 - Technical Assistance</b>	
	<b>Code</b>	<b>Amount (€)</b>
07.Not applicable		3,649,464.00

### 3. FINANCING PLAN

#### 3.1 Financial appropriation from the ERDF (in €)

Table 15

<b>Fund</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
ERDF	0.00	7,422,076.00	6,290,815.00	11,430,373.00	11,658,980.00	11,892,160.00	12,130,002.00	60,824,406.00
<b>Total</b>	<b>0.00</b>	<b>7,422,076.00</b>	<b>6,290,815.00</b>	<b>11,430,373.00</b>	<b>11,658,980.00</b>	<b>11,892,160.00</b>	<b>12,130,002.00</b>	<b>60,824,406.00</b>

### 3.2.A Total financial appropriation from the ERDF and national co-financing (in €)

**Table 16: Financing plan**

Priority axis	Fund	Basis for calculation of Union support (Total eligible cost or public eligible cost)	Union support (a)	National counterpart (b) = (c) + (d)	Indicative breakdown of the national counterpart		Total funding (e) = (a) + (b)	Co-financing rate (f) = (a) / (e) (2)	For information	
					National public funding (c)	National private funding (d)			Contributions from third countries	EIB contributions
1	ERDF	Total	9,960,300.00	1,757,700.00	1,581,930.00	175,770.00	11,718,000.00	85.0000000000%		
2	ERDF	Total	35,779,654.00	6,314,057.00	5,682,651.00	631,406.00	42,093,711.00	84.9999991685%		
3	ERDF	Total	5,717,494.00	1,008,970.00	908,073.00	100,897.00	6,726,464.00	84.9999940533%		
4	ERDF	Total	5,717,494.00	1,008,970.00	908,073.00	100,897.00	6,726,464.00	84.9999940533%		
5	ERDF	Total	3,649,464.00	2,985,925.00	2,985,925.00	0.00	6,635,389.00	55.0000007535%		
<b>Total</b>	<b>ERDF</b>		<b>60,824,406.00</b>	<b>13,075,622.00</b>	<b>12,066,652.00</b>	<b>1,008,970.00</b>	<b>73,900,028.00</b>	<b>82.3063368799%</b>		
<b>Grand total</b>			<b>60,824,406.00</b>	<b>13,075,622.00</b>	<b>12,066,652.00</b>	<b>1,008,970.00</b>	<b>73,900,028.00</b>	<b>82.3063368799%</b>		

(1) To be completed only when priority axes are expressed in total costs.

(2) This rate may be rounded to the nearest whole number in the table. The precise rate used to reimburse payments is the ratio (f).

### 3.2.B Breakdown by priority axis and thematic objective

**Table 17**

Priority axis	Thematic objective	Union support	National counterpart	Total funding
1	Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)	9,960,300.00	1,757,700.00	11,718,000.00
2	Preserving and protecting the environment and promoting resource efficiency	35,779,654.00	6,314,057.00	42,093,711.00
3	Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration	5,717,494.00	1,008,970.00	6,726,464.00
4	Investing in education, training and vocational training for skills and lifelong learning	5,717,494.00	1,008,970.00	6,726,464.00
<b>Total</b>		<b>57,174,942.00</b>	<b>10,089,697.00</b>	<b>67,264,639.00</b>

**Table 18: Indicative amount of support to be used for climate change objectives**

Priority axis	Indicative amount of support to be used for climate change objectives (€)	Proportion of the total allocation to the programme (%)
2	10,362,027.20	17.04%
<b>Total</b>	<b>10,362,027.20</b>	<b>17.04%</b>

#### 4. INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT

Description of the integrated approach to territorial development, taking into account the content and objectives of the cooperation programme, including in relation to regions and areas referred to in Article 174(3) TFEU, having regard to the Partnership Agreements of the participating Member States, and showing how it contributes to the accomplishment of the programme objectives and expected results

As a result of the weak economic performance and the bad accessibility of the region there is a clear trend of outmigration, leaving behind less educated and aging population. Significant spatial differences are present in the border region as the main economic centres are situated at the eastern part or western part of the border area, while the middle section of the region is lagging behind.

Outstanding quality of natural and cultural resources, existence of medium-sized towns with higher education institutions and lively cultural life on both sides of the border are the region's main assets as development potentials.

The programme's strategy aims to reduce the existing barriers to development in the border region and to make the underutilized assets more effectively exploited.

The PAs of the programme represent an integrated approach to territorial development:

PA1 aims at improving the local economy by fostering value added business co-operations between SMEs. Results of the interventions will mostly help the more prepared SME's that are mostly operating in the region's developed towns, however, in tourism the participation of SME's of the rural areas can also be expected. To boost their participation, more intense project development activities (assistance, information) will be required by the responsible project partners in both MSs.

PA2 SO1 is to increase the potential of the region to generate economic growth by the sustainable use of its natural and cultural heritage. It's expected that the existing natural and cultural assets – once converted into attractions and connected tourism-related projects are developed and their accessibility improved – will generate more intense appearance of visitors in the region, contributing to increase the incomes. In order to avoid the concentration of the benefits of the interventions in more developed areas – in the towns and, specifically, in the Pécs – Osijek corridor – the JS shall intensify its communication activities in less active and less developed areas of the region. SO2 is enhanced collaboration in restoration of biodiversity and protection and promotion of ecosystems in the border areas, design and implementation of pilot small-scale actions will serve the protection or restoration of the natural and cultural assets of common interest, preserving their economic value-generating capabilities. Eligible territories are mostly situated in the less developed parts of the border region, so interventions under this SO will likely contribute to the decrease of territorial imbalances.

PA3 aims at different cooperation areas and at creating new or strengthening already existing joined structures and shared processes to ensure the continuity of cooperation. It results in enhancing the level of mutual understanding and positive experiences of cooperation that provide room for further development actions in the future.

PA4 provides tools for educational institutions which help accumulate and develop local knowledge and exploit development opportunities of a cross-cultural knowledge base. Actions are expected to improve economic and social cohesion in the border area, contributing to a more cohesive society both on the short and the long run.

Interventions in PA3 and PA4 will likely be implemented in more active and developed areas. Nevertheless, introduction of preferences for projects from less developed areas in the project selection process could to certain extent counterbalance this trend.

#### **4.1 Community-led local development (where appropriate)**

Approach to the use of community-led local development instruments and principles for identifying the areas where they will be implemented

Not applicable

#### **4.2 Integrated actions for sustainable urban development (where appropriate)**

Principles for identifying the urban areas where integrated actions for sustainable urban development are to be implemented and the indicative allocation of the ERDF support for these actions

Not applicable

**Table 19: Integrated actions for sustainable urban development – indicative amounts of ERDF support**

Indicative amount of ERDF support (€)
0.00

#### **4.3 Integrated Territorial Investment (ITI) (where appropriate)**

Approach to the use of Integrated Territorial Investments (ITI) (as defined in Article 36 of Regulation (EU) No 1303/2013) other than in cases covered by 4.2, and their indicative financial allocation from each priority axis

Not applicable

**Table 20: Indicative financial allocation to ITI other than those mentioned under point 4.2 (aggregate amount)**

Priority axis	Indicative financial allocation (Union support) (€)
<b>Total</b>	<b>0.00</b>

**4.4 Contribution of planned interventions towards macro-regional and sea basin strategies, subject to the needs of the programme area as identified by the relevant Member States and taking into account, where applicable, strategically important projects identified in those strategies (where appropriate)**

**(Where Member States and regions participate in macro-regional and sea basin strategies)**

The Cooperation Programme pays due attention to the European Strategy for the Danube Region (EUSDR) both in the programming process as well as in the implementation phase. Although Croatia’s territory is part of the EU Strategy for the Adriatic and Ionian Region (EUSAIR) too, eligible areas of the Hungary – Croatia CP are not directly affected by this strategy. Thus, EUSAIR has been considered as not relevant regarding current CP.

*In programming*, the definition of the strategy, the selection and description of the thematic objectives and investment priorities of the Cooperation Programme take into consideration in particular the following EUSDR targets of the EU Strategy and the Action plan 2010 (SEC 2010 1489)[1]

**Pillar A - Connecting the Danube Region**

Relevant Priority Area:

**3) TO PROMOTE CULTURE AND TOURISM, PEOPLE TO PEOPLE CONTACTS**

the CP is expected to

- promote culture and tourism by Priority Axis „Environment” (TO6 IP c), especially nature-friendly („green”) tourism, and additionally, by promoting SMEs by Priority Axis “Economy” (TO3) to provide better quality and sustainable tourism-related products and services in the region. Priority Axis „Cooperation” is also expected to enhance cooperation and contacts between Croatian and Hungarian people, giving the opportunity of taking advantage of different cultural approaches to develop innovative projects in the future. Some actions envisaged under PA „Environment” will also provide contribution to improving mobility in the border area, however, the extent of the contribution is limited.

## **Pillar B - Protecting the Environment in the Danube Region**

Relevant Priority Areas:

- 4) TO RESTORE AND MAINTAIN THE QUALITY OF WATERS
- 5) TO MANAGE ENVIRONMENTAL RISKS
- 6) TO PRESERVE BIODIVERSITY, LANDSCAPES AND THE QUALITY OF AIR AND SOILS

the CP is expected to

- preserve and manage Natura 2000 sites and other protected areas effectively, increase biodiversity, to protect and restore valuable ecosystems and habitats, including wetlands and floodplain restoration and to help manage region-specific environmental risks by Priority Axis „Environment” (TO6IP d)

## **Pillar C - Building Prosperity in the Danube Region**

Relevant Priority Areas:

- 8) TO SUPPORT THE COMPETITIVENESS OF ENTERPRISES, INCLUDING CLUSTER DEVELOPMENT
- 9) TO INVEST IN PEOPLE AND SKILLS

the CP is expected to

- support the competitiveness of enterprises, by Priority Axis „Economy” (TO3) and to invest in people and skills by Priority Axis „Education” (TO 10) and, to a limited extent, to the better functioning of the labour market by certain cooperative actions envisaged under PA „Cooperation” (TO 11).

## **Pillar D - Strengthening the Danube Region**

Relevant Priority Area:

- 10) TO STEP UP INSTITUTIONAL CAPACITY AND COOPERATION

the CP is expected to

- build up institutional capacities and extend cross-border cooperation in various fields linked to the Danube strategy, too (like exploitation of renewable sources of energy, moving towards a more integrated labour market) by Priority Axis „Cooperation” (TO11)

*During the implementation, the programme will ensure appropriate coordination with the Macro regional Strategy for the Danube Region by*

- Governance arrangements for ongoing mutual information exchange, coordination and joint planning in areas of joint interest. During the programme implementation, MA and JS provides programme-specific information to the Hungarian and the Croatian National Contact Points (NCP's). Inversely, both NCP's will ensure that a continuous and regular information on the EUSDR is provided for programme stakeholders, mainly via reporting on the regular meetings of the JMC.
- Establishing a EUSDR specific category in the monitoring system. Consequently, funding activities and/or projects contributing to the EUSDR will be identified in the appropriate way. This approach includes the consideration of EUSDR aspects in programme evaluations and reports, specifying how the cooperation programme contributes to the challenges identified by the EUSDR.
- Making use of the Budapest Danube Contact Point (BDCP) for supporting coordination and joint planning actions in areas of mutual interest. The BDCP is an expert organization established by the Government of Hungary and the European Investment Bank to support the implementation of the Macro-regional Strategy for the Danube Region with special regard to the joint development of transnational functional regions and measures connected thereto. This support is based on the integrated approach applied in a transnational context, as well as on the possibility of making use of the territorial flexibility rules and the various tools enabled to facilitate cooperation among different programs. The Rules of Procedure of the MC may settle the role of the BDCP by inviting it in advisory capacity if it deems necessary.

[1]

[http://ec.europa.eu/regional\\_policy/sources/docoffic/official/communic/danube/action\\_plan\\_danube.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/official/communic/danube/action_plan_danube.pdf)

## 5. IMPLEMENTING PROVISIONS FOR THE COOPERATION PROGRAMME

### 5.1 Relevant authorities and bodies

**Table 21: Programme authorities**

Authority/body	Name of authority/body and department or unit	Head of authority/body (position or post)
Managing authority	Hungarian Prime Minister's Office, Deputy State Secretariat for International Affairs	Deputy State Secretary
Certifying authority	Hungarian State Treasury, Financial Control and Central Irregularity Department, Compliance Department	Head of Department
Audit authority	Directorate General for Audit of European funds	Director General

**The body to which payments will be made by the Commission is:**

- the Managing authority  
 the Certifying authority

**Table 22: Body or bodies carrying out control and audit tasks**

Authority/body	Name of authority/body and department or unit	Head of authority/body (position or post)
Body or bodies designated to carry out control tasks	Agency for Regional Development of the Republic of Croatia, Directorate for Financial Management and Accounting, Service for First Level Control	Director
Body or bodies designated to carry out control tasks	Széchenyi Programme Office (SZPO), SZPO Central Control Department, SZPO West Hungarian Control Department in Pécs and Zalaegerszeg	Managing Director
Body or bodies designated to be responsible for carrying out audit tasks	Agency for the Audit of EU Programmes Implementation System	Director
Body or bodies designated to be responsible for carrying out audit tasks	Directorate General for Audit of European Funds	Director General

### 5.2 Procedure for setting up the joint secretariat

The Programme will have a single Joint Secretariat (JS) in accordance with Article 23 (2) of Regulation (EU) No. 1299/2013. The JS will, *inter alia*, assist the Managing Authority (MA) and the Monitoring Committee (MC) in carrying out their respective functions, will provide information to applicants for support, will deal with project applications and will assist beneficiaries in implementing their operations.

In continuation of implementation of the Hungary-Croatia 2007-2013 CBC Programme the JS will remain in Budapest and in Pécs. The structural and implementation arrangements within the hosting organisation will be kept.

The JS will work in close cooperation with the MA related to programme coordination and implementation. The two bodies will be set up in a system most securing their co-operation on one hand, and their independence from national structures on the other. The work plans of the JS will have to be approved by the MC. The JS will be funded from the Technical Assistance budget.

The JS will be set up in Budapest. At least one full-time staff member will be located in Pécs, Hungary, whose main role will be to provide information and consultancy service to potential applicants (in the application phase), and to ensure programme management tasks related to projects under implementation (in the implementation phase). The JS will ensure that all of the operational implementation tasks of the programme, including coordination of project development and project selection process, are fulfilled.

The JS members will be employed by Széchenyi Programme Office Nonprofit Company (SZPO) on the basis of a framework contract with the MA. The number and qualification of staff shall correspond to the tasks defined above. The staff members shall be selected in agreement by the Hungarian National Authority (NA) and the Croatian NA. A selection committee composed of the representative of the Hungarian NA, the representative of the Croatian NA and the representative of SZPO as hosting institution shall decide on the person of the Head of JS, and the same committee is to decide on the dismissal of the Head of JS. The JS members shall be selected by a committee composed of the representative of the Hungarian NA, the representative of the Croatian NA, the Head of JS and the representative of SZPO as hosting institution of the JS.

On the Croatian side of the border two full-time employees will operate as JS Contact Points in order to manage the information at regional level and to support project development and programme communication in Croatia. The JS Contact Points will be established in Osijek and in Čakovec, in line with the principle of territorially balanced programme implementation. The staff of the Contact Points shall be employed by the hosting institution of the JS, and they shall be selected by the head of JS in consultation with the Croatian NA.

The Contact Points as an integral part of the JS will work in close co-operation with the JS members in Budapest and Pécs. They report to the head of JS who is directly in charge of their operation. In order to create equal opportunities for potential applicants on both sides of the border, the programme intends to focus on the role of the Contact Points in Croatia.

### **5.3 Summary description of the management and control arrangements**

In line with Article 73 of Regulation (EU) No. 1303/2013, the Hungary-Croatia Cross-border Co-operation Programme will be implemented through shared management under the responsibility of the following institutions: a single Managing Authority, a single Certifying Authority and a single Audit Authority.

The following structures will be created for the management of the Programme:

#### **Joint structures**

- **Monitoring Committee (MC):** supervising and monitoring the programme implementation; selecting operations. The MC may decide to create a Steering Committee and to delegate the function of project selection to that body.
- **Managing Authority (MA):** bearing overall responsibility for the management and implementation of the Programme towards the European Commission (EC).
- **Certifying Authority (CA):** certifying declarations of expenditure and applications for payment before they are sent to the EC.
- **Audit Authority (AA):** body functionally independent from the MA and the CA, responsible for verifying the effective functioning of the management and control system.
- **Joint Secretariat (JS):** assisting the MA and the MC in carrying out their respective duties.

The MA, CA and AA will be hosted in different public organisations in Hungary.

### **Monitoring Committee**

A MC will be set up within three months from the date of the notification to the Member States about the decision on programme approval. The members of the MC will represent the Partnership by taking into consideration Commission Delegated Regulation on the European Code of Conduct on Partnership in order to ensure efficiency and broad representation. The respective MC members shall be appointed. Operation and membership of the MC will be regulated in its Rules of Procedure, to be adopted by the MC on its first meeting. The MC - in line with Article 12 of Regulation (EU) No. 1299/2013 - may decide to transfer some of its project selection tasks and responsibilities to a Steering Committee (SC). The members and observers of the MC shall be competent national, regional, local, urban and other public authorities having relevant experiences, to be economic and social partners, to be bodies representing civil society, such as environmental partners, non-governmental organizations and bodies responsible for promoting social inclusion, gender equality and non-discrimination.

### **Managing Authority**

The designated MA of the Programme is the Hungarian Prime Minister's Office, Budapest, Hungary.

Based on Article 125 of Regulation (EU) No. 1303/2013, the MA shall be responsible for managing the co-operation programme in accordance with the principle of sound financial management. The MA will be directly supported by the JS, as the latter carries out the operational management for the whole Programme. Although the MA bears overall responsibility for the Programme, certain horizontal tasks (employment of JS members, setting up and operation of the programme's Monitoring and Information System, legal services) will be delegated to a separate unit of SZPO, the hosting institution of the JS. The delegation of tasks will be prescribed in the Description of the Management and Control System and will be regulated by a specific framework agreement (contract) stipulated between the MA and SZPO.

### **Certifying Authority**

The designated CA of the Programme is the Hungarian State Treasury, Budapest, Hungary.

The CA will be responsible for drawing up and submitting to the EC certified statements of expenditure and applications for payment and for receiving payments from the EC.

### **Audit Authority**

The designated AA of the Programme is the Directorate General for Audit of the European Funds, Budapest, Hungary.

In accordance with Article 127 of Regulation (EU) No. 1303/2013, the AA shall ensure that audits are carried out on the proper functioning of the management and control system of the operational programme and on an appropriate sample of operations on the basis of the declared expenditure. It also prepares the report and opinion on the compliance of the management and control systems.

### **Group of Auditors**

In line with Article 25 (2) of Regulation (EU) No. 1299/2013, a Group of Auditors (GoA) will be set up to assist the AA. The representatives of the GoA will be appointed by the concerned Member State. Auditors from Croatia will be nominated by the Agency for the Audit of European Union Programmes Implementation System (ARPA), while auditors from Hungary will be nominated by the AA directly. The GoA will be set up within three months from the approval of the Programme. It shall draw up its own Rules of Procedure and shall be chaired by the AA. The AA and the auditors appointed to the GoA shall be independent of the management and control system of the Programme. If necessary, the JS of the Programme can support the activities of the GoA (e.g. providing support in organising the meetings etc.).

### **Joint Secretariat and JS Contact Points**

The Programme will have a single JS in accordance with Article 23 (2) of Regulation (EU) No. 1299/2013. The JS will support the MA in programme coordination and implementation, and it will perform the secretariat functions towards the MC (and eventually towards the SC). The activities of the JS are financed from the Technical Assistance devoted to the implementation of the Programme.

The tasks of the JS are, among others, the following:

- General programme coordination tasks
  1. necessary data and information collection in the programming process;
  2. cooperating with central, regional and local organisations (of the programme area) with view to collecting data and information necessary in the process of programme implementation;
  3. coordinating the promotion activities related to the programme;
  4. organising workshops addressed to potential applicants;
  5. participating in the working groups set up for elaborating / revising the programming document;
  6. preparing proposals for programme amendments.
  
- Secretariat tasks for the Monitoring Committee
  1. fulfilling the usual work of a secretariat;
  2. coordinating the process of project assessment, contracting external experts on a case-by-case basis;

3. based on the results of point b) submitting proposals for decision-making to the MC/SC;
4. providing the MC with background documentation and reports in English on the implementation of the Programme, including minutes of meetings organised to assist decision-making;
5. implementing operational decisions of the MC/SC, including the managing of written decision-making procedures;
6. providing assistance and technical coordination in the elaboration of the Annual Implementation Report for the EC.

- Administrative activities

1. ensuring the administrative management of (external) tasks and services;
2. supporting the AA in its activities, if necessary.

- Programme monitoring and information system

1. contributing to the setting up of a Monitoring and Information System;
2. regularly maintaining and updating the Monitoring and Information System; inserting data into the system.

- Programme evaluation

a) coordinating evaluations performed during (and following) the implementation of the Programme.

- Project development (generation) and selection

a) coordinating the support of project generation and development;

b) managing the project application process: preparing and making available documents necessary for project application and selection; providing information and advice to applicants; receiving and registering project applications;

c) carrying out the formal, eligibility and quality assessment of proposals by internal staff and/or external experts;

- d) coordinating the exchange of information on different project proposals between the JS and JS Contact Points;
- e) supporting the JS Contact Points in their activities;
- f) monitoring the joint projects / partner-search database.

- Implementation

1. preparing materials necessary for programme implementation;
2. assisting project partners in project implementation: providing advice and assistance to project partners about the implementation of project activities and financial administration;
3. preparing subsidy contracts;
4. checking the progress- and financial reports submitted by the Lead Beneficiaries;
5. verifying the existence of the declaration on the validation of the expenditures issued by the controllers;
6. assisting the Lead Beneficiaries in preparing payment claims;
7. monitoring project progress through collecting and checking project monitoring reports, monitoring outputs etc.;
8. performing monitoring visits at the Lead Beneficiaries and Project Partners;
9. preparing progress- and verification reports on programme- and project implementation and submitting them to the MA and the MC;
10. preparing (or participating in the preparation of) any other documents required by the EC (e.g. Annual Implementation Report).

- Information and publicity

1. preparing, managing and developing the visual identity of the programme;
2. establishing, developing and maintaining the programme's website, including sections serving project partner search and implemented project database;
3. participating in communication initiatives of the EC, of INTERACT and/or national organisations of Hungary and Croatia (e.g. taking part in European Cooperation Day or similar programmes);
4. assisting the beneficiaries (mainly the Lead Beneficiaries) in the proper use of the Programme's visual designs;
5. representing the programme at national and international events, competitions, data collections etc.

Related activities will be carried out according to the communication strategy to be adopted by the MC. The detailed description of the activities will be included in the regulatory documents of the Programme.

## **JS Contact Points (JS CPs)**

Two JS CPs will be set up in Croatia, one in Osijek (in the eastern part of the programme area) and one in Čakovec (in the western part), in order to ensure a geographically balanced implementation of the programme through the serving of applicants' needs in the entire Hungarian-Croatian border area. The CP staff is employed by the hosting institution of the JS since the CP-s are integral parts of the JS, serving the active presence of the programme in the border region.

The main tasks of the CPs are:

- to assist the applicants in project generation;
- to contribute to information and publicity actions at regional and local level in Croatia;
- to present and represent the Programme at regional level so that partners are able to collect information necessary for developing projects;
- to develop and deliver country-specific information to the JS for use e.g. on the Programme's website;
- to serve as a contact point for project applicants and partners at regional level;
- to participate in the formal, eligibility and quality assessment of proposals, either personally or by assisting external experts;
- to carry out monitoring visits at Croatian project partners;
- to support the GoA in its activities, if necessary.

Activities of the CP-s will be financed from the TA budget of the Programme, within the TA project of the JS.

## **National level responsibilities**

### **National Authority (NA)**

In cooperation with the joint programme structures, on behalf of the Member State, the NA is responsible for the preparation, implementation and monitoring of the Programme on national level.

The designated NAs of the programme are the Deputy State Secretary for International Affairs, Prime Minister's Office, Hungary

Ministry of Regional Development and EU Funds of the Republic of Croatia

Besides the above listed structures, the Member States will bear responsibility for setting up the control system in order to validate the expenditures at national level and for ensuring co-financing.

### **Control Bodies (CB)**

In line with Article 23 of Regulation (EU) No. 1299/2013, each Member State shall designate the body or person responsible for carrying out such verifications in relation to

beneficiaries on its territory (the 'controller(s)'). The MA shall satisfy itself that the expenditure of each beneficiary participating in an operation has been verified by a designated controller, while each Member State shall be responsible for verifications carried out on its territory.

The responsible control body of each Member State checks the invoices or accounting documents of equivalent probative value submitted by the partner(s) and verifies the delivery of the products and services co-financed, the soundness of the expenditure declared, and the compliance of such expenditure and related (parts) of projects with relevant EU and national rules. Verification carried out by the control bodies comprises administrative and on-the-spot checks. The responsible control body of each Member State issues the declaration on validation of expenditure to the project partner according to the standard form of the programme.

The designated controllers of the programme will work in the frame of:

- SZPO in Hungary
- Agency for Regional Development of the Republic of Croatia.

The Control Body in SZPO will functionally be completely independent of the JS. There will be no conflict of interest among JS members and controllers.

### **Arrangements and procedures for programme's management, implementation and control**

The detailed description of management and control system will be approved by the MC after the CP will be endorsed and the MC will be set up. The working language of the programme is English.

#### 1. Evaluation and selection of operations

The Programme aims for project generation and selection procedures that are both proactive and transparent. The MA, with the support of the JS, launches official CfPs via relevant information channels.

CfPs might have different characteristic i.e. might be open to all programme priorities or thematically targeted in response to changed framework conditions or to progress of the programme implementation. The eligibility criteria will be made available to applicants through the Guide for Applicants that shall be approved, by the MC. Selection of operation shall be detailed in the evaluation manual to be approved by the MC.

Determining the project selection model and details in CfP is the responsibility of the MC. During the design of the details of project selection process, the principles of transparency, equal treatment, non-discrimination, national integrity and sustainable development will be met.

The MC has the right to launch restricted CfPs taking into account the single CfP's specific arrangements. Application procedures and templates will be developed and part of the application package including the necessary guidance to assist project partnerships.

Applications submitted will be evaluated against a pre-defined set of criteria stipulated in the CfP and Evaluation and assessment manual approved by the MC. Final decision is the responsibility of the MC.

The specific and detailed criteria for the selection of operations will be presented in the CfPs; nevertheless, there are a number of important general principles that need to be reflected in the selection criteria under all investment priorities. These include:

- sustainability of the operation selected;
- cost-efficiency of the supported actions;
- accordance with the relevant thematic objective and investment priority;
- clearly justified contribution to the specific objective of the PA;
- added value created;
- clear and direct cross-border impact.

The open call will be set as the general rule for the selection of operations in the CP. Strategic projects will be exceptions. Separate selection procedure will be elaborated for the PPLight Scheme. Decisions will be made by the Monitoring Committee. Detailed description will be laid down in the respective programme's manuals.

The selection of project proposals will be carried out in application of Article 12 of the ETC Regulation following a standardised assessment procedure including the assessment of predefined eligibility, formal and quality criteria as presented below.

Submitted project proposals must pass all eligibility and formal criteria in order to be subject to the quality assessment. Quality assessment criteria are divided in two categories.

1. **Strategic assessment criteria** concern the assessment of the relevance of project proposals and the extent of their contribution to achieving the chosen specific objectives. Strategic criteria are therefore directly linked to the results envisaged within the specific objective of reference. Moreover, strategic assessment criteria assess the cross-border added value and the relevance of the partnership. Strategic criteria can be summarised as follows:

- The operation is sufficiently justified (relevance and strategy);
- The cooperation has a clear cross-border added value;

- The project contributes to the achievement of programme's objectives, expected results and outputs;
- The composition of the partnership is relevant for the proposed project.

**2. Operational assessment criteria** concern the assessment of the quality of implementation with regard to the feasibility and viability of project proposals as well as their value for money (resources used in relation to results delivered). Operational criteria can be summarised as follows:

- Management structures and procedures are in line with the project size, duration and needs;
- Communication activities are appropriate and forceful to reach the relevant target groups and stakeholders;
- The work plan is transparent, realistic, consistent and coherent, including feasibility of the intended outputs;
- The project budget demonstrates value for money, it is coherent and proportionate.

Overall, the programme will support projects having a clear focus on the implementation of joint cross-border actions and demonstrating the value added of the cross-border approach versus regional, national, interregional or transnational approaches. In addition projects should follow an output and result-oriented approach that places much emphasis on the development of concrete, relevant and visible outputs and results. As one consequence, the programme specifically supports the delivery of outputs and results that are durable, applicable and replicable by other organisations, regions or countries, that contribute to or feed into concrete future initiatives, and as such contribute to the long-lasting decrease of existing social and economic disparities in the border region.

Therefore, the high strategic value of project proposals will be a precondition for being selected for funding. The high importance of strategic assessment will be reflected in the assessment methodology by means of weighting of scores and/or setting of thresholds for the strategic criteria. In addition to that by determining selection criteria focus will be made to already existing partnership, vicinity of the border proving stronger cross-border impact, continuity of already successfully implemented projects, and strong prove for sustainability.

The detailed assessment criteria will be laid down and made available to potential applicants in specific guidance documents for applicants and potential beneficiaries.

Programme bodies will strive for coordination with other programmes (see also Section 6), making use of synergies to the possible extent.

#### Arrangements for the examination of complaints

The procedures set in place for the resolution of complaints are differentiated according to the object of the complaint.

Complaints related to assessment and selection: Project lead applicants will be informed

in writing about the reasons why an application was not eligible or approved, providing details on the reason for non-eligibility/approval. Any complaint related to the assessment shall be submitted by the lead applicant to the MA that will examine and provide its position regarding the merit of the complaint. The MA has no right to overrule the decision of the MC. The MA has the right to give its opinion to the MC on the issue.

Complaints related to decisions made by the MA: Any complaints in relation to decisions made by the MA on the basis of the subsidy contract or MC decisions shall be submitted by the project applicant/beneficiary to the MA that will examine and provide in due time an answer (in collaboration with the MC if necessary).

Complaints related to the national control system: Project LPs or PPs that have complaints related to the national control system set up in accordance with Article 23(4) of the ETC Regulation, can file a complaint to the National Authority following national procedures set in place in accordance with Article 74(3) of the CPR.

Further information on the procedure for the submission of complaints will be laid down in the relevant programme documents communicated to applicants and beneficiaries. Such procedures will be in line with addresses and guidance from EC as well as with national provisions on the matter.

## Contracting

After the approval of a project proposal by the MC, the ERDF contract will be signed between the Managing Authority and the Lead Beneficiary. The language of the contract is English. The financing contract will contain all the necessary information: legal framework; the object of the financing: activities, work plan/implementation calendar, maximum ERDF amount of financing; conditions for eligibility of costs; limits for changes within the budget flexibility; reporting requirements and deadlines for the submission of progress reports; procedure for payment requests; rights and obligations of the Lead Beneficiary; accounting documentation necessary and the time-period for archiving the project-related supporting documents; procedure for recoveries; publicity, ownership (including dissemination rights) and generation of revenues; assignment, legal succession and litigation; liability clauses etc. The final approved application documentation and the official approval of the project by the MC will be part of the financing contract.

## Payments

According to article 27 (1) of Regulation no. 1299/2013, the European Commission shall pay the ERDF support to cooperation Programmes into a single bank account with no national sub-accounts. According to Article 20(2) of the same Regulation, Payments shall be made to the Lead Beneficiary in accordance with Article 132 of Regulation (EU) No. 1303/2013 (the Lead Beneficiary is then responsible for transferring the ERDF financing, with no delay, to its project partners). To this end, the Managing Authority shall make the necessary arrangements to set up a programme bank account, within a deadline of 12 months from the adoption of the Cooperation Programme by the European Commission. The account shall be used for receiving payments from the European Commission and making payments to the Lead Beneficiaries and programme's Technical Assistance beneficiaries.

## Programme evaluation

The CP shall be subject to an ex-ante, interim and ex-post evaluation of independent evaluators with the aim to improve programme quality and to optimize the allocation of the financial resources. The MC will approve the programme's evaluation plan within 1 year from the adoption of the programme by the EC.

## Location of programme bodies

The aim of the programme is to move the day-to-day management of the programme closer to the beneficiaries. For that reason as first steps one additional JS Contact Point will be established on the Croatian side of the border in the programme area (complementing the present/future JS Contact Point in Osijek), and one JS member will be located in Pécs. The role of the JS Contact Points will be strengthened – as members of the JS team – and they will work in close cooperation with the JS members in Budapest and Pécs. All the main programme events will be held in the programme area during the implementation period.

## Pre-financing

Member States are entitled to decide on providing pre-financing to beneficiaries from ERDF funds, up to a maximum of 15% of the EU contribution to the respective project partner budgets. The decision of the Member States shall be taken based on the availability of the necessary funds.

### **5.4 Apportionment of liabilities among participating Member States in case of financial corrections imposed by the managing authority or the Commission**

Without prejudice to the Member States' responsibility for detecting and correcting irregularities and for recovering amounts unduly paid according to Article 27 of Regulation (EU) No. 1299/2013, the MA shall ensure that any amount paid as a result of an irregularity is recovered from the Lead Beneficiary. Beneficiaries shall repay to the Lead Beneficiary any amounts unduly paid.

If the Lead Beneficiary does not succeed in securing repayment from other beneficiaries, or if the MA does not succeed in securing repayment from the Lead Beneficiary, the Member State on whose territory the beneficiary concerned is located shall reimburse the MA any amounts unduly paid to that beneficiary. The MA shall be responsible for reimbursing the amounts concerned to the general budget of the Union.

In line with Article 122 of Regulation (EU) No. 1303/2013, when amounts unduly paid to a beneficiary cannot be recovered and this is as a result of fault or negligence on the part of a Member State, the Member State shall be responsible for reimbursing the amounts concerned to the budget of the EU.

Should the MA bear any legal expenses for recovery recourse proceedings – initiated after consultation and in mutual agreement with the respective Member State – even if the proceedings are unsuccessful it will be reimbursed by the Member State hosting the beneficiary responsible for the said procedure.

Since Member States have the overall liability for the EU support granted to beneficiaries located on their territories, they shall ensure that – prior to certifying expenditure – any financial corrections required will be secured and they shall seek to recover any amounts lost as a result of an irregularity or negligence caused by a beneficiary located in their territory. Where appropriate, a Member State may also charge interest on late payments.

In accordance with Article 122(2) of Regulation (EU) No. 1303/2013, irregularities shall be reported by the Member State in which the expenditure is paid by the beneficiary implementing the project part. The Member State shall, at the same time, inform the MA and the Audit Authority. Specific procedures in this respect will be laid down in the agreement between the MA and the Member States and will also be part of the description of the management and control system.

The Member States will bear liability in connection with the use of the programme EU funding as follows:

- Each Member State bears liability for possible financial consequences of irregularities caused by the beneficiaries located on its territory.
- For a systemic irregularity or financial correction on programme level that cannot be linked to a specific Member State, the liability shall be jointly borne by the Member States in the proportion of the national co-financing contribution paid by the Member States.
- For Technical Assistance expenditure incurred by the MA, the liability related to irregularities shall be borne by the MA.
- For the Technical Assistance expenditure incurred by the Member States the liability shall be borne by the Member State concerned.

Member States may decide not to recover an amount unduly paid if the amount to be recovered from the beneficiary, not including interest, does not exceed EUR 250 in contribution from the Funds.

### **5.5 Use of the Euro (where appropriate)**

Method chosen for the conversion of expenditure incurred in another currency than the Euro

According to Article 133 of Regulation (EU) No. 1303/2013, Member States which have not adopted the Euro as their currency on the date of an application for payment shall convert the amounts of expenditure incurred in national currency into Euro.

According to the Article 28 (b) of the Regulation (EU) No 1299/2013 [ETC] expenditure incurred in a currency other than the euro shall be converted into euro by the beneficiaries using the monthly accounting exchange rate of the Commission in the month during which that expenditure was submitted for verification to the controller.

The exchange rate shall be published electronically by the EC each month. Due to the fact that neither Hungary nor Croatia have yet adopted the Euro, the above detailed exchange method will be used.

**In the case when the Euro becomes the currency of a Member State, the conversion procedure set out in paragraph 1 of Article 133 of Regulation (EU) 1303/2013 shall continue to apply to all expenditure recorded in the accounts by the CA before the date of entry into force of the fixed conversion rate between the national currency and the Euro.**

## **5.6 Involvement of partners**

Actions taken to involve the partners referred to in Article 5 of Regulation (EU) No 1303/2013 in the preparation of the cooperation programme, and the role of those partners in the preparation and implementation of the cooperation programme, including their involvement in the monitoring committee

In application of the Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European Code of Conduct on Partnership in the framework of the European Structural and Investment Funds, the Hungary-Croatia Cross-border Cooperation Programme ensures involvement of the relevant partners from both Member States in the preparation and implementation of the programme, including their participation in the MC.

The Member States intend to ensure close cooperation between public authorities at national, regional and local levels in both Member States and with the private and other sectors.

**According to the Regulation the relevant partners have been identified as follows:**

**a) competent national, regional, local, urban and other public authorities;**

- national level actors include line ministries from sectors targeted by the interventions of the Programme (e.g. environment, economy, regional development),
- regional level representatives from bordering counties,
- larger cities (via an umbrella organisation)
- higher educational institutions (according to a rotation principle),

**b) economic and social partners;**

- commercial and industrial chambers (according to a rotation principle)

**c) bodies representing civil society;**

- non-governmental organisations (via umbrella organisations, according to a rotation principle).

The partners who will be involved in the work of the MC will be further identified based on the above listed partner types and the following directives:

- should have relevant experience in cross-border programmes;
- proven capacity to actively participate in the MC meetings and the ability to contribute to its work
- should be located and active in the border area;
- should have representatives with the necessary language knowledge;
- should be competent in their professional field.

The involved counties will identify and propose relevant actors in the programme area.

In accordance with the multi-level governance principle the involvement of partners has been a central component throughout the development of the entire programme; during the planning and programming procedure the involvement of all relevant national, regional and local stakeholders was ensured. As an integral part of elaborating the situation analysis and the strategy of the programme the following consultation steps were taken:

1. 92 individual, semi-structured interviews were delivered with the representatives of relevant national ministries, county councils and representatives of the county seat towns in the eligible counties;
2. a questionnaire was sent out to 175 Hungarian and 159 Croatian e-mail addresses in national languages and a questionnaire in English was sent to each member of the Task Force, enquiring in all cases about the preferences of the interviewee regarding the planned strategy of the future programme;
3. 5 interactive thematic workshops were organised at various locations throughout the eligible area, with the objective to inform the local stakeholders of the given thematic field about the planning process, to discuss the analysis, to jointly identify needs, challenges and potentials, and also to project ideas for the future co-operation programme;
4. a live public consultation was held before the 6th Task Force meeting for major stakeholders such as major towns, nature protection organisations of the state, employment organisations, chambers, universities and NGO-s;
5. the draft cooperation programme was displayed for public consultation on the 2007-2013 programme's website prior to the submission to the EC, and all opinions of organisations or individuals, channelled to the planning expert team, have been examined and addressed.

To ensure the involvement of relevant partners in the programming process one of the first steps were to identify the key stakeholders in the programme area in a way that the same type of stakeholders were nominated as counterparts on both sides of the border. See list of partners attached.

Different tools were applied in the process of the elaboration of the CP in order to maximise the effectiveness of exchange of ideas and information and ensure the continuous communication between programme authorities (MA, JS) and key stakeholders. The desk research of the situation analysis was supplemented with individual and group interviews. The process was completed by a workshop allowing key stakeholders provide additional inputs and feedback on the presentation of the local issues and develop common understanding on the SWOT analysis as the basis for the elaboration of the main development directions.

The established network of partners was invited to answer the questionnaire which aimed at linking the regional development issues with the thematic objectives of the EU 2020 strategy. The second workshop was based on the assessment of the questionnaires and a discussion paper summarising its result and providing guidance on potential strategic development directions. The assessment showed that TO6 Environment, including the protection and promotion of natural and cultural heritage as assets for tourism and the protection of biodiversity - was the unquestionable choice for both the Hungarian and Croatian partners. The Croatian partners were much in favour of TO10 Education and TO3 Competitiveness of SMEs while HU partners' preference was TO8 Employment and TO10 Education. The outcome of discussion in two mixed groups clearly indicated the joint agreement on the 4 thematic objectives which the CP was built upon. Key words, core issues were also defined by the partners as elements of the Overall Objective of the programme.

For the additional two thematic workshops, one held in Croatia and one in Hungary, on education (TO10) and environment (TO6) all the relevant stakeholders active in the special field of the subject were invited to discuss the intervention logic of the TO/PA in details.

The newsletters published electronically in English, Croatian and Hungarian also served as communication channels for the stakeholders of the border region, as it provided information about the development issues tackled in the programming process and was open for receiving input from everyone interested in the elaboration of the CP.

Planning and SEA process were conducted simultaneously, so experts were cooperating during each programming phase. Moreover, each meeting of the Task Force discussed and approved the reporting on the actual status of the SEA (and ex ante evaluation) process, this way the members of the Task Force were informed about the environmental considerations and about aspects of sustainability to be taken into account. Most of the outcomes of the SEA process shifted the expected results of the selected TOs towards focusing more on avoiding or mitigating the impacts of the programme on the environment. The proposals were integrated with the proposed actions under the selected TO's, mainly but not exclusively in PA 2 (environment), including principles for the project selection criteria. Horizontal issues contained only the required general aspects in the draft CP which were extended according to requirements of EC comments.

However, it is to be mentioned that previously some of the important recommendations were considered as inputs to the project selection criteria in the implementation phase, when the call for proposals are to be drafted. At the final stage of programming, reflecting on the observations of the EC, principles of projects' selection criteria has been extended to cover these issues (e.g: damage mitigation or compensation, climate-friendly architectural solutions, etc.).

Taking into account the need for wider participation, socio-economic stakeholders will also be nominated either in the MC as observers or in the national level consultations, ensuring the active participation of NGOs and umbrella organisations as well. The MA will ask the Hungarian and the Croatian NA to nominate MC members. Nomination of the members of the MC shall be made based on transparent criteria.

Many partners currently involved in the preparation of the cooperation programme are foreseen to be involved in the Monitoring Committee with the aim of ensuring continuity for the implementation and monitoring of the cooperation programme in the future. Having a link between preparation and later implementation contributes to good management of the programme and achievement of the objectives intended. As already described the MC shall consist of both representatives of the national level and the regional level participating in the cooperation programme. Representation of policy areas relevant for the programme and participating regional bodies shall be insured. Other relevant institutions for cross-border cooperation as well as social partners from both Member States actively participate in the implementation of the cooperation programme, mainly at project level. It will be discussed whether and how they can also be involved at programme level. The RoP to be approved by the MC will detail the involvement of relevant stakeholders in the programme implementation.

## 6. COORDINATION

The mechanisms that ensure effective coordination between the ERDF, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and other Union and national funding instruments, including the coordination and possible combination with the Connecting Europe Facility, the ENI, the European Development Fund (EDF) and the IPA and with the EIB, taking into account the provisions laid down in the Common Strategic Framework as set out in Annex I to Regulation (EU) No 1303/2013. Where Member States and third countries participate in cooperation programmes that include the use of ERDF appropriations for outermost regions and resources from the EDF, coordination mechanisms at the appropriate level to facilitate effective coordination in the use of these resources

The specific objectives are complementary to and coherent with the objectives set out under the same thematic objectives and investment priorities in the Partnership Agreements of Croatia and Hungary. While implementing the programme, specific areas of intervention need to be subject of ongoing coordination to avoid overlaps and boost possible synergies, as follows, by thematic objectives relevant to the current CP:

### TO 3

- PA Hungary

The main goal is the improvement of the competitiveness of the Hungarian SMEs by supporting developments of innovative character, with high export and value-added potential.

- PA Croatia

The objective in connection to which specific coordination needs may arise is “to develop a business sector that is highly productive and competitive at the European level.” Actions under this objective are expected to result in “accelerated formation and growth of small companies, increased number of jobs mainly through supporting SMEs to expand production and exports”.

- Specific coordination needs

Need for coordination has been identified in the intervention area of developments not associated directly with R&D activities, and providing financial support to extend the productive capacities of the SMEs, in order to extend their services or products, helps enter new markets and the beneficiary SME has a potential to grow or increase exports. Coordination need with rural development programmes – supporting certain developments of SME’s processing agricultural products – may also be relevant. The Hungary – Croatia CBC programme provides de minimis financing to the same target group: the SME sector of Hungary and Croatia. Specific selection criterion for the CBC programme is the need for cooperation between the companies of the cooperating member states. Coordination mechanisms need to be put in place between the implementing organizations of the relevant SME support schemes of both MS and the MA in order to avoid of the de minimis support thresholds for any supported SME, as

well as to avoid the double-financing of any projects carried out by the supported SME. Data on the projects will be provided by the project management, mainly via project partners whereas de minimis support is registered. Line ministries responsible for the development of the SMEs in both countries – Ministry for National Economy in Hungary and Ministry of Entrepreneurship and Crafts in Croatia shall be represented in the future MC, to ensure proper level of coordination. In Hungary, PMO – in its capacity as responsible for the implementation of rural development programme by the State Secretary for agricultural and rural development - will ensure the coordinated approach with the support for the SMEs by the rural development programmes via its internal processes.

## TO 6

- PA Hungary

The main areas of interventions are the water utility infrastructure, waste management systems and the urban environment. The objectives in relation to which the need for coordination is relevant are “the development of green infrastructure and the protection of habitats, with special regard on mitigating effects of the climate change”, and “the protection and development of natural and cultural heritage of national and international importance”. Results expected of ERDF support include (i) restoration of ecosystems in Natura 2000 areas, especially through creating green infrastructures, (ii) improved status of natural and cultural heritage allowing for a wider exploitation of their potential of tourism. Result, expected of EARDF, has been formulated as “expansion of projects aiming at environmental protection”.

- PA Croatia

The overall objectives are to “increase energy and resource efficiency while protecting the natural environment by promoting greener and sustainable growth”. More specifically Croatia intends to use ESI Funds to (*inter alia*) “prevent biodiversity loss and ensure protection and preservation of its natural resources, exploit the development potential of culture”. The main results that Croatia seeks to achieve and may need coordinated implementation are (i) the preservation cultural heritage, its adaptation and usage for tourism and/or other economic needs (ii) the protection and restoration of biodiversity and the ecosystem services it provides, in order to secure sustainable management of nature.

- Specific coordination needs

The Hungary – Croatia CBC programme provides support for initiatives both to invest in natural and cultural heritage to increase the contribution of these assets to the generation of revenues for residents, and to provide protective measures and incentives to expand green infrastructure and increase biodiversity in the border area. In the CBC programme only joint projects will be entitled to financial support. In addition, selection criteria of tourism-related projects are based on the Handbook to *Tourism Projects in the Hungary-Croatia IPA Cross-border Co-operation Programme 2007-2013* that is not the case for projects to be funded under the national support schemes. Protective measures are executed jointly by Croatian and Hungarian partners. Risks of double financing of projects need to be eliminated at project level, in the process of the regular data exchange between the MA (or JTS) and the relevant MAs of the national programmes. Ministries

responsible for tourism – Ministry for National Economy in Hungary and Ministry of Tourism in Croatia – shall be represented in the future MC. Invitation of national bodies responsible for nature conservation is to be ensured in any cases when relevant issues are discussed.

## TO 10

- PA Hungary

The most important objective is to strengthen public education's abilities to compensate for uneven chances of societal groups and to strengthen excellence in education and the HE sector. ERDF is expected to finance infrastructure developments whereas ESF is intended to be used to increase number of participants – *inter alia* – in non-formal, informal learning programmes in order to increase learning performance. ESF is also expected to contribute to increase the number of individuals with higher education qualifications.

- PA Croatia

The strategic objectives in relation to the main funding priority and main expected results that need coordinated approach are: (i) in the area of higher education: *“Strengthen links between higher education institutions, employers and labour market institutions”*, (ii) in the area of lifelong learning: *“Develop processes and the recognition of non-formal and informal learning and skills”* and (iii) in the area of adult learning *“Improve the quality and relevance of adult education programmes, especially in the fields which are of strategic importance for Croatia”* and *“Increase the involvement of adult citizens in the process of lifelong learning and education”*.

- Specific coordination needs

The Hungary – Croatia CBC programme is expected to finance actions by cooperating partners that result in new and region-specific knowledge. These actions are complementary to the national OPs, however, the risk of potential overlaps exist with the national OPs in certain intervention areas. On the other hand, participation in the CBC programme is restricted to cross-border partnerships. Areas with the risk of overlap are the field of vocational education, adult education and higher education areas, especially when activities of informal learning are developed. Risks of double financing of projects need to be eliminated at project level examination based on a regular data exchange between the MA (or JS) and the relevant MAs of the national programmes. Invitation of national bodies responsible for education to the work of the MC is to be ensured in any cases when relevant issues are discussed.

## TO 11

- PA Hungary

The main objectives are to *“reduce the administrative burden, increase transparency and strengthen service orientation in public administration and increase efficiency of human resources”*. Main expected results cover the increase of the number and further development of interoperability of e-governance tools.

- PA Croatia

The objective is to “ensure good governance and deliver quality public services to citizens and businesses”. PA puts emphasis on “strengthening partnerships between the Government and the business organizations and institutions, NGOs, legal persons with public authorities and civil society organizations, which will help to make public policy processes more transparent and accountable”.

- Specific coordination needs

The Hungary – Croatia CBC programme provides financial support to building lasting partnerships of public institutions in the border area. Level of risk of overlap is low; however, certain beneficiaries or projects – especially in Croatia – might potentially be subject of support for both the national and the cross-border cooperation programme. Risks of double financing of projects need to be eliminated at project level examination based on a regular data exchange between the MA (or JS) and the relevant MAs of the national programmes.

### **Institutions and mechanisms of coordination**

- In Hungary

In line with the EU Regulation No. 1303/2013 Article 123 (8) the role and responsibilities of a Coordinating Body are fulfilled by the Prime Minister’s Office (PMO). It means that the most important tasks of coordination are in one hand, at the PMO, separately from the organizations responsible for the technical implementation of the programmes. The department responsible for the Cross-border Cooperation Programs designated by the Government resolution No. 27/2014. (II.7) operates within the PMO as well.

In the planning phase, the PMO was responsible to draft and negotiate the PA – mainly through its Department for Implementation of International Cooperation Programmes – and coordinated the programming process of all cross-border cooperation programme Hungary participates in. PMO will, in the implementation phase, continue its ongoing coordination by

- internal work processes and meetings to harmonise implementation of all CBC programmes with Hungarian participation
- organizing and chairing regular official meetings of main Hungarian governmental and regional stakeholders of the CP
- in cases when higher level decision is required, preparing official submissions to Governmental Committee for National Development responsible for ensuring the coordinated use of ESI funds on the basis of Government Decree 272/2014 (XI.5), on the rules of management of support from certain EU funds of the 2014 – 2020 period)

Hungary will use a Territorial Selection Mechanism to be used in the national OPs, more specifically in the Territorial Developments OP, referred to also by Government Decree 272/2014 (XI.5), with the aim of encouraging the coordinated exploitation of territorial development potentials and management of territorial problems. County level administrations and county assemblies – operating at NUTS III level are expected to have a decisive role in developing and selecting projects to be supported by this OP, in line with their predefined integrated development strategy. In the same time these institutions

are represented in the Monitoring Committee of the CBC programme, too, with extensive responsibilities in selecting projects. In Hungary, therefore, county administrations are best placed to create synergies between potential interventions, on the basis of their integrated strategies, by promoting relevant projects in the Territorial OP and the CBC programme in a harmonised way.

- In Croatia

The Ministry for Regional Development and EU Funds (MRDEUF) has been designated as the body responsible for the overall coordination of the preparation of strategic documents and operational programmes for the use of ESI funds 2014 – 2020 in Official Gazette (No. 92/2014). This role is planned to continue under the role of the Coordinating Body (CB), Croatia intends to officially designate in line with Article 123 (8) of CPR.

Additionally, the Service for International Territorial Cooperation, within the Directorate for Regional Development in the MRDEUF is *de facto* the National Authority for 11 out of 13 ETC programmes Republic of Croatia participates in (ESPON and URBACT excluded).

In the planning phase the PA was prepared and coordinated by the MRDEUF. Coordination among regional stakeholders was carried out by the same ministry, including representation of national interests in the programming Task Force and coordination of the positions of the regional stakeholders.

Regional Development Agencies on the level of each county are considered as the key intermediary in their respective geographical field of competence in providing first-hand assistance to potential applicants/beneficiaries in (i) identifying funding opportunities for them within the OP's, (ii) developing project ideas and streamlining the development of their project proposals, and (iii) implementing their operations. RDAs are represented in the Monitoring Committee of the cooperation programme, too, therefore, RDAs are best placed to create synergies in their county between projects funded by national and cooperation OP's.

Characteristics of the CBC programme, such as the narrower geographical focus compared to other (national/sectoral) development programmes, the explicit need for joint projects, and the relatively limited financial scope will make clear differentiation possible between the cross-border and other relevant programmes on the level of intervention in the implementation phase.

The differences in nature between the Hungary-Croatia Cross-border Cooperation Programme and other development programmes on one hand and the coordination efforts to be undertaken in the Implementation Manual as well as through the organizations participating in decision making process on the other the expected complementarity of activities between different funding instruments can and will be effectively secured during the operation of the programme.

## 7. REDUCTION OF ADMINISTRATIVE BURDEN FOR BENEFICIARIES

Summary of the assessment of the administrative burden for beneficiaries and, where necessary, the actions planned accompanied by an indicative timeframe to reduce the administrative burden.

Ongoing evaluation of the 2007–2013 programme has revealed that there is a room for improvement regarding the administrative burden the beneficiaries of the programme have to face. Evaluation's recommendations include, *inter alia*, “*simplifying cost accounting procedures, payments and reporting*”, the wish for “*less administrative tasks and less paperwork*” as well as “*faster procedures*” and the need for “*providing more technical assistance, knowledge transfer, guidance for the beneficiaries*” in the implementation phase. Simpler administration is a wish that has been clearly expressed by beneficiaries in the workshops during the preparation of the programme for the period 2014-2020, too.

Simplification should not only help beneficiaries to better cope with the programme requirements, but also contribute to less burden on the programme level and therefore to the reduction of the costs related to control (both partner and project level).

On the other hand it must be noted that the need to provide sound documentation at every phase of the project cycle, allowing for control and audit activities even after considerable time, is not supposed to change radically. 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.

Experiences in the programming show increased requirements for result orientation close monitoring of outputs and results both on project and on programme level. In order to offset resulting higher administrative requirements, special measures have to be taken by the programmes to support potential applicants, applicants and beneficiaries.

According to these, the following actions will be taken in order to reduce the administrative burden:

### **Application of simplified costs**

The documentation of eligibility of expenditure often entailed a significant workload on the part of the project holders and disproportionate efforts in verification on the part of the First Level Control Bodies. This was especially true for staff costs and for office and administrative expenditure. In order to minimise the administrative burden, the programme will, from the very beginning, make use of the simplification options offered by the regulatory framework as much as possible (see Article 67 of Regulation (EC) No 1303/2013). According to the plans of the management bodies a flat rate of 15% of eligible direct staff costs will be used in all PA-s in case of indirect costs, based on Article 68 of Regulation (EC) No 1303/2013. In case of all cost types, the relevant rules of Regulation (EC) No 481/2014 will be applied appropriately. The application of such simplified cost options will contribute among others to:

- reduced workload for beneficiaries and control bodies,

- reduced processing time and therefore reduced costs,
- increased legal certainty.

The simplified cost options are planned to be used already in the first CfP of the programme, to be published soon after the endorsement of the EC. Already in the year 2016, projects would benefit from the easier reporting and reimbursement of certain cost types. In the years after 2016, the new Calls shall draw from the lessons learned in the future first CfP projects and shall reassess the possibilities of applying simplified costs in the interest of smooth project- and programme management.

## **E-cohesion**

The need to provide sound documentation often required the submission of large amounts of documents in hard copies. Duplication of information was often unavoidable, which contributed to a higher possibility of mistakes. The availability of electronic data exchange systems can efficiently contribute to the reduction of these burdens and provide additional help to the applicants, beneficiaries as well as to programme institutions.

Therefore, the requirements of e-cohesion, laid down in Art 122(3) of CPR will be extensively applied, meaning that from the beginning of the programme implementation all exchange of information with the project applicants and beneficiaries will be carried out by the means of electronic data exchange systems and the need to submit documents in hard copy will be reduced to the possible minimum. The following measures should be ensured by the electronic monitoring system:

- Electronic exchange – only for post-award processes;
- ‘Only once’ encoding + interoperability – within the same OP;
- Minimum technical requirements as data integrity + confidentiality, authentication of the sender (Directive 1999/93/EC), storage in compliance with defined retention rules (Article 132 of the Regulation (EU) 1303/2013)
- No technical requirements on software platforms and protocols;
- Electronic audit trail -in compliance with Art. 112, 132 + national requirements on the availability of documents.

The above mentioned measures can be tackled in the monitoring system of the programme by the beginning of January 2016. Electronic application procedure will be an option from the first CfP and the communication with the beneficiaries in post-award processes will be also ensured. Both FLC will reach the system and the CA will use it to manage the financial procedures. Regarding the complex documentation of construction projects, the aim to reduce the circle of documents to be submitted in printed version is also valid; in line with the possibilities provided by national legislation, the programme bodies shall seek to enable a flexible and narrowed-down circle – and a beneficiary friendly timing – regarding the submission of architectural plans, building permits and proof of ownership.

Using INTERACT Harmonized Implementation Tools will be jointly decided. Experiences and practical solutions can be considered and taken over when the programme’s electronic monitoring system (possibly IMIS as the system already used in period 2007-2013) is further developed.

## 8. HORIZONTAL PRINCIPLES

### 8.1 Sustainable development

Description of specific actions to take into account environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management, in the selection of operations.

Sustainable development principals are of key importance for the region of the programme due to its' fragile position within one of most important European rivers ecosystem. The programme strategy took in consideration that sustainable development ties together the concern for the carrying capacity of natural systems with the social and economic challenges faced by the programme area. Therefore sustainable development is addressed through all 5 Priority Axes of the programme. Throughout Priority Axes 1 the programme will enhance development of economy taking into consideration the rich natural heritage – as main asset of the area – supporting actions in line with basic “green business principals” (giving special attention to the decrease in resource consumption). Priority Axes 2 is directly linked to development of environmental sustainability. Priority Axes 3 and 4 deal with social challenges that will reflect on bounding and empowering people and institutions with certain skills that will be beneficial for the sustainable development of the area. Finally Priority Axes 5 will monitor horizontal principles throughout the following aspects:

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

When examining proposals the guiding question – where appropriate – should be assessed: Is the operation contributing to the promotion of sustainable development? The assessment of the quality of the eligible project proposals should be based on a set of quality criteria which are common to all Priority Axes and Investment Priorities. Criteria will include, inter alia, the followings:

Operations supporting climate protection (including reduction of GHG emission) and helping climate adaptation will be preferred.

The use of climate-friendly architectural solutions for each action for projects involving building construction and renovation will be required, according to Directive 2010/31/EU on the energy performance of buildings. Cost-optimal levels of energy performance will be required, and projects going beyond cost-optimal levels will be given extra preference. In case any products are purchased fulfillment of requirements set out in Annex III of the Energy Efficiency Directive (2012/27/EU) is requested

Investment in infrastructure will be accompanied by a solid Environmental Impact Analysis, where appropriate, in line with the national regulations of the Member States.

## 8.2 Equal opportunities and non-discrimination

Description of the specific actions to promote equal opportunities and prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation, design and implementation of the cooperation programme and, in particular, in relation to access to funding, taking account of the needs of the various target groups at risk of such discrimination, and in particular, the requirements of ensuring accessibility for persons with disabilities.

In line with the requirements of Common Provisions Regulation Article 7 aspects of equal opportunities and non-discrimination are promoted throughout the entire programme cycle. These principles were fully respected in the partnership process of the preparation of the programme.

In the process of desk research and analysis of available data special emphasis was put on identifying the socio-economic situation of different social groups, in particular racial or ethnic minorities such as Hungarians in Croatia, Croats in Hungary, and the situation of Roma people in the HU-HR border region. In order to fine-tuning the statistical data available and the situation analyses carried out, adequate consideration of equal opportunities and non-discrimination issues was ensured through workshops, group interviews – including the representatives of the minority groups - and Task Force meetings.

In the cooperation area there are different types of disparities (accessibility to health and social services, accessibility of intraregional urban centres, women's access to labour market, etc.) but from the programme point of view the most important one is the disparity between the educational level of the population living in towns and that of the population – including disadvantaged groups – living in areas characterised by scattered structure of small villages/settlements.

Equal opportunities and non-discrimination will be taken into consideration under each intervention by using different tools, listed below. Additionally, the aspects of equal opportunities and non-discrimination shall be respected during all public procurements financed from the programme, in both 'regular' and in TA-projects, to the extent and with the tools that the given national legislation, in force at the time of the procedure, provides possibility (or even obligation) for. Especially in projects with works contracts – typically under PA 2 - companies who prefer employ individuals belonging to vulnerable groups will be preferred to others in the public procurement procedure, respecting the relevant national legislations.

*IP: 3c - supporting the creation and the extension of advanced capacities for product and service development*

Tools to ensure that equal opportunities are respected:

- Measure accessible for all, in terms of location within the border area

- Different social groups adequately informed of the availability of funding, with emphasis on proper information to be provided and proper channel to be used for disadvantaged groups
- TA provided for all potential beneficiaries
- Barrier free solutions for promotion to be elaborated
- Equal access taken into account in the formulation of the selection criteria for projects
- Relevant indicators set to demonstrate the fulfilment of equal opportunities' requirements
- In the project selection process preference will be given to SME's that employ or commit themselves to employ individuals who belong to disadvantaged groups.

*IP: 6c - conserving, protecting, promoting and developing natural and cultural heritage*

Tools to ensure that equal opportunities are respected:

- Cultural and natural heritage sites accessible for different social groups and people with disabilities
- Barrier free solutions for promotion to be elaborated
- Participation of woman and disadvantaged groups in the programmes, events and other initiatives organised as part of the intervention, will be assured
- Relevant indicators set to demonstrate the fulfilment of equal opportunities' requirements

*IPy: 6d - protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure*

Tools to ensure that equal opportunities are respected:

- Barrier free solutions for promotion to be elaborated
- Participatory and inclusive principle applied in the selection of participants attending joint education training schemes and awareness raising programmes

*IP: 11- ETC - enhancing institutional capacity and an efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions*

Tools to ensure that equal opportunities are respected:

- Barrier free solutions for promotion to be elaborated
- Participatory and inclusive principle applied in the selection of participants attending capacity building activities and language training programmes
- Participation of woman and disadvantaged groups in the programmes, events and other initiatives organised as part of the intervention, will be assured
- Relevant indicators set to demonstrate the fulfilment of equal opportunities' requirements

*IP: 10- ETC - investing in skills, education and lifelong learning by developing and implementing joint education, vocational training and training schemes*

Tools to ensure that equal opportunities are respected:

- Barrier free solutions for promotion to be elaborated
- Participatory and inclusive principle applied in the selection of participants in the activities of the intervention
- Relevant indicators set to demonstrate the fulfilment of equal opportunities' requirements

Additionally, for any actions within the PA 3 and PA 4 participation disadvantaged groups, including Roma and people living in deep poverty will be promoted via

- specific events designed to the needs of these groups to convey information about the available support
- preference given to project proposals that demonstrate the involvement of individuals from the disadvantaged groups.

### **8.3 Equality between men and women**

Description of the contribution of the cooperation programme to the promotion of equality between men and women and, where appropriate, the arrangements to ensure the integration of the gender perspective at cooperation programme and operation level.

The gender perspective, supporting equality between men and women is a basic principle applied in the HU-HR CBC CP 2014-2020 and all its funded projects. In practical terms it means that measures defined in the CBC programme need to allow equal access to all members of society and contribute to neutralize discrimination and provide equality. Gender mainstreaming will be taken into account as a positive factor in the formulation of the selection criteria for funding projects considering the projects' influence on these. Thus, MA will encourage the project holders that - as part of their proposal - they analyse the needs of men and women and the likely impact of the project on men and women as well as the needs of groups, affected by the project, which may suffer from discrimination. MA will properly analyse in the course of the assessment process whether gender equality and non-discrimination principles are applied. Positive preferences are given to projects that promote gender equality or specifically serve the needs of groups suffering from discrimination, whereas no support is provided for projects that are likely to have discriminative impact.

MA will also ensure that project selection criteria for all PA's are non-discriminatory and promotes equality between men and women.

## 9. SEPERATE ELEMENTS

### 9.1 Major projects to be implemented during the programming period

**Table 23: List of major projects**

Project	Planned notification / submission date (year, quarter)	Planned start of implementation (year, quarter)	Planned completion date (year, quarter)	Priority axes / Investment priorities
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### 9.2 Performance framework of the cooperation programme

**Table 24: Performance framework (summary table)**

Priority axis	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)
1 - Enhancing the Competitiveness of SMEs	1.1	Financial indicator	EUR	2,200,000	11,718,000.00
1 - Enhancing the Competitiveness of SMEs	1.2	Number of enterprises receiving grants	number	15	80.00
2 - Sustainable Use of Natural and Cultural Assets	CO09	Sustainable Tourism: Increase in expected number of visits to supported sites of cultural and natural heritage and attractions	Visits/year	9,000	60,000.00
2 - Sustainable Use of Natural and Cultural Assets	CO23	Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	Hectares	810	5,400.00
2 - Sustainable Use of Natural and Cultural Assets	2.1	Financial indicator	EUR	7,580,000	42,093,711.00
3 - Cooperation	3.1	Financial indicator	EUR	1,210,000	6,726,464.00
3 - Cooperation	3.3	People participating in joint actions and events	number	125	810.00
4 - Education	CO46	Labour Market and Training: Number of participants in joint education and training schemes to support youth employment, educational opportunities and higher and vocational education across borders	Persons	150	860.00
4 - Education	4.1	Financial indicator	EUR	1,210,000	6,726,464.00

### 9.3 Relevant partners involved in the preparation of the cooperation programme

Hungary and Croatia clearly articulated at the kick-off meeting held on 29 February 2012 their intention to design the programme for the period 2014-2020. The participating Member States officially nominated the members of the Task Force and adopted the Rules of Procedures. Therefore members from line ministries responsible for different relevant portfolios as well as from the counties in the eligible areas participated at the TF

meetings. Besides the permanent delegations the Rules of Procedure gave the opportunity to invite further experts from specific areas if required.

The members of the TF appointed by the Member States, as follows:

#### Hungary

- Prime Minister's Office
- Ministry of National Development
- Ministry of Public Administration and Justice / Ministry of Foreign Affairs and Trade
- Ministry for National Economy
- Zala County
- Somogy County
- Baranya County

#### Croatia

- Ministry of Regional Development and EU Funds, responsible body in Croatia for programming and for setting up the structures of the 2014-2020 period
- Ministry of Environmental and Nature Protection
- Ministry of Tourism
- Ministry of Entrepreneurship and Crafts
- Koprivničko-križevačka County
- Međimurska County
- Osječko-baranjska County
- Virovitičko-podravaska County

Altogether 11 TF meetings were organized by the JTS and financed from Technical Assistance of HU-HR Programme 2007-2013 according to the TA fiche as approved by the Joint Monitoring Committee.

Selected external experts supporting the planning and programming procedure were also considered as actively involved partners (selected through public procurements for elaborating the Cooperation Programme, Ex-ante evaluation and Strategic Environment Assessment).

Moreover during the workshops, consultations, online questionnaires either at the stage of planning and drafting the programme, or at the phase of ex-ante and SEA, the participants were selected such a way that the widest range of relevant stakeholders could be involved. In addition to that during interviews the interviewees were determined respecting the fully comprehensive approach as also detailed in Chapter 5.6. Involvement of partners.

Citizens' voice and opinion was also respected during the design of the programme, public consultations were held and recommendations were incorporated accordingly.

Although during the programming phase widespread involvement was ensured, during the implementation of the programme the members and observes of the Monitoring Committee will be nominated to keeping this principle in mind in order to further strengthen this comprehensive approach, thus all relevant stakeholders will be invited to participate. For further details, please consult Chapter 5.6. Involvement of partners.

**9.4 Applicable programme implementation conditions governing the financial management, programming, monitoring, evaluation and control of the participation of third countries in transnational and interregional programmes through a contribution of ENI and IPA resources**

## Documents

Document title	Document type	Document date	Local reference	Commission reference	Files	Sent date	Sent By
Ex-ante report	Report of the ex-ante evaluation	18-Aug-2015		Ares(2015)3534563	Ex-ante final report	27-Aug-2015	nhossofr
SEA report ad non technical summaries	Report of the ex-ante evaluation	18-Aug-2015		Ares(2015)3534563	SEA report NTS EN NTS HU	27-Aug-2015	nhossofr
indicator methodology on performance framework output indicators	Supplementary information	18-Aug-2015		Ares(2015)3534563	indicator methodology on performance framework output indicators	27-Aug-2015	nhossofr
Pre-Agreement Hungary	Confirmation of agreement in writing to the contents of the cooperation programme	18-Aug-2015		Ares(2015)3534563	Pre-Agreement Hungary	27-Aug-2015	nhossofr
Pre-Agreement Croatia	Confirmation of agreement in writing to the contents of the cooperation programme	18-Aug-2015		Ares(2015)3534563	Pre-Agreement Croatia	27-Aug-2015	nhossofr
figure annex	Supplementary information	18-Aug-2015		Ares(2015)3534563	figure annex	27-Aug-2015	nhossofr
key stakeholders	Supplementary information	18-Aug-2015		Ares(2015)3534563	key stakeholder HU-CRO	27-Aug-2015	nhossofr
Observation table	Supplementary information	18-Aug-2015		Ares(2015)3534563	EC Observation table	27-Aug-2015	nhossofr

### Submitted annexes by the Commission implementing regulation laying down the model of the programme

Document title	Document type	Programme version	Document date	Local reference	Commission reference	Files	Sent date	Sent By
Ex-ante report	Report of the ex-ante evaluation	1.4	18-Aug-2015		Ares(2015)353456 3	Ex-ante final report	27-Aug-2015	nhossofr
Programme Snapshot 2014TC16RFCB008 1.4	Snapshot of data before send	1.4	27-Aug-2015		Ares(2015)353456 3	Programme Snapshot 2014TC16RFCB008 1.4 hu	27-Aug-2015	nhossofr
Pre-Agreement Hungary	Confirmation of agreement in writing to the contents of the cooperation programme	1.4	18-Aug-2015		Ares(2015)353456 3	Pre-Agreement Hungary	27-Aug-2015	nhossofr