

ANNEX X

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

PART A

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

1. IDENTIFICATION OF THE ANNUAL / FINAL IMPLEMENTATION REPORT

CCI	2014TC16RFCB008
Title	<i>(Interreg V-A) HU-HR - Hungary-Croatia</i>
Version	1.0
Reporting year	2019
Date of approval of the Report by the Monitoring Committee	16 April 2020, via MC decision No 17/2020 (16.04) (first version)

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

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

The present report, prepared pursuant to Annex X of Commission Implementation Regulation (EU) No 2015/207, aims at providing an overview of the **activities that were undertaken in relation to the Programme in the year 2019.**

At the centre of the reporting year was the opening, closing and assessing of the Programme's second (and last) open Call for Proposals (CfP). From the 162 project proposals received to almost all PA-s and Components (except for 2.1.2 Bicycle Paths and PA1), 139 made it to quality assessment, with the funding decisions taken already in 2020, at the 9th meeting of the Monitoring Committee (MC) on 15 January. Next to the activities connected to the second Call, **many first Call projects still presented a task** for the programme management bodies throughout the entire year: **Beneficiary- and project level reports** were prepared and checked, payments were made and on-the-spot and monitoring visits conducted.

While still a novelty in 2018 at the start of project reporting, **the reception, completion and approval of reports has become a routine exercise** for both the LB-s and the approving programme management bodies [First Level Control (FLC) bodies, Joint Secretariat (JS) and Managing Authority (MA)] in 2019. There were also a number of **project changes, mostly re-allocations in the budgets.** Since many projects had either already finished – or were about to finish implementation – there was a number of project closing events as well.

The first quarter of 2019 was spent mostly with preparations for the second CfP. After having

been approved at the 7th MC meeting, in November 2018, Call No. HUHR/1901 was opened in the IMIS 2014-2020 system on 31 January 2019, with a submission deadline of 3 May, 3 p.m. CET, system time. To aid the stakeholders of the cross-border region in the preparing of joint applications, **four Information Days were organised** at the beginning of March (in Lenti, Čakovec, Osijek and Kaposvár), the last occasion being accompanied by **a Partner Search Forum as well**. During the entire time when the Call was open, members of the JS (including the colleagues in the regional offices in Pécs, Osijek and Čakovec) were continuously receiving project managers of interested organisations for personal consultations about their project ideas.

The second quarter saw the submission deadline of the second CfP on 3 May, at 3 p.m. CET (system time), with the final number of submitted project proposals reaching 162. The simplified formal- and eligibility assessment of the applications was started in June, building exclusively on internal human resources of the JS in this stage. The report on this assessment step was approved by the MA and the Croatian NA **in the third quarter, in August**. On 6 September 2019 the 42 project proposals marked for rejection were informed about the decision via the IMIS system and in accompanying e-mails in which the detailed reasons for rejection were explained. The deadline for submitting complaints against the MA decision expired on 20 September, to which deadline a total of 28 appeals were received via post. **The meeting of the Complaint Board was organised in the third quarter of the year**, on 30 October in Budapest – as a result 19 appeals were deemed as justifiably while the other 9 were finally rejected. Meanwhile the quality assessment of 120 project proposals has started in September with the involvement of external assessors. The returning 19 applications were also addressed from November on. Each application was checked by one JS member and one external expert, this work finished in December 2019 and the invitation and materials for the meeting of the MC were sent out by the JS on 20 December, with **the decision-making meeting scheduled for 15 January 2020**.

Besides the projects (to be) selected via open CfP, the Programme contains also two operations which can be regarded as **strategic projects**. **'De-mine HU-HR II' in PA2**, a continuation of the earlier co-operation of the two Member States' authorities for the removal of landmines, managed its final reporting process in the year 2019. At the same time the other co-operation planned outside the spectrum of open CfP-s, **the 'Beneficiary Light Scheme' project of PA1** (Economic Development) which started implementation on 1 February 2017 has managed in 2019 the 3rd Call for Light Concepts and even the 3rd Call for Light Project Proposals (the second step of the two-step SME selection procedure), while at the same time stipulating the subsidy contracts with the supported SME co-operations of the 1st and 2nd Calls.

To support the efficient day-to-day communication of the Programme towards the general public and the interested potential applicants, **an all-new website (www.huhr-cbc.com) was set up in 2015**; it has a new maintenance contract from 2018 onwards and **is complemented by an official Facebook and Twitter profile**. The web developer delivered also the project database of the Programme in 2019 in November; it was instantly opened to the public on the website under the link <http://www.huhr-cbc.com/en/project-database>. The Programme participated also in 2019 in the **European Co-operation Day** initiative, certain LB-s and B-s of co-financed projects still under implementation organised in co-operation with the JS several events, showcasing their outcomes and future plans to the public.

Concerning the meetings held in the Programme in 2019 there was one session of the MC in May, a meeting of the FLC bodies, the JS and the MA and Croatian NA in April, and a Group of Auditors meeting in December. Next to the 1 'live' MC meeting there were also 4 written decision-making procedures managed during the course of the year.

Regarding the human resources available to programme implementation, **the JS** operated also in 2019 with a full team of 8 co-workers. **Both the MA and the Croatian NA** keep committing the same human resources as previously present in the cross-border co-operation programme of the

2007-2013 financial perspective.

As the tasks have widened from 2018 onwards (mainly through the actual implementation of the Programme's first 55 projects) the **involvement of the FLC bodies, of the Certifying Authority (CA) and of the Audit Authority (AA)** was also increasing in the reporting year.

The IT system of the Programme (IMIS 2014-2020) was further developed in 2019: the application module for project proposals of Call No. HUHR/1901 was finalised and opened to be used by the potential B-s.

Related to all the above, and the 2019 performance of the Programme **in relation to financial and indicator data, please refer to Chapter 3.2, 3.3 and 3.4** of the present report.

3. IMPLEMENTATION OF THE PRIORITY AXES (Article 50(2) of Regulation (EU) No 1303/2013)

3.1 Overview of the implementation

ID	Priority Axis	Key information on the implementation of the Priority Axis with reference to key developments, significant problems and steps taken to address these problems
PA 1	Economic development	<p>The Priority represents 16,38 percent of the ERDF funding allocated to the Programme. The entire amount is dedicated to financing the so-called Beneficiary Light Scheme, a special operation partly acting like a regular project and partly like a support scheme. This model of providing de minimis support to SME-s in a cross-border context was taken by the planning experts (and endorsed by the Task Force) from the Euroregion Rhine-Waal at the border of Germany and the Netherlands.</p> <p>The main B-s are non-profit organisations dealing with enterprise support in each of the seven border counties, while the LB is HAMAG-BICRO, a Croatian enterprise promotion agency. The official starting date of the project was 1 February 2017. The opening of the mechanism to SME-s started in summer 2017, and its implementation continued into 2019 as well. The two-step selection procedure consists of the following stages: a) a Call for Light Concepts, ending with an initial selection step; b) a project development phase where external experts (called the External Project Support Facility, EPSF) aid the SME-s in the detailed elaboration of their project ideas; and c) a Call for Light Project Proposals, at the end of which the Selection Board of the SME support scheme decides about the co-operations to be co-financed.</p> <p>A slight delay in the implementation of the PA can be attributed to the late selecting of the EPSF. As described in Chapter 5 (b) of the present report, the contracting of the experts by the LB suffered a 6-7 month delay due to appeal processes connected to the public procurement procedure. Finally, the tendering was in August 2018 found to be in line</p>

		<p>with the rules in Croatia, and the winning tenderer could be contracted by the LB. The partnership of the scheme tried to make up for the delay by speeding up SME-selection, having launched at the beginning of 2019 already the 3rd Call for Light Concepts and even the 3rd Call for Light Project Proposals (the second step) by the end of the year 2019. Project selection is scheduled for the first quarter of 2020.</p> <p>The partnership (main Beneficiaries) of the strategic project has in 2019 submitted one project report (PR2), covering two reporting periods (4-5 trimesters). The approved and transferred EU contribution amounted to 271.919,65 EUR.</p>
PA 2	Sustainable use of natural and cultural assets	<p>IP 6d provided support to the first strategic project of the Programme, 'De-mine HU-HR II', in the amount of 2.971.344,40 Euros of EU funding. The project started its activities (on the Croatian side removal of landmines and quality assurance of the operations, on the Hungarian side non-technical and technical survey of areas, removal of explosive remnants of war, environmental rehabilitation) on 1 June 2016 and closed on 31 May 2018. The final project report (PR6) was submitted in 2019, and the last portion of ERDF was transferred to the Croatian LB until the end of the year, bringing this strategic project to a close also financially.</p> <p>Regarding the rest of the Priority, in case of both IP 6c and 6d, the funding contained therein is being distributed mainly via open Cfp-s. Calls regarding IP 6c contain in their rules regulating eligible project activities references to the 'Regional Tourism Product Plan', developed in 2011 in the framework of the Hungary-Croatia (IPA) Cross-border Co-operation Programme 2007-2013 and serving ever since as a tool for the more streamlined joint development of (natural- and cultural heritage based) tourism in the eligible programme area.</p> <p>The first Cfp has opened 12.752.544 Euros and 8.576.241 Euros of EU contribution to IP 6c and 6d, respectively. As a result of decisions on funding taken by the MC in March 2017, projects in IP 6c (17 co-operations) are spending 15.473.141 Euros, and projects in IP 6d (3 partnerships) 2.094.545 Euros of ERDF on their joint activities. The PA was open also in the second Cfp, managed during the course of 2019. Project selection took place in January 2020. For more information about the number of applications and supported projects in this PA please refer to Chapter 5 (b) of the present report.</p> <p>There are no significant problems with the implementation of the Priority. The projects with the biggest EU funding are being managed in this PA, but their implementation is proceeding smoothly, owing to the thorough assessment and contracting process during which all legal and other obstacles (ownership issues, building- and other permits etc.) are identified and cleared before the start of the project activities. Increases in the prices of construction material,</p>

		<p>encountered by some B-s, are handled with the regrouping of remaining funds within the project budgets and/or with involving more own contribution from sources other than the ERDF funding of the project.</p>
PA 3	Co-operation	<p>The Priority represents 9,4 percent of the ERDF funding allocated to the Programme (meaning 5.717.494 Euros). Its Specific Objective is to involve more social and institutional actors into cross-border co-operation. This type of priority has always been well received by the potential applicants of the Hungarian-Croatian border region, therefore the Task Force members and the planning experts recommended its inclusion into the Programme, supported also by the opinion of local stakeholders on the ground.</p> <p>The Priority is managed mainly through open CfP-s and was launched already as part of the first CfP, with an indicative 2.500.000 Euros of EU contribution. The selected and contracted 15 projects in this Priority are foreseen to spend 2.658.115 Euros of ERDF on their joint activities. Project selection in the second CfP, launched and assessed in 2019, stretched over into 2020 – for more information about number of projects and EU funding contracted please refer to Chapter 5 (b).</p> <p>A new operation in this PA, the pilot project 'CBJointStrategy', was selected for support by the MC on its 8th meeting, on 21 May 2019. Its objectives are to a) prepare the impact analysis of the 2014-2020 cross-border programme, and b) to draft (building also on the impact analysis) the situation analysis and the strategy of the new, 2021-2027 programme. Special weight is given to the outputs of this project by the fact that the sole Beneficiary, the European Grouping of Territorial Co-operation 'Pannon', has among its constituting members all borderline counties of the Hungary-Croatia border region, ensuring that all stakeholders are closely involved in the entire strategy-drafting process. The planning- and capacity-building project was awarded 246.153,62 EUR of EU funding and will be implemented until 31 August 2021.</p> <p>There are no significant problems encountered with the implementation of this Priority.</p>
PA 4	Education	<p>This PA also represents 9,4 percent of the ERDF funding allocated to the Programme (meaning 5.717.494 Euros). Its Specific Objective is to improve the role of educational institutions as intellectual centres for increasing the specific local knowledge-base in the region. The Priority was requested by the local stakeholders to be featured in the Programme, and it is to support co-operations at all levels of education (pre-school, primary and secondary education, adult education and higher education).</p> <p>This Priority is also managed through open CfP-s and was</p>

		<p>launched already as part of the first Cfp, with 2.700.000 Euros of indicative total EU contribution. The funded and contracted 18 projects in this Priority could spend 2.937.511 Euros of ERDF on their joint activities. Project selection in the second Cfp, launched and assessed in 2019, stretched over into 2020 – for more information about number of projects and EU funding contracted please refer to Chapter 5 (b).</p> <p>There are no significant problems experienced with the implementation of this Priority either. However, the only cancelled co-operation of the Programme can be found in this PA – project HUHR/1601/4.1.1/0003 (acronym: 'MT-UNICOP', LB: University of Pécs, Hungary) withdrew from concluding the Subsidy Contract. The EU funding amount of 213.548 EUR will be used for projects in this same Priority in the second open Cfp.</p>
PA 5	Technical Assistance (TA)	<p>The MC has approved at its 1st meeting (on 8 December 2015) altogether 8 TA projects and corresponding TA forms. One additional TA project and -form were introduced in 2018 when project HUHR TA/01 had to be split to two, due to technical reasons. With the support of these 9 TA projects (among others) the following were accomplished in the reporting year 2019:</p> <ul style="list-style-type: none"> - 1st quarter: approval of 15 PR-s, for a total of 1.029.331,27 EUR of EU contribution; preparation and publishing of a new open Cfp; opening a new module of IMIS (application module) to the potential applicants; four information days and one partner search forum organised for applicants; selection of 10 SME-cooperations in strategic project 'Beneficiary Light Scheme'; - 2nd quarter: 24 project PR-s approved, for a total of 2.401.371,72 EUR of EU contribution; closing of the new open Cfp; organisation of one MC meeting; preparation of the final version of the Annual Implementation Report 2018; start of contracting with 9 SME-cooperations in the Beneficiary Light Scheme; - 3rd quarter: approval of 17 PR-s, for a total of 2.303.669,89 EUR of EU contribution; simplified formal- and eligibility assessment of 162 project proposals, 42 rejection cases identified and officially informed; starting quality assessment on 120 project proposals; 25 SME Light Concepts selected in the Beneficiary Light Scheme, to be elaborated into full Light Project Proposals; - 4th quarter: 14 project PR-s approved, for a total of 3.032.541,01 EUR of EU contribution; handling of 28 complaint letters, organising a Complaint Board meeting, adding 19 applications with approved appeal to the quality assessment; scoring of a total of 139 project proposals, preparation of Ranking list and other materials for the MC meeting in January 2020. Receiving 23 Light Project

		Proposals to the 3 rd Call of the Beneficiary Light Scheme. Closing of a strategic project (acceptance of PR): 'De-mine HU-HR II'.
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3.2 Common and programme specific indicators (Article 50(2) of Regulation (EU) No 1303/2013)

Data for common and programme-specific indicators by Investment Priority transmitted using the Tables 1 to 2 below.

Table 1

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

Automatic from SFC						Annual value						Observations (if necessary)
ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2023)	2014	2015	2016	2017	2018	2019	(Frequency of reporting is planned to be 2018, 2020 and 2023.)
PA 1, 1.1	Average GVA per capita of industry and services sectors of the programme area	EUR	5.208,00	2011	5.500,00	5.208,00	0,00	0,00	0,00	0,00	0,00	The indicator is connected to the 'Beneficiary Light Scheme' strategic project and has not yet been reported on by the end of the year 2019. It can show values once the SME project parts will have been implemented.
PA 2, 2.1	Number of guest nights in Zone B defined by the Handbook to Tourism Projects in the Hungary-Croatia (IPA) Cross-border Co-operation Programme 2007-2013	number	1.758.826,00	2013	1.846.747,00	1.758.826,00	0,00	0,00	148.407,0 035,00	246.550, 18,00	021,00	Most of the values will be reported by B-s/LB-s in the final PR-s, at the end of project implementation, when the statistical data is available.
PA 2, 2.2	Increased number of habitats with 'A: excellent' conservation status of selected Special Bird Protection Areas	number	179,00	2014	192,00	179,00	0,00	0,00	0,00	0,00	0,00	
PA 3, 3.1	Number of entities participating in cross-border networks and bilateral co-operations	number	36,00	2015	49,00	36,00	0,00	0,00	80,00	12642,00	0,00	

PA 4, 4.1	Number of educational institutions in the border region that offer courses jointly or with region- or neighbouring country-specific content	number	29,00	2014	90,00	29,00	0,00	0,00	187,00	1326,00	0,00	
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Table 2

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

	ID	Indicator (Name of indicator)	Measurement unit	Target value (2023)	CUMULATIVE VALUE						Observations (if necessary)
					2014	2015	2016	2017	2018	2019	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	1.1	Number of enterprises receiving support	pcs	80,00	0,00	0,00	0,00	80,00	80,00	80,00	The 'Beneficiary Light Scheme' project has contracted 19 SME-s so far, but the LB has not yet reported this value in a PR. SME-s have also not reported yet, thus no EU contribution has been transferred to them in 2019.
Cumulative value – Outputs delivered by operations (actual achievement)					0,00	0,00	0,00	0,00	0,00	19,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	1.2	Number of enterprises receiving grants	pcs	80,00	0,00	0,00	0,00	80,00	80,00	80,00	The 'Beneficiary Light Scheme' project has contracted 19 SME-s so far, but the LB has not yet reported this value in a PR. SME-s have also not reported yet, thus no EU contribution has been transferred to them in 2019.
Cumulative value – Outputs delivered by operations (actual achievement)					0,00	0,00	0,00	0,00	0,00	19,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	1.3	Number of enterprises receiving non-financial support	pcs	80,00	0,00	0,00	0,00	80,00	80,00	80,00	The value is reported by LB regarding all three Calls for SME Light Concepts until the end of year 2019.

Cumulative value – Outputs delivered by operations (actual achievement)					0,00	0,00	0,00	0,00	1670,00	167,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	2.1.1	Total surface area of rehabilitated land	ha	450,00	0,00	0,00	459,85	459,85	459,85	459,85	
Cumulative value – Outputs delivered by operations (actual achievement)				450,00	0,00	0,00	0,00	0,00 185,38	0,00 493,00	493,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	2.1.2	Increase in expected number of visits to supported sites of cultural or natural heritage and attractions	number	60.000,00	0,00	0,00	0,00	36.548,00	36.223,00	36.223,00	The target values set by the B-s for this indicator have slightly changed during the project modification process (granted to every project partnership in order to achieve a realistic level of indicators).
Cumulative value – Outputs delivered by operations (actual achievement)				60.000,00	0,00	0,00	0,00	911,00	4.601 20.042,00	20.239,00	It is expected to receive the real (delivered) level of indicators by the time of the approval of the final PR-s.
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	2.1.3	Number of tourism facilities / service providers	number	40,00	0,00	0,00	0,00	23,00	23,00	23,00	

Cumulative value – Outputs delivered by operations (actual achievement)		being certified by an environmental sustainability scheme		40,00	0,00	0,00	0,00	0,00	1622,00	22,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	2.2.1	Surface area of habitats supported in order to attain a better conservation status	ha	5.400,00	0,00	0,00	0,00	135,37	165,37	165,37	
Cumulative value – Outputs delivered by operations (actual achievement)				5.400,00	0,00	0,00	0,00	1,99	154.57236,96	236,96	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	2.2.2	Number of participants in joint education training schemes and awareness raising programmes	persons	1.000,00	0,00	0,00	0,00	546,00	741,00	741,00	
Cumulative value – Outputs delivered by operations (actual achievement)				1.000,00	0,00	0,00	0,00	0,00	499250,00	499,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	2.2.3	Number of joint international studies	pcs	10,00	0,00	0,00	0,00	6,00	6,00	6,00	
Cumulative value – Outputs delivered by operations (actual achievement)				10,00	0,00	0,00	0,00	0,00	0,00	1,00	

achievement)											
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	3.1	Number of institutions participating in joint capacity building actions	number	33,00	0,00	0,00	0,00	90,00	120,00	120,00	
Cumulative value – Outputs delivered by operations (actual achievement)				33,00	0,00	0,00	0,00	22,00	118 51,00	118,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	3.2	Number of harmonized processes, shared initiatives, coordinated policies and projects developed jointly	number	66,00	0,00	0,00	0,00	37,00	37,00	37,00	
Cumulative value – Outputs delivered by operations (actual achievement)				66,00	0,00	0,00	0,00	5,00	103 1,00	31,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	3.3	Number of participants in joint capacity building actions and events	number	810,00	0,00	0,00	0,00	1.208,00	1.212,00	1.212,00	
Cumulative value – Outputs delivered by operations (actual achievement)				810,00	0,00	0,00	0,00	835,00	1.974 143,00	1.974,00	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	4.1	Training courses developed and	number	40,00	0,00	0,00	0,00	101,00	101,00	101,00	

provided by Beneficiaries)		delivered (formal and informal)										
Cumulative value – Outputs delivered by operations (actual achievement)				40,00	0,00	0,00	0,00	27,00	121,00 65,00	121,00		
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	4.2	Number of educational premises refurbished	number	15,00	0,00	0,00	0,00	7,00	7,00	7,00		
Cumulative value – Outputs delivered by operations (actual achievement)				15,00	0,00	0,00	0,00	1,00	36,00	6,00		
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	4.3	Number of educational premises upgraded with technical equipment	number	15,00	0,00	0,00	0,00	37,00	39,00	43,00	The target value changed due to the project modifications processed in 2019.	
Cumulative value – Outputs delivered by operations (actual achievement)				15,00	0,00	0,00	0,00	19,00	3928,00	39,00		
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	4.4	Number of participants in joint education and training schemes to support youth employment,	number	860,00	0,00	0,00	0,00	1.706,00	1.816,00	2.168,00	The target value changed due to the project modifications processed in 2019.	
Cumulative value – Outputs delivered by operations (actual achievement)				860,00	0,00	0,00	0,00	419,00	1.838.003.489,00	3.489,00		

achievement)		educational opportunities and higher and vocational education across borders										
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	4.5	Number of involved marginalised persons in training programmes	number	200,00	0,00	0,00	0,00	475,00	455,00	545,00	The target value changed due to the project modifications processed in 2019.	
Cumulative value – Outputs delivered by operations (actual achievement)				200,00	0,00	0,00	0,00	280,00	466,00 529,00	529,00		
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	5.1	Projects selected for financing	number	100,00	0,00	9,00	10,00	63,00	63,00	64,00	Two strategic projects, eight TA projects and 54 regular projects contracted.	
Cumulative value – Outputs delivered by operations (actual achievement)				100,00	0,00	0,00	630,00	630,00	6332,00	65,00	Two strategic projects, 8 + 1 TA projects, 53 regular projects (from the first CfP) + 1 pilot project ('CBJointStrategy').	
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	5.2	Electronic monitoring system established	number	1,00	0,00	0,00	1,00	1,00	1,00	1,00	The Programme (and its IT system) passed the designation audit in December 2017.	

Cumulative value – Outputs delivered by operations (actual achievement)				1,00	0,00	0,00	1,00	1,00	1,00	1,00	There have been no fully implemented TA projects yet.
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	5.3	Programme evaluation plan prepared (and approved by the MC)	number	1,00	0,00	0,00	1,00	1,00	1,00	1,00	The Evaluation Plan was approved by the MC in December 2016.
Cumulative value – Outputs delivered by operations (actual achievement)				1,00	0,00	0,00	1,00	1,00	1,00	1,00	There have been no fully implemented TA projects yet.
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	5.4	Programme communication plan prepared (and approved by the MC)	number	1,00	0,00	1,00	1,00	1,00	1,00	1,00	The Communication Strategy of the Programme was approved by the MC in December 2015.
Cumulative value – Outputs delivered by operations (actual achievement)				1,00	0,00	0,00	1,00	1,00	1,00	1,00	There have been no fully implemented TA projects yet.
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	5.5	Guiding documents addressed to applicants and Beneficiaries	number	3,00	0,00	1,00	1,00	4,00	8,00	9,00	New document in 2019: Guidelines for Applicants for the Second Call for Proposals.
Cumulative value – Outputs delivered by operations (actual achievement)				3,00	0,00	0,00	1,00	4,00	8,00	9,00	There have been no fully implemented TA projects yet.

Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	5.6	Publicity events	number of events	10,00	0,00	1,00	4,00	5,00	6,00	11,00	New events in 2019: 4 Information Days (Čakovec HR, Lenti HU, Osijek HR, Kaposvár HU) + 1 Partner Search Forum (Kaposvár HU) following the launch of the second CfP.
Cumulative value – Outputs delivered by operations (actual achievement)				10,00	0,00	0,00	4,00	5,00	6,00	10,00	There have been no fully implemented TA projects yet.
Cumulative value – Outputs to be delivered by selected operations (forecast provided by Beneficiaries)	5.7	Number of employees (FTE-s) whose salaries are co-financed by technical assistance	number of FTE-s	9,00	0,00	0,00	9,00	9,00	9,00	9,00	
Cumulative value – Outputs delivered by operations (actual achievement)				9,00	0,00	0,00	0,00	9,00	9,00	9,00	9,00

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

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

Table 3

Information on the milestones and targets defined in the performance framework

Priority Axis	Indicator Type (Key implementation on step, financial, output or, where appropriate result indicator)	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	2014	2015	2016	2017	2018	2019 ¹	Observations (if necessary)
PA 1 ²	Financial	1.1	Financial indicator	EUR	2.200.000,00	11.718.000,00	0,00	0,00	0,00	0,00	406.748,58	678.668,11	
	Output	1.2	Number of enterprises receiving grants	pcs	15,00	80,00	0,00	0,00	0,00	0,00	0,00	0,00	
PA 2	Financial	2.1	Financial indicator	EUR	7.580.000,00	42.093.711,00	0,00	0,00	0,00	1.740.525,76	3.931.605,12	10.937.885,55	

¹ Financial indicators were calculated based on Applications for Payment submitted to the EC in 2019.

² Within strategic project 'Beneficiary Light Scheme' only the selection procedures (and partly the contracting procedures) were managed until the end of 2019, therefore the first payments to the SME B-s will take place in 2020 only.

	Output	CO09	Increase in expected number of visits to supported sites of cultural or natural heritage and attractions	number	9.000,00	60.000,00	0,00	0,00	0,00	0,00	4.601,00	4.601,00
	Output	CO23	Surface area of habitats supported in order to attain a better conservation status	ha	810,00	5.400,00	0,00	0,00	0,00	0,00	154.57	154.57
PA 3	Financial	3.1	Financial indicator	EUR	1.210.000,00	6.726.464,00	0,00	0,00	0,00	0,00	911.271,47	2.296.906,38
	Output	3.3	People participating in joint actions and events	number	125,00	810,00	0,00	0,00	0,00	0,00	1.143,00	1.143,00
PA 4	Financial	4.1	Financial indicator	EUR	1.210.000,00	6.726.464,00	0,00	0,00	0,00	0,00	1.029.501,93	2.805.686,71
	Output	4.2	Number of participants in joint education and training schemes to support youth employment, educational opportunities and higher and vocational education across borders	number	150,00	860,00	0,00	0,00	0,00	0,00	1.838,00	1.838,00

*Member States submit cumulative values for output indicators. Values for financial indicators are cumulative. Values for the key implementation steps are cumulative if the key implementation steps are expressed by a number or percentage. If the achievement is defined in a qualitative way, the table should indicate whether they are completed or not.

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

Table 4

Financial information at Priority Axis and Programme level

as set out in Table 1 of Annex II to Commission Implementing Regulation (EU) No 1011/2014 (1) [Model for transmission of financial data] (2) and table 16 of model for co-operation programmes under the European Territorial Co-operation goal

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
The financial allocation of the Priority Axis based on the Co-operation Programme						Cumulative data on the financial progress of the Co-operation Programme					
PA	Fund	Category of region	Basis for the calculation of Union support	Total funding	Co-financing rate	Total eligible cost of operations selected for support (EUR)	Proportion of the total allocation covered with selected operations (%) (column 7/ column 5 *100)	Public eligible cost of operations selected for support (EUR)	Total eligible expenditure declared by beneficiaries to the Managing Authority	Proportion of the total allocation covered by eligible expenditure declared by beneficiaries (%) (column 10/ column 5 *100)	Number of operations selected
PA 1	ERDF		Total eligible cost	11.718.000,00	85%	12,510,299.00	106.76	9,960,299.00	1,036,680.60	8.85	1
PA 2	ERDF		Total eligible cost	42.093.711,00	85%	24,197,265.65	57.48	24,105,934.61	18,649,740.17	44.31	21
PA 3	ERDF		Total eligible cost	6.726.464,00	85%	3,416,782.01	50.79	3,373,954.39	2,818,915.94	41.91	16
PA 4	ERDF		Total eligible cost	6.726.464,00	85%	3,446,790.94	51.24	3,425,800.04	3,123,268.95	46.43	18
PA 5	ERDF		Total eligible	6.635.389,00	55%	6,635,388.87	100.00	6,635,388.87	1,943,900.09	29.30	9

			cost								
Total	ERDF		Total eligible cost	73.900.028,00	82,3%	50,206,526.47	67.94	47,501,376.91	27,572,505.75	37.31	65

Where applicable, the use of any contribution from third countries participating in the Co-operation Programme should be provided (for example IPA and ENI, Norway, Switzerland):

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

Table 5

Breakdown of the cumulative financial data by category of intervention (Article 112(1) and (2) of Regulation (EU) No 1303/2013 and Article 5 of Regulation (EU) No 1304/2013)

(as set out in Table 2 of Annex II to Commission Implementing Regulation (EU) No 1011/2014 [Model for transmission of financial data] and tables 6-9 of Model for co-operation programmes)

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support (€)	Public eligible cost of operations selected for support (€)	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
PA 1	ERDF	001. Generic productive investment in SME-s	01	01	07	03		06	HU-HR	5,202,000.00	3,901,500.00	0	<u>1</u> ³
PA 1	ERDF	001. Generic productive investment in SME-s	01	02	07	03		06	HU-HR	2,601,000.00	1,950,750.00	0	1
PA 1	ERDF	001. Generic productive investment in SME-s	01	03	07	03		06	HU-HR	867,000.00	650,250.00	0	1
PA 1	ERDF	066. Advanced support services for SME-s and groups of SME-s	01	01	07	03		06	HU-HR	1,386,179.40	1,386,179.40	551,975,21	1
PA 1	ERDF	066. Advanced support services for SME-s and groups of SME-s	01	02	07	03		06	HU-HR	924,119.60	924,119.60	484,705.39	1

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

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support (€)	Public eligible cost of operations selected for support (€)	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
PA 1	ERDF	075. Development and promotion of tourism services in or for SME-s	01	01	07	03		06	HU-HR	918,000.00	688,500.00	0	1
PA 1	ERDF	075. Development and promotion of tourism services in or for SME-s	01	02	07	03		06	HU-HR	459,000.00	344,250.00	0	1
PA 1	ERDF	075. Development and promotion of tourism services in or for SME-s	01	03	07	03		06	HU-HR	153,000.00	114,750.00	0	1
PA 2	ERDF	034. Other reconstructed or improved road	01	03	07	06		11	HU-HR	1,019,155.50	1,019,155.50	379,614.45	1
PA 2	ERDF	085. Protection and enhancement of biodiversity, nature protection and green infrastructure	01	03	07	06		21	HU-HR	2,464,171.15	2,458,208.97	2,171,728.22	3
PA 2	ERDF	086. Protection, restoration and sustainable use of Natura 2000 sites	01	03	07	06		21	HU-HR	2,884,513.93	2,819,844.80	809,537.27	2
PA 2	ERDF	087. Adaptation to climate change measures and prevention and management of climate	01	03	07	06		21	HU-HR	277,377.35	277,377.35	241,829.98	1

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support (€)	Public eligible cost of operations selected for support (€)	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
		related risks											
PA 2	ERDF	089. Rehabilitation of industrial sites and contaminated land	01	03	07	06		21	HU-HR	3,529,399.70	3,529,399.70	3,495,699.40	1
PA 2	ERDF	090. Cycle tracks and footpaths	01	02	07	06		11	HU-HR	953,182.59	953,182.59	892,237.50	1
PA 2	ERDF	090. Cycle tracks and footpaths	01	03	07	06		11	HU-HR	6,399,988.83	6,399,988.83	5,177,010.45	4
PA 2	ERDF	091. Development and promotion of the tourism potential of natural areas	01	03	07	06		20	HU-HR	842,285.50	842,285.50	794,024.44	1
PA 2	ERDF	092. Protection, development and promotion of public tourism assets	01	02	07	06		20	HU-HR	252,314.37	252,314.37	229,095.24	1
PA 2	ERDF	092. Protection, development and promotion of public tourism assets	01	03	07	06		20	HU-HR	4,325,529.91	4,311,860.40	3,285,484.14	4
PA 2	ERDF	094. Protection, development and promotion of public	01	03	07	06		20	HU-HR	1,249,346.82	1,242,316.60	1,173,479.08	2

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support (€)	Public eligible cost of operations selected for support (€)	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
		cultural and heritage assets											
PA 3	ERDF	119. Investment in institutional capacity and in the efficiency of public administrations and public services	01	01	07	11		17	HU-HR	289,592.50	289,592.50	0,00	1
PA 3	ERDF	119. Investment in institutional capacity and in the efficiency of public administrations and public services	01	02	07	11		17	HU-HR	895,072.15	889,484.65	810,497.77	4
PA 3	ERDF	120. Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies	01	01	07	11		20	HU-HR	1,210,287.17	1,202,834.41	1,071,990.91	5
PA 3	ERDF	120. Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies	01	02	07	11		20	HU-HR	872,917.32	857,752.21	793,996.11	5

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support (€)	Public eligible cost of operations selected for support (€)	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
PA 3	ERDF	120. Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies	01	03	07	11		20	HU-HR	148,912.87	134,290.62	142,431.15	1
PA 4	ERDF	117. Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings	01	01	07	10		18	HU-HR	156,087.86	153,797.23	144,853.96	1
PA 4	ERDF	117. Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings	01	02	07	10		18	HU-HR	1,634,237.22	1,623,681.55	1,501,144.03	9
PA 4	ERDF	117. Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings	01	03	07	10		18	HU-HR	199,950.00	199,950.00	182,743.08	1
PA 4	ERDF	118. Improving the labour market relevance of education and training systems, facilitating the	01	01	07	10		18	HU-HR	696,748.04	696,748.04	608,757.47	3

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support (€)	Public eligible cost of operations selected for support (€)	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
		transition from education to work, and strengthening vocational education and training systems and their quality											
PA 4	ERDF	118. Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality	01	02	07	10		18	HU-HR	759,767.82	751,623.22	685,770.41	4
PA 5	ERDF	121. Preparation, implementation, monitoring and inspection	01	07	07			17	HU-HR	6,306,388.87	6,306,388.87	1,943,900.09	7 ⁴
PA 5	ERDF	122. Evaluation and studies	01	07	07			17	HU-HR	80,000.00	80,000.00	0,00	1
PA 5	ERDF	123. Information and communication	01	07	07			17	HU-HR	249,000.00	249,000.00	0,00	1
Total	ERDF												

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

Priority axis	Characteristics of expenditure	Categorisation dimensions								Financial data			
		Intervention field	Form of finance	Territorial dimension	Territorial delivery mechanism	Thematic priority dimension	ESF secondary theme	Economic dimension	Location dimension	Total eligible cost of operations selected for support (€)	Public eligible cost of operations selected for support (€)	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
Grand total										50,206,526.47	47,501,376.91	27,572,505.75	65

Table 6

Cumulative cost of all or part of an operation implemented outside the Union part of the Programme area

1	2	3	4	5
	<p>The amount of ERDF support(*) envisaged to be used for all or part of an operation implemented outside the Union part of the Programme area based on selected operations (EUR)</p>	<p>Share of the total financial allocation to all or part of an operation located outside the Union part of the Programme area (%) (column 2/total amount allocated to the support from the ERDF at programme level *100)</p>	<p>Eligible expenditure of ERDF support incurred in all or part of an operation implemented outside the Union part of the Programme area declared by the Beneficiary to the Managing Authority (EUR)</p>	<p>Share of the total financial allocation to all or part of an operation located outside the Union part of the Programme area (%) (column 4/total amount allocated to the support from the ERDF at programme level *100)</p>
<p>All or part of an operation outside the Union part of the Programme area (1)</p>	<p>0,00</p>	<p>0,00</p>	<p>0,00</p>	<p>0,00</p>

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

In line with the Evaluation Plan of the Interreg V-A Hungary-Croatia Cooperation Programme 2014-2020, approved by the MC in 2016 after its 4th meeting, **an operational- (and partly impact-) evaluation exercise was carried out in 2018** in the so called 'First Phase Evaluation of the CBC Programmes Managed by Hungary'. The task was outsourced by the MA to external experts working at CESCO, the Central European Service for Cross-border Initiatives. In line with the Evaluation Plan, the evaluation exercise focused on a) programme management and implementation, b) Calls for Proposals, project application and selection procedures, and c) the Communication Strategy of the Programme.

The reference period of the evaluation was counted from the launch of the first CfP on 29 February 2016 until the cut-off date of the data processing from the IMIS 2014-2020 monitoring system on 31 August 2018.

Within the framework of the evaluation assignment, **the effectiveness and efficiency of the programme management functions, as well as the impact of the Programme on the eligible area were assessed, the latter to a limited extent** due to the fact that a short period of time was spent between the launch of the first CfP and the evaluation exercise itself, and in particular the starting of project implementation and reporting of the first CfP projects. Real impacts will be measurable in a later phase of programme implementation with much better effectiveness.

The Evaluation Report was approved by the MC on its 8th meeting, held in Noskovci, Croatia on 21 May 2019 where the leader of the expert team of CESCO presented to the MC members the main findings and conclusions, as well as recommendations drawn from the operational evaluation of the Programme. MC members discussed the main findings and formulated their comments which were also incorporated into the final approved version of the document. **For more information please refer to Chapter 9.1 of the Annual Implementation Report about the year 2018.**

Finally, please note that **the impact evaluation of the Programme is scheduled to be carried out during the course of 2020** (as defined in the Evaluation Plan), in parallel with the planning of the new programme of the 2021-2027 period. Strategic project 'CBJointStrategy', managed by Pannon EGTC as sole Beneficiary, has been tasked with performing the upcoming evaluation; their sub-contracted external **experts have started work in February 2020.**

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

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

The entire project selection procedure of the first CfP, managed in 2016 and 2017, lasted 9 months. With the help of a new system of assessment, described in more detail below, in case of the second CfP it was possible to decrease this to 7 months.

Due to a number of formal and eligibility criteria being considered as too strict in retrospect (e.g. the formal requirements of documents to be submitted, like establishing documents and extracts from register), **the formal and eligibility rules were eased in the second CfP**, launched on 31 January 2019 with the submission deadline of 3 May. Potential applicants were informed about these changes (to their benefit) already in the documents of the CfP, such as the Guidelines for Applicants.

Also, a simplified formal and eligibility assessment was introduced to follow the submission of project proposals – the aim was to allow as many applications into the quality assessment phase as possible, where the scores of the proposals determine who receives funding. Thus only the most outstanding deficiencies resulted in the project proposals' rejection in the simplified formal- and eligibility phase. Owing to the new system of assessment finally **only 23 project proposals had to be rejected** before quality assessment (**14 per cent** of the total 162 submitted), as opposed to 117 project proposals (**56 per cent** of the submitted 208) in case of the first CfP. However, it has to be noted that the significantly increased number of project proposals undergoing quality assessment has led to **a significantly increased competition as well** (because of the available funding not being possible to raise at the same time).

In addition, it has been the general intention to make the life of the applicants easier with the new electronic application system as well, where only scanned documents were needed – even declarations, signed by legally authorised representatives of the project partnerships' organisations, had to be scanned and uploaded only, **no more posting of any documents was necessary**. While preparing the application module of IMIS for the Hungarian-Croatian programme and during the compiling of the second CfP in 2018 and 2019, the lessons learned from the first CfP were carefully examined and taken into consideration wherever applicable.

Finally, the registered technical errors of the Programme's IT system were administered in a user-friendly manner. On the level of the IMIS application module, the implemented proceeding was described in the 'Report of the Joint Secretariat on The Assessment of Project Proposals of the 2nd Call for Proposals', available in the Back Office section of the official website of the Programme (www.huhr-cbc.com). On the level of the IMIS reporting module, corrective Declarations on Validation of Expenditure and irregularities were issued by the FLC in case technical errors were detected.

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

An assessment of whether progress made towards targets is sufficient to ensure their fulfilment, indicating any remedial actions taken or planned, where appropriate

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

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

The second and last Call was opened and closed in 2019, project proposals were assessed and the decision-making on support of projects was prepared in 2019, with the MC meeting taking place on 15 January 2020. **The stipulation of the Subsidy Contracts for the EU funding can begin in the first quarter of 2020**, and many new projects are ready to start implementation in the second quarter.

For the **description of the entire assessment process** of Call HUHR/1901 please refer to the 'Report of the Joint Secretariat on The Assessment of Project Proposals of the 2nd Call for Proposals', available in the Back Office section of the official website of the Programme (www.huhr-cbc.com).

The amendments to the assessment procedures of **the Beneficiary Light Scheme** were implemented within the 2nd Call for Proposals as a necessary flexibility exercise, for the improvement of the novel SME supporting scheme of the Programme.

Eventually returning amounts of first (and second) Call projects are planned to be re-committed to project proposals to be placed onto the Reserve list of the second open Call, until this will be feasible due to time constraints (i.e. the approaching of end of the programming period). The JS will continuously monitor the available funds and will make recommendations as to their use for further projects.

Regarding the n+3 rule, ERDF paid out to LB-s until 31 December 2019 amounts to a total of 14.716.518,48 EUR (without the TA), which is in itself significantly higher than the target for 2019 (5.653.657,22 EUR) and almost reaches already the target for the end of 2020 (15.259.298,04 EUR).

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

Priority Axis 1 – Economic Development

The funding to this PA (9.960.300 Euros of ERDF, representing 16,38% of the Programme's total EU funding) is entirely dedicated to the so-called '**Beneficiary Light Scheme**'. Building on an example from the German-Dutch border region the planning experts and the MC have embraced a new approach towards supporting co-operation between actors of the economy on the Hungarian and Croatian side: for the first time in this border region the cross-border programme provides ERDF funding to SME-s. The project partnership managing the support scheme was set up in 2016 and the project (AF and further materials such as the Implementation Manual) was **approved by the MC on its 4th meeting, on 1 December 2016**. The contracting process and the starting of implementation were carried over to 2017 and **the strategic project had its kick-off on 1 February 2017**, while the foreseen end date is 31 July 2021.

As the 'Beneficiary Light Scheme' is a novelty in the life of the Programme, some crucial steps had to be taken also during project implementation, not only the setting-up, in order to allow the project to operate. **The scheme has a built-in supporting mechanism for the participating SME-s, the External Project Support Facility (EPSF)**, which first had to be set up before detailed project elaboration of SME co-operations (the second phase of the two-step selection process inside the scheme) could begin. These experts are funded from the LB's budget and they have been providing project development assistance to the SME-s since September 2018, being selected in that year by the LB in a public procurement procedure.

In the meantime, the first Call for Light Project Proposals was opened on 26 October 2018 with a closing date of 14 December until which **17 project proposals were received**. The first Selection Board meeting where funding decisions were to be taken was held on 22 February 2019 when the SB members decided to repeat the evaluation process for better results, thus the successful SB meeting took place on 11 March with the establishment of the final ranking list. The planned funding available to the first Call projects is 2,55 million EUR, awarded to the **10 winning SME partnerships in 2019**. **By the end of 2019 altogether 8 Light Projects** from the first Call were contracted and implementing their activities.

Regarding the next two-step application process, the second Call for Light Concepts was open between 16 April and 18 June 2018 – **from the 32 submitted concepts 24 were approved to enter the second round** and received detailed project development aid from the EPSF. Subsequently, the second Call for Light Project Proposals (the second stage) was launched on 14 January 2019 with a submission deadline of 15 March until which **21 project proposals were received**. The Selection Board meeting was held on 1 August 2019 when the SB members approved the final ranking list. The planned funding available to the second Call projects was 3,05 million EUR and was awarded to **12 winning SME partnerships**.

By the end of 2019 two Light Projects from the second Call have already fulfilled the conditions for contracting. There was an awarding ceremony organised by the LB for all SME-s supported in the first two selection processes, the event was held on 29 November 2019 in Prelog, Croatia.

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

Priority Axis 2 – Sustainable Use of Natural and Cultural Assets

This PA, allocated a total of 35.779.654 Euros of ERDF (representing 58,82% of the Programme's total EU funding), is divided into two IP-s, 6c (Conserving, protecting, promoting and developing natural and cultural heritage) and 6d (Protecting and restoring biodiversity and soil and promoting ecosystem services, including through NATURA 2000, and green infrastructure).

IP 6c hosted one of the strategic projects of the Programme, '**De-mine HU-HR II**', a continuation of the earlier de-mining co-operation of the two Member States which was approved by the MC on its 1st meeting in December 2015, and which was under implementation between 1 June 2016 and 31 May 2018. The total EU funding to the project amounted to 2.999.989,74 EUR from which 2.971.344,40 EUR were successfully spent by the LB and the B-s.

For the available funding in IP 6c to **projects to be selected in open calls**, the first CfP saw interest from submitted project proposals at 51.409.488 Euros in total, representing ca. 4 times the amount (12.752.544 Euros) made available. Regarding IP 6d this ratio was 1,4 times (meaning 12.317.661 Euros requested, against 8.576.241 Euros available). **In the frame of the first CfP there were 20 projects supported within PA2**, with the following division among the Components:

- 6 projects in Component 2.1.1 (Bicycle Paths),
- 7 projects in Component 2.1.2 (Tourism Attractions),
- 4 projects in Component 2.1.3 (Thematic Routes and other Tourism Products), and
- 3 projects in Component 2.2.1 (Restoring the Ecological Diversity in the Border Area).

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

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

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

Priority Axis 3 – Cooperation

Almost half (2.500.000,00 EUR from the total amount of 5.717.494,00 Euros) of the ERDF allocated to this PA (representing 9,4% of the Programme's total EU funding) was made available to potential applicants in the framework of the first open CfP. **A popular topic already in the previous Hungarian-Croatian co-operation programmes**, this thematic area attracted the second largest amount of submitted applications, at 52 pieces. The requested total funding amount of 9.663.788,00 EUR meant that interest was 3,9 times higher than the available allocation.

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

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

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

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

During the reporting year one more operation was selected in PA3, **the pilot project managed by Pannon EGTC as sole Beneficiary**. Under the acronym 'CBJointStrategy' the project, endorsed by the MC on its 8th meeting (in Noskovci, Croatia on 21 May 2019), sets out to prepare on one hand the impact assessment of the 2014-2020 programme, and on the other to draft the situation analysis and the strategy of the future programme of the 2021-2027 period. Implementation of the project activities started on 1 September 2019, and the progress and outputs of the work will be closely monitored by the MC of the present- and the Programming Committee of the upcoming programme.

Priority Axis 4 – Education

The ERDF allocation of this PA, just as in case of PA3, amounts to 5.717.494 Euros of ERDF (representing another 9,4% of the Programme's total EU funding). At the time of programme planning the inclusion of this PA was also requested by the stakeholders 'on the ground', and as if to underline the positive decision, this PA has received the largest number of applications in the first open CfP, attracting 55 project proposals. The total requested amount of EU funding was 9.603.168 Euros as compared to an available 2.700.000 Euro framework, resulting in a funding need 3,6 times higher than made available. Projects supported by the MC within the first CfP were divided as follows:

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

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

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

Priority Axis 5 – Technical Assistance

At 6% of the total EU funding allocated to the Programme, TA is the smallest PA, however, it acts as the engine of programme implementation since it contains financial support to all the organisations that manage the Programme throughout its entire life cycle. The 3.649.464 Euros of ERDF (and matching national contributions) are allocated to **8 TA projects, all approved by the MC at its 1st meeting, on 8 December 2015**. (One additional TA project and -form were introduced in 2018 when project HUHR TA/01 had to be split to two, due to technical reasons. No new activities or costs were introduced, only the existing ones were re-grouped.)

Reflecting on the goal of PA5 to *'improve the administrative procedures and lower the administrative burden of the Beneficiaries'* **the activities in the Programme were also in 2019 in line with the statement of Chapter 7 of the CP** that *'the efforts of the Programme to decrease the administrative burden will have to balance between quality and quantity of documentation, as well as between giving clear guidance and overregulation'*. As regards the two concrete actions envisaged in the CP, the situation in 2019 was as follows:

- **Simplified Cost Options** had been introduced already in the first CfP. Preparation costs are defined as a lump sum of 3.000 EUR per project, the B-s can choose to receive their staff costs as a flat rate of up to 20% of direct costs other than staff costs, furthermore office and administration expenditure is calculated as a flat rate of 15% of the staff costs, and equipment for general (office) use is an eligible expenditure that is automatically granted to the selected projects in the form of a lump sum for the maximum of 1.000 EUR per Beneficiary. Owing to these newly introduced changes in administering and reporting, the B-s are freed from a substantial burden, and – along the rules set in the CfP and the Control Guidelines – also the FLC bodies on both sides have been profiting from the simplification of the checking of costs.
- In line with Article 122(3) of the CPR and **the requirements of e-Cohesion**, in case of the first CfP in the processes following the awarding of the EU subsidy the paper-based administration obligations of the B-s have drastically decreased. The selected projects perform their reporting activities already in the electronic monitoring system which integrates all control processes from the BR-s upwards. **At the same time, the second open CfP was launched electronically in 2019, decreasing the administrative burden already in the application phase.** The newly selected projects of 2020 will be ones that have been and will be implemented 100 per cent in an electronic way, from entering the project proposal to submitting the final PR.

Information and publicity activities

Communication activities in 2019 were also implemented **based on the 'Communication Strategy of the Interreg V-A Hungary-Croatia Co-Operation Programme 2014-2020'**, approved on 8 December 2015 via MC Decision No 7/2015 (08.12), **as well as the Communication Plan For The Year 2019** as approved by the MC on 21 May 2019. The 'Introduction' chapter of the Strategy references the Eurobarometer surveys which showed that on the level of the entire Union, the awareness of citizens of the positive impacts of Regional Policy is limited. However, the situation in the two Member States involved in the Programme is significantly better than the European average, with Hungary and Croatia regularly being featured among the top positive results, proven again by a Eurobarometer survey, from June 2017 (Flash Eurobarometer 452). Building on this good starting point, the Communication Strategy defines the goal that *'the achievements of the Programme as a whole, as well as those of its individual projects, should be widely promoted and, when possible, put into a wider perspective of their contribution to the EU Cohesion Policy'*.

All communication activities of the Programme make it their priority to emphasize the role of the EU funding for the Programme and the Hungarian-Croatian border region. This translates to the level of projects through the Project Communication Guidelines (PCG), compulsory to be followed

by all selected operations. Thus *'the Beneficiaries are required to [...] ensure a statement included in any document, attendance or other certificate about the effect that the Programme was financed by the EU'* (see Chapter 1.1 of the PCG). Projects are also obligated *'to ensure that their final outputs have clear reference to EU contribution, while Programme and EU (EU Interreg with ERDF reference) logos are obligatory to be used'*. Compliance with the detailed programme-level rules regarding communication (and regarding the emphasising of the EU support to the project) is to be monitored by both the FLC bodies and the JS during project reporting.

The focus of programme-level communication in 2019 was on the implementation of the first CfP projects and on the launch of the second CfP which happened on 31 January 2019. Thus **the main programme-level communication/information event(s) in 2019 were the Information Days and the Partner Search Forum in March** (<http://www.huhr-cbc.com/en/news/info-days-and-partner-search-2019/284>). They covered both the western and eastern part of the eligible programme area (<http://www.huhr-cbc.com/en/information-days-and-partner-search-forum>), from Čakovec and Osijek in Croatia to Lenti and Kaposvár in Hungary, with a total of **more than 400 participants**.

The general public communication events in 2019 were connected to the 8th edition of European Co-operation Day – thus certain LB-s and B-s of co-financed projects still under implementation organised in co-operation with the JS several events, showcasing their outcomes and future plans to the public: <http://www.huhr-cbc.com/en/news/huhr-ecday-project-events-2019/291>. The closing conferences of the majority of the 53 first CfP projects were also held during 2019: <http://www.huhr-cbc.com/en/project-events>.

Having managed to be backed up by a new 3-year contract in the last quarter of 2018, new visuals were developed for the website (www.huhr-cbc.com) in 2019. Besides a re-designed project events calendar (<http://www.huhr-cbc.com/en/project-events>), a project database was created and placed on the homepage, showcasing details of all 53 first CfP projects, as well as two strategic projects already running ('De-mine HU-HR II' and 'Beneficiary Light Scheme'): <http://www.huhr-cbc.com/en/project-database>. The Programme was very active on social media as well, publishing among others 79 Facebook posts.

Preparations made in 2018 for the printing of promotional materials necessary for the implementation of the communication activities (mainly the Information Days and the Partner Search Forum in spring 2019) were followed up by **printing in the first quarter of 2019. All promotional materials** (canvas bags, posters, A4 and A5 notepapers, pen drives, caps and pens) have had practical value for the applicants (potential B-s / actual B-s), showing them the proper usage of the logos and other visual elements for their future own project outcomes; the logos and other visual elements necessary for the implementation of activities of the funded projects from the first CfP were provided to the LB-s / B-s (in electronic format) also during 2019.

To enable the proper implementation, monitoring and evaluation of the information and communication related activities, **a system of output- and result indicators has been developed in the Communication Strategy**. The evaluation system is centred on quantitative indicators for the programming period, where the output indicator is to measure the activity taken to establish the respective measure, and the result indicator shows what the direct result of the action is.

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

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

See separate file attached to this report.

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

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

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

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

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

8.1 Major projects

Table 7

Major projects

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

(1) In the case of operations implemented under PPP structures the signing of the PPP contract between the public body and the private sector body (Article 102(3) of Regulation (EU) No 1303/2013).

Significant problems encountered in implementing major projects and measures taken to overcome them.

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

Any change planned in the list of major projects in the Co-operation Programme.

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

8.2 Joint action plans

Progress in the implementation of different stages of joint action plans

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

Table 8

Joint action plans

Title of the JAP	CCI	Stage of implementation of JAP 1.completed 2.> 50 % implemented 3.Started 4.approved 5.submitted 6.planned	Total eligible costs	Total public support	OP contribution to JAP	Priority axis	Type of JAP 1.normal 2.pilot 3.YEI	[Planned] submission to the Commission	[Planned] start of implementation	[Planned] completion	Main outputs and results	Total eligible expenditure certified to the Commission	Observations (if necessary)

Significant problems encountered and measures taken to overcome them

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

