

**Summary of the MINUTES
of the 7th Monitoring Committee (MC) Meeting
of the
Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020**

Date: 13 November 2018

Place: Zalakaros, Hungary

Agenda Point 1: Welcome – Approval of the Agenda, technicalities (MC decision)

Ms Nikoletta Horváth, representing the Hungarian Ministry of Foreign Affairs and Trade and the Managing Authority (MA) of the Programme, acting as the Chairperson of the Monitoring Committee (MC), welcomed all the participants of the 7th meeting of the MC, thanked the Joint Secretariat (JS) and the hosting town and county for their support in the organisation of the meeting.

The Chairperson informed the MC that following the parliamentary elections in Hungary in April 2018, an institutional restructuring was made, with the MA of the Programme moving to a new ministry. In the interest of a smooth transition and of keeping professional knowledge and capacity, all MA personnel has been moved from the Prime Minister's Office to the Ministry of Foreign Affairs and Trade.

The Chairperson gave the floor to the representatives of the National Authority and the newly appointed desk officer in charge of the Programme at the European Commission.

Ms Katalin Péntzes, desk officer in DG REGIO in the European Commission, introduced herself and expressed her wish for a long and successful co-operation.

Mr Veljko Radić, representing the Ministry of Regional Development and EU Funds and the National Authority of Croatia (NA), thanked the JS and the MA for the organisation of the meeting and wished for a productive session. He expressed his satisfaction that previous challenging issues have been settled, and he is looking forward to bringing the decision on the launch of the Second Call for Proposals.

Following an introductory round and establishing that the quorum for the meeting had been met, the Chairperson put the Agenda to vote. Since there were no objections to the amended Agenda, it was unanimously accepted.

MC Decision: Agenda approved.

Agenda Point 2: Modification of the Rules of Procedures due to institutional changes (MC decision)

The Chairperson pointed out that the Rules of Procedure (RoP) has been amended to reflect the most recent institutional changes in the system and that it includes also some minor technical corrections.

Mr Márton Szűcs, Head of the Joint Secretariat (JS), pointed out that the new RoP also does not include the obligation for the JS to present and have approved annual working plans by the MC, as deemed no longer necessary due to the eight-year contract with the MA, instead of yearly ones in the previous period. The source of yearly information for the MC would be the Annual Implementation Report, as well as regular presentation of activities during MC meetings.

MC Decision: Modification of the Rules of Procedure is approved as proposed.

Agenda Point 3: Information about the implementation of projects selected in the 1st Call for Proposals

Ms Zrinka Šajn, Financial Manager in the JS, presented the status of the implementation of projects selected for funding within the 1st Call for Proposals and the activities of the JS since the last MC meeting. She pointed out that the JS is handling three main activities at the moment: testing and error solving of the electronic monitoring system (IMIS), managing procedural issues on programme level, and checking progress reporting and following closely the implementation of individual projects.

First projects started with implementation in May 2017, reporting via IMIS started end of March 2018, with several technical meetings with other programme bodies (MA, FLC) taking place in this period, as well as intensive IMIS testing and error solving.

The strategic project 'De-mine HU-HR II' was closed by the end of May, and a number of first Call projects have finished implementation during the summer, their final reports are soon expected.

In June 2018 first Project Reports started arriving from the projects, with first payments to Lead Beneficiaries effected on 19 June 2018.

The TA module of IMIS has been developed and opened in October 2018, soon first TA reports are also expected.

Ms Šajn pointed out that the JS is also performing many monitoring visits to the projects in order to ensure successful implementation.

Since the opening of IMIS Front Office 73 project reports have been processed, with many projects already reporting about two or three periods. Most of the projects needed completion after the first report, but the rate is decreasing with the 2nd batch of reports, as Beneficiaries are getting better acquainted with the system and are getting guidance from their JS managers and a regularly updated FAQ document.

So far 2.795.826,55 EUR have been approved within the reports and already 98% of that total amount has been transferred to the LB-s. It is expected that with the third project reports larger amounts will be reported, as most of the bigger infrastructural works have been planned for that reporting period.

Most of the indicator values are progressing fine and are in line with the current phase of the programme- and project cycle.

The Chairperson pointed out that by the end of 2018 the Programme has to meet the n+3 obligation for the first time. In the interest of the liquidity of the Programme, the first Application for Payment to the EC was sent for a total of 1.6 mEUR, out of which 90% was transferred to the programme account. The payment came within three weeks of the Request, which the Chairperson thanked the representative of the EC for. A new request of 2.4 mEUR is ready and was sent yesterday to the EC.

The Chairperson pointed out that thanks to the new legal background and the internal procedures within Hungary the payments to the projects are more easily processed and take much less time than in the previous programme.

Agenda Point 4: Approval of the 2nd Call for Proposals and its Guidelines for Applicants (MC decision)

The Chairperson pointed out that all the conclusions of the last MC meeting have been implemented into the documents of the 2nd Call for Proposals (CfP), with only a few issues still up for discussion, most prominently the allocations within Specific Objective 2.1.

Mr Szűcs pointed out all the other changes are included in the revised documents, according to the conclusions of the previous MC meeting where the CfP package has already been on the table. The biggest changes include the revision of application documents, whose number has been reduced for the benefit of the applicants, and the Interpretation of Indicators document, which has been expanded with additional information. The application package also includes the revised assessment grids reflecting the new approach where only a quick formal check will be done before a thorough quality assessment – while the detailed formal and eligibility assessment will be part of the contracting procedure.

An additional technical document will be provided to the applicants, the IMIS User Manual (for filling in the application) which is still to be finalised but which does not have to be approved by the MC.

A new feature of the application package is the Budget Table Excel, which would serve as a drafting tool to be shared by the partnership during project preparation, while only the final numbers are to be typed into the IMIS system. The separate file also enables the administering of budget cuts during assessment, any changes during the contracting phase, as well as modifications during project implementation.

Mr János Rakonczai, Financial Manager in the JS, pointed out that the additional budget table is a good tool for project development and pointed out that it will be used for the tracking of smaller modifications, which will simplify the procedures in IMIS.

Ms Horváth:

After consultation with both delegations, the final proposal is to abolish Component 2.1.1 completely in the 2nd CfP and to have its allocation merged with Component 2.1.2.

As Component 2.1.2 seems the most relevant for the border region and the achievement of relevant indicators, additional 700 000 EUR is to be reallocated to it from Component 2.1.3, too.

Due to the expected high interest expected within Component 2.1.2, it is proposed to increase the maximum project size to 1.7 mEUR. Bicycle project parts can still be financed within these two Components, if in line with the other activities.

It is proposed that the CfP be launched end of January 2019, with a 90-day submission period, which means a submission deadline at the end of April 2019.

MC Decision: The MC approves the application package of the 2nd Call for Proposals of the Interreg V-A Hungary-Croatia Co-operation Programme, with the indicative launch date set for end of January 2019 and a 90-day submission period, with the submission deadline to be set for end of April 2019.

Agenda Point 5: Approval of the Amended Assessment Manual, to be valid for the 2nd CfP (MC decision)

The Chairperson introduced the new approach to be applied in the assessment process of the 2nd CfP, according to the previous discussions at the last MC meeting. The applications will first go through a basic formal check, then proceed immediately to quality assessment. Only after the selection process the projects would go through the detailed formal and eligibility check, and they can be contracted only if all criteria are satisfied – otherwise the next project will move up from the reserve list that will be established.

Mr Szűcs pointed out the crucial points in the document. The biggest change in comparison to the 1st CfP is the new approach to assessment; besides that only technical corrections were made, mostly connected to e-Cohesion (i.e. the fact that the application and assessment is to be done within the IMIS system).

MC Decision: The MC approves the Amended Assessment Manual.

Agenda Point 6: Presentation of the EC about preparations for the 2021-2027 financial perspective

Ms Péntes presented the draft Regulation concerning the next programming period (2021-2027) and highlighted the key elements and the main issues concerning the future of Interreg programmes.

The EC aims at increasing thematic concentration, with decreasing the number of Thematic Objectives to five. In order to avoid fragmentation and duplications, Interreg is proposed to have five components, with the present type of programme belonging to the Terrestrial Co-operation. The allocation to Interreg will be reduced, as the proposed budget takes Brexit into account. The EU co-financing rate is proposed to be decreased also, to 70%.

The EC understands the importance of co-operation programmes, and is including a mandatory element of co-operation into mainstream programmes as well. All programmes will have to focus on a joint strategy, and the EC tried to find ways to simplify the processes: eligibility rules are part of the Regulation, there is no designation process, no Certifying Authorities, there are simplified cost options to be used, VAT is eligible below 5 mEUR, and there is no need for a national level Partnership Agreement, but only one document listing all programmes (including Interreg).

The programming is proposed to be done in two parts (5+2 years), with a technical revision after a mid-term evaluation, as it has been recognised that there is need for flexibility during planning.

A new legal tool is proposed: the European Cross-border Mechanism (ECBM). The main objective is to make co-operation along the borders easier and less costly. It enables the Member States to apply the legislation of one MS on the territory of the other. It is to be used on project-by-project basis, and the processes are clearly described and ready to be used in cases where needed.

Agenda Point 7: Information about the state of play regarding strategic project 'De-mine HU-HR II'

Mr Tvrtko Čelan, Programme- and Communication Manager in the JS, informed the MC about the status of the first strategic project of the Programme and the activities since the last MC meeting. 'De-mine HU-HR II' finished implementation on 31 May 2018. The project was awarded almost 3 mEUR of EU contribution, and in that respect also had a vital role in the financial implementation of the whole programme, including the Applications for Payment made to the EC.

The project finished on time, with a bit more than 1,5 km² demined on the Croatian side, and with 137 antipersonnel mines, 103 antivehicle mines and 66 UXO-s (unexploded ordnance) found. The Croatian State Geodetic Administration was also involved in the activities of first proper measurement of the state border since Croatian independence, and in the placement of new border marks.

On the Hungarian side all the mines from the last war were removed within the first joint project, however, there were UXO-s that still remained, as well as some explosive remnants from WWII. The Danube Drava National Park implemented activities connected to the rehabilitation of the land and made it more accessible after the clearing of the area from the mines.

Mr Rakonczai reported about the financial implementation of the project. 'De-mine HU-HR II' is the only project that started without using IMIS, so everything is to be registered in the system retroactively, which is a demanding task. Currently, the third reporting period is being entered, while all the costs have been validated by the FLC Bodies from the first five periods, with only the sixth one remaining. It is planned to finish the huge work by the end of the year, with HU FLC providing help and registering all the costs for the Hungarian Beneficiaries, and the JS managing the entering for the Croatian side. The finalisation of the task is important as by reimbursing the funds from the EC the Programme will meet the n+3 target for this year and the next, and will also be able to make payments to the projects that are currently running as well.

Agenda Point 8: Information about the state of play regarding strategic project 'B-Light Scheme'

Ms Andrea Kakas, Programme Manager in the JS, presented the status of the second strategic project, pointing out the major milestones in the implementation of the 'B-Light Scheme' so far. The project launched a web portal where all the information can be shared and where project ideas can be submitted. Two rounds of open calls for 'light concepts' have been finalised, 40 SME project ideas in total have been selected for further development. The project is generally proceeding as planned, with the first SME-s soon to enter the scheme through the call for 'light project proposals'.

Agenda Point 9: Presentation of the communication activities of the Programme in 2018

Mr Čelan presented the communication activities implemented by the Programme since the last MC meeting. He pointed out that the MC approved via written procedure in September a report that included also all the communication activities implemented in 2017 and those planned for 2018.

The main milestone in the planned activities is the Best Practice Conference to be held on 14 November, where the Beneficiaries, the programme bodies and the stakeholders will have a chance to see the best practices of the first CfP and prepare ideas for the future CfP.

The Programme once again also took part in the European Co-operation Day initiative, with around 15 project events promoting co-operation in the region.

The Programme has also been quite active on its social media profiles, and since October 2018 there is a new contract with a web service provider, so some new developments and content will soon be available on the programme website as well, including Project database and Event calendar.

Agenda Point 10: Information about the closure exercise of the Hungary-Croatia (IPA) CBC Programme 2007-2013

The Chairperson informed the MC that the 2007-2013 programme is very close to closure. The final package was submitted to the EC end of March 2018. There were some questions to the Final Implementation Report that were answered by the MA and the JS. The programme received the pre-closure letter as well as the final amount to the programme bank account. There is still final negotiation between the MA and the EC about the calculation method over a minor sum (1.000 EUR). As the final payment was received by the programme, the national funding that was used for pre-financing is to be paid back to the national budgets. As soon as the programme is finally officially closed from a legal and financial point of view, everyone will be officially informed about the fact.

Agenda Point 11: Any other business

- Mr Čelan presented an upcoming project prolongation request. The maximum length of projects in SO 2.1 in the 1st CfP was 20 months, which is to be prolonged in the 2nd CfP to 24 months. It has been the impression of the JS that in many projects there are problems, mostly on the Hungarian side, and especially with the infrastructural investments, with Beneficiaries struggling to make the deadlines.

Mura Region EGTC as the LB of project HUHR/1601/2.1.2/0004 ('Two Rivers One Goal') is requesting additional 4 months for implementation as they have problems with the delivery of materials needed to finish the investment included in the project. Mr Szúcs pointed out that the detailed description of the issue would be circulated with the Minutes, and in case no comments to the request are made it would be deemed approved with the finalisation of the Minutes.

- Mr Radić informed the MC that the Agency for Regional Development, the hosting institution for the Croatian FLC of the Programme will be merged with the Croatian Ministry of Regional Development and EU Funds as of 1 January 2019. He expressed his hope that the merger will not cause any delays in the performance of the daily tasks of the FLC, but he asked for consideration in case any problems should arise during the transition period.
- Mr Radić also pointed out that the NA finds the KEEP database of the EC a very useful tool and would appreciate if the Programme's data would also be updated there on a regular basis. The Chairperson agreed with the proposal and all the measures will be taken so that programme data are included in the KEEP database as well.
- The Chairperson pointed out that according to the proposed draft Regulation by the EC for the post-2020 period, it is crucial to have a joint strategy for the future co-operation

programmes. As it is apparent that EGTC-s will have a bigger prominence in the future, it is the intention of the MA to include them also in the elaboration of the future programming document in line with the principle of subsidiarity. A project fiche template with a section of detailed information about the partners, budget details, the implementation timeline, outputs and deliverables etc. is to be elaborated by the MA, NA and JS and submitted to the MC for approval, so that the planned EGTC-led pilot project can be developed by the stakeholders.

The Chairperson thanked all participants for a productive meeting and the co-operation and invited them to join the Best Practice Conference the next day as well.

The Chairperson adjourned the meeting.