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1. Joint programme strategy: main development challenges and policy responses

1.1. Programme area (not required for Interreg C programmes)

Reference: point (a) of Article 17(3), point (a) of Article 17(9)

The border region covers 31,085 km2 and about 1.99 million inhabitants (2019), thereof 47% lives in Hungary and 53% in Croatia. It includes three Hungarian counties, Zala, Somogy and Baranya, as well as eight Croatian counties, Bjelovarsko-bilogorska, Koprivničko-križevačka, Međimurska, Osječko-baranjska, Požeško-slavonska, Varaždinska, Virovitičko-podravska and Vukovarsko-srijemska.

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

1.2 Joint programme strategy: Summary of main joint challenges, taking into account economic, social and territorial disparities as well as inequalities, joint investment needs and complimentary and synergies with other funding programmes and instruments, lessons-learnt from past experience and macro-regional strategies and sea-basin strategies where the programme area as a whole or partially is covered by one or more strategies.

Reference: point (b) of Article 17(3), point (b) of Article 17(9)

The programme area has a population density below the EU and the respective national averages. In Hungary, Somogy is the least populated county. In Croatia, Međimurska and Varaždinska counties are populated above the national average, in contrast to the middle part of the territory, while the eastern counties are close to Croatian average (72 inhabitant/km2). In the programme area in the last decade, population in general decreased by 4-15%. The population decline in the area was 167 thousand people (113 thousand in Croatian side, 54 thousand in Hungarian side). The tendency is accelerating. The most dramatic fall of the population was registered in Vukovarsko-srijemska (-15.1% in comparison to 2011), but Požeško-slavonska county also has quite a significant drop in the population figures (-14.1%) in contrast with the Croatian average of -4.9%. In the three Hungarian counties the decrease in population was similarly exceeding 5-7%.

Brain drain is a significant outcome of depopulation. The result of the above impacts is that the proportion of the elderly increases and that of the young decreases within the region, further deteriorating the quality and number of available workforce. The dependency ratio of the elderly population is the most favourable in Baranya among the three Hungarian counties: it is 30.9% (2019), being higher than the national average (29.3%). By contrast, the ratio of Zala county (33.1%) even exceeds the ratio of the European Union (31.4%). The dependency ratio in Croatia averages at 31.6%, but it varies between the counties in the border area. On the Hungarian side the share of people aged 19 and younger is 2-3% lower than the EU average. In Zala and Somogy counties, the share of people aged between 20 and 34 is also lower than the EU average by 2% and 1%, respectively.

There is a wide range of different nationalities present in the border region. In Baranya county 6.6% of the population is German, 4.5% Roma and 1.8% is Croatian. In Somogy 5.3% Roma and in Zala 2.6% Roma individuals are registered. Highest proportion of Roma minorities can be found on the peripheries of the region, close to the border. Croatian side has 9.58% national minorities, of which Serbs are the largest (4.36%), followed by Bosnians, Italians and Albanians and Hungarians (below 1%). Out of the eight counties included in the area, Vukovarsko-srijemska has the largest proportion of minorities (about 20.3%), of which 15.5% are Serbs. A significant Roma population lives in Međimurska county (4.49%), in Bjelovarsko-bilogorska, in addition to 6.31% Serbian population, a significant Czech minority (5.25%) is present as well.

The border area is partially surrounded by water systems: on the north by the Lake Balaton, on the east by the Danube, on the south-east by the Sava river. The state border predominantly follows the Mura and Drava rivers. The area is mostly made up of hills and fertile plains along the rivers. On the middle of the Croatian part the Slavonian Mountains (Papuk 953 m, Psunj 983 m high) are located with extensive forests. The highest mountain is Ivanščica (1059 m) on the westernmost part of the border area. The hill of Mecsek (682 m) is situated in Baranya county in Hungary, in the north of the city of Pécs. Further to be mentioned is the mountain Kalnik on the western part of the Croatian side (642 m). The CB region is mostly rural, there are only four cities over 50,000 inhabitants: one in Croatia (Osijek) and the three county seats in Hungary (Pécs, Kaposvár and Zalaegerszeg). There are four FUAs in the area, the largest is Pécs with population of 250,000, FUA of Osijek has population of 170,000, Kaposvár and Zalaegerszeg both have population of 110,000 each.

The area is characterised by a dispersed small settlement system. In Hungary, Baranya and Zala have the most disperse settlement structure. In Croatia western counties have an extremely high number of settlements, while Osječko-baranjska and Vukovarsko-srijemska are characterised by much lower density of settlements. Backbone of the settlement network is composed by small towns with a population between 10,000 and 50,000 (9 in Hungary and 10 in Croatia). It is also relevant that the Hungarian towns

along the border (Lenti, Letenye, Csurgó, Barcs, Sellye, Siklós) are all relatively small urban centres with very limited services. On the Croatian side Varaždin is an important gateway to northwest Croatia. Bjelovar, Čakovec, Daruvar, Đakovo, Koprivnica, Križevci, Požega, Vinkovci, Virovitica and Vukovar all have over 10,000 inhabitants and act as middle-sized regional centres, but have limited capacity to provide regional level services and facilities.

In the view of respective country as well as EU averages, the border region is lagging behind. The economy has slow growth rates along with major disparities in the border region. The better performing counties have reached at least the half of the EU average growth rate in recent years, namely Zala, Varaždinska and Međimurska counties. Osječko-baranjska is being an exception with higher rate on the southeast side. Generally, it can be said that the territory shows an East-West division in terms of economic activity and output. Considering the economic trends visible throughout 2007-2017, none of the counties have been able to recover from the economic crisis of 2008-2009.Concerning R&D expenditure, the border region of Hungary and Croatia is very similar to the situation of the countries as a whole. R&D expenditure was around 1.07% of GDP in Continental Croatia and between 0.5-1% in the two Hungarian NUTS 2 regions. On county-level in Hungary R&D spending is at the highest level in Baranya, where in 2010 it amounted to 0.8% of the GDP which is even below the 1.16% national figure and less than half of the 2% rate of the EU27. In Zala the figure is one-fourth of Baranya (0.2%) and in Somogy half of that (0.4%). In Baranya during the past decade negative tendencies prevailed, Baranya lost its importance compared to other R&D centres in the country.

Taking into consideration the results of the Regional Innovation Scoreboard of 2019, in both countries innovation performance is below the EU average. Considering the period from 2011 to 2019 innovation performance has decreased by 5% in Western Transdanubia, increased by 2.8% in South Transdanubia in Hungary and shows a slight increase of 1.7% in the continental part of Croatia.

Business enterprise R&D expenditure (BERD) has been rising in both countries in Hungary and Croatia as well, although Croatia performs way below the EU average on this aspect: BERD in 2018 for Hungary as a percentage of GDP stands at 1.16%, while in Croatia at 0.57% in 2018. The EU average of BERD/GDP is 1.41%. Regarding the total intramural R&D expenditure (GERD), both countries perform below EU average, but at the same time also go through a slight increase. In Hungary GERD as a percentage of GDP amounts to 1.53% and to 0.97% in Croatia according to the latest data of 2018. The EU average is 2.11% showing that both countries are lagging behind the EU mainstream.

Hungary performs below the EU average on both the Digital Technology Integration Index and in terms of the Digital Transformation Enablers' Index. Croatia performs close to the EU average on the Digital Technology Integration Index, but is significantly below the EU average in terms of the Digital Transformation Enablers' Index. In terms of the e-commerce index Hungary has the 8th lowest score among EU countries. Croatia is slightly below the EU average. On the Global Innovation Index, Hungary scored 33rd while Croatia scores 44th in 2019.

On the Hungarian side, the R&D activities are concentrated in Pécs and to a lesser extent are present in Zalaegerszeg, Keszthely, Kaposvár and Nagykanizsa. University of Pécs is one of the biggest universities of the country outside of Budapest. As a result, the number of academicians in Baranya is ten times more than in Somogy and Zala counties. University research groups are working on different scientific domains. The Kaposvár and Keszthely campuses of the Hungarian University of Agriculture and Life Sciences are providing R&D&I potential on the field of agriculture. The Pannon University also has a campus in Nagykanizsa. On the Croatian side, the strongest university centre with a research potential is Josip Juraj Strossmayer University with various faculties. The other significant Croatian university in the border area is North University in Varaždin and Koprivnica, especially with engineering focus. Despite the presence of higher educational institutions, according to the available QS rankings of topuniversities.com, the area lacks universities and research centres that would have any international relevance or would be rated by the site.

The economic development and regional operational programmes in the 2007-13 programming period supported the development of cluster organizations in Hungary. Currently, there are 25 Accredited Clusters in Hungary, thereof many operate in the CB area as well. The ZalaZone Proving Ground near Zalaegerszeg provides an excellent possibility of economic driving factor for automotive industry. In

terms of business infrastructure developed through EU funding, Varaždin hosts two technology parks and a few higher education institutions. Međimurska county hosts the Technology and Innovation Centre Međimurje, which is focused primarily on ICT and cooperates closely with the faculty in Varaždin (in addition to cooperation with Međimurje Polytechnics). Belišće, Bjelovar, Donji Miholjac, Đurđevac, Koprivnica, Osijek, Vinkovci, Virovitica and Vukovar all have technology and business incubators. Recently more technology parks have been developed: Technology Innovation Centre in Koprivnica, a technology park in Križevci and Technology and Innovation Centre in Virovitica.

Most of the Croatian county development strategies recognise insufficient orientation of the regional businesses towards R&D as their developmental weakness and plan measures that should lead to the improvement of such situation. In Croatia, a set of Competitiveness Clusters was established. This border area presents a relatively low contribution from technology and science to the regional economy, which, in itself, requires an improvement of conditions in order to raise levels closer to EU standards at national and regional levels as well. Barriers in this field are arising due to the lack of business and entrepreneurship skills, low R&D activity, lack of experts and community, poor availability of technology or limited access to finance.

Enterprise density is higher on the Hungarian side, but in none of the counties reaches the national average. The highest number of operating enterprises could be found in Baranya, the lowest in Somogy county. The Croatian part shows a rather weak picture in terms of density of business units compared to Hungary and also to Croatian national average. In terms of density of active enterprises Međimurska and Varaždinska counties clearly stand out, business activity exceeds programme area average in Bjelovarsko-bilogorska and Osječko-baranjska. The border area from both sides lacks large enterprises.

In the Global Competitiveness Index (GCI) ranking in 2019, Croatia ranked 63rd showing a five-level progress compared to the previous year, whereas Hungary ranked 47th that is stagnating compared to 2018, they still stay in the bottom of the index compared to other EU countries. The experiences of cohesion policy in Hungary show that the funds of centralized operational programmes for innovation, SME development are reached less successfully in the CB area.

There is low business cooperation between Hungarian and Croatian companies in the border area. The export-import trade between the two countries is rather low compared to the business opportunities, total value of export and import of processed goods remains under 1 billion EUR per year. Although Hungary is in the top ten countries for Croatia in terms of international trade, Croatia is only the 17th most important export country of Hungary. The border area does not play significant role in the international trade between the two countries, it is mainly concentrated on the capitals and on the Adriatic coast.

Agriculture plays a more important role in the area. In terms of gross value added, except for Međimurska, all counties are above the respective national averages. Tendency on the Croatian side is generally decreasing, in comparison with 2007, while on the Hungarian side the role of agriculture, forestry and fishing has been evenly rising since 2007. The main agricultural areas are the excellent quality lands and soils which could be found alongside the Danube and Drava rivers. Employment in the primary sector is more apparent on the Croatian side (16.59%, 7.54% in Hungary), however with a strong negative tendency since 2007. Decrease in primary employment is particularly strong in the Slavonian counties, where agriculture has been traditionally the key sector. Role of agribusiness is represented above-average among active companies, the largest share being in Somogy, that is followed by Virovitičko-podravska on the Croatian side. Share of cropland in land use is generally higher on the Hungarian side, however percentage of woodland is higher in Croatia. Zala and Somogy are the two most afforested counties of Hungary, but in Baranya and on the Croatian areas there are extended forests.

Some parts of the Croatian programme area are still contaminated with mines, mostly in Osječko-baranjska, however significant areas have been cleaned, inter alia by cross-border cooperation funding.

The common asset of the area is the high level of wine-growing and production. On the Hungarian side two wine regions with their four sub-regions are located, and there are three wine routes operating in the border area, including the Villány-Siklós Wine Route. On the Croatian part five wine-growing areas produce high quality wines and have a number of wine routes.

As for the sectoral focus and structure of the economies in the border regions the Structural Business Statistics (SBS) data shows that Continental Croatia has a relatively stronger focus on manufacturing,

wholesale trade, retail trade and accommodation and food service activities. Western Transdanubia and South Transdanubia have a stronger relative focus on construction and professional, scientific and technical activities. In terms of the share of people employed, Continental Croatia has a relatively stronger focus on wholesale trade, retail trade, ICT and professional, scientific and technical activities. County-level data show a strong presence of manufacturing industry in Varaždinska, followed by Međimurska and Koprivničko-križevačka. On the Hungarian side Zala is the leader among the counties, being at 102% of the national average, which is followed by Somogy, then Baranya.

Concerning the service sector in gross value-added, in the CB area Osječko-baranjska has the strongest position (60.2%), while Međimurska the lowest. On the Hungarian side all counties are beyond 60%, Baranya being the most service-oriented with 66.3% of GVA, with a relatively high presence of governmental services and lower share of business services.

The cross-border region shows no signs of real sector specialisation. Most segments of the processing industry operate here, among them it is worth mentioning the food industry, the machinery and there are significant capacities of electronic assembly plants as well. Due to the lack of large enterprises, non-sectoral SME support as well as boost of the already established agricultural sector is justifiable and could potentially strengthen capacities and market share of the local establishments.

Main challenge of the border area is the low level of innovation and cooperation between the economic players, which may be encouraged by cross-border cooperation through fostering cross-border trade between SMEs and also initiating joint innovation projects between business enterprises operating in the border area, with possible inclusion of local universities.

Important tourism magnets are Lake Balaton and spa resorts in Zala (Hévíz, Kehidakustány, Lenti, Zalakaros, Zalaszentgrót), also in Baranya (Harkány, Magyarhertelend, Siklós, Sikonda, Szigetvár) and Somogy (Barcs, Csokonyavisonta, Igal, Marcali, Nagyatád). On the Croatian side Bizovac, Daruvar, Sveti Martin na Muri and Varaždinske Toplice stand out in the spa and wellness supply. These services primarily target domestic tourists, however some of them attract significant number of foreign visitors as well.

Bicycle traffic and tourism in the border region is mainly present due to the EuroVelo network connected with the Hungarian and Croatian bike routes. Although most of the route is going on existing infrastructure, their comprehensive signposting according to EuroVelo standards is dominantly missing, just like accompanying services.

As for tourism accommodation capacities, the Croatian side significantly lags behind the Hungarian counties. More than 92% of the accommodation capacities (beds including permanent and extra) is located on the Hungarian side, thereof near 70% in the four districts adjacent to the Balaton lake. Outside these districts the most significant capacities are in the districts of Nagykanizsa, Pécs and Siklós. On the Croatian side the biggest accommodation capacities are located in Osječko-baranjska and Varaždinska counties, which are followed by Vukovarsko-srijemska and Međimurska.

In Hungary, the role of tourism in Zala and Somogy has been outstanding as regards the number of guests. This is mostly due to the availability of waters: lake Balaton and the spas and thermal waters. In the area the number of domestic guests exceeds foreign ones, the highest rate of foreign guests is detected in Zala. Spas of international importance are at Harkány, Hévíz, Lenti and Zalakaros, but several other thermal baths are operating. Other important touristic destinations are in the centre of Baranya county: the Pécs–Mecsek–Siklós–Harkány area, where culture and gastronomy contribute to the touristic turnover. Pécs, with its valuable ecclesiastic (cathedrals, churches, monasteries, mosque) and secular (castles and fortresses) buildings, is attracting many visitors. In Somogy and Zala hunting tourism also plays a role in engaging tourists from inland and abroad as well.

In terms of tourism overnights on the Croatian side, Međimurska is an emerging continental tourism destination, with high per capita overnight figures, which is followed by Varaždinska. In absolute numbers the most visited county is Osječko-baranjska, where in particularly Baranja region is recognised for its rural tourism and gastronomy, while Bjelovarsko-bilogorska for spa tourism in Daruvar. In tourism nights recovering process started in 2011 until 2019, however the COVID-19 pandemic has hit the tourism service providers in the border area as well.

Although the close border area provides excellent conditions for green tourism and for joint product development, capacities and services are not equally developed in all parts of the CB area. Therefore, development should take place in the areas with less developed touristic potential, focusing on the abundant natural and cultural heritage, for the sake of developing successful cross-border product, with transnational visibility, in line with the EU Strategy for the Danube Region (EUSDR).

There are several Natura 2000 sites in the cross-border area, these have been united within the Mura-Drava-Danube Biosphere Reserve, parts of which stretch into Austria, Slovenia and Serbia. Hiking areas in Hungary include the Mecsek hills, the Siklós-Villány area, the forests of Somogy (Zselic), the Kis-Balaton and the Zala hills. On the Croatian side Kopački rit, Papuk mountain Ivanščica, Krndija, Bilogora hills, Kalnik, Spačva Basin, Arboretum Opeka and Međimurska are nature areas with significant tourism potential.

The global climate change is increasingly being felt in Europe and in the region as well. In order to avoid serious and irreversible impacts of climate change global warming must be limited to below 2 °C compared to pre-industrial level. Therefore, the EU has adopted a Strategy on Adaptation to Climate Change (2021), which is followed by national and regional adaptation strategies. Hungary has adopted its national strategy for the period of 2018-2030 with an outlook to 2050. In Croatia the Strategy on adaptation to climate change until 2040 with a view on 2070 has been adopted. In Hungary county strategies have been developed as well. Climate change may lead to projected temperature change, change in precipitation patterns, particularly in the Mediterranean countries, the risk of summer draught is likely to increase everywhere, while precipitation in other periods of the year may lead to flash flooding and river floods. Parallel, climate change negatively affects biodiversity and leads to an increased spread and presence of invasive species. All these phenomena may have severe impact on the built environment and the densely populated areas, natural ecosystems and on agricultural production. The cooperation established under the umbrella of the EUSDR plays a key role in coordinating mitigation measures.

The cross-border region has somewhat favorable environmental conditions. However, due to negative global environmental trends and climate change impacts, additional efforts are required to ensure the protection of environmental assets of the area.

The quality of air is generally considered satisfactory in the area, although the area of Pécs in Baranya is still above the national average in terms of pollution. In Croatia air quality is mainly satisfactory, the larger towns of the border area, such as Osijek, do not suffer by pollution to a large extent.

The border region is mainly characterized by three water systems that are concentrated at the Danube on the East side, Drava and Mura following the border line and lake Balaton at the northern area of Somogy and Zala counties. Most of these systems have been manipulated, however great efforts have recently been made in order to restore and preserve the natural river basins, as well as to rehabilitate the character and natural environment. All three water systems suffer from a great volatility of water flow. The Drava forms the border between Hungary and Croatia for about 145 km. The lower Mura and Drava constitute a 380 km free-flowing and relatively natural watercourse. Flooding is also a threat, especially that of the Drava and Mura region, where natural retention areas are not available. Due to high precipitation rates in the upper basin of Drava, the river exhibits high flood risk in the upper reach. Within the downstream section the Kopački Rit Nature Park area in particular experiences long-lasting floods that stay for about or more than 100 days.

Forests of the region serve as an asset not only for tourism but for wood industry. Counties located within the border-region are heavily afforested, especially Zala, Somogy, Virovitičko-podravska, Koprivničko-križevačka and Vukovarsko-srijemska counties.

The transboundary UNESCO Mura-Drava-Danube Biosphere Reserve stretches along the lane of these rivers. Several projects have been financed for on this territory by the Danube Transnational Programme which may have a capitalisation potential in cross-border cooperation.

As the Circular Economy Update Report of 2019 states, Hungary is planning to integrate circular economy principles into the current economic development strategy, but the general awareness of the concept and importance of a circular economy is almost non-existent. In Croatia the introduction of circular economy principles is facing barriers regarding waste management. Concerning value added

generated by circular economy, compared to the EU average of 1% of GDP, in Hungary only 0.98%, while in Croatia 1.27% is generated.

The Hungarian side has an almost 100% level of access to public water supply utilities, however the "utility gap" has remained an unsolved problem. The presence of water treated by 3rd grade sewage treatments system significantly varies in the region. The level of connection of the population to public water supply systems in Croatia is satisfactory, 86-94% of the population has the opportunity to connect. The level of connectedness to third-grade sewage system is not satisfactory, however, the percentage of people connected to wastewater infrastructure is 53%, while 56% have the possibility to connect to wastewater infrastructure. Croatia has negotiated a transition period for fulfilment of water utility directives until 2023.

In the past years a slight but not constant decrease in solid waste production is detected, however share of recycled waste is low (23% at average – lowest in Zala, and around 40-45% in Somogy and Baranya). Share of waste incinerated is minimal. Development of the waste management systems shall contribute to a higher share of recycling and energy production in the future. In Croatia, Koprivničko-križevačka, Međimurska and Varaždinska (plus Krapinsko-zagorska) counties have jointly established a regional waste management centre, while other counties have not established such centres yet. Differences between individual counties are huge: Međimurska is the most advanced Croatian county in terms of waste separation (25.8%), Vukovarsko-srijemska is among the least advanced (only 3.1% separately collected waste). Croatia has failed to meet the 50% recycling target by 2020, which needs additional effort in the new period.

Total energy consumption had decreased until 2014, later until 2018 consumption grew again. In the last 10 years the energy consumption of households showed a huge increase, rising from 16% to 35% of total energy consumption, being responsible for the highest share in both countries. Majority of the buildings do not meet the technical regulations, so energy efficiency of buildings, which means providing minimum energy consumption in order to achieve the optimum comfort of living and use of the building, is very important.

A huge energy dependency can be detected in terms of fossil fuels, especially in oil and natural gas, 80% is coming from import in both countries. Over 2/3 of total energy supply is based on fossil energy sources in both countries. The share of renewables is higher in Croatia, 22%.

In Croatia hydro energy plays an important role in electricity production, amounting to 24% of total energy production. In the border region Mura and Drava rivers bear significant hydro energy potential. Three hydro power plants operate on the Drava river in Croatia in Varaždin, Čakovec and Donja Dubrava. Construction of further hydro power plants is not incorporated in the regional strategic development plans on the Croatian side.

The region is characterized by high potentials regarding the utilization of solar energy. The territory carries high potential due to the high number of sunny days throughout the year that are most prominent in Baranya and Osječko-baranjska.

There is a great potential in geothermal energy due to naturally occurring resources. Parts of Somogy and Zala counties and Croatia's northern territory lay in the Upper Pannonian basin, where underground water bodies are characterized by geothermal gradient varying between 5-7 °C/100 m. This thermal water layer is situated at relatively shallow locations, so geothermal energy from these reservoirs can be utilised at favourable cost. Several studies have been carried out through various transnational (Interreg Danube) projects on the existing potential confirming the favourable conditions in the area. In Hungary geothermal energy is utilised in several cities in the border region for district heating, while on the Croatian side share of geothermal energy from total renewable energy production is rather low, however several projects have been launched in the recent years, e.g. geothermal plant Velika 1 in Bjelovarsko-bilogorska county. Virovitica city research works on already defined boreholes in Virovitica City (defined through previously implemented projects) with obtained building permits, which are possible to be carried out during this financial perspective.

The border area, having excellent conditions for solar and geothermal energy, faces a sensitive natural environment and energy poverty, as well as has non energy-efficient building stock. Therefore, the border area, particularly the rural areas lagging behind can benefit from joint actions through pilot projects and

awareness raising actions. It can generate real added value.

In both countries, according to Eurostat, internet access of households has increased from an average of 45% in 2007 to an average of 83% in 2019, while the number of individuals who have never used a computer decreased by 2-4% in both countries on the examined NUTS 2 level territories. The Digital Economy and Society Index (DESI) on the Digital Scoreboard of the European Commission shows that both countries perform below the EU average and are in the bottom 10. According to the eGovernment Benchmark 2020 Insight Report in terms of eGovernment Hungary is considered as in line with the average, while Croatia falls into a slightly better category of penetration of online public services, but lags behind in terms of digitalisation (the online availability of public services). According to 2017/2018 data E-Health services are more advanced in Croatia.

There is a very limited access to cross-border rail services, with very low frequency, unfavourable journey time, however conditions are somewhat better on the Hungarian side. Railway axis of the border area is the Mediterranean corridor of the TEN-T core network, which is crossing the border area (Koprivnica–Gyékényes–Kaposvár), however most of the traffic goes along the Balaton lake, avoiding the internal part of the border area. The Budapest–Pécs–Osijek railway line, as part of the comprehensive network (corridor V/c) has only a secondary importance from transnational point of view.

As for road transport, the cross-border area is situated in the triangle of three TEN-T network elements: the Mediterranean TEN-T corridor V/b (E71, A4–M7); corridor X (E70, A3) and corridor V/c (E73, A5–M6). Western part of the border area has a good connectivity to the road infrastructure network of Western Europe, but the area suffers from capacity problems. Accessibility of the eastern periphery has considerably improved by development of motorways, however the cross-border section between Osijek and Mohács is still missing. Accessibility of county centres has been significantly improved. Kaposvár has got a speedway connection to M7, similar connection is currently being built to Zalaegerszeg. Extension of the M60 motorway from Pécs towards Barcs (state border) is also scheduled. On the Croatia side a new state road D10 (A4–Vrbovec–Križevci) is constructed, its extension to Koprivnica is currently being prepared. State road D12 has also been constructed between Vrbovec and Farkaševac, works towards Bjelovar are also scheduled. End point of D12 should be the border crossing Terezino Polje, providing an efficient connection between Zagreb and Pécs. Despite newly developed sections, horizontal connections on the current internal road network are suffering from bottlenecks. The Podravina main road (D2) has been developed with bypasses built around major centres (Osijek, Virovitica), but horizontal connection still remains ineffective. Similarly, on the Hungarian side connection between Pécs and Zalaegerszeg is provided through low-capacity roads. The isolated situation of the middle part of the border region significantly affects the internal cohesion of the border area as a whole. In terms of scheduled coach services currently there are no cross-border connections, however Flixbus provides connection from several places in Croatia to Austria and Germany.

Bicycle infrastructure is characterised by two EuroVelo routes that have undergone a significant development. EuroVelo 6 is going along the Danube, crossing the river at Mohács and continues towards Vukovar. EuroVelo 13 (Iron Curtain Trail) runs parallel with the border and the border rivers: the main route west from Barcs on the Croatian side, then continues on the Hungarian side to Mohács. These routes run on various types of infrastructure developed step-by-step by various EU and national funds. Besides transcontinental routes significant development took place in the cycling infrastructure on both sides of the border. Major towns and their catchment areas have been equipped with spreading cycling route networks. Nevertheless, many individual sections are not connected, many routes are still unmarked, there is a lack of cycling infrastructure like bicycle rest areas, pedestrian-bicycle bridges and additional accompanying services along the routes such as accommodation and catering.

The border area's most developed airport is the Osijek Airport, which serves both scheduled and chartered flights, mostly seasonal. On the Hungarian side the Hévíz-Balaton International Airport is the most important that serves seasonal charter flights. Further internationally operating airport is Pécs-Pogány, provides landing only to small private jets.

Water transport is relevant only on the eastern part of the CB area, which has access to the Danube and some part of the Drava river. The Danube is part of the TEN-T core network (corridor VII). On the Hungarian side Mohács has status of public port, having several public and private docking capacities,

mainly proper for bulk cargo, but aims to be upgraded. Mohács is also the Schengen border crossing point on the Danube towards Croatia and Serbia. On the Croatia side Vukovar is the major navigation port, which is undergoing a significant development. Smaller capacity tourism ports have been set up in Batina, Aljmaš and Ilok. In river traffic across the border a constant decrease is detected, however for tourism-related vessels traffic is growing since 2014. The Mura border river is not navigable for normal passenger ships. The Drava is navigable from Barcs to Osijek only for small vessels, from Osijek to Aljmaš also for large river cruisers. Osijek has the status of international port on the Drava, further smaller ports include Barcs, Drávaszabolcs and Belišće.

Before Croatia entered the Schengen zone, the distance between border crossings - and consequently low permeability of the border - was a distinctive feature of the cross-border traffic. The average distance between border crossings was 62 km, whereas the longest distance was 72 km. This setup isolated districts such as Sellye, Szentlőrinc, a part of Szigetvár, and, on the Croatian side, Slatina, from the neighboring areas across the border. Among the permanent border crossings, the Goričan–Letenye motorway crossing had the highest traffic volume, accounting for 55.5% of total traffic, while the Dubošević–Udvar crossing played a secondary role with a 16% share.

Another challenge in transport development lies in the fact that the border between Hungary and Croatia is mainly defined by rivers. The construction of bridges across these rivers presents a substantial financial obstacle to improving transportation connectivity. Nevertheless, the cross-border Programme has taken a significant initial step in addressing this challenge through the strategic project "Preparation for constructing Mura Bridge and connecting road infrastructure facilities at Murakeresztúr (HU) and Kotoriba (CRO)/MuKoBridge" (HUHR/1902/2.1.4/0002).

The necessity to enhance transport connections in specific segments of the border was bilaterally acknowledged and confirmed in the "Declaration of Intent between the Republic of Croatia and Hungary with the aim to foster economic cooperation and the related transport connections between the border regions of the Republic of Croatia and Hungary" signed on 5th March 2020. The Declaration, geared towards boosting regional economic development, endorses the implementation of transportation development projects like motorway Corridor V/c, small road infrastructure projects Sárok – Kneževo – Popovac and Zákány – Gotalovo, as well as the Murakesztúr-Kotoriba bridge.

The Croatian accession to the Schengen area in January 2023 presents a significant opportunity to enhance transport development in the border area. With border-crossing points no longer serving their primary function of conducting border controls, there is now greater flexibility in developing and operating cross-border transportation. The inclusion of Croatia into the Schengen area further facilitates the realization of bilateral objectives mutually agreed in the "Declaration of Intent".

The border area is characterised by negative population change, negative net migration, unfavourable age profile and brain drain: young, educated population emigrates to other European countries or outside the EU. Employment rates of the age group of 20-64 are 77.9% in Western Transdanubia and 69.4% in South Transdanubia, while 66.4% in Continental Croatia, with the EU average being at 73.2%. The economic growth as well as the emigration of recent years has translated into reduced unemployment in Croatia. Long-term unemployment for 2018 is slightly higher in Continental Croatia (3.3%) than the EU average figure (2.4%). The rates are lower in Hungary in comparison to EU level, i.e. 0.6% in Western Transdanubia and 2.0% in South Transdanubia. The highest job vacancy rates can be observed in the ‘Manufacturing’, ‘Administrative and support service activities’ and ‘Arts, entertainment and recreation’ sectors in Western Transdanubia, and in the ‘Education’ and ‘Administrative and support service activities’ sectors in South Transdanubia. According to data on national level for Croatia, the highest job vacancy rate can be found in the ‘Accommodation and food service activities’ and ‘Public administration and defence; compulsory social security’ sectors.

In Baranya (6.9%) and Somogy county (6.3%) the unemployment is problematic as its rate is far above the national average (3.7% in 2018), but below the EU27 average. The most favourable situation is in Zala county, caused by the proximity of this county to the Austrian labour market. In the Croatian part higher unemployment rate has been measured than in the Hungarian part. However, the differences between the westernmost part of the area and the eastern part are huge. Like in Hungary, there is a trend of decline in unemployment primarily due to outmigration of younger population to western European countries. The

cross-border commuting is not significant because of the lack of large employers. Language barrier also represents crucial hindering factor.

It can be stated that labour productivity is lagging behind the EU average (EU: 100,1, Croatia: 72,2, Hungary: 69,4), which is a serious problem affecting both countries' overall competitiveness. In Croatia there is notable disproportion between the labour market and educational system which is reflected in the fact that the majority of unemployed are those with 1-3-years of vocational education. In spite of high unemployment rate, labour shortage occurs in some professions. According to data available the activity rate of the labour force in Croatia has increased from 48.8% in 2007 to 51.6% in 2017. The increase in the activity of the older working population has been noticed. In Hungary, similarly to Croatia, skills mismatches are coupled with outward migration and brain drain of the better skilled and weak labour market prospects for the low skilled and less employable groups.

The OECD Programme for International Student Assessment (PISA) assesses the extent to which 14-15□year□old students, near the end of their compulsory education, have acquired key knowledge and skills that are essential for full participation in modern societies. The assessment focuses on the core school subjects of science, reading and mathematics. For all three skills tested, students underperform in both countries. In the last assessment (2018) student performance in reading (mean score) was 98% of OECD average in Croatia and Hungary, too. The student performance in mathematics was 95% in Croatia and 98% in Hungary. The student performance in sciences was 96% in Croatia and 98% in Hungary. Differences in performance between the 90th and the 10th percentiles (in scorepoints) are higher in Hungary. The differences in performance are wider in the schools of smaller settlements in the border area.

Organisation of the educational institutional system significantly differs in Hungary and Croatia. While in Croatia elementary and secondary schooling is responsibility of local and regional (county) governments, in Hungary the state is the dominant service provider, vocational education is coordinated through vocational centres under the respective line ministries. These public schooling facilities, due to limited financial capacities of the maintainer, often suffer from poor physical conditions and inappropriate equipment that affect quality of education, equal opportunities of pupils from lagging border areas.

Universities in Croatia are managed by the state, while in Hungary high education institutions have been recently transferred to public foundations. These institutions have been targeted by several schemes through nationally managed EU programmes, however their innovation potential has not been completely unlocked. The number of students in higher education shows decline in both countries. Baranya shows the highest number of participants in higher education, although this number has also declined, just like in other counties, partially due demographic reasons and decreasing attractiveness of the region's universities. Similar trends can be seen at the Croatian institutions within the region. Further decrease in the number of students in high education may lead to tightening of capacities, hence negative effects on the competitiveness of the border region's economy.

Barriers due to language differences are perceived higher compared to other EU border regions. On the Hungarian side there is a general lack of language knowledge, whereas Croatians have a generally better knowledge of English. This gap affects employability, quality of labour force and services offered. Overall, there is a relatively low level of labour market integration between the border regions.

The average adult participation in education has been volatile, being way below the EU average. There is a stagnation visible in the values of continental Croatia (3.1%). In Hungary however, we can see that the examined NUTS 2 regions of Western and South Transdanubia (4.4% & 4.3%) show lower rates than country level (6%).

There are significant socio-economic disparities in access to quality healthcare, education, labour market, housing market that leaves great competitiveness potential unexploited and hinders the overall growth of the countries. Although poverty in Hungary has decreased with the growth of the economy, according to the newest country report, large regional disparities persist that contribute to the territorial concentration of poverty and significant social exclusion. According to the World Bank poverty map for Croatia (2017) the most deprived counties are in the programme area. As the newest Eurostat data shows, Croatia is above EU average regarding people at risk of poverty, whereas Hungary somewhat managed to optimize this rate, although South Transdanubia is still performing the worst with its 25.9% outcome.

Considering the performance of the health care systems of Hungary and Croatia, both are below the European average standards. Health care system in Hungary is extremely under-financed, maintains non-efficient structures, suffers from territorial disparities, lacks sufficient number of doctors, and supports personnel that have low level of motivation. In general terms, the system cannot match the demand both in terms of quality and quantity. On country level life expectancy in Hungary and Croatia is lower than European Union average. The national average in 2018 was 76.3 years for both countries, while the EU average was 84.

Analysing statistical data of health care institutional system, the overall picture is very different in Zala county and the other two South Transdanubian counties, especially Baranya county figures are favourable, due to the presence of a medical university. Number of doctors have a fairly high value in Baranya, number of non-filled practices of family doctors is the lowest in Baranya county. As regards hospital beds per capita, Zala and Somogy are close to the national average, Baranya is again in the most favourable position, due to large capacities available in Pécs. Croatia, like Hungary, has a relatively low level of health care financing. There is a concentration of advanced healthcare in larger centres, especially in Zagreb, while smaller towns are often left with a basic and much less technologically advanced healthcare. The strongest health care centre in the Croatian side is in Osijek, which has a Clinical Hospital Centre. Hospitals and ambulances in Croatia are established mainly by the counties, but clinical centres, clinical hospitals and clinics are established by the state. In Hungary hospitals have been taken over by the state.

Labour productivity is key factor of economic competitiveness and social inclusion of the border area. This needs to be increased significantly, in which market-oriented educational programmes and courses, including language trainings are essential both in vocational and high education and adult education. Business oriented cross-border cooperation between educational institutions would contribute to the competitiveness of the local educational system.

The border area is rich in cultural heritage, thereof the best-known is the UNESCO World Heritage listed Early Christian Necropolis of Pécs (Sopianae). Several further elements of intangible cultural heritage have been protected in the border area: Busó festivities at Mohács; Spring procession of Ljelje/Kraljice (queens) from Gorjani; Lacemaking in Croatia, including in the area of Lepoglava; Gingerbread from Northern Croatia; Bećarac singing and playing from Eastern Croatia; Međimurska popevka. Cultural heritage elements on the tentative list since 2005: Frontiers of the Roman Empire – Croatian Limes; Historical Town Planning Ensemble – Tvrđa in Osijek; Varaždin – Historic Nucleus and Old Town. The indicated items of intangible cultural heritage are inscribed on the UNESCO Representative List of the Intangible Cultural Heritage of Humanity.

The border area is known for its architectural heritage of the former noble families. Most of their castles and manors are used as museums or buildings with public function, however some of them have been converted to tourism accommodation. Sacral architecture is also characteristic for the area (Búcsúszentlászló, Đakovo, Homokkomárom, Máriagyűd, Mohács, Molve, Osijek, Pécs etc). Similar apparent are the various thematic museums like regional ethnographical collections (Zalaegerszeg, Mohács etc.) or those of particular industrial heritage (Zalaegerszeg, Pécs). Architectural remains of Turkish rule are visible on the Hungarian side (Pécs, Siklós, Szigetvár). Rural areas are also characterised by their traditional architecture. A unique element of fine art is the tradition of naïve painting of Podravina. Due to the mixture of various influences the area is characterised by rich gastronomy, particular micro-climate has resulted in unique conditions for viticulture and wine production. In addition to the above mentioned individual historical buildings, it is characterized by rich archaeological heritage (particularly in four eastern Croatian counties), historical rural settlements, traditional construction and cultural landscapes, as important components, and bearers of spatial identity.

From the tourism perspective the most significant events are in the various cultural festivities in Osijek and Pécs, the Renaissance Festival and Podravina Motives in Koprivnica; Busójárás/Poklade in Mohács, Špancirfest in Varaždin, Lace Festival in Lepoglava, Picokijada in Đurđevac, Spravišće in Križevci, Terezijana in Bjelovar and high number of wine and gastronomy festivals in the wine-growing areas.

Partnerships between towns and municipalities are important foundations of cross-border cooperation on project level as well. Partnership agreements exist almost between all towns and major municipalities in

the border area, as well as between the bordering counties.

Moreover, numerous cultural and artistic associations maintain intensive cooperation, especially minorities' cultural associations in the neighbouring countries. Most important minority institutional actors are the Tanac Dance Ensemble and the Vizin Orchestra. Hungarian cultural life in Croatia is concentrated in Osječko-baranjska County.

Cultural life is the most intensive in Baranya county. Driving force of cultural and educational cooperation are bilingual schools. Cooperation of the Universities of Pécs and Osijek should also be mentioned. Also, intensive contacts are maintained between museums, archives and libraries as well.

In Croatia according to the Regional Development Act coordinating functions have been established on ministry level (Ministry of Regional Development and EU Funds), on county (NUTS 3) level regional coordinators (regional development agencies) have been established as public institutions and partnership councils have been set up. In Hungary the 1996: XXI. Act on Regional Development and Spatial Planning defines the basic framework of regional development, including role, responsibilities and the relevant development documents on various levels. Coordination is split between various ministries, however cross-border cooperation programmes are managed by the Ministry of Foreign Affairs and Trade. On subnational level the law defines the county as coordinator for regional and rural development, which is responsible for its own development concept and participation in the development of the national documents as well.

In terms of NUTS 2 regions, in Hungary Baranya and Somogy counties belong to South Transdanubia, while Zala county belongs to Western Transdanubia. In Croatia a new NUTS 2 structure has been adopted: from 2021 Koprivničko-križevačka, Krapinsko-zagorska, Međimurska, Varaždinska and Zagrebačka counties (without capital of Zagreb) form a separate NUTS 2 region named North Croatia, while Pannonian Croatia includes the other Croatian counties of the border area.

It is important to point out significant differences in governance of the tourism sector. In Croatia each county should set up a tourism board, towns also have their boards, as well as some of the municipalities. Tourism boards are public bodies and legal persons. In Hungary similar organisations do not exist, as the tourism sector is coordinated only on national level, development of a destination and promotion is coordinated by the local governments, based on their own resources.

In Croatia, in order to implement the Integrated Territorial Investment (ITI), altogether seven urban agglomerations have been defined, thereof Osijek is located in the border area. Besides the city of Osijek two towns (Belišće and Valpovo) and further 16 municipalities make up the agglomeration. As application of the tool Community-based Local Development (CLLD) in terms of governing rural development, in both countries local action groups (LAGs) within the LEADER programme have been set up. In the 2014-2020 period from the Hungarian side along the border six LAGs are operating, in the whole programme area altogether 18 LAGs. Similarly, on the Croatian side along the borderline seven LEADER LAGs have been set up, altogether 23 LAGs are operating in the whole border area. LAGs have set up their own development strategies and working bodies.

On macro-regional level of cross-border governance coordination mechanism of the EUSDR should be mentioned. Both Croatia and Hungary play an active role in coordination of priority axes: Hungary is responsible for coordination of PA 2 (sustainable energy), PA 4 (water quality) and PA 5 (environmental risks). Croatia is co-coordinator for PA 6 (biodiversity, landscapes, quality of air and soils) and PA 8 (competitiveness of enterprises). Before the new programming period a new EUSDR Action Plan was published by the European Commission and a shortlist of priorities were defined to embed into the relevant EU funding schemes like the Hungary-Croatia Interreg Programme.

On regional and local level institutionalisation of cross-border cooperation took place through establishment of, so far, two European Groupings of Territorial Cooperation (EGTC) in the border area. The Pannon EGTC, established in 2010, has been enlarged with Croatian members since 2017, all border counties are included as well as numerous local governments and three organisations of regional significance from the Hungarian side. The Mura EGTC is a territorially concentrated yet very active partnership, established in 2015. Furthermore, Town of Varaždin is member of the Central European Transport Corridor EGTC, a multi-country EGTC that has been set up in 2014. The EGTC aims at the facilitation and promotion of cross-border, transnational and transregional cooperation for strengthening

economic cohesion, through improvement of transport accessibility along the length of the North-South axis of the multimodal transport corridor from the Baltic to the Adriatic Sea.

In order to promote cohesion and improve effectiveness of regional and rural development policies in the border area cooperation between various levels of territorial governance should be supported. Thematic cooperation in various topics, as well as collaboration between civil society organisations is to be maintained, being carriers of the border area's identity.

Please note that lessons learnt, horizontal principles and synergies including tables can be found in the supplementary document uploaded in the SFC2021.

1.3. Justification for the selection of policy objectives and the Interreg-specific objectives, corresponding priorities, specific objectives and the forms of support, addressing, where appropriate, missing links in cross-border infrastructure

Reference: point (c) of Article 17(3)

Table 1

Selected policy objective or selected Interreg specific objective	Selected specific objective	Priority	Justification for selection
1. A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity	RSO1.3. Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments	1. Priority No.1. Competitive border region	Fostering cross-border business cooperation Economic performance of the border area has been characterised with stagnation, in some counties even decline, that resulted a continuous increase of territorial disparities. Despite relatively favourable situation on the western periphery of the Croatian side, majority of the border area is way below EU averages in terms of economic performance figures. Export-import performance of the border area is below the respective national averages with extremely low cross-border business activities among companies. Also, innovation performance of the border region is poor, which is shown by low figures of R&D expenditure compared to GDP. This is particularly true for R&D activity of businesses (BERD). The large distances between border crossing facilities brings low economic performance, weak cross-border trade and poor presence on foreign markets. Therefore complementary business cooperation of SMEs on two sides of the border should be strengthened with focus of joint appearance on each other's and third markets. SME business cooperation shall have a positive effect on competitiveness, generation of value added, and improvement of employment situation. Due to

Selected policy objective or selected Interreg specific objective	Selected specific objective	Priority	Justification for selection
			poor entrepreneurial innovation performance, cooperation-based innovative product, service and technology development of SMEs operating in the border area should be promoted in which partner SMEs pay complementary role in the joint innovative development with clear division of tasks according to their professional competences. Joint innovation and business cooperation of the SMEs in the Programme area needs to be supported by the involvement of relevant business support and R&D organisations mainly in cross-border project generation and development. Given the size of the financial envelope, the specificities of Interreg programmes (for example the nature and size of the planned operations) and the limited experience with financial instruments, the programming authorities choose to use only grants.
2. A greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation risk prevention and management, and sustainable urban mobility	RSO2.1. Promoting energy efficiency and reducing greenhouse gas emissions	2. Priority No. 2. Greener and low-carbon border region	Joint initiatives for a low-carbon border area Share of households and business in total energy consumption has been significantly increasing, which is caused by the outdated building stock and the low level of energy consciousness. Deep retrofit of buildings is of high importance for the programme area and is also emphasized by the new EU strategy that will boost this process – the renovation wave for Europe. The region relies mostly on fossil fuels for heating and cooling and old technologies should be retrofitted with new efficient and renewable systems at the building (nearly zero energy buildings), neighbourhood (nearly zero energy

Selected policy objective or selected Interreg specific objective	Selected specific objective	Priority	Justification for selection
			neighbourhoods) and also municipal level (RES integration in centralized heating systems, energy planning etc). On the supply side imported fossil sources are still in dominant position that contribute to greenhouse gas emission and deteriorate environmental conditions, which is the biggest asset of the border area. Growth in the share of renewable energies is a positive phenomenon, but further steps should be taken into this direction, based on local renewable potentials. In the area solar and geothermal energy have real potentials that may serve as basis for future projects. Cooperation, knowledge and experience exchange in energy efficiency of building stock (public, enterprises, households) should be promoted, as well as promotion of renewable energy sources. Support should be provided to initiatives that contribute to awareness-raising about energy consciousness, energy poverty of the population and businesses. Cooperation activities may include joint territorial analysis for identifying and promoting of capitalisation on local best practices, elaboration of guidelines for optimal interventions, generation and implementation of joint low-carbon strategies and innovative initiatives of cross-border relevance, initiating various awareness raising and capitalisation actions and preparation of related small-scale pilot investments. Given the size of the financial envelope, the specificities of Interreg programmes (for example the nature and size of the planned operations) and the limited experience with financial instruments,

Selected policy objective or selected Interreg specific objective	Selected specific objective	Priority	Justification for selection
			the programming authorities choose to use only grants.
2. A greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation risk prevention and management, and sustainable urban mobility	RSO2.4. Promoting climate change adaptation and disaster risk prevention, resilience taking into account eco-system based approaches	2. Priority No. 2. Greener and low-carbon border region	Protection of natural assets Natural endowments are similar on the two sides of the border, which is the greatest asset of the programme area. Climate change will likely significantly affect the border region that may increase temperature and drought days. This may have a negative impact on biodiversity, as well as on the built environment and on agriculture. Although the border area is in a relatively favourable position concerning environmental quality, with respect to the protected areas (Mura-Drava-Danube Transboundary UNESCO Biosphere Reserve), this should be treated as an asset to be safeguarded, in order to mitigate climate change impact. Cooperation in projects of green and blue land use, improvement of the status of waterbodies, protection of the environment and nature, habitat connectivity, restoration of natural habitats (wetlands, oxbows, management of invasive species) application of nature-based solutions, natural water retention measures and management of invasive species should be promoted. Jointly developed actions aiming at understanding the future effects of flood protection interventions (ecological status survey, research, plans and environmental impact assessment), as well as implementing the interventions, which help reducing climate change impacts should be also supported. Besides investment-related projects, cooperation initiatives of preparing joint sustainable energy

Selected policy objective or selected Interreg specific objective	Selected specific objective	Priority	Justification for selection
			and climate action plans, exchange on biodiversity, climate change mitigation, disaster management, awareness-raising about environmental issues (clean technologies, circular economy in the field of waste management, biodiversity, reduction of pollution should also be supported. Given the size of the financial envelope, the specificities of Interreg programmes (for example the nature and size of the planned operations) and the limited experience with financial instruments, the programming authorities choose to use only grants.
3. A more connected Europe by enhancing mobility	RSO3.2. Developing and enhancing sustainable, climate resilient, intelligent and intermodal national, regional and local mobility, including improved access to TEN-T and cross-border mobility	3. Priority No. 3. Connected border region	The border area is situated in the triangle of three TEN-T network elements (corridors Vb, X and Vc). Due to peripheral situation of these axes, middle of the border area is suffering from severe isolation and lack of cross-border infrastructure. Average distance between road border crossings is 72 km, making the Croatia-Hungary border the least permeable one in both countries. Creating the necessary transport connections between regions plays a vital role in ensuring economic prosperity and cohesion, aligning with the goals outlined in the Territorial Agenda 2030 of Just and Green Europe aiming to achieve balanced territorial development. In the pre-Schengen period, the limited number of border-crossing points between Hungary and Croatia presented a significant obstacle to economic and social integration of the region, the distance between border-crossing points contributed to

Selected policy objective or selected Interreg specific objective	Selected specific objective	Priority	Justification for selection
			prolongation of travel time, increase in transportation costs and traffic pollution. Croatia's access to Schengen on the 1st Jan 2023 opens up new opportunities in cross border transport. Road connection should be supported to provide linkages in isolated peripheral areas, in order to connect neighbouring communities, providing improved and quicker access to TEN-T and other major road/rail infrastructure, generating time savings in cross-border mobility such as local roads on the sections Sarok-Kneževo-Popovac and Zákány-Gotalovo and preparation of building plans technical documentation for the construction of the Murakersztúr-Kotoriba bridge. These actions will facilitate the movement of people and goods across the border, boosting trade and economic growth consistent with the objectives outlined in the "Declaration of Intent to Foster Economic Cooperation and Transportation Links Between the Border Regions of Croatia and Hungary". On the other hand, shortening the travel time between the two countries will not only enhance social integration in the region, but will have a positive effect on travel costs and reduction of CO2, aligning with the principles of the EU Green Deal. Given the size of the financial envelope, the specificities of Interreg programmes (for example the nature and size of the planned operations) and the limited experience with financial instruments, the programming authorities choose to use only grants.

Selected policy objective or selected Interreg specific objective	Selected specific objective	Priority	Justification for selection
4. A more social and inclusive Europe implementing the European Pillar of Social Rights	RSO4.2. Improving equal access to inclusive and quality services in education, training and lifelong learning through developing accessible infrastructure, including by fostering resilience for distance and on-line education and training	4. Priority No. 4. Inclusive border region	Joint educational initiatives Labour productivity is lagging behind the EU average in the border area, there is a strong mismatch between skills and demand on the labour market. This is largely due to the shortcomings of the education system as there is disproportion between the labour market needs and educational system supply. Higher education capacities with wide range of disciplines exist in the border region, with a tendency of decreasing number of students, which has a negative effect on competitiveness. Therefore it has to be better harmonised with market demand. Vocational education is also not adequately harmonised, should be better focused to the market demand. Also, there is rather low adult participation in education which is in contrary to the principle of lifelong learning. In order to promote competitiveness of education and lifelong learning all levels of education need to be enhanced through joint education projects of educational institutions on the two sides of the border. This includes development of joint curricula, launching of new training courses, exchange of good practices in educational programmes, supporting small-scale infrastructural investments and the use of distance/online learning tools. Given the size of the financial envelope, the specificities of Interreg programmes (for example the nature and size of the planned operations) and the limited experience with financial instruments, the programming authorities choose to use only

Selected policy objective or selected Interreg specific objective	Selected specific objective	Priority	Justification for selection
			grants.
4. A more social and inclusive Europe implementing the European Pillar of Social Rights	RSO4.6. Enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation	4. Priority No. 4. Inclusive border region	Development of sustainable nature and culture-oriented tourism of international relevance The abundance of natural and cultural values presents an asset for local development in the field of tourism. The Mura-Drava-Danube Transboundary UNESCO Biosphere Reserve, the only protection area in the world spreading through 5 countries, is mainly located in the border region. Particular element of the region's cultural heritage is the crossover of various cultures rich in ethnographic, gastronomic and viticulture assets. Although tourism of the border area showed a growing tendency before 2020, most of the overnights were concentrated in some tourism-oriented areas, where accommodation capacities and attractive services are offered. Due to the phenomenon of 'overtourism' less crowded 'close-to-nature' destinations will become more attractive. This tendency has been strengthened by the COVID-19 pandemic. In line with these trends tourism infrastructure and services should be developed in a coordinated way and respecting nature preservation aspects on basis of local natural and cultural heritage, focusing on development and promotion of tourism attractions, green mobility (cycling, hiking, kayak/canoe tours), improving physical connection of tourism attractions, developing tourism-related active and sport infrastructure as well as infrastructure related to cultural tourism, further strengthening the existing emerging brands (Mura-Drava-

Selected policy objective or selected Interreg specific objective	Selected specific objective	Priority	Justification for selection
			Danube Transboundary UNESCO Biosphere Reserve, EuroVelo 13, Amazon of Europe), for the sake of generating unique and competitive tourism products. This generates income for the local population contributing to their social inclusion and strengthening the local economy. Given the size of the financial envelope, the specificities of Interreg programmes (for example the nature and size of the planned operations) and the limited experience with financial instruments, the programming authorities choose to use only grants.
6. Interreg: A better Cooperation Governance	ISO6.2. Enhance efficient public administration by promoting legal and administrative cooperation and cooperation between citizens, civil society actors and institutions, in particular with a view to resolving legal and other obstacles in border regions (strands A, C, D and, where appropriate, strand B)	5. Priority No. 5. Cooperating border region	Fostering governmental cooperation Public administration and governance structures – despite long common history – show significant differences. Role of local governments is rather similar; however, the role of county-level institutions and the state shows a mixed picture. In both countries cities/towns with central functions play a key role in regional development. Due to the low level of territorial integration between the two sides, thematic cooperation of territorial governance actors (public or private non-profit) is needed in various domains, with the aim of identifying obstacles (legal and administrative), exchange of experiences, providing solutions for existing gaps, fostering digitalisation, transfer of good practices and generation and preparation of future projects. Given the size of the financial envelope, the specificities of Interreg programmes (for example the nature and size of the planned operations) and the limited

Selected policy objective or selected Interreg specific objective	Selected specific objective	Priority	Justification for selection
			experience with financial instruments, the programming authorities choose to use only grants.
6. Interreg: A better Cooperation Governance	ISO6.3. Build up mutual trust, in particular by encouraging people-to-people actions (strands A, D and, where appropriate, strand B)	5. Priority No. 5. Cooperating border region	Supporting civil cooperation The border region is traditionally characterised by a positive and cooperative relationship between the partner countries. Local governments, civil and cultural organisations are traditionally active players in cooperation. This is particularly true for minority organisations that play a significant role in connecting the two sides. They are active in culture, education and sport as well. In order to build mutual trust, the promotion of cultural exchange and dialogue support is essential to civil organisations, operating in the following fields: cultural organisations, sport and youth associations, minority organisations. This includes the organisation of joint events and realisation of joint initiatives. Given the size of the financial envelope, the specificities of Interreg programmes (for example the nature and size of the planned operations) and the limited experience with financial instruments, the programming authorities choose to use only grants.

2. Priorities

Reference: points (d) and (e) of Article 17(3)

2.1. Priority: 1 - Priority No.1. Competitive border region

Reference: point (d) of Article 17(3)

2.1.1. Specific objective: RSO1.3. Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments

Reference: point (e) of Article 17(3)

Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments.

2.1.1.1 Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basin strategies, where appropriate

Reference: point (e)(i) of Article 17(3), point (c)(ii) of Article 17(9)

Expected results:

Joint business and innovative cooperation of SMEs will help SMEs in the programme area to become more stable and profitable that is expected to have a positive impact on their export/import potential, ability to create added value, competitiveness and on employment, too. This directly contributes to the improvement of economic performance of the programme area.

The main factors of the continuous increase of territorial disparities and of weak economic performance are as follows:

- lack of capital for productive investments in SMEs;

- low productivity ratios and low added value of SMEs in the border area;

- low export-import performance way below the respective national averages with extremely low cross-border trade among companies;

- weak innovation performance of the border region, especially in terms of R&D activity of businesses (BERD);

- language barrier.

Strengthening competitive cooperation of SMEs on two sides of the border should be strengthened. This should be fostered by supporting cross-border trade of industrial products and encouraging cross-border business services which will lead to increased joint appearance on each other's and third markets. Apart from fostering cross-border trade activities, cooperation-based innovative product, service and technology development of SMEs operating in the border area should also be promoted in which partner SMEs pay complementary role in the joint innovative development with clear division of tasks according to their professional competences. Competitive cooperation of SMEs across the border shall have a positive effect on competitiveness, generation of value added, and improvement of employment situation.

As driving force of economy of the programme area are local SMEs, special SME supporting scheme is intended to be elaborated and implemented in the border area fostering joint cooperation of SMEs operating on the different sides of the border. This scheme should be conceived in complementarity with mainstream SME development schemes with main focus on triggering value added cooperation among SMEs raising their competitiveness on domestic and international markets.

Fostering competitive cooperation of SMEs includes two areas of intervention implemented through open calls focusing on:

-Business cooperation of SMEs - fostering business cooperation projects with the intention of foreign market penetration, i.e. entering on each other's market and sales at international level in third countries. Business cooperation projects can focus on existing products or services and can also include minor improvements on existing products or services necessary for successfully entering them on foreign markets. Business cooperation scheme prefers joint SME projects where the existing product or service to be sold has well elaborated market demand analysis, high sales potential and project partners offer complementary services to each other in a value chain in order to more effectively sell their products or services on the market.

-Joint innovation of SMEs - developing joint innovation projects that are based on joint efforts to reach product or service innovation bearing novelty at territorial and/or sectoral level. Preference should be given to projects where the collaboration in innovation development is clearly explained in the proposal and the development would be impossible without the knowledge and skill share of each collaborating partner. In terms of joint innovation projects, business support and R&D organisations can also join collaborative SME projects if they produce innovative value added to the project results.

Actions to be supported, *inter alia*:

-internal and external human expertise of joint product, technology and service development;

-activities for entering existing or newly developed products and services on international markets: international market surveys, appearance on events (fairs, seminars, workshops, conferences), development or upgrading of marketing tools and materials, targeted online and offline promotional actions;

-product and service development in various fields;

-organisation of trainings, seminars for improving knowledge on product or service development and international market appearance;

-purchase of equipment for product or service development, moving, packaging and storing of products to be marketed at international level;

-development, purchase and installation of new hardware and software equipment;

-purchase of intangible fixed assets;

-infrastructure development and construction, enlarging, restructuring, refurbishment or modernisation of building for the sake of operating equipment for joint product or service development;

-involvement of business support and R&D organisations in joint innovation of SMEs;

-management of competitive cooperation project of SMEs.

Most important principles for the selection criteria, *inter alia*, are:

-past international cooperation activities of SMEs;

-complementarity and value-added of joint cooperation of SMEs;

-innovative content of jointly developed products or services;

-market demand for products or services to be developed;

-effectiveness of promotion of products or services to be entered in each other's and/or third markets.

Actions are linked to the DRS PA 7 and 8.

2.1.1.1b. Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

Reference: point (c)(i) of Article 17(9)

2.1.1.2. Indicators

Reference: point (e)(ii) of Article 17(3), point (c)(iii) of Article 17(9)

Table 2 - Output indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Milestone (2024)	Target (2029)
1	RSO1.3	RCO01	Enterprises supported (of which: micro, small, medium, large)	enterprises	0	48
1	RSO1.3	RCO87	Organisations cooperating across borders	organisations	0	56
1	RSO1.3	RCO02	Enterprises supported by grants	enterprises	0	48

Table 3 - Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Target (2029)	Source of data	Comments
1	RSO1.3	RCR25	SMEs with higher value added per employee	enterprises	0.00	2021	28.00	Programme monitoring system, public registries	
1	RSO1.3	RCR84	Organisations cooperating across borders after project completion	organisations	0.00	2021	33.00	Programme monitoring system / Survey	

2.1.1.3. Main target groups

Reference: point (e)(iii) of Article 17(3), point (c)(iv) of Article 17(9)

Direct target groups (indicative list of potential beneficiaries) are:
-cooperating SMEs from each side of the border operating in industry and business service sectors in the cross-border area;
-relevant national and county/local level business support organisations;
-R&D organisations.

Indirect target groups are:
-owners and employees of granted SMEs through joint SME supporting schemes and
-also sub-contractors and external experts involved in cooperating SME projects.

2.1.1.4. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools

Reference: Article point (e)(iv) of 17(3

Not applicable.

2.1.1.5. Planned use of financial instruments

Reference: point (e)(v) of Article 17(3)

No financial instrument will be used.

2.1.1.6. Indicative breakdown of the EU programme resources by type of intervention

Reference: point (e)(vi) of Article 17(3), point (c)(v) of Article 17(9)

Table 4 - Dimension 1 – intervention field

Priority	Specific objective	Fund	Code	Amount (EUR)
1	RSO1.3	ERDF	021. SME business development and internationalisation, including productive investments	8,630,300.00
1	RSO1.3			8,630,300.00

Table 5 - Dimension 2 – form of financing

Priority	Specific objective	Fund	Code	Amount (EUR)
1	RSO1.3	ERDF	01. Grant	8,630,300.00
1	RSO1.3			8,630,300.00

Table 6 - Dimension 3 – territorial delivery mechanism and territorial focus

Priority	Specific objective	Fund	Code	Amount (EUR)
1	RSO1.3	ERDF	33. Other approaches - No territorial targeting	8,630,300.00
1	RSO1.3			8,630,300.00

2.1. Priority: 2 - Priority No. 2. Greener and low-carbon border region

Reference: point (d) of Article 17(3)

2.1.1. Specific objective: RSO2.1. Promoting energy efficiency and reducing greenhouse gas emissions

Reference: point (e) of Article 17(3)

Promoting energy efficiency and reducing greenhouse gas emissions.

2.1.1.1 Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basin strategies, where appropriate

Reference: point (e)(i) of Article 17(3), point (c)(ii) of Article 17(9)

Expected results:

Joint low-carbon projects trigger cross-border efforts to enhance energy consciousness of local citizens and to find common innovative solutions for reduction of greenhouse gas emissions. These cross-border initiatives effectively contribute to the larger-scale low-carbon investments and through cross-border partnerships foster collaborative actions and institutional cooperation in the field of energy efficiency and usage of renewables.

Total energy consumption shows a growing trend due to the huge increase in consumption of households due to outdated building stock and the low level of energy consciousness. Energy efficiency, energy refurbishment of public and private buildings is of high importance for the programme area in line with the Renovation wave of EU Green Deal.

Although region relies mostly on fossil fuels, growth in the share of renewable energies should be further promoted, based on local renewable potentials. In the area solar and geothermal energy have real potentials that may serve as basis for future projects.

In the framework of cross-border cooperation, integrated approach should be followed to reduce of greenhouse gas emission and carbon footprint. This means that preference should be given to those projects which integrate energy efficiency and renewable energy focused measures to reach optimal impact. Complementarity with mainstream Operational Programmes is also of key importance, in this respect cross-border projects can contribute to the results of infrastructure development oriented mainstream projects mainly in identifying and spreading new methodologies, innovative solutions and in triggering joint actions for raising awareness of local citizens on the importance of low-carbon initiatives.

Low-carbon projects with the following intervention areas shall be supported, *inter alia*:

-fostering renovation wave in public and private buildings in line with energy efficiency standards (nearly zero energy buildings);

-contribution to clean energy transition and affordable utilisation of renewable energy resources (geothermal, solar etc.);

-combating energy poverty for households;

-supporting smart and innovative low emission technologies;

-decarbonisation of industries;

-digitalisation serving environmental sustainability;

-fostering e-mobility as a clean energy transport solution;

-raising commitment of citizens and empowering regional and local communities to energy consciousness and sustainable behaviour in line with EU Climate Pact.

Actions to be supported in open call supporting scheme, *inter alia*:

-research, data collection and elaboration of joint cross-border territorial analyses and studies for the purpose of fostering energy efficient refurbishments and utilisation of various renewable energy sources in public and private facilities;

-elaboration of guidelines and methodological papers on optimal low-carbon interventions for different target groups;

-development of joint databases, innovative tools and methodologies for sustainable energy management focusing on different target groups, energy efficiency and renewable energy initiatives;

-low-carbon investments in the infrastructure and equipment, including mobility-related equipment, especially with the goal of reducing energy poverty;

-preparation of documentation (studies and technical documentation) for the purpose of using various energy sources in particular fields (tourism, industry, agriculture, buildings etc.);

-transfer of knowledge and infrastructural activities in the field of renewable energy sources, e.g. sustainable utilisation of geothermal energy by retrofitting districts to use geothermal energy for heating in urban areas;

-studies and small-scale projects for the promotion of usage of solar energy in the programme area;

-awareness raising events (conferences, workshops, info days etc.) to spread information and raise the interest of general public and public and private institutions of the programme area on relevance of different aspects of low-carbon initiatives;

-cross-border knowledge and experience exchange activities for optimal ways of energy efficiency of building stock (public, enterprises, households) and for sustainable utilisation of renewable energy sources;

-organizing study tours to study innovative low-carbon technologies and community initiatives as good practice;

-elaboration of joint educational curricula and materials, organisation of trainings tailor-made for different target groups focusing on different fields of reduction of greenhouse gas emission;

-elaboration of promotional materials and implementation of marketing actions for raising public awareness of low-carbon project actions and results;

-preparation and implementation of small-scale pilot low-carbon investments bearing best practice and demonstration relevance.

Most important principles for the selection criteria, *inter alia*, are:
-complexity of energy efficiency and renewable energy related interventions;
-sustainability of utilisation of renewable energy resources;
-focus on lagging behind areas suffering from energy poverty;
-extent of public-private partnership in project implementation;
-cost-effectiveness of interventions;
-effectiveness of awareness raising and behavioural interventions.

Actions are linked to the DRS strongly to PA 2 and marginal to PA 5 and 5

2.1.1.1b. Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

Reference: point (c)(i) of Article 17(9)

2.1.1.2. Indicators

Reference: point (e)(ii) of Article 17(3), point (c)(iii) of Article 17(9)

Table 2 - Output indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Milestone (2024)	Target (2029)
2	RSO2.1	RCO87	Organisations cooperating across borders	organisations	0	24
2	RSO2.1	RCO116	Jointly developed solutions	solutions	0	14
2	RSO2.1	RCO115	Public events across borders jointly organised	events	0	20
2	RSO2.1	RCO84	Pilot actions developed jointly and implemented in projects	pilot actions	0	14

Table 3 - Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Target (2029)	Source of data	Comments
2	RSO2.1	RCR104	Solutions taken up or up-scaled by organisations	solutions	0.00	2021	8.00	Programme monitoring system / Survey	
2	RSO2.1	RCR84	Organisations cooperating across borders after project completion	organisations	0.00	2021	14.00	Programme monitoring system / Survey	

2.1.1.3. Main target groups

Reference: point (e)(iii) of Article 17(3), point (c)(iv) of Article 17(9)

Direct target groups (indicative list of potential beneficiaries) of open call supporting scheme are
-national, regional, and local public authorities and bodies governed by public law ,
-regional and local development agencies,
-universities,
-knowledge centers (also national),
-research institutions,
-educational institutions,
-energy agencies,
-utility (including water and waste management) companies,
-private non-profit organisations having expertise in low-carbon developments and actions.

Indirect target groups are
-local public authorities,
-private companies and households of the programme area capitalizing on the low-carbon initiatives,
-pupils, students, teachers, population in awareness raising.

2.1.1.4. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools

Reference: Article point (e)(iv) of 17(3

Not applicable.

2.1.1.5. Planned use of financial instruments

Reference: point (e)(v) of Article 17(3)

No financial instruments will be used.

2.1.1.6. Indicative breakdown of the EU programme resources by type of intervention

Reference: point (e)(vi) of Article 17(3), point (c)(v) of Article 17(9)

Table 4 - Dimension 1 – intervention field

Priority	Specific objective	Fund	Code	Amount (EUR)
2	RSO2.1	ERDF	046. Support to entities that provide services contributing to the low carbon economy and to resilience to climate change, including awareness□raising measures	5,300,000.00
2	RSO2.1			5,300,000.00

Table 5 - Dimension 2 – form of financing

Priority	Specific objective	Fund	Code	Amount (EUR)
2	RSO2.1	ERDF	01. Grant	5,300,000.00
2	RSO2.1			5,300,000.00

Table 6 - Dimension 3 – territorial delivery mechanism and territorial focus

Priority	Specific objective	Fund	Code	Amount (EUR)
2	RSO2.1	ERDF	33. Other approaches - No territorial targeting	5,300,000.00
2	RSO2.1			5,300,000.00

2.1.1. Specific objective: RSO2.4. Promoting climate change adaptation and disaster risk prevention, resilience taking into account eco-system based approaches

Reference: point (e) of Article 17(3)

Promoting climate change adaptation and disaster risk prevention, and resilience, taking into account eco-system based approaches.

2.1.1.1 Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basin strategies, where appropriate

Reference: point (e)(i) of Article 17(3), point (c)(ii) of Article 17(9)

Expected results:

Supported projects are expected to result in joint solutions and actions contributing to improvement and maintenance of biodiversity in the border area, improvement in the status of green and blue infrastructure including habitat connectivity and a better quality of the water bodies in the programme area.

Despite the relatively favourable ecological conditions – due to abundance of protected areas, including the Transboundary Biosphere Reserve (TBR) – climate change will likely significantly affect the border region that may lead to an increase of temperature, the number of drought days, a decrease of ground water level and lead to flash flooding as well as spread of invasive species. This may have a negative impact on biodiversity, natural ecosystems as well as on agriculture and human health.

In spite of the fact that natural assets are relatively preserved, various types of risks should be anticipated e.g. three hydro powerplants operating on the upstream section of the Drava river which may cause both the mitigation of precipitation extremities and significant volatility in water level with a negative effect on nature in the downstream section.

Climate change adaptation projects with the following intervention areas shall be supported, *inter alia*:

-Cooperation related to protected areas on green land use, along ecological corridors, in order to improve connectivity between habitats, setting up cross-border conservation action plans and actions, protection of endangered species and fighting invasive species.

-Cooperation on blue land use: improvement of the status of waterbodies, restoration of natural habitats (wetlands, oxbows), application of nature-based solutions and natural water retention measures, protection of native species, control and removal of invasive ones. Jointly developed actions aiming at understanding the future effects of flood protection interventions and enabling disaster management action, as well as implementing the interventions, which help reducing climate change impacts.

-Raising awareness about impacts of climate change on biodiversity, water quality and quantity, creation of an adaptive environment for implementation of green and blue land use practices, as well as promotion of clear technologies of waste management fostering circular economy initiatives among local stakeholders.

Actions to be supported in open call supporting scheme, *inter alia*:

-Adoption of a strategy for the development of the civil protection system due to the occurrence of disasters, pandemics and other threats to human health, procurement of equipment, organization of joint field exercises, education of key stakeholders and education of civil society to raise awareness of these risks.

-Cross-border strategic planning activities, preparatory actions of restoration interventions (also as stand-alone activity), including ecological status survey, research, monitoring, data collection, environmental impact assessment and planning documentation at various levels, e.g. joint sustainable energy and climate action plans

-Jointly tailored measures and pilot actions targeting ecosystem-based climate change adaptation and mitigation, based on risk and vulnerability analysis of the project area.

-Implementation of strategic documents and pilot actions for improvement and development of green infrastructure (e.g. water retention, wetlands and peatlands restoration and management, restoration of natural infiltration to groundwater) within the cities in the target area.

-Implementation (pilot or full) of the above infrastructural interventions as joint cross-border actions at restoration and/or improvement of the environmental status.

-Small scale investments in the infrastructure and equipment in order to reduce and promote resilience to the negative consequences of climate change, e.g. revitalization and construction of rain gardens, green areas and parks.

-Soft educational and awareness-raising actions targeting various target groups in the programme area and beyond. This may include development of accessible promotional materials (offline and online), enhancing visibility of the natural assets of the TBR in the partner counties and beyond. Exchange of practices and experiences between management bodies of various parts of the river systems.

The most important principles for the selection criteria, *inter alia*, are:

-complexity of climate change adaptation interventions, interrelatedness of planning/preparatory actions with pilots and physical interventions;

-sustainability of the planned interventions;

-focus on sensitive areas along the border from biodiversity point of view and coherence with international nature protection acts;

-cost-effectiveness of interventions;

-Effectiveness of awareness-raising and behavioural interventions.

Actions are linked to the DRS to PA 5 and 6.

2.1.1.1b. Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

Reference: point (c)(i) of Article 17(9)

2.1.1.2. Indicators

Reference: point (e)(ii) of Article 17(3), point (c)(iii) of Article 17(9)

Table 2 - Output indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Milestone (2024)	Target (2029)
2	RSO2.4	RCO87	Organisations cooperating across borders	organisations	0	12
2	RSO2.4	RCO116	Jointly developed solutions	solutions	0	7
2	RSO2.4	RCO84	Pilot actions developed jointly and implemented in projects	pilot actions	0	7
2	RSO2.4	RCO26	Green infrastructure built or upgraded for adaptation to climate change	hectares	0	4.1

Table 3 - Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Target (2029)	Source of data	Comments
2	RSO2.4	RCR84	Organisations cooperating across borders after project completion	organisations	0.00	2021	7.00	Programme monitoring system / Survey	
2	RSO2.4	RCR104	Solutions taken up or up-scaled by organisations	solutions	0.00	2021	4.00	Programme monitoring system / Survey	

2.1.1.3. Main target groups

Reference: point (e)(iii) of Article 17(3), point (c)(iv) of Article 17(9)

Direct target groups (indicative list of potential beneficiaries) of open call supporting schemes are:

-national, regional, and local public authorities and bodies governed by public law ,

-regional and local development agencies,

-organisations dealing with the provision of assistance in natural disasters,

-organisations acting in the field of climate change adaptation and disaster risk prevention,

-civil protection entities,

-emergency call centres

-public health institutes,

-public institutions for management of protected areas dealing with nature protection and land use, including national parks, nature parks and county-level public institutions for management of protected areas

-national and regional/local level water management bodies,

-state forest management companies,

-utility (including water and waste management) companies,

-universities and research institutions, dealing with methodological support for investigations, preparatory actions, impact assessments,

-publicly or privately owned non-governmental organisations,

-educational institutions,

Indirect target groups are:

-land owners,

-agricultural producers,

-the local population,

- students, pupils,

-tourists and visitors in the area

2.1.1.4. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools

Reference: Article point (e)(iv) of 17(3

Not applicable.

2.1.1.5. Planned use of financial instruments

Reference: point (e)(v) of Article 17(3)

No financial instruments will be used.

2.1.1.6. Indicative breakdown of the EU programme resources by type of intervention

Reference: point (e)(vi) of Article 17(3), point (c)(v) of Article 17(9)

Table 4 - Dimension 1 – intervention field

Priority	Specific objective	Fund	Code	Amount (EUR)
2	RSO2.4	ERDF	058. Adaptation to climate change measures and prevention and management of climate related risks: floods and landslides (including awareness raising, civil protection and disaster management systems, infrastructures and ecosystem based approaches)	2,800,000.00
2	RSO2.4	ERDF	079. Nature and biodiversity protection, natural heritage and resources, green and blue infrastructure	5,200,000.00
2	RSO2.4			8,000,000.00

Table 5 - Dimension 2 – form of financing

Priority	Specific objective	Fund	Code	Amount (EUR)
2	RSO2.4	ERDF	01. Grant	8,000,000.00
2	RSO2.4			8,000,000.00

Table 6 - Dimension 3 – territorial delivery mechanism and territorial focus

Priority	Specific objective	Fund	Code	Amount (EUR)
2	RSO2.4	ERDF	33. Other approaches - No territorial targeting	8,000,000.00
2	RSO2.4			8,000,000.00

2.1. Priority: 3 - Priority No. 3. Connected border region

Reference: point (d) of Article 17(3)

2.1.1. Specific objective: RSO3.2. Developing and enhancing sustainable, climate resilient, intelligent and intermodal national, regional and local mobility, including improved access to TEN-T and cross-border mobility

Reference: point (e) of Article 17(3)

(ii) developing and enhancing sustainable, climate resilient, intelligent and intermodal national, regional and local mobility, including improved access to TEN-T and cross-border mobility

2.1.1.1 Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basin strategies, where appropriate

Reference: point (e)(i) of Article 17(3), point (c)(ii) of Article 17(9)

Expected results:

Supported projects are expected to result in increased and direct cross-border access between communities in isolated peripheral areas, improving and providing quicker access to TEN-T and other major road and rail infrastructure, generating time savings in cross-border mobility.

Cross-border permeability of the border area has been thoroughly analysed in various studies. Already available feasibility studies and technical documentations have defined the potential cross-border linkages, including their effect from transport infrastructure and regional development point of view. Permeability of the border is significantly affected by the presence of major border rivers and the adjacent protected areas (Mura-Drava-Danube Transboundary Biosphere Reserve). Interventions should be selected in line with the nature protection principles and cost-effectiveness, preferring linkages that provide the shortest and most physical effecting connection, avoiding core zones of protected areas.

Efficient linkage to existing TEN-T elements (road and rail) should be also taken into consideration, in order to generate time savings and efficient access to major centres. Newly developed infrastructure should provide access to corridors Vc (in the area of Bóly/Mohács and Beli Manastir) and Vb (in the area of Goričan–Letenye on road and Gyékényes–Koprivnica on rail). New connections may, on one hand, improve utilisation of the already available TEN-T infrastructure, on the other hand help to avoid congestions in summer high season, providing alternative route options to residents in the border area.

Developed infrastructure projects should help the local economy, in providing easier physical access between cooperating companies in rural areas, as well as in rural tourism that targets lesser-known peripheral areas.

Cross-border road infrastructure development projects with the following intervention areas shall be supported:

-Development technical documentation (for licensing or executive) and related necessary documents for cross-border road infrastructure development interventions in the border area;

-Implementation of cross-border road infrastructure projects, including upgrading of existing elements of infrastructure and construction of new roads.

Actions to be supported, *inter alia*:

-Elaboration of technical documentation in terms of main project design for licensing, including all related documents and plans defined by law of the partner countries;

-Elaboration of technical documentation, in terms of executive plan, including all related documents and plans defined by law of the partner countries;

-Implementation of road construction works (new infrastructure or upgrading), including all related elements defined by the technical plans, in line with the law of the partner countries.

-Obtaining of relevant permits, according to legislation of the partner countries.

The most important principles for the selection criteria, *inter alia*, are:

-Positive contribution to mitigation of climate change by reducing travel distances;

-Physical proximity of the connected municipalities/communities;

-Cost-efficiency of the developed infrastructure;

-Access to existing elements of TEN-T corridors (road and rail);

-Time saving generated in mobility between neighbouring communities;

-Sustainability of the planned interventions.

Actions are linked to the DRS PA 1b, 3, 10, 11.

In order to fully respect the requirements of the Habitat Directive, the programme authorities commit to the following:

1. complement at programme level, **the appropriate assessment** (art.6.3 of the Habitat Directive) of the impacts of Priority Objective 3 on all the Natura 2000 sites concerned by the planned infrastructures (Mura" (Croatia - HR2000364) and "Mura mente" (Hungary - HUBF20043; "Gornji tok Drave" (Croatia - HR1000014) and "Nyugat-Dráva" (Hungary - HUDD10002)), in view of the sites' specific conservation objectives;
2. consider **potential alternatives** to the proposed infrastructures, including no intervention, sustainable mobility solutions and reusing/adaptation of existing infrastructures;

3. if needed, **amend the programme** in line with the results of the appropriate assessment; and
4. send the appropriate assessment to the Commission for approval.

The implementation of the above mentioned commitments is a condition to be fulfilled by the programme authorities before launching any formal activity under PO3, including launching calls for proposals and sending payment requests to the Commission. No funding will be disbursed before the condition is fulfilled.

2.1.1.1b. Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

Reference: point (c)(i) of Article 17(9)

2.1.1.2. Indicators

Reference: point (e)(ii) of Article 17(3), point (c)(iii) of Article 17(9)

Table 2 - Output indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Milestone (2024)	Target (2029)
3	RSO3.2	RCO87	Organisations cooperating across borders	organisations	0	4
3	RSO3.2	RCO44	Length of new or upgraded roads - non-TENT	km	0	2

Table 3 - Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Target (2029)	Source of data	Comments
3	RSO3.2	RCR84	Organisations cooperating across borders after project completion	organisations	0.00	2021	4.00	Programme monitoring system / Survey	
3	RSO3.2	RCR56	Time savings due to improved road infrastructures	man-days/year	0.00	2021	2,070.00	Programme monitoring system / Survey	

2.1.1.3. Main target groups

Reference: point (e)(iii) of Article 17(3), point (c)(iv) of Article 17(9)

Direct target groups (indicative list of potential beneficiaries)
-national, regional and local authorities and bodies governed by public law
-national, regional and local public and private authorities and their undertakings in the sector of transport planning, development and construction.

Indirect target groups:
-all population groups potentially benefitting from improved regional transport (commuters, tourists, employees, students etc.).

2.1.1.4. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools

Reference: Article point (e)(iv) of 17(3

Not applicable.

2.1.1.5. Planned use of financial instruments

Reference: point (e)(v) of Article 17(3)

No financial instruments will be used.

2.1.1.6. Indicative breakdown of the EU programme resources by type of intervention

Reference: point (e)(vi) of Article 17(3), point (c)(v) of Article 17(9)

Table 4 - Dimension 1 – intervention field

Priority	Specific objective	Fund	Code	Amount (EUR)
3	RSO3.2	ERDF	090. Newly built or upgraded other national, regional and local access roads	9,500,000.00
3	RSO3.2			9,500,000.00

Table 5 - Dimension 2 – form of financing

Priority	Specific objective	Fund	Code	Amount (EUR)
3	RSO3.2	ERDF	01. Grant	9,500,000.00
3	RSO3.2			9,500,000.00

Table 6 - Dimension 3 – territorial delivery mechanism and territorial focus

Priority	Specific objective	Fund	Code	Amount (EUR)
3	RSO3.2	ERDF	33. Other approaches - No territorial targeting	9,500,000.00
3	RSO3.2			9,500,000.00

2.1. Priority: 4 - Priority No. 4. Inclusive border region

Reference: point (d) of Article 17(3)

2.1.1. Specific objective: RSO4.2. Improving equal access to inclusive and quality services in education, training and lifelong learning through developing accessible infrastructure, including by fostering resilience for distance and on-line education and training

Reference: point (e) of Article 17(3)

(ii) improving equal access to inclusive and quality services in education, training and lifelong learning through developing accessible infrastructure, including by fostering resilience for distance and on-line education and training

2.1.1.1 Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basin strategies, where appropriate

Reference: point (e)(i) of Article 17(3), point (c)(ii) of Article 17(9)

Supported projects are expected to result in:

-Increased educational and training offer provided by local HE institutions new jointly developed and delivered curricula;

-Potentials for dual vocational training better exploited;

-Increased adult participation in education;

-Enhanced cross-cultural exchange and understanding;

-Improved language skills of border region inhabitants;

-New content about each other’s country and the region is developed for elementary and secondary schools;

-Increased involvement of disadvantaged – including Roma – groups and individuals in ET activities;

-Awareness of common natural and cultural values of the border region among children and young adults;

-Positive attitude developed with regard to CBC from early age on;

-Motivated children and young adults through involvement in joint educational activities;

-Increased social inclusion of disadvantaged groups;

-Sense of belonging to the broader community of the region developed.

To overcome identified educational barriers including pandemic impacts and enhance cooperation in education for all generations in line with border region needs, this intervention is to develop means which promote specific local knowledge base as well as exploit development opportunities of cross-cultural cooperation.

Education projects with the following intervention areas shall be supported, *inter alia*:

-General public education and education in line with labour market needs, including the development of soft skills;

-Open to all educational institutions from preschool to adult education, including private ones operating as non-profit bodies;

-Multisectoral and innovative approaches in education programme design and delivery;

-Infrastructure developments are allowed if they are directly related to the projects objectives;

-Enabling delivery of online education programmes;

-Exchange of best practices in education provision;

-Contribution to green and digital transformation of the border area

Actions to be supported in open call supporting scheme, *inter alia*:

-Implementation of activities aiming at popularisation of STEM (science, technology, engineering, and mathematics), including activities of construction or establishment of STEM centres and parks, implementation of education, camps and procurement of necessary equipment;

-Development and implementation of joint curricula/courses by regional higher education institutions;

-Peer Reviews on identified good practices concerning teaching methods of cross cultural knowledge to share between teaching staff of education providers on both sides of the border;

-Development and testing of training materials for improved knowledge of the region's culture;

-Adaptation of programmes and equipment for on-line delivery to overcome pandemic impacts;

-Purchase of equipment strictly as a complementary activity for jointly planned training courses and services if the joint delivery of the planned activity could not be implemented otherwise in a quality manner;

-Small-scale upgrading of educational premises as a complementary activity for jointly planned training courses and services if the joint delivery of the planned activity could not be implemented otherwise in a quality manner;

-Developing and delivering joint incentive schemes (internships, placements, hired students) to ensure that graduates studying on one side of the border can gain practical experiences on the other;

-Developing and delivering joint schemes in dual education to support exchange of apprentices in skills or employment sectors represented in the border area;

-Developing and delivering adult education programmes and workshops in the border area;

-Developing and delivering optional courses, education workshops for elementary and secondary schools in the border area;

-Developing joint educational activities for preschool and school-aged children in the border area;

-Developing joint educational activities and strenghtening the capacities of the centres of excellence (e.g. educational activities for potentially high ability students);

-Design and delivery of language courses relevant for cross-cultural cooperation in the border region;

-Incentives to create networks for schools, or twin-schools aiming at knowledge transfer based on good practices;

-Design and delivery of traineeships for teachers at enterprises;

-Development and implementation of programmes for the improvement of soft skills.

Specific actions will be implemented in order to help integrate marginalised groups of the society, such as people living in poverty and, especially, the Roma. Indicative actions may include:

-Design and operation of a mentoring system to help the participation of the individuals belonging to the marginalised groups in the designed schemes;

-Design and operation of a mentoring system for specific tailor-made training of teachers working in schools in lagging behind areas;

-Specific local information events that aim at encouraging the participation of schools with high proportion of the Roma.

Most important principles for the selection criteria, *inter alia*, are:

-Improved level of cooperation among educational and training institutions on all levels;

-Content of the curricula is based on local and/or cross-cultural knowledge;

-Integration of digital skills, digital and green transformation;

-Purchase of equipment or small scale upgrading of educational premises justified as complementary activities to jointly developed, relevant educational services;

-Sustainability of joint educational activities needs to be ensured by prioritising those interventions which build new services on results of previous joint developments;

-Involvement of marginalised groups or individuals, de-segregation

-Balanced participation of Croatian and Hungarian participants;

-The proportionality of the complementary hard elements of jointly developed and delivered projects needs to be ensured by the programming bodies.

Actions are linked to the DRS PA 9.

2.1.1.1b. Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

Reference: point (c)(i) of Article 17(9)

2.1.1.2. Indicators

Reference: point (e)(ii) of Article 17(3), point (c)(iii) of Article 17(9)

Table 2 - Output indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Milestone (2024)	Target (2029)
4	RSO4.2	RCO87	Organisations cooperating across borders	organisations	0	16
4	RSO4.2	RCO85	Participations in joint training schemes	participations	0	200

Table 3 - Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Target (2029)	Source of data	Comments
4	RSO4.2	RCR81	Completion of joint training schemes	participants	0.00	2021	160.00	Programme monitoring system	
4	RSO4.2	RCR84	Organisations cooperating across borders after project completion	organisations	0.00	2021	9.00	Programme monitoring system / Survey	

2.1.1.3. Main target groups

Reference: point (e)(iii) of Article 17(3), point (c)(iv) of Article 17(9)

Direct target groups (indicative list of potential beneficiaries)
-local, regional and national institutions and service providers located in the programme area;
-local and regional public authorities and their undertakings;
-educational institutions, their establishments and their operators (kindergartens, schools, colleges, higher education institutes and adult learning institutions);
-vocational training institutions;
-universities;
-libraries;
-NGOs;
-development agencies;
-cultural centres,

Indirect target groups:
-children, students and adults living and learning or studying in the border area,
-apprentices living and studying in the border area,
-technical/teaching staff of educational and training institutions,
-employers' and labour market institutions,
-SMEs,
-groups and individuals of marginalised communities, including the Roma.

2.1.1.4. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools

Reference: Article point (e)(iv) of 17(3

Not applicable.

2.1.1.5. Planned use of financial instruments

Reference: point (e)(v) of Article 17(3)

No financial instruments will be used.

2.1.1.6. Indicative breakdown of the EU programme resources by type of intervention

Reference: point (e)(vi) of Article 17(3), point (c)(v) of Article 17(9)

Table 4 - Dimension 1 – intervention field

Priority	Specific objective	Fund	Code	Amount (EUR)
4	RSO4.2	ERDF	121. Infrastructure for early childhood education and care	405,000.00
4	RSO4.2	ERDF	122. Infrastructure for primary and secondary education	405,000.00
4	RSO4.2	ERDF	123. Infrastructure for tertiary education	405,000.00
4	RSO4.2	ERDF	124. Infrastructure for vocational education and training and adult learning	405,000.00
4	RSO4.2	ERDF	148. Support for early childhood education and care (excluding infrastructure)	270,000.00
4	RSO4.2	ERDF	149. Support for primary to secondary education (excluding infrastructure)	270,000.00
4	RSO4.2	ERDF	150. Support for tertiary education (excluding infrastructure)	270,000.00
4	RSO4.2	ERDF	151. Support for adult education (excluding infrastructure)	270,000.00
4	RSO4.2			2,700,000.00

Table 5 - Dimension 2 – form of financing

Priority	Specific objective	Fund	Code	Amount (EUR)
4	RSO4.2	ERDF	01. Grant	2,700,000.00
4	RSO4.2			2,700,000.00

Table 6 - Dimension 3 – territorial delivery mechanism and territorial focus

Priority	Specific objective	Fund	Code	Amount (EUR)
4	RSO4.2	ERDF	33. Other approaches - No territorial targeting	2,700,000.00
4	RSO4.2			2,700,000.00

2.1.1. Specific objective: RSO4.6. Enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation

Reference: point (e) of Article 17(3)

(vi) enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation

2.1.1.1 Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basin strategies, where appropriate

Reference: point (e)(i) of Article 17(3), point (c)(ii) of Article 17(9)

Expected results:

Supported projects are expected to result in increased quality of tourism infrastructure, attractions and services, an enhanced visibility of the border area as a lesser-known but emerging environment-friendly destination becoming a distinguished cross-border tourism product.

Well preserved natural environment, including the Transboundary Biosphere Reserve (TBR) and rich culture provide a good basis for the development of sustainable tourism, generating economic development and promotion of social inclusion.

Due to the COVID-19 pandemic more emphasis has been put on lesser-known areas, avoidance of 'overtourism', close-to-nature experience. Tourism and sport-related infrastructure and services should be developed in line with the "significantly do not harm" principle, green mobility options should be promoted, physical connection of tourism attractions should be improved contributing to social inclusion and strengthening the local economy. Actions should aim towards strengthening the resilience and digital/green transformation of the tourism sector, in view of the Tourism Transition Pathway.

Culture and sustainable tourism projects with the following intervention areas shall be supported, *inter alia*:

-Development of sustainable tourism attractions with clear tourism relevance generating visibility beyond the border area (preference should be given to development of joint network of attractions with national or international relevance attracting visitors from outside of the programme area);

-Quality development of service provision in the tourism sector resulting increase in number of visitors;

-Enhance green transformation of the sector and promotion of green tourism mobility services (i.e. bike and hiking paths)

-Setting up regional and joint tourism destination management services and promotion beyond the border area.

Prioritised forms of tourism are: ecotourism, cultural tourism, wine and gastronomy, cycling tourism, sport, health, water tourism, as well as various innovative forms of tourism.

Actions to be supported in open call supporting scheme, *inter alia*:

-Infrastructure development of existing and new tourism attractions;

-Investment in small scale nature and culture interpretation infrastructure, in line with ICOMOS' European Quality Principles

-Quality development for the sake of introduction of new targeted services in tourism (e.g. for cyclists, various professions as target groups, people with disabilities etc.) at public

-Development of cycling and hiking paths with touristic signage. Cycling path development is preferred to be focused on gaps or bottlenecks of international routes (EuroVelo 6 and 13) and their linkages to tourism hotspots and main national cycling routes;

-Development of infrastructure related to water tourism (moorings, on-shore services, signage);

-Joint promotion of the border area at the relevant target markets, organisation of promotional events, participation at various events with cross-border relevance and beyond;

-Education and awareness raising among tourism workers and target groups.

-Project selection shall take place through open public calls. Projects with the following contents should be preferred:

-Supporting tourism attractions and destinations with high territorial relevance (attractions with local relevance should be avoided) and added value to the tourism supply in the area;

-Joint nature of the projects and the interrelatedness of the activities implemented by the project partners (clear thematic and/or territorial connection between tourism developments of project partners);

-Development of various interrelated tourism products for the purpose of elaborating a complex cross-border tourism supply package;

-Application of innovative and creative tourism technologies and methods, including individual-based tourism models;

-Supporting digitalisation of tourism offer;

-Ensured operational and economic sustainability and clear destination management model (preference should be given to projects including tourism management organisations which will be partly or solely responsible for the future maintenance and operation of the tourism developments created);

The most important principles for the selection criteria, *inter alia*, are:

-complexity of projects, interrelatedness of activities implemented by the beneficiaries;

-accordance with the natural endowments of the border area;

-sustainability of project outputs and results, in terms of all three strands of sustainability (environmental, social, financial);

-adequate demand analysis and needs assessment;

-coordination with projects in neighbouring areas, avoiding overlaps;
-having an impact beyond the project itself and stimulating tourism activity in the region;
-sustainable and properly maintained after their completion;
-focus on lesser-known and lagging behind areas along the border, generating economic development and social inclusion;
-cost-effectiveness of interventions;
- effectiveness and coverage of foreseen tourism promotion activities.

Actions are linked to the DRS PA 7 and 8.

2.1.1.1b. Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

Reference: point (c)(i) of Article 17(9)

2.1.1.2. Indicators

Reference: point (e)(ii) of Article 17(3), point (c)(iii) of Article 17(9)

Table 2 - Output indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Milestone (2024)	Target (2029)
4	RSO4.6	RCO77	Number of cultural and tourism sites supported	cultural and tourism sites	0	30
4	RSO4.6	RCO87	Organisations cooperating across borders	organisations	0	32

Table 3 - Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Target (2029)	Source of data	Comments
4	RSO4.6	RCR77	Visitors of cultural and tourism sites supported	visitors/year	0.00	2021	36,000.00	Programme monitoring system / Survey	
4	RSO4.6	RCR84	Organisations cooperating across borders after project completion	organisations	0.00	2021	19.00	Programme monitoring system / Survey	

2.1.1.3. Main target groups

Reference: point (e)(iii) of Article 17(3), point (c)(iv) of Article 17(9)

Direct target groups (indicative list of potential beneficiaries):

-local, regional and national public authorities and bodies governed by public law

-regional and local development agencies,

-tourism boards,

-tourism organisations and institutions,

-culture organisations and institutions,

-management institutions of state properties,

-education and research organisations,

-chambers of commerce,

-forest management companies

-public institutions for management of protected areas, including natural parks, nature parks and county level public institutions for the management of protected areas,

-church organisations,

-private non-profit organisations,

-EGTCs.

Indirect target groups are the visitors and the local population.

2.1.1.4. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools

Reference: Article point (e)(iv) of 17(3

40 km zone on each side from the three main rivers (Mura, Drava, Danube) of the border area. Details shall be regulated in the future Calls for Proposals.

2.1.1.5. Planned use of financial instruments

Reference: point (e)(v) of Article 17(3)

No financial instruments will be used.

2.1.1.6. Indicative breakdown of the EU programme resources by type of intervention

Reference: point (e)(vi) of Article 17(3), point (c)(v) of Article 17(9)

Table 4 - Dimension 1 – intervention field

Priority	Specific objective	Fund	Code	Amount (EUR)
4	RSO4.6	ERDF	083. Cycling infrastructure	5,950,000.00
4	RSO4.6	ERDF	165. Protection, development and promotion of public tourism assets and tourism services	5,100,000.00
4	RSO4.6	ERDF	167. Protection, development and promotion of natural heritage and eco□tourism other than Natura 2000 sites	5,950,000.00
4	RSO4.6			17,000,000.00

Table 5 - Dimension 2 – form of financing

Priority	Specific objective	Fund	Code	Amount (EUR)
4	RSO4.6	ERDF	01. Grant	17,000,000.00
4	RSO4.6			17,000,000.00

Table 6 - Dimension 3 – territorial delivery mechanism and territorial focus

Priority	Specific objective	Fund	Code	Amount (EUR)
4	RSO4.6	ERDF	32. Other approaches - Other types of territories targeted	17,000,000.00
4	RSO4.6			17,000,000.00

2.1. Priority: 5 - Priority No. 5. Cooperating border region

Reference: point (d) of Article 17(3)

2.1.1. Specific objective: ISO6.2. Enhance efficient public administration by promoting legal and administrative cooperation and cooperation between citizens, civil society actors and institutions, in particular with a view to resolving legal and other obstacles in border regions (strands A, C, D and, where appropriate, strand B)

Reference: point (e) of Article 17(3)

ISO 1b Enhance efficient public administration by promoting legal and administrative cooperation and cooperation between citizens, civil society actors and institutions, in particular with a view to resolving legal and other obstacles in border regions

2.1.1.1 Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basin strategies, where appropriate

Reference: point (e)(i) of Article 17(3), point (c)(ii) of Article 17(9)

Expected results:

-identified legal and administrative barriers to cooperation in the border region;

-developed solutions and institutional innovations that contribute to overcoming legal and administrative barriers in the cooperation of organisations in the border region;

-improved public institutional capacities and skills in cross-border cooperation and strategic/sectoral planning;

-improved language skills;

-planning systems and processes, data collection and assessment methods are better harmonized (in line with planning processes);

-common regional interests and development directions identified.

Cooperation projects under this action with the following intervention areas shall be supported inter alia:

-Decrease of legal and administrative obstacles to cooperation of territorial governance actors in various domains;

-Provision of opportunities for organisations to elaborate on development issues which they together on both sides of the border consider relevant related to the future of the border area. These thematic issues may include the following: labour market, health and social care, digitalisation, transport and mobility etc.

Actions to be supported in open call supporting scheme, *inter alia*:

-Identification of legal and adminsitrative obstacles relevant for cross-border cooperation, provision of solutions for existing gaps, fostering digitalisation, , transfer of good practices, generation and preperation of future joint projects;

-Organising meetings and seminars for the exchange of experiences, information in order to identify common development issues, ideas, structures;
-Joint development of common approaches to identified common problems;
-Joint improvement of basic services;
-Joint development of databases;
-Promotion of multi-lingualism.

Most important principles for the selection criteria, *inter alia*, are:
-improved level of cooperation among project partners based on knowledge transfer and capitalization on previous project results;
-contribution to institutional innovations;
-contribution to more efficient organisational processes of cooperating institutions;
-potential of the expected results to be capitalised upon;
-sustainability of joint institutional structures to be developed;
-sustainability of shared processes to be developed;
-the scale of involvement of new partners in CBC activities;
-the scale of geographical coverage.

2.1.1.1b. Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

Reference: point (c)(i) of Article 17(9)

2.1.1.2. Indicators

Reference: point (e)(ii) of Article 17(3), point (c)(iii) of Article 17(9)

Table 2 - Output indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Milestone (2024)	Target (2029)
5	ISO6.2	RCO87	Organisations cooperating across borders	organisations	0	16
5	ISO6.2	RCO81	Participations in joint actions across borders	participations	0	200

Table 3 - Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Target (2029)	Source of data	Comments
5	ISO6.2	RCR85	Participations in joint actions across borders after project completion	participations	0.00	2021	120.00	Programme monitoring system / Survey	
5	ISO6.2	RCR84	Organisations cooperating across borders after project completion	organisations	0.00	2021	9.00	Programme monitoring system / Survey	

2.1.1.3. Main target groups

Reference: point (e)(iii) of Article 17(3), point (c)(iv) of Article 17(9)

Direct target groups (indicative list of potential beneficiaries):

-local, regional and national public authorities and their institutions;

-local, regional and national institutions, governmental bodies located in the programme area;

-labour market organisations, health and social care institutions;

-business support institutions;

-transport infrastructtre management bodies, public transport organisations ;

Indirect target groups:

-staff members of the local and national institutions and authorities located in the programme area (including regional and sectoral development agencies and organisations in charge of nature conservation and water management in the region);

-staff members of local, county and regional governments and their undertakings;

-population of the border region.

2.1.1.4. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools

Reference: Article point (e)(iv) of 17(3

Not applicable.

2.1.1.5. Planned use of financial instruments

Reference: point (e)(v) of Article 17(3)

No financial instruments will be used.

2.1.1.6. Indicative breakdown of the EU programme resources by type of intervention

Reference: point (e)(vi) of Article 17(3), point (c)(v) of Article 17(9)

Table 4 - Dimension 1 – intervention field

Priority	Specific objective	Fund	Code	Amount (EUR)
5	ISO6.2	ERDF	173. Enhancing institutional capacity of public authorities and stakeholders to implement territorial cooperation projects and initiatives in a cross□border, transnational, maritime and inter□regional context	1,600,000.00
5	ISO6.2			1,600,000.00

Table 5 - Dimension 2 – form of financing

Priority	Specific objective	Fund	Code	Amount (EUR)
5	ISO6.2	ERDF	01. Grant	1,600,000.00
5	ISO6.2			1,600,000.00

Table 6 - Dimension 3 – territorial delivery mechanism and territorial focus

Priority	Specific objective	Fund	Code	Amount (EUR)
5	ISO6.2	ERDF	33. Other approaches - No territorial targeting	1,600,000.00
5	ISO6.2			1,600,000.00

2.1.1. Specific objective: ISO6.3. Build up mutual trust, in particular by encouraging people-to-people actions (strands A, D and, where appropriate, strand B)

Reference: point (e) of Article 17(3)

ISO 1c Build up mutual trust, in particular by encouraging people-to-people actions

2.1.1.1 Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basin strategies, where appropriate

Reference: point (e)(i) of Article 17(3), point (c)(ii) of Article 17(9)

Supported projects are expected to result in the following:

-existing links and individual relationships develop further;

-the scope of cooperation extended by involving a range of new actors, widening the variety of events in the whole border region;

-the level of mutual understanding and acceptance, by showing the society positive experiences of cooperation is enhanced.

Expected results on civil society level are:

-New links in civil society cooperation in the border region established;

-Existing links as well as individual relationships are further developed.

Cooperation projects under this action with focus on the civil society and interactions beteen the people of the border region shall be supported, including the design and delivery of a series of joint cultural and sports events.

Projects with the following intervention areas shall be supported, *inter alia:*

-cooperation in arts and culture;

-sport events (tournaments, festivities);

-cultivation of traditions of minorities, promotion of trust an intercultural dialogue;

-social integration of the youth and promotion of inter-generational solidarity.

Actions to be supported in open call supporting scheme, *inter alia*:

-setting up and implementation of cooperation agreements of civil organisations;

-organisation of various events with involvement of the target groups and the general public;
-development of offline and online publications.

Most important principles for the selection criteria, *inter alia*, are:
-relevance of cooperation topic for the border area;
-sustainability of cooperation beyond the project's closure;
-the scale of involvement of new partners in CBC activities.

Actions are linked to the DRS PA 7, 9, 10, 11.

2.1.1.1b. Definition of a single beneficiary or a limited list of beneficiaries and the granting procedure

Reference: point (c)(i) of Article 17(9)

2.1.1.2. Indicators

Reference: point (e)(ii) of Article 17(3), point (c)(iii) of Article 17(9)

Table 2 - Output indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Milestone (2024)	Target (2029)
5	ISO6.3	RCO87	Organisations cooperating across borders	organisations	0	24
5	ISO6.3	RCO81	Participations in joint actions across borders	participations	0	150

Table 3 - Result indicators

Priority	Specific objective	ID	Indicator	Measurement unit	Baseline	Reference year	Target (2029)	Source of data	Comments
5	ISO6.3	RCR84	Organisations cooperating across borders after project completion	organisations	0.00	2021	14.00	Programme monitoring system / Survey	
5	ISO6.3	RCR85	Participations in joint actions across borders after project completion	participations	0.00	2021	90.00	Programme monitoring system / Survey	

2.1.1.3. Main target groups

Reference: point (e)(iii) of Article 17(3), point (c)(iv) of Article 17(9)

Direct target groups (indicative list of potential beneficiaries):
-Civil organisations (NGOs);
-Cultural and arts associations;
-Church organisations;
-Minoritiy organisations (including minority governments);
-Sport associations, clubs;
-Youth organisations;
-Local and regional public authorities and their institutions;

Indirect target groups: the general public of the border area.

2.1.1.4. Indication of the specific territories targeted, including the planned use of ITI, CLLD or other territorial tools

Reference: Article point (e)(iv) of 17(3

Not applicable.

2.1.1.5. Planned use of financial instruments

Reference: point (e)(v) of Article 17(3)

No financial instruments will be used.

2.1.1.6. Indicative breakdown of the EU programme resources by type of intervention

Reference: point (e)(vi) of Article 17(3), point (c)(v) of Article 17(9)

Table 4 - Dimension 1 – intervention field

Priority	Specific objective	Fund	Code	Amount (EUR)
5	ISO6.3	ERDF	173. Enhancing institutional capacity of public authorities and stakeholders to implement territorial cooperation projects and initiatives in a cross□border, transnational, maritime and inter□regional context	1,540,825.00
5	ISO6.3			1,540,825.00

Table 5 - Dimension 2 – form of financing

Priority	Specific objective	Fund	Code	Amount (EUR)
5	ISO6.3	ERDF	01. Grant	1,540,825.00
5	ISO6.3			1,540,825.00

Table 6 - Dimension 3 – territorial delivery mechanism and territorial focus

Priority	Specific objective	Fund	Code	Amount (EUR)
5	ISO6.3	ERDF	33. Other approaches - No territorial targeting	1,540,825.00
5	ISO6.3			1,540,825.00

3. Financing plan

Reference: point (f) of Article 17(3)

3.1. Financial appropriations by year

Table 7

Reference: point (g)(i) of Article 17(3), points (a) to (d) of Article 17(4)

Fund	2021	2022	2023	2024	2025	2026	2027	Total
ERDF	0.00	0.00	12,156,102.00	12,352,121.00	12,552,064.00	10,400,901.00	10,608,915.00	58,070,103.00
Total	0.00	0.00	12,156,102.00	12,352,121.00	12,552,064.00	10,400,901.00	10,608,915.00	58,070,103.00

3.2.Total financial appropriations by fund and national co-financing

Reference: point (f)(ii) of Article 17(3), points (a) to (d) of Article 17(4)

Table 8

Policy objective	Priority	Fund	Basis for calculation EU support (total eligible cost or public contribution)	EU contribution (a)=(a1)+(a2)	Indicative breakdown of the EU contribution		National contribution (b)=(c)+(d)	Indicative breakdown of the national counterpart		Total (e)=(a)+(b)	Co-financing rate (f)=(a)/(e)	Contributions from the third countries
					without TA pursuant to Article 27(1) (a1)	for TA pursuant to Article 27(1) (a2)		National public (c)	National private (d)			
1	1	ERDF	Total	9,234,421.00	8,630,300.00	604,121.00	2,308,606.00	2,077,745.00	230,861.00	11,543,027.00	79.9999948021%	0.00
2	2	ERDF	Total	14,231,000.00	13,300,000.00	931,000.00	3,557,750.00	3,201,975.00	355,775.00	17,788,750.00	80.0000000000%	0.00
3	3	ERDF	Total	10,165,000.00	9,500,000.00	665,000.00	2,541,250.00	2,287,125.00	254,125.00	12,706,250.00	80.0000000000%	0.00
4	4	ERDF	Total	21,079,000.00	19,700,000.00	1,379,000.00	5,269,750.00	4,742,775.00	526,975.00	26,348,750.00	80.0000000000%	0.00
6	5	ERDF	Total	3,360,682.00	3,140,825.00	219,857.00	840,171.00	756,154.00	84,017.00	4,200,853.00	79.9999904781%	0.00
	Total	ERDF		58,070,103.00	54,271,125.00	3,798,978.00	14,517,527.00	13,065,774.00	1,451,753.00	72,587,630.00	79.9999986224%	0.00
	Grand total			58,070,103.00	54,271,125.00	3,798,978.00	14,517,527.00	13,065,774.00	1,451,753.00	72,587,630.00	79.9999986224%	0.00

4. Action taken to involve the relevant programme partners in the preperation of the Interreg programme and the role of those programme partners in the implementation, monitoring and evaluation

Reference: point (g) of Article 17(3)

In line with the multi-level governance principle, the involvement of partners was a central component throughout the programming coordinated by the Programming Committee (PC) set up in January 2020. It consists of relevant ministries and regional/county/local level organizations from 2 Member States. From Croatia: Varaždinska županija, Koprivničko-križevačka županija, Međimurska županija, Bjelovarsko-bilogorska županija, Virovitičko-podravska županija, Požeško-slavonska županija, Osječko-baranjska županija, Vukovarsko-srijemska županija, Ministry of Regional Development and EU Funds (represented by the Directorates for Regional Development and Strategic Planning), Ministry of Foreign and European Affairs, Ministry of Economy and Sustainable Development, Ministry of Science and Education, Ministry of Tourism and Sport, Energy Institute Hrvoje Požar, Association for Nature and Environment Protection Green Osijek, Croatian Employers' Association, Croatian Chamber of Commerce. From Hungary: Baranya, Somogy and Zala counties, Ministry of Foreign Affairs and Trade, Ministry of Finance, Prime Minister's Office, Széchenyi Programme Office, Drava Federation, Secretariat for Danube Region Strategy, Hungarian Cycling Federation, Hungarian Charity Service of the Order of Malta. The European Commission was also invited as advisor. The role of the PC– besides steering and strategically coordinating the planning process –was to discuss and approve the major outputs of the programming process.

In order to ensure satisfactory level of territorial ownership the programming process also included advisors from central and local level and from civil society, they offered valuable input, the relevant stakeholders and partners were duly consulted. They had access to relevant information and played a meaningful role during the design.

During programming the following consultations were held: territorial workshops were organized in February 2020 and April 2021 in the border region by involving all main stakeholders thus transforming it into a real co-creating process. The main purpose was to get the participants acquainted with the main findings of the situation analysis, and to collect opinion and experiences about the topics raised and examined by the analysis. They contributed to define the main strengths, potentials, and the experienced challenges in their NUTS III area, and in the programme area, which can be potential target areas of the programme.

During the workshops in the first phase the stakeholders were informed about the results of the descriptive analysis, pointing out the main characteristics of the different thematic areas. Altogether 248 attendees, representing various stakeholders in terms of geographic coverage and professions, provided their opinion and modification requests to the analysis on the workshops held in January and February 2020.

In the second phase, in April 2021 proposals were presented to the sectoral stakeholders on the future, pre-selected POs for the new programme, and they expressed their opinions and preferences (recommendations on the content of the proposed POs and/or proposals on new thematic fields to be incorporated into the new programme).

Two questionnaire surveys with a sample of at least 100 local actors were conducted in order to channel in a structured way the views and opinion of a wider stakeholder group into the situation analysis, resulting in a more complex and realistic report, and request the opinion of the stakeholders about thematic fields that had been proposed by the planners in the so-called interim decision-making paper, by connecting with the impact assessment of the current programme to create and boost interlinkages.

The first survey was conducted in January/February 2020; the targeted e-mail was sent out to more than 1600 contacts, out of which 348 stakeholders have filled in the questionnaire about the draft situation analysis of the programme area. The second survey, conducted during December 2020 and January 2021, has targeted more than 2500 people, out of whom 492 have reacted with their opinion. Both surveys have provided highly appreciated and useful input, asking the stakeholders about their development goals or considerations. The views of the stakeholders are incorporated in both the situation analysis and the finalised programme strategy.

There were 10 interviews organised and implemented with key actors of the programme area in order to gather information on the present situation of the programme area, and also to collect the preferences about the directions. The stakeholders interviewed were the representatives of the following institutions: MA of the 2014-2020 programme, JS of the 2014-2020 programme, University of Pécs, Somogy County Enterprise Development Foundation, Zala County Government, NA of the 2014-2020 programme, Međimurje Energy Agency, Koprivničko-križevačka County, Entrepreneurship Incubator of Virovitičko-podravska County and Osječko-baranjska County.

Besides professional forums, public consultation on the draft Interreg programme and the draft SEA report has been also conducted in national languages before the adoption of the content. Further consultation processes on additional SEA has been also launched.

Two Member States implement the programme and participate in the Monitoring Committee (hereinafter: MC). The MC supervises the Programme and its performance and makes decisions accordingly. The composition of the MC shall be agreed by the Member States and shall ensure a balanced representation of the relevant authorities, including intermediate bodies as well as representatives of the programme partners referred to IR.

The setup will be ensured by nomination of the Member States. The MC shall adopt its rules of procedure which shall include provisions on its functioning, on rights and obligations, on voting rights and rules for attending the meetings as well as means and tools to deal with conflict of interest. It shall be made public.

The list of the members will be published on the website.

The partners to be nominated in MC will be further identified based on the above listed directives:

- should have relevant experience in cross-border programmes;

- should have proven capacity to actively participate in the MC meetings and the ability to contribute to its work;

- should be located and active in the border area;

- should have representatives with the necessary language knowledge, and

- should be competent in their professional field.

The Partnership Agreement among other important elements describes the mechanism of the coordination, demarcation and complementarities between the Funds and coordination between national and regional programmes as well as complementarities between the Funds and other Union instruments in the Member States.

The Programme partners supported by the work of MC, the Joint Secretariat, the Controllers and other Programme Bodies will be used as a permanent coordination mechanisms, ensuring overall coordination and monitoring of implementation of other Union and relevant national funding instruments. The members and observers of the MC might be involved in other programme implementation and/or decision-making (e.g. counties in regional/territorial development programmes in Croatia and in Hungary), therefore they possess extended relevant information.

In Croatia, the Ministry of Regional Development and EU Funds (MRDEUF) is the central state administration body responsible for planning and implementing the activities related to harmonization with the European Union in the field of regional policies and the use of European Union funds. Being in charge of coordinating activities related to the management of the European Cohesion Policy Programmes on the national level, MRDEUF is responsible for the preparation, coordination and management of the European Territorial Cooperation Programmes. In this respect, the MRDEUF performs the role of the Managing Authority, National Authority, First level control as well as the Certifying Authority for the majority of the Croatian portfolio of ETC Programmes and macro-regional strategies.

In Hungary, Interreg A Programmes belongs to the Ministry of Foreign Affairs and Trade (MFA). In the planning phase, the MFA coordinated the programming process of all cross-border cooperation programmes, and also the Prime Minister’s Office being as coordinator of Cohesion policy funds, and the Ministry of Finance being responsible for territorial development at national level took part in the process. MFA being responsible for CBC Interreg programmes, takes part in the monitoring committee of the

partnership agreement in Hungary in a consultative role. In addition to that MFA takes part together with MAs of mainstream programme in the Development Policy Coordination Committee dealing with all development policy issues in Hungary. Furthermore, MFA sets up a national level coordination board only for Interreg CBC programmes discussing MC related topics with broader participation.

Monitoring and evaluation

MC is in charge of monitoring and evaluation of the Programme The MC will examine on a regular basis among others:

• the progress in the Programme implementation and in achieving its milestones and targets of the Interreg Programme;

• any issues that affect the performance of the Programme and the measures taken to address those issues;

• the progress made in carrying out evaluations and any follow-up given to findings

• the implementation of communication and visibility actions;

• the progress in implementing the programme's operations of strategic importance.

In addition to its tasks concerning the selection of operations, the monitoring committee shall approve:

• the methodology and criteria used for the selection of operations including any changes thereto, after notifying he Commission, where requested, including set up of special steering committees that will in charge of selecting operations;

• the evaluation plan and any amendment thereto;

• any proposals by the Managing Authority for the amendment of the Programme including for a transfer in accordance with Article 19(5) of the Interreg Regulation;

• the final performance report.

In order to measure progress and performance, evaluation of the Programme will be carried out among others alongside the following criteria: effectiveness, efficiency, relevance, coherence and EU added value with the aim to improve the quality of the design and implementation of programmes. Evaluations may also cover other relevant criteria, such as inclusiveness, non-discrimination and visibility, and may cover more than one programme. The evaluation shall be public.

Monitoring system and e-cohesion

To maintain e-cohesion in the 2021-2027 programming period, the Programme continues the mechanism established in the previous period to facilitate electronic data exchange between beneficiaries and Programme authorities in accordance with Annex XIV of the CPR. The electronic data exchange system is fully functional and aligned to the needs of the beneficiaries. In continuation of the 2014-2020 perspective, the Interreg Hungary – Croatia 2021-2027 will use the INTERREG+ IT system as the projects' application, reporting and monitoring tool. The system allows the Programme bodies to efficiently monitor the implementation of the Programme and projects and follow financial processes.

5. Approach to communication and visibility for the Interreg programme (objectives, target audiences, communication channels, including social media outreach, where appropriate, planned budget and relevant indicators for monitoring and evaluation)

Reference: point (h) of Article 17(3)

Building on the experiences, the integration of channels and tools to increase the efficiency is in focus also in the new one. Constant support to individual projects in streamlining the core message, the common Interreg brand and the EU is the main guiding points. Communication on operation of strategic importance is highlighted throughout the implementation of the project(s) and in the disseminating of the results.

As a horizontal measure, communication is as green as possible, with special attention paid to reducing the production of waste. Printed materials are to be reduced to the minimum, giving precedence to digital versions and digital dissemination. All communication is planned having in mind the principles of equal access and equal opportunities for everyone.

Objectives must be specific, measurable, achievable, result-oriented and time-bound:

(1) Ensuring transparency via frequent updating of the programme's website and social media profiles,

(2) Generating interest among all relevant target groups, providing them with up-to-date and detailed information about funding opportunities in the framework of information days, partner search events and with the help of online tools,

(3) Providing sufficient information and guidance on implementation requirements for beneficiaries,

(4) Spreading information about the achievements of implemented projects and of the entire programme,

(5) Engaging the citizens for a more active and positive approach to the EU and its institutions, via information events of the programme and events organised by the projects during their implementation,

(6) Ensuring constant flow of information among the different programme implementation structures.

Indicators:

(obj 1) Increase of the number publications (articles, news, posts), about the programme and its projects,

(obj 2) Increase in the number of participants at publicity events,

(obj 2) Number of new contacts established via social media,

(obj 3, obj 4) Increase in the number of visits to the website,

() Number of projects with designated communication manager,

(obj 5) Increase in the number of citizens in the Hungarian-Croatian border area familiar with EU funded cross-border cooperation activities in the region, capable of actively promoting the project and its activities in the local community and among relevant stakeholders,

(obj 6) Positive evaluation of internal communication.

The target groups include (potential) project participants, relevant public authorities at local, regional and national level, professional associations and business communities, economic and social partners, non-governmental organisations, project operators and promoters, general public, programme implementing structures, EU institutions and the media.

An integrated web-based portal is a central medium for information, including direct access to the programme's social media channels.

Programme- and project level events are the most used communication tools by the final beneficiaries and also one of the main sources of information for the general public. They are kept as a regular feature of the programme. The focus will be on medium and larger-scale (and thematic, e.g. Interreg Cooperation Day, partner search, opening- and closing) events to ensure interest of the media and the synergies of multi-functional approach to event organisation. Drawing the lessons learned during the COVID-19 pandemic, events will be made available in digital format as well as with live audiences but with the emphasis on

physical events, whenever feasible, due to their advantage in terms of efficiency of engagement.

Building on established relationship with the media, the programme aims at achieving a more proactive approach, with producing more ready-made information about the programme, ensuring that the information be accurate and appropriate. Media representatives are invited to all public events organised and they shall be approached by the programme and the projects also outside the scope of events, on a regular basis, prompting local and regional media to report more frequently about the programme's achievements.

The visual identity elements of the programme (in an updated form) will be kept, exact rules will be detailed in the programme-level documents.

Social media activities of the programme (on Facebook, X and LinkedIn) shall build as much as possible on the activities and achievements on the project level, in a proactive way, yet avoiding the oversaturation of the profiles. Information to be provided on these platforms shall be concise, shall use plain language and shall aim at making the reader want to learn more about the projects. Audio-visual materials to be created are, among others, short movies about bigger events, promo video about several funded projects, tutorials for project submission in INTERREG+ etc.

Based on the entrustment of the managing authority in line with Article 36 (1) of the Interreg Regulation, the implementation of the communication activities is ensured within the JS capacity by assigning a communication manager. TA expenditures of communication activities will reach the limit set as requirement at EU level. The overall budget available for communication from TA is planned to amount to 150.000 EUR.

6. Indication of support to small-scale projects, including small projects within small project funds

Reference: point (i) of Article 17(3), Article 24

The Programme will support small-scale projects according to point a) of Article 24 of Interreg Regulation, meaning direct support to such operations, and will not support a small project fund as made possible by Article 25 of the Interreg Regulation.

Throughout the past EU-funded programmes on the Hungarian-Croatian border (PHARE CBC, Interreg IIIA, IPA CBC and Interreg V-A), small-scale projects have been at the heart of co-operation. A fact recognized by many stakeholders in this border region is that the advancing of co-operation does not necessary depend on the size of awarded funding, but smaller projects can often generate many new linkages and can spread the culture of cross-border planning and acting just as well as larger projects. This is why all past programmes chose to include people-to-people projects as one of the co-operation areas, as they have been the best examples for great results with a moderate amount of spending.

The scale of the given project will determine if it is a small-scale project or a regular one. There should be possibility to submit and manage small-scale projects in all Policy objectives and specific objectives. Calls for proposals will determine under which POs smaller scale projects will be financed. To enlarge the ever-growing group of beneficiaries the programme will aim at widening the usual circle of potential applicants, involving into the small-scale projects more and more organisations, such as non-profit organisations of civil society, professional organisations, educational organisations, social work and social care services, tourism destination management organisations or professional tourist organisations, cultural institutions and cross-border cooperation organisations, among others.

To suit the needs of the potential applicants and beneficiaries usually applying for funding in the small-scale project range, the programme will establish special provisions for this project category, e.g. a smaller indicative project size, a limited number of partner organisations in one project, and limited project duration. Beneficiaries of small-scale projects shall use the simplified cost options offered by the programme to the fullest possible extent, and the limited use of real costs shall contribute to more simple reporting, control and accelerated reimbursement. Detailed rules are to be established by the Monitoring Committee before each call for proposals and for each relevant PO separately.

7. Implementing provisions

7.1. Programme authorities

Reference: point (a) of Article 17(6)

Table 9

Programme authorities	Name of the institution	Contact name	Position	E-mail
Managing authority	Ministry of Regional Development and EU funds – Sector for Managing Interreg Cooperation Programmes	Marko Perić		marko.peric@mrrfeu.hr
Audit authority	ARPA - Agency for the Audit of European Union Programmes Implementation System	Neven Šprlje	Director	neven.sprlje@arpa.hr
National authority (for programmes with participating third or partner countries)	Ministry of Foreign Affairs and Trade (Hungary)	Péter Kiss-Parciu	Deputy State Secretary	pkissparciu@mfa.gov.hu
National authority (for programmes with participating third or partner countries)	Ministry of Regional Development and EU Funds – Sector for coordination of European Territorial Cooperation Programmes and Macro-regional Strategies (Croatia)	Marko Opančar		marko.opancar@mrrfeu.hr
Group of auditors representatives	Directorate General For Audit of European Funds	Balázs Dencső	General Director	balazs.dencso@eutaf.gov.hu
Body to which the payments are to be made by the Commission	Ministry of Finance	Danijela Stepić	Chief State Treasurer	danijela.stepic@mfin.hr
Body (other than managing authority) carrying out the accounting function	Ministry of Regional Development and EU Funds – Directorate for Finance and Information-Telecommunication Systems	Ana Jarnjak		ana.jarnjak@mrrfeu.hr

7.2. Procedure for setting up the joint secretariat

Reference: point (b) of Article 17(6)

The Member States have agreed to set up the Joint Secretariat (JS) with the location in Budapest, Pécs, Osijek and Čakovec to provide support to stakeholders in the whole Programme area. The hosting institution of the JS is the Széchenyi Programme Office.

For the sake of transfer of knowledge and experience between programming periods, current staff of the 2014-2020 Hungary-Croatia JS will remain in their JS positions, while personnel for additional JS positions (2 persons for the JS office in Osijek and / or additional JS positions) will be further selected.

The JS will continue to be functionally independent within the organisational structure of its hosting institution, Széchenyi Programme Office, which will ensure the back office support necessary to the smooth operation, as well as horizontal services for the successful implementation of the programme (e.g. management of I+, regulatory and financial support).

The JS will work in close cooperation with the Managing Authority (MA) related to programme coordination and implementation and will provide support to the National Authorities (NA). The MA, NA-s and JS will be set up in a system securing their cooperation on one hand, and their independence from national structures on the other. The JS will also assist the MC in carrying out their respective functions and tasks (inter alia organising the MC meetings, including the preparation and delivery of documents, assisting the decision-making process, ensuring the follow-up). Furthermore the JS will also perform its tasks in relation to all other programme actors, including the further programme institutions (Body to which the payments are to be made by the Commission, Audit Authority, First Level Control bodies) and the applicants and beneficiaries of the programme's projects and elaborates documents necessary for call and project implementation.

The number and qualification of staff will correspond to the tasks of the JS, the practice of the previous programming periods and to the available Technical Assistance (TA) resources. Additional staff members will be selected by consensus between the two Member States, by a selection committee composed of one representative of each Member State, of the head of JS and the representative of MA.

The JS activities will be supervised by the Managing Authority. All JS members have the same status and are professionally responsible to the head of JS. The overall structure and work of the JS will be coordinated by the head of JS, making use of the available ICT tools as well in order to manage the abovementioned geographical setup of the unit.

7.3. Apportionment of liabilities among participating Member States and where applicable, the third or partner countries and OCTs, in the event of financial corrections imposed by the managing authority or the Commission

Reference: point (c) of Article 17(6)

7.3.1. General rules of liabilities between Member States

Each Member State is responsible for preventing, detecting and correcting irregularities.

Without prejudice to the Member State's responsibility as per Article 52 of the Interreg Regulation, the Managing Authority shall ensure that any amount paid as a result of an irregularity - or when the Managing Authority is entitled to withdraw from the Subsidy Contract and to demand the repayment of the EU contribution in full or in part – is recovered from the lead partner. Partners shall repay to the lead partner any amounts unduly paid.

If the lead partner does not succeed in securing repayment from other partners or where the Managing Authority does not succeed in securing repayment from the lead partner, the Member State on whose territory the partner concerned is located or, in the case of an EGTC, is registered shall reimburse the Managing Authority any amounts unduly paid to that partner.

The Managing Authority is responsible for reimbursing the amounts recovered to the general budget of the Union in accordance with the apportionment of liabilities between the Member States.

The Managing Authority will reimburse the funds to the Union once the amounts are recovered from the lead partner/partner/Member State.

In accordance with Article 52 (4) of the Interreg Regulation, once the Member State has reimbursed the Managing Authority any amounts unduly paid to a partner, it may continue or start a recovery procedure against that partner under its national law. The Member State shall not have any reporting obligation towards the Programme authorities, the Monitoring Committee or the European Commission with regard to such national recoveries.

In case a Member State has not reimbursed the Managing Authority any amounts unduly paid to a partner, those amounts shall be subject to a recovery order issued by the Commission which shall be executed, where possible, by offsetting to the respective Member State in the Programme. Such recovery shall not constitute a financial correction and shall not reduce the support from the ERDF or any external financing instrument of the Union to the Programme. The amount received shall constitute assigned revenue in accordance with Article 21 (3) of Regulation (EU, Euratom).

With regard to amounts not reimbursed to the Managing Authority by a Member State, the offsetting shall concern subsequent payments to the same Interreg programme. The Managing Authority shall then offset with regard to that Member State in accordance with the apportionment of liabilities among the participating Member States set out in the Interreg programme in the event of financial corrections imposed by the Managing Authority or the Commission.

Member States agree that neither the lead partner nor the programme's Managing Authority will be obliged to recover an amount unduly paid that does not exceed EUR 250, not including interest, in contribution from union funds to an operation cumulatively in an accounting year.

7.3.2. Rules on apportionment of liabilities

The Member States agree that they will bear liability as follows:

• *Irregularities concerning lead or sole partner or partners:*

Member State bears liability for repayment of unduly paid amount as described in 7.3.1.unless it proves that sole partner or partner(s) already transferred the irregular amount to the lead partner located on the territory of the other Member State.

Member State bears liability for possible financial consequences of irregularities caused by the lead or sole partner or partners located on its territory.

• *Irregularities of the joint management bodies:*

In case of irregularities that result from the actions and decisions made by the Managing Authority, the body carrying out the accounting function and/or the Joint Secretariat, liability towards the European Commission and the Monitoring Committee is borne by the Member State hosting the Managing Authority.

• *Systemic irregularity – at national level:*

In case a systemic error is found by the European Commission or the Audit Authority, which can be clearly connected to the Member State, the Member State concerned shall be solely liable for the repayment.

• *Systemic irregularity – at programme level:*

For a systemic irregularity or financial correction on programme level that cannot be linked to a Member State, the liability shall be jointly and equally borne by the Member States.

• *Financial correction at programme level:*

If financial correction is established at programme level by the European Commission, the liability is determined by the Managing Authority and the Audit Authority after consultation with the national authorities. As general rule the Member State shall be liable for the payment of such a correction. Member State shall pay a share of the correction, which is proportional to the amounts found by the Audit Authority to be wrongfully verified by the Member State.

The liability principles described above shall also apply to financial corrections to Technical Assistance (TA) calculated in compliance with Article 27 of the Interreg Regulation, since such correcitions would be the direct consequence of project related irregularities (whether systemic or not). The Managing Authority will keep informed the Member State about all irregularities and their impact on TA.

Member State shall report on irregularities in accordance with the criteria for determining the cases of irregularity to be reported , the data to be provided and the format for reporting set out in the CPR. Irregularities shall be reported by the Member State in which the expenditure is paid by the lead partner or beneficiary implementing the project. Specific procedure in this respect will be part of the description of the programme management and control system to be established in accordance with Article 69 (12) of the CPR.

If financial correction is established by the Member State, Article 103 of CPR shall apply.

Further details on arrangements might be regulated in MOU/Implementing Agreement.

8. Use of unit costs, lump sums, flat rates and financing not linked to costs

Reference: Articles 94 and 95 of Regulation (EU) 2021/1060 (CPR)

Table 10: Use of unit costs, lump sums, flat rates and financing not linked to costs

Intended use of Articles 94 and 95 CPR	Yes	No
From the adoption, the programme will make use of reimbursement of the Union contribution based on unit costs, lump sums and flat rates under the priority according to Article 94 CPR	☐	☒
From the adoption, the programme will make use of reimbursement of the Union contribution based on financing not linked to costs according to Article 95 CPR	☐	☒

Appendix 1

A. Summary of the main elements

Priority	Fund	Specific objective	Estimated proportion of the total financial allocation within the priority to which the simplified cost option will be applied in %	Type(s) of operation covered		Indicator triggering reimbursement		Unit of measurement for the indicator triggering reimbursement	Type of simplified cost option (standard scale of unit costs, lump sums or flat rates	Amount (in EUR) or percentage (in case of flat rates) of the simplified cost option
				Code(1)	Description	Code(2)	Description			

(1) This refers to the code for the intervention field dimension in Table 1 of Annex 1 CPR

(2) This refers to the code of a common indicator, if applicable

Appendix 1

B. Details by type of operation

C. Calculation of the standard scale of unit costs, lump sums or flat rates

1. Source of data used to calculate the standard scale of unit costs, lump sums or flat rates (who produced, collected and recorded the data, where the data is stored, cut-off dates, validation, etc):

2. Please specify why the proposed method and calculation based on Article 94(2) is relevant to the type of operation:

3. Please specify how the calculations were made, in particular including any assumptions made in terms of quality or quantities. Where relevant, statistical evidence and benchmarks should be used and, if requested, provided in a format that is usable by the Commission:

4. Please explain how you have ensured that only eligible expenditure was included in the calculation of the standard scale of unit cost, lump sum or flat rate:

5. Assessment of the audit authority or authorities of the calculation methodology and amounts and the arrangements to ensure the verification, quality, collection and storage of data:

Appendix 2

A. Summary of the main elements

Priority	Fund	Specific objective	The amount covered by the financing not linked to costs	Type(s) of operation covered		Conditions to be fulfilled/results to be achieved triggering reimbusresment by the Commission	Indicator		Unit of measurement for the conditions to be fulfilled/results to be achieved triggering reimbursement by the Commission	Envisaged type of reimbursement method used to reimburse the beneficiary or beneficiaries
				Code(1)	Description		Code(2)	Description		

(1) This refers to the code for the intervention field dimension in Table 1 of Annex 1 to the CPR and Annex IV to the EMFAF Regulation.

(2) This refers to the code of a common indicator, if applicable.

B. Details by type of operation

Appendix 3: List of planned operations of strategic importance with a timetable - Article 22(3) CPR

OSIs identified during the programming exercise as regional developmental accelerators will be implemented as follows:

Improving accessibility witihin priority 3 (SO 3.2), ca. 9.5 million EUR ERDF by respecting all EU and national level regulations for roads crossing the border:

1. Preparing and building the missing road link between Sárok and Kneževo
2. Preparing and building the missing road link between Zákány and Gotalovo
3. Preparing the project documentation for the bridge between Kotoriba and Murakeresztúr.

The relevant bodies responsible for road development are the potential partners.

Economic competitiveness within Priority 1 (SO 1.1) through SME support scheme with ca 8,6 million EUR ERDF:

1. B Light 2 - Fostering cross-border business cooperation of SMEs operating on different sides of the Hungary-Croatia border

HAMAG BICRO is the potential lead partner.

Focusing on adaptation to climate changes and energy within Priority 2 (SO 2.1. and 2.4) with ca 6,6 million EUR ERDF:

1. Geo Building – Fostering ground source geothermal energy based energy refurbishments in the border area

University of Pécs is the potential lead partner.

1. MOSQUITOLAB - Coordination of joint development and mitigation actions against mosquito infestation in the Hungary-Croatia border area

Teaching Institute for Public Health of Osijek-Baranja County is the potential lead partner.

Regional toursim package for “Amazon of Europe Bike Trail“under Priority 4 (SO 4.2.) with ca 3.2 million EUR ERDF:

1. Amazon of Europe Bike Trail Hungary-Croatia - Better integration of local touristic services into the transnational tourism product “Amazon of Europe Bike Trail”

Pannon EGTC is the potential lead partner.

The selection of pre-identified OSI will be initiated by invitation for submission of proposals for the above listed operations in the first year of programme implementation. The related methodology for assessment and selection for OSI restricted call will be approved by the MC accordingly.

DOCUMENTS

Document title	Document type	Document date	Local reference	Commission reference	Files	Sent date	Sent by
Map of the Programme area	Map of Programme Area	5 May 2025			Map of Programme area		