



Hungary-Croatia
Cross-border Co-operation Programme

HUNGARY CROATIA CROSSBORDER PROGRAMME 2014 – 2020

First Complete Draft of the Operational Programme

Version: 29 July 2014

Prepared by the Consortium of

VitalPro

H-1082 Budapest, Üllői út 66/a,
level 2, door nr. 2.
tel: +36-1-210-0827
fax: +36-1-210-0827
www.vitalpro.hu



HitesyBartuczHollai
Euroconsulting

H-1054 Budapest, Vértanúk
tere 1.
tel: +36-1-319-1790
fax: +36-1-319-1381
www.hbhe.eu



HR-10000 Zagreb, Bednjanska
8a
tel: +385-1-4572-769
fax: +385-1-4572-769
www.razbor.hr

INDEX

SECTION 1.	Strategy for the cooperation programme's contribution to the Union Strategy for smart, sustainable and inclusive growth and the achievement of economic, social and territorial cohesion.....	4
1.1.	Strategy for the cooperation programme's contribution to the Union strategy for smart, sustainable and inclusive growth and to the achievement of economic, social and territorial cohesion.....	4
1.1.1.	The cooperation programme's strategy (max 35.000 characters / ~ 10 pages).....	4
1.1.2.	Justification for the choice of thematic objectives and corresponding investment priorities	19
1.2.	Justification of the financial allocation	24
SECTION 2.	Description of the Priority Axes	28
2.1.	Priority Axis 1 - Enhancing the Competitiveness of SMEs (TO3).....	28
2.1.1.	Investment Priority 1 of Priority Axis 1 – Developing and implementing new business models for SMEs, in particular with regard to internationalisation (3b)	28
2.1.2.	Performance framework by priority axis	33
2.1.3.	Categories of intervention by priority axis.....	33
2.2.	Priority Axis 2 – Sustainable Use of Natural and Cultural Assets – Preserving and protecting the environment and promoting resource efficiency (TO6).....	35
2.2.1.	Investment Priority 1 of Priority Axis 2 – Conserving, protecting, promoting and developing natural and cultural heritage (6c).....	35
2.2.2.	Investment Priority 2 of Priority Axis 2 – Protecting and restoring biodiversity and soil and promoting ecosystem services, including through NATURA 2000, and green infrastructure (6d).....	38
2.2.3.	Performance framework by priority axis	42
2.2.4.	Categories of intervention by priority axis.....	42
2.3.	Priority Axis 3 – Cooperation: Enhancing Institutional Capacity and an Efficient Public Administration (TO11)	43
2.3.1.	Investment Priority 1 of Priority Axis 3 – Enhancing institutional capacity and an efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions (CBC).....	43
2.3.2.	Performance framework by priority axis	47
2.3.3.	Categories of intervention by priority axis.....	48
2.4.	Priority Axis 4 – Education: Investing in Education, Training, including Vocational Training for Skills and Lifelong learning by Developing Education and Training Infrastructure (TO10)	48

Törölt: 47

2.4.1.	Investment Priority 1 of Priority Axis 4 – Investing in skills, education and lifelong learning by developing and implementing joint education, vocational training and training schemes	48
2.4.2.	Performance framework by priority axis	53
2.4.3.	Categories of intervention by priority axis.....	53
2.5.	Priority Axis 5 – Technical Assistance	55
2.5.1.	Investment Priority 1 of Priority Axis 5 –	55
2.5.2.	Categories of intervention by priority axis.....	55
2.6.	The guiding principles for the selection of operations under the investment priorities	56
SECTION 3.	The financing plan of the cooperation programme without any Division by participating member States.....	58
3.1.	A table specifying for each year, in accordance with Articles 53, 110, and 111 of the CPR, the amount of the total financial appropriation envisaged for the support from the ERDF (EUR).....	58
3.2.	Financial plan of the cooperation programme specifying, for the whole programming period, for the operational programme and for each priority axis, the amount of the total financial appropriation of the support from the ERDF and the national co-financing (EUR) (Table 18) (Article 7 (2)(f) (ii) CPR).....	59
3.3.	Breakdown of the financial plan of the operational programme by priority axis, and thematic objective (Table 19) - Article 7 (2) (f) (ii) CPR	60
SECTION 4.	Integrated approach to territorial development	61
4.1.	Where appropriate the approach to the use of community led local development instruments and the principles for identifying the areas where it will be implemented.....	61
4.2.	Where appropriate, the arrangements for sustainable urban development - Article 7 (2) (c) (iii) ETC Regulation.....	61
4.3.	Where appropriate, the approach to the use of Integrated Territorial Investment (ITI) (as defined in Article 99 of the Common Provisions Regulation) other than urban development and their indicative financial allocation from each priority axis.	61
4.4.	Where Member States and regions participate in macro regional and sea basin strategies, the contribution of planned interventions towards such strategies, subject to the needs of the programme area as identified by the relevant Member States and taking into account, where applicable, strategically important projects identified in the respective strategies.	61
SECTION 5.	Implementing Provision for the Cooperation Programme	65
5.1.	Identification of the relevant authorities and bodies Hiba! A könyvjelző nem létezik,	
5.1.1.	Procedure for setting up the joint secretariat Hiba! A könyvjelző nem létezik,	

Törölt: 65

Törölt: 65

5.1.2.	A summary description of the management and control arrangements Hiba! A könyvjelző nem létezik,	Törölt: 65
5.1.3.	The apportionment of liabilities among the participating Member States and third countries in case of financial corrections imposed by the managing authority or by the Commission..... Hiba! A könyvjelző nem létezik,	Törölt: 65
5.1.4.	Use of the Euro Hiba! A könyvjelző nem létezik,	Törölt: 65
5.2.	Involvement of partners..... Hiba! A könyvjelző nem létezik,	Törölt: 65
5.2.1.	Role of the partners in the preparation and implementation of the cooperation programme Hiba! A könyvjelző nem létezik,	Törölt: 65
SECTION 6.	Coordination between EU and national funding instruments 78	Törölt: 66
SECTION 7.	Reduction of the Administrative Burden for Beneficiaries 79	Törölt: 67
SECTION 8.	Horizontal Principles 80	Törölt: 68
8.1.	Sustainable development..... 80	Törölt: 68
	Equal opportunities and non-discrimination..... Hiba! A könyvjelző nem létezik,	Törölt: 69
8.3.	Equality between men and women..... 83	Törölt: 71
SECTION 9.	Separate Elements – presented as Annexes in printed document version 84	Törölt: 72
9.1.	A list of major projects for which the implementation is planned during the programming period (Article 87 (2) (e) CPR) (Table 30)..... 84	Törölt: 72
9.2.	The performance framework of the cooperation programme 84	Törölt: 72
9.3.	List of relevant partners involved in the preparation of the cooperation programme 84	Törölt: 72

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

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

1.1.1. The cooperation programme's strategy

1.1.1.1. The aim of the cooperation programme

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

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

The scope of the programme is such that it will not be able large-scale interventions especially not larger scale infrastructure developments. Therefore its guiding principle is to support selected cooperative strategic actions and pilot projects in priority fields such as poor accessibility or the business environment, the lack of networks among local and regional administrations, the enhancement and preservation of environmental and natural assets or preventing the risk of loss related to them.

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

1.1.1.2. The situation in the programme area

Programme area

The programme area is 31 085 km² in area and has a population of approximately 2.1 million people, 46% of whom live in Hungary and 54% in Croatia. On the Hungarian side the programme area comprises three counties, of which Somogy has the biggest size and Baranya the greatest population. The programme area on the Croatian side consists of eight counties of which Osječko – baranjska county has the biggest size and is also the most populated. The area is mainly rural with a number of small and medium towns. The two largest urban centres, Pecs in Hungary and Osijek in Croatia, are in the east of the programme area.

(Demographic Trends

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

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

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

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

The settlement structure in general is characterised by a large number of small sized towns with limited economic capacity and services and a general absence of medium sized cities with significant urban functions and services. There are only five cities with more than 40,000 inhabitants. The four Hungarian cities with county rank are: Pécs (the biggest urban centre of the programme area with an agglomeration of about 190,000 people), Kaposvár, Zalaegerszeg as county seats, Nagykanizsa as an urban pole in the south of Zala county (and the most important transport node in the programme area) and Osijek is the only Croatian city in the area with an agglomeration over 100,000 inhabitants.

It is relevant that the Hungarian towns along the border (Lenti, Letenye, Csurgó, Barcs, Sellye, Siklós) are all relatively small urban centres with very limited services that influence the economic performance of the direct border area.

On the Croatian side Varaždin is important gateway to northwest Croatia. Vinkovci, Bjelovar, Vukovar, Koprivnica, Požega, Đakovo, Čakovec and Virovitica all have over 15,000 inhabitants and act as middle sized regional centres, but they have limited capacity to provide regional level services and facilities. There are a number of small towns and municipalities (Đurđevac, Pitomača, Slatina, Donji Miholjac, Belišće, Valpovo, Križevci, Beli

Manastir) in the border area, but as on the Hungarian side they are too small to be drivers of regional development in their areas.

Economy

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

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

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

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

Regional Tourism Product Plan, a document emerged from the programme as a firm strategic direction that tourism development projects can – and have to – address, shall be used as background for interventions in tourism. Tourism plays a significant role in the programme area, especially in Hungary, where Lake Balaton and the spa resorts such as Heviz and Zalakaros, together with the historic and cultural city of Pecs, a UNESCO World Heritage Site, are important attractions. In the Croatian part (where nationally the great majority of tourism takes place on the Adriatic coast) there is much less tourism activity, mostly concentrated in Baranja, Varaždinska, Koprivničko-Križevačka and Međimurje counties, based on rural tourism, annual events, gastronomy, and spa and wellness, mostly for domestic tourists. The towns of Osijek and Varaždinska County have significant cultural heritage, but other locations such as Đurđevci, Križevci, Koprivnica, Orahovica, Lepoglava, Ilok and Kalnik have great potential in developing existing touristic offer and building new one. There is little tourism activity along the border itself, with the exception of the Siklósi microregion, where the Harkány Spa generates significant tourism nights. There is however potential to develop tourism activity in the border area, for example in the northern counties of Croatia and in the protected areas of the Danube-Drava National Park.

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

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

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

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

In both Croatia and Hungary, there is an SME support network, with Chambers of Commerce, innovation agencies and business incubators all active. These have been strengthened in recent years, particularly on the Hungarian side. However, the low level of SME development generally shows that there is a need and potential to develop this further.

R&D activity is generally low in the programme area. In both Hungary and Croatia, R&D expenditure is lower than the EU average, and what does take place is concentrated in the main cities and not the peripheral border regions.

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

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

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

As noted earlier, agriculture is overall a higher source of employment than nationally, although it varies in different parts of the programme area, being higher in Baranya and Somogy counties (HU) and the eastern counties of Croatia. Industrial employment also varies, being highest in Zala County in Hungary and Varazdinska and Međimurska County in Croatia.

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

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

In Croatia, there is notable disjunction between the labour market and educational system which is reflected in the fact that the majority of unemployed are those with 1-3 year vocational secondary schools, whose numbers prevail in the structure of unemployed even over those with no schooling or with primary school. Most of the unemployed have been unemployed for over 12 months and the majority of the unemployed and particularly of long-term unemployed are women. A significant proportion of unemployed are young (34.59% of

all unemployed are below 30), who have trouble entering the labour market, but also those over 45 years of age (also 34.64%), who find it hard to re-enter the job market.

Earnings in the three Hungarian counties are below the national average, which is potentially a comparative advantage in terms of the costs of the labour. Data on the county level for Croatia are not available.

Environment

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

Air quality is generally to be considered as satisfactory on both sides of the border: in Hungary Zala county has above-average air quality figures, while Baranya county, particularly the Pécs area – has only average air quality as a result of the influence of the Mecsek Hills. On the Croatian side of the border, air quality is generally satisfactory, although Brodsko - posavska county is affected by air pollution from the refinery in Bosanski Brod.

The programme area is characterized by three major water systems: the Danube in the East, the Drava-Mura that forms most of the border line, and Lake Balaton to the north of Somogy and Zala counties. The water systems of the Balaton and Drava-Mura suffer from big volatility. During hot summers the Balaton lacks fresh water that heavily deteriorates its natural wildlife, while during high waters on the Danube the Balaton serves as accumulator of water reserves and helps protect the Danube riverside from flooding.

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

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

The territory of the Danube-Drava National Park and of the Mura-Drava Regional Park form part of the Mura-Drava-Danube Biosphere Reserve that has been proclaimed by the UNESCO in 2012. The total reserve covers 631,461 ha, whose 395,861 ha is in Croatia and 235,600 in Hungary (the Reserve area spreads also in Austria, Slovenia and Serbia). The biosphere reserve is managed by the nationally designated bodies (Danube-Drava National

Park Directorate in Hungary and Kopački rit, as well as county level public institutes for protected area management in Croatia). This is clearly an important cross-border activity.

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

Flood prevention is generally well organised due to well-developed systems of flood protection dikes and the large surface of floodplain forests and other floodplain landscapes.

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

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

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

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

- the waters of the Drava and Mura for energy production, subject to resolving conflicts with nature protection.
- the high number of sunny hours in South of Baranya county for solar energy production.
- Biomass (including agri-waste) due to high level of forestation is apparent in Somogy and Zala.
- Geothermal energy has favourable conditions most of all in Zala in Hungary and in Koprivničko – Križevačka county in Croatia, but thermal resources are available throughout the programme area.

Transport

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

The isolated situation of the middle part of the border area affects the internal cohesion of the programme area. In Hungary the accessibility of County seats' varies: for example Zalaegerszeg and Kaposvár do not have good connection to motorways. The southern

periphery of Somogy county is particularly hard to access either from county seats or from outside the area.

The border of Croatia and Hungary is generally an exceptionally non-permeable one: it has the lowest border crossing density among Hungarian borders, with an average distance between border crossings is 62 km. The districts of Sellye and Szentlőrinc in Hungary and Slatina on the Croatian side are particularly isolated from other side of the border. Since the Mura and Drava form the state border over a long distance, opening of major new border crossings is in practice an issue of bridge construction. Crossings of local importance may be implemented by ferries.

A pilot project that aims at the establishment of regular ferry services between Vežti (H) and Podravska Moslavina (HR) is being implemented, initiated by County Baranya's self government and being realised on the basis of the feasibility study commissioned by the Hungarian government. Additionally, the Hungarian government decided about the construction of the trunk road nr. 67 between Szigetvár (H) until the Hungary – Croatia border, including the construction of a bridge over the Drava at Zaláta (H) border crossing, providing considerably better access of this area to core European infrastructure networks.

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

Railway facilities are generally characterized by poor quality infrastructure and lack of electrification results in low speeds, inefficient timetables and limited opportunities for cross-border travel. The only cross-border service currently operating is between Budapest and Zagreb via Koprivnica, Gyékényes and Nagykanizsa. This connection may be accessed from Pécs or Kaposvár with a long transfer in Gyékényes, but is unfeasible from Zalaegerszeg.

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

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

Education and training

The educational systems in both countries are underperforming and in need of reforms that would bring them closer to the needs of labour markets in the respective countries.

In the three Hungarian counties of the programme area there are particular education issues arising from the structure of small settlements and of the undeveloped district economy, the low education level of adults and a high number of families in unfavourable position. Nonetheless the education level of the population in the three Hungarian counties improved steadily during in the past decade, and in 2011 the proportion of those with eight grades of primary school shows a slightly favourable picture than the Hungarian average.

The Croatian data demonstrate that the levels of secondary and tertiary education in the programme area (41.51% and 7.50% respectively) are much lower than the national average, especially in counties without no large urban centre, such as Virovitičko-podravska, Požeško-slavonska, Međimurska and Bjelovarsko-bilogorska Counties. Osječko-baranjska County has a higher than average rate of university education than the Croatian area as a whole, which can be attributed to the economic and cultural importance of the City of Osijek, as well as to the fact that Osijek has the only University in the area. In terms of social inclusion, significant efforts are still required in Croatia to increase the involvement of Roma children into the educational system.

Vocational training facilities have been significantly developed in recent years on both sides of the border but need to be further related to the needs of employers and economic development. Territorial Integrated Vocational Training Centres were established in Kaposvár, Nagykanizsa, Marcali, Pécs and Zalaegerszeg. Their involvement in cross-border cooperation could increase the attractiveness of the peripheral Hungarian-Croatian border area and may contribute to the development of the common economic space as well.

Adult and vocational education has also been developed in Croatia in recent years. Of 348 adult education institutions that provide formal education in the Republic of Croatia, 100 are located in the programme area, mostly in Osječko-baranjska County (26) and Varaždinska County (20), while the lowest concentration was in Virovitičko - podravska (6), Međimurska (7), Požeško – slavonska - (8) and Koprivničko-Križevačka County.

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

In Croatia, the most important university centre within the programme area is in Osijek, where Josip Juraj Strossmayer University is located. The University consists of 11 faculties in both arts and sciences with over 20000 students. Osijek also has an Institute for Agriculture, which is a nationally significant research institution. Another university is within the programme area, Croatian youngest university, University North is located in town Varaždin and Koprivnica and High economics collage is located in Križevci.

Successful cross-border cooperation requires good commands of foreign languages. However, knowledge of the language used in the neighbouring side of both state borders is very low and language skills are a major bottleneck to improved cooperation in the border area. There is therefore an important issue of the use of foreign languages, either Hungarian or Croatian, or a commonly used language such as English or German, to facilitate communication in the border zone.

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

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

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

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

This level of interest was considerably higher than expected and shows the existence of local people's interest in cross-border cultural events and cooperation. Examples of cultural cooperation include mutual attendance at festivals, joint staging of theatre plays and gastronomic events organised around regional food specialties and wine. Bilingual schools are also active in cultural and educational cooperation. The Universities of Pécs and Osijek also cooperate in relation to arts, history, geography and linguistic subjects. Finally intensive contacts are maintained between museums, archives and libraries.

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

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

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

The Regional Development Agencies (RDAs) has been working on regional development issues in the 7 NUTS2 regions of Hungary since 1997. The RDAs have accumulated extensive professional experience and competences in spatial planning, project generation and development and implementation of international projects. However, system of regional development changed in 2010 and the leading role of RDA's came to a close. Instead, county self governments became responsible for the territorial coordination of development

policies and instruments. Preparation of these institutions for their tasks in the 2014 – 2020 is continuously underway.

There is one EGTC (European Grouping of Territorial Cooperation) operational in the programme area. The Pannon EGTC, seated in the city of Pécs, Hungary, was established on 31 August 2010 with the participation of Slovenian and Hungarian partners and is open for Croatian partners to join. The main purpose of Pannon EGTC is to foster successful cooperation among the municipalities, countries and among the local and regional authorities of the border area.

1.1.1.3. The Cooperation Programme's Strategy

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

The most important ones are the following:

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

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

- the border rivers that constitute severe physical barriers to increasing cooperation
- missing elements of infrastructure (weak crossborder connectivity and sparse regional transport networks, underdeveloped tourism and other business related infrastructure)
- collaboration between the universities and the business and public sector institutions is weak
- different type of skills and qualification mismatches coexist in the border region
- the low foreign language skills of the inhabitants of the region
- positive experiences of cross border cooperation are not capitalized sufficiently
- strong orientation of both national economies towards national centres, leaving major parts of the areas as peripheries.

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

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

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

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

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

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

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

- the slow recovery from economic crisis may maintain low level of purchasing power in both countries resulting in low level of demand to local products and services that leads to further ageing and depopulation in the region
- FDI may favour more developed agglomerations with no development impact on the large rural areas of the program region
- integration of the Croatian economy into the EU may result in termination of jobs in rural areas due to improving push for efficiency and more open competition

- the „mainstream” national OP’s in the cooperating countries may not focus adequately on the specific problems of the area, this way the level of public investment remains low and necessary investments to address inherent weaknesses will not be made (e.g. in infrastructure, businesses, human capital and environment)
- Uncertainties regarding the date of Croatia joining the Schengen area may hinder the development of cross border infrastructure

Additionally, the area is exposed to higher probability of natural disasters or unusual weather conditions – such as draught or flood – due to the global climate change, putting at risks some of the assets of the region.

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

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

- encouraging local SME’s by creating better conditions to networking and providing incentives to actually experience added value of cooperation
- developing attractions for tourists and incentives for touristic service providers to help take advantage of the diverse cultural heritage and natural environment
- preparing and implementing small-scale transport infrastructure projects to develop the internal connectivity of the region, in order to overcome accessibility-related barriers to cross border cooperation of local SME’s and the cross border movement of visitors
- enhancing cooperative attitudes by supporting direct cooperation and cooperative educational schemes,

whereas latter one is followed in cases like improving the region’s resilience to climate change impacts and other risks by assisting

- the cooperative management of the natural assets, such as forests and other ecosystems, habitats and the water resources, the cross border transfer of know-how and the establishment of small scale infrastructural developments
- the improvement of cross border information-, monitoring and forecast systems to better tackle risks of natural and man-made disasters, such as floods, fires or hazardous waste of industrial origin.

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

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

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

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

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

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

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

Following this approach strategy addresses the proposed accessibility-related priority of the position papers in the context of the objective of increasing the region's attractiveness to visitors. Proposed priority of water and flood management, natural and technological risk prevention objective reflects on specific regional needs therefore has been integrated with the strategy of the programme. Under current level of cooperation only less effective actions can be devised in the fields of labour mobility or the various aspects of social inclusion, therefore these areas are more dealt with within the priority axis for improving the cooperation itself. The priority on education focuses on how the different training institutions can satisfy the needs of the regional labor market and how formal and non-formal education can contribute to better understanding of common values and developing a sense of belonging to the border region with regard to children and young adults. To prepare the grounds for effective future interventions in these fields the programme supports to build better institutional and individual capabilities and develop more positive attitudes to cooperation itself.

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

The link of the Operational Programme to the Europe 2020 strategy goals is ensured through the definition of thematic objectives (Article 9, CPR) and the requirement for thematic concentration (Art. 5 ETC). The programme is formed by 5 priority axes including technical assistance and 8 investment priorities (Article 5 ERDF, Article 6 and 7 ETC). According to Art.7 (1) ETC Regulation the priority axes correspond with a thematic objective and comprises one or more investment priorities. One priority axis combines investment priorities associated with different thematic objectives. Priority Axis Economic Development combines relevant employment-related investment priority with relevant investment priority for the development of the SMEs. By combining the investment priorities, measures can adequately respond the geographically different needs of the region: while in certain parts the strategy focuses on strengthening the competitiveness of the SME sector, in other parts the needs rather justify more focus on the creating the basic conditions of and stimulating an employment-friendly economic growth, mostly in the local development area.

The programme strategy is based on the specific analysis and identified needs of the programme area, which have been discussed and agreed on through an extensive programming process including public consultation among the programme stakeholders and a wider CBC community. Moreover, the programming took into account lessons learned from previous programming periods, the given financial framework and the existence of suitable implementation and administration structures.

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

The cooperation programme HU-HR will contribute to Europe 2020 through investing in the following thematic objectives (TOs), each of which is attached to a priority axis:

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

1.1.2. Justification for the choice of thematic objectives and corresponding investment priorities

Table 1: A synthetic overview of the justification for the selection of thematic objectives and investment priorities

Selected thematic objective	Selected investment priority	Justification for selection
3 (enhancing the competitiveness of SMEs)	3b (developing and implementing new business models for SMEs, in particular with regard to internationalisation)	<p>The economy of the entire border region is less developed and characterised by lower growth rates than the respective national averages. Density of operating enterprises does not reach the national average of the bordering countries and there is no real sector specialisation. All counties are lagging behind concerning competitiveness compared with EU member states and this is cumulatively true for the SMEs of the programme area.</p> <p>Experience of the Economic Development Operational Programme Hungary 2007-2013 (EDOP) shows that per capita share of the total amount of grants allocated to three counties of the programming area is only 2/3 of the average of Hungarian convergence regions. These figures are even more unfavourable in the proximity of the border area.¹. These figures are even more unfavourable in the proximity of the border area.</p> <p>The SME sector in Croatia is an important driver of economic growth and most importantly, creator of jobs. SMEs' share in GDP in Croatia is substantial (51.6% in 2010), while their share in exports is only 39.2% GDP (2010). One of the important obstacles to the growth and development of SME sector in Croatia is limited access to capital. The main sources of funding for SME's are banks, which are highly averse to risk and thus often loans to firms that intend to expand their activities in relatively risky areas are not available. As a consequence, the development potential of cooperative crossborder undertakings can not be exploited.</p> <p>Deprived border areas could gain limited support from mainstream programmes because current national funding mechanisms are not in favour of the needs and possibilities of local enterprises. Cooperation among SMEs is also poor in the border area, there is only a weak tendency for cooperation among SMEs which needs to be enhanced as well.</p> <p>Considering the poor economic activity of the whole area (especially the middle and eastern part), the</p>

¹ Source: own calculation based on data of palyazat.gov.hu, 03.04.2014.

		<p>enhancement of local economic development enjoys high priority in both countries. SMEs operating in the programming area need to be provided with direct support to boost their economic activity and also foster economic cooperation through the border in order to generate value added and enable them to enter into the international markets. Substantial efforts have been made by the 2007 – 2013 CBC OP to develop the cooperation of the region’s public entities in the field of tourism, in order to exploit the region’s rich natural and cultural values and provide supplementary income for the local economic actors. A number of attractions have been developed as a result of cooperative projects and serve the basis for enhanced services. However, weak development capacities and weak cooperation of the region’s SME’s that are interested in providing services in tourism hinder the effective economic exploitation of these existing or developing assets. Thus, encouragement and support of the local SME’s is needed to engage themselves in providing more services in tourism, linked to the existing and developing natural and cultural attractions of the border region.</p>
<p>6 (preserving and protecting the environment and promoting resource efficiency)</p>	<p>6c (conserving, protecting, promoting and developing natural and cultural heritage)</p>	<p>Cross border areas’ resources are strongly linked to three river basin and this nature heritage - and linked cultural heritage - could be source of both economic stability and economic prosper for less developed areas. Therefore, nature and cultural heritage tourism relate infrastructure should be improved in order to influence attractiveness of sites and influence increase of sectors revenues. This is to be done within sustainable development principals in order to preserve main asset of cross border area, nature.</p> <p>There are also still remaining suspected and confirmed minefields in the border area in Croatia and parts of nature-protected areas in Hungary are still not accessible due the presence of unexploded ordnance as a result of activities of the war. Although significant results have been achieved in this intervention field, continuation and completion of the decontamination activities is urgently needed, to ensure safe accessibility and usage of all territories in the border area.</p> <p>The border of Croatia and Hungary is an exceptionally non-permeable one: it has the lowest border crossing density among Hungarian borders and Croatian too (4 permanent international road crossings of I category, 5 permanent border crossings for cross-border traffic, 3 international rail crossings, 1 permanent international road crossing II category, 1 permanent interstate road crossing. Average distance of border crosses is 62 km (approx double figure compared to average distance of total Hungarian border line, in Croatia similar distance of border crossing -and larger-</p>

		is to be found on border with Bosnia and Herzegovina). As a consequence of the low number of border crossing possibilities the cross-border accessibility of touristic sites is weak, hindering this way the development of touristic networks and joint touristic packages.
6	6d (protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure)	<p>The region as a whole is characterized by a high biodiversity, a great variety of ecosystems and rich natural heritage. Hence, a number of protected areas were established, such as the Danube-Drava National Park on the Hungarian side and parks of nature like the swamp of Kopacki rit with an ornithological reserve and the Papuk mountain and the Mura – Drava Regional Park on the Croatian side, and Natura 2000 sites on both sides of the border.</p> <p>The analysis shows a number of exchanges of experiences and cooperations in the field of the protection of natural heritage between nationally designated bodies. However, there is a great interest in the programme region for future cooperation to restore and protect natural heritage. To insure sustainability of wetlands and insure continuously small impact of floods nature processes on human, measures of protection of this heritage should be met. Backwaters (“dead channels”) as crucial part of floodplain systems should be preserved and revitalized, not dry out or left to invasive plant species to over grow them. Promotion of less aggressive and more diverse agriculture and traditional land-use should let to concrete actions</p>
11	<i>ETC Art. 6 1 a (iv)</i> (enhancing institutional capacity and an efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions)	<p>Studies carried out in Europe show that the two most important preconditions of effective cross-border cooperation to be met are:</p> <ul style="list-style-type: none"> - the existence of cooperation culture (willingness to cooperate, mutual trust - existence of territorial governance frameworks – formal and informal - which can take care of developing and implementing cooperation strategies in a continuous manner <p>In the HU_HR border region cooperation is hindered by the poor cross border connectivity along considerable sections of the border and by low level of language skills. In spite of these barriers a well-established cultural cooperation was developed between a number of partner towns, development agencies and other institutions in the form of partnership agreements, joint development projects and people to people activities, delivered successfully in the framework of the 2007 – 13 Hungary – Croatia CBC programme. However, participation in networking activities remained rather restricted to those entities</p>

		<p>which had most of the knowledge about the ways of cooperation, justifying the efforts to intensify and extend the cooperation in the future.</p> <p>The on-going evaluation of the 2007-13 HUHR CBC programme identified problems in the field of cooperation which remained unsolved in the 2007 – 2013 programming period:</p> <ul style="list-style-type: none"> - differing plans of stakeholders on the two sides of the border made cooperation difficult - lack of common strategies resulted separated projects, without significant cross border effect <p>Further consideration of the programme's stakeholders was that the development of both urban and rural areas would need an integrated and harmonized development of spatial structures, networks at both sides of the border. To achieve this, the elaboration of common understanding of planning and technical terms and the harmonization of the planning systems as a basic condition are required. Data collection methodologies, bases and assessment methods need to be harmonized across different social and economic structures.</p> <p>Capacity building provides opportunities for a variety of organizations at different levels of cooperation maturity to address jointly the relevant bottlenecks of institutional development and contribute this way to the realization of the region's shared vision. The expected capacity building projects aim at policy dimensions that are most relevant to the existing level of cooperation in the border region, such as:</p> <ul style="list-style-type: none"> - establishment of and strengthening functional networks - development of common structures that allow to step up the maturity of cooperation - coordination of sectoral and territorial policies and investments in the border areas - preparation of agreements specifying modalities of cooperation (employment pacts) - development of thematic and territorial strategies that respond common problems and opportunities - exchange of experiences, information and develop cooperation ideas <p>Thematic areas outside the scope of the selected TO's where need for cooperation has been explicitly expressed are, inter alia, the followings:</p> <ul style="list-style-type: none"> • energy efficiency, exploitation of renewable energy sources • labour market regulations, databases and incentives
--	--	---

		<ul style="list-style-type: none"> • social inclusion for marginalised communities • promotion of employment and labour mobility • use of ICT technologies in provision of basic services like health or social services <p>The performance of territorial units of public administration decisively influences the effectiveness of sector policies and the cohesion and structural instruments. Need to share experiences and capitalise on most relevant findings of the exchange projects has been identified in both countries.</p> <p>Results of the 2007 – 2013 programme also show that experiencing the benefits of cooperation on a small scale builds motivation for further and more active joint activities. Benefits of cooperation shall be visible for as much small communities and individuals as possible, to build up widespread positive attitude to cooperation.</p>
10	<p><i>ETC Art. 6 1 a (iii)</i> investing in skills, education and lifelong learning by developing and implementing joint education, vocational training and training schemes</p>	<p>Common challenges were identified in the education sector, as factors of the region's weak socio-economic situation, such as:</p> <ul style="list-style-type: none"> education systems are in need of reforms that would bring them closer to the needs of labour markets school system is non-competitive and has to tackle segregation issues vocational secondary education is inappropriate in relation to labour market needs <p>As a consequence of the above problems, the programme area is characterized by serious inequalities in the education level of the population and suffers from the draining effect of the two capital cities.</p> <p>The ratio of professionals with higher education qualifications area significantly lower compared to national averages. Higher education institutions of regional – in cases national – importance are operating in the region without being integral part of the regional economy.</p> <p>The level of mobility of the labour force is low in both countries; cross-border labour mobility is insignificant.</p> <p>The on-going evaluation of the 2007-13 HUHR CBC programme identified education where problems remained unsolved and suggests developing the educational systems on all levels, harmonizing the labour market and education, promoting the mobility of workers, enhancing LLL and moderating the language problems. However, projects implemented in the 2007-2013 show that there is a good basis developed to build further cooperation on among educational institutions.</p> <p>Education is considered as an essential tool that helps</p>

		<p>move towards a more integrated and therefore more efficient cross border labor market. It also contributes to develop conditions for graduates to stay in the region and lessen the outmigration of young professionals.</p> <p>Shared vocational education and adult training schemes designed and implemented could result in that people trained in the area will find jobs there and they do not have to leave it for better job opportunities. Thus, investment in education is also preparing better mobility of the local labour making the labour market more responsive to upcoming investors' needs.</p> <p>Children's and young people's early involvement in joint educational activities will help them experience the benefits of cooperation and develop their commitment to cross border cooperation. Bringing up a new generation in the border area understanding the spirit of the cooperation culture is crucial from the region's future point of view.</p> <p>Joint educational activities effectively contribute to building common regional identity, and are considered to be an important driver to increase the intensity of further cooperation.</p>
--	--	---

1.2. Justification of the financial allocation

Please note that

- (i) **the below outlined considerations have been drawn up assuming a total ERDF contribution of 65 MEUR and**
- (ii) **the TA budget has not been taken into account, this way allocations below are proportionate to the programme's budget *without* TA**
- (iii) **below-outlined allocations to the priority axes can be considered as technical proposals of the drafting team and are currently subject of discussion among partners**

When defining the allocations towards thematic objectives, two aspects were taken into consideration based on the experiences gained from previous CBC programmes in the area:

- The estimated relative importance of the thematic objective/priority axis based on the identified needs and the estimated long term impact on the border region socio economic situation,
- The estimated absorption capacity of the potential project holders to develop feasible projects including the magnitude of needs of resources of typical projects.

Economic Development: approximately 20 % of the ERDF allocation is planned to be given to the priority axis, entirely linked to TO3, Enhancing the competitiveness of SMEs. By supporting this sector the local economy of the border region will be stimulated, thus, importance of the interventions ranks high Funds will be provided to and through those business support institutions which can promote entrepreneurship and encourage local economic development, improve the capacity of SMEs in producing value added and improve their competitiveness in both domestic and international markets.

Absorption capacity of SME support is considered moderate, due to the fact SME's role was insignificant in the 2007 – 2013 CBC programme and the room for manoeuvres left by national programmes might be narrow in the same time. On the other hand, including service providers in the tourism industry can help increase potential capacity of the sector to absorb funds. Costs of the management of the support scheme have to be taken into account when total costs are to be calculated. These costs may be relatively high due to the fact that no such scheme has ever been operated in the border area that also raises issue of scale economy: once the scheme is set up, efficiency of the operations grow with the number of actually supported SME-projects. On this basis the proposed 20% is considered as an optimum between requirement of economy of scale on one hand and the estimated capacity for effective absorption of the funds on the other.

Sustainable use of Natural and Cultural Assets: 55 % of the ERDF allocation is planned to be given to action under TO6 Preserving and protecting the environment and promoting resource efficiency because of the significance of the region's natural and cultural heritage as among it's most valuable assets. Capitalisation of these assets could contribute to the economic development of the area by promoting environment-friendly tourism. Importance of the priority axis is undoubtedly high.

Establishing the basic conditions for an increased exploitation of the cultural and natural assets may involve substantial costs. Especially infrastructure development – even if only smaller scale road and ferry projects can be foreseen – may demand relatively high level of funds and also the rehabilitation of the war-affected contaminated sites would require relatively costly interventions.

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

In order to maintain a proper balance of funding between potential actions to be funded under this thematic objective an indicative maximum of 25% of the resources allocated to the Priority Axis has been set to finance the establishment of basic conditions for the exploitation of the regions' natural and cultural assets (such as roads, ferries and land rehabilitation).

As outlined above, both absorption capacities as well as needs are high, justifying an outstandingly high share of allocation to this priority axis.

Education: 12,5 % of the ERDF funding is proposed to be allocated to actions under TO10. Although clear needs have been identified to investing in education, training, including vocational training, the relative costs of these type of projects are significantly lower than the cost of investments in infrastructure. Existing absorption capacity – with special regard to

really meaningful projects – seems to be moderate, considering, that both infrastructure and human resources for education are subject of the national OP's under the "Growth and Jobs" objective in both states.

Cooperation: 12,5 % of the ERDF is allocated to TO11 Enhancing the institutional capacity of public authorities and stakeholders, because there is a mutual demand to exchange of experiences among diverse territorial units of public administration. This should also include the promotion of legal and administrative cooperation in particular the design and implementation of crossborder strategies in a number of fields of common interest. Experiences of former programmes show real benefits of cooperation on a small scale by generating motivation for further joint activities. The intensity of crossborder cooperation is relatively low, the number of participating entities is few, thus, all cooperation, including it's "people-to-people" forms are considered as important incentives for future more institutionalised operations. On the other hand the expected projects are relatively less costly and quantity of them is also limited by the number of both communities and institutions that are ready and capable to develop and implement meaningful cooperation projects.

Table 2: Overview of the programme investment strategy

The last column serves illustrative purposes. It is not part of the table generated by the SFC, therefore, will not appear in the final version of the OP. For working purposes the proposed support is expressed in % of the total available funding without TA. The final version of this table will be generated automatically by the SFC.

Priority axis	Thematic objective	Investment Priorities	Specific objectives corresponding to the investment priorities	Result indicators corresponding to the specific objective	ERDF support (%)
1 Economic development	Enhancing the competitiveness of SMEs (TO3)	1.1 Developing and implementing new business models for SMEs, in particular with regard to internationalisation (3b)	Fostering business cooperations between SMEs operating on different sides of the border	Number of cross-border customer and supplier contacts among SMEs operating on different sides of the border	20
2 Sustainable use of natural and cultural assets	Preserving and protecting the environment and promoting resource efficiency (TO6)	2.1 Conserving, protecting, promoting and developing natural and cultural heritage (6c)	Increase the potential of the region to generate economic value-added by the sustainable use of its natural and cultural heritage	Number of visitor-days spent with touristic purpose in the programme region	40
		2.2 Protecting and restoring biodiversity and soil and promoting ecosystem services, including through NATURA 2000, and green infrastructure (6d)	Enhanced collaboration in restoration of biodiversity and protection and promotion of ecosystems in the border areas	Share of species and habitat types with good conservation status	15
3 Cooperation	Enhancing institutional capacity and an efficient public administration (TO11)	3.1 Enhancing institutional capacity and an efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions (CBC)	Building up sustainable institutional cross border-cooperation	Number of organizations participating in sustainable cooperations	12,5
			Increasing motivation of individuals and small communities to cooperate	Share of the population of the region who recognizes potential in cooperation across the border	
4 Education	Investing in education, training, including vocational training for skills and lifelong learning by developing education and training infrastructure (TO10)	4.1 Investing in skills, education and lifelong learning by developing and implementing joint education, vocational training and training schemes	Increase the level of qualification of the population in accordance with prospected needs of the regional labour market	Share of the population of the region with higher education, higher vocational education and vocational qualifications	12,5
			Widening the common knowledge base relevant in the border region	Level of common knowledge in respect to the border area among children and young people	
TA					to be specified

SECTION 2. DESCRIPTION OF THE PRIORITY AXES

2.1. Priority Axis 1 - Enhancing the Competitiveness of SMEs (TO3)

2.1.1. Investment Priority 1 of Priority Axis 1 – Developing and implementing new business models for SMEs, in particular with regard to internationalisation (3b)

ID	
3b - Specific objective	Fostering business cooperations between SMEs operating on different sides of the border
The results, which the Member States seek to achieve with EU support	<p>Investment priority focuses on increasing business cooperations between Hungarian and Croatian SMEs, encouraging them to find new markets and stabilize themselves in the international market. Enhancing economic cooperations of SMEs across the border is also in harmony with recent EU accession of Croatia which opened single European market for Croatian companies easing cross border business cooperations.</p> <p>By assistance of special development scheme SMEs are expected to develop joint projects aiming at establishing the following types of business cooperations: common marketing, supplier chains, joint innovation, joint product and technology development, joint investment, future establishment of a joint venture.</p> <p>By enhancing business cooperations, measurable cross border business contacts are expected to be improved between Croatian and Hungarian border counties in the SME sector, and - as a consequence - cross-border trade is expected to increase. In general, it will help SME's to become more stable and profitable in the border region that is expected to have a positive impact on employment, too.</p> <p>New services to be made available for tourists visiting the natural and cultural attractions of the region will contribute to increased attractiveness of the region and to increased revenues from and employment linked to tourism.</p> <p>Result indicator: Increased number of cross-border customer and supplier contacts among SMEs operating on different sides of the border</p>

Table 3: Programme specific result indicators (investment priority 3b)

Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2022)	Source of Data	Frequency of reporting
Increased number of cross-border customer and supplier contacts among SMEs operating on different sides of the border	Number	To be specified by targeted survey conducted in the programme area (2015)	2014	to be specified by the baseline study	survey made at the end of 2014	two times during programme implementation on the basis of targeted survey: 2018, 2023

Actions to be supported under the investment priority 3b

1. Establishment and elaboration of a cross-border SME development scheme:
 - setting up of a funding mechanism and a rules of procedure for the allocation of funds generating cross-border joint SME development projects,
 - assisting SMEs in developing their cross-border joint project proposals (active promotion and information service on the cross-border SME scheme, organization of information and brokerage events),
 - launching and overall management of cross-border SME open call mechanism,
 - mentoring SMEs in formulating their cross-border joint business development actions (assistance in development of cross-border SME projects, formulating business cooperation activities, outlining project budget, elaboration of supplementary studies if needed),
 - supporting SMEs in management of cross-border joint SME development projects (assistance in administrative and financial project management),
 - monitoring of cross-border SME projects, frequent reporting to JTS.

2. Supporting development projects of cooperating SMEs in the following fields:
 - cross-border joint technology, service and product development
 - jointly developed energy efficiency actions
 - marketing, promotional and demonstration facilities and services
 - participating in training courses gaining or reinforcing specialized management skills and competencies
 - joint IT development actions
 - new or better services for the promotion and utilization of tourism-related attractions and networks

Types of outputs and output indicators

- fully elaborated and operational and documented support scheme: documents and systems set up (including rules of procedures, operational manuals, etc.)

- purchased services, trainings and small-scale physical investments in SME's in order to enable them to offer
 - jointly develop technologies, products and services
 - offer new services for tourists
 - improve management capacities and marketing activities

Main target groups and types of beneficiaries

Main target groups:

- SME's of the programme area

Cross-border SME development partnership acts as the beneficiary of the project with cooperating SMEs involved as Project Partners at a later stage of project implementation via Project Partner Light scheme (see below).

Members of the cross-border SME development partnership should be pointed out on the basis of the following factors:

- representation of the border area,
- local project development experience in the programme area,
- experience of supporting development of SMEs,
- existence of local project management capacities.

Indicative list of members of cross-border SME development partnership:

- Lead Beneficiary: National enterprise development organization (Croatian or Hungarian)
- Project Partners:
 - Enterprise development foundations of Baranya, Somogy, Zala counties (Project Partners),
 - Regional development agencies of Osječko- baranjska, Virovitičko – podravska , Koprivničko – Križevačka and Međimurska counties (Project Partners)
 - Pannon European Grouping of Territorial Cooperation (Pannon EGTC),
 - cooperating SMEs operating on different sides of the border (Project Partner Lights).

Specific territories targeted

For reaching measurable economic cooperation impacts, cross-border SME development scheme focuses on the bordering counties of the programme area:

- Hungarian side: Baranya, Somogy, Zala counties,
- Croatian side: Osječko - baranjska, Virovitičko - podravska, Koprivničko - Križevačka Koprivnica-Križevci, and Međimurska counties.

Despite the focus of the bordering counties, well-based cross-border SME projects can also be financed with involvement of non bordering SMEs in duly justifies cases.

The guiding principles for the selection of operations under the investment priority

Investment priority is implemented through a special cross-border cooperation project with the aim of supporting cross-border SME projects via a cross-border SME development scheme. A cross-border SME development partnership is entitled for the overall management of the SME development scheme and implementation of special project generation actions for the sake of successful allocation of funds available for cooperating SMEs. Division of tasks among Lead Beneficiary and Project Partners (PP) is stipulated in a Partnership Agreement.

Relevant National Authorities and the Managing Authority, involving the JMC, shall define specific conditions and eligibility criteria for Project Partners.

Support of cooperating SMEs is executed via PP Light scheme. Within the project distinctive part of the project budget is allocated to support specific activities for which the ultimate beneficiaries of the grants (SMEs) are not yet known. A separate indicative budget for tourism-oriented SMEs is to be set aside. Supported SMEs will be appointed through an open call for proposal, so SMEs can join the project as Project Partners at a later stage of project implementation as PP Lights. Tourism-related projects of the supported SMEs need to meet specific selection criteria to be elaborated on the basis of the region's Tourism Product Plan, elaborated during the 2007 – 2013 period.

Implementation mechanism of PP Light scheme is as follows:

Phase 1 - Setting up of Rules of procedure for the allocation of funds, inter alia:

- budgetary thresholds of CBC SME development projects (staff, overheads, external costs and services, purchase of equipments)
- administrative criteria of CBC SME development projects
- organisation-specific evaluation criteria for SMEs to be granted
- content-specific evaluation criteria for CBC SME project concepts
- conditions and rates of assistance from the Funds
- elaboration of application forms for CBC SME project concepts and project proposals
- setting up of an IT system for PP Light scheme management
- arrangements for monitoring and evaluating the PP Light scheme
- financial plan of PP Light scheme
- timetable for implementation of PP Light scheme

Phase 2 - Establishment of PP Light project partnership:

- Setting up of the PP Light project partnership with the required human capacity employed

Phase 3 - Project generation (development of concise project concepts):

- active promotion of funding scheme among SMEs operating in the target area
- providing first level information to SMEs interested in PP Light scheme, local project consultations
- organisation of information events in all counties for promoting PP Light scheme
- organisation of brokerage events in the border region for establishing SME project cooperations
- launching open call for project concepts of cooperating SMEs
- assistance for SMEs in writing their joint project concepts

- submission of joint CBC SME project concepts
- evaluation of CBC SME project concepts
- appointment of CBC SME project concepts for further development (no financial support is allocated for SMEs in this phase)

Phase 4 – Development of detailed project proposals:

- supporting preparation of project proposals from project concepts of SMEs defined in Phase 3:
 - development of application forms of CBC SME projects (introduction of SME project partners, cross-border and partner specific project contents, budget breakdown, indicators)
 - elaboration of supplementary studies (if needed)
- submission of elaborated CBC SME project proposals for funding
- evaluation of elaborated CBC SME project proposals
- elaboration of decision making proposals
- decision upon supporting of CBC SME project proposals
- signature of Partnership Agreement with SMEs of CBC SME project proposals

Phase 5 – Implementation of cross-border SME projects (separately for each of SMEs granted):

- supporting management of cross-border SME projects decided to be granted in Phase 4: assistance to administrative and financial project management,
- monitoring of cross-border SME projects.

Common and specific output indicators (investment priority 3b)

Table 4: Common and programme specific output indicators (investment priority 3b)

Indicator	Measurement unit	Target value (2022)	Source of data
<i>Number of enterprises receiving support</i>	pcs	100	Programme monitoring
<i>Number of enterprises receiving grants</i>	pcs	100	Programme monitoring
<i>Number of enterprises receiving non-financial support</i>	pcs	100	Programme monitoring
<i>Private investment matching public support to enterprises (grants)</i>	EUR	2,500,000	Programme monitoring

EU common indicator Programme specific indicator

2.1.2. Performance framework by priority axis

Table 7: The performance framework of the priority axis

Implementation step, financial, output or result indicator	Measurement unit, where appropriate	Milestone for 2018	Final target (2022)	Source of data	Explanation of the indicator, where appropriate
Financial					
Implementation step	n.a.	cross-border SME scheme completely set up and operational, first Call for Proposal issued	n.a.	Programme monitoring	n.a.

2.1.3. Categories of intervention by priority axis

Corresponding categories have to be selected out of the list provided by the Commission

Tables: Categories of intervention

Table 3 Dimension 1 Intervention field		Table 4 Dimension 2 Form of finance		Table 5 Dimension 3 Territory		Table 6 Dimension 6 Territorial delivery mechanism		Table 7 Dimension 8: Thematic objective	
Code	€ amount	Code	€ amount	Code	€ amount	Code	€ amount	Code	€ amount

Code	Dimension 1 Intervention field	€ amount
001	Generic productive investment in small and medium – sized enterprises ('SMEs')	
066	Advanced support services for SMEs and groups of SMEs (including management, marketing and design services)	
068	Energy efficiency and demonstration projects in SMEs and supporting measures	
069	Support to environmentally-friendly production processes and resource efficiency in SMEs	
075	Development and promotion of tourism services in or for SMEs	

076	Development and promotion of cultural and creative assets in SMEs	
077	Development and promotion of cultural and creative services in or for SMEs	
082	ICT Services and applications for SMEs (including e-Commerce, e-Business and networked business processes), living labs, web entrepreneurs and ICT start-ups) □	

2.2. Priority Axis 2 – Sustainable Use of Natural and Cultural Assets – Preserving and protecting the environment and promoting resource efficiency (TO6)

2.2.1. Investment Priority 1 of Priority Axis 2 – Conserving, protecting, promoting and developing natural and cultural heritage (6c)

ID	
6c - Specific objective	Increase the potential of the region to generate economic value-added by the sustainable use of its natural and cultural heritage
The results, which the Member States seek to achieve with EU support	<p>The programme region has a rich natural and cultural heritage, and high proportion of protected areas. These areas, as major assets of natural and cultural attractions will, by the conservation and protection and development process, increase their potentials for generating economic growth in the border area. It's expected that these assets – once converted into attractions and connected tourism-related projects are developed – will generate more intense appearance of visitors in the region, contributing to increase the incomes and to the stabilization of revenues of people who deliver services to them.</p> <p>For the purpose of common utilization of cultural and natural heritage it is expected that (new) cross border crossings and small-scale local access road infrastructure – potentially including one or two ferry crossings - will be developed and improved. Substantial size of nature-protected territories of both Croatia and Hungary will be given back to proper usage by the eradication of remained minefields in Croatian part and the clear up of Hungarian territories contaminated with other types of Unexploited Ordnance.</p> <p>Projects of local SME's providing various services connected to the attractions will be financed under priority axis nr. 1., "Economy".</p> <p>Result indicator: Number of visitor-days spent with touristic purpose in the programme region.</p>

Table 8: Programme specific result indicators (investment priority 6c)

Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2022)	Source of Data	Frequency of reporting
Number of visitor-days spent with touristic purpose in the programme region	Number	to be established <i>(identification of relevant statistical data in the two countries underway)</i>	2014	to be established	National tourism statistics	yearly

Actions to be supported under the investment priority 6c

Preservation, refurbishment, promotion and utilization of common or complementary elements of natural and cultural heritage

Investment in nature and culture interpretation infrastructure (such as engaging community information boards, interactive panels, small scale museographic equipment in situ, indoor, or outdoor)

Development and promotion of joint or networks of attractions for the purpose of sustainable tourism based on the natural and cultural heritage (such as thematic routes like cultural, pilgrim, hiking or equestrian routes, including connecting the similar national networks to international connections)

Small scale investments relevant for enabling access to sites, including investment in local access roads, ferry crossings and border crossings infrastructure

Site rehabilitation, including survey, de-mining and removing the unexploited ordnance found, quality control, certification and environmental rehabilitation of the sites.

Types of outputs and output indicators

Typical outputs will be small scale infrastructure developments at potential sites of tourism, such as to enable or improve access to or protective measures that allow for the utilization of these sites. Besides, hazardous remnants will be removed from protected areas by specific methods involving site survey, actual removal of the remnants and land rehabilitation and small scale investments will be made to improve or build inferior roads and – if demand justifies – cross-border ferries. Additionally, joint promotion of existing or newly developed tourism products and networks will be supported, providing outputs like joint information or reservation services or promotion campaigns for local attractions.

Main target groups and types of beneficiaries

- regional and sector development agencies
- local and regional self-governments and business undertakings of those
- national level bodies (institutions, authorities etc.) responsible for the nature, environment and waters
- NGOs
- Non-profit organisations
- Cultural institutions
- Tourist boards
- Forest managing authorities (non-profit)
- Croatian Mine Action Centre (CROMAC)
- Hungarian County Police Department
- National road authorities in both countries

Specific territories targeted

The whole territory of the programme is targeted.

The guiding principles for the selection of operations under the investment priority

Most of the projects are selected via open calls for proposal.

Most important selection criteria, inter alia, are

- impact on increase of tourism spending
- level of innovation in valorization of cultural and natural heritage
- environmental and economic sustainability of the project

De-contamination of war-affected territories will be implemented via strategic project, to be developed by Croatian Mine Action Centre (CROMAC) and Baranya County Police Department and to be approved by the JMC.

Selection of project concepts for the border crossings and connected road developments will be a subject to agreement between the Hungary and Croatia's relevant ministries. Potential projects are to be identified on the basis of a comprehensive study commissioned by the Hungarian Ministry for National Development and being implemented in parallel with the programming of the Hungary – Croatia ETC CBC OP 2014 - 2020, involving the JMC of the programme.

(max 3500 / 1 page) – to be elaborated, see also chapter 2.5

Common and specific output indicators (IP 6c)

Table 10: Common and programme specific output indicators (IP 6c)

Indicator (correlating action)	Measurement unit	Target value (2022)	Source of data
<i>Total surface area of rehabilitated land</i>	ha		Programme monitoring
<i>Increase in expected number of visits to supported sites of cultural or natural heritage and attractions</i>	number		Programme monitoring
<i>Total length reconstructed or upgraded roads</i>	number		Programme monitoring

EU common indicator, Programme specific indicator

2.2.2. Investment Priority 2 of Priority Axis 2 – Protecting and restoring biodiversity and soil and promoting ecosystem services, including through NATURA 2000, and green infrastructure (6d)

ID	
6d – Specific objective	Enhanced collaboration in restoration of biodiversity and protection and promotion of ecosystems in the border areas
The results, which the Member States seek to achieve with EU support	The programme area, especially the border counties are rich in natural heritage (above 7% in Hungarian side and above 10% in Croatian side). Level of protection of these assets is expected to improve. Impact of joint protection and promotion of these natural assets had key importance and leads to improved knowledge on the status of soil and water bodies as well as the ecosystem conditions.

	<p>Joint monitoring systems, shared action plans and coordinated processes created conditions for accelerate reactions to emerging hazards especially in terms of invasive species or pollution.</p> <p>Design and implementation of pilot small-scale actions will include investments serving the protection or restoration of the natural and cultural assets of common interest.</p> <p>Result indicator: Share of species and habitat types with good conservation status</p>
--	---

Table 11: Programme specific result indicators (investment priority 6d)

Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2022)	Source of Data	Frequency of reporting
Share of species and habitat types with good conservation status	%	based on survey	2014		basic data to be provided State Institute for Nature Protection (HR) / National Park Directorate (HU) Survey to be carried out in 2014	at the end of programme period

Actions to be supported under the investment priority 6d

- Joint development of management plans for Natura 2000 sites and other protected areas located in the cross-border area
- Preparation and implementation of joint management/action plans for the conservation of key species and habitats
- Implementing joint activities aimed at conservation and restoration of cross-border ecosystems, especially in relation to Natura 2000 sites and other protected areas
- Implementing joint research, data collection and monitoring projects aiming to support biodiversity, soil protection
- Investments in nature interpretation infrastructure (such as engaging community information boards, interactive panels, small scale museographic equipment in situ, indoor, or outdoor).
- Small scale investment in infrastructure necessary for protecting or managing ("green infrastructure") habitats and ecosystems
- Awareness-raising, education and training in relation to nature conservation
- Actions supporting community involvement in nature protection planning, monitoring and conservation activities
- Improving cooperation and supporting the exchange of experiences and knowledge among nature conservation institutions (e.g. protected areas managers) of the border area
- Controlling and harmonized monitoring of the invasive species: especially increasing the protected species and habitat restoration
- Activities concerning the retention of waters such as creation or expansion of multipurpose wetlands and other activities to promote landscape restoration
- Promoting/restoring traditional land use (traditional farming, land grass, etc.)

Types of outputs and output indicators

Typical outputs encompass small scale infrastructure developments (buildings, footpaths, small scale earthworks and site rehabilitation, clearing away non-endemic vegetation, installing plants, etc.) preparation of joint studies and organization of trainings and seminars for information sharing and exchange for professionals and NGO's active in the field.

Main target groups and types of beneficiaries

- regional and sector development agencies
- local and regional self-governments and business undertakings of those
- national and regional/local level bodies (institutions, authorities, etc.) responsible for the nature, environment and waters
- NGOs

Specific territories targeted

The whole territory of the programme is targeted.

The guiding principles for the selection of operations under the investment priority

Projects are selected via open calls for proposal.

Most important selection criteria, inter alia, are

- impact on nature protection
- level of cooperation among project partners
- long run sustainability of joint developments in restoration of biodiversity and protection and promotion of ecosystems

Common and specific output indicators (IP 6d)

Table 12: Common and programme specific output indicators (IP 6d)

Indicator (correlating action)	Measurement unit	Target value (2022)	Source of data
<i>Surface area of habitats supported in order to attain a better conservation status</i>	har		Programme monitoring
Number of participants in joint education training schemes and awareness raising programmes	person		Programme monitoring
Number of joint international studies	number	10	Programme monitoring

EU common indicator Programme specific indicator

2.2.3. Performance framework by priority axis

Table15: The performance framework of the priority axis

Implementation step, financial, output or result indicator	Measurement unit, where appropriate	Milestone for 2018	Final target (2022)	Source of data	Explanation of the indicator, where appropriate
Financial					
Increase in expected number of visits to supported sites of cultural or natural heritage and attractions					
Surface area of habitats supported in order to attain a better conservation status					

2.2.4. Categories of intervention by priority axis

Tables: Categories of intervention

Table 8 Dimension 1 Intervention field		Table 9 Dimension 2 Form of finance		Table 10 Dimension 3 Territory		Table 11 Dimension 6 Territorial delivery mechanism		Table 12 Dimension 8: Thematic objective	
Code	€ amount	Code	€ amount	Code	€ amount	Code	€ amount	Code	€ amount

Proposal for the selection of intervention fields

Code	Dimension 1 Intervention field
032	Local access roads (new build)
085	Protection and enhancement biodiversity, nature protection (including Natura 2000) and green infrastructure
086	Protection, restoration and sustainable use of Natura 2000 sites
087	Adaptation to climate change measures and prevention of climate

	related risks (including erosion, fires, flooding, storms and awareness raising)	
089	Rehabilitation of industrial sites and contaminated land	
090	Cycle tracks and footpaths	
091	Development and promotion of the tourism potential of natural areas	
092	Protection, development and promotion of public tourism assets	
093	Development and promotion of public tourism services	
094	Protection, development and promotion of public cultural heritage assets	
095	Development and promotion of public cultural heritage services	

2.3. Priority Axis 3 – Cooperation: Enhancing Institutional Capacity and an Efficient Public Administration (TO11)

2.3.1. Investment Priority 1 of Priority Axis 3 – Enhancing institutional capacity and an efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions (CBC)

ID	
Specific objective-1	Building up sustainable institutional cross border-cooperation
The results, which the Member States seek to achieve with EU support	<p>Cross border cooperation can only be effective in an area if a wide range of organisations – public bodies, NGOs, companies, citizens and any other entities – in any combination needed, regardless of the borders form territorial governance frameworks which can take care of developing and implementing cooperation along agreed strategies in a continuous manner. Therefore, interventions to be implemented aim at different cooperation policy dimensions and are expected to create new or strengthen already existing joined structures and shared processes to ensure the continuity of cooperation effective in the border area. Therefore, the expected results are</p> <ul style="list-style-type: none"> - well-established processes for building up and/or continue institutional cooperation - regional institutional cooperation is extended or deepened in particular in areas where the need for cooperation has already been explicitly expressed by local, regional stakeholders, such as <ul style="list-style-type: none"> o energy efficiency, exploitation of renewable energy sources o innovative approaches to environmental protection and management, not covered by related Specific Objective of Priority Axis “Environment” o labour market regulations, strategies and

	<p>incentives</p> <ul style="list-style-type: none"> ○ social inclusion and employment promotion for marginalised communities ○ use of ICT technologies in provision of basic services like health or social services <ul style="list-style-type: none"> - working relationships based on trust and mutual acknowledgement due to good practice exchange, transfer of knowledge - improved institutional capacities and skills in cross border cooperation and strategic / sectoral planning - officials, civil servants, staff members improved language skills - capabilities of public institutions skills in the border area for strategic planning are improved - planning systems and processes are better harmonised - data collection and assessment methods are more harmonised in line with planning processes - common regional interests and development directions identified <p>Result indicator Number of organizations participating in sustainable cooperations</p>
--	--

ID	
Specific objective-2	Increasing motivation of individuals and small communities to cooperate
The results, which the Member States seek to achieve with EU support	<p>The 2007-2013 programme the bilingual schools and municipalities with significant minority (Hungarian and Croatian) population were the driving force of cultural cooperation in the cross border region. Based on the success of these activities and the high interest among regional stakeholders the following immediate results are expected:</p> <ul style="list-style-type: none"> - strengthened and further developed existing links at the civil society level - extended scope of cooperation by involving a range of new actors - extended range of cooperation to a wide variety of events - contribution to the building of common identity of the border region. <p>These results are expected to enhance the level of mutual understanding and acceptance, by showing ample groups of the society the positive experiences of cooperation.</p> <p>Result indicator Share of the population of the region who recognizes potential in cooperation across the border</p>

Table 17: Programme specific result indicators (specific objective 11CBC-2)

Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2022)	Source of Data	Frequency of reporting
number of organizations participating in sustainable cooperations	number	to be established by a survey	2014	to be established	survey	end of the programme period
Share of the population of the region who recognizes potential in cooperation across the border	%	to be established by a survey	2014	to be established	survey	end of the programme period

Actions to be supported under the investment priority 11 (CBC)

Actions aim at providing the opportunity for a wide range of organisations to elaborate on development issues which they together on both sides of the border consider relevant from the future of the border area. Actions target different levels of stakeholder groups in order to maximise interactions and promote mutual understanding and facilitate the formulation of territorial governance frameworks. The capacity building aspect needs to be in the focus of the joint actions to be carried out: enhancement of structures, processes and human resources.

The following types of activities should be supported to reach the **specific objective 1**:

Organizing 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 such as social inclusion and employment promotion for marginalized groups

Joint improvement of basic health and social services in the border region by the use of ICT technologies

Capacity building actions of organizations in charge of nature conservation and also the ones in charge of water management by developing good practices, exchange of staff, training and research

Joint programming, project preparation and demonstration actions of local governments, non-profit organizations, development and energy agencies in the field of renewable energy and energy efficiency

Better harmonization of the demand and supply side of the labour market such as creation of sub- or micro-regional employment pacts or collection of labour market information and data

Developing and delivering shared labour market information and guidance for the employers and potential employees in the cross-border region

Joint development of data bases on local market needs and supply

Formulation of bottom up, multi-stakeholder partnerships in order to develop territory based integrated solutions on employments

Develop human skills and knowledge (including language skills) that enable institutions to continue and intensify cross border cooperation

The following types of activities should be supported to reach the **specific objective 2**:

Designing and delivering a series of joint cultural and sports events in the border area ensuring that people meet and interact ("people to people" actions) between civil society organizations (environmental, cultural, minority, etc.) and municipalities.

Types of outputs and output indicators

Typical outputs encompass jointly organized meetings and other fora of information and knowledge exchange, such as training events – including language trainings - seminars as well as jointly commissioned studies and plans that prepare future projects. Jointly prepared and maintained databases and systems are also typical outputs of the institutional capacity building actions as well as platforms that aim at sharing, distributing and developing information for the various and diverse groups of interested stakeholders of the border area.

Main target groups and types of beneficiaries

- local and national institutions and authorities located in the programme area (including regional and sector development agencies and organisations in charge of nature conservation and water management in the region)
- local and regional self-governments and their undertakings
- civil organisations
- EGTC's
- Labour market services, other national and regional labour market organizations
- Self governments of nationalities with minority status on both sides of the border

Specific territories targeted

The whole territory of the programme is targeted

The guiding principles for the selection of operations under the investment priority

Projects are selected via open calls for proposal.

Most important selection criteria, inter alia, are

- contribution to achieving the specific objective
- improved level of cooperation among project partners
- sustainability of joint institutional structures to be developed
- sustainability of shared processes to be developed

to be elaborated, see also chapter 2.6

Common and specific output indicators (IP 11CBC)

Table 18: Common and programme specific output indicators (IP 11CBC)

Indicator (correlating action)	Measurement unit	Target value (2022)	Source of data
no of institutions participating in joint capacity building actions	Number		Monitoring
No of harmonized processes, shared initiatives, coordinated policies and projects developed jointly	Number		Monitoring
no. of participants in joint capacity building actions	Number		Monitoring

EU common indicator², Programme specific indicator

2.3.2. Performance framework by priority axis

To be elaborated

Table 19: The performance framework of the priority axis

Implementation step, financial, output or result indicator	Measurement unit, where appropriate	Milestone for 2018	Final target (2022)	Source of data	Explanation of the indicator, where appropriate
Institutions participating in joint capacity building actions	Number				
People participating in joint actions	Number				

and events					
------------	--	--	--	--	--

2.3.3. Categories of intervention by priority axis

Tables Categories of intervention

Table 13 Dimension 1 Intervention field		Table 14 Dimension 2 Form of finance		Table 15 Dimension 3 Territory		Table 16 Dimension 6 Territorial delivery mechanism		Table 17 Dimension 8: Thematic objective	
Code	€ amount	Code	€ amount	Code	€ amount	Code	€ amount	Code	€ amount

Proposal for the selection of intervention fields

Code	Dimension 1 Intervention field
096	Institutional capacity of public administrations and public services related to implementation of the ERDF or actions supporting ESF institutional capacity initiatives
0119	Investment in institutional capacity and in the efficiency of public administrations and public services with a view to reforms, better regulation and good governance
0120	Capacity building for stakeholders delivering employment, education and social policies and sectoral and territorial pacts to mobilise for reform at national, regional and local level

2.4. Priority Axis 4 – Education: Investing in Education, Training, including Vocational Training for Skills and Lifelong learning by Developing Education and Training Infrastructure (TO10)

2.4.1. Investment Priority 1 of Priority Axis 4 – Investing in skills, education and lifelong learning by developing and implementing joint education, vocational training and training schemes

ID	
Specific objective-1	Increase the level of qualification of the population in accordance with prospected needs of the regional labour market
The results, which the Member States seek to achieve with EU support	To move towards the long term vision of the border region this intervention is to develop tools which promote adequate qualified/skilled labour force meeting regional labour market needs. By implementing activities under this specific objective

	<p>the targeted results are:</p> <ul style="list-style-type: none"> -improved regular communication between educational and training institutions and key actors of local economy - mutual interest of higher educational and training (vocational and adult) institutions and key actors of economy identified - cooperation between educational and training institutions and key actors of regional economy developed - tools to tackle different type of skills and qualification mismatches developed - outmigration of young professionals from the region lessen - good collaboration contributes to image building of the area - physical barriers between the two sides of the border minimized by the use of ITC/distance learning - widened cooperation in geographical terms beyond the two poles created by the cities (Pécs-Osijek, Nagykanizsa-Cakovec/Varasdin) <p>Result indicator: Share of the population of the region with higher education, higher vocational education and vocational qualifications</p>
--	--

Table 20: Programme specific result indicators (specific objective 10-1)

Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2022)	Source Data	of	Frequency of reporting
Share of the population of the region with higher education, higher vocational education and vocational qualifications	%	to be established by a survey	2014	to be established	survey		end of the programme period

ID	
Specific objective-2	Widening the common knowledge base relevant in the border region
The results, which the Member States seek to achieve with EU support	<p>By means of formal and non-formal education, this intervention is to achieve:</p> <ul style="list-style-type: none"> - positive attitude with regard to cross border cooperation from early age on - motivated children and young adults through

	<p>involvement in joint educational activities</p> <ul style="list-style-type: none"> - improved networking and cooperation between education providers - awareness of common natural and cultural values of the border region among children and young adults - sense of belonging of the of the broader community of the region developed <p>Joint educational activities will be designed for those young people who live in deprived areas of the border region. As a result of this intervention:</p> <ul style="list-style-type: none"> - cooperation between education providers will improve through the design and implementation of the educational activities and exchange of experiences developed - improved level of involvement of disadvantaged groups involved in educational activities - increased social inclusion of disadvantaged groups <p>Result indicator:</p> <p>Level of common knowledge in respect to the border area among children and young people</p>
--	---

Table 21: Programme specific result indicators (specific objective 10-2)

Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2022)	Source Data	of	Frequency of reporting
Level of common knowledge in respect to the border area among children and young people	%	to be established by a survey	2014	to be established	survey		end of the programme period

Actions to be supported under the investment priority

Organising regional events, conferences, seminars bringing together representatives of education providers and employers in order to assist higher education and training institutions to improve quality of existing and development of new training programmes

Preparing comprehensive training strategy based on the labour market needs and workforce supply in the region

Development and implementation of joint courses by regional higher education institutions

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

Development and testing of training materials and teaching methods for improved knowledge of the region's culture

Purchase of equipment and/or necessary refurbishment of educational premises as part of the development of training courses and services

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 and to support graduates' transition to the border region labour market

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 joint adult training schemes (LLL) to help potential labour force adapt to border region labour market

Developing and delivering incentives and events in order to increase the educational participation from underrepresented groups

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

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

Types of outputs and output indicators

Typical outputs encompass followings:

- surveys that identify qualification- and skills shortages,
- training events, seminars and other forms of information-sharing events designed and carried out
- small scale upgrade of infrastructural facilities for the training events
- placement and exchange schemes designed and operated providing incentives for students and teachers to carry out trainings and practice in the other country
- developed and tested new training materials and methods

Main target groups and types of beneficiaries

Main target groups:

- Students living and learning/studying in the area,
- Technical/teaching staff of training institutions

The types of beneficiaries:

- local and national institutions and service providers located in the programme area
- local self-government units and their undertakings
- educational institutions and establishments (kindergartens, schools, colleges, higher education institutes)
- vocational training institutions
- open universities
- libraries
- NGOs
- employment services
- development agencies

Specific territories targeted

The whole territory of the programme is targeted.

The guiding principles for the selection of operations under the investment priority

Projects are selected via open Calls for Proposal. Most important selection criteria, inter alia, are:

- contribution to achieving the specific objective
- improved level of cooperation among educational/training institutions and actors of regional economy
- sustainability of joint educational activities equal opportunities and gender equality
- balanced participation of Croatian and Hungarian participants

Common and specific output indicators

Table 23: Common and programme specific output indicators

Indicator	Measurement unit	Target value (2022)	Source of data
nr of educational premises refurbished and upgraded with technical equipment	number		programme monitoring
nr of joint HE curricula developed and tested	number		programme monitoring
number of institutions and organisations being represented at partnership events	number		programme monitoring
<i>Number of participants in joint education and training schemes to support youth employment, educational opportunities and higher and vocational education across</i>	number		programme monitoring

borders			
---------	--	--	--

EU common indicator: Programme specific indicator

2.4.2. Performance framework by priority axis

Table 24: The performance framework of the priority axis

Implementation step, financial, output or result indicator	Measurement unit, where appropriate	Milestone for 2018	Final target (2022)	Source of data	Explanation of the indicator, where appropriate
Financial					
Number of participants in joint education and training schemes to support youth employment, educational opportunities and higher and vocational education across borders					

2.4.3. Categories of intervention by priority axis

Corresponding categories have to be selected out of the list provided by the Commission

Tables Categories of intervention

Table 18 Dimension 1 Intervention field		Table 19 Dimension 2 Form of finance		Table 20 Dimension 3 Territory		Table 21 Dimension 6 Territorial delivery mechanism		Table 22 Dimension 8: Thematic objective	
Code	€ amount	Code	€ amount	Code	€ amount	Code	€ amount	Code	€ amount

Proposal for the selection of intervention fields

Code	Dimension 1 Intervention field
118	Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their

	quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work-based learning systems, including dual learning systems and apprenticeship schemes	
117	Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting flexible learning pathways including through career guidance and validation of acquired competences	
120	Capacity building for stakeholders delivering employment, education and social policies and sectoral and territorial pacts to mobilise for reform at national, regional and local level	

2.5. Priority Axis 5 – Technical Assistance

To be elaborated

2.5.1. Investment Priority 1 of Priority Axis 5 – ...

ID	
Specific objective	(max 500 char.)

Actions to be supported and their expected contribution to the specific objectives

max 10.500 / 3 pages

The following types of activities should be supported to reach the specific objectives:

..

Output indicators (by investment priority)

Table 23: Output indicators (by investment priority)

Indicator (name of indicator)	Measurement unit	Target value (2022)	Source of data

*EU common indicator*³, Programme specific indicator

2.5.2. Categories of intervention by priority axis

Corresponding categories have to be selected out of the list provided by the Commission

Tables Categories of intervention

Table 24 Dimension 1 Intervention field		Table 25 Dimension 2 Form of finance		Table 26 Dimension 3 Territory	
Code	€ amount	Code	€ amount	Code	€ amount

³ according to Guidance document “Concepts and recommendations” by DG Regio, April 2013; there are 40 general and 6 ETC specific output indicators to be considered

2.6. The guiding principles for the selection of operations under the investment priorities

Project proposals will be submitted in an open call system meaning that after opening the call there will be continuous possibility to submit applications and projects will be selected periodically based on the ones submitted in due time before the meeting of the Monitoring Committee. Submitted draft project proposals (concept notes) will be registered by the programme; nevertheless these will not be brought to the Monitoring Committee for decision.

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

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

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

- The operation is sufficiently justified (relevance and strategy);
- The cooperation has a clear added value;
- The project contributes to the achievement of programme's objectives, expected results and outputs;
- The composition of the partnership is relevant for the proposed project.

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

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

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

Therefore, the high strategic value of project proposals will be a precondition for being selected for funding. The high importance of strategic assessment will be reflected in the assessment methodology by means of weighting of scores and/or setting of thresholds for the strategic criteria.

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

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

SECTION 3. THE FINANCING PLAN OF THE COOPERATION PROGRAMME WITHOUT ANY DIVISION BY PARTICIPATING MEMBER STATES

To be elaborated by the financially responsible partners

3.1. A table specifying for each year, in accordance with Articles 53, 110, and 111 of the CPR, the amount of the total financial appropriation envisaged for the support from the ERDF (EUR)

Table 27.

	2014	2015	2016	2017	2018	2019	2020	Total
ERDF								
IPA amounts transferred (where applicable)								
ENI amounts transferred (where applicable)								
Total								

3.2. Financial plan of the cooperation programme specifying, for the whole programming period, for the operational programme and for each priority axis, the amount of the total financial appropriation of the support from the ERDF and the national co-financing (EUR) (Table 18) (Article 7 (2)(f) (ii) CPR)

Table 28: ...

	Fund		Basis for the calculation of the Union support (Total eligible cost or public eligible cost)	Union support (a)	National counterpart (b) = (c) + (d)	Indicative breakdown of the national counterpart		Total funding (e) = (a) + (b) ⁴	Cofinancing rate (f) = (a)/(e)	For information
						National public funding (c)	National private funding ⁵ (d)			
Priority axis 1	ERDF (possibly incl. amounts transferred from IPA and ENI)									
Priority axis 2	ERDF (possibly incl. amounts transferred from IPA and ENI)									
Priority axis 3	ERDF (possibly incl. amounts transferred from IPA and ENI)									
Priority axis 4	Technical Assistance									
Total	ERDF (possibly incl. amounts transferred from IPA and ENI)	N/A		Must equal						

⁴ This rate may be rounded to the nearest whole number in the table. The precise rate used to reimburse payments is the ratio (f).

⁵ To be completed only when priority axes are expressed in total costs

3.3. Breakdown of the financial plan of the operational programme by priority axis, and thematic objective (Table 19) - Article 7 (2) (f) (ii) CPR

Table 29:...

Priority axis	Thematic objective	Union support	National counterpart	Total funding
Priority axis 1	Thematic objective 3			
Priority axis 2	Thematic objective 6			
Priority axis 3	Thematic objective 7			
Priority axis 4	Thematic objective 11			
Priority axis 5	Technical assistance			
Total				

Table 30: The indicative amount of support to be used for climate change objectives – this table is generated automatically by SFC based under categorisation tables included under each of the priority axes

Priority axis	The indicative amount of support to be used for climate change objectives (EUR)	Share of the total allocation to the operational programme (%)
1		
2		
3		
4		
5		
Total		

SECTION 4. INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT

Max. 3,500 characters

Proposal will be provided by expert team on the basis of Partnership Agreements

4.1. Where appropriate the approach to the use of community led local development instruments and the principles for identifying the areas where it will be implemented

Not applicable

4.2. Where appropriate, the arrangements for sustainable urban development -Article 7 (2) (c) (iii) ETC Regulation

Not applicable

Table 31: The indicative allocation of the ERDF support for integrated actions for sustainable urban development

Resources for integrated actions for sustainable urban development broken down by year								
ERDF	2014	2015	2016	2017	2018	2019	2020	Total

4.3. Where appropriate, the approach to the use of Integrated Territorial Investment (ITI) (as defined in Article 99 of the Common Provisions Regulation) other than urban development and their indicative financial allocation from each priority axis.

Not applicable

Table 32: An indicative financial allocation to ITI other than those mentioned under point 5.2

Priority	Indicative financial allocation (Union support) (EUR)
Priority axis 1	
Priority axis 2	
Total	

4.4. Where Member States and regions participate in macro regional and sea basin strategies, the contribution of planned interventions towards such strategies, subject to the needs of the programme area as identified by the relevant Member States and taking into account, where applicable, strategically important projects identified in the respective strategies.

The Cooperation Programme pays due attention to the European Strategy for the Danube Region (EUSDR) both in the programming process as well as in the implementation phase.

In programming, the definition of the strategy, the selection and description of the thematic objectives and investment priorities of the Cooperation Programme take into consideration in particular the following EUSDR targets of the EU Strategy and the Action plan 2010 (SEC 2010 1489)⁶

Pillar A - Connecting the Danube Region

Relevant Priority Area:

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

CBC OP is expected to

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

Pillar B - Protecting the Environment in the Danube Region

Relevant Priority Areas:

4) TO RESTORE AND MAINTAIN THE QUALITY OF WATERS

5) TO MANAGE ENVIRONMENTAL RISKS

6) TO PRESERVE BIODIVERSITY, LANDSCAPES AND THE QUALITY OF AIR AND SOILS

CBC OP is expected to

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

⁶

http://ec.europa.eu/regional_policy/sources/docoffic/official/communic/danube/action_plan_danube.pdf

Pillar C - Building Prosperity in the Danube Region

Relevant Priority Areas:

8) TO SUPPORT THE COMPETITIVENESS OF ENTERPRISES, INCLUDING CLUSTER DEVELOPMENT

9) TO INVEST IN PEOPLE AND SKILLS

CBC OP is expected to

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

Pillar D - Strengthening the Danube Region

Relevant Priority Area:

10) TO STEP UP INSTITUTIONAL CAPACITY AND COOPERATION

CBC OP is expected to

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

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

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

making use of the territorial flexibility rules and the various tools enabled to facilitate cooperation among different programs.

SECTION 5. IMPLEMENTING PROVISION FOR THE COOPERATION PROGRAMME

Relevant authorities and bodies

(Reference: Article 8(4) of Regulation (EU) No 1299/2013)

Table 21: Programme authorities

(Reference: point (a)(i) of Article 8(4) of Regulation (EU) No 1299/2013)

Authority/body	Name of authority/body and department or unit	Head of authority/body (position or post)
Managing Authority	Hungarian Prime Minister's Office Department for Implementation of International Programmes Address: 1055 Budapest, Kossuth tér 1-3. Hungary	Head of Department
Certifying Authority, where applicable	Hungarian State Treasury Financial Control and Central Irregularity Department; Compliance Department Address: 1054 Budapest, Hold utca 4. Hungary	Head of Department
Audit Authority	Directorate General for Audit of European funds Address: 1054 Budapest, Kálmán Imre utca 2. Hungary	Director General

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

(Reference: point (b) of Article 8(4) of Regulation (EU) No 1299/2013)

<input type="checkbox"/> the Managing Authority	–
<input checked="" type="checkbox"/> the Certifying Authority	the Hungarian State Treasury, Budapest, Hungary

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

(Reference: points (a)(ii) and (iii) of Article 8(4) of Regulation (EU) No 1299/2013)

Authority/body	Name of authority/body and department or unit	Head of authority/body (position or post)
Body or bodies designated to carry out control tasks	Széchenyi Programme Office (SZPO) SZPO Central Control Department, SZPO West Hungarian Control Department in Pécs and Zalaegerszeg Agency for Regional Development of the Republic of Croatia Directorate for Financial Management and Accounting Service for First Level Control	Managing Director Director
Body or bodies designated to be responsible for carrying out audit tasks	Directorate General for Audit of European Funds Address: 1054 Budapest, Kálmán Imre u. 2 Hungary; Agency for the Audit of EU Programmes Implementation System Address: 10000 Zagreb, Alexandera von Humboldta 4/V	Director General Director

5.2 Procedure for setting up the joint secretariat

(Reference: point (a)(iv) of Article 8(4) of Regulation (EU) No 1299/2013)

The Programme will have a single Joint Secretariat (JS) in accordance with Article 23

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

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

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

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

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

The Information Points will work in close co-operation with the JS members in Budapest and Pécs. In order to create equal opportunities for potential applicants on both sides of the border, the Programme intends to focus on the role of the Information Points in Croatia.

5.3 Summary description of the management and control arrangements

(Reference: point (a)(v) of Article 8(4) of Regulation (EU) No 1299/2013)

In line with Article 73 of Regulation (EU) No. 1303/2013, the Hungary-Croatia Cross-

border Co-operation Programme will be implemented through shared management under the responsibility of the following institutions: a single Managing Authority, a single Certifying Authority and a single Audit Authority.

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

Joint structures

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

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

Monitoring Committee

A MC will be set up within three months from the date of the notification to the Member States about the decision on programme approval. The members of the MC will be representatives of national, regional and local level actors in order to ensure efficiency and broad representation.

The respective MC members shall be appointed within 30 days of the approval of the Programme. Members of the MC can invite additional advisors to the meetings of the MC with an observer status. (Participation of advisors has to be communicated in advance to the Chairperson.) The chairmanship and the rights and duties of the chairperson shall be defined in the Rules of Procedure of the MC. Representatives of the EC (including DG Regio) will participate in the work of the MC in an advisory capacity, according to the respective legal framework.

The MA will attend the MC meetings and will safeguard the regularity, efficiency and effectiveness of the Programme. The JS will provide the secretariat function towards the MC, including the preparation of documents, decisions and minutes. The MC will meet at least twice a year. Decision-making in the MC will be by consensus. Decisions may be taken via written procedure, to be regulated in the Rules of Procedure of the MC.

Steering Committee

In line with Article 12 of Regulation (EU) No. 1299/2013 the MC may decide to transfer its project selection tasks and responsibilities to a Steering Committee (SC). Forming the separate body can have a positive effect on the speed of decision-making since the SC is per definition a smaller (and more operative) body than the MC. By forming the SC, the MC can assure avoidance of potential conflict of interest in cases where relevant partners may be potential beneficiaries. Details on establishing the SC (e.g. membership, frequency of meetings) shall be regulated in the Rules of Procedure of the MC. Furthermore, the SC shall elaborate its own Rules of Procedure in order to enable for transparent operation. The SC shall be assisted by the JS in the same way as the MC.

Managing Authority

The designated MA of the Programme is the

Hungarian Prime Minister's Office, Budapest, Hungary.

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

2.1.1 Certifying Authority

The designated CA of the Programme is the

Hungarian State Treasury, Budapest, Hungary.

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

Audit Authority

The designated AA of the Programme is the

Directorate General for Audit of the European Funds, Budapest, Hungary.

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

Group of Auditors

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

2.1.2 Joint Secretariat and Information Points

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

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

- *General programme co-ordination tasks*
 - a) necessary data and information collection in the programming process;
 - b) co-operating with central, regional and local organisations (of the programme area) with view to collecting data and information necessary in the process of programme implementation;
 - c) co-ordinating the promotion activities related to the Programme;
 - d) organising workshops addressed to potential applicants;
 - e) participating in the working groups set up for elaborating / revising the programming document;
 - f) preparing proposals for programme amendments.

- *Secretariat tasks for the Monitoring Committee / Steering Committee*
 - a) fulfilling the usual work of a secretariat;
 - b) co-ordinating the process of project assessment, contracting external experts on a case-by-case basis;
 - c) based on the results of point b) submitting proposals for decision-making to the MC / SC;
 - d) providing the MC with background documentation and reports in English on the implementation of the Programme, including minutes of meetings organised to assist decision-making;
 - e) implementing operational decisions of the MC / SC, including the managing of written decision-making procedures;
 - f) providing assistance and technical co-ordination in the elaboration of the Annual Implementation Report for the EC.

- *Administrative activities*
 - a) ensuring the administrative management of (external) tasks and services;
 - b) supporting the AA in its activities, if necessary.
- *Programme monitoring and information system*
 - a) contributing to the setting up of a Monitoring and Information System;
 - b) regularly maintaining and updating the Monitoring and Information System; inserting data into the system.
- *Programme evaluation*
 - a) co-ordinating evaluations performed during (and following) the implementation of the Programme.
- *Project development (generation) and selection*
 - a) co-ordinating the support of project generation and development;
 - b) managing the project application process: preparing and making available documents necessary for project application and selection; providing information and advice to applicants; receiving and registering project applications;
 - c) carrying out the formal, eligibility and quality assessment of proposals by internal staff and/or external experts;
 - d) co-ordinating the exchange of information on different project proposals between the JS and IP-s;
 - e) supporting the IP-s in their activities;
 - f) monitoring the joint projects / partner-search database.
- *Implementation*
 - a) preparing materials necessary for programme implementation;
 - b) assisting project partners in project implementation: providing advice and assistance to project partners about the implementation of project activities and financial administration;
 - c) preparing subsidy contracts;
 - d) checking the progress- and financial reports submitted by the Lead Partners;
 - e) verifying the existence of the declaration on the validation of the expenditures issued by the controllers;
 - f) assisting the Lead Partners in preparing payment claims;
 - g) monitoring project progress through collecting and checking project monitoring reports, monitoring outputs etc;
 - h) performing monitoring visits at the Lead Partners and Project Partners;
 - i) preparing progress- and verification reports on programme- and project implementation and submitting them to the MA and the MC;
 - j) preparing (or participating in the preparation of) any other documents required by the EC (e.g. Annual Implementation Report).
- *Information and publicity*
 - a) preparing, managing and developing the visual identity of the Programme;
 - b) establishing, developing and maintaining the Programme's website, including sections serving project partner search and implemented project database;

- c) participating in communication initiatives of the EC, of INTERACT and/or national organisations of Hungary and Croatia (e.g. taking part in European Co-operation Day or similar programmes);
- d) assisting the beneficiaries (mainly the Lead Partners) in the proper use of the Programme's visual designs;
- e) representing the Programme at national and international events, competitions, data collections etc.

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

Information Points

Two IP-s will be set up in Croatia, one in Osijek (in the eastern part of the programme area) and one in Čakovec (in the western part), in order to ensure a geographically balanced implementation of the Programme through the serving of applicants' needs in the entire Hungarian-Croatian border area.

The main tasks of the IP-s are:

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

Activities of the IP-s will be financed from the TA budget of the Programme.

2.1.3 National level responsibilities

National Authority (NA)

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

The designated NA-s of the Programme are the

Deputy State Secretary for International Affairs, Prime Minister's Office, Hungary

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

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

Control Bodies (CB)

In line with Article 23 of Regulation (EU) No. 1299/2013, each Member State shall designate the body or person responsible for carrying out such verifications in relation to beneficiaries on its territory (the 'controller(s)'). The MA shall satisfy itself that the expenditure of each beneficiary participating in an operation has been verified by a designated controller, while each Member State shall be responsible for verifications carried out on its territory.

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

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

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

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

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

(Reference: point (a)(vi) of Article 8(4) of Regulation (EU) No 1299/2013)

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

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

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

amounts concerned to the budget of the EU.

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

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

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

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

- Each Member State bears liability for possible financial consequences of irregularities caused by the beneficiaries located on its territory.
- For a systemic irregularity or financial correction on programme level that cannot be linked to a specific Member State, the liability shall be jointly borne by the Member States in proportion to the EU contribution claimed to the European Commission for the period which forms the basis for the financial correction.
- For Technical Assistance expenditure incurred by the MA, the liability related to administrative irregularities shall be borne by the MA.
- For the Technical Assistance expenditure incurred by the Member States the liability shall be borne by the Member State concerned.

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

5.5 Use of the Euro (where applicable)

(Reference: Article 28 of Regulation (EU) No 1299/2013)

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

According to Article 133 of Regulation (EU) No. 1303/2013, Member States which have not adopted the Euro as their currency on the date of an application for payment shall convert the amounts of expenditure incurred in national currency into Euro. Those amounts shall be converted into Euro using the monthly accounting exchange rate of the EC in the month during which the expenditure was registered in the accounts of the certifying authority of the operational programme concerned. The exchange rate shall be published electronically by the EC each month. Due to the fact that neither Hungary nor Croatia have yet adopted the Euro, the above detailed exchange method will be used.

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

5.6 Involvement of partners

(Reference: point (c) of Article 8(4) of Regulation (EU) No 1299/2013)

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

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

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

Relevant partners have been identified as follows:

- a) competent national, regional, local, urban and other public authorities;**
 - national level actors include line ministries from sectors targeted by the interventions of the Programme (e.g. environment, economy, regional development),
 - regional level representatives from bordering counties,
 - larger cities (via an umbrella organisation)
 - higher educational institutions (according to a rotation principle),
- b) economic and social partners;**
 - commercial and industrial chambers (according to a rotation principle)
- c) bodies representing civil society;**
 - non-governmental organisations (via umbrella organisations, according to a rotation principle).

In the Hungary-Croatia Cross-border Co-operation Programme 2007-2013 competent authorities from national and regional level were participating in work of the JMC. The above presented partnership will result in 4+4 additional MC members (4 for Hungary and 4 for Croatia), next to the previously established members of the MC. In practice, this will mean the operation of an extended body regarding the overall implementation of the Programme. As regards the constitution of the SC (if set up), the additional members shall be eligible for SC membership as well, the technical solution to ensure this participation to be detailed in the Rules of Procedure of the SC, to be accepted by the MC itself.

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

- a) 92 individual, semi-structured interviews were delivered with the representatives of relevant national ministries, county councils and representatives of the county seat towns in the eligible counties;
- b) a questionnaire was sent out to 175 Hungarian and 159 Croatian e-mail addresses in national languages and a questionnaire in English was sent to each member of the Task Force, enquiring in all cases about the preferences of the interviewee regarding the planned strategy of the future programme;
- c) 5 interactive thematic workshops were organised at various locations throughout the eligible area, with the objective to inform the local stakeholders of the given thematic field about the planning process, to discuss the analysis, to jointly identify needs, challenges and potentials, and also to project ideas for the future

co-operation programme;

- d) a live public consultation was held before the 6th Task Force meeting for major stakeholders such as major towns, nature protection organisations of the state, employment organisations, chambers, universities and NGO-s;
- e) the draft cooperation programme was displayed for public consultation on the 2007-2013 programme's website prior to the submission to the EC, and all opinions of organisations or individuals, channelled to the planning expert team, have been examined and addressed.

In order to guarantee the smooth transition between the 2007-2013 programme and the new period 2014-2020, mainly the members of the Joint Monitoring Committee of the 2007-2013 programme and the majority of members of the Task Force might be nominated to the future MC, either as members or as observers.

Taking into account the need for wider participation, socio-economic stakeholders will also be nominated in the MC as observers, ensuring the active participation of NGO-s and umbrella organisations as well. The MA will ask the Hungarian and the Croatian NA to nominate MC members, and the NA-s will contact the individual stakeholders officially.

SECTION 6. COORDINATION BETWEEN EU AND NATIONAL FUNDING INSTRUMENTS

Max 14.000 characters - Text proposal will be drafted by the expert team on the basis of the Partnership Agreements and consultation with national authorities

SECTION 7. REDUCTION OF THE ADMINISTRATIVE BURDEN FOR BENEFICIARIES

Max 7.000 characters – Text proposal will be drafted by the expert team on the basis of the Partnership Agreements and consultation with national authorities

SECTION 8. HORIZONTAL PRINCIPLES

8.1. Sustainable development

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

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

When examining proposals the guiding question – where appropriate – should be assessed: Is the operation contributing to the promotion of sustainable development? The assessment of the quality of the eligible project proposals should be based on a set of quality criteria which are common to all Priority Axes and Investment Priorities. As a technical tool for the assessors the following aspects should to be considered in project selection:

- Contribution to energy efficiency, renewable energy use and reduction of greenhouse gas (GHG) emissions
- Contribution to efficient water supply, waste-water treatment and water reuse
- Application of green public procurement in a systematic manner
- Contribution to efficient waste management, re-use and recycling
- Contribution to the development of green infrastructures including Natura 2000 sites
- Contribution to reduced transport and mobility related air pollution
- Contribution to sustainable integrated urban development
- Contribution to better awareness for the adaptation to climate change and risk prevention
- Contribution to more employment opportunities, education, training and support services in the context of environment protection and sustainable development.

The estimated decrease of greenhouse gas emissions, the increase in energy efficiency and in renewable energy production are EU 2020 headline target indicators and should be monitored across supported operations.

8.2. Equal opportunities and non-discrimination

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

In the process of desk research and analysis of available data special emphasis was put on identifying the socio-economic situation of different social groups, in particular racial or ethnic minorities such as Hungarians in Croatia, Croats in Hungary, and the situation of Roma people in the HU-HR border region. In order to fine-tuning the statistical data available and the situation analyses carried out, adequate consideration of equal opportunities and non-discrimination issues was ensured through workshops, group interviews – including the representatives of the minority groups - and Task Force meetings. In the framework of the Ex-ante evaluation impact assessment will determine the effects of the planned interventions on different groups, to ensure that they have equally beneficial effects on the society of the border region.

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

Equal opportunities and non-discrimination will be taken into consideration under each intervention by using different tools:

Priority Axis/Thematic objective	Investment priority	Tools to ensure that equal opportunities are respected:
3 (enhancing the competitive-ness of SMEs)	3b - developing and implementing new business models for SMEs, in particular with regard to internationalisation	<ul style="list-style-type: none"> - Measure accessible for all in terms of location within the border area - Different social groups adequately informed of the availability of funding - TA provided for all potential beneficiary - Barrier free solutions for promotion to be elaborated - Equal access taken into account in the formulation of the selection criteria for projects - Relevant indicators set to demonstrate the fulfilment of equal opportunities’ requirements
6 (preserving and protecting the environment and promoting resource efficiency)	6c - conserving, protecting, promoting and developing natural and cultural heritage	<ul style="list-style-type: none"> - Cultural and natural heritage sites accessible for different social groups and

		<p>people with disabilities</p> <ul style="list-style-type: none"> - Barrier free solutions for promotion to be elaborated - Participation of woman and disadvantaged groups in the programmes, events and other initiatives organised as part of the intervention will be assured - Relevant indicators set to demonstrate the fulfilment of equal opportunities' requirements
	6d - protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure	<ul style="list-style-type: none"> - Barrier free solutions for promotion to be elaborated - Participatory and inclusive principle applied in the selection of participants attending joint education training schemes and awareness raising programmes
11	enhancing institutional capacity and an efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions	<ul style="list-style-type: none"> - Barrier free solutions for promotion to be elaborated - Participatory and inclusive principle applied in the selection of participants attending capacity building activities and language training programmes - Participation of woman and disadvantaged groups in the programmes, events and other initiatives organised as part of the intervention will be assured - Relevant indicators set to demonstrate the fulfilment of equal opportunities' requirements
10	investing in skills, education and lifelong learning by developing and implementing joint education, vocational training and training schemes	<ul style="list-style-type: none"> - Barrier free solutions for promotion to be elaborated - Participatory and inclusive principle applied in the selection of participants in the activities of the intervention - Relevant indicators set to demonstrate the fulfilment

		of equal opportunities' requirements
--	--	--------------------------------------

8.3. Equality between men and women

Equality between women and men is one of the fundamental values of the European Union set out in the Treaty on the European Union. Consequently, the gender perspective, supporting equality between men and woman is a basic principle applied in the HU HR CBC OP 2014-2020 and all its funded projects. In practical terms it means that measures defined in the OP need to allow equal access to all members of society and contribute to neutralize discrimination and provide equality. Gender mainstreaming will be taken into account as a positive factor in the formulation of the selection criteria for funding projects considering the projects' influence on these. Therefore projects will have to describe what impact it will have towards equality between women and men.

SECTION 9. SEPARATE ELEMENTS – PRESENTED AS ANNEXES IN PRINTED DOCUMENT VERSION

9.1. A list of major projects for which the implementation is planned during the programming period (Article 87 (2) (e) CPR) (Table 30)

not applicable

9.2. The performance framework of the cooperation programme

The summary table is generated automatically by the SFC based on the tables outlined by priority axis.

Table 33: The performance framework of the cooperation programme

Törölt: 34

Priority axis	Implementation step, financial, output or result indicator	Measurement unit, where appropriate	Milestone for 2018	Final target (2022)

9.3. List of relevant partners involved in the preparation of the cooperation programme

max 10.500 characters