Hungary-Croatia
Cross-border Co-operation Programme

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HUNGARY CROATIA CROSSBORDER PROGRAMME 2014 – 2020

Draft Operational Programme

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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 (max 35.000 characters / ~ 10 pages)

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 cooperating 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. However, programme's focus is slightly shifted towards supporting the reinforcement and expansion the existing cooperative network and contributing to the establishment of human and physical conditions of a dynamic and lasting cooperation across the border.

The scope of the programme is such that it will not create a large-scale financial impact.

Therefore its guiding principle is to support 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.

A second guiding principle of the programme is the increased focus on encouraging sustainable economic cooperation in the region and, while mainatining continuity of activities as outline above.

1.1.1.2. The situation in the programme area

Programme area

The programme area is 31 085 km^2 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 biggest population. The programme area on the Croatian side consists of eight counties of which Osijek-Baranja 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.

(map to be inserted)

Demographic Trends

The programme area has experienced a significant decline in population in recent years. (figures) This has affected all parts of the programme area but has been particularly marked in the Croatian counties of Vukovar-Sirmium county (-12.4% between 2001 and 2001), and Bjelovar- Bilogora 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 Osijek-Baranja 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.

Importantly, 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, Beli Manastir) in the border area, but as on the Hungarian side they are too small to as 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% (Vukovar-Sirmium) 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 Vukovar-Sirmium 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.

Tourism plays a significant role in the economy of some parts of 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 and Medimurje counties, based on rural tourism, gastronomy, and spa and wellness, mostly for domestic tourists. The towns of Osijek and Varaždin have significant cultural heritage.

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 Medjimurje, Koprivnica-Križevci and Varaždin counties, while Vukovar-Sirmium 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 Medjimurje and Varaždin 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 Varazdin and Medimurje 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 Brod-Posavina 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-lend 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, hiders 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.

Solid waste management is a problem in both sides of the border, but particularly in Croatia and especially in the eastern counties of the programme area. Development of the waste management systems should contribute to a higher share of recycling and energy production in the future.

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.

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 a 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 Vejti (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 consideraby 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 Podravina 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 Virovitica-Podravina, Požega-Slavonia, Medjimurje and Bjelovar-Bilogora. Osijek-Baranja 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 Osijek-Baranja County (26) and Varaždin County (20), while the lowest concentration was in Virovitica-Podravina (6), Medjimurje (7) and Požega-Slavonia (8).

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.

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 specialities 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 foir their tasks in the 2014 – 2020 is contiously underway.

There is one EGTC (European Grouping of Territorial Cooperation) operational in the programme area. Pannon EGTC, seated in the city of Pécs, Hungary, was established on 31 August 2010 with the participation of Slovenian and Hungarian partners. The aim of the cooperation is a well tuned development of the south-western border area. 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 followings:

- 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 dynamic medium-sized towns with higher education institutions and lively cultural and entrepreneurial life in both countries
- the excellent potential for food and other agriculture-based 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 physical barriers on the border constituted by the border rivers with no appropriate cross border infrastructure
- collaboration between universities and the world of work is weak
- different type of skills and qualification mismatches coexist in the border region
- the low level of language skills of the inhabitants of the region
- missing elements of infrastructure (weak crossborder connectivity and sparse regional transport networks, underdeveloped tourism and other business related infrastructure)
- positive experiences of cross border cooperation are being accumulated for a relatively short period
- 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 – Cakovec - 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 of ICT technologies provides solutions to cooperation without physical meetings and travelling in an increasing number of areas

However, still a high level of risks needs to be assigned to the realisation of these positive trends. Also, external threats are numerous and their chances of impacting on the strategy are not negligible. Most relevant ones are the followings:

- the slow recovery from economic crisis may maintain low level of local purchasing power resulting in low level of demand to local products and services that leads to further ageing and depopulation
- 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 upgradable 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 followings:

- 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 cooperative 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 as well as 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.

Following this approach strategy addresses the proposed accessibility-related priority of the position papers in the context of the objective of improving economic cooperation for an increased competitiveness of the SME's and to increase 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, whereas 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. 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 competitive-ness of SMEs)	3b (developing and implementing new business models for SMEs, in particular with regard to internationalisation)	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. Experience of the Economic Development Operational Programme Hungary 2007-2013 (EDOP) shows that Hungarian border counties are approximately at equal terms with the average of Hungarian convergence regions concerning the number of economic development projects granted, but the counties of the programming area are way behind in terms of grants allocated to economic development projects: share of allocated grants to EDOP projects reaches only approx. 2/3 of average of Hungarian convergence regions for the three counties of the programming area in comparison to population share (only 9,31% compared to population share of 14,30%)[1]. These figures are even more unfavourable in the proximity of the border area. It is statable that deprived border areas could gain limited support from mainstream programmes due to their funding mechanisms 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 intention for cooperation among SMEs which needs to be enhanced as well. Considering the poor economic activity of the whole area (especially the middle and eastern part), the 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

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

		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.
6 (preserving and protecting the environment and promoting resource efficiency)	6c (conserving, protecting, promoting and developing natural and cultural heritage)	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. Nature and cultural heritage tourism relate infrastructure should be improved in order for this cross border area to develop economic sector that will support further protection and preservation activities of their main resource, nature. There are still remaining suspected and confirmed minefields in the border area in Croatia and some 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. The border of Croatia and Hungary is an exceptionally non-permeable one: it has the lowest border crossing density among Hungarian borders. Average distance of border crosses is 62 km (approx double figure compared to average distance of total Hungarian border line). 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	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

	ecosystem services, including through Natura 2000, and green infrastructure)	Park, and the Mura – Drava Regional Park on the Hungarian side and parks of nature on the Croatian side like the swamp of Kopacki rit with an ornithological reserve and the Papuk mountain, and Natura 2000 sites on both sides of the border. 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
11	*ETC Art. 6 1 a (iv)* (enhancing institutional capacity and an efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions	There is a well-established cultural cooperation 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, supported successfully by 2007 – 13 Hungary – Croatia CBC OP. However, participation in networking activities is rather restricted to entities with most of the knowledge about the ways of cooperation, justifying the efforts to extend the cooperation to new actors in the future. Cooperation is hindered by the bad crossborder connectivity along considerable sections of the border and by low level of language skills. Due to these barriers intensity of institutional cooperation remained low. Therefore, specific incentives are needed to encourage regional stakeholders to extend or deepen existing cooperations or to create new networks in spite the difficulties. While thematic concentration increases the chances of achieving visible results by the programme, as it's consequence, important cooperation areas and actors got outside the scope of the priority axes, focusing on one thematic objective each. Diversity of institutional cooperation shall be maintained, in particular in order to (i) support exchange of information in areas of sub-regional or local importance, but not particularly relevant for the programme area, as a whole (ii) prepare future intervention areas and bring up new thoughts and ideas as a basis for future interventions, potentially for future priority areas. Thematic areas outside the scope of the selected TO's where need for cooperation has been explicitly expressed are, inter alia, the followings:

		• energy efficiency, exploitation of renewable energy sources • labour market regulations, databases and incentives • social inclusion and employment promotion for marginalised communities • use of ICT technologies in provision of basic services like health or social services The move towards the harmonization of the strategic planning processes is crucial for the move towards a more harmonized growth. A better coordination of planning processes helps avoid professional and political conflicts mainly caused by insufficient coordination. Also data collection methodology, bases and assessment methods need to be harmonized across different social and economic structures. 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. Despite the results of the 2007 – 2013 programme the lack of relevant and implementable cross-border strategies still hinder the planning of joint interventions in a number of fields. 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.
10	*ETC Art. 6 1 a (iii)* investing in skills, education and lifelong learning by developing and implementing joint education, vocational training and training schemes	The programme area is characterized by serious inequalities in the education level of the population. Pre-school, primary and secondary school system is functional in both countries; however, the content of the taught lacks specific aspects attached to the specific situation of living in the border area. 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. Research and development potential in the region is low and is concentrated on the existing HE institutions. Vocational secondary education is not adequate in relation to labour market needs of the border region. Qualification standards are different. The level of mobility of the labour force is low in both countries; cross-border labour mobility is insignificant. Cooperative solutions to social problems – such as

		inclusion of marginalised communities - are hindered by the low level of understanding of each other's culture or weak communication skills such as language skills. 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. 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. Joint courses in higher education sector could increase the attractiveness of the regional institutions and could also be enhancing innovation linked to the HE institutions.

1.2. Justification of the financial allocation

max 7.000 characters / ~ 2 pages. A contribution of ex ante evaluation is expected.

Please note that (i) the below outlined considerations have been drawn up assuming a total ERDF contribution of 65 – 70 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

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, Enchancing 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. Also costs of the management of the support scheme have to be taken into account when total costs are to be calculated. On this basis the proposed 20% is considered as an optimum between requirement of economy of scale on one hand and capacity for effective absorption on the other hand.

Sustainable use of Natural and Cultural Assets: approximately 55 % of the ERDF allocation is planned to be given to 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 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.

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 programme's resources has been set to be allocated to the activities serving the establishment of basic conditions for the exploitation of the regions' assets (i.e. roads, ferries and land rehabilitation).

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

Education: approximately 12,5 % of the ERDF funding is proposed to be allocated towards 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 and existing absorption capacity – with special regard to really meaningful projects – seems to be also moderate, justifying a relatively low allocation to this priority axis.

Cooperation: approximately 12,5 % of the ERDF is allocated towards 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. Therefore people-to-people cooperations 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

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	Enhanced business cooperations among SMEs operating on different sides of the border	20
			Enhance the availability and quality of tourism-related services provided by the SMEs operating on different sides of the border	Increased variety of tourism-related services provided by local SMEs	
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	Level of valorisation of natural and cultural heritage	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	Level of cross border cooperation in development and integration of nature management	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	Rate of institutional cooperation in the border region	12,5
			Increasing motivation of individuals and small communities to cooperate	Level of knowledge and understanding of the habits and behaviour of the communities at the other side of the border at the level of individuals and small communities	
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	Improve collaboration between educational and training institutions and key actors of economy in order to better serve the needs of the cross-border labour market	Rate of collaboration between educational and training institutions and economic actors	12,5
			Improved motivation and mutual willingness to cooperate between children and young people by widening common knowledge base relevant in the border region	Rate of motivation among children and young people with regard to specific aspects living in the border area Level of involvement of disadvantaged groups into training schemes in the programme area	

TA	to be specified by the MA

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	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. 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. By enhancing business cooperations cross border trade (export and import) is expected to be improved between Croatian and Hungarian border counties in the SME sector **Result indicator:** Enhanced business cooperations among SMEs operating on different sides of the border

ID	
3b - Specific objective	Enhance the availability and quality of tourism-related services provided by the SMEs operating on different sides of the border
The results, which the Member States seek to achieve with EU support	Investment priority focuses on encouraging Hungarian and Croatian SMEs to develop new services that can be made available for tourists visiting the natural and cultural attractions of the region. Improved and more available services will contribute to increased attractiveness of the region and to increased revenues from and employment

linked to tourism.

Result indicator:

Increased variety of tourism-related services provided by local SMEs

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
Enhanced business cooperations among SMEs operating on different sides of the border	Volume of export and import activities among SMEs operating on different sides of the border	To be specified by targeted survey conducted in the programme area	2014	baseline value +5%	survey	two times during programme implementation on the basis of targeted survey: 2017, 2022
Increased variety of tourism-related services provided by local SMEs	Number of services available Types of services available	To be specified by targeted survey conducted in the programme area	2014	to be specified by the baseline study	survey	two times during programme implementation on the basis of targeted survey: 2017, 2022

Actions to be supported under the investment priority 3b

1. Establishment of a cross-border SME development consortium for the following tasks:

- setting up of a funding mechanism 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. Implementation of cross-border SME development scheme in the following fields via “de minimis” support:

- cross-border joint technology, service and product development of cooperating SMEs operating on different sides of the border for setting up cross border supplier networks or for jointly engaging into foreign market,

- introduction of jointly developed energy efficiency actions of SMEs operating on different sides of the border for reduction of their operating costs,
- Cross-border joint development of marketing, promotional and demonstration facilities and services of SMEs operating on different sides of the border,
- supporting of cross-border cooperation of SMEs for participating in training courses gaining or reinforcing specialized management skills and competencies (e.g. language knowledge, cultural behaviour, technical competencies, challenge of succession) for improving their capabilities of successfully operating in foreign markets,
- encourage the support the creation and the further development of the cross-border joint economic clusters.

Types of outputs and output indicators

- number of established cross-border SME development consortium
- number of jointly developed technologies, products and services of cooperating SMEs on different sides of the border
- number of new services for tourists provided by the SMEs
- number of jointly developed marketing materials and actions of cooperating SMEs on different sides of the border

Main target groups and types of beneficiaries

Main target groups:

- SME's of the programme area

The types of beneficiaries:

- non-profit cross-border SME development consortium including Pannon European Grouping of Territorial Cooperation (EGTC) and public SME development institutions operating in the programme area

Non-profit cross-border SME development consortium acts as the beneficiary of the project with cooperating SMEs involved as final beneficiaries at a later stage via Project Partner Light scheme (see below).

Members of the cross-border SME development consortium 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 consortium:

- Pannon EGTC (Lead Beneficiary),
- enterprise development foundations of Baranya, Somogy, Zala counties (Project Partners),
- regional development agencies of Osijek-Baranja, Virovitica-Podravina, Koprivnica-Križevci, Međimurje counties (Project Partners).

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: Osijek-Baranja, Virovitica-Podravina, Koprivnica-Križevci, Međimurje 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 consortium 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.

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 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.

Selection mechanism of supported joint projects of cooperating SMEs (PP Lights) is as follows:

Phase 1 - Establishment of cross-border SME development consortium:

- setting up of the cross-border SME development consortium with the human capacity provided for overall implementation of the project.

Phase 2 - Project generation:

- active promotion of SME development scheme among SMEs operating in the target area,
- providing first level information to SMEs interested in SME development scheme, local project consultations,
- organisation of information events in all counties for promoting SME development scheme,
- organisation of brokerage events in the border region for establishing SME project cooperations.

Phase 3 - Definition of cross-border SME project concepts:

- setting up of a funding mechanism for the allocation of funds,
- elaboration of a simplified application form of cross-border SME project concepts,
- launching open call for cross-border SME project concepts,
- evaluation of cross-border SME project concepts,
- appointment of cross-border SME project concepts for further development.

Phase 4 – Development of project proposals:

- supporting preparation of project proposals from project concepts of cooperating SMEs defined in Phase 3: development of application forms of cross-border SME projects, elaboration of supplementary studies (if needed),
- evaluation of elaborated cross-border SME project proposals,
- submission of decision making proposal to Monitoring Committee of the programme
- decision upon supporting of cross-border SME project proposals,
- signature of Partnership Agreement with SMEs of cross-border SME project proposals.

Phase 5 – Implementation of cross-border SME projects:

- supporting management of cross-border SME projects decided to be granted in Phase 4: assistance to administrative and financial project management,
- administrative coordination of implementation of cross-border SME projects,
- evaluation of project modification proposals of SMEs,
- coordination of financial management of cross-border SME projects,
- 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 (correlating action)	Measurement unit	Target value (2022)	Source of data
Number of enterprises receiving support	pcs	100	Programme monitoring
Number of enterprises receiving grants	pcs	100	Programme monitoring
Number of enterprises receiving non-financial support	pcs	100	Programme monitoring
Private investment matching public support to enterprises (grants)	EUR	2,500,000	Programme monitoring

EU common indicator[2], Programme specific indicator

[2] 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

2.1.2. Performance framework by priority axis

To be elaborated

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

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[3]/[4]	Name of Category of Intervention	
035/058	Investment in infrastructure, capacities and equipment in SMEs directly linked to research and innovation activities	
042/065	Cluster Support and business networks primarily benefitting SMEs	
043/066	Research and innovation processes in SMEs (including voucher schemes, process, design, service and social innovation)	
046/068	Advanced support services for SMEs and groups of SMEs (including management, marketing and design services)	
to be reviewed and completed		

[3] Source: Categories of intervention, Fiche no 6, Brussels, 14 November 2011

[4] Source: Fiche 2: Implementing act on the nomenclature of categories of intervention and the methodology for tracking of climate change related expenditure under cohesion policy, Version 2 – 27/05/2013

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	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 process, increase their potentials for generating economic growth in the border area. In addition, number of already existing natural and cultural sites benefit from joint touristic offer and service packages. For the purpose of common utilization of cultural and natural heritage it is expected that (new) cross border crossings and 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. **Result indicator:** Level of valorization of natural and cultural heritage

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
Level of valorization of natural and cultural heritage	% of actors regarding it as to be good	based on survey	2014	baseline survey +5%	Survey of key actors related to valorisation of natural and cultural heritage	at the end of programme period

Actions to be supported under the investment priority 6c

- Preservation, refurbishment, promotion and utilization of common or complementary elements of natural and cultural heritage
- Development of a common offer of products and services in the area of sustainable tourism regarding natural and cultural heritage (thematic routes of natural or/and cultural heritage)
- Investment in nature interpretation infrastructure

- Activities relevant for enabling access to sites, investment in local access roads, ferry crossings and border crossings
- Site rehabilitation, including survey, de-mining and removing the unexploited ordnance found, quality control, certification and environmental rehabilitation of the sites.de-mining activities

Types of outputs and output indicators

Typical outputs will be small scale infrastructure developments at potential sites of tourism, hazardous reminiscent removed from protected areas and relatively small scale investments in inferior roads and ferries.

- Number of jointly developed sustainable tourism products and services
- Number of organisations/entities participating in cultural and natural heritage development
- Number of promoted, protected and utilized common or complementary elements of natural and cultural heritage
- Number of border crossings opened
- Surface of land de-contaminated

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.

Project concepts for the border crossings and connected road developments will be selected by the JMC on the basis of a comprehensive transport network 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.

(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
Number of jointly developed sustainable tourism products and services			
Number of organisations/entities participating in cultural and natural heritage development			
Number of promoted, protected and utilized common or complementary elements of natural and cultural heritage			
Number of border crossings opened			
Surface of land de-contaminated			

EU common indicator[5], 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

[5] 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

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 and sustainable promotion and interpretation of these assets are improved. Impact of joint protection and promotion of these natural assets had key importance and led to improved knowledge on the status of soil and water bodies as well as the ecosystem conditions. 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. .. Design and implementation of pilot small-scale actions will including investments serving the protection or restoration of the natural and cultural assets of common interest. **Result indicator:** Level of cross border cooperation in development and integration of nature management

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
Level of cross border cooperation in development and integration of nature management	% of actors regarding it as to be good	based on survey	2014	baseline survey +5%	Survey of key actors related to nature manage-ment	at the end of programme period

Actions to be supported under the investment priority 6d

- Joint development of management plans for Natura 2000 sights 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
- Valorisation and promotion of ecosystem services in the border area
- Investments in nature interpretation infrastructure
- Awareness-rising, 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 water retention
- Promoting/restoring traditional land use (traditional farming, land grass, etc.)

Types of outputs and output indicators

Typical outputs encompass small scale infrastructure developments, preparation of joint studies and training and other events for information sharing and exchange

- Number of sites with new or improved nature interpretation infrastructure
- Number of participants in joint education training schemes and awareness raising programmes
- Established or extended cross-border partnerships aimed at nature conservation
- Size of restored area (restored by traditional land use)
- Number of restored habitats
- Number of joint international studies (monitoring, survey, management plans, etc.)

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

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
Number of sites with new or improved nature interpretation infrastructure			
Number of participants in joint			

education training schemes and awareness raising programmes

Established or extended cross-border partnerships aimed at nature conservation

Size of restored area (restored by traditional land use)

Number of restored habitats

Number of joint international studies

EU common indicator[6], Programme specific indicator

2.2.3. Performance framework by priority axis

To be elaborated

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

2.2.4. 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 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[7]	Name of Category of Intervention

[6] 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

035	Local access roads (new build)	
084	Protection and enhancement biodiversity, nature protection (including Natura 2000) and green infrastructure	
085	Adaptation to climate change measures and prevention of climate related risks (including erosion, fires, flooding, storms and awareness raising)	
088	Cycle tracks and footpaths	
089	Development and promotion of the tourism potential of natural areas	
090	Protection, development and promotion of public tourism assets	
091	Development and promotion of public tourism services	
092	Protection, development and promotion of public cultural heritage assets	
093	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	Thematic concentration offers the possibility for cooperation only for a limited number of institutions and development areas. However, cross border cooperation/regional development can only be effective in an area if a wide range of organisations work along agreed strategies. Therefore, the expected results are - well-established process for building up institutional cooperation - common regional interests, and development directions identified - working relations set: exchange of information, learning from each other sessions delivered - regional institutional cooperation is extended or deepened in particular in areas where the need for cooperation has

[7] Source: Fiche 2: Implementing act on the nomenclature of categories of intervention and the methodology for tracking of climate change related expenditure under cohesion policy, Version 2 – 27/05/2013

	been explicitly expressed by local, regional stakeholders, such as o energy efficiency, exploitation of renewable energy sources o labour market regulations, strategies and incentives o social inclusion and employment promotion for marginalised communities o use of ICT technologies in provision of basic services like health or social services - working relationship based on trust and mutual acknowledgement - 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 **Result indicator** Rate of institutional cooperation in the border region

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	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: - 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. 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. **Result indicator**

	ILevel of knowledge and understanding of the habits and behavior of the communities at the other side of the border at the level of individuals and small communities

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
Rate of institutional cooperation in the border region	%	to be established	2014	to be established	survey	end of the programme period
Level of knowledge and understanding of the habits and behavior of the communities at the other side of the border	%	to be established	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.

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

1. Support meetings and seminars between local authorities in order to identify common development issues
2. Support cooperation between local authorities to develop joint initiatives and policies on cross border issues
3. Support capacity building actions of organisations in charge of nature conservation and also the ones in charge of water management by developing good practices, exchange of staff, training and research
4. Support joint programming, project preparation and demonstration actions of local governments, non-profit organisations, development and energy agencies in the field of renewable energy and energy efficiency
5. Support to the 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

6. Support to assist regional organizations to deliver shared labour market information and guidance for the employers and potential employees in the cross-border region
7. Support the joint development of data bases on local market needs and supply
8. Support bottom up, multi-stakeholder partnerships to develop territory based integrated solutions on employments
9. Support language training as a preparatory activity for enhanced institutional cooperation

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

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

Types of outputs and output indicators

Typical outputs encompass jointly organized meetings and other fora of information and knowledge exchange, such as training events, seminars as well as jointly commissioned studies and plans that prepare future projects

Typical outputs of projects promoting legal and administrative cooperation

- no of meetings, seminars organized aiming at institutional cooperation
- no of institutional cooperation established
- no of officials receiving language certificate
- no of joint actions between civil society organisations, Development Agencies
- No of shared initiatives and policies developed jointly
- No of capacity building actions between organisations in charge of nature conservation and water management in the region
- No of joint actions in the field of renewable energy and energy efficiency
- Number of regional labour-market organizations involved in collecting and disseminating data and information on the crossborder labour market
- Number of territorial employment pacts established

Typical outputs of "people to people" actions:

- Number of joint actions and events

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 organisations

Specific territories targeted

The whole territory of the programme is targeted

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

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

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
Projects promoting legal and administrative cooperation	Number		Monitoring
Joint cross-border cultural, educational, recreational and other type community events and actions ("people to people")	Number		Monitoring
Established or extended cross-border networks/platforms	Number		Monitoring

EU common indicator[8] , 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

[8] 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

2.3.3. 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 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[9]	Name of Category of Intervention	
094	Institutional capacity of public administrations and public services related to implementation of the ERDF or actions supporting ESF institutional capacity initiatives	
0116	Investment in institutional capacity and in the efficiency of public administrations and public services with a view to reforms, better regulation and good governance	
0117	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	Improve collaboration between educational and training institutions and key actors of economy in order to better serve the needs of the cross-border labour market

[9] Source: Fiche 2: Implementing act on the nomenclature of categories of intervention and the methodology for tracking of climate change related expenditure under cohesion policy, Version 2 – 27/05/2013

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 the targeted results are: -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 **Result indicator:** Rate of collaboration between educational and training institutions and economic actors

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

Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2022)	Source of Data	Frequency of reporting
Rate of collaboration between educational and training institutions and economic actors						

ID	
Specific objective-2	Improved motivation and mutual willingness to cooperate between children and young people by widening common knowledge base relevant in the border region
The results, which the Member States seek to achieve with EU support	By means of formal and non-formal education, this intervention is to achieve: - positive attitude with regard to cross border cooperation from early age on - motivated children and young adults through involvement in joint educational activities - 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 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: - 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 **Result indicator:** Rate of motivation among children and young people with regard to specific aspects living in the border area Level of involvement of disadvantaged groups to training schemes in the programme area

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

Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2022)	Source of Data	Frequency of reporting
Rate of motivation among children and young people with regard to specific aspects living in the border area	to be established					
Level of involvement of disadvantaged groups to training schemes in the programme area	to be established					

Actions to be supported under the investment priority

The supported actions aim at improving the qualification level of the local labour force. The implementing project activities operational networks of education providers will be set up and strengthened.

Examples of such actions supported within the specific objective 1 "Improve collaboration between educational and training institutions and key actors of economy in order to better serve the needs of the cross-border labour market" are:

Support to surveys to identify qualification and skill shortages in the border area

Support to regional events, conferences, seminars to assist higher education and training institutions to discuss the quality and development of training programmes and employability issues with employers in the border area3. Peer Reviews on identified good practices concerning teaching methods to share between teaching staff of education providers on both sides of the border

Support to the well justified purchase of equipment and/or necessary refurbishment of educational premises as part of the development of training courses and services contributing to the increase of the level of education in the region

Develop communication channels between higher level educational institutions and the world of work in the region 7. Incentive schemes (internships, placements, hired students) to support graduates' transition to the border region labour market

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

Types of outputs and output indicators

- Survey on qualification and skills shortages
- Adult training courses designed and implemented
- Conferences, seminars, etc. jointly organised in the region to exchange between staff of education providers
- Peer Reviews for training staff to exchange good practices
- Scheme designed and implemented for the exchange of apprentices
- Apprentices involved in the exchange programme
- Incentive scheme designed for graduates
- Graduates effected by incentive scheme
- Skills good practices identified and shared

Examples of such actions supported within the specific objective 2 "Improved motivation and mutual willingness to cooperate between children and young people by widening common knowledge base relevant in the border region" are:

Support to develop and deliver joint courses, events or materials to improve language communication between students

Support to linking ITC, language learning and cultural exchange in joint educational activities

Support to developing and delivering joint courses, events or materials aiming at cultural exchanges between schools as part of joint educational activities

Support to the well justified purchase of equipment and/or necessary refurbishment of educational premises as part of the development of new courses and training activities contributing to the widening of the common knowledge base and cooperation between children and young people in the region

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

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

Support to 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

- schools involved in cultural exchanges
- students involved from disadvantaged groups
- exchange programmes implemented
- teachers involved in specific training measures
- operational networks, twin-schools
-

Main target groups and types of beneficiaries

Main target groups:

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

The types of beneficiaries:

- local and national institutions and service providers located in the programme area
- local self-governments
- educational institutions and establishments (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:

- equal opportunities and gender equality
- balanced participation of Croatian and Hungarian participants
- specific incentives in lagging behind areas of the border region or for marginalised groups of the society

Common and specific output indicators (investment priority 10-3)

Table 23: Common and programme specific output indicators (investment priority10-3)

Indicator (correlating action)	Measurement unit	Target value (2022)	Source of data
to be established			

EU common indicator[10], 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

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	Table 19 Dimension 2	Table 20 Dimension 3	Table 21 Dimension 6	Table 22 Dimension 8:

[10] 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

Intervention field		Form of finance		Territory		Territorial delivery mechanism		Thematic objective	
Code	€ amount	Code	€ amount	Code	€ amount	Code	€ amount	Code	€ amount

Proposal for the selection of intervention fields

Code[11]	Name of Category of Intervention	
094	Institutional capacity of public administrations and public services related to implementation of the ERDF or actions supporting ESF institutional capacity initiatives	
0116	Investment in institutional capacity and in the efficiency of public administrations and public services with a view to reforms, better regulation and good governance	
0117	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	

[11] Source: Fiche 2: Implementing act on the nomenclature of categories of intervention and the methodology for tracking of climate change related expenditure under cohesion policy, Version 2 – 27/05/2013

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[12] , 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

[12] 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

(max 3,500 / 1 page) – to be elaborated

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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)[13]	Cofinancing rate (f) = (a)/(e)	For information
						National public funding (c)	National private funding [14](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						

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

[14] 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.

Proposal will be provided by expert team

SECTION 5. IMPLEMENTING PROVISION FOR THE COOPERATION PROGRAMME

To be elaborated by the MA/JTS

5.1. Identification of the relevant authorities and bodies

Table 33: Idenfication of and contact details for the relevant authorities and bodies

Authority/body	Name of authority/body	Head of the authority/body
Managing authority		
[Certifying authority, where applicable]		
Audit authority		
Body or bodies designated to carry out control tasks		
Body or bodies designated to be responsible for carrying out audit tasks		

5.1.1. Procedure for setting up the joint secretariat

To be elaborated - max 3500 characters

5.1.2. A summary description of the management and control arrangements

To be elaborated - max 35,000 characters

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

To be elaborated - max 10,500 characters

5.1.4. Use of the Euro

The method chosen for the conversion of expenditure incurred in another currency than the Euro - To be elaborated

max 2,000 characters

5.2. Involvement of partners

5.2.1. Role of the partners in the preparation and implementation of the cooperation programme

Proposal will be provided by expert team

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

max 5.500 characters – *Text proposal will be drafted by the expert team on the basis of the Partnership Agreements and consultation with national authorities*

8.2. Equal opportunities and non-discrimination

max 5.500 characters – *Text proposal will be drafted by the expert team on the basis of the Partnership Agreements and consultation with national authorities*

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8.3. Equality between men and women

max 5.500 characters – *Text proposal will be drafted by the expert team on the basis of the Partnership Agreements and consultation with national authorities*

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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 34: The performance framework of the cooperation programme

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