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Ex-ante Evaluation and the Strategic Environmental Assessment for the Hungary-Croatia Cross-border Co-operation Programme 2014-2020

DRAFT REPORT ON STRATEGIC ENVIRONMENTAL ASSESSMENT

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1 Process of the Strategic Environmental Assessment

1.1 Project data

Project title	Drafting the Strategic Environmental Assessment for the Hungary-Croatia Cross-border Co-operation Programme 2014-2020
Nature	Service contract, global price
Contracting Authority	National Development Agency ¹ Head Office: 20-22 Wesselényi street, Budapest 1077, Hungary
Consultants	ICG Ex Ante Consulting Ltd. Institute for Development and International Relations
Implementation period	15 July 2013 – 31 January 2014 ²

1.2 Purpose and scope

Preliminaries and objectives:

This document provides the basis concerning the Strategic Environmental Assessment (SEA) of the Hungary–Croatian Cross-border Co-operation Programme. The aim of the SEA is to

¹ Prime Minister's Office from the beginning of 2014

² These data show the original timeframe of the evaluation according to the service contract. As stipulated by the contract, the effective timeframe of the execution of tasks is always readjusted according to the time schedule of the programming and the respective decisions of the Task Force.



Hungary-Croatia
IPA Cross-border Co-operation Programme

The Programme is co-financed by the
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improve quality and consistency of the Programme, especially in a sustainability context, by transferring feedbacks from professionals and stakeholders to Programme planners. SEA is a useful tool to highlight potential positive environmental impacts of a program and hinder measures that might be harmful for the environment, so SEA can improve a programme's environmental outcome.

The purposes of SEA elaboration are as follows:

- to identify the existing environmental problems relevant to the programme, assessing the environmental effects of the programme, by giving an overview of the possible favourable and unfavourable environmental impacts,
- to enhance the contribution of the programme to sustainable development,
- to set the relevant environmental protection objectives that should be considered within the programme and the SEA process, examining the coherence with the environmental and sustainable development policies at community, national and regional level.

Rules concerning the SEA process

The SEA of the Hungary–Coatian Cross-border Cooperation Programme is planned and carried out in line with the 2001/42/EC Directive (that defines strategic environmental assessment and introduces it into the planning process of programmes supported by EU Funds) and its national adaptations:

- the Hungarian Government Decree 2/2005 (I.11.)
- in Coatia at present OG No. 64/08 Regulation on strategic environmental assessment of plans and programmes

EC 42/2001 SEA Directive³

aims “to provide for a high level of protection of the environment and to contribute to the integration of environmental considerations into the preparation and adoption of plans and programmes with a view to promoting sustainable development” (*Article 1*).

These objectives are to be achieved by:

ensuring first, that “an environmental assessment is carried out of certain plans and programmes which are likely to have significant effects on the environment ” (*Article 1*) and second, that the “effects of implementing [these] plans and programmes are taken into account during their preparation and before their adoption” (*Preamble, paragraph 4*).

Moreover, this Directive requires:

“Where an assessment is required by this Directive, an environmental report should be prepared containing relevant information as set out in this Directive, identifying, describing and evaluating the likely significant environmental effects of implementing the plan or programme.”

“In order to contribute to more transparent decision making and with the aim of ensuring that the information supplied for the assessment is comprehensive and reliable, it is necessary to provide that authorities with relevant environmental responsibilities and the public are to be consulted during the assessment of plans and programmes, and that appropriate time frames are set, allowing sufficient time for consultations, including the expression of opinion.”

“The environmental report and the opinions expressed by the relevant authorities and the public, as well as the results of any transboundary consultation, should be taken into account

³ <http://ec.europa.eu/environment/eia/sea-support.htm>



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during the preparation of the plan or programme and before its adoption or submission to the legislative procedure. The authorities and the public shall be given an early and effective opportunity within appropriate time frames to express their opinion on the draft plan or programme and the accompanying environmental report before the adoption of the plan or programme or its submission to the legislative procedure.”

1.3 Link to other parts of the planning process

Overview of the European Territorial Cooperation

Under the European territorial cooperation goal, the ERDF supports cross-border, transnational and interregional cooperation. Cross-border cooperation should aim to tackle common challenges identified jointly in the border regions (such as poor accessibility, inappropriate business environment, lack of networks among local and regional administrations, research and innovation and take-up of information and communication technologies, environmental pollution, risk prevention, negative attitudes towards neighbouring country citizens) and exploit the untapped potentials in the border area. In order to deliver on the targets and objectives of smart, sustainable and inclusive growth set out in the Europe 2020 strategy, the ERDF should contribute under the European territorial cooperation goal to the thematic objectives of developing an economy based on knowledge, research and innovation, promoting a greener, more resource-efficient and competitive economy, fostering high employment that delivers social and territorial cohesion, and developing administrative capacity.

On 29 June 2011, the Commission adopted a proposal for the next multi-annual financial framework for the period 2014-2020: a budget for delivering the Europe 2020 strategy. The Commission proposed a number of important changes to the way cohesion policy is designed and implemented. Concentrating funding on a smaller number of priorities better linked to the Europe 2020 Strategy, focusing on results, monitoring progress towards agreed objectives, increasing the use of conditionality and simplifying the delivery are among the major hallmarks of the proposal.

This Regulation sets out the general provisions governing European Territorial Cooperation. European Territorial Cooperation is one of the goals of cohesion policy and provides a framework for the implementation of joint actions and policy exchanges between national, regional and local actors from different Member States. **Synergies and complementarities** between programmes under the European Territorial Cooperation goal and programmes financed under external instruments shall be promoted.

European Territorial Cooperation is of particular value because:

- Transboundary problems can most effectively be solved with the cooperation of all regions concerned to avoid disproportionate costs for some, and free-riding by others (e.g. cross-border environmental pollution).
- Cooperation can provide an effective mechanism for sharing good practice and learning to spread know-how (e.g. enhancing competitiveness).
- Governance can improve as a result of coordination of the sector policies, actions and investments on a cross-border and transnational scale.
- Relations with EU neighbours through cooperation programmes on the EU's external borders can contribute to safety and stability, and mutually beneficial relationships.



SEA's relation with the planning process

The SEA Directive stipulates that the SEA has to be done during the elaboration of the programme document and it must be completed before its adaptation. The programming process has been coordinated by the Task Force consisting of relevant ministries and regional/county level organizations from Hungary and Croatia. The area covered by the NUTS 3 level regions (3 counties in Hungary, 4 counties and 4 adjacent regions in Croatia) is 31 028 km².

The Joint Technical Secretariat and the Managing Authority is also involved in the programming process. The planning work of the Task Force is assisted by an external expert consortium.

The strategic environmental assessment is an **integral part of the programming process**, but the **outcomes of the SEA are to be published in a consolidated Environmental Report** which can be part of the draft Programme. In addition, ex ante evaluation report has to include the most important statements of the environmental report and of the consultation process.

The guidance on ex ante evaluation⁴ shall also be strictly followed during the SEA process. It is possible to carry out separate SEA procedures in each Member State according to their national rules or some of the steps could be carried out jointly, for example elaboration of a joint environmental report could be useful that would be subject to separate consultations – in each Member State - of the environmental authorities and of the public. After examining advantages and disadvantages, the Task Force and the relevant authorities decided to carry out **SEA processes separately**. This means that a joint environmental report is elaborated and the consultation processes will be carried out separately in accordance with the national regulation in both countries.

SEA is related to ex ante evaluation process as follows:

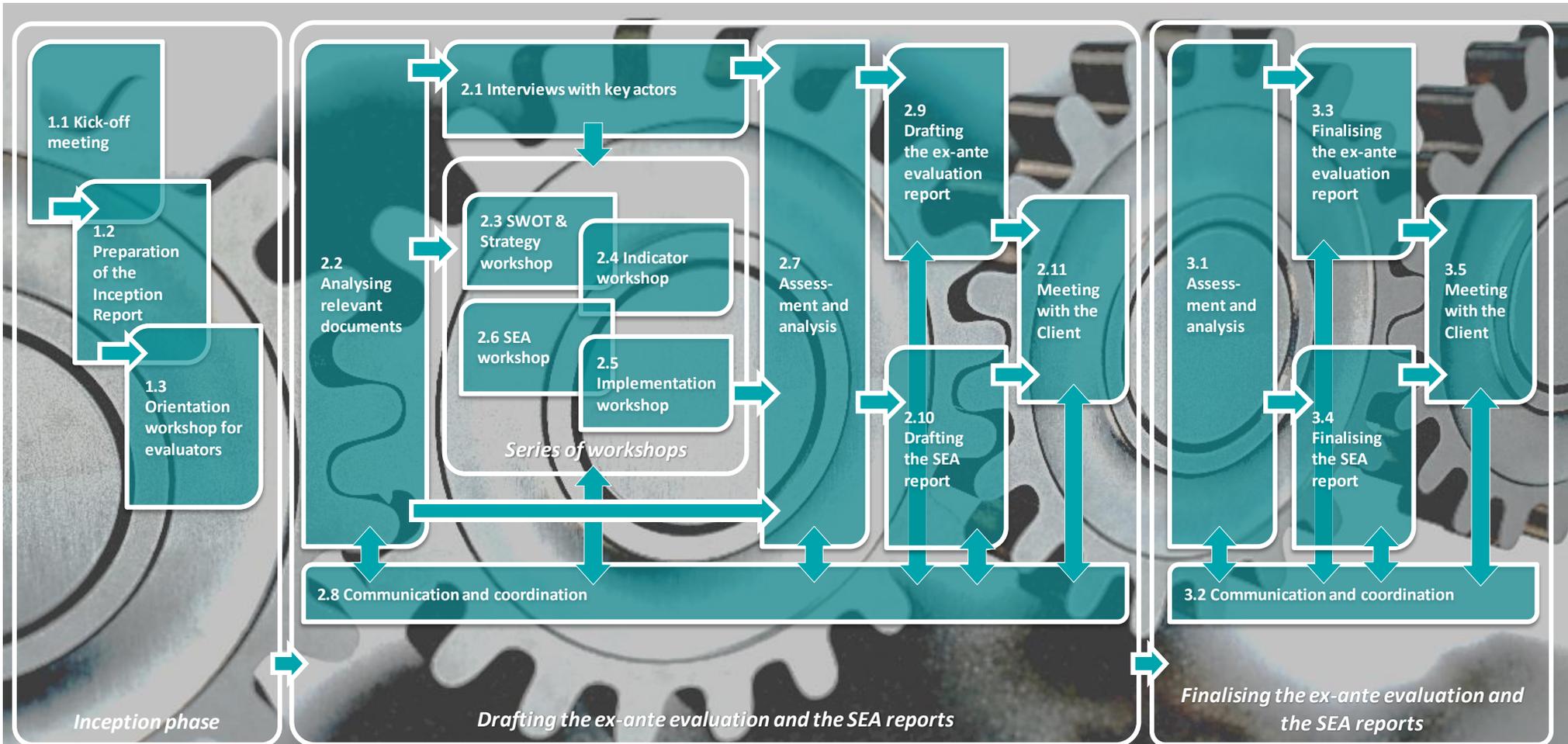
- Assessment of key environmental and sustainability impacts of the Programme.
- Assessment of action intended to promote sustainable development and to protect the environment.
- Examination of coherence and relevance to Community and national environmental and sustainability objectives.
- Evaluation of environmental indicators, drafting recommendations.

According to our interpretation, the **OP is regarded as a planning tool**, investigates the adequacy and the likely effectiveness of the OP in the frame of ex ante evaluation, while the **SEA is examining the OP as factors** such as environmental factors which may affect the state of the environment.

Furthermore, the SEA is searching for good solutions **focusing only on two aspects**:

- sustainable development
- environmental protection

⁴ Guidance document on ex-ante evaluation for the Programming Period 2014-2020, MONITORING AND EVALUATION OF EUROPEAN COHESION POLICY, January 2013



Logical structure of the activities of ex-ante evaluation and SEA

1.4 Consultation process

The chapter will be elaborated in the final version after carrying out the consultation process.

Opinions taking into account from authorities responsible for protecting the environment and public

Comments from authorities and public:		
No.	Brief description of the comment	Status in SEA
1.		
2.		
3.		

1.5 The impact of recommendations on planning the Programme

The chapter will be elaborated in the final version after carrying out the consultation process.

1.6 Methodology and specificity of the SEA

The SEA is planned and carried out in line with the **2001/42/EC Directive** (that defines strategic environmental assessment) and its national adaptation, the Hungarian Government Decree 2/2005 (I.11.) and the OG No. 64/08 in Croatia.

Moreover, relevant methodological guidelines and materials will be taken into account:

- experiences and conclusions of the previous SEAs
- Monitoring and evaluation of European cohesion policy - Guidance document on ex ante evaluation for the Programming Period 2014-2020, January 2013
- Guidance on Integrating Climate Change and Biodiversity into Strategic Environmental Assessment
- Guidelines on Climate Change and Natura 2000

The strategic environmental assessment process shall be composed of the following parts:

- 1) Environmental Report
- 2) Consultation
The authorities and the public shall be given an opportunity to express their opinion on the draft Programme Document and the accompanying Environmental Report.
- 3) Integration of recommendations from the consultation process
- 4) Information about the Decision
- 5) Monitoring of the significant environmental impacts
- 6) Submission to Program Committee, follow-up

The SEA aims to provide for a high level of protection of the environment and to contribute to the integration of environmental considerations into the preparation and adoption of the Programme Document with a view to promoting sustainable development. Managing Authorities and Environmental Authorities (EAs) should agree on the procedure to be followed when starting the preparation of the Programme. Practical issues such as scope of the report, the preparation of a single or joint report(s), the timing and organisation of consultations should be decided early in the process. To ensure appropriate public participation, relevant information (draft programme and at least non-technical summary) should be made available in the languages of the Member States involved.

The joint Environmental Report

The SEA evaluates possible environmental impacts related to priorities of Operational Programme and gives recommendations on how to enhance the quality of the programme in respect to environmental aspects. The assessment of positive and negative effects of the different activities (project types built in programme priorities and objectives) is summarised in a rating matrix (using a scale). The assessment is qualitative, as a quantitative evaluation makes only sense on project level. Direct as well indirect effects are assessed. The aggregation of direct and indirect effects is not possible in most cases and would increase the uncertainty of the assessment. Direct and indirect effects are therefore assessed separately.

According to the SEA-Directive, also “secondary, cumulative, synergistic, short, medium and long-term permanent and temporary, positive and negative effects” are considered in the evaluation.

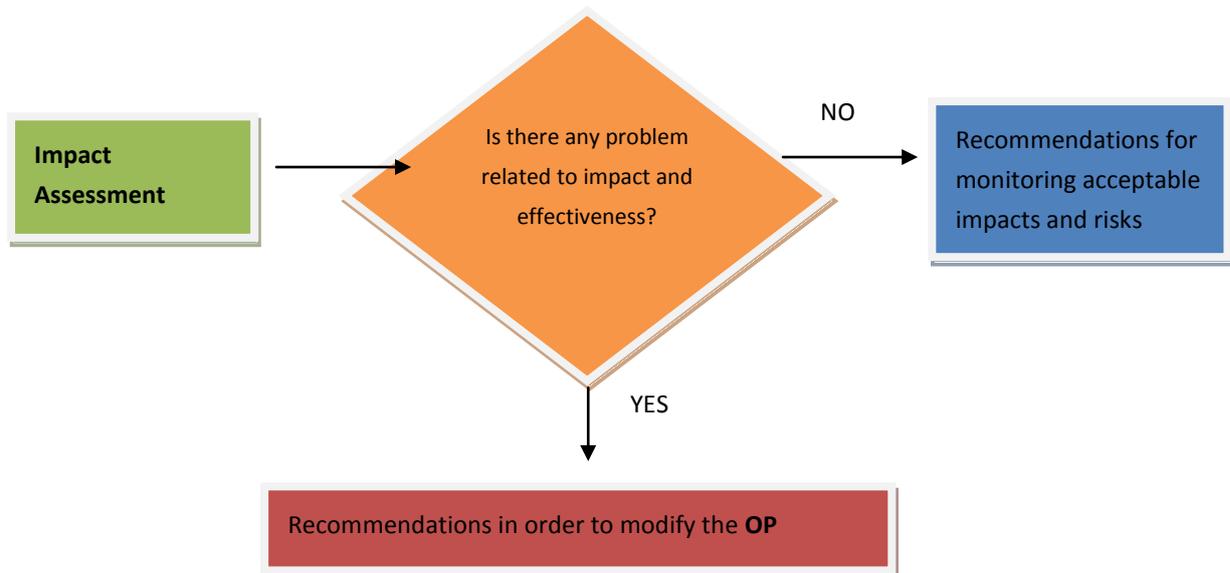
The main issues are to be reviewed the following:

- To what extent could improve the state of environment and could the Programme provide a positive change in terms of sustainability?
- Could the targeted actions reduce the adverse effects of significant environmental pressure and lead to a significant improvement of the cross border area?
- Could the proposed measures result in positive shift towards sustainable development, and could the developments contribute to the reduction of regional imbalances?

Time schedule

	Dec 2013	Jan 2014	Febr 2014	March 2014	April 2014	May 2014	June 2014	July-Sept 2014	2015-2023
Preparation and Planning	X	X	X	X	X				
Environmental Report	X	X	X	X	X				
Consultation Process						X	X		
Integration of expressed opinions								X	
Final version of the report together with Non-technical Summary								X	
Monitoring									X

Main phases of SEA process



Aspects of Sustainable Development

The United Nations Environment and Development, the World Commission, its report „Our Common Future“ by the concept of sustainable development defined in 1987 as follows: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to they can also meet their needs. "

According to other generally accepted definition sustainable development is the system of socio-economic conditions and activities, in which the natural values of present are preserved for future generations, saving and using ecologically of natural resources provides long-term quality of life and the preservation of diversity.

Principles applied during elaboration:

- Compliance
- Applicability
- Justification

- Consistency
- Relevance
- Partnership

For each development should be expected to:

- Do not reduce biodiversity and ecosystem services
- Do not increase (reduce if possible) the adverse social and territorial disparities
- Promote climate change adaptation
- Contribute to the strengthening of social solidarity

Among the general principles of common importance highlighted the following:

- Holistic approach
- Prevention
- Integration
- Solidarity between generations and within generations
- Social equity
- Utilization of Local Resources
- Public participation
- Social responsibility.
- 'The polluter pays' principle

In the following table is about the intended approaches for all european country which are considered to be environmental priorities and sustainability criteria, rather than measurable requirements.

<p>1. Long-term balance should be achieved between satisfying the needs and the preservation of natural and environmental values.</p>	<p>(a) The use of environmental resources does not exceed of the rate of incurred (b) The environmental load does not exceed the assimilation capacity of the environment.</p>
<p>2. Processes associated with the loss of values can not be tolerated.</p>	<p>The conditions for conservation of biological diversity must be provided. The ecosystem services should be regarded as value. The improvements must have no damage to the ecosystem services. Maintenance of architectural, landscape and cultural values is to be ensured.</p>
<p>3. Adaptation to environmental changes must be ensured at the individual and societal level</p>	<p>Adaptive capacity to climate change should be preserved for both the society and the population concerned, it should not be restricted and should be improved, if possible.</p>
<p>4. Should be given the possibility for everyone in each area to have a decent life now and in the future. A development makes sense if it will be a better place to live there.</p>	<p>A healthy environment and healthy food and safe drinking water and sustainable energy supply is a fundamental right of all people. Cultural heritage must be preserved. All activities related to environmental management should be implemented at the level where handling of problem has the biggest benefits, as well as where the lowest environmental risk and damage is expected.</p>
<p>5. Only responsible people can achieve sustainable development.</p>	<p>To enhance the social inclusion (social exclusion, demographic issues, etc) on the basis of common values</p>

Key elements of the methodology to be applied:

The elaboration of the environmental report starts with the document analysis, which covers the examination of the documents defining the strategic and legal context of the programme and all relevant (related) environmental documents / strategies. The second step is to assess all documents prepared by the planning team, including the following methodologies:

Situation analysis	Identify problems and future consequences; Defining constraints and uncertainties. Incorporation of previous (evaluation) experiences.
Examining the consistency	External and internal consistency of the Programme's set of objectives
Analysis of alternatives	Possible development of affected areas with and without implementation of the Programme.
Impact assessment	Defining the likely significant effects and influencing factors, identifying direct and indirect impacts
Analysis of Sustainability criteria	Fit of specific objectives to basic criteria

Difficulties of the assessment

The following difficulties increase the inaccuracy of the assessment:

- The assessment can only identify predictable effects as the Thematic Objectives of the OP allow a broad range of possible activities and projects. The actual environmental impacts can only be assessed only on project level.
- The assessment of environmental impacts cannot be more detailed regarding proposed measures than the level of detail the OP provides.
- Indirect impacts constitute an additional benefit of the assessment, but cumulated impacts cannot be estimated.

The scope of the Environmental Report

The SEA for the Hungary-Croatia Cross-border Co-operation Programme 2014-2020 has been launched on 5th December in Hungary by Széchenyi Programme Office. The scope of the SEA was approved by environmental authorities in Hungary as legal start of the SEA process. It consists of all required information based on legislation (*Annex 1*). In Croatia this process could be started in a later phase: after the approval of the draft Operational Programme prepared by the planners.

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- 3. Environmental impacts and consequences of the Programme's implementation**
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 - 3.2. Impact Assessment
 - 3.3. Analysis of Alternatives
 - 3.4. Analysis of sustainability criteria
 - 3.5. Transboundary impact
- 4. Conclusions, recommendations**
 - 4.1. Sum up of the aspects related to the Programme's environmental assessment
 - 4.2. Effectiveness from environmental point of view
 - 4.3. Recommendations
- 5. The SEA monitoring and follow-up measures**
- 6. Non-technical Summary**

2 Brief Description and Assessment of the Programme Document

The European Territorial Co-operation objective replaced the INTERREG Community Initiative in the period of 2007-2013 to reinforce the importance of promoting cross-border co-operations as an integral part of the European Union's (EU) Cohesion Policy. 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 Cross-border Cooperation Programme for 2014-2020 shall deepen and enlarge cooperation. Regarding the current state of affairs, the Task Force coordinating the preparation for the new programming period has been set up and working. Also, the on-going evaluation of the 2007-2013 programme has already launched, running parallel to the ex ante evaluation, allowing for the incorporation of some preliminary findings to the new programme. Therefore there is an opportunity for continuous cooperation between the planners, ex ante and on-going evaluators.

2.1 Short summary of the Programme analysed

The programming work has been implemented through a series of workshops and interviews with both local and sectoral stakeholders involved in the programme implementation and national/regional authorities responsible for preparing the 2014-2020 development plans from both Croatia and Hungary.

The overall long term vision for the programme area was formulated by the various participants of the programming process as follows:

“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.”

The achievement of the overall objective can be ensured by applying the following strategy and interventions. 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	TO3	Enhancing the competitiveness of SMES
Priority Axis 2:	Sustainable Use of Natural and Cultural Assets	TO6	Preserving and Protecting the Environment and Promoting Resource Efficiency
Priority Axis 3:	Cooperation	TO11	Enhancing Institutional Capacity and an Efficient Public Administration
Priority Axis 4:	Education	TO10	Investing in Education, Training, including Vocational Training for Skills and Lifelong Learning by Developing Education and Training Infrastructure
Priority Axis 5:	Technical Assistance (TA)		

Since the scope of the programme is such that it will not create a large-scale financial impact, thus 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 maintaining continuity of activities related to the previous cross-border programme.

The potential impacts are referring to partly environmental purposes and partly to sustainable development and the environmental impacts are related to its social consequences, therefore significant effects need to be analysed in terms of each specific objective based on the following aspects:

Is there

1. environmental impact?
2. quality of life impact?

Direct environmental impact:

Indirect:

Are the activities contributing to

4. positive changes in current state of environment?
3. sustainable development?

Priority Axes and Thematic Objective	Specific objectives	<p style="text-align: center;">Actions to be supported</p> <p style="text-align: center;">dark green=direct, light green =indirect, white = not significant environmental impacts</p>	<p>Is there</p> <ol style="list-style-type: none"> 1. environmental impact? 2. quality of life impact? <p>Are the activities contributing to</p> <ol style="list-style-type: none"> 4. positive changes in current state of environment? 3. sustainable development?
<p>PA 1: Economic development</p> <p>TO3 Enhancing the competitiveness of SMEs</p>	<p>Fostering business cooperations between SMEs operating on different sides of the border</p> <p>Enhance the availability and quality of tourism-related services provided by the SMEs operating on different sides of the border</p>	<ol style="list-style-type: none"> 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, launching and overall management of cross-border SME open call mechanism, mentoring SMEs in formulating their cross-border joint business development actions, etc. 2. Implementation of cross-border SME development scheme in the following fields via “de minimis” support: cross-border joint technology, service and product development introduction of jointly developed energy efficiency actions, marketing, training, joint economic clusters. 	<ol style="list-style-type: none"> 1. No, there is not. 2. Yes, there could be. 3. No, they are not. 4. Yes, they could.

Priority Axes and Thematic Objective	Specific objectives	<p>Actions to be supported</p> <p>dark green=direct, light green =indirect, white = not significant environmental impacts</p>	<p>Is there</p> <ol style="list-style-type: none"> 1. environmental impact? 2. quality of life impact? <p>Are the activities contributing to</p> <ol style="list-style-type: none"> 4. positive changes in current state of environment? 3. sustainable development?
<p>PA 2: Sustainable use of natural and cultural assets</p> <p>TO6: Preserving and protecting the environment and promoting resource efficiency</p>	<p>Increase the potential of the region to generate economic value-added by the sustainable use of its natural and cultural heritage</p> <hr/> <p>Enhanced collaboration in restoration of biodiversity and protection and promotion of ecosystems in the border areas</p>	<ul style="list-style-type: none"> • 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 <hr/> <ul style="list-style-type: none"> • Joint development of management plans for Natura 2000 sights and other protected • Preparation and implementation of joint management 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 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) • Improving cooperation and supporting the exchange of experiences among nature conservation institutions • Controlling and harmonized monitoring of the invasive species • Activities concerning water retention • Promoting/restoring traditional land use (traditional farming, land grass, etc.) 	<p>1.Yes, there is.</p> <p>2.Yes, there is.</p> <p>3.Yes, they are.</p> <p>4.Yes, they are.</p> <p>Important to pay attention to avoid high pressure on environment during building and to take into account sustainable principles, especially in case of activities related to sustainable tourism.</p>

Priority Axes and Thematic Objective	Specific objectives	<p>Actions to be supported</p> <p>dark green=direct, light green =indirect, white = not significant environmental impacts</p>	<p>Is there</p> <ol style="list-style-type: none"> 1. environmental impact? 2. quality of life impact? <p>Are the activities contributing to</p> <ol style="list-style-type: none"> 4. positive changes in current state of environment? 3. sustainable development?
<p>PA 3: Cooperation</p> <p>TO11: Enhancing institutional capacity and an efficient public administration</p>	<p>Building up sustainable institutional cross border-cooperation;</p> <p>Increasing motivation of individuals and small communities to cooperate</p>	<ol style="list-style-type: none"> 1. Support meetings and seminars 2. Support cooperation between local authorities to develop joint initiatives and policies 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 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 6. Support to assist regional organizations to deliver shared labour market information and guidance 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 <ol style="list-style-type: none"> 1. Designing and delivering a series of joint cultural events (“people to people” actions) 2. Joint actions between civil society organisations (environmental, cultural, minority, etc.) 	<p>1. Yes, there is – but not significantly.</p> <p>2.Maybe</p> <p>3.Maybe</p> <p>4.Maybe</p> <p>Preparation activities could contribute, but only indirectly.</p>

Priority Axes and Thematic Objective	Specific objectives	<p style="text-align: center;">Actions to be supported</p> <p style="text-align: center;">dark green=direct, light green =indirect, white = not significant environmental impacts</p>	<p>Is there</p> <ol style="list-style-type: none"> 1. environmental impact? 2. quality of life impact? <p>Are the activities contributing to</p> <ol style="list-style-type: none"> 4. positive changes in current state of environment? 3. sustainable development?
<p>PA 4: Education</p> <p>TO10: Investing in education, training, including vocational training for skills and lifelong learning by developing education</p>	<p>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</p> <p>Improved motivation and mutual willingness to cooperate between children and young people by widening common knowledge base</p>	<ul style="list-style-type: none"> ▪ 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 <hr/> <ul style="list-style-type: none"> ▪ Support to develop and deliver joint courses, events or materials to improve language communication ▪ 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 aiming at knowledge transfer ▪ Support to mentoring system, specific tailor-made training for teachers in lagging behind areas 	<p>1.No</p> <p>2.Maybe</p> <p>3.No</p> <p>4.Yes, they are.</p>

2.2 External Consistency

Consistency with Europe 2020 objectives and flagship initiatives

The structure of the document is well-built and focusing on the relevant EU strategy that was a principle when working on the CBC Programme 2014-2020 Hungary – Croatia. The programme strategy is based on the analysis and identified needs of the programme area.

The document carries several important data to be used for further planning. It prioritizes all the relevant cornerstones regarding the EU strategy and also analyses the statistical data covering all aspects affected by the CBC programme. The programme is well prepared, the thematic objectives 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. The interviews add a lot of information that is required by the local stakeholders. It all appears in the programme enclosed. The thematic objectives, priorities and also the indicators anticipate good results of the programme in the next programming period.

The five priority axes were selected after several discussions therefore the success of the CBC programme is not hindered by the OP. The regional and national needs are largely different on both sides of the border. The Priorities also reflect on these differences.

There is a clear contribution of the OP to the EU 2020 goals through: supporting joint cross border entrepreneurial initiatives including green entrepreneurship (smart growth, TO3); stronger but sustainable way of exploiting natural and cultural resources to boost local economies (sustainable development, TO6), fostering institutional cooperation and development of joint educational programmes on the basis of equal opportunities (inclusive growth, TO10, TO11). Within the document provided a lot of points need to be answered. Therefore all the consistency can not be described this time. As we took part at workshops and Task Force meetings it is clear that the planners make strong efforts to meet all the goals of all the strategic documents.

The consistency is clearly visible with the strategic documents as they serve as a basis for the OP planning. Programmes completed under Priority Axes keep in mind that the outcomes should reflect to the EU strategies. All indicators applied within the programmes enhance strategic actions and measure outcomes that are relevant to EU strategies.

It can be stated that the OP strategy is compliant with Common Strategic Framework. Furthermore, the programme also addresses development priorities of the cross border area as formulated in the EC Position Papers for both targeted countries.

The Programme is aligned with the priorities of the Danube Strategy related mainly to the activities, which are directed towards connecting the regions, protecting the environment, building prosperity and strengthening the concerned regions.

Hungary

The country specific recommendations for Hungary are met in the draft Operational Programme. Therefore the planners focused on the following important aims:

“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.”

But there is not clear at all points how and which recommendations for Hungary the planners will meet.

The development and investment strategy of the Partnership Agreement aims to meet the development needs and exploit the growth potential identified based on the objectives defined in the National Development and Territorial Development Concept (NTDC), in EU2020 Strategy and commitments fixed in the National Reform Programme. The OP draft is trying to focus on the Partnership Agreement between Hungary and EU. It has a different approach than the previous agreement. The aims are not declared like before: what a country should do but how can a country contribute to the Agreement. So the design is taking a different view. The planners focused on how the implementations should help the contribution of Hungary to the PA. The Thematic Objectives are chosen correctly they correspond to National Development Strategy as well showing longer distances until 2030. This point should be widened when developing the OP.

It is proposed that the planners focus on all relevant regional strategic documents. It is hard to say exactly which documents does this draft OP reflect to, but the national and international obligations are seen. Those parts that will describe the vision on how to approach the Partnership Agreement are still missing. After fulfilling those points will be possible to give more detailed description about the consistency with all relevant documents.

In addition to the relevant part of ex ante evaluation (consistency with national OPs), for the new programming period of 2014-2020 several new national sectoral strategies and programs have been elaborated and some of them are not accepted by the government (e.g: 4th Environmental Program).

The following table shows the coherence of the CBC Programme’s thematic objectives with the relevant Hungarian sectoral strategies in force:

++: direct contribution
+: indirect contribution

	1. Economic development	2. Sustainable use of natural and cultural assets	3. Cooperation	4. Education
National Sustainable Development Strategy (2012-2024)				
Human resources: demography, health, knowledge (equal access) Social cohesion - integration of deprived groups (against ethnic exclusion)	++		+	++
Social resources: Strengthening the 'trust infrastructure', social conditions of work, enhancing family values, Conservation of historical heritage, the development of cultural services (cultural traditions revival, recognition of cultural diversity, the preservation and sustainable use of intellectual, physical and cultural heritage, values)		+	++	+
Natural resources: Biodiversity, renewable natural resources, reducing environmental pressures, non-renewable natural resources (sustainable use)		++	+	
Economic resources: Strengthening the enterprise capital and the innovation (development of their business environment to be sustainable, strengthening the 'trust infrastructure', increasing innovation expenditures and efficiency of resource use, reducing the environmental impact with new technologies, stimulate the increase in employment) Fiscal policy ; Supporting career-models,	++		+	++
4th National Environmental Program (2014-2019)				
Improving the quality of life and environmental conditions of human health. (air and water quality).	+	++	+	
Protection of natural values and resources and their sustainable use		++	+	
Improving resource-savings and efficiency, greening the economy	+	++	++	
Related: improving environmental safety		++		
Horizontal:strengthening environmental awareness	+	++	+	+
National Rural Development Strategy (2012-2020)				
The overall objective: to improve self-supplying and population retaining capacity of rural areas	+	++	+	+
Conservation of natural resources and values		++	+	
Diverse and viable agricultural production		++		
Food safety				
Providing the basis for the rural economy and increasing rural employment	+	+	++	++
Reinforcement of rural communities, improving the quality of life of rural population	+	++	++	++
National Water Strategy (2013-2021)				
Achieving "good status" of surface waters and groundwater in terms of quality and quantity and long-term sustainable management		++	+	
Climate change mitigation, including drought management tasks, drought strategy		++	+	
Strengthening international cooperation in water management		+	++	
Strengthening of monitoring activities, development of monitoring systems and databases		++	+	
National Energy Strategy 2030				
Utilization of domestic renewable energy resources	+		++	

Long-term maintenance of nuclear energy				
Increasing energy efficiency, especially related to energy consumption of buildings	++		+	
Infrastructural developments expanding the cross border capacity			++	

Croatia

The European Commission's Position Paper on Croatia 2014-2020 outlines EC's recommendations for key funding priorities in Croatia from the European Structural and Investment Funds (ESI) until 2020. The priorities include: 1. strengthening the competitiveness of the economy, 2. Increasing labour market participation, ensuring better education, skills and reducing poverty taking into account regional differences, 3. Preserving and maintaining a healthy environment and protecting the natural resources and heritage, and adapting to climate change, 4. Strengthening the administrative capacity, enhancing an efficient public administration and increasing the involvement of civil society and social partners. Some of the activities that the EU recommends to be funded within these priorities include: innovative and growth-oriented business ideas with clear economic value added, strengthening of administration capacity and cooperation between public bodies and institutions, intensifying links between scientific, public and private sectors, economic development of rural areas and active labour market policy measures with a special focus on integration of vulnerable social groups (e.g. women, minorities). The CBC OP HU-HR 2014-2020 comprises of priorities, objectives and actions in the area of economic development and enhancing competitiveness of SME (TO3), sustainable use of natural and cultural assets and promoting low-carbon economy (TO6), enhancing effectiveness of institutional and administrative capacity and cooperation (TO11) and development of education and training skills and life long learning (TO10). In this way the proposed thematic objectives fully reflect EC's recommendations for Croatia.

According to draft version of the Partnership agreement between Croatia and the EU Croatia will be involved in 13 territorial cooperation programmes in the period 2014–2020. Under the heading "Cross-border cooperation", CBC between Croatia and Hungary is noted.

The importance of the crossborder cooperation is mentioned in several paragraphs in the Partnership Agreement. Most explicitly, Chapter 3, under Priority 3.1.4., under which it is stated that: „The main priority areas for cooperation, under the ESI Funds, taking account, where appropriate, of macro-regional and sea-basin strategies".

In several other paragraphs of the PA, the importance of EU funded projects with the aim of improving cross-border cooperation and economic development has been directly or indirectly highlighted.

CBC OP HU-HR 2014-2020 is consistent with priorities and objectives of the relevant national strategic documents. Interventions within the Priority Axis 1 support strategic priorities of the National Entrepreneurship Development Strategy that is still being drafted and will be implemented until 2020. Interventions proposed under the Priority Axis 2 relate to improvements in usage of natural resources and preservation of biological and landscape diversity which is directly linked to strategic priorities of the National Environmental Protection Strategy

(implemented since 2002). Additionally, interventions within Priority Axis 2 also contribute to achievement of priorities of the national strategic documents related to protection of specific environmental components (e.g. the National Strategy for Protection of Biological and Landscape Diversity) and to strategic priorities of the National Energy Strategy (promotion of non-renewable energy sources, climate change mitigation, sustainable consumption and production of energy). Priority Axis 3 includes objectives and interventions related to strengthening institutional cooperation and collaboration among public, private and scientific sectors which are integrated in almost all the national strategic documents (Education, Science and Technology Strategy (still being drafted), National Entrepreneurship Development Strategy (draft), National Environmental Protection Strategy etc.). Interventions within Priority Axis 4 – Education mostly support strategic objectives of the National Education, Science and Technology Strategy (life long learning, vocational education, better cooperation among actors in the sector of education etc.).

OP HU-HR 2014-2020 also fully supports priorities, interventions and actions of the key mainstream Operational Programmes created by the Croatian national authorities as a framework for utilization of the ESI in Croatia until 2020. These include: OP Competitiveness and Cohesion and OP Human Resources. The programmes are still in the process of finalisation and are expected to be approved by the EC by the end of January 2014. OP HU-HR 2014-2020 supports priorities of the OP Competitiveness and Cohesion in the area of strengthening competitiveness of the small and medium entrepreneurs, supporting low carbon activities and climate change mitigation, environmental protection and efficient use of resources. Priority Axis 4 of the OP HU-HR includes interventions aimed to improve quality of education on all the levels and better preparedness of the workforce with equipping them with specific skills related to the needs of the labour market. In this way CBC OP HU-HR 2014-2020 also supports priorities of the mainstream OP Human resources.

Concrete judgement on coherence between the intervention logic of the OP HU-HR 2014-2020 and relevant regional level strategic documents is hard to be done since the county development strategies for the period 2014-2020 are still in the process of preparation. However, a clear link between priorities of the OP and certain plans and programmes on the regional levels is evident. This is particularly related to environmental objectives of the OP which are in line with strategic priorities defined in county environmental protection programmes and plans for development of tourism.

The following table shows the coherence of the CBC Programme's thematic objectives with the relevant sectoral strategies in force:

++: direct contribution
+: indirect contribution

	1. Economic Development	2. Sustainable use of natural and cultural assets	3. Co-operation	4. Education
National Sustainable Development Strategy (2009)				
Human resources: Halting negative demographic trends, social inclusion, improvement and strengthening of health services	+		+	++
Social resources: Conservation of cultural and natural values, polycentric and integrated development, equal rights and opportunities, improvement of infrastructure	+	++	+	+
Natural resources: Efficient and rational nature and environmental resources management, sustainable use of agricultural land and forests, rational use of non-renewable resources, reliable energy supply	++	++	+	
Economic resources: Economic value added by efficient and rational use of natural and cultural resources, new technological and innovative solutions,	+	++	+	
National Environmental Protection Strategy and Environmental Action Plan (2002)				
Preserving and improving quality of water, air and soil	+	++	+	+
Maintaining current biological diversity	+	++	+	
Preserving natural values, especially protected natural areas	+	++	+	+
National Rural Development Programme (Draft, 2014 – 2020)				
Strengthening sustainable agricultural practices	++	+	+	+
Increasing knowledge on new technologies, information exchange and promoting cooperation and collaboration through agricultural clusters	+	+	+	++
Promoting diversification of agricultural production	+		+	++
Strengthening competitiveness and productivity of food processing industry	++		+	+
National Water Management Strategy (2009)				
Achieving and maintaining "good status" of all waters and water dependent ecosystems		++	+	
Ensuring sufficient quantity of drinking water			+	
Ensuring sufficient quantity of water for various economic activities			+	
Protection of people and assets from negative effects of water		+	+	
National Education, Science and Technology Strategy (Draft, 2013)				

	1. Economic Development	2. Sustainable use of natural and cultural assets	3. Co-operation	4. Education
Promoting and strengthening life long learning education			+	++
Increasing overall quality of pre-school, primary, secondary and tertiary education			+	++
Establishing environment that will allow better cooperation between scientific and private sector	+		++	+
National Energy Strategy 2009				
Establishing balance between safety of energy supply, competitiveness and environmental protection	+	+	+	
Sustainable development of energy sector	+	+	+	
Climate change mitigation through greater reliance on renewable energy sources	+	+	+	
The National Strategy and Action Plan for the Protection of Biological and Landscape Diversity (2008)				
Preserving and improving existing landscape and biological diversity	+	++	+	
Integration of biodiversity concerns into all economic activities on the all levels	+	+	+	+
Setting up information and systems for monitoring biodiversity rate		++	+	
Strengthening education and raising awareness on biological diversity		++	+	+
National Entrepreneurship Development Strategy (Draft, 2013-2020)				
Enhancing SMEs economic performance	++	+	+	+
Better access for SMEs to financial resources	++		++	+
Promotion of entrepreneurship	++		++	+
Strengthening entrepreneurial skills	+		+	+
Improving entrepreneurial environment	+		++	+
National Industry Strategy (Draft, 2014-2020)				
Identification and reposition of strategic economic activities with the potential of generating added value	++		+	+
Enhancing industrial production				
Increasing the number of newly employed work force	+	+	+	+
Strengthening export with particular focus of increasing export of high value added products	+	+	+	
National Smart Specialization Strategy (Draft, 2014-2020)				

	1. Economic Development	2. Sustainable use of natural and cultural assets	3. Co-operation	4. Education
Developing competitive clusters in priority sectors which, amongs all, include food processing industry and wood processing industry	++		+	
Establishing highly technological industry network	+		+	
Strengthening competitive advantage of the priority economic sectors with most potential for generating innovation and value added	++		+	

2.3 Internal consistency of the Programme's set of objectives

The internal coherence of the proposed programme is appropriate. The logic intervention of the programme has been well demonstrated: proposed investment priorities and thematic objectives are likely to support achievement of the selected priority axes.

The proposed investment priorities are comprised of actions that are highly likely to contribute to achievement of the set objectives. However, there are minor discrepancies between the content of the situation analysis and some of the proposed objectives. This is particularly evident in insufficiently included waste sector and inclusion of the Roma minority under the proposed objectives TO6 and TO10. At the same time, both issues were highlighted in the situation analysis as important for the programme area.

The programme was widely discussed and several information sources have been studied so we can say that it fulfills most of the needs of EU and the cross border partners taking part in the programme. The parts described in the programme provide support to each other and their instruments help the future partners to develop applications that will help partners living on both sides of the border. In the document provided, from point 2.4.2 still a lot of data is missing. Therefore some important statements can be added later. Otherwise it is clearly visible that the planners did a huge work when taking into consideration the country specific needs and how to position them to fulfill the needs of both sides.

The programme integrates strategic priorities of the relevant national documents and reflects the priorities of the Europe 2020 strategy and relevant EU directives and programmes (e.g. EU Water Framework Directive, 7th Environment Action Programme) by supporting green oriented entrepreneurial initiatives, inclusion of minority social groups in the labour market and educational system and by promotion and sustainable utilization of the region's abundant natural and cultural values. In overall, the internal coherence of the programme provides clear strategic direction to the improvement of the overall development of the cross border area. In regards to output and result indicators, there is still some scope for improvement of indicators' definition (e.g. baseline and target values for some of the proposed indicators are still missing, necessity to define indicators more specifically and concretely). Furthermore, indicators for some of the proposed specific objectives have still not been defined (e.g. output indicators for TO6). Performance framework by priority axis is completely missing.

When reading the document it is clear what the aims were to divide the budgetary resources.

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.

The budget allocation is divided between the Priorities as the following:

Economic Development: 20%

Sustainable use of Natural and Cultural Assets: 55%

Education: 12,5%

Cooperation: 12,5 %

With that allocation all relevant TOs have received ERDF fundings and it is clearly written what efficiency do they have reach the goals and what kind of outcome is expected. Alltogether this chatpter is clear and well structured.

2.4 Integration of environmental considerations

In March 2007, the EU Heads of State and Government endorsed an integrated approach to climate and energy policy that aims to combat climate change and increase the EU's energy security while strengthening its competitiveness. They set a series of demanding climate and energy targets to be met by 2020, known as the '20-20-20' targets.

●●●
'20-20-20' climate and energy targets

A reduction in EU GHG emissions of at least 20 % below 1990 levels;
20 % of EU energy consumption to come from renewable resources;
20 % reduction in primary energy use compared with projected levels, to be achieved by
improving energy efficiency.

●●●

With its Roadmap for moving to a competitive low-carbon economy in 2050, the European Commission has looked beyond these short-term objectives and set out a costeffective pathway for reducing domestic emissions by 80 to 95 % by mid-century. The Roadmap identifies milestones and provides guidance on how to move to a climate-friendly, low carbon economy in the most efficient way.

Adaptation involves adjusting our behaviour to limit harm and exploiting the beneficial opportunities arising from climate change. In the EU, the focus is on integrating ('mainstreaming') adaptation into all relevant policies and instruments and facilitating effective, consistent adaptation action at national, regional and local levels. For example, the legislative proposals for the EU regional policy (2014-2020) include ex ante requirements linked with climate change aspects, which need to be met by the Member States if they use the EU Structural and Cohesion Funds. Many European countries, as well as some regions and cities, have adopted adaptation strategies.

The European Commission adopted a **White Paper on Adapting to Climate Change** in 2009, leading to an **EU Adaptation Strategy** in 2013. The Adaptation Strategy will:

recognise how important impact assessment is for climate proofing identify the key priorities for action and how EU policies can encourage effective adaptation action highlight the issue of adapting infrastructure to climate change and include a separate document on this topic encourage creating green infrastructure and applying ecosystem-based approaches.

It is essential that the PPs could support the overall aim of the EU Adaptation Strategy. This means enhancing the preparedness and capacity to respond to the impacts of climate change at local, regional, national and EU levels, developing a coherent approach and improving coordination. According to the Guidance on integrating climate change and biodiversity into SEA:

“Responses to climate change can be divided into two aspects:

- **Mitigation**
the term used to describe the process of reducing GHG emissions that contribute to climate change. It includes strategies to reduce GHG emissions and enhance GHG sinks.
- **Adaptation**
is a process, or set of initiatives and measures, to reduce the vulnerability of natural and human systems against actual or expected climate change effects. Adaptation can also be thought of as learning how to live with the consequences of climate change. The first consequences of climate change can already be seen in Europe and worldwide, and these impacts are predicted to intensify in the coming decades.”

There are climate change-responsive activities in the current Programme, including mitigation (such as actions aiming reducing of GHG emissions); adaptation or resource-management such as water (such as floodplain restoration, wetlands, renaturalising rivers and river banks, projects aimed at non-productive functions of forests - ecological, environmental and public functions, etc.), so these projects will definitely contribute directly to a more climate-resilient Europe.

In 2011, the European Commission adopted a new **EU 2020 Biodiversity Strategy** with its 2020 headline target — ‘Halting the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and restoring them in so far as feasible, while stepping up the EU contribution to averting global biodiversity loss.’ Target 2 of this Strategy is that ‘by 2020, ecosystems and their services are maintained and enhanced by establishing green infrastructure and restoring at least 15 % of degraded ecosystem’.

2050 vision	By 2050, European Union biodiversity and the ecosystem services it provides — its natural capital — are protected, valued and appropriately restored for biodiversity's intrinsic value and for their essential contribution to human wellbeing and economic prosperity, and so that catastrophic changes caused by the loss of biodiversity are avoided.	++
2020 headline target	Halting the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and restoring them in so far as feasible, while stepping up the EU contribution to averting global biodiversity loss.	++

The main targets of the Strategy cover:

- full implementation of EU legislation on protecting biodiversity;
- better protection for ecosystems and more use of green infrastructure;
- more sustainable agriculture and forestry;
- better fish stock management;
- tighter controls on invasive alien species, including adopting new legislation to fill existing policy gaps;
- a more significant EU contribution to averting global biodiversity loss.

As a legally required and specifically defined process, SEAs are an opportunity to systematically integrate climate change and biodiversity in a standardised approach into plans and programmes (PPs) across the EU. This is an opportunity that cannot be missed if Europe is to achieve its environment and development objectives. The SEA also requires monitoring of the effects of implementing PP to identify unforeseen effects at an early stage. One of the roles of SEAs is to seek to manage these conflicts and potential synergies.

The full implementation of the **Birds and Habitats Directives** (i.e. reaching favourable conservation status of all habitats and species of European importance and adequate populations of naturally occurring wild bird species) is critical to preventing further loss and restoring biodiversity in the EU.

Furthermore, the objectives of the Programme is in line with the the **EU Water Framework Directive** and the **7th EAP** (Proposal for a new EU Environment Action Programme to 2020), of which priorities are defined as follows:

The Commission proposes to focus action on nine priority objectives	
Three thematic priority objectives are intended to:	Protect nature and strengthen ecological resilience
	Boost sustainable resource-efficient low-carbon growth, and
	Effectively address environment-related threats to health.
The thematic priorities are supported by an enabling framework with four further priority objectives which will:	Promote better implementation of EU environment law,
	Ensure that policies benefit from state of the art science,
	Secure the necessary investments in support of environment and climate change policy,
	Improve the way environmental concerns and requirements are reflected in other policies.
Two more priority objectives focus on:	Enhancing the sustainability of EU cities, and
	Improving the EU's effectiveness in addressing regional and global challenges related to the environment and climate change.

The proposed activities in PA2 are contributing directly to the above mentioned environmental goals. Furthermore, several targets are integrated not just as separate component, rather as basic criteria to be fulfilled during implementation, which could indirect effects on environmental factors.

The following table summarises the contribution of the Programme to the objectives of the different environmental objectives described in this chapter.

Environmental issue	Action
Population: human health and wellbeing	reduction of noise by reduction of the volume of vehicular traffic: development of public transport and newly built roads and bridges (direct effect)
Fauna, flora incl. biodiversity and natural habitats	preservation and maintaining natural assets (direct effect)
Soil, ground and surface water, air	positive impact on the state of water by water related measures (direct effect)
	positive impacts on airborne emissions by environmental friendly mobility – public transport and green infrastructures (direct effect)
Climate	positive impacts on GHG emissions by development of public transport and green infrastructures (direct effect)
Cultural heritage	valorization of natural and cultural heritage as main target (direct effect)
Protection from natural hazards	positive impact by water related activities (direct effect)
Energy sources	positive impacts on primary energy consumption by environmental friendly mobility and public transport (direct effect), horizontal principles contribute to the goals set out at EU-level
Environmental friendly mobility	positive impacts by development of eco-tourism
	environmental friendly mobility– improvement of public transport and green infrastructures

2.5 The relevance of the Programme

Community Level

New Air quality directive: The new Directive 2008/50/EC of the European Parliament and of the Council of 21 May 2008 on ambient air quality and cleaner air for Europe entered into force on 11 June 2008. This new Directive includes the following key elements:

- The merging of most of existing legislation into a single directive (except for the fourth daughter directive) with no change to existing air quality objectives^{5*}
- New air quality objectives for PM_{2.5} (fine particles) including the limit value and exposure related objectives – exposure concentration obligation and exposure reduction target
- The possibility to discount natural sources of pollution when assessing compliance against limit values
- The possibility for time extensions of three years (PM₁₀) or up to five years (NO₂, benzene) for complying with limit values, based on conditions and the assessment by the European Commission.

⁵ Framework Directive 96/62/EC, 1-3 daughter Directives 1999/30/EC, 2000/69/EC, 2002/3/EC, and Decision on Exchange of Information 97/101/EC.

Air Quality Framework Directive: Council Directive 96/62/EC is referred to ambient air quality assessment and management. It describes the basic principles as to how air quality should be assessed and managed in the Member States. It lists the pollutants for which air quality standards and objectives will be developed and specified in legislation.

International Agreements:

- The Convention on Long-Range Transboundary Air Pollution is intended to protect the human environment against air pollution and to gradually reduce and prevent air pollution, including long-range transboundary air pollution.
- The Vienna Convention for the Protection of the Ozone Layer is a Multilateral Environmental Agreement. It acts as a framework for the international efforts to protect the ozone layer.

National Level:

HUNGARY

Air quality:

- 4 / 2011 (14/Jan) Ministry of Rural Development defined exposure limits.
- 306 / 2010 (23/Dec) Government Regulation provides general rules for the protection of air quality, methods of air quality standards and the designation of the affected area.
- certain rules of the air protection 21/2001 (14/Feb) Decree
- 14/2001 (9/May). Ministry of Environment, Ministry of Health, Ministry of Agriculture - joint regulation of air quality limit values, air pollution point sources in the stationary emission limit values applicable in relation to the reduction of air pollution
- 17/2001 (3/Aug) applies to level of air pollution, air pollution point sources and rules for stationary testing, verification and the evaluation.

Earth:

- XXXVII. law (2009) about the forest, the forest conservation and forest management
- Act CXXIX of 2007 on the protection of arable land
- 275/2004 (X. 8) Government Regulation applies to nature conservation areas of Community importance (NATURA 2000)
- Act LV of 1994 on Arable Land

Water:

- 219/2004 (21 July) Government Decree for the protection of groundwater
- 220/2004 (21 July) Government Decree for the protection quality of surface waters
- 27/2004 (25 December) Regulation of Ministry of Environment applies to classification of settlements designated as sensitive areas in terms of the status of groundwater
- LVII. Law of 1995 on Water Management

Noise and vibration:

- 27/2008 (3/Dec) Joint Decree - the Ministry of Health, Ministry of Environment fixing the noise and vibration limit values
- Certain rules 284/2007 (X.29) - Government Decree protection against environmental noise and vibration

- Regulation of the national emission limit values 7/2003 (V. 26), Ministry of Environment, Ministry of Economy
- noise pollution in 8/2002 (III.22.) the noise and vibration limit values Environmental Ministry
- Regulation 12/1983 (V.12.) about noise and vibration protection

Rules of environmental and construction permission procedures:

- The Government Decree 314/2005 (and on amendments) contains the terms of the EIA and IPPC permitting process.
 - In accordance with law, development of new crossing points - where the new road belongs to specified categories or will be classified later to specified categories - a Preliminary Investigation Procedure shall be conducted (PIP=EVD is to be prepared).
 - In case of Natura 2000 areas are affected, Natura 2000 Impact Assessment (EIA) is necessary to be elaborated at the same time of the PIP.
- 393/2012. (XII.20.) Government Decree contains the rules relating to the protection of archaeological heritage and historic values: a preliminary archaeological documentation must be prepared during the first official procedures. Preparation of humus management and also soil protection plan is needed in case of new land is affected in excess of 400 m².

CROATIA

Air:

- Air Protection Act (OG 130/11)
- Air Quality Protection and Improvement Plan of the Republic of Croatia for the period 2008 – 2011 (OG 61/08)
- Regulation on siting of national network stations for continuous air quality monitoring (OG 4/02)

Waste:

- Act on Sustainable Waste Management (OG 178/04, 111/06, 60/08, 87/09, 94/13)
- Waste Management Strategy of the Republic of Croatia (OG 130/05)
- Waste Management Plan of the Republic of Croatia for 2007-2015 (OG No. 85/07,126/10, 31/11)

Water:

- The Water Act (OG 153/09, 63/11, 130/11, 56/13, 14/14)
- The Act on Water Management Financing (OG 153/09, 90/11, 56/13)
- The Water Management Strategy (OG 91/08)

Nature:

- Nature Protection Act (OG 70/05, 80/2013)
- Strategy and Action Plan for the Protection of Biological and Landscape diversity of the Republic of Croatia (OG 143/08)

Forests:

- The Forest Act (OG 140/05, 82/06, 129/08, 80/10, 124/10, 25/12, 68/12, 148/13)
- Ordinance on Forest Preservation (OG 121/06 i 25/11)
- Ordinance on Forest Management (OG 111/06, 141/08)

3 Environmental impacts of the Programme's implementation

3.1 Situation analysis: current state of the environment

The programme area is characterised by relatively favourable environmental conditions that is caused by the avoidance of large scale and heavily polluting socialist industry prior the 1990s on the Hungarian side and the dominance of less-polluting light industry on the Croatian side. Once operating heavily polluting facilities have dominantly been shut down during privatisation process in Hungary, recently established machinery and light industry (dominantly in Zala, but also in Somogy county) are not the main responsible for pollution.

Air quality is generally to be considered as satisfactory: Zala County has above-average air quality figures, while Baranya County, more precisely the Pécs area – in spite of the shutdown of heavy industry and modernisation of the local power plant – is still unfavourable compared to other parts of the programme area, but is on the level of other major Hungarian cities. Low air quality is caused by high concentration of dust resulted by heavy traffic and unfavourable land use in areas of the Mecsek hill. Another factor is the high concentration of ozone, especially in summertime period. On the Croatian side of the border, air quality can mainly be estimated as satisfactory. The relevant check points are in Osijek and Slavonski Brod (outside of the programme area, but presumably affecting it) and the latter shows lower quality due to air pollution from refinery in Bosanski Brod. This is, however, mainly felt in Brod-Posavina county, i.e. closer to the border with Bosnia and Herzegovina.

The programme area is characterized by three big water systems: the Danube on the East, the Drava-Mura that makes most of the border line, and the Balaton on the north of Somogy and Zala county. All three waters systems have numerous tributaries that are dominantly having a modified character, but some of them could retain their natural river basins. Efforts have recently been made in the framework of the —Ancient Dravall complex programme on the Drava riverside of Hungarian Baranya to restore the former Drava river basin and supply more

water to former tributary streams that have been dried out in the past decades. 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.

Counties of the programme area are among the above-average afforested counties, especially Somogy, Zala, Virovitica-Podravina and Koprivnica-Križevci. Forests may be an asset in tourism, basis of wood industry and raw material of biomass based energy production.

Protected areas

The Hungarian programme area has a slightly lower ratio of nationally protected areas (national parks) than the national average (7,06 % compared to 9,1%)⁶. The Danube-Drava National Park Directorate seated in Pécs manages majority of the protected areas in Baranya and Somogy counties. Total territory covered by the National Park amounts to 49 478 hectares, including most of the Drava riverside. The Balaton Uplands National Park Directorate – that manages about 56 997 hectares of protected areas around the Balaton lake, thus all in Zala county and some smaller areas in Somogy – controls the Balaton and Balaton Ramsar sites.

In the Croatian part of the programme area there are no national parks present, only the next level or protected areas – parks of nature - can be found. In the area on Croatian side 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. Kopački rit has an area of 17,700 ha (with a protected bird reserve of 8,000 ha) and is located in Osijek-Baranja. Papuk has a bigger surface (33,600 ha) and spreads between two counties: Virovitica-Podravina and Požega-Slavonia. Both are managed by public institutions.

In addition to parks of nature, Koprivnica-Križevci County has a protected geography-botanic reserve Đurđevački pijesci (The Sands of Đurđevac) and there is a number of protected landscapes along the river Mura on Croatian side.

The Danube-Drava National Park Directorate has established intensive cooperation with several Croatian public institutions for management of protected natural areas, first of all with Kopački rit that are connected with a —green corridorll of floodland forests. They regularly organise joint events, campaigns and further physical and awareness raising actions. Large territory of the Danube-Drava National Park is part of the Mura-Drava Biosphere Reserve that has been proclaimed by the UNESCO in 2012 as —Europe’s Amazonll. The total reserve covers 631,461 ha, whose 395,861 ha is in Croatia and 235,600 in Hungary. The biosphere reserve is managed by the nationally designated bodies (Danube-Drava National Park Directorate in Hungary, Kopački rit, county level public institutes for protected area management in Croatia).

⁶ Territory of national parks (2012) Source: KSH (HU), NP homepages

Water quality and flood prevention

Quality of surface waters in the programme area is generally favourable. Accordingly to data of ecological assessment of surface waters in 2009 Danube has 'moderate' quality, while the Drava and the Balaton were having the 'good' quality grade. This is mostly caused by the decrease of nitrogen and phosphor production of households, especially in the West Pannonian region (Zala County). This is mostly resulted by the high number of households connected to 3rd grade sewage treatment systems.

Drinking water supply has been managed almost in all settlements of the programme area. Quality of drinking water varies: the level of arsenic is above the health limit in the Barcs and Sellye district.

In terms of flooding only direct vicinities of the major riverflows threat to a lesser extent the lower sections of the Drava river, on a more major scale the Mohács and Béda-Karapanca area. Favourable conditions are due to system of flood protection dikes and large surface of floodplain forests.

Flood prevention and defense is a well-organized sector in Croatia, which so far proved to be able of successful prevention and management of floods.

The key stakeholders are:

- the line ministry responsible for flood management (Ministry of Agriculture), in charge of the policy development and coordination with other countries
- Croatian Waters, in charge of planning, organization, financing and implementation of the prevention measures relating to water management and establishment of the National Centre for Flood Defense
- National Meteorological Institute, in charge of data provision
- National Protection and Rescue Directorate in charge of management and intervention of different catastrophic events, including floods

Public utility infrastructure (water supply and sewage system)

The Hungarian part of the border area is characterised by a high, almost 100% level of access to public water supply utilities. Although developments have also recently made on the sewage system connection figures, in the programme area it is still below the national average: the —utility gapll has remained an issue to be solved. Water regulation activities have been taken place in several areas of the Hungarian side, mostly by means of EU assistance.

Share of waste water treated by 3rd grade sewage treatment system significantly varies on the programme area. Middle part of Somogy County and the Northern and Southern periphery of Baranya are not equipped with this technology

In Croatia, according to the data presented in the Implementation Plan for the Water Utility Directives (2010), in general rates well in relation to water supplies standards, but the levels of water treated by the appropriate sewage systems are not satisfactory. Out of the total of 295 settlements with the built sewerage system, 131 (44%) settlements also have a wastewater treatment plant (WWTP). In another words, only 27% of total population is encompassed with

WWT utility (out of 43,6 % of population served with collection of wastewater, 61% have systems that include treatment)⁷.

Significant investment in the development of sewerage networks with appropriate waste plants is planned through EU Cohesion Fund.

An opportunity for the water management in the programme area is seen in the fact that Decision on Designation of Sensitive Areas designated the Danube river basin as sensitive area for which higher degree of treatment is envisaged. Overall, the coverage ratio (share of the population able to connect to the public water supply system) on the level of the Republic of Croatia is on the average 80-82%. The connection ratio (share of the population connected to the public water supply system) is somewhat lower and it is estimated at is on the average 74%.

In the 8 counties in the programme area vary in the percentages of the compliance with the requirements of Water Utility Directives estimated at the time of the plan preparation were as follows:

Bjelovar – Bilogora:	31%
Koprivnica – Križevci:	43%
Virovitica-Podravina:	60%
Osijek-Baranja:	72%
Požega – Slavonia:	72%
Varaždin:	75%
Medjimurje:	77%
Vukovar-Sirmium:	79%

In general, bigger urban centres have higher rates of connectedness to both the water supply and waste water treatment than smaller towns and villages.

Croatia has negotiated a transition period for the full implementation of the Water Utility Directives until 2023, when the water supply and waste-water management system will have to be fully aligned with the EU standards.

Soild waste management

Four regional waste collection cooperations have been formed in the three Hungarian counties. —ZALAI SPAIL covers whole Zala County, while other three cooperations operate on the territories of Baranya, Somogy and Tolna counties. These cooperations have adopted their plans of development, however their implementation have been delayed for years.

In the past years decrease in solid waste production is detected, however share of recycled waste is low (14.74% at average⁸ – highest in Zala, lowest figure detected in Baranya county).

⁷ Data from 2011 Source: KSH

Share of waste used for energy production while burning is minimal. Development of the waste management systems shall contribute to a higher share of recycling and energy production in the future. In Croatia, the 4 north-western counties (Koprivnica-Križevci, Međimurje and Varaždin County plus Krapina_zagorje, which does not belong to the programme area) have jointly established a regional waste management centre —Piškornica, while other counties have not as yet established such centres. Differences between individual counties are huge. While Medjimurje County is the most advanced Croatian county in terms of waste separation (25.8% waste is collected separately), Vukovar-Sirmium is among the least advanced (only 3.1%) separately collected waste.⁹

In general, waste management is underdeveloped in the eastern part of Croatian programme area and this represents a significant weakness of the environment-related public facilities. However, all of the Croatian counties have established their waste management strategies and a national strategy is being implemented, with a great opportunity of utilising EU funding for the establishment of the regional waste management centres. The locations have been designated for most of the counties and the Accession Treaty obliges Croatia to establish all of the centres by 2018.

Energy potential

The region has favourable conditions in terms of renewable energy resources. As the **Regional Renewable Energy Strategy for South Transdanubia** is being finalised around this time, the following potentials are to be mentioned:

- Waters of Drava and Mura are an asset for energy production, however it conflicts with nature protection.
- High number of sunny hours in South of Baranya County provides good opportunity for solar energy production.
- Biomass (including agri-waste) due to high level of forestation is apparent in Somogy and Zala.
- Geothermal energy has favourable conditions first of all in Zala, but thermal resources are available throughout the programme area.
- The three counties are generally weak in wind, but Northern part of Somogy and Baranya could reach the required intensity of wind needed for wind energy production.

National concepts of renewable energies are guided by the EU 2020 targets: 20% reduction in greenhouse gas emissions, 20% of renewable energy share, 20% increase in energy efficiency.

The Hungarian National Energy Efficiency Action Plan foresees a saving of 57.4 PJ by 2016, among them the highest share on residential buildings. Energy efficiency is one of the pillars of the draft of the South Transdanubian Regional Energy Strategy, foreseeing a reduction in final

⁸ *Collected solid waste and their use in Hungarian counties concerned Source: KSH 2011*

⁹ *Collected solid waste and their use in Croatian counties concerned Source: Croatian Waters, Report on communal waste for 2011*

energy consumption of 10% by 2020 and a 10% increase in the proportion of renewable energy in the mix.

Croatian national Regional Development Strategy recognises low level of sustainable energy production as a key weakness in all of Croatian regions. For both the North-West and Pannonian Croatia, the Strategy foresees a strategic need to widen the sustainable and clean energy production. In Pannonian Croatia, (which incorporates the eastern part of the programme territory), opportunities are also seen in thermal and hydro-energy sources.

Road infrastructure

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 batch of various transnational communication routes that creates excellent accessibility from Western Europe, however the area suffers from capacity problems especially in summer season. The eastern periphery has considerably improved its accessibility by the development of A5–M6 (E73, Corridor V/c) motorways, however section between Babarc (Mohács) and Osijek is still missing. The isolated situation of the middle part of the border area encumbers internal cohesion of the programme area.

County seats'accessibility features vary: Zalaegerszeg and Kaposvár don't have the sufficient quality connection to motorways. The programme area's most isolated part is the Southern periphery of Somogy county (Internal Somogy) that is hard to access either from county seats or from dominant cities outside the area. This situation could be improved by the development of the A13–M60 (Zagreb–Bjelovar–Virovitica–Barcs–Pécs) speedway connection.

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 km¹⁰, whereas the longest distance is between Barcs/Terezino Polje and Drávaszabolcs/Donji Miholjac (72 km). This makes the districts of Sellye and Szentlőrinc (also partly Szigetvár) and on the Croatian side the Slatina area heavily isolated from other side of the border. Since Mura and Drava form the state border on a long distance, opening of new border crosses turns to be a bridge construction issue. Establishment of a new border cross in the area of Sellye and Slatina has been investigated by various studies in past programmes, however no big improvement has been made since. As temporary solution the establishment of a ferry connection between Vejti and Podravska Moslavina has been recently investigated.

Analysis of border crossing data shows that the Letenye border crosses – due to the M7-A4 motorway connection between the national capitals – concentrate about 60% of total personal border crossing on road. In spite of the general decreasing tendencies the border crossing on corridor V/c at Udvar—Duboševica has improved its figures¹¹, most likely due to recent

¹⁰ *Accessibility of nearest motorway in Hungarian counties concerned (settlement level, 2011) KSH*

¹¹ *Border crossing data on border crosses of Hungary and Croatia (2010-2012) Source: Police Headquarters of Baranya, Somogy and Zala counties*

motorway developments M6-A5 that are likely to rise further upon foreseen constructions towards the national borders. Accession of Croatia to the Schengen zone (at least three years after the accession to the EU) will make opening of new border crosses easier. This would be beneficial for border sections where bridge construction is not needed, especially in the Baranya triangle.

East-west transport has serious capacity problems: the connection between Pécs and Zala county is done through low capacity and 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.

At the moment there is no scheduled coach service operating between Hungary and Croatia, all past routes have been closed down in the past years. However in pre-holiday weekends Pécs malls operate shopping related coach service from Osijek.

Railways

Railway infrastructure is characterized by poor quality substructure and lack of electrification even on key sections (Pécsbánya-Rendező–Magyarbóly, Szentlőrinc–Gyékényes, Nagykanizsa–Zalaszentiván, Koprivnica–Osijek). Poor infrastructure results low speed levels, inefficient timetables and minor demand for cross-border traffic. Since December 2012 direct trains between Budapest and Sarajevo have been ceased that resulted Osijek from Pécs remained inaccessible by railway, however border crossing figures have shown slight improvement in this area (see Table 10) till it was in operation. As the only cross-border connection, one daily service is operating between Budapest and Zagreb through Koprivnica–Gyékényes–Nagykanizsa (on line 30). This connection may be used from Pécs or Kaposvár with transfer in Gyékényes (albeit with very long waiting time), but unfeasible from Zalegerszeg.

Aviation

In terms of air transport, the border area's most developed airport is the Fly Balaton in near Hévíz that serves regular charter flights mainly from Germany, further lines are under way from Riga and Moscow. The Osijek Airport serves regular scheduled flights in summer season to Dubrovnik and Split. These two airports have the capacity to land typically used big size passenger aircrafts. Another internationally operating airport is Pécs-Pogány having only a 1500 m runway that provides landing only to small jets. The airport currently serves charter flights in summer season to Greece and Bulgaria. Further non-public airports having concrete runway are located in Varaždin and Taszár (near Kaposvár) that don't serve passenger flights.

Inland navigation

Water transport is relevant only on the eastern part of the programme area. The Mura border river is not navigable for normal passenger ships, only for small vessels for tourism and sport. The Drava is navigable from Barcs to Aljmaš, however only minimal navigation takes place at the moment, dominantly between Osijek and the firth. The Danube has more relevance in terms of navigation. On the Hungarian side Mohács has status of public port, recently equipped with modern infrastructure. In Croatia Vukovar is the most important port. For tourism purposes smaller ports are under construction (Batina, Aljmaš).

Agriculture

The agriculture plays more important role in the area than it does in the national economy of the two countries. This statement refers to both the sector's income generation potential and to the employment as well. The share of the agriculture is three times higher in the area than the European average. The main agricultural areas are the excellent quality lands and soils which could be found alongside the Danube and Drava rivers. The structure of the farms is different in the two countries. In Hungary lands of bigger territories are common and these are cultivated by large holdings. In Croatia the lands are smaller and are predominantly being cultivated by family-run agricultural businesses.

On both sides of the border production of arable crops is typical, like maize, wheat and other cereals, sunflower and rape. The number of livestock decreased in the past decades, there are typically poultry and pigs for slaughter, cattle for milk and bee families for honey.

Zala and Somogy are the two most afforested counties of Hungary, but in Baranya and on the Croatian areas there are extended forests as well.

On the Croatian part of the programme area particularly its eastern part (historical region of Slavonia) is traditionally strong in agriculture. Even now, agriculture is a very significant source of employment, on average reaching up to 10.4% of employed persons in Vukovar-Sirmium (national average being 2.1%)¹². Within the Croatian programme area, it brings about on average 13.3% of gross value added, in comparison to the national average of 4.9%.¹³

However, agricultural sector is suffering from a number of structural difficulties: especially the small size of agricultural holdings, but also a large share of agricultural land that is not farmed.

The target area is relatively abundant with agricultural land; however, there is lack of rational land management caused by numerous factors (unresolved ownership status, problems of small private land, permanent loss of agricultural land due to urbanization, undefined management of state land, a considerable proportion of uncultivated and abandoned land, etc.). The common asset of the area is the high level of wine-growing and making which is frequently linked to tourism and catering industry and by doing so generated significant incomes in some areas in the recent years.

In the programme area, on the Hungarian side two wine regions with their four sub-regions are located (as part of the Pannon wine region the Pécs and Villány sub-regions, and in the Balaton wine region the Balatonboglár and the Zala sub-regions). On the Croatian part five wine-growing areas (Podunavlje, Slavonia, Prigorje–Bilogora, Moslavina, Zagorje–Međimurje) produce high quality wines and has a number of wine roads.

¹² *Persons employed in legal entities, by counties, by sex and according to NKD, 2011*

¹³ *GDP For Croatia and for spatial units for statistics of 2nd and 3rd level, 2000 – 2010, data on 2010*

Tourism

In Hungary, the role of tourism in Zala and Somogy is outstanding as regards the number of guests. In these counties the number of tourists on an annual basis is around twice as much as the number of inhabitants. In Zala the number of guest nights¹⁴ per thousand people as of 2011 were three times, in Somogy 2,5 times higher than the national average. This is mostly due to the availability of waters: Lake Balaton and the spas and thermal waters play decisive role in the dynamism of touristic turnover. Lake Balaton's impact is especially strong on the tourism industry of Somogy, whereas in Zala the existence of popular spa-resorts (as Hévíz or Zalakaros) provides strong contribution to these high figures. In the area the number of domestic guests exceeds that of the foreign ones. The share of foreign guest nights is the highest in Zala county (45%) though it is still lower than the Hungarian national average (48%). The tourism activity does not concentrate in the border area; the exception is the Siklós microregion, where the Harkány Spa generates significant tourism nights. All other Hungarian border microregions have inconsiderable touristic performance.

The Croatian areas in terms of both the number beds and the number of guests lag significantly behind the figures of the Hungarian counties located alongside the border. Croatian tourism is mainly based on the coastal areas, so the 8 counties along and next to the border with Hungary jointly bring only about 11% overnight stays in Croatia. Within the area, the most visited county is Osijek-Baranja, where in particularly Baranja region is recognised for its rural tourism and gastronomy. Medjmurje County also has a slightly higher number of visitors per year than other counties in the programme area, due to the well developed rural, spa and wellness offer. The largest proportions of visitors of the area are domestic tourists.

The programme area has colourful touristic assets. The most important destination is the lake Balaton, but significant number of guests are attracted by the spas and thermal baths located in significant numbers in the programme area. Spas of international importance are at Hévíz, Zalakaros and Harkány, but several other settlements operate thermal baths (for example Szigetvár, Zalaegerszeg, Kaposvár, Siklós, Zalaszentgrót, Kehidakustány, Barcs, Nagyatád, Marcali, etc.). In Croatia, most significant spa resorts are Varaždinske Toplice in Varaždin County, Sv. Martin in Medjmurje and Daruvar in Bjelovar-Bilogora county. Other main touristic destinations are in the centre of Baranya County: the Pécs – Mecsek Mountain – Siklós – Harkány area, where culture and gastronomy contributes to the touristic supply. In Somogy and Zala hunting tourism is also important.

In Croatia, the town of Osijek has significant architectural heritage. In Varaždin County, the Trakošćan Castle is one of the nationally known and recognised tourist attractions, predominantly attracting one-day excursions. The favourable natural endowments of the area also form important touristic assets such as the protected areas of the Danube-Drava National Park, the Kopački rit and the Papuk mountain. Besides these the built environment is worth mentioning: Pécs is a UNESCO World Heritage site, its valuable ecclesiastic (cathedrals, churches, monasteries, mosque) and secular (castles and fortresses) buildings are attracting visitors.

¹⁴ *Tourism nights in 2011, KSH*

Environmental issues related to thematic characteristics of the cross border area and to the proposed activities

The above chapter describes the current status of the environment. However, the SEA is to evaluate **environmental problems** to be able to consider these problems within the assessment of the OP's environmental impact. Thus a short summary on the environmental problems of the programme area is identified in order to assess critical elements:

- Increasing land consumption and thereby negative impacts on biodiversity as well on landscape
- Increasing volume of vehicular traffic and thereby local noise disturbance and increased pollutant emissions
- Decrease of biodiversity
- Climate change and thereby an increase in flood risk
- State of water

Water quality remains a serious issue in the region

Environmental protection and sustainable tourism

The programme area has a **rich cultural and natural heritage**, and a high proportion of protected areas. These areas are major assets of natural and cultural attractions and should therefore also be considered as **potentials for generating economic growth** in the border area. Despite these cultural and natural assets, performance of tourism sector is rather low in the border area. There is a need primarily to maintain and protect what is considered as an asset of cultural and natural heritage but also to **develop sustainable tourism in the border region and the common utilization of cultural and natural heritage** with an integrated approach. The programme area, especially the border counties are rich in natural heritage (above 7% in Hungarian side and above 10% in Croatian side). However, the level of protection and **sustainable promotion and interpretation** of these assets needs to be improved.

Common assumption of key stakeholders of programming area is that joint protection and promotion of these natural assets has key importance. There are fairly good collaborations between organisations of natural protection which sets a good basis for further joint cooperations. Aim of investment priority is to **restore and protect natural asset** management and further **develop green infrastructure**.

There is a need to receive **improved knowledge on the status of soil and water bodies** as well as the **ecosystem conditions** to be used also for coordinated planning of protective investments. Joint monitoring systems, shared action plans and coordinated processes will be developed serving to accelerate reactions to emerging hazards especially floods and forest fires. It is a must to complete **eradication of the remained minefields** in the border region.

A more favourable state of the environment can be realized compared to the current state in each affected areas (water, ecosystems, etc.) with the targeted activities of this Priority.

Cooperation

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 that - regional institutional cooperation is extended or deepened in particular in areas where the need for cooperation has been explicitly expressed by local, regional stakeholders, such as

- energy efficiency, exploitation of renewable energy sources
- labour market regulations and incentives
- social inclusion and employment promotion for marginalised communities
- use of ICT technologies in provision of basic services like health or social services
- 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
- 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
- Joint actions between civil society organisations (environmental, cultural, minority, etc)

This Priority will focus on important issues related to common development in frame of joint actions (aiming awareness rising) and preparation of future projects which means added value primarily in the long term. However, these activities could have a great indirect impact in the cross border area.

Education and economic development

Programming area is characterized by low innovation activity and low R&D expenditure which contributes to low level of competitiveness of the economic sector and poor economic activity. Innovative cooperations between universities, research institutions and SMEs are rather weak, further hindering economic catch-up process. SMEs and their networks as well as HE educations are expected to build up new and improved capacities that enable them to cooperate effectively across the border. Concepts or strategies to develop know how and innovation transfer institutions and services and some pilot actions are also expected to be implemented resulting in the joint development of new product or services.

These priorities also could have indirect impact on the environment related to the following fields: increasing the quality of services, synergistic development based on partnership and technological innovation.

3.2 Impact assessment

ETC programmes have to fulfil two general objectives: they have to strengthen territorial, economic and social cohesion as well as to contribute to smart, sustainable and inclusive growth of the region and the European Union (EU 2020 Strategy). Accordingly, also the Hungary-Croatia CBC Programme has these two general objectives.

Due to the nature of the OP, there are only limited opportunities available for the reduction of environmental damage occurring as a result of the developments. Environmental damage does not only depend on developing the infrastructure or not, but also on planning, selection priorities and also on the way of implementation.

The proposed actions may affect flora and fauna, climate, population (in quality of life, health status), richness of the soil, water and other natural resources, built cultural heritage and landscape of specific areas. The SEA reviews the likely effects, correlations, the potential cross-border effects.

The evaluation applies to the following fields:

- affecting factors
- description of predictable effects
- evaluation of the impacts
- critical program components

Predictable affecting factors and processes of negative impacts related to the proposed measures:

Typical affecting factors and potential processes of adverse impacts related to the proposed measures are including the following:

- expansive land use, loss of biologically active surfaces,
- due to pollutant emissions deterioration of ecosystems and health status of green spaces,
- due to changes in tourism, or traffic, etc. environmental pressure (number of visits, land use) is increased on receptors (green areas, ecosystems, urban environment, landscape, people),
- environmental pressures resulting from construction eg.: disturbance, dust and noise pollution.

Among the direct effects **expansive land use** should be mentioned first, which is not expected to be a factor that would cause conflict in case of the proposed actions. However, affected areas might be for example protected and green areas. Protection could be guaranteed through appropriate call for proposals and strict requirements for implementation. As this effect might appear in case of a limited number of projects, thus this effect is **not expected to be significant**.

Direct effect will be the **disturbance** due to construction works. Of course, there will be also infrastructural developments, but the volume of these is not expected to be notable and construction time is short, so the **impact will not be significant**. Nevertheless, there might be very disturbing construction works for local environment.

One of the most important indirect effects due to the actions is the presence of **pollutants** entering the environment. The proposed developments, the majority of actions have no or minor pollutant emissions. The overall effect is **expected to be not significant**.

As a result of intended developments and activities, **increased number of visitors** could be increased - temporarily or permanently – in case of some tourist destinations and between

settlements and thus the environmental load as well. **Tourism developments could be implemented in a sustainable way, which can moderate adverse effects.**

However, these effects should be avoided with proper CfPs and with sound and careful way of implementation (based on sustainability criteria).

3.2.2 Processes of impacts related to the proposed measures

PA1 – Economic Development	
TO 3	Enhancing the competitiveness of SMEs
IP 1.1	3b: developing and implementing new business models for SMEs, in particular with regard to internationalisation
SOs	Fostering business cooperations between SMEs operating on different sides of the border Enhance the availability and quality of tourism-related services provided by the SMEs operating on different sides of the border
Activities	1. Establishment of a cross-border SME development consortium for the following tasks: <ul style="list-style-type: none"> • setting up of a funding mechanism for the allocation of funds generating cross-border joint SME development projects, etc. 2. Implementation of cross-border SME development scheme in the following fields via “de minimis” support: <ul style="list-style-type: none"> • cross-border joint technology, service and product development of cooperating SMEs • introduction of jointly developed energy efficiency actions of SMEs, • 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 • joint economic clusters.
Result indicators	Enhanced business cooperations among SMEs operating on different sides of the border
	Increased variety of tourism-related services provided by local SMEs

Environmental impact

Not significant, only indirect.

PA2 – Sustainable Use of Natural and Cultural Assets	
TO 6	Preserving and protecting the environment and promoting resource efficiency
IP 2.1 IP 2.2	6c:Conserving, protecting, promoting and developing natural and cultural heritage 6d:Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure
SOs	Increase the potential of the region to generate economic value-added by the sustainable use of its natural and cultural heritage Enhanced collaboration in restoration of biodiversity and protection and promotion of ecosystems in the border areas
Activities	<ul style="list-style-type: none"> • 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 • 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.)
Result indicators	Level of valorisation of natural and cultural heritage
	Level of cross border cooperation in development and integration of nature management

Environmental impact

Positive impacts can be expected on the state of environment, as main objective of the IP is to valorise the natural and cultural heritage. Aspects of sustainable tourism might have a positive impact on development of natural/cultural heritage and protected areas – which means at the same time positive impacts on biodiversity. However, a total increase in tourism can bring also

increase of the volume of vehicular traffic, which would also affect pollutant emissions, GHG emissions, noise and energy consumption. These effects can be compensated by integrating principles of sustainability in all phases of planning and implementation. Development of ecosystems and several activities related to nature conservation (monitoring, etc) will probably contribute to outweigh negative effects of other activities within the Programme (infrastructural developments), thus conservation status will be improved.

The planned improvement of water related issues can have a positive impact on the state of water. Climate change adaptation is also positively affected by the planned activities.

Site rehabilitation / de-mining activities will provide quality control, and definitely will affect state of earth as well as restoring traditional land use.

Construction activities in general can result in additional land consumption. Emissions of noise, dust as well as the volume of traffic increase only temporally and localized. Concerning the renovation of buildings and other small scale investments, no land consumption is expected. Moreover, infrastructural developments will probably have negative effects on biodiversity.

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.

PA3 – Cooperation	
TO 11	Enhancing institutional capacity and an efficient public administration (<i>CBC</i>)
IP 3.1	<i>ETC Art. 6 1 a (iv)</i> Enhancing institutional capacity and an efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions
SOs	Building up sustainable institutional cross border-cooperation Increasing motivation of individuals and small communities to cooperate
Activities	<p>SO1:</p> <ul style="list-style-type: none"> • Support meetings and seminars between local authorities in order to identify common development issues • Support cooperation between local authorities to develop joint initiatives and policies on cross border issues • 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 • Support language training as a preparatory activity for enhanced institutional cooperation, etc. <p>SO2:</p> <ul style="list-style-type: none"> • Designing and delivering a series of joint cultural events in the border area ensuring that people meet and interact (“people to people” actions) • Joint actions between civil society organisations (environmental, cultural, minority,

	etc)
Result indicators	Rate of institutional cooperation in the border region
	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

Environmental impact

Positive impacts can be expected on the state of environment slightly due to the capacity building actions between organisations in charge of nature conservation and water management in the region.

Furthermore, joint actions in the field of renewable energy and energy efficiency could directly contribute to the fulfillment of environmental goals. The predictable impact is not significant because of the project size, but it could be cumulated to sectoral results and impacts.

PA4 – Education	
TO 10	Investing in education, training, including vocational training for skills and lifelong learning by developing education and training infrastructure
IP 4.1	Investing in skills, education and lifelong learning by developing and implementing joint education, vocational training and training schemes
SOs	<p>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</p> <p>Improved motivation and mutual willingness to cooperate between children and young people by widening common knowledge base relevant in the border region</p>
Activities	<ul style="list-style-type: none"> • 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 • 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 • 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 • etc.
Result indicators	Rate of collaboration between educational and training institutions and economic actors
	<p>Rate of motivation among children and young people with regard to specific aspects living in the border area</p> <p>Level of involvement of disadvantaged groups into training schemes in the programme area</p>

Environmental impact

Not significant, only indirect. This priority is relevant in terms of sustainable development.

Sum up of environmental impacts

All in all, due to the synergistic and also cumulative positive effects **a more favourable state of the environment** could be developed by the Programme, especially for the future (medium and long term).

In terms of effects the following statements can be defined:

- The positive effects are dominant and there are measures within SOs with only positive effects, thus it is important to note that in total activities are contributing to positive changes in current state of environment.
- Predictable negative effects are occurring only in case of infrastructural developments (roads and bridges), but the proposed improvements could be compensated and in long term overall impacts might be converted into positive effects (reduction of GHG emissions, etc.)
- The negative effects are accompanied mostly by positive effects, so the adverse effects can be avoided with the use of appropriate conditions in actions.

	PRIOR 1	PRIOR 2		PRIOR 3	Prior 4
	SO_1.1	SO_2.1.1	SO_2.2.1	SO_3.1	SO_4.1
Is there significant					
1.) Environmental impact?	✘	+ / -	✓	✘	✘
2.) Quality of life impact?	✓	✓	✓	✓	Maybe
Are the activities contributing to					
3.) Positive changes in current state of environment?	✘	Maybe	✓	Maybe	✘
4.) Sustainable development?	✓	✓	✓	Maybe	✓

Green= Direct Impact
 Yellow=Indirect impact

Positive: ✓ Positive and also negative: + / -
 Potential impact: **Maybe** Not clear: ? Not significant: ✘

Indirect environmental effect is expected to occur mainly in PA4, which is resulted in implementation of education / training programmes. Future consequences of these activities is hard to estimate but probably will have impacts indirectly on environment. Some factors related to indirect effects are included In Hungarian Government Decree 2/2005, but the mentioned factors of the general requirements (3.6.2) are **not relevant**.

The only exception could be the '*intensification of existing environmental problems*' or '*emergence of new environmental conflicts*' which might depend on external circumstances and are to be avoided. These issues, however, should be decided and managed **on project-level**.

intensification of existing environmental problems or emergence of new environmental conflicts	?
restricting conditions of environment friendly behavior and life style	X
deviation from the optimal spatial structure	X
weakening of local social-cultural and economic / landscape management traditions which are adapted to the landscape carrying capacity	X
limiting the renewal of natural resources	X
significant utilization of non-local natural resources	X

3.3.3. Identifying critical elements of the Programme

In current stage of the OP the most important is to establish categories in order to identify which measures / type of activities will probably have significant effects on environment. As we do not know the content in details, we will write considerations based on predictable impacts related to these types of actions.

Two tables are made to divide types of actions not significant (or indirect) effects and significant direct effects.

The following types of actions will probably **not significant effects** on environment or could contribute to the objectives only indirectly (mainly in the future) and slightly, thus the impact assessment will not deal with them in details:

Type of actions – with NOT SIGNIFICANT EFFECTS
partnerships, cooperations, meetings, seminars
purchasing equipments
improving services, researches, joint economic clusters, data-bases
training, education; exchange of experiences, mutual learning, pilot activities
events (P2P projects)
marketing, raising awareness, community involvement
preparation and planning (studies, concepts, strategies),
development of interpretation infrastructures

Actually, this means all activities in PA1,3,4 (and some activities of PA2) will probably affect environment significantly. Minor and indirect effects could be cumulated; therefore it is important to integrate sustainability criteria at programme-level during planning and implementing also

these types of actions. It should be provided in several forms: horizontal principles, defining CfPs, eligibility and project selection criteria, supported activities, monitoring indicators, etc.

The following types of actions (in PA 2) will probably **significant effects** on environment or could contribute to sustainability directly (positive and negative).

Type of actions – with SIGNIFICANT EFFECTS		
1.	Infrastructural investments (local access roads, ferry crossings and border crossings)	Negative and positive
2.	Preservation, refurbishment, utilization of common natural and cultural elements	Positive
3.	Site rehabilitation, quality control	Positive
4.	Implementation of joint management for conservation of key species and habitats	Positive
5.	Conservation and restoration of ecosystems, especially in relation to Natura 2000 sites and other protected areas	Positive
6.	Implementing joint research and monitoring projects aiming to support biodiversity, soil protection	Positive
7.	Controlling and harmonized monitoring of the invasive species	Positive
8.	Water retention	Positive
9.	Promoting / restoring traditional land use	Positive

Basically, these types of actions could affect environmental factors directly and significantly.

3.2.4 Evaluation of impacts

The likely significant effects on each of the environmental factors are summarised below and each was assessed:

Air quality, climate adaption

In total we can conclude that implementation of the Programme for the period 2014-2020, in terms of air quality more favorable effects can be expected than without implementation.

The priorities and specific objectives designed not specifically with environmental goals can also have positive effect on the environment in terms of air quality, and there is also the possibility of future calls for proposals to formulate a set of criteria which may provide additional advantages. Basically, improving sustainable tourism, preservation of natural assets, conservation and restoration of ecosystems will have significant positive impacts.

Projects related to energy efficiency and renewable energy (in PA1 and PA3) are considered to be favourable in terms of reducing air pollution. Sustainable development is included as horizontal principle, in which it should be included that using renewable energy will be used as favoured in project selection: in case of infrastructural investment the use of renewable energy sources, the quantity of produced renewable-energy. However, there are interventions for

investment in roads and border crossings, development of sustainable tourism (SO 2.1) with the opposite effect, which are unfavorable to air quality (GHG emissions) through increasing traffic at local level. Nevertheless, the extent of the impacts increasing transport might be not significant, but cumulated impacts should be monitored.

Furthermore, these investments will definitely have both positive and negative effects:

- Thanks to the proposed constructions of roads and ferry crossings, travel-time together with emissions can be reduced.
- Implementation of constructions has permanently adverse effects, but newly built roads will increase GHG emissions in long-term (only locally).

Recommendations:

- to integrate climate protection (including reduction of GHG emission, climate-friendly architectural solutions to prefer) and climate adaption into horizontal principle
- to make efforts raising awareness about climate-conscious behaviour
- traffic needs should be justified during project selection
- environmental aspects to be taken into account and state of environment to be monitored during selection of roads

Noise pollution

As exact projects are not known in this planning stage, it is not possible to evaluate the impacts on this factor in SEA. EAI will be required in terms of activities with significant effect.

Newly built roads and bridges could have adverse effects at local level, but new roads and ferry crossings can have positive effects concerning other routes (eg.: offload with bypasses)

Recommendations:

- to promote only the use of silent road surface for road construction in populated areas with larger noise-vibration
- to apply „silent mode” as selection criteria in case of vehicle purchase for transport improvements
- to include eligible activities opportunities for passive noise reduction (noise barrier, protecting trees)

Water quality

The proposed priorities and actions will have probably only positive impact on the groundwater surface and groundwater. There are activities with absolutely no impact on the water or just general available information in the programme document on which it is not possible to predict the effects. PA 2 is including activities supporting the aims of the Water Framework Directive. In addition to maintenance and conservation of cross border natural heritage, also water retention, restoring traditional land use could significantly and directly contribute to positive impacts on environment, which might be synergistic and also cumulative. Supporting common water management in PA 3 is also contributing indirectly to common goals.

However, strict requirements (besides environmental permissions) have to be ensured concerning implementation of infrastructural developments in order to prevent and reduce the environmental load of the further surface and groundwater pollution. In case of construction of roads/ buildings or similar activities EIA must be conducted with the principle of risk prevention.

Recommendations:

- In case of construction of roads/ buildings or similar activities EIA must be conducted.
- Catchment areas related to water quality protection are to be taken strictly into account during project selection of infrastructural developments. During implementation rainwater drains need to be impermeable.

Earth

PA 2 is including several actions directly related to soil and land protection and some of other measures can have an indirect impact on it.

Site rehabilitation / de-mining activities will provide quality control, and definitely will affect positively state of earth as well as restoring traditional land use.

New transport infrastructures may have significant negative impact on the factors soil, land use and landscape. Therefore, OP must strive to avoid the increasement of land use, and to protect green areas. Moreover, protected areas and Natura 2000 sites have special importance. For investment projects in the OP so called declaration Natura 2000 should be elaborated and for construction of roads, buildings or similar activities EIA must be conducted.

Furthermore, it is necessary to implement developments also tourism related projects carefully.

Recommendations:

- Call for Proposals must include compensatory measures and damage mitigation have to be guaranteed.
- The way of implementation requires careful attention (ensuring the preservation of landscape assets during implementation).
- Need to create a continuously updated database for implementation and monitoring.

Nature, fauna and flora, biodiversity

The proposed activities show that projects with significant impacts on the factors biodiversity, flora and fauna will be implemented. All infrastructural projects and tourism-related projects are likely to have a significant negative environmental impact. However, the extent to which such projects will have a negative impact may vary significantly.

PA 2 is including activities supporting the aims of nature protection. Especially actions within SO 2.2 will significantly and directly contribute to positive impacts on environment, which might be synergistic and also cumulative.

However, strict requirements (besides environmental permissions) have to be ensured concerning implementation of infrastructural developments in order to improve conservation

status of biologically active surfaces. Moreover, protected areas and Natura 2000 sites have special importance.

Recommendations:

- Call for Proposals must include compensatory measures and damage mitigation have to be guaranteed.
- The way of implementation requires careful attention (ensuring the conservation of biodiversity during implementation).
- Need to create a continuously updated database for implementation and monitoring.

Use of natural resources

Only positive effects are predictable: using the local and regional resources locally, all activities related to energy efficiency, increasement of using renewable energy can contribute directly to efficient use of resources.

Recommendations:

- To integrate also criteria of energy efficiency and use of renewable energy into horizontal principle.
- Call for Proposals should include more aspects of resource efficiency (water, energy, waste).

Built environment, cultural heritage

Activities in the frame of PA 2 will improve crossborder cultural heritage and also P2P projects in PA3 can contribute indirectly to improvements in the field of culture. As a result of the programme implementation there will be improved state and access to cultural heritage, increasing mutual connections in the cross-border area and increased valorisation of cultural heritage can be implemented.

Negative effects are not expected.

Landscape, green areas and spatial structure

The key element of sustainable land use is halting the loss of biodiversity and avoiding damage to ecosystem services.

Among the direct effects expansive land use should be mentioned first, which is not expected to be a factor that would cause conflict in case of the proposed actions. However, affected areas might be for example protected and green areas. Protection could be guaranteed through appropriate call for proposals and strict requirements for implementation. As this effect might appear in case of a limited number of projects, thus this effect is not expected to be significant.

However, strict requirements (besides environmental permissions) have to be ensured concerning implementation of infrastructural developments in order to improve conservation status of biologically active surfaces. Moreover, protected areas and Natura 2000 sites have special importance. For investment projects in the OP so called declaration Natura 2000 should be elaborated and for construction of roads, buildings or similar activities EIA must be conducted.

Recommendations:

- Call for Proposals must include compensatory measures and damage mitigation have to be guaranteed.
- the way of implementation requires careful attention (ensuring the conservation of biodiversity during implementation)
- need to create a continuously updated database for implementation and monitoring

Human health and quality of life

Indirect effects:

A better quality of life generally is associated healthier environment which was integrated all specific objectives during planning phase.

To sum up:

The likely significant effects on each of the environmental factors are summarised in the following table and it is assessed.

However, as it has not been possible to quantify the likely significant impact on the environmental factors, thus it is not possible, at this stage, to assess to what extent each of the environmental objectives will be influenced. At this stage it is only possible to say if the identified types of actions are likely to have significant environmental impact (positive or negative) together with rating the predictable impacts and defining the type (direct / indirect).

Red colour: positive

Black colour: negative

Blue colour: positive and negative

direct significant impact +++	direct moderate impact ++	direct weak impact +	indirect impact #	no impact X
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	Air quality and climate adaption	Noise pollution	Water quality	Earth: Soil pollution	Nature, fauna and flora, biodiversity	Use of natural resources	Built environment, cultural heritage	Landscape, land use and spatial structure	Human health and quality of life
Infrastructural investments	+++	+++	++	+++	+++	+++	++	+++	+++
Preservation, refurbishment, utilization of common natural and cultural elements	+++	+	+++	++	+++	+++	+++	+++	+++
Site rehabilitation, quality control	X	X	X	+++	+++	#	X	+++	+++
Conservation and restoration of ecosystems, especially in relation to Natura 2000 sites	++	X	++	++	+++	+++	X	+	++
Implementing joint projects aiming to support biodiversity, soil protection	++	X	+++	+++	+++	++	X	+++	+++
Controlling, monitoring of the invasive species	++	X	++	++	+++	+++	X	+	++
Water retention	++	X	+++	++	++	+++	X	+++	+++
Promoting / restoring traditional land use	++	X	+++	+++	+++	+++	X	+++	++

Current table shows the general, comprehensive effects concerning the whole Programme, highlighted specific objectives which have likely significant effects on the environment.

Sustainability factors	Type of activities which have likely significant effects on the environment	Cumulative / synergistic effects	Positive / Negative	Short- / Medium- / Long-term Permanent/Temporary
Biodiversity	SO: 2.1; 2.2	cumulative	+ and -	P: Long-term Permanent N: short-term / long-term temporary
Human health	nr			
Fauna, flora	SO: 2.1; 2.2;	cumulative	+ and -	P: Long-term Permanent N: short-term temporary
Soil	SO: 2.1; 2.2;	cumulative	+ and -	P: Long-term Permanent N: short-term temporary
Water / waste	SO: 2.1; 2.2; 3	cumulative and synergistic	+	+ Medium- and long-term Permanent
Air	SO: 2.1; 2.2;	cumulative and synergistic	+ and -	P: Long-term Permanent N: medium-term temporary
Climatic factors	SO: 1.1; 2.1; 2.2; 4	cumulative and synergistic	+	P: Long-term permanent
Material assets	nr			
Cultural heritage including architectural	SO: 2.1; 2.2	cumulative	+	Permanent Short- / Medium- / Long-term
Landscape	SO: 2.1; 2.2;	cumulative	+	
Interrelationship between the above factors		synergistic and cumulative		Permanent Medium and Long term



The analysis of specific objectives and priorities of the Programme has been completed according to the factors above, taking into account the probability, duration, frequency, reversibility, extent and spatial extension (including their cross-border effect) of the effects.

All in all, due to the synergistic and also cumulative positive effects of the interrelationship between the above factors a **more favourable state of the environment** could be developed by the Programme, especially for the future (medium and long term). Due to the nature of the OP, there are only limited opportunities available for the reduction of environmental damage occurring as a result of the developments. Environmental damage does not only depend on developing the infrastructure or not, but also on planning, selection priorities and also on the way of implementation.

3.3 Analysis of alternatives

Operative Programmes are special in terms of alternatives, because there are no different potential variations to examine – it is resulted in a planning process. Therefore without real alternatives state of the environment in the Programme area is to be analysed only **'with and without'** implementation of the Programme. The two versions are compared against environmental factors:

	With implementation of the Programme	Without implementation of the Programme
Earth	Site rehabilitation and soil protection are ensuring proper quality.	Increasing soil erosion and remaining contamination - environmental risks could have negative effects.
Water	Maintenance is provided by common water management, water quality could be improved. Water retention capacity is enhanced. Modern ferry ports.	Potentials and risks will be realized later, as a consequence there are risks and damages.
Air climate change and	Improved utilization of renewable energy resources, means contribution to a more resource efficient economy and a more climate-resilient, low-carbon economy. The increasing traffic could lead to noise and air pollution (probably minimal extent).	There could be increased air pollution because of deteriorating roads. GHG emissions is likely to increase also without improving infrastructure. New border crossing infrastructure and project preparation will be missed or targets of EU2020 will not be reached.
Biodiversity	Favourable conservation status and joint development of cooperation in the cross border area. Joint monitoring is carried out regarding invasive species.	Further loss of biodiversity. More resources are needed to reach the same level separately without cooperation.
Ecosystems	Ecosystems will have a greater chance of maintaining over a long period of time, especially in relation to Natura2000 sites and other protected areas.	Restoring of ecosystems will require more efforts.
Flora and fauna	Improved conservation status of species and habitats	Loss of species and habitats.
Cultural heritage	Improved state and access to cultural heritage, increasing mutual connections in the cross-border area. Increased valorisation of cultural heritage.	Cross border connections remain the same level and integration cannot be maximalized.
Infrastructure	Improved accessibility which could stimulate tourism and economy. Isolation of border areas could be reduced.	Mobility cannot be improved or only at national level separately / time lag. In this case cross border integration remains a great absence. Failures of infrastructure also could

		lead to noise and air pollution.
Land use	Traditional land use will be restored.	Expansive land use could be occurred.
Landscape and green areas	Healthy environment and natural assets can be preserved. As a result of site rehabilitation more areas will be controlled and conservation status is ensured in protected areas.	More effort will be required at national level for nature protection (in order to contribute to protect Natura 2000 sites)
Human health and Quality of life	The improving quality of life intensifying employment rates, increasing local activity, spending locally serving the community and strengthen the economy. Sustainable tourism will be supported and related services and products will be developed.	Quality of life cannot be improved, as a consequence cohesion cannot be enhanced and migration will be higher and territorial imbalances will grow.

Reasoning 'without implementation' version is based on the following **trends** (and threats):

Earth	There are uncertainties in future trends of soil pollution due to the lack of data. Important sources of soil pollution are industrial processes, increasing traffic, intensive agriculture, waste issues.
Water	Water quality remains a serious issue in the region, it is unclear to which extent the aims of the water framework directive can be met.
Air and climate change	<p>Increases in traffic volume, climate change - Air pollution is concentrated in the major cities and along main traffic routes, the main contributors to air pollution being traffic, chemical industry and residential heating. Significant emission reductions have been achieved during the last decades, but it is unclear if the NO_x emissions can be further reduced due to the predicted increase in traffic volume.</p> <p>To reach the 2020 targets additional measures are necessary. Assuming such measures will be implemented, a trend with a positive tendency (lower GHG emissions) can be assumed.</p>
Biodiversity and ecosystems	Many species and habitats are in a bad situation - this will be more difficult even further by climate change.
Flora and fauna	The state and size of nature protection areas has increased. However, it is not clear if the protection measures can outweigh the negative environmental impacts on nature protection areas.
Cultural heritage	As the value of cultural heritage cannot be measured, it is difficult to assess its status and development. The status of protected cultural assets is

	maintained by protection measures. For preserving cultural heritage it is necessary to strengthen the awareness of local population. Assuming these measures are implemented, the status of the cultural heritage could be preserved. New constructions may not always be compatible with site protection interests.
Infrastructure	The noise level has increased constantly in the last decades – due to the further expansion of traffic no change in this trend is foreseeable.
Land use	Land consumption affects the function of the soil and biodiversity significantly, which also affects other subjects of protection (flood). Agriculture, industry, transport are the main driving forces which generate pressure on land use. There is a tendency towards further but more moderate development of the transport network, housing, commercial and industrial sites at the expense of arable land. Land consumption will still increase.

3.4 Analysis of sustainability criteria

Under the regulations of the Structural Funds all supported activities must contribute to the horizontal expectations: equal opportunities between men and women, preventing of discrimination and sustainable development, regardless to the project's nature and theme. Horizontal aspects must be reflected during the planning and the implementation of the Programme and in the daily operation of its responsible bodies.

With the regard to the promotion of equal opportunities and prevention of discrimination, some general requirements must be taken into account in all actions or projects irrespectively of their scope (among them there are defined legal obligations). The requirements for improving equality apply both to the applicant's organization and to all phases of the supported projects.

Explicit linkage to sustainable development can be found in all of Priority Axes, especially in PA2, PA4.

The ETC template requires the following: *‘a **description of specific actions** to take into account environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management, in the selection of operations’ is needed in case of all PAs and SOs. Moreover „the clear contribution to sustainable development will be an eligibility criteria in the selection procedure. Project proposals are only eligible if the project objectives and activities do not conflict with the principles of sustainable development. Following this, the criteria will be used as favoured in project selection: in case of infrastructural investment the use of renewable energy sources (in percentage of the total project budget), the quantity of produced renewable-energy and number of people benefiting from renewable energies.’*

However, requirements of sustainable development are reflected not just in planning specific objectives, but also they are integrated to the Programme as horizontal principles, which ensure to shift the programme area towards the quality prevention of environmental resources. The clear contribution to sustainable development will be eligibility criteria in the selection procedure

for all actions. Project proposals are only eligible if the project objectives and activities do not conflict with the principles of sustainable development. The principle of equal opportunities is also reflected in the design of the indicators for monitoring and evaluation, and in the eligibility and project selection criteria to be applied under various measures.

It is important to note that regarding horizontal principles we recommend to integrate other aspects, too. These recommendations are need to be taken into consideration (4.3).

	How to meet basic principles regarding specific objectives of the Programme in the planning phase?
Sustainable use of natural values	This is harmonising with the objectives defined in PA 2.
Long-term maintenance and preservation of existing values	This is harmonising objectives defined in PA 2, results of the proposed activities related to nature and culture will contribute directly to this criteria.
Supporting local communities, ensuring better life conditions	This is in line with the overall objective of the Programme, cross-border cooperations are strengthening local communities, including each action of the proposed Programme, especially fostering business cooperations, improvement of accessibility, P2P projects, favourable environment will be developed to promote joint cross-border activities of the SME sector and for institutional cooperations.
Exploitation of technological development in a sustainable way	This means development of joint technology which also fits to the Programme's objectives (in PA1).). New solutions will contribute to the competitiveness of the SMEs through exploitation of research results across the border and utilisation will be supported within all priorities.
Educating responsible people	This is harmonising objectives defined in PA 3 and 4, results of the proposed activities (training, courses, collaboration of educational institutions, mentoring systems, meetings, seminars, GPs) will contribute directly to this criteria. Furthermore, awareness-raising activities and community involvement, and other training and exchange of experiences will also have added value for people living in the border area.
Equal opportunities and spatial equality	Equal opportunities have high priority in cross-border programmes, thus these are to be integrated as horizontal criteria (predefined criteria for all projects and indicators to fulfil). Spatial equality is an overall goal of the CBC programme; therefore improvement of disadvantaged areas is taken into account.

Sustainable growth is provided by supporting the preservation and sustainable exploitation of the regions rich heritage and to increase resilience to natural disasters. Environmental sustainability and resource efficiency should be applied as horizontal preferences in all measures of the programme in addition to using them during designing the specific objectives. Therefore, requirements of sustainable development are reflected not just in planning specific objectives, but also they are to be integrated to the Programme as horizontal principles, which ensure to shift the programme area towards the quality prevention of environmental resources. The clear contribution to sustainable development should be expressed as eligibility criteria in the selection procedure for all actions: project proposals are only eligible if the project objectives and activities do not conflict with the principles of sustainable development.



Promotion of sustainable development in the cross border region has been highlighted in all the proposed priorities, objectives and actions, especially in those that include development of joint entrepreneurial activities (e.g. TO3 supports green business solutions and use of environmentally friendly technologies, energy efficiency and low carbon entrepreneurial initiatives) and sustainable use of natural resources (TO6 encourages promotion, restoration and protection of natural values and maintaining high rate of biodiversity).

Equal opportunities have mostly been highlighted as an important guiding principle in implementing interventions under TO10 – Education. Particular attention is planned to be given to inclusion of disadvantaged society groups in the cross border education programmes. In this context, needs of Hungarian minority in Croatia and Croatian minority in Hungary, as well as those of children and youth living in deprived cross border areas, have been well recognized and included in the interventions and actions within TO10. Even though they have been stressed out in the situation analysis, needs for better integration of the Roma minority in education and labour market activities could be more highlighted in the TO10. This would allow better coherence with the situation analysis which outlines poverty and lack of education among Romas as an important problem in the cross border area. Section 8. of the OP, that includes elaboration of horizontal principles, has still not been elaborated. It is important to note that regarding horizontal principles we recommend to integrate broader range of aspects.

3.5 Transboundary impacts

It is necessary to examine the cross-border effect of such developments at those cross-border areas where Plans or Programs define main or minor roads crossing the border, or such roads which once crossed the border. Several dimensions are to be examined on the project level:

- a) environmental effect of realization
- b) environmental effects of sustainability

Direct and indirect environmental effects related to realization and long-term maintenance have to be reviewed. During developments, the above mentioned aspects and their manners of treatment are to be examined. In the case of cross-border developments, examinations should also be carried-out with the involvement of the social partners from across the border. Further on, in certain cases, the standpoint of the transborder supervisory authority might be necessary (in the case of NATURA 2000 or protected areas).

Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, known as the Environmental Impact Assessment (EIA) Directive, includes special provisions for cases in which a project implemented in one Member State is likely to have significant effects on the environment of another Member State (Article 7). Similarly, the 1991 UNECE Convention on Environmental Impact Assessment in a Transboundary Context, known as the Espoo Convention, introduces specific rules for conducting an EIA of activities located on the territory of one contracting party, defined as the Party of origin, and likely to cause significant adverse transboundary impact in another contracting party, defined as the affected Party (Article 2).

The Espoo Convention requires that the Party of origin notifies affected Parties about projects listed in Appendix I and likely to cause a significant adverse transboundary impact (Article 3(2)). The notification triggers the transboundary EIA procedure. The Espoo Convention's primary aim is to 'prevent, reduce and control significant adverse transboundary environmental impact from proposed activities' (Article 2(1), but in fact the Party of origin is obliged to notify affected Parties (in accordance with Article 3 of the Espoo Convention) even if there is only a low likelihood of such impact. This means that notification is always necessary, unless significant adverse transboundary impact can be excluded with certainty. This interpretation is based on the precautionary and prevention principles.

Since SEA can not assess impacts at EIA level (at project-level), but based on estimated impacts there will be no impact which could affect third country, because:

- there is no affected joint areas, thus developments of the CBC programme will not influence the state of landscape, ecosystems of a third country
- water pollution may be excluded in compliance with the regulations
- air pollution could be variable in time and space but predictable effects is not significant
- construction of new crossing points could influence traffic of nearby areas, but it is not expected to be significant

Based on current information the intended objectives and planned activities will not have significant adverse transboundary environmental impact.

In this case involvement of Austria / Serbia is not necessary.

4 Conclusions

4.1 Sum up of aspects related to the environmental assessment

The SEA of the HU-HR CBC Programme is planned and carried out in line with the 2001/42/EC Directive and its respective national adaptations. After examining advantages and disadvantages, the Task Force and the relevant authorities decided to carry out SEA process separately. This means that a joint Environmental Report is elaborated in the framework of two separate processes in accordance with the national regulations and the consultation processes are also carried out separately. The scope of the SEA was approved by environmental authorities in Hungary as legal start of the SEA process. It consists of all required information based on legislation.

SEA is a useful tool to highlight potential positive environmental impacts of a program and hinder measures that might be harmful for the environment. Based on current information the intended objectives and planned activities will not have significant adverse transboundary environmental impact (affecting a third country). The potential impacts are referring to partly environmental purposes and partly to sustainable development.

	PRIOR 1	PRIOR 2		PRIOR 3	Prior 4
	SO_1.1	SO_2.1.1	SO_2.2.1	SO_3.1	SO_4.1
Is there significant					
1.) Environmental impact?	✘	+ / =	✓	✘	✘
2.) Quality of life impact?	✓	✓	✓	✓	Maybe
Are the activities contributing to					
3.) Positive changes in current state of environment?	✘	Maybe	✓	Maybe	✘
4.) Sustainable development?	✓	✓	✓	Maybe	✓

Green= Direct Impact

Yellow=Indirect impact

Positive: ✓

Potential impact: **Maybe**

Positive and also negative: + / =

Not clear: ? Not significant: ✘

The infrastructural developments in relatively undisturbed natural areas as well as increased visitors could have a negative effect on environmental factors. It has to be taken into account that numerous nature protected reserves (and natural parks) are situated side by side in both countries. Protection or at least compensation could be guaranteed through appropriate call for proposals and strict requirements for implementation. Positive effects to be mentioned regarding road constructions are the development of the road surface that decreases the noise load, shorter travelling time can reduce air pollution improving the population's quality of life; and the decrease of the isolation of border area settlements that could lead to improved mobility. In addition, developing sustainable transport modes will contribute to creation a more environmental-friendly transport system of the cross border region.

In terms of effects the following statements can be defined:

- The positive effects are dominant and there are measures within SOs with only positive effects, thus it is important to note that in total activities are contributing to positive changes in current state of environment.
- Predictable negative effects are occurring only in case of infrastructural developments (roads and bridges), but the proposed improvements could be compensated and in long term overall impacts might be converted into positive effects (reduction of GHG emissions, etc.).
- The negative effects are accompanied mostly by positive effects, so the adverse effects can be avoided with the use of appropriate conditions in actions.

The entire programme strategy is built around the concept of a sustainable development, some objectives, priorities and individual interventions are directly focused on the promotion of technology development and infrastructural developments for the low carbon economy, resource efficient and environmental friendly developments. The proposed activities (especially in PA 2) are contributing directly to the common environmental goals.

However, some objectives are clearly associated with negative impacts. Each project affecting Natura 2000 areas must be based on Environmental Impact Assessment (EIA). Due to the nature of the OP, there are only limited opportunities available for the reduction of environmental damage occurring as a result of the developments.

The following types of actions will probably **significant effects** on environment or could contribute to sustainability directly (positive and negative).

Type of actions – with SIGNIFICANT EFFECTS		
1.	Infrastructural investments (local access roads, ferry crossings and border crossings)	Negative and positive
2.	Preservation, refurbishment, utilization of common natural and cultural elements	Positive
3.	Site rehabilitation, quality control	Positive
4.	Implementation of joint management for conservation of key species	Positive

	and habitats	
5.	Conservation and restoration of ecosystems, especially in relation to Natura 2000 sites and other protected areas	Positive
6.	Implementing joint research and monitoring projects aiming to support biodiversity, soil protection	Positive
7.	Controlling and harmonized monitoring of the invasive species	Positive
8.	Water retention	Positive
9.	Promoting / restoring traditional land use	Positive

Basically, these types of actions could affect environmental factors directly and significantly which were defined in PA 2. Of course, activities of other PAs could be cumulated and contribute to overall impacts but mainly through indirect or not significant effects.

Typical affecting factors of adverse impacts related to the proposed measures are including the following:

- expansive land use, loss of biologically active surfaces,
- due to pollutant emissions deterioration of ecosystems and health status of green spaces,
- due to changes in tourist destination, road structure or traffic, etc. environmental pressure (number of visits, land use) is increased on receptors (green areas, ecosystems, landscape, people),
- environmental pressures resulting from construction eg.: disturbance, dust and noise pollution.

Due to the nature of the OP, there are only limited opportunities available for the reduction of environmental damage occurring as a result of the developments, but above factors should be taking into account in every stage of Programme planning and implementation. Principles and actions of the OP as well as CfPs, project selection must include guidelines / strict requirements to moderate or at least to compensate these adverse effects. However, potential negative impacts should be avoided with proper CfPs and with sound and careful way of implementation (based on sustainability criteria).

In addition, 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. The content of this study is not known, therefore it should be mentioned that it will be applied only in line with specific objectives.

In terms of effectiveness from environmental point of view, it can be stated that **proper balance could be establish** due to PA 2: 25 % of allocation is for infrastructural developments, which could also have negative effects (in addition to potential positive effects) and 30 % of allocation is for other activities, which are foreseen to have only positive significant impacts.

Requirements of sustainable development are reflected not just in planning specific objectives, but also they should be integrated to the Programme as horizontal principles, which will ensure

to shift the programme area towards the quality prevention of environmental resources. The clear contribution to sustainable development should be expressed as eligibility criteria in the selection procedure for all actions: project proposals are only eligible if the project objectives and activities do not conflict with the principles of sustainable development.

Promotion of sustainable development in the cross border region has been highlighted in all the proposed priorities, objectives and actions, especially in those that include development of joint entrepreneurial activities (e.g. TO3 supports green business solutions and use of environmentally friendly technologies, energy efficiency and low carbon entrepreneurial initiatives) and sustainable use of natural resources (TO6 encourages promotion, restoration and protection of natural values and maintaining high rate of biodiversity).

Equal opportunities have mostly been highlighted as an important guiding principle in implementing interventions under TO10 – Education. Particular attention is planned to be given to inclusion of disadvantaged society groups in the cross border education programmes. In this context, needs of Hungarian minority in Croatia and Croatian minority in Hungary, as well as those of children and youth living in deprived cross border areas, have been well recognized and included in the interventions and actions within TO10.

All in all, due to the synergistic and also cumulative positive impacts a **more favourable state of the environment** could be developed by the Programme, especially for the future (medium and long term). In addition to environmental effects there will be other intended and also not intended **positive economic, social and territorial effects providing better quality of life** in the cross-border area. The likely significant effects on each of the environmental factors are summarised in the following table and it is assessed. However, it has not been possible to quantify the likely significant impact on the environmental factors yet, thus it is not possible, at this stage, to assess to what extent each of the environmental objectives will be influenced. At this stage it is only possible to say if the identified types of actions are likely to have significant environmental impact (positive or negative) together with rating the predictable impacts and defining the type (direct / indirect).

Environmental aspects in the OP to be taken into account in other plans and programmes:

Current CBC Programme is likely to have impacts on plans and programmes only at regional / county / local level. Probably objectives of other PPs will be defined in line with the objectives and result of the crossborder programme.

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 maintaining continuity of activities.

To a smaller extent the approach of stabilizing and strengthening currently weak assets to minimise impact of external threats is followed.

In future plans and programmes in the region the following aspects must be considered:

- developed attractions for tourists and incentives for touristic service providers to help take advantage of the diverse cultural heritage and natural environment
- prepared and implemented 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
- 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.

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

4.2 Effectiveness from environmental point of view

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

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.

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 high 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. 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.

For working purposes the proposed support is expressed in % of the total available funding without TA:

Priority axis	ERDF support (%)	Result indicators corresponding to the specific objective
1 Economic development	20	Enhanced business cooperations among 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	40	Level of valorisation of natural and cultural heritage (25 % for infrastructure)
	15	Level of cross border cooperation in development and integration of nature management
3 Cooperation	12,5	Rate of institutional cooperation in the border region
		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	12,5	Rate of collaboration between educational and training institutions and economic actors
		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

More than half of the amount of the overall financial envelope for the CBC OP HU-HR 2014-2020 is planned to be allocated to PA 2 due to financially demanding interventions related to determining and improved accessibility to the touristic sites. Such significant share of the overall financial allocation also partly supports activities planned to be implemented within PA1 in the form of entrepreneurial initiatives in the area of sustainable use of natural and cultural heritage. Successfully implemented entrepreneurial projects in the targeted area are crucial from the viewpoint of multifold benefits that can be generated (halting negative demographic trends, decrease of unemployment, innovative business solutions, increased competitiveness and expansion to other markets etc).

PA 3 and PA 4 are planned to be supported with 12,5% of the overall budget, respectively, which is expected to be adequate since cooperation in the sectors of public administration and education has already been well established and projects in this area mostly relate to soft and financially less demanding actions.

In terms of the nature of environmental effects due to PA 2, it can be stated that **proper balance could be establish**: 25 % of allocation is for infrastructural developments, which could also have negative effects (in addition to potential positive effects) and 30 % of allocation is for other activities, which are foreseen to have only positive significant impacts.

Predictable negative effects are occurring only in case of infrastructural developments, but these are accompanied mostly by positive effects, therefore **positive effects are regarded as dominant**.

In addition, 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. The content of this study is not known, therefore it should be mentioned that it will be applied only in line with specific objectives.

Reduction of adverse impacts and alternative compensatory measures should be taken into consideration during planning. In the mentioned feasibility study (which is in progress) monetised benefits will be including also environmental impacts (quantified values for change in climate change, air and noise pollution). In the risk assessment aspects of nature protection and local public support are to be included.

Of course, effectiveness of the Programme have to be examined comprehensively. In addition to environmental impacts social, economic and territorial effects have to be taken into account.

Overview of environmental and sustainability effects analysing the direct and indirect impacts:

	Intended effects / direct impacts	Not intended effects / indirect impacts
Environmental effects	<ul style="list-style-type: none"> • Adequate contribution to the protection of Natura 2000 sites • Endangerment of ecosystems is reduced • The community is involved and their awareness and knowledge is raised in several field • Preserved natural state of affected areas • Sustainable use of natural and landscape assets is ensured • Technological innovation and effective management of water • Developed energy efficiency 	<p>(+)</p> <ul style="list-style-type: none"> • Contribution to climate change adaption and to risk reduction • Vulnerability of water resources is reduced • Air pollution is reduced considerably long term • Developing a healthy environment <p>(-) Minimal extent:</p> <ul style="list-style-type: none"> • Potential damage of natural assets due to investments • Increased air pollution (due to increased traffic and increased number of tourists) • Short term increase of air and noise pollution (due to infrastructural developments and events)

<p>Economic effects</p>	<ul style="list-style-type: none"> • New technologies, innovative solutions • Improvement the competitiveness of the region • Increased potential of the region to generate economic value-added by sustainable use of its natural and cultural heritage 	<p>(+)</p> <ul style="list-style-type: none"> • Stimulating the economy • Lower rate of unemployment • Increased turnovers at the tourism service providers <p>(-)</p>
<p>Social effects</p>	<ul style="list-style-type: none"> • Conservation of historical and cultural heritage • Better prepared workforce • Healthier life conditions provided • Social inclusion • Networks created for the involvement of disadvantaged groups • Improved specific skills and harmonized qualifications 	<p>(+)</p> <ul style="list-style-type: none"> • Social cohesion - integration of deprived groups (against ethnic exclusion) • Wider equal opportunity is provided • New jobs • Improved quality of life • Lower migration , job mobility <p>(-)</p>
<p>Territorial effects</p>	<ul style="list-style-type: none"> • Better infrastructure • Cross border integrity, cooperation and mobility • Sustainable development of the area • Preservation and utilization of cultural and natural assets • Improving accessibility of settlements in the cross border area 	<p>(+)</p> <ul style="list-style-type: none"> • Higher mobility • Catch-up of less developed settlements • Synergistic development based on partnership • Territorial differences are reduced • Reduced number of lagging small villages and peripheral areas <p>(-)</p>

4.3 Recommendations

The following recommendations were defined during impact assessment:

- Reduction of adverse impacts and alternative compensatory measures should be taken into consideration during planning.

Regarding planning (feedbacks of environmental authorities):

- Utilization of land can only be made within the limits of their load capacity and with the preservation of landscape values.
- Planning process for the forestry in Zala County will start in the near future, of which preliminary impact assessment should be considered.
- Protected areas and national parks should be given special attention and awareness.

Horizontal issues of the OP should include broad aspects of

- climate protection (including reduction of GHG emission) and climate adaption eg.: using renewable energy, resource efficiency, especially energy (water, waste)
- nature protection (conservation of biodiversity –as strict criteria)

Regarding implementation:

- **Requirements or quality standards for monitoring should be provided:**

Monitoring indicators should be defined generally on the priority axes level.

- Instead of **state / impact indicators** it is recommended to use quality control in order to avoid collecting problems.
- **Compensatory measures and the intent to moderate damages** is to be included.
 - especially related to catchment areas (in terms of water quality protection)
- **Climate-friendly architectural solutions** to prefer
e.g.: the use of silent road surface; passive noise reduction ; impermeable rainwater drains; „silent mode” as selection criteria in case of vehicle purchase,

Programme implementers should commit themselves to analyse, consult and monitor crossborder and local environmental effects at the implementation level, during the whole implementation process (2014-2020).

5 The SEA monitoring and follow-up measures

Basic principles of monitoring system to follow-up environmental effects

The monitoring system needs to be operated not separately, but as part of the operational program management and monitoring system. Accordingly, institutional actors in the monitoring system are the same as involved organizations in the Programme implementation. Tasks and responsibilities need to be defined in the Programme Document.

Besides above mentioned institutions national environmental authorities have to be involved:

In Hungary

The Ministry of Rural Development: formulates not only government measures related to rural development, but also to the supervision of food retail chains, environmental protection and the agricultural economy. With regard to recent natural disasters, it is vital to develop central coordination of programmes, systems and institutions aimed at flood damage prevention and water/ drainage management, but environmental protection and the preservation of our natural assets are also priorities.

In Croatia

Ministry of Environmental and Nature Protection: functioning as the central state administrative authority and supreme inspection authority in environmental affairs.

The monitoring system should be set up all the following criteria to meet:

- Specific: monitoring will be to serve specifically induced by the measurement of the interventions included in current OP for short-and long-term environmental effects;
- Proportional: the operating costs of the monitoring system should be in proportion to the usefulness of information obtained from it;
- Legally right: monitoring system must comply the criteria set out in legislation;
- Coherent: monitoring system investigating these environmental effects must be established in accordance with the monitoring system of OP implementation;
- Easy to understand: the monitoring system must be unambiguous both for system operators as well as for the beneficiaries, and the measured indicators must be clearly defined;

- Exact in terms of spatial structure: the Programme and projects to be implemented in the context of their environmental impact is always restricted to a geographically definable affected area. The monitoring system should be able to take these spatial relationships and manage the environmental affected areas.

Core element of the monitoring system of the environmental impacts is the database, which aggregates the information on the environmental impacts. The monitoring system should be primarily building on project-level data. The monitoring at program-level should focus on the significant environmental effects. However, there might be individually not significant effects at project level, but due to cumulative nature significant effects could occur at program level and these effects should be reflected in the system. Considering this environmental indicators need to be separated designed for individual projects and examined as indicators at program-level.

Accordingly, data source of the monitoring database is twofold:

- project-level
- action or programme-level

Monitoring indicators

Indicators concerning the environmental aspects have to be built in the programme document to be able to monitor the macroeconomic environment of the program and the fulfilment of the principles of sustainable development. During the interim and final evaluations, indicators should be monitored in the following areas:

- Promotion of sustainable development
- Improved environmental situation
- Environment and nature protection
- Development of cultural heritage sites
- Use of infrastructure
- Sustainable improvement of public transport

Due to the character of the programme monitoring indicators should be defined generally on the priority axes level (or based on type of supported activities) which require mainly non-technical and technical measures to prevent, eliminate, minimize and compensate the environmental impacts.

A common European system of environmental indicators is developed by the European Environment Agency. As a logical framework: the drivers (driving force) - such as individual policies, and plans, programs, also action plans – means what specific activities are imposed (eg: any project activity, engineering, agriculture, road construction, etc.), from which the environmental pressures (pressure) come from. The pressures may affect a specific environmental status (state), and if they are modified, then the environmental effects (impacts) are formed. For the adverse environmental changes / impacts the society tries to give answers, they are called responses (response).

The environmental indicators are the following:

- Driving force indicators
- Pressure Indicators
- State indicator
- Impact indicators
- Response indicators

By developing indicators should be taken into account the groups of indicators which can be measured in an exact way, and those of which exact interpretation of the effects is not available. Most environmental issues are of a transboundary nature and many have a global scope. They can only be addressed effectively through international cooperation.

There is **no description of Programme Monitoring** in the document yet.

In addition to the selected output indicators, generally monitoring indicators need to be predefined referring to the state of environment. (eg.: Surface area of habitats supported in order to attain a better conservation status – regarding nature and biodiversity, GHG emissions – regarding road constructions, Population benefiting from ... protection measures, No of cooperations in the field of green economy, etc.). In case of infrastructural investment it is essential to be integrated **at programme-level** in order to pay attention the state of environment.

However, it is not worth to establish and maintain monitoring database due to the characteristics of current crossborder Programme.

Proposal:

It is recommended to

- **create a quality control system for monitoring activities in addition to strict environmental requirements**
- **rather predescribe the change of the intended effects**

Examples for indicators which should be replaced by qualitative indicators:

- Volume of vehicular traffic
- Annual decrease of GHG emissions (Estimated)
- Quality of infrastructure for environmentally friendly mobility
- Rise / decline of the noise level *or* “%of population affected by noise level of ...>db”
- Development of threatened species (+ / -)
- Condition and development of nature protected areas

6 Non-technical Summary

The chapter will be elaborated in the final publishable version, this is only an executive summary of the SEA Report.

The SEA of the HU-CR CBC Programme is planned and carried out in line with the 2001/42/EC Directive and its respective national adaptations. After examining advantages and disadvantages, the Task Force and the relevant authorities decided to carry out SEA process separately. This means that a joint Environmental Report is elaborated in the framework of two separate processes in accordance with the national regulations and the consultation processes are also carried out separately. The scope of the SEA was approved by environmental authorities in Hungary as legal start of the SEA process. It consists of all required information based on legislation.

SEA is a useful tool to highlight potential positive environmental impacts of a program and hinder measures that might be harmful for the environment. Based on current information the intended objectives and planned activities will not have significant adverse transboundary environmental impact (affecting a third country).

The potential impacts are referring to partly environmental purposes and partly to sustainable development. Important to pay attention to avoid high pressure on environment and to take into account sustainable principles in order to moderate adverse effects. Operative Programmes are special in terms of alternatives, because there are no different potential variations to examine. Therefore without real alternatives state of the environment in the Programme area was analysed only *'with and without'* implementation of the Programme.

The entire programme strategy is built around the concept of a sustainable development, some objectives, priorities and individual interventions are directly focused on the promotion of technology development and infrastructural developments for the low carbon economy, resource efficient and environmental friendly developments. The proposed activities (especially in PA 2) are contributing directly to the common environmental goals.

In terms of effects the following statements can be defined:

The positive effects are dominant and there are measures within SOs with only positive effects, thus it is important to note that in total activities are contributing to positive changes in current state of environment. However, some objectives are clearly associated with negative impacts.

Projects affecting Natura 2000 areas and infrastructural developments must be based on Environmental Impact Assessment (EIA).

Predictable negative effects are occurring only in case of infrastructural developments (roads and bridges), but the proposed improvements could be compensated and in long term overall impacts might be converted into positive effects (reduction of GHG emissions, etc.). The negative effects are accompanied mostly by positive effects, so the adverse effects can be avoided with the use of appropriate conditions in actions.

The infrastructural developments in relatively undisturbed natural areas as well as increased visitors could have a negative effect on environmental factors. It has to be taken into account that nature protected reserves (and natural parks) are situated side by side in both countries. Protection or at least compensation could be guaranteed through appropriate call for proposals and strict requirements for implementation. Positive effects to be mentioned regarding road constructions are the development of the road surface that decreases the noise load, shorter travelling time can reduce air pollution improving the population's quality of life; and the decrease of the isolation of border area settlements that could lead to improved mobility. In addition, developing sustainable transport modes will contribute to creation a more environmental-friendly transport system of the cross border region.

The types of actions are identified in the assessment which will probably have **significant effects** on environment or could contribute to sustainability directly (positive and negative).

Basically, types of actions defined in PA 2 could affect environmental factors directly and significantly. Of course, activities of other PAs could be cumulated and contribute to overall impacts but mainly through indirect or not significant effects.

Typical affecting factors of adverse impacts related to the proposed measures are including the following:

- expansive land use, loss of biologically active surfaces,
- due to pollutant emissions deterioration of ecosystems and health status of green spaces,
- due to changes in tourist destination, road structure or traffic, etc. environmental pressure (number of visits, land use) is increased on receptors (green areas, ecosystems, landscape, people),
- environmental pressures resulting from construction eg.: disturbance, dust and noise pollution.

Due to the nature of the OP, there are only limited opportunities available for the reduction of environmental damage occurring as a result of the developments, but above factors should be taking into account in every stage of Programme planning and implementation. Principles and actions of the OP as well as CfPs, project selection must include guidelines / strict requirements to moderate or at least to compensate these adverse effects. However, potential negative impacts should be avoided with proper CfPs and with sound and careful way of implementation (based on sustainability criteria).



In terms of effectiveness from environmental point of view, it can be stated that **proper balance could be establish** due to PA 2: 25 % of allocation is for infrastructural developments, which could also have negative effects (in addition to potential positive effects) and 30 % of allocation is for other activities, which are foreseen to have only positive significant impacts.

Requirements of sustainable development are reflected not just in planning specific objectives, but also they should be integrated to the Programme as horizontal principles, which will ensure to shift the programme area towards the quality prevention of environmental resources. The clear contribution to sustainable development should be expressed as eligibility criteria in the selection procedure for all actions: project proposals are only eligible if the project objectives and activities do not conflict with the principles of sustainable development.

All in all, due to the synergistic and also cumulative positive impacts a **more favourable state of the environment** could be developed by the Programme, especially for the future (medium and long term). In addition to environmental effects there will be other intended and also not intended **positive economic, social and territorial effects providing better quality of life** in the cross-border area.

ANNEX 1 REQUIRED CONTENT OF THE ENVIRONMENTAL REPORT

ACCORDING TO ANNEX I OF DIRECTIVE 2001/42/EC AND REFERENCE CHAPTERS:

a) an outline of the contents, main objectives of the plan or programme and relationship with other relevant plans and programmes;	Chapter 1
b) the relevant aspects of the current state of the environment and the likely evolution thereof without implementation of the plan or programme;	Chapter 3
c) the environmental characteristics of areas likely to be significantly affected;	Chapter 3
d) any existing environmental problems which are relevant to the plan or programme including, in particular, those relating to any areas of a particular environmental importance, such as areas designated pursuant to Directives 79/409/EEC and 92/43/EEC;	Chapter 3
e) the environmental protection objectives, established at international Community or Member State level, which are relevant to the plan or programme and the way those objectives and any environmental considerations have been taken into account during its preparation;	Chapter 2
f) the likely significant effects on the environment, including on issues such as biodiversity, population, human health, fauna, flora, soil, water, air, climatic factors, material assets, cultural heritage including architectural and archaeological heritage, landscape and the interrelationship between the above factors;	Chapter 3
g) the measures envisaged to prevent, reduce and as fully as possible offset any significant adverse effects on the environment of implementing the plan or programme;	Chapter 3,4
h) an outline of the reasons for selecting the alternatives dealt with, and a description of how the assessment was undertaken including any difficulties (such as technical deficiencies or lack of know-how) encountered in compiling the required information;	Chapter 3
i) a description of the measures envisaged concerning monitoring in accordance with Article 10;	Chapter 5
	Chapter 6 <i>(and it will be a publishable document separately)</i>
j) a non-technical summary of the information provided under the above headings.	

ACCORDING TO THE HUNGARIAN GOVERNMENT DECREE 2/2005 (I.11.) AND REFERENCE CHAPTERS:

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