**Information about the Hungary - Croatia CBC Programme 2014-2020**

**1. Information about the Programme**

Title: **Hungary-Croatia ETC Cross-border Co-operation programme 2014-2020**

Type: Cross-border Co-operation Programme

Content: The programme is currently in the **planning phase**, during which priorities and actions will be selected and elaborated.

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.

Programme area:

Hungary: County of Somogy, County of Baranya, County of Zala

Croatia: Međimurska, Koprivničko-križevačka, Virovitičko-podravska, Osječko-baranjska,

Varaždinska, Bjelovarsko-bilogorska, Požeško-slavonska and Vukovarsko-srijemska županija.

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

**2. Main objectives of the Programme**

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

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

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

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

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

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

**3. Information about the current situation highlighted environmental issues:**

Cross border areas’ resources are strongly linked to three river basin and this nature heritage - and linked cultural heritage - could be source of both economic stability and economic prosper for less developed areas.

Nature and cultural heritage tourism relate infrastructure should be improved in order for this cross border area to develop economic sector that will support further protection and preservation activities of their main resource, nature.

There are still remaining suspected and confirmed minefields in the border area in Croatia and some nature-protected areas in Hungary are still not accessible due the presence of unexploded ordnance as a result of activities of the war. Although significant results have been achieved in this intervention field, continuation and completion of the decontamination activities is urgently needed, to ensure safe accessibility and usage of all territories in the border area.

The border of Croatia and Hungary is an exceptionally non-permeable one: it has the lowest border crossing density among Hungarian borders. Average distance of border crosses is 62 km (approx double figure compared to average distance of total Hungarian border line). As a consequence of the low number of border crossing possibilities the cross-border accessibility of touristic sites is weak, hindering this way the development of touristic networks and joint touristic packages.

The region as a whole is characterized by a high biodiversity, a great variety of ecosystems and rich natural heritage. Hence, a number of protected areas were established, such as the Danube-Drava National Park, and the Mura – Drava Regional Park on the Hungarian side and parks of nature on the Croatian side like the swamp of Kopacki rit with an ornithological reserve and the Papuk mountain, and Natura 2000 sites on both sides of the border.

The analysis shows a number of exchanges of experiences and cooperations in the field of the protection of natural heritage between nationally designated bodies. However, there is a great interest in the programme region for future cooperation to restore and protect natural heritage. To insure sustainability of wetlands and insure continuously small impact of floods nature processes on human, measures of protection of this heritage should be met. Backwaters (“dead channels”) as crucial part of floodplain systems should be preserved and revitalized, not dry out or left to invasive plant species to over grow them. Promotion of less aggressive and more diverse agriculture and traditional land-use should let to concrete actions.

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

The most important ones are the followings:

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

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

* the physical barriers on the border constituted by the border rivers with no appropriate cross border infrastructure
* collaboration between universities and the world of work is weak
* different type of skills and qualification mismatches coexist in the border region
* the low level of language skills of the inhabitants of the region
* missing elements of infrastructure (weak crossborder connectivity and sparse regional transport networks, underdeveloped tourism and other business related infrastructure)

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

**4. Potential development priorities**

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

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

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

**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.

**Education:** approximately 12,5 % of the ERDF funding is proposed to be allocated towards TO10. Although clear needs have been identified to investing in education, training, including vocational training, the relative costs of these type of projects are significantly lower than the cost of investments in infrastructure and existing absorption capacity – with special regard to really meaningful projects – seems to be also moderate, justifying a relatively low allocation to this priority axis.

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

**5. Determining adverse impacts (concerning a third country)**

Based on current information the intented objectives and proposed activities will not have significant adverse transboundary environmental impact, which could affect a third country.