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# REPORT ON STAGE I EVALUATION

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Final Report on the Impact Assessment of the ongoing  
Interreg V-A Hungary-Croatia Cooperation Programme 2014-2020  
carried out in the course of the CB Joint Strategy project

## CBJointStrategy

Elaborating strategic programming and project documents for Interreg  
Programme between Hungary and Croatia for the period 2021-2027

March 31, 2021<sup>1</sup>

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<sup>1</sup> The document was prepared in line with the deadline updated in November 2020 by the „Suggested schedule and process of Joint Strategy Development and Impact Assessment” document. The current version includes changes based on the revision of the MA and JS of the Programme in April 2021.

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## Glossary of abbreviations and frequently used terms

CBC	Cross-border cooperation
CP	Co-operation Programme
CPR	Common Provisions Regulation
CSO	Civil society organisation
DZS	Croatian Bureau of Statistics
EC	European Commission
EGTC	European Grouping for Territorial Cooperation
EPSF	External project support facility
ERDF	European Regional Development Fund
ESF	European Social Fund
ESI Funds	European Structural and Investment Funds
ETC	European territorial cooperation
EU	European Union
Stage I Report	Final Report on the Impact Assessment carried out in the course of the CB Joint Strategy project (the current document)
FTE	Full-time equivalent
GDP	Gross domestic product
GERD	Intramural R&D expenditure
GVA	Gross value added
HR	Croatia / Croatian
HU	Hungary / Hungarian
ICT	Information and communication technologies
IP	Investment priority
JS	Joint Secretariat
KSH	Central Statistics Office of Hungary
MC	Monitoring Committee
NA	National Authority
NGO	Non-governmental organisation
NUTS	Nomenclature of territorial units for statistics
OP	Operational programme
PA	Priority axis
PC	Programming Committee
Programme	Interreg V-A Hungary-Croatia Cooperation Programme 2014-2020
Programme area	The 11 counties comprising the target area of the Interreg V-A Hungary-Croatia Cooperation Programme 2014-2020
R&D(&I)	Research and development (and innovation)
SME	Small and medium sized enterprise
SO	Specific objective
STEM	Science, technology, engineering and mathematics
TO	Thematic objective
Zone B	A 40+40 km strip along the Croatia-Hungary border, defined by the Handbook to Tourism Projects in the Hungary-Croatia IPA Cross-border Cooperation Programme 2007-2013

# 1 Introduction

## 1.1 Executive summary

The aim of the impact assessment of the ongoing Interreg V-A Hungary-Croatia Cooperation Programme 2014-2020 is to fulfil the general evaluation requirements laid down in the relevant legislation of the EC concerning the implementation of funding programmes, also incorporated into the Evaluation Plan of the Programme. Concerning the legal background, no specific regulation is in place for impact assessment of ESI funds, and no defined, universally applicable, compulsory methodology is present. **Chapter 1** of the document introduces guidelines and methods developed in recent years, that are relevant for the current evaluation exercise and describe the selected impact assessment methodology to be applied.

The assessment is started with a **general characterisation of the Programme** in **chapter 2**. An overview of the programme framework is presented, highlighting the specific objectives, as well as general calls and strategic projects implemented. A large-scale project and beneficiary typology is also included, to articulate main characteristics of implemented interventions. Finally, the geographic distribution of projects and funding is provided, to present main territorial differences and specifics.

**Chapter 3** includes the **detailed identification of programme effects**:

- The intervention logic of the Programme is reconstructed along the overall long-term, prioritised intervention areas, expected main results, target and beneficiary groups, indicative activities, selection principles, result and output indicators.
- Project objectives and expected achievements are presented.
- An extract is provided from the situation analysis prepared in 2020, updated with most recent data, highlighting processes that are relevant for the assessment of the impacts over the 2014-2020 period.
- An interim assessment is presented based on the 1<sup>st</sup> online questionnaire survey implemented in February 2020, analysing partnership features of funded projects, implementation difficulties experienced by beneficiaries and the effectiveness of programme communication activities.
- Finally, relevant expert opinions gathered via 11 targeted interviews are presented.

The **indicator assessment** presented in **chapter 4** has two main parts:

- First the values of programme level result indicators are established, based on the most recent data available at the time of the current impact evaluation, focused around quantitative and qualitative aspects. Qualitative analysis is supported by the results of the 2<sup>nd</sup> online questionnaire survey implemented in January 2021.
- Then further output and performance indicators of the projects funded by the Programme are analysed, with an outlook to the target values set for 2023.

The **net impact** of the Programme is evaluated in **Chapter 5**, where an attempt is made to estimate the direct contribution of the interventions on main indicators and territorial processes. A separate part of the chapter highlights the main synergies with national OPs relevant for each SO area, and assesses synergies with other territorial cooperation programmes in details. The final part discusses the sustainability of the projects' outputs, with special focus on SME beneficiaries, income-

generating projects, and the potential effects of COVID-19-related difficulties on the issue of sustainability.

The **final chapter** of the document concludes the **reporting on impact assessment**:

- Firstly, it presents the main sources of information developed and/or used in the course of the process: the Situation Analysis of the Hungary-Croatia Border Region, as well as additional statistical data from national statistics institutions; two online surveys conducted in 2020 and 2021; specific surveys conducted in March 2021 on result indicators of SO 3.1 and SO 4.1, where values are to be determined this way; project databases of IMIS and Interreg+ project monitoring systems along with further data provided by the JS; 11 joint strategy and assessment interviews conducted in March and April 2021.
- Secondly, conclusions and recommendations are arranged under specific sub-chapters discussing the framework and main elements of the Programme; the effectiveness and reliability of main result indicators; aggregated values of output and performance indicators; the estimated net impact of the programme; as well as achievements and contributions. This part is presented in a way to provide answers to specific evaluation questions listed in the Evaluation Plan of the Programme.

A **separate volume containing annexes** is also prepared for the impact assessment presenting background data and information relevant for the core document:

- All questionnaire templates used during the impact assessment (Croatian and Hungarian versions);
- Interview template used for the joint strategy and assessment interviews;
- A complete database of Natura 2000 sites of the programme area and data relevant for the baseline and current value of the main result indicator of SO 2.2;
- Tables summarising all indicators analysed throughout the report;
- A chapter cross-referencing Evaluation Plan question with sub-chapters of the Stage I Report where detailed answers are to be found;
- An extract from the Situation Analysis titled 'Gaps between achievements and remaining or emerging needs', providing an overview of achievements, and remaining or emerging needs of the region, as an answer a specific question in the Evaluation Plan.

## 1.2 Administrative background

The Impact Assessment of the ongoing Interreg V-A Hungary-Croatia Cooperation Programme 2014-2020 - **hereafter referred to as Programme** - implemented as a separate activity within the CB Joint Strategy project. The aim of the impact assessment exercise is to fulfil the general evaluation requirements laid down in relevant legislations of the EC concerning the implementation of funding programmes, also incorporated into the Evaluation Plan of the Programme, accepted by the MC via its decision no. 18/2016 (01.12). At the same time, the impact assessment exercise is closely integrated into the programming process of the CB Joint Strategy project: it directly relies on the data collection and consultation activities of the Situation Analysis phase (concluded on February 28, 2020), and it iteratively evolved alongside the Joint Development Strategy of the future Interreg Programme between Hungary and Croatia for the period 2021-2027. The current Final Report on the Impact Assessment of the Programme is prepared in the course of the CB Joint Strategy project. It represents Stage I of the two stage Impact Evaluation process planned by the Evaluation Plan of the Programme, and has to be distinguished from the Stage II Impact Evaluation, to be implemented at a

later stage. The current report - **hereafter referred to as Stage I Report** - includes the contents of the Draft Interim Report on Impact Assessment (first version submitted on March 15, 2020, with revisions made up until July 8, 2020, based on comments of PC members).

The original deadline of the Stage I Report was set by the Inception Report of the CB Joint Strategy project as January 31, 2021. As the Inception Report binds the implementation of the Impact Assessment to the Joint Development Strategy process, and the schedule of the Joint Development Strategy is conditioned by PC decisions, and the minimum timeframe for the finalization of any output, these two processes of the CB Joint Strategy project were rescheduled in November 2020 by the „Suggested schedule and process of Joint Strategy Development and Impact Assessment” document. Based on this updated schedule, the draft version of the Stage I Report is prepared by March 31, 2021, while the final version is due on April 30, 2021, after revision of members of the Monitoring and Programming Committees.

**Many factors limit the reliability** of determining the actual impact of the ongoing Programme at the current stage:

- Any socioeconomic aspects of the programme area are subject to multiple macroeconomic variables apart from the initiatives of the Programme itself.
- Measurable changes usually occur with substantial delay. (NB: The current Co-operation Programme itself schedules the result indicators to be reached by 2023.)
- There is limited or no information on sustainability of project (and Programme) results, due to the interim timing of the assessment: While all projects contracted in the 1st general call for proposal have already been closed, 2nd call projects have just started, B Light Scheme projects are generally in the middle of their implementation cycle, with winners of the 4th B Light call for proposals still to be contracted.
- Surveys, brainstorming sessions and interviews provide subjective inputs, distorted by personal opinion, experience and interest of participants.
- The Covid-19 pandemic introduces severe unplanned changes into individual projects, sustainability of project results, as well as reliability and applicability of 2020-2021 statistical data.

In order to provide the desired results drawn by the Evaluation Plan of the Programme, and to place the assessment into a valid and coherent professional framework at the same time, we scanned applicable methods and comparable assessment exercises, and developed a tailored assessment structure.

### 1.3 Legal background

During Impact Assessment, **2014-2020 ETC, ERDF and CPR regulations** are to be considered (Regulations (EU) No 1299/2013, 1301/2013 and 1303/2013). Two of these include specific notes on impact assessment:

#### **a. 1303/2013 CPR regulation:**

- The impact shall be evaluated in the light of the mission of each ESI Fund, in relation to the targets under the Union strategy for smart, sustainable and inclusive growth and, having regard to the size of the programme, in relation to GDP and unemployment in the programme area concerned, where appropriate.
- Ex post evaluations (due until 31 December 2024) shall be carried out by the Commission, or by the Member States in close cooperation with the Commission.

**b. 1299/2013 ETC regulation:**

- MA should ensure that evaluations of cooperation programmes are carried out on the basis of the evaluation plan and include evaluations to assess the effectiveness, efficiency and impact of those programmes.
- At least once during the programming period, an evaluation should assess how the support provided has contributed to the achievement of objectives of the programme.

**No specific regulation is in place** for impact assessment of ESI funds. At the same time, no defined, universally applicable, compulsory methodology is present for the evaluation of impacts of cross-border cooperation programmes. Other, non-binding sources have to be analysed for applicable practices.

## 1.4 Applicable methods

**Impact assessment guidelines and methods** developed in recent years relevant for CB Joint Strategy include:

**a. Guidance Document on Monitoring and Evaluation 2014-2020 (DG Regio, 2014)**

**Changes in the result** indicator are combined results of:

- contribution of the intervention itself, and
- contribution of other factors.

**Impact** is the change that can be credibly attributed to the intervention itself.

Two key questions to be answered to disentangle the effects of the intervention from the contribution of other factors:

- 'Does it work? Is there a causal link?' (Did the public intervention have an effect and if yes, how big – positive or negative – was this.) This is a counterfactual evaluation approach, based on factual information, and measurable/quantifiable factors;
- 'Why and how it works?' (Why an intervention produces intended/unintended effects.) This is a theory-based evaluation approach based on a narrative EXPLAINING the process of generating change.

Counterfactual methods can typically be applied to only some interventions (e.g. training, enterprise support), i.e., relatively homogenous interventions with a high number of beneficiaries. Ideally, counterfactual and theory-based approaches should complement each other.

**b. Territorial Impact Assessment and Cross-Border Cooperation (Eduardo Medeiros, ISCTE-Instituto Universitário de Lisboa, 2015)**

The article offers the adaptation of the TARGET\_TIA technique to assess the territorial impacts of CBC programmes, by focusing on the evaluation of the components of the CBC programmes specific goals: barrier effect reduction (including Cultural – Social; Institutional – Urban; Economy – Technology; Environmental – Heritage; and Accessibility dimensions) and territorial capital valorisation (including Institutional Building; Socioeconomic Cohesion; Territorial Articulation; and Environmental Sustainability dimensions) . Estimated impacts are evaluated along 4 vectors:

- Negative - Positive
  - Short-term – Sustainable
  - Exogenous – Endogenous
  - Substitution – Multiplier

The tool relies on a large amount of standardised data collected throughout the implementation, that is not applicable for the 2014-2020 implementation period of the Programme.

**c. ESPON 2020 project 'TIA-CBC - Territorial Impact Assessment for Cross-Border Cooperation' (ESPON EGTC, 2020)**

This recently finalised project provides the most relevant source of territorial impact assessment methodology applicable for the CB Joint Strategy project. It offers a methodology based on screening existing TIA approaches with different scopes (e.g. ex-ante assessments), rearranging and combining applicable methods for CBC programmes, and testing of the draft methodology in 5 cross-border case studies across Europe.

The methodology is both structured and systematic, but also flexible to fit the specific circumstances of individual CBC programmes of the 2014-2020 period (and beyond, as long as the principal structure of intervention logic based on cause-effect chains can be applied). As the challenges especially related to the data availability require flexibility in relation to methods, it represents a toolbox rather than a recipe: a sophisticated combination of quantitative, semi-quantitative and qualitative methods is proposed in order to accurately capture the impacts of a specific programme. Its five-step approach include:

**i. Programme Characterisation**

Building on a thorough analysis of programme documents, regional statistical data and complementing information sources, an overview of the programme and the programme area is drawn up. A preliminary intervention logic is reconstructed, linking identified needs with measures set by the programme and likely effects of those measures. Corresponding indicators to measure those effects as well as potential data sources are identified via desk research. TIA-CBC offers a list of exemplary CBC-relevant indicators that can be used for selection or as an inspiration.

**ii. Identification of programme effects**

This step aims at verifying and adapting the intervention logic, indicators and data sources, together with an expert panel of programme stakeholders, regional and thematic experts. The results include the verified intervention logic reconstruction as well as any indicators proposed to measure the effects.

**iii. Indicator Assessment**

Feasible assessment methods are identified for the indicators identified above:

- Quantitative assessment for each indicator, where the quantitative data available allows for mathematical calculation of net impacts;
- Semi-quantitative assessment for each indicator, where the data available only allows for calculating certain sub-parts, e.g. only the gross-development but not the net impact of the programme;

- Qualitative assessment for each indicator, where no quantitative calculations are feasible.

#### **iv. Impact assessment**

- Quantitative assessment: Based on the collected quantitative data, the net impact of the programme within each selected indicator is calculated. TIA-CBC offers several methods relying e.g. on the funding framework of the region or on a small-scale counterfactual analysis.
- Semi-quantitative assessment/qualitative assessment: Semi-quantitative and qualitative indicators selected are assessed involving an expert panel of programme stakeholders, regional and thematic experts, to develop an expert judgement on the territorial distribution of impacts.

#### **v. Reporting**

Wrapping up the calculations and the inputs gathered from previous steps, the results are translated into a comprehensive report. The report thoroughly documents all previous working steps, and justifies the assessments, in order to make the process sound and verifiable.

**Other impact assessment methods that are not relevant for CB Joint Strategy include:**

#### **d. Better Regulation Agenda of the European Commission**

The agenda and its guidelines focus on impact assessments examining whether there is a need for EU action and analyse the possible impacts of available solutions. These are carried out during the preparation phase; therefore, they are not applicable for the impact assessment exercise of the CB Joint Strategy project.

#### **e. Impact Assessment Toolkit for Cross-Border Cooperation (Centre for Cross Border Studies and the Euro Institute, 2011)**

The document focuses on ex-ante evaluation and project selection in line with desired impacts of a funding strategy, therefore it is not relevant for the impact assessment exercise of the CB Joint Strategy.

#### **f. Cross-Border Impact Assessment, Dossier 5: Cross-border monitoring – a real challenge (Institute for Transnational and Euregional cross-border cooperation and Mobility, 2019)**

The study concludes that international coordination of measuring cross-border activities is absent in the EU. Producing cross-border statistics should become a regular element of the mandate of the statistical community. To serve their users, statistical institutes should stop presenting their country as islands and should show what is going on at the other side of the borders. The study recommends setting up a European network of statistical institutes that develop methods for producing cross-border statistics and disseminate them.

### **1.5 Requirements of the Programme's Evaluation Plan**

The Evaluation Plan of the Programme establishes the following main requirements against the impact assessment exercise:

- The approved Co-operation Programme is the main reference point for evaluation activities (strategy, PAs, SOs, indicators, financing and Programme implementing bodies and procedures)

- The impact of the Programme on Zone B has to be assessed with special attention.
- Evaluations conducted are to examine, wherever applicable, the progress reached as compared to the predecessor (2007-2013) programme – see Final Report of the On-going Evaluation of the Hungary-Croatia IPA Cross-border Cooperation Programme 2007-2013.
- Synergies with other EU programmes (national ESI funds, ETC and centralised EU programmes) are also to be evaluated.
- Impact evaluation is separate from 'implementation-oriented evaluation', the latter to be carried out internally by the Programme bodies. Thus, impact evaluation does not cover effectiveness and efficiency of the Programme implementing structure and of Programme implementation.
- Impact evaluation assesses how the support from ERDF has contributed to the objectives of each PA/SO (isolating the impacts from other parallel trends and developments as much as possible):
  - o Impact evaluation of Priority Axes 1-4,
  - o Result indicator values,
  - o Target groups, indicative activities and types of Beneficiaries,
  - o Guiding principles,
  - o Socio-economic and SWOT analysis of the eligible programme area,
  - o Contribution to the EU 2020 Strategy,
  - o Contribution to Communication Strategy.

NB: The Evaluation Plan provides indicative guiding questions (general and SO-specific as well), to be further adjusted and/or extended as necessary.

## 1.6 Selected impact assessment methodology

As there are no specific regulations in place for impact assessment of ESI funds, and there are no defined, universally applicable, compulsory methodology present for the evaluation of impacts of cross-border cooperation programs either, we analysed other, non-binding sources for applicable practices. The most relevant source of territorial impact assessment methodology applicable for the CB Joint Strategy project is the ESPON 2020 project titled 'TIA-CBC - Territorial Impact Assessment for Cross-Border Cooperation'. This recently finalised project provides a five-step approach, presented earlier. **Due to the specific requirements laid out in the Evaluation Plan of the Programme and the Inception Report of the CB Joint Strategy project, these have to be adapted to the current impact assessment, as follows:**

1. **Programme characterisation:** Programme overview, project distribution and typology;
2. **Identification of programme effects:** reconstructed intervention logic, project achievements, situation analysis by PAs, evaluation of programme implementation, expert opinions;
3. **Indicator assessment:** feasible quantitative and qualitative assessment for indicators;
4. **Estimation of net programme impact:** aggregated project results, calculation/estimation net programme impacts;
5. **Reporting on impact assessment:** justification and documentation of assessment process, conclusions and recommendations, answers to specific questions of the Evaluation Plan.

Throughout the impact assessment exercise, we tried to avoid subjective evaluation, and tried to include only statements justified by valid data sources, wherever possible.

## 2 Programme characterisation

### 2.1 Overview of the programme framework

The Cooperation Programme under the European territorial cooperation goal titled '(Interreg V-A) HU-HR - Hungary-Croatia' (approved by the C(2015)6228 EC decision on September 7, 2015) - **hereafter referred to as Cooperation Programme** - laid down guiding principles on project selection and general formulation of some quality criteria set against the funded projects. The Cooperation Programme foresaw, in general, the application of open calls for proposals, however in some cases restrictions are applied. An overview of selection criteria and guiding principles is listed in the table below:

Specific objective	Selection criteria and guiding principles
<b>1. Enhancing the Competitiveness of SMEs</b>	
1.1. Fostering value added business co-operations between SMEs operating on different sides of the border (IP 3c)	<p>Lead Beneficiary (HAMAG BICRO) and "general" beneficiaries (SME support institutions from the border area) were selected via restricted nomination procedure by the Monitoring Committee.</p> <p>SMEs, as beneficiaries of light projects, are selected via open calls for proposals. With the selected light partners – similarly to the "general" beneficiaries – Partnership Agreements are signed.</p> <p>For implementation and operation of the light project selection mechanism a separate implementation framework has been made.</p> <p>Guiding principles for project selection:</p> <ul style="list-style-type: none"> <li>- value added of cross-border joint product, technology or service development of cooperating SMEs;</li> <li>- marketability of the joint SME developments;</li> <li>- innovative character of SME developments;</li> <li>- financial sustainability.</li> </ul> <p>As light partners, only for-profit SMEs were eligible, in line with EU and national legislation.</p>
<b>2. Sustainable use of natural and cultural assets</b>	
2.1. Convert the region's natural and cultural heritage assets to tourism attractions with income generating capabilities (IP 6c)	<p>Projects should be selected via open calls for proposals. For project selection, as major strategic guidance the Handbook to Tourism Projects should be taken into consideration, which was originally developed in the 2007-2013 programming period.</p> <p>Guiding principles for project selection:</p> <ul style="list-style-type: none"> <li>- Impact on increase of tourism spending;</li> <li>- Level of innovation in valorisation of cultural and natural heritage;</li> <li>- Environmental and economic sustainability of the project;</li> <li>- Harmony with the Handbook to Tourism Projects;</li> <li>- Development of public road infrastructure is treated with special attention, with high environmental values preferred, minimising the environmental impact.</li> </ul>
2.2. Restoring the ecological diversity in the border area (IP 6d)	<p>Projects should be selected via open calls for proposals.</p> <p>Guiding principles for project selection:</p> <ul style="list-style-type: none"> <li>- Impact on nature protection;</li> <li>- Level of cooperation among project partners;</li> <li>- Long-run sustainability of joint developments in restoration of biodiversity and protection and promotion of ecosystems;</li> <li>- The extent of building on results of former cooperation activities;</li> <li>- Coherence with the 2<sup>nd</sup> River Basin Management Plan and the Danube River Basin District levels and contribution to the Water Framework Directive's objectives.</li> </ul>

Specific objective	Selection criteria and guiding principles
<b>3. Cooperation</b>	
3.1. Involvement of more social and institutional actors in cross-border cooperation (IP 11b)	<p>Projects should be selected via open calls for proposals.</p> <p>Guiding principles for project selection:</p> <ul style="list-style-type: none"> <li>- Improved level of cooperation among project partners based on knowledge transfer and capitalisation on previous project results.</li> <li>- Contribution to a more efficient organisational process of cooperating institutions.</li> <li>- Sustainable joint institutional structures;</li> <li>- Long-term partnerships instead of one-off events.</li> </ul>
<b>4. Education</b>	
4.1. Improve the role of educational institutions as intellectual centres for increasing the specific local knowledge-base in the region (IP 10b)	<p>Projects should be selected via open calls for proposals.</p> <p>Guiding principles for project selection:</p> <ul style="list-style-type: none"> <li>- Improved level of cooperation among educational and training institutions;</li> <li>- Developed curricula should base on local and cross-cultural knowledge;</li> <li>- Equal opportunities, gender equality, involvement of marginalised groups;</li> <li>- Balanced participation of Croatian and Hungarian participants.</li> </ul>

*Table 1: Overview of selection criteria and guiding principles of interventions*

*Source: Cooperation Programme, own compilation*

By the time of preparation of the current assessment report **two open calls for proposals** were carried out for the following priority axes (PA):

- Priority 2: Sustainable use of natural and cultural resources, including components:
  1. Bicycle paths,
  2. Tourism attractions,
  3. Thematic routes and other tourism products;
- Priority 3: Co-operation, including:
  1. Thematic co-operation,
  2. People-to-people co-operation;
- Priority 4: Education:
  1. Co-operation in higher education,
  2. Co-operation in preschool, primary and secondary education and adult education.

Timing of publication and submission due dates of the two calls were as follows:

	Date of publication	Submission deadline	EU funding available
1 <sup>st</sup> Call for Proposals	29 Feb 2016	31 May 2016	26 528 785
2 <sup>nd</sup> Call for Proposals	31 Jan 2019	3 May 2019	20 837 783

*Table 2: Timing of the calls for proposals*

*Source: Own compilation based on Calls for Proposals*

The two calls differed in terms of total available funding, total project cost and minimum/maximum project size by priorities and components. Applied conditions in the two calls are listed in the following table:

	1 <sup>st</sup> Call for Proposals		2 <sup>nd</sup> Call for Proposals	
	Total funding (EUR)	Project size (min-max., EUR)	Funding available (EUR)	Project size (min-max., EUR)
2. Sustainable use of natural and cultural assets				
2.1. Convert the region's natural and cultural heritage assets to tourism attractions with income generating capabilities (Investment Priority 6c)				
Component 1 – bicycle paths	5 000 000	200 000 – 2 000 000	-	-
Component 2 – tourism attractions	3 752 544	200 000 – 1 500 000	9 230 273	200 000 – 1 700 000
Component 3 – thematic routes and other tourism products	4 000 000	100 000 – 400 000	2 500 000	100 000 – 400 000
2.2. Restoring the ecological diversity in the border area (Investment Priority 6d)	8 576 241	150 000 – 1 500 000	3 481 696	150 000 – 1 500 000
3. Co-operation				
3.1. Involvement of more social and institutional actors in cross-border cooperation (Investment Priority 11b)				
Component 1 – thematic co-operation	1 000 000	150 000 – 300 000	1 559 379	150 000 – 300 000
Component 2 – people-to-people cooperation	1 500 000	50 000 – 200 000	1 500 000	50 000 – 200 000
4. Education				
4.1. Improve the role of educational institutions as intellectual centres for increasing the specific local knowledge-base in the region (Investment Priority 10b)				
Component 1 – Co-operation in higher education	900 000	100 000 – 300 000	766 435	100 000 – 300 000
Component 2 – Co-operation in preschool, primary and secondary education and adult education	1 800 000	100 000 – 250 000	1 800 000	100 000 – 250 000

Table 3: Funding conditions for the two calls for proposals

Source: Own compilation based on Calls for Proposals

Until the preparation of the Stage I Report, 106 projects were contracted (equally distributed between the two calls). When carrying out calls for proposals and project selection the guiding principles (Table 1) have been strictly kept, as the principles have been included as conditions in the Guidelines for Applicants and the evaluation grid, which had been agreed by the Monitoring Committee before the launch of the calls. Application of the guiding principles during project implementation and monitoring will be possible to judge upon approval of the final reports of the projects currently being implemented. In case of B Light Scheme projects, as the light projects are all in early stages of implementation, the application of guiding principles will be possible to evaluate upon finalisation of the first-round projects.

Besides the projects selected through open calls for proposals **four strategic projects** have been previously contracted.

- De-mine HU-HR II: De-contamination of war-affected territories. This is a continuation of a similar strategic project implemented in the 2007-2013 programme. As mine contamination is a key issue in some parts of the border area, a second phase project has been approved in the 2014-2020 programme as well. Lead beneficiary of the project is the Croatian Ministry of

Interior, further beneficiaries from Hungary are the Baranya County Police Headquarters and the Danube-Drava National Park Directorate. The project was finished in May 2018.

- **CB Joint Strategy:** Supporting the development of the HU-HR border region by a common strategy jointly formulated by the various actors of the cross-border area. The project's sole beneficiary is the Pannon European Grouping for Territorial Cooperation (EGTC). The project aims at the capacity development of the Pannon EGTC and, *inter alia*, elaboration of the first two chapters of the programme strategy for the 2021-27 period. The project is currently ongoing, it shall be finalised in August 2021.
- **MuKoBridge:** the strategic project aims at the preparation of the technical documentation for the Murakeresztúr–Kotoriba border crossing, including the new bridge on the Mura river. Lead partner is the Hungarian NIF National Infrastructure Development Plc., further partners are the Croatian Public Roads Llc. (Hrvatske ceste d.o.o.) and the Mura EGTC. The project was launched in March 2020 and shall be finished in December 2022.
- **B Light Scheme:** Fostering value added business cooperation between SMEs operating on different sides of the Hungary-Croatia border. This strategic project aims at the direct involvement of SMEs in cross-border cooperation, in order to promote joint development of new products, services or technologies. Hungarian and Croatian SMEs may apply joint projects, which are funded as additional partnerships of the B Light Scheme project through two-step open call for proposals. Lead beneficiary is HAMAG BICRO from Croatia, besides, from each bordering county, altogether seven, SME development agencies are involved as regular beneficiaries. SMEs, as partners of the selected light projects are joining and quitting the B Light Scheme projects, depending on their light projects' timing. The operation has started in February 2017 and lasts until July 2021. For the time being four calls for light project proposals have been carried out (see table below) and beneficiaries of all the first three calls have been contracted. Altogether 20 light projects are currently in implementation phase, with 42 partner SMEs – 20 from Croatia and 22 from Hungary – involved.

	Date of publication	Submission deadline	EU funding available
1 <sup>st</sup> Call for Light Projects	26 Oct 2018	14 Dec 2018	2 550 000
2 <sup>nd</sup> Call for Light Projects	14 Jan 2019	15 Mar 2019	3 050 000
3 <sup>rd</sup> Call for Light Projects	28 Oct 2019	20 Dec 2019	2 785 000
4 <sup>th</sup> Call for Light Projects	16 Nov 2020	15 Jan 2021	2 657 227

*Table 4: Timing of calls for light projects in the B Light Scheme project*

*Source: Own compilation based on Calls for Proposals*

The Stage I Report analyses the activities and allocation of funding according to various aspects. In order to avoid distortion, strategic projects (De mine HU-HR II, CB Joint Strategy and MUKO Bridge are excluded) from the analysis, when discussing project and beneficiary typology. On the other hand, typology of the individual light projects of the B Light Scheme are considered. At the same time, as the four strategic projects represent major interventions targeted at key development areas of the programme area, their results, outputs and impacts are fully considered during the assessment.

## 2.2 Distribution of projects by priorities and components

On the basis of the available project database **division of the currently implemented projects** between priorities and components and their related total project costs are shown in the table below:

Priority axis / Component	Number of projects	Number of beneficiaries	Total project cost (EUR)
1. Enhancing the Competitiveness of SMEs	20	42	6 463 394,60
2. Sustainable use of natural and cultural assets	40	131	38 019 492,06
2.1.1 Bicycle paths	6	18	8 372 326,92
2.1.2 Tourism attractions	16	53	20 269 941,39
2.1.3 Thematic routes and other tourism products	12	35	4 132 136,10
2.2.1 Restoring the ecological diversity in the border area	6	25	5 245 087,65
3. Cooperation	34	98	6 700 401,21
3.1.1 Thematic co-operation	20	62	4 684 409,42
3.1.2 People-to-people co-operation	14	36	2 015 991,79
4. Education	32	102	6 538 084,20
4.1.1 Co-operation in higher education	6	17	1 394 784,87
4.1.2 Co-operation in preschool, primary and secondary education and adult education	26	85	5 143 299,33
Total	126	373	57 721 372,07

Table 5: Distribution of activity and funding between priority axes and components.  
Source: IMIS/Interreg+ data, own compilation.

Comparing activities (both in terms of number of projects and size of partnership) and funding, average number of partners per project is cca. 3.1 among the selected projects, however this indicator significantly varies between the single PAs and components. SME projects in PA 1 are having the less partners (usually two, one from each country<sup>2</sup>), while in case of most other PAs this figure is above 3. For ecological diversity projects (PA 2) the average size of a partnership is 4.2.

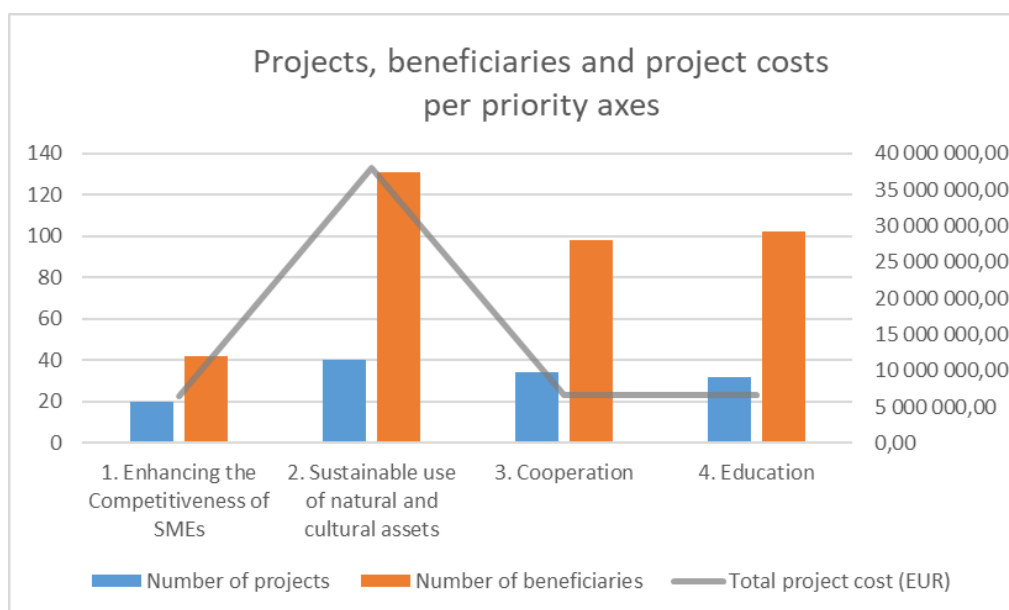


Figure 1: Number of projects, beneficiaries involved and total project cost by PAs  
Source: IMIS/Interreg+ data, own compilation.

<sup>2</sup> In case of all B Light Scheme projects Hamag-Bicro is formally the Lead beneficiary, but without any content related activities or budget. Therefore, we do not consider it as beneficiary for our calculations.

In terms of funding, the average project size is around 458 thousand EUR. The biggest average project size is detected in infrastructure-focused PA 2 projects, in particular for component 2.1.1 (bicycle path) and 2.1.2 (tourism attractions) projects, where project sizes are 1.40-1.27 million EUR respectively. Smallest projects prevail in 3.1.2 (people-to-people cooperation) and 4.1.2 (preschool, primary and secondary education) components, below 0.2 million EUR.

**Funding of components** is mostly in line with the average project sizes (see figure below). Biggest funding is allocated to tourism attraction development (2.1.2) projects, while significant funding has been committed to bicycle paths (2.1.1) and the B Light Scheme (1). As compared to the interim assessment conducted in the first quarter of 2020, the gap between PA3 and PA4 has been closed, with PA2 now absorbing almost an equal amount of total funding.

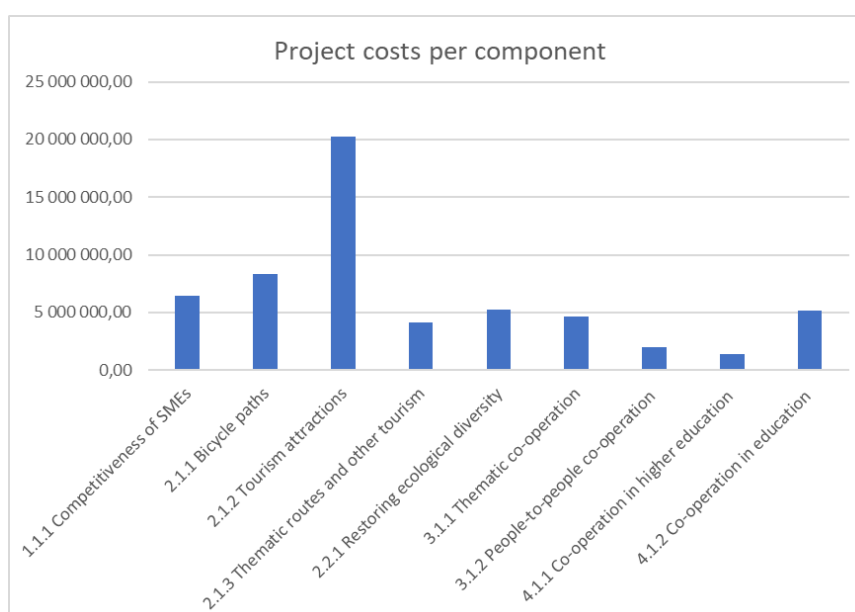


Figure 2: Distribution of total project costs between components  
Source: IMIS/Interreg+ data, own compilation

## 2.3 Typology breakdown of beneficiaries

In case of general calls for proposals for PA 2, 3 and 4 only non-profit organisations were eligible, apart from some for-profit business entities that are owned to a 100% extent by the state, a local government or another public non-profit organisation. Besides their ownership status they must also operate in the interest of the general public, usually performing tasks of a public body. These organisations in the further analysis are treated as non-profit organisations.

For the B Light Scheme calls (PA 1) for-profit small and medium size enterprises (SMEs) were eligible only, non-profit companies and large companies were excluded.

For the sake of **categorisation of beneficiaries**, the following typology was applied:

- **Public administration institutions:** municipalities and public authorities on local, regional and national level;
- **Public non-profit organisations:** bodies established by public institutions operating as non-profit companies or public institutions that may be local, regional or national;
- **Research institutes:** organisations established by public bodies, dealing with research, development and innovation;
- **Higher education:** universities or other public high education institutions;

- **Other education:** Non-higher education and training institutions, including public pre-school, primary, secondary education and adult education institutions;
- **NGOs & private non-profit companies:** non-profit civil organisations (association, foundation) or companies established by non-public bodies;
- **SMEs:** private for-profit companies that were eligible for the B Light Scheme.

Results of the beneficiary typology analysis are summarised in Table 6.

In terms of intensity of activities – which is measured by the number of beneficiaries/project parts – **Croatia was generally more active**, with 55% of the total number of project parts. In terms of total project costs the two countries are rather balanced, which means project parts are having slightly larger average budget among Hungarian partners.

As for **public bodies**, in general Croatian public bodies were more active than those in Hungary. Also, a significant difference is detected between the activity on various levels of governance. While local public bodies are the most active in both countries, regional bodies show significantly higher activity in Croatia. On the contrary, Hungarian national level authorities are somewhat more active. In terms of other categories, significant difference is detected in case of other education and training institutions, which are generally more active in Croatia. This difference is justified by the fact that in Hungary a large part of the primary and secondary educational institutions is managed by the Klebelsberg Centre, which is a state-run public body. On the other hand, in Croatia, public schools are separate legal entities, controlled by local governments or counties.

A similar distribution is visible in case of **total project costs** (Figure 3). Largest amounts were committed to public beneficiaries, especially in the case of Croatia. Difference in funding for other educational and training institutions is justified by a higher activity in Croatia, while higher education institutions were more active in Hungary. The non-profit and SME sectors are rather balanced. The contribution of the research sector is insignificant.

Type of beneficiary	Total			Croatia			Hungary		
	No. of beneficiaries	Total project cost (EUR)	Average project part size (EUR)	No. of beneficiaries	Total project cost (EUR)	Average project part size (EUR)	No. of beneficiaries	Total project cost (EUR)	Average project part size (EUR)
Public administration institutions	103	27 962 028,33	271 476,00	56	15 157 322,40	270 666,47	47	12 804 705,93	272 440,55
Public non-profit organisations	105	14 274 665,93	135 949,20	68	6 847 416,18	100 697,30	37	7 427 249,75	200 736,48
Research institutes	3	231 324,98	77 108,33	2	155 236,22	77 618,11	1	76 088,76	76 088,76
Higher education	31	2 741 257,80	88 427,67	12	966 538,09	80 544,84	19	1 774 719,71	93 406,30
Other education	49	3 424 844,00	69 894,78	29	1 960 056,87	67 588,17	20	1 464 787,13	73 239,36
NGOs & private non-profit companies	40	2 623 856,43	65 596,41	18	1 286 325,52	71 462,53	22	1 337 530,91	60 796,86
SMEs	42	6 463 394,60	153 890,35	20	3 077 183,14	153 859,16	22	3 386 211,46	153 918,70
<b>Total</b>	<b>373</b>	<b>57 721 372,07</b>	<b>154 748,99</b>	<b>205</b>	<b>29 450 078,42</b>	<b>143 658,92</b>	<b>168</b>	<b>28 271 293,65</b>	<b>168 281,51</b>

Table 6: Typology breakdown of beneficiaries

Source: IMIS/Interreg+ data, own compilation

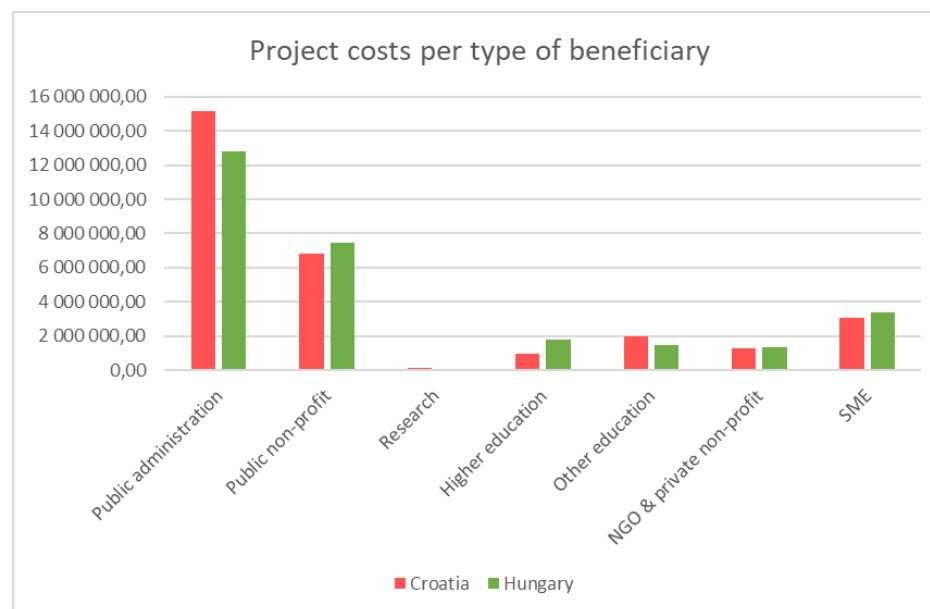


Figure 3: Distribution of project costs between types of beneficiaries in Hungary and Croatia

Source: IMIS/Interreg+ data, own compilation

## 2.4 Geographic distribution of projects and funding

The **programme area** included altogether 11 NUTS 3 regions (counties): the three directly bordering counties in Hungary (Baranya, Somogy, Zala) and eight counties in Croatia, out of which four are directly located at the border (Koprivničko-križevačka, Međimurska, Osječko-baranjska, Virovitičko-podravska) and further four counties (Bjelovarsko-bilogorska, Požeško-slavonska, Varaždinska, Vukovarsko-srijemska) are neighbouring the border counties:



Figure 4: Map of programme area counties

Source: Own compilation

In general, the four latter counties have become equally treated beneficiaries of the programme for the first time in the 2014-2020 period, therefore they were **significantly less active**: Bjelovarsko-bilogorska, Požeško-slavonska and Vukovarsko-srijemska counties provided no lead beneficiaries so far, and Požeško-slavonska did not even provide a single beneficiary for the project until the preparation of the Stage I Report.

Though Croatia was generally more active, in terms of counties, the highest **number of beneficiaries** was detected in Baranya county, followed by Osječko-baranjska, Koprivničko-križevačka and Zala:

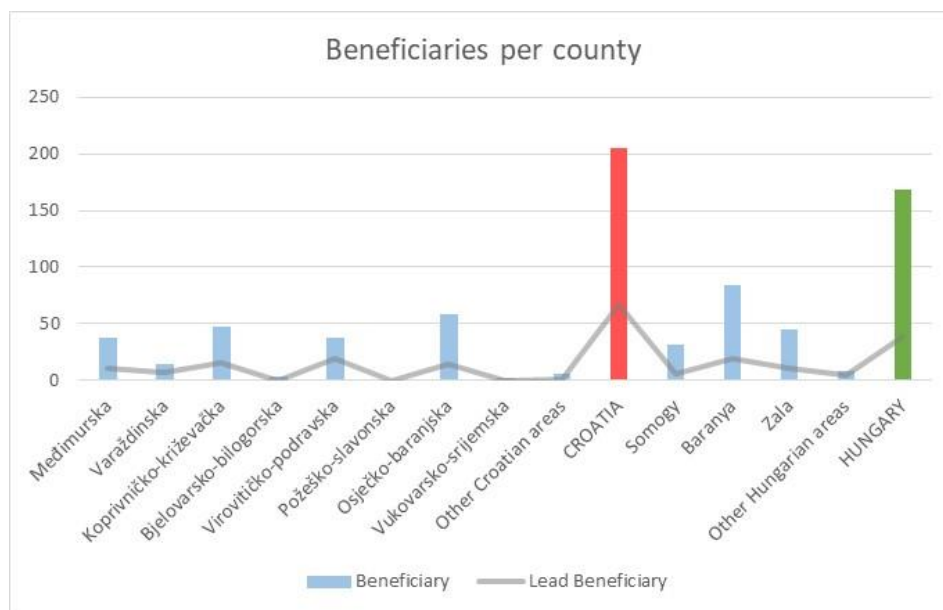


Figure 5: Distribution of partnerships and lead beneficiaries between counties  
Source: IMIS/Interreg+ data, own compilation

Allocation of **project costs** between counties show a similar picture: the most active counties are responsible for the highest project costs. The biggest deviation from the general picture is detected in case of Virovitičko-podravaska, with relatively lower share in project costs:

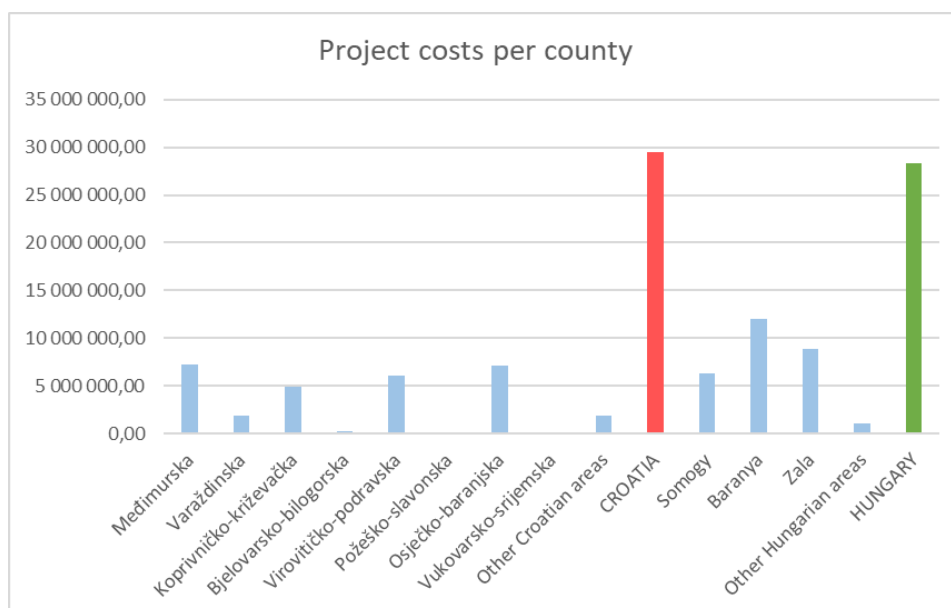


Figure 6: Distribution of project costs between counties  
Source: IMIS/Interreg+ data, own compilation

In general – in spite of some territorial disparities preferring the counties with large universities and significant sectoral state agencies (Baranya and Osječko-baranjska) – a **very good territorial balance** has been achieved concerning the counties located directly at the border. We would like to particularly highlight – also in line with the **integrated approach** promoted by the CP – the strong relative performance of the Croatian counties in the middle of the border region, suffering from bad accessibility and depopulation. On the other hand, mobilisation of the counties neighbouring the border counties on the Croatian side has not been completely successful, as cross-border cooperation has generally remained in the close vicinity of the state border. This territorial

restriction was also promoted through the preference of Zone B in case of components 2.1.1 and 2.1.2, which limited investments in the 40 km strip of the border. Among the not directly bordering counties, Varaždinska has showed visible activity, while Bjelovarsko-bilogorska and Vukovarsko-srijemska have cooperated with minimum intensity. Požeško-slavonska has failed to get involved in cross-border cooperation.

### 3 Identification of programme effects

#### 3.1 Intervention strategy of the Programme

##### 3.1.1 Priorities and their justification

The **overall long-term vision** of the programme is defined in chapter 1 of the CP. It is built around the following elements:

- Intense and diverse cross-border cooperation;
- Appropriate cross-border connections;
- Cross-border knowledge sharing;
- Cross-border cooperation of active and motivated groups of the society;
- Sustainable and value-added exploitation of natural and cultural resources;
- Permanent enrichment of economic, institutional and individual relationships.

The Programme is formed by 5 priority axes, including technical assistance. The 4 thematic priority axes focus on **5 selected investment priorities, justified by the CP by the following challenges** of the programme area:

#### **3c - Supporting the creation and the extension of advanced capacities for product and service development:**

- Low economic growth rates and low density of SMEs;
- Weak absorption capacity of SMEs mainly due to lack of resources (HU);
- Limited access to capital (HR);
- Value added SME production operating in industry and services sectors in the area is extremely low;
- Cooperation among SMEs is rather poor.

#### **6c - Conserving, protecting, promoting and developing natural and cultural heritage:**

- Infrastructure for nature and cultural heritage tourism needs to be improved in line with sustainable development principles;
- Suspected and confirmed minefields have to be decontaminated;
- The permeability of the border has to be improved for tourism.

#### **6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green Infrastructure:**

- There is a great interest to further restore and protect natural heritage (characterised by high biodiversity, great variety of ecosystems, and large protected areas);
- Specific measures of flood protection ensuring revitalized oxbows and floodplain systems;
- Less aggressive methods and more diversity are needed in agriculture, including traditional ways of land use.

#### **10b - Investing in education, training and vocational training for skills and lifelong learning by developing and implementing joint education, vocational training and training schemes (ETC-CB):**

- Inequalities in the education level of the population (that is generally mediocre);
- Draining effect of the two capital cities;
- Cross-border labour mobility is insignificant;
- Lack of mutual knowledge on life in the other side of the border hinders cooperation and weakens regional identity;

- National curricula in none of the member states provide specific knowledge related to the border region or the neighbouring country;
- Infrastructure of the schools is in general in low condition, not allowing modern teaching methods;
- Poverty and isolation in some areas hinder access to good quality education and joint experiences.

**11b - Promoting legal and administrative cooperation and cooperation between citizens and institutions (ETC-CB):**

- Cooperation culture and territorial governance frameworks have to be improved (as most important preconditions of effective cross-border cooperation and continuous implementation of cooperation strategies);
- Poor cross-border connectivity and low level of language skills hinder cooperation;
- Participation in networking activities remain restricted to limited circle of entities;
- Capacity building is needed for organizations to strengthen spatial structures and jointly address bottlenecks of institutional development and policy dimensions.

### 3.1.2 Reconstructed intervention logic

The intervention strategy of the programme was prepared in October 2013, including the overall objective, the justification for the selection of thematic objectives and investment priorities, the preliminary intervention logic, the justification of the draft financial allocation, as well as the specific objectives, actions, result and output indicators of the selected PAs. Hereunder, in line with the selected impact assessment methodology, we present the **reconstructed intervention logic** updated in line with the approved Cooperation Programme. We also include a table summarising the **target groups and beneficiaries, indicative activities and guiding principles**:

Priority axis	Thematic objective	Investment priorities	Specific objectives corresponding to the investment priorities	Result indicators corresponding to the specific objective
1. Enhancing the Competitiveness of SMEs	TO3 - Enhancing the competitiveness of SMEs	3c) Supporting the creation and the extension of advanced capacities for product and service development	1.1 Fostering value added business cooperations between SMEs operating on different sides of the border	Average GVA per capita of industry and services sectors of the programme area
2. Sustainable Use of Natural and Cultural Assets	TO6 - Preserving and Protecting the Environment and Promoting Resource Efficiency	6c) Conserving, protecting, promoting and developing natural and cultural heritage	2.1 Convert the region's natural and cultural heritage assets to tourism attractions with income generating capabilities	Number of guest nights in Zone B defined by the Handbook to Tourism Projects in the Hungary-Croatia IPA Cross-border Cooperation Programme 2007-2013.
		6d) Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green Infrastructure	2.2 Restoring the ecological diversity in the border area	Number of habitats with 'A: excellent conservation' status of selected Special Bird Protection Areas
3. Cooperation	TO11 - Enhancing Institutional Capacity and an Efficient Public Administration	11b - Promoting legal and administrative cooperation and cooperation between citizens and institutions (ETC-CB)	3.1 Involvement of more social and institutional actors in cross-border cooperation	Number of entities participating in cross-border networks and bilateral co-operations
4. Education	TO10 - Investing in Education, Training, including Vocational Training for Skills and Lifelong Learning by Developing Education and Training Infrastructure	10b - Investing in education, training and vocational training for skills and lifelong learning by developing and implementing joint education, vocational training and training schemes (ETC-CB)	4.1 Improve the role of educational institutions as intellectual centres for increasing the specific local knowledge-base in the region	Number of educational institutions in the border region that offer courses jointly or with region- or neighbouring country-specific content
5. Technical assistance	(not relevant)	(not relevant)	a) To secure the core management for the implementation of the Programme (preparation, contracting, implementation, monitoring, evaluation and control)	(not relevant)
			b) to implement accompanying activities to support the generation and implementation of high-quality, result-oriented cross-border projects and partnerships in a way that the TA contributes to the effective and smooth management and implementation of the programme.	

*Table 7: Reconstructed intervention logic*  
*Source: Cooperation Programme, own compilation*

SO	Main target groups and types of beneficiaries	Indicative activities	Guiding principles
1.1	<ul style="list-style-type: none"> <li>• Cross-border SME development partnership (involved via B Light Scheme)</li> <li>• LB should have a relevant experience in SME development programmes</li> <li>• PPs should have a representation of the border area</li> </ul>	<ol style="list-style-type: none"> <li>1. Establishment and elaboration of a cross-border SME development scheme</li> <li>2. Supporting development projects of cooperating SMEs in the following fields: <ul style="list-style-type: none"> <li>• joint product, technology or service development increasing their value adding production and broadening their markets</li> <li>• joining SMEs to supplier chains</li> <li>• joint development of marketing, promotional and demonstration facilities and services</li> <li>• supporting SMEs for participating in training management skills and competencies training (e.g. language, cultural behaviour, technical competencies, challenge of succession)</li> <li>• creation and the further development of cross-border joint economic clusters</li> </ul> </li> </ol>	<ul style="list-style-type: none"> <li>• Value added of cross-border joint product, technology or service development</li> <li>• Marketability</li> <li>• Innovative character</li> <li>• Financial sustainability</li> </ul>
2.1	<p>Main target groups:</p> <ul style="list-style-type: none"> <li>• potential visitors of the region, from other regions of Croatia and Hungary, and also from third countries</li> <li>• tourism-related service provider SMEs</li> </ul> <p>Potential beneficiaries:</p> <ul style="list-style-type: none"> <li>• Regional and sectoral development agencies</li> <li>• Local and regional self-governments and their business undertakings</li> <li>• National and regional or local level bodies (institutions, authorities etc.) responsible for the nature, environment, waters and transport</li> <li>• NGOs</li> <li>• Non-profit organisations</li> <li>• Cultural institutions</li> <li>• Tourist boards</li> <li>• State Owned Forest Companies in the</li> </ul>	<ol style="list-style-type: none"> <li>1. Cycling tourism: <ul style="list-style-type: none"> <li>• Development of missing sections of international and national cycling routes</li> <li>• core networks, cross-border connections</li> <li>• Upgrading facilities, promotion of cooperation</li> <li>• Development of a cyclers' friendly destination image</li> <li>• Improvement of product and sales capacities</li> </ul> </li> <li>2. Other active tourism forms: <ul style="list-style-type: none"> <li>• Upgrading of infrastructure in line with sustainability principles.</li> <li>• Development of an attractive active tourism destination image</li> </ul> </li> <li>3. Heritage tourism: <ul style="list-style-type: none"> <li>• Development and upgrading of interpretation infrastructure</li> <li>• Development of local artisan products, services and their networks</li> <li>• Development of bi- and multi-lingual ICT</li> </ul> </li> </ol>	<p>In general:</p> <ul style="list-style-type: none"> <li>• Impact on tourism spending</li> <li>• Innovation in valorisation of heritage</li> <li>• Environmental and economic sustainability</li> <li>• Correlation with Handbook to Tourism Projects</li> <li>• Involvement of professional or societal partners</li> <li>• Environmental protection requirements (preservation of good status, reduction of waste)</li> <li>• Use of local, nature- and environment-friendly materials and techniques are preferred</li> </ul> <p>Specific for road development projects:</p> <ul style="list-style-type: none"> <li>• Expected increase of traffic shall be forecasted and mitigated</li> <li>• Road construction activities in valuable environmental areas should be avoided</li> <li>• Silent road surface and passive noise reduction tools to be used in populated areas</li> <li>• Direct contribution to the achievements of the specific objectives of the SO and linked to projects</li> </ul>

SO	Main target groups and types of beneficiaries	Indicative activities	Guiding principles
	border area <ul style="list-style-type: none"> <li>• Croatian Mine Action Centre (CROMAC)</li> <li>• Hungarian County Police Department</li> <li>• National/regional/local road authorities in both countries</li> <li>• EGTCs</li> </ul>	interpretation content <ul style="list-style-type: none"> <li>• Development of the image of an attractive, authentic, unspoiled and unique natural and cultural destination</li> </ul>	financed by the cross-border programmes or other 2014-2020 projects <ul style="list-style-type: none"> <li>• Investments should increase the number of visitors to supported heritage sites and attractions</li> <li>• Potential environmental effects should be compensated</li> <li>• In case ferries: clean, environment-friendly vehicles will be preferred</li> </ul>
2.2	Main target groups: <ul style="list-style-type: none"> <li>• Local farmers, owners of Natura 2000 sites or areas with high ecological value</li> <li>• Management staff of natural parks and other protected areas</li> <li>• NGOs interested in nature conservation and rehabilitation</li> <li>• Local policy makers and planners</li> <li>• General public.</li> </ul> Typical beneficiaries: <ul style="list-style-type: none"> <li>• Regional and sectoral development agencies</li> <li>• Local and regional self-governments and their business undertakings</li> <li>• National and regional/local level bodies (institutions, authorities, etc.) responsible for the nature, environment and waters</li> <li>• Scientific institutions and organisations</li> <li>• State Owned Forest Companies in the border area</li> <li>• NGOs</li> </ul>	<ul style="list-style-type: none"> <li>• Joint development of management plans and studies for protected areas or areas of high ecological value</li> <li>• restore landscapes to natural and semi-natural habitats</li> <li>• Joint research, data collection and monitoring activities and systems</li> <li>• Small scale infrastructure development for protecting or managing natural and semi-natural habitats, ecosystems or landscapes</li> <li>• Community involvement, awareness-raising, education and training in nature conservation and sustainable land use</li> <li>• Cooperation, knowledge sharing and capacity building of nature conservation institutions (e.g. protected areas)</li> <li>• Harmonized controlling and monitoring of invasive species and habitat restoration</li> </ul>	<ul style="list-style-type: none"> <li>• Impact on nature protection</li> <li>• level of cooperation</li> <li>• Long-term sustainability of joint developments</li> <li>• Extent of building on the results of former cooperation activities, plans or strategies</li> <li>• Coherence with the 2nd River Basin Management Plan both on national and Danube River Basin District levels and contribution to the WDF objectives</li> </ul>
3.1	Main target groups: <ul style="list-style-type: none"> <li>• Staff members of the local and national institutions and authorities</li> <li>• Staff members of local, county and regional self-governments and their undertakings</li> <li>• General public</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge sharing meetings and seminars</li> <li>• Development of common approaches to shared problems such as social inclusion and employment of marginalized social groups</li> <li>• Joint improvement of basic services like health and social care through ICT technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Improved level of cooperation based on knowledge transfer and capitalization on previous project results</li> <li>• Contribution to more efficient organisational processes of cooperating institutions</li> <li>• Potential of results to be capitalised on</li> </ul>

SO	Main target groups and types of beneficiaries	Indicative activities	Guiding principles
	<p>Typical beneficiaries:</p> <ul style="list-style-type: none"> <li>• Local, county and regional self-governments and their undertakings</li> <li>• Local and national institutions and authorities located in the programme area</li> <li>• Civil organisations</li> <li>• Labour market services, other national and regional labour market organizations</li> <li>• Self-governments of minorities</li> <li>• Public transport organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Joint programming, project preparation and demonstration actions of local governments, non-profit organizations, development and energy agencies in the field of renewable energy and energy efficiency</li> <li>• Supporting the harmonization of labour demand and supply (via employment pacts, information provision, etc.)</li> <li>• Labour market information and guidance service</li> <li>• Joint databases on cross-border labour market</li> <li>• Formulation of bottom-up partnerships to develop territory based integrated solutions for employment</li> <li>• Improvement of public transport services (e.g. coordinating timetables, capacity building, etc.)</li> <li>• Skills and knowledge development to continue and intensify cross-border cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability of joint institutional structures developed</li> <li>• Sustainability of shared processes developed</li> <li>• Involvement of new partners in CBC activities</li> <li>• Geographic coverage</li> <li>• Individual, one-off events are not supported</li> <li>• Lay the basis for long-term partnership</li> <li>• Capitalize on existing results and make one step further to establish more sustainable connection between citizens and communities</li> <li>• Ensuring the participation of greater number of people</li> </ul>
4.1	<p>Main target groups:</p> <ul style="list-style-type: none"> <li>• ·students living and studying in the border area</li> <li>• ·apprentices living and studying in the border area</li> <li>• ·technical/teaching staff of educational and training institutions</li> <li>• ·groups and individuals of marginalised communities, including the Roma</li> </ul> <p>Typical beneficiaries:</p> <ul style="list-style-type: none"> <li>• local and national institutions and service providers</li> <li>• local self-government units and their undertakings</li> <li>• educational institutions and establishments (kindergartens, schools, colleges, higher education institutes)</li> <li>• vocational training institutions</li> </ul>	<p>In general:</p> <ul style="list-style-type: none"> <li>• Development and implementation of joint curricula/courses by regional higher education institutions</li> <li>• Peer Reviews on identified good practices concerning teaching methods of cross-cultural knowledge</li> <li>• Development and testing of training materials for improved knowledge of the region's culture</li> <li>• Purchase of equipment supporting joint training courses and services</li> <li>• Small-scale upgrading of educational premises supporting joint training courses and services</li> <li>• Developing and delivering joint incentive schemes (internships, placements, hired students)</li> <li>• Developing and delivering joint schemes in dual education to support exchange of apprentices</li> <li>• Incentives to create networks of schools, or twin-</li> </ul>	<ul style="list-style-type: none"> <li>• CONTRIBUTION to the specific objective</li> <li>• Level of cooperation among educational and training institutions</li> <li>• The degree the content of the curricula is based on local and/or cross-cultural knowledge</li> <li>• Purchase of equipment or small scale upgrading of educational premises justified as solely complementary activities</li> <li>• Prioritising those interventions which build new services on results of previous joint developments</li> <li>• Equal opportunities and gender equality</li> <li>• Balanced participation of Croatian and Hungarian participants</li> <li>• Involvement of marginalised groups or individuals</li> </ul>

SO	Main target groups and types of beneficiaries	Indicative activities	Guiding principles
	<ul style="list-style-type: none"> <li>• open universities</li> <li>• libraries</li> <li>• NGOs</li> <li>• development agencies</li> <li>• cultural centres</li> </ul>	<p>schools aiming at knowledge transfer</p> <ul style="list-style-type: none"> <li>• Design and delivery of traineeships for teachers in enterprises</li> </ul> <p>Specific programs integrating marginalised social groups, such as people living in poverty and, especially the Roma):</p> <ul style="list-style-type: none"> <li>• Mentoring system to help the integration of marginalised groups</li> <li>• Mentoring system for training teachers working in schools in lagging behind areas</li> <li>• Local events for schools with high proportion of Roma students</li> </ul>	
5 (technical assistance)	<p>Beneficiaries:</p> <ul style="list-style-type: none"> <li>• Széchenyi Programme Office Nonprofit Ltd., Hungary (JS, JS Contact Points, control system in Hungary)</li> <li>• Prime Minister's Office, Hungary (Managing Authority)</li> <li>• Hungarian State Treasury (Certifying Authority)</li> <li>• Agency for Regional Development of the Republic of Croatia (control system in Croatia)</li> <li>• Directorate General for Audit of European Funds (programme-level audit activities)</li> </ul>	<ul style="list-style-type: none"> <li>• Smooth administration and management of the whole CBC Programme</li> <li>• Increase the presence of the Programme in the programme area</li> <li>• Enhancing the capacity of applicants and beneficiaries to apply for and to use the programme</li> <li>• Improve the administrative procedures and lower the administrative burden of the Beneficiaries</li> <li>• Knowledge transfer between the two programming periods</li> <li>• Capitalisation of the Programme's results</li> </ul>	<ul style="list-style-type: none"> <li>• TA aims at supporting the implementation of the programme, the involvement of relevant partners, as well as to increase capacity of institutions and beneficiaries in the programme area for the cross-border actions.</li> <li>• Activities covered by the TA will be financed using the project management approach.</li> </ul>

*Table 8: Main target groups and types of beneficiaries, indicative activities, guiding principles*

*Source: Cooperation Programme, own compilation*

### 3.1.3 Indicators defined to measure performance and impacts

The CP also identifies quantified output, performance and result indicators, as follows:

SO	Result indicator	Baseline (year)	Target (2023)
1.1	Average GVA per capita of industry and services sectors of the programme area	5,208 EUR (2011)	5,500 EUR
2.1	Number of guest nights in Zone B defined by the Handbook to Tourism Projects in the Hungary-Croatia IPA Cross-border Cooperation Programme 2007-2013.	1,758,826 EUR (2013)	1,846,747 EUR
2.2	Number of habitats with 'A: excellent conservation' status of selected Special Bird Protection Areas	179 (2014)	192
3.1	Number of entities participating in cross-border networks and bilateral co-operations	36 (2015)	49
4.1	Number of educational institutions in the border region that offer courses jointly or with region- or neighbouring country-specific content	29 (2014)	90

*Table 9: Result indicators of the Programme  
Source: Cooperation Programme, own compilation*

SO	Indicator	Target (2023)
1.1	CO01 - Productive investment: Number of enterprises receiving support	80
1.1	CO02 - Productive investment: Number of enterprises receiving grants	80
1.1	CO04 - Productive investment: Number of enterprises receiving non-financial support	80
2.1	CO09 - Sustainable Tourism: Increase in expected number of visits to supported sites of cultural and natural heritage and attractions	60,000 visits/year
2.1	CO22 - Land rehabilitation: Total surface area of rehabilitated land	450 Ha
2.1	2.3 - Number of tourism facilities / service providers being certified by an environmental sustainability scheme	40
2.2	CO23 - Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	5,400 Ha
2.2	2.2.2 - Number of participants in joint education training schemes and awareness raising programmes	1,000
2.2	2.2.3 - Number of joint international studies	10
3.1	3.1 - Number of institutions participating in joint capacity building actions	33
3.1	3.2 - Number of harmonized processes, shared initiatives, coordinated policies and projects developed jointly	66
3.1	3.3 - People participating in joint actions and events	810
4.1	4.1 - Training courses developed and delivered (formal and informal)	40
4.1	4.2 - Number of educational premises refurbished	15
4.1	4.3 - Number of educational premises upgraded with technical equipment	15
4.1	4.4 - Number of participants in joint education and training schemes to support youth employment, educational opportunities and higher and vocational education across borders	860
4.1	4.5 - Number of involved marginalised persons in training programmes	200
5.	5.1 - Projects selected for financing	100
5.	5.2 - Electronic monitoring system established	1
5.	5.3 - Programme evaluation plan prepared (and approved by the MC)	1
5.	5.4 - Programme communication plan prepared (and approved by the MC)	1
5.	5.5 - Guiding documents addressed to applicants and beneficiaries	3
5.	5.6 - Publicity events	10
5.	5.7 - Number of employees (FTEs) whose salaries are co-financed by technical assistance	9

*Table 10: Common and programme-specific output indicators of the Programme  
Source: Cooperation Programme, own compilation*

PA	Indicator or key implementation step	Milestone (2018)	Target (2023)
1	F - Financial indicator	2,200,000 EUR	11,718,000 EUR
1	O - Number of enterprises receiving grants	15	80
2	CO09 - Sustainable Tourism: Increase in expected number of visits to supported sites of cultural and natural heritage and attractions	9,000	60,000
2	CO23 - Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	810	5,400
2	Financial indicator	7,580,000 EUR	42,093,711 EUR
3	Financial indicator	1,210,000 EUR	6,726,464 EUR
3	O - People participating in joint actions and events	125	810
4	CO46 - Labour Market and Training: Number of participants in joint education and training schemes to support youth employment, educational opportunities and higher and vocational education across borders	150	860
4	Financial indicator	1,210,000 EUR	6,726,464 EUR

Table 11: Performance framework indicators of the Programme

Source: Cooperation Programme, own compilation

The total financial appropriation of the programme, including EU support (ERDF), national public and national private funding is 73.9 million EUR. It is allocated to priority axes as follows:

Priority Axis	Total funding (EUR)
1. Enhancing the Competitiveness of SMEs	11,718,000.00
2. Sustainable Use of Natural and Cultural Assets	42,093,711.00
3. Cooperation	6,726,464.00
4. Education	6,726,464.00
5. Technical assistance	6,635,389.00
<b>TOTAL</b>	<b>73,900,028.00</b>

Table 12: Total financial appropriation of the Programme

Source: Cooperation Programme, own compilation

### 3.2 Project objectives and achievements

At the time of preparation of the Stage I Report there is limited ex-post data available on the achievements of contracted projects: Only part of PA1 projects of the B Light Scheme and PA 2, 3 and 4 projects selected in the 1<sup>st</sup> general call have been finished, many of them are currently being implemented, while projects of the 2<sup>nd</sup> general call are just after the contracting phase and only in the first reporting phase, and 4<sup>th</sup> call B Light Scheme projects are yet to be contracted. **Expected achievements** from different kinds of projects may be drawn from the calls for proposals, which are listed in the following table:

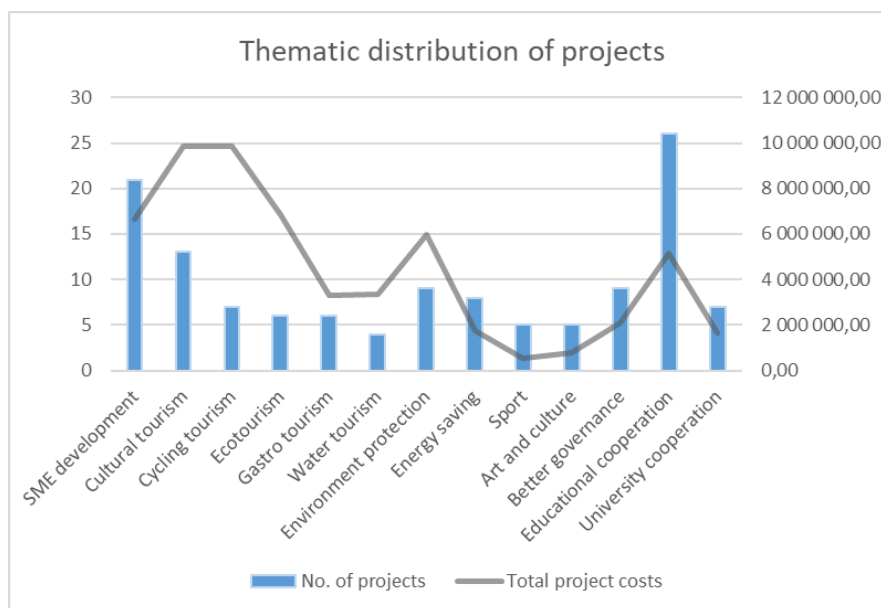
Specific objective / Component	Expected achievements
<b>1. Enhancing the Competitiveness of SMEs</b>	
1.1. Fostering value added business cooperation between SMEs operating on different sides of the border (IP 3c)	Jointly developed new products, services or technologies that are placed on the market of the partner counties and/or third countries. Development of business premises and purchase of equipment needed for the development.
<b>2. Sustainable use of natural and cultural assets</b>	
2.1. Convert the region's natural and cultural heritage assets to tourism attractions with income generating capabilities (IP 6c)	
Component 1 – bicycle paths	Upgrading of the physical tourism infrastructure, providing access to existing and potential tourists sites by means of cycling infrastructure

Specific objective / Component	Expected achievements
	(bicycle paths, signage, resting areas, service points etc.). <i>Only 1st Call: Image development, promotion.</i>
Component 2 – tourism attractions	Upgrading the physical tourism infrastructure by setting up new tourism attractions and services, such as visitors' centres, thematic parks, information points etc. and their promotion.
Component 3 – thematic routes and other tourism products	Coordinated investment in a network of attractions for generating various new thematic routes (nature, pilgrim, gastro, cultural etc.) and their promotion.
2.2. Restoring the ecological diversity in the border area (IP 6d)	Small scale investment in infrastructure for protection of habitats, ecosystems and landscapes. Establishment of green corridors and integrated management facilities of water bodies, and related soft activities. <i>Only 1st Call: Small-scale nature interpretation infrastructure (study trails, walking paths).</i> <i>Only 2nd Call: Funding restricted to applications contributing to the result indicator: 'Increased number of habitats with 'A: excellent conservation' status of selected Special Bird Protection Areas'.</i>
<b>3. Cooperation</b>	
<b>3.1. Involvement of more social and institutional actors in cross-border cooperation (IP 11b)</b>	
Component 1 – thematic co-operation	Organisation of exchange of experience platforms and development of basic new services in various thematic areas: health, social care, renewable energies and energy efficiency, labour market cooperation, public transport and development of human skills in general.
Component 2 – people-to-people cooperation	Organisation of joint cultural and sport events in the border region in order to promote more intensive interaction in the civil society and municipalities.
<b>4. Education</b>	
<b>4.1. Improve the role of educational institutions as intellectual centres for increasing the specific local knowledge-base in the region (IP 10b)</b>	
Component 1 – Co-operation in higher education	Development, piloting and implementation of joint study programmes, elaboration of course materials by higher education institutions, analysis and surveying of higher education-related topics. Purchase of equipment and small-scale upgrading of educational premises.
Component 2 – Co-operation in preschool, primary and secondary education and adult education	Promotion of networking of educational institutions, knowledge transfer and exchange of good practices through various events. Setting up mentoring system for disadvantaged and socially handicapped people, in particular Roma.

Table 13: Expected achievements on project level by components

Source: Guidelines for Applicants HUHR/1601, HUHR1901

In order to get a qualitative view on the expected achievements **projects were thematically grouped into 12 categories of objectives** as seen in the figure below. The analysis shows that the number of projects in educational cooperation and SME development (mostly under the B Light Scheme) stand out (26 and 21 projects, respectively). These two categories were followed by cultural tourism (13 projects), environment protection and governance (9-9 projects). Some themes with their own component were targeted by relatively lower number of projects, like cycling tourism or higher education cooperation (7-7 projects). At the same time, the highest total funding was received by themes including more infrastructure elements, with cultural and cycling tourism at the top (cca. 9.94 million EUR each), followed by SME development (6.66 m EUR), environment protection (6.00 m EUR) and educational cooperation (5.14 m EUR). Themes focused on soft activities (sports, art& culture, etc.) received the lowest total funding:



*Figure 7: Distribution of project objectives and the related project costs*  
*Source: IMIS/Interreg+ data, own compilation*

**Distribution of funding** related to various project objectives shows a mixed picture on regional level. Preference to some objectives in the different counties is caused by the local capabilities and institutional setting (see table below). Figures show the lower interest and involvement of non-borderside Croatian counties once again. The importance of local institutional background is reflected in the high concentration of funding with environment protection objectives, namely in Baranya and Osječko-baranjska counties, where key regional environment protection organisations are seated. Similar concentration is shown in university cooperation, in case of Baranya and Koprivničko-križevačka counties. SME development, tourism and educational cooperation show a more balanced picture, but the relatively high rate of tourism funding (especially in the water and cycling sectors) and environment protection in case of Međimurska is worth mentioning:

Theme	Međimurska	Varaždinska	Koprivničko-križevačka	Bjelovarsko-bilogorska	Virovitičko-podravska	Požeško-slavonska	Osječko-baranjska	Vukovarsko-srijemska	Other HR	Somogy	Baranya	Zala	Other HU
SME development	10,2%	1,9%	10,2%	2,7%	8,9%	0,0%	11,4%	2,4%	0,0%	15,4%	26,4%	10,5%	0,0%
TOURISM (all sectors)	14,3%	3,5%	5,6%	0,0%	13,1%	0,0%	12,9%	0,1%	1,9%	11,8%	17,0%	18,9%	0,9%
Environment protection	18,9%	4,0%	3,4%	0,0%	3,1%	0,0%	4,5%	0,0%	18,4%	0,0%	30,5%	12,1%	5,2%
Energy saving	14,5%	0,0%	12,9%	0,0%	0,0%	0,0%	28,4%	0,0%	0,0%	2,4%	22,2%	19,6%	0,0%
Sport	0,0%	4,5%	10,1%	7,6%	13,5%	0,0%	9,3%	0,0%	0,0%	0,0%	35,0%	19,9%	0,0%
Art and culture	9,9%	0,0%	11,5%	0,0%	0,0%	0,0%	23,0%	0,0%	0,0%	0,0%	37,8%	17,8%	0,0%
Better governance	6,9%	5,5%	7,7%	0,0%	0,0%	0,0%	23,2%	0,0%	4,7%	13,8%	15,7%	6,5%	16,0%
Educational cooperation	2,1%	3,4%	22,6%	0,4%	17,6%	0,0%	7,3%	0,0%	0,0%	17,7%	20,5%	8,4%	0,0%
University cooperation	3,3%	3,6%	28,5%	0,0%	0,0%	0,0%	13,3%	0,0%	0,0%	7,8%	30,9%	2,4%	10,2%
<b>Total</b>	<b>12,5%</b>	<b>3,3%</b>	<b>8,5%</b>	<b>0,4%</b>	<b>10,6%</b>	<b>0,0%</b>	<b>12,3%</b>	<b>0,3%</b>	<b>3,2%</b>	<b>10,9%</b>	<b>20,8%</b>	<b>15,4%</b>	<b>1,9%</b>

Tourism sector	Međimurska	Varaždinska	Koprivničko-križevačka	Bjelovarsko-bilogorska	Virovitičko-podravska	Požeško-slavonska	Osječko-baranjska	Vukovarsko-srijemska	Other HR	Somogy	Baranya	Zala	Other HU
Cultural tourism	11,6%	8,4%	0,0%	0,0%	12,2%	0,0%	15,2%	0,2%	20,8%	13,6%	15,2%	0,0%	2,9%
Cycling tourism	20,6%	3,3%	8,1%	0,0%	10,1%	0,0%	9,8%	0,0%	10,0%	11,1%	26,9%	0,0%	0,0%
Ecotourism	1,0%	0,0%	1,7%	0,0%	24,0%	0,0%	20,6%	0,0%	11,7%	31,1%	2,1%	7,9%	0,0%
Gastro tourism	1,7%	0,0%	22,7%	0,0%	14,9%	0,0%	12,5%	0,0%	2,7%	27,6%	18,1%	0,0%	0,0%
Water tourism	44,0%	0,0%	5,7%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	5,3%	41,9%	3,1%	0,0%

Table 14: Distribution of funding related between counties to various project objectives

Source: IMIS/Interreg+ data, own compilation

Concerning project objectives and achievements, it may be concluded that – apart from a few special topics such as environment protection and university cooperation – in most of the objectives a relatively good territorial balance has been achieved, at least considering borderside counties of the programme area.

As regards **integrated approach** promoted by the CP, it should be particularly pointed out that in less developed counties in the middle part of the border area (in Croatia Virovitičko-podravska in tourism education and sport, Koprivničko-križevačka in education, energy saving, SME development and several other themes, and Somogy in education, SME development, governance and tourism) have shown relatively high interest. The relatively high priority of SME development in Somogy and Koprivničko-križevačka is particularly important in this regard.

Among the four non-borderside Croatian counties, only Varaždinska showed significant interest in the Programme, with a relatively low but balanced presence in most themes. Its involvement in higher education cooperation is supported by the University North, which has its seat in Varaždin.

### 3.3 Programme related highlights of the situation analysis

In the following subsections, we briefly present the situation of the programme area by Priority Axes of the Programme, highlighting processes that are relevant for the assessment of the impacts over the 2014-2020 period. These are important inputs for estimating the net impact of the Programme in chapter 5 of the Stage I Report.

#### 3.3.1 PA1: Economic development - enhancing the competitiveness of SMEs

There is a clearly defined East-West division in terms of **economic activity and output** in the cross-border region, however it can generally be said that the region performs below country averages and fluctuates between 57%-35% compared to EU average. GDP trends of the last 1.5 decades are shown below, based on the currently available data:

GEO/TIME	2007	2014	2015	2016	2017	2018	2019	2018/ 2007	2018/ 2014
<b>Hungary</b>	61	69	70	69	69	71	73	116,4%	102,9%
Zala	50	55	57	53	53	54	55	108,0%	98,2%
Baranya	44	45	45	45	46	48	50	109,1%	106,7%
Somogy	39	42	44	43	45	47	48	120,5%	111,9%
<b>Croatia</b>	61	60	60	61	63	64	65	104,9%	106,7%
Varaždinska	51	49	49	51	53	57	-	111,8%	116,3%
Koprivničko-križevačka	56	46	46	47	47	46	-	82,1%	100,0%
Međimurska	46	49	50	52	53	54	-	117,4%	110,2%
Osječko-baranjska	49	46	46	47	46	45	-	91,8%	97,8%
Bjelovarsko-bilogorska	41	40	39	40	40	42	-	102,4%	105,0%
Požeško-slavonska	39	34	33	33	33	34	-	87,2%	100,0%
Virovitičko-podravska	42	32	31	32	32	34	-	81,0%	106,3%
Vukovarsko-srijemska	35	34	33	34	34	35	-	100,0%	102,9%

Table 15: GDP per inhabitant in PPS, 2007-2019 (as % of EU27)

Source: Eurostat, own compilation

The highest ranked counties are in the north-western part of the programme area (Zala on the Hungarian side and Međimurska/Varaždinska in Croatia). Comparing to country averages, Osječko-

baranjska has considerable economic activity as well but is still behind the previously mentioned territories. Trends prove that less developed counties in the middle part of the border area show relatively higher progress in closing the gap to the EU average, in line with the integrated approach promoted by the CP. When comparing latest data to 2007 values (see the blue colour scale in the table above) we can see that the central area of the Croatian side (especially Virovitičko-podravska, Koprivničko-križevačka and Požeško-slavonska counties) are still struggle with the long-term economic effects of the 2008-2009 global financial crises.

**Enterprise density** is higher on the Hungarian territories compared to the other side of the border, whereas the Croatian part of the region shows a rather weak picture in terms of density of business units. Due to the rural nature of the examined counties, the density of the operating enterprises is lower than national averages in all programme area counties. Among the three Hungarian counties the highest number of operating enterprises could be found in Baranya as it hosts the economic centre of South Transdanubia, in and around Pécs. In terms of density of active enterprises Međimurska and Varaždinska counties clearly stand out on the Croatian side and business activity exceeds programme area average in Bjelovarsko-bilogorska and Osječko-baranjska. While the number of **active business entities** had been increasing within the period of 2011 and 2016 within these better performing Croatian counties, the same cannot be generalized in terms of the 3 Hungarian counties that show a generally decreasing trend. These trends can be seen in the following table that shows the change of active business entities throughout the period of 2011-2019:

	County	Number of active business entities (2011)	Number of active business entities (2016)	Number of active business entities (2018-HU, 2019-HR)
HU	Hungary	696 680	654 995	717,357
HU	Zala	19 631	17 509	19,571
HU	Baranya	26 155	22 389	24,837
HU	Somogy	19 191	16 521	18,914
HR	Republic of Croatia	128 930	163 109	160 630
HR	Međimurska	3 090	3 718	4 079
HR	Varaždinska	3 632	5 278	5 080
HR	Bjelovarsko-bilogorska	2 171	2 531	3 032
HR	Osječko-baranjska	5 492	7 024	7 853
HR	Koprivničko-križevačka	1 997	2 510	2 800
HR	Virovitičko-podravska	1 274	1 736	1 660
HR	Vukorvar-Sirmium	2 345	3 162	3 332
HR	Požeško-slavonska	920	1 501	1 453

*Table 16: Number of active business entities*

*Source: DZS, KSH, own compilation*

The presence of **SMEs** is prominent in the region. The Hungarian part has very few large enterprises in the region, the number of active corporations and unincorporated enterprises with 250 or more persons employed is only 54 within the three counties. The total number of registered enterprises in 2018 is 168 866 of which 133 557 are self-employed individuals and 65 324 enterprises have 1-9 persons employed, therefore, entrepreneurs and SMEs have important role in employment too. In Croatia, the North-Western part of the country, including Međimurska and Varaždinska counties (with 3872 and 4777 active companies in 2017 respectively) have the largest number of SMEs overall, the greatest share of total employment in SMEs and the highest generation of added value by SMEs.

On both sides of the border, there is a developed and functioning **SME support system**. On the Hungarian side, one chamber of commerce and one centre for development of enterprises operate at county level, one regional innovation agency operates at regional level, while plenty of incubators were built and several industrial parks are operated as well. Regarding the Croatian counties the chambers of commerce and crafts are present regionally, and additional SME support institutions were also established, including 7 incubators, 14 support centres, 5 technology parks, 8 regional and a number of local development agencies.

**Intramural R&D expenditures** refer to all expenditures in R&D activities within a statistical unit or sector of the economy during a specific period, regardless the source of funds. In case of Hungary and Croatia the total intramural R&D expenditure (GERD) levels are deeply below EU average, but at the same time also go through a slight, but constant increase, closing the wide gap from the EU average in a steady pace. In Hungary GERD as a percentage of GDP amounts to 1.48% and to 1.11% in Croatia according to the latest data of 2019. The EU average regarding GERD as a fraction of GDP is 2.14% showing that both countries are lagging behind EU mainstream. Even though there is a rise in the GERD levels, the per capita amount still around or below 1/3 of the European average:

GEO/TIME	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019/ 2010
EU	490,9	516,7	535,6	545,3	564,8	596,2	600	628,1	657,2	685,7	<b>139,7%</b>
Croatia	77,9	78,4	77,2	83,2	80	88,7	96	101,9	122,2	147,4	<b>189,2%</b>
Hungary	112,4	120,6	126,6	142,8	144,7	153,3	139,5	170,8	209,8	220,9	<b>196,5%</b>

Table 17: Intramural R&D expenditure (GERD) per 1 inhabitant  
Source: Eurostat, own compilation

The result indicator of PA1 is the Average GVA per capita of industry and services sectors of the programme area that is targeted at 5,500 EUR for 2023.

The increase of **gross value added (GVA) in the industry and services sectors** is a clear preference of the Programme, as it was selected as the main result indicator of PA1. The GVA generated in the region generally increased in the 2011-2018 period, though only the Hungarian part and the western Croatian counties showed outstanding improvement:

County / Sector	A	B-E	F	G-U	TOTAL
Varaždinska	77%	149%	119%	115%	<b>125%</b>
Koprivničko-križevačka	100%	96%	103%	109%	<b>103%</b>
Međimurska	111%	136%	121%	106%	<b>118%</b>
Bjelovarsko-bilogorska	117%	102%	158%	106%	<b>110%</b>
Virovitičko-podravska	63%	103%	105%	113%	<b>99%</b>
Požeško-slavonska	73%	103%	143%	104%	<b>101%</b>
Osječko-baranjska	89%	116%	74%	100%	<b>100%</b>
Vukovarsko-srijemska	83%	129%	78%	108%	<b>105%</b>
TOTAL CROATIAN AREA	<b>90%</b>	<b>123%</b>	<b>98%</b>	<b>106%</b>	<b>108%</b>
Zala	122%	100%	196%	155%	<b>136%</b>
Baranya	118%	155%	173%	153%	<b>150%</b>
Somogy	143%	173%	174%	145%	<b>151%</b>
TOTAL HUNGARIAN AREA	<b>128%</b>	<b>132%</b>	<b>181%</b>	<b>151%</b>	<b>146%</b>

Table 18: Real sectoral change of GVA from 2011 to 2018, nominal value  
Sectors: A-Agriculture, B-E-Manufacturing, F-Construction, G-U- Wholesale, ICT, Finance,  
Real estate, Admin., Education, Other service activities

Source: DZS, KSH, own compilation

It is a promising sign that when considering the sectors relevant for the result indicator (B-E: industry, G-U: services), there is only one occasion of decline (the industry sector of Koprivničko-križevačka fell to 96% of the 2011 value). Less developed counties in the central part of the programme area however show generally lower increase as compared to western and eastern counties.

### 3.3.2 PA2: Sustainable use of natural and cultural assets

The cross-border region of Hungary and Croatia is mostly rural, characterised by a **network of small villages and towns**. This feature enabled the area to preserve its outstanding characteristics regarding its natural environment. It already has protected areas along the rivers of the border. The region is part of the **Mura-Drava-Danube UNESCO Biosphere Reserve**, aiming to merge the territory and achieve a common biosphere status that spans across Slovenia, Austria, Serbia, Hungary and Croatia. The Drava, the lower Mura and the local Danube river section are among the most ecologically coherent river systems in Europe. The rivers form a "green belt", linking together over one million hectares of five countries, of particular importance from a natural and cultural point of view, thus symbolizing their unity. The area has regular floods especially within the downstream section of Drava (and in particular in the Kopački Rit Nature Park area in Croatia), that are usually long-lasting, staying for about or more than 100 days. The importance of this initiative is crucial as the floodplains of the cross-border Biosphere Reserve protect the villages from floods and provide the population with drinking water, while the stunning landscape contributes to the development of sustainable tourism.

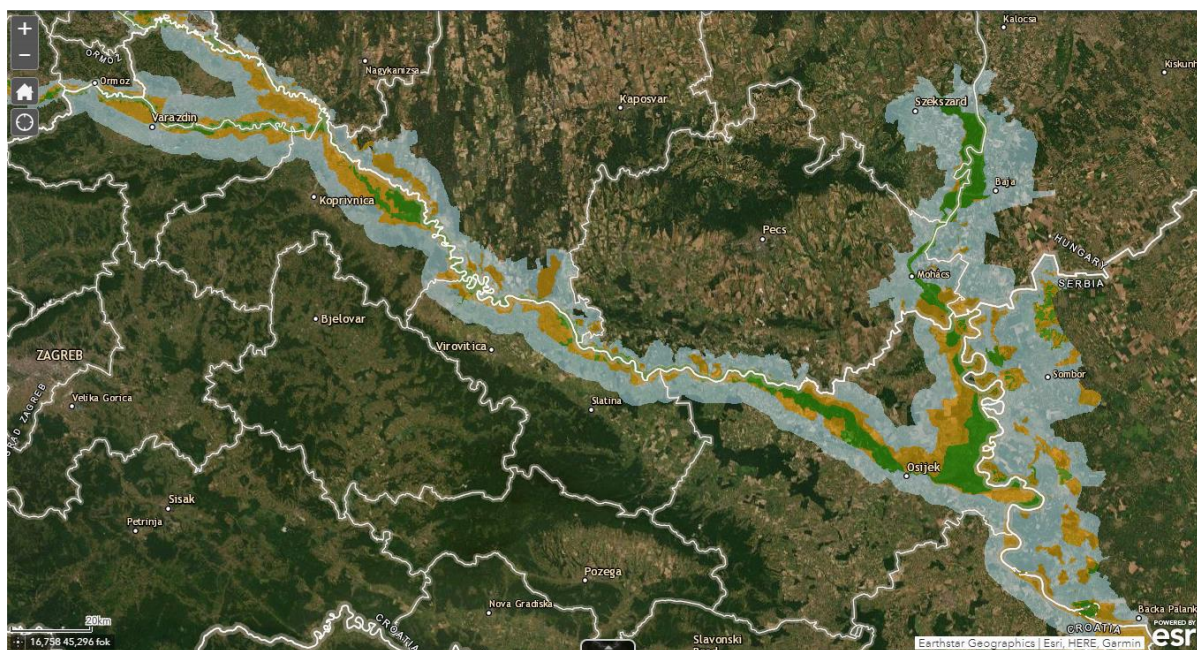


Figure 8: Mura-Drava-Duna Biosphere Reserve  
Source: Revital Integrative Raumplanung GmbH

Drava and Mura have significant **hydroelectric potential**, though its utilisation is potentially conflicting nature conservation principles. The hydroelectric power stations – operating in Croatia at Varaždin, Čakovec and Dubrava - can somewhat positively influence the flow of the river, especially in case of unexpected high-water flows. However, the fluctuation in the level of water can go up to 80 cm within a day, which negatively impacts the river and its wildlife, and also restricts waterborne traffic.

The border region is greatly **afforested** that is valuable not only for tourism but also for the wood industry and biomass-based energy production. Counties located within the border-region are heavily afforested, as shown in the table below, and this is especially the case for Zala, Somogy, Virovitičko-podravska and Koprivničko-križevačka counties:

Woodland %	2015 <sup>3</sup>	2012	2009
European Union	39.2	:	:
Croatia	45.7	:	:
Continental Croatia	42	:	:
Hungary	24	23.1	21.8
Western Transdanubia	30.4	29.8	28.3
South Transdanubia	29.7	27.8	26.1

Table 19: Woodland as a percentage of land

Source: Eurostat

There is a high number of **sunny hours** in the border region, especially in South Baranya and Osijek-Baranya, which is an excellent opportunity for solar energy production. From geomorphologic view the Croatian side is dominated by low spatial surface including flood plains, river terraces, river-marshland, loess areas and some places are also characterized by hills. On the Hungarian side, the territory is characterized by southern oriental slopes and smaller hills. All in all, the geographic characteristics of the local counties provide the prerequisites for efficient PV system development.

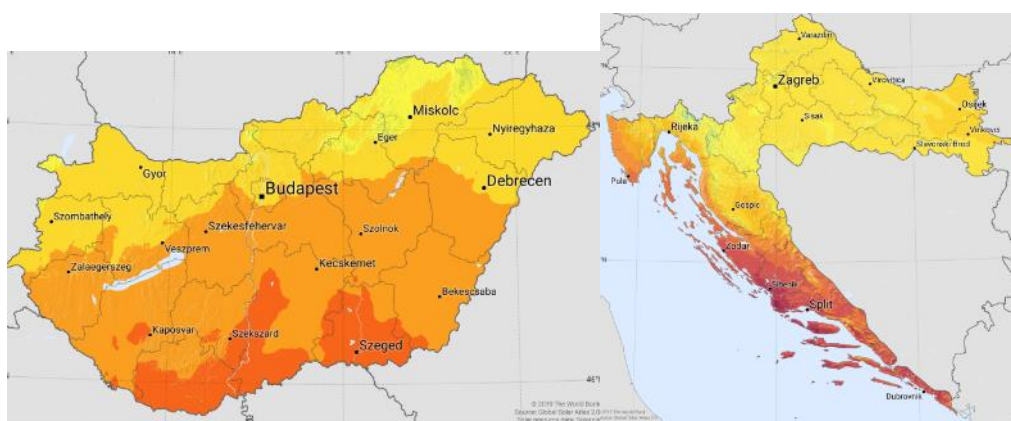


Figure 9: Photovoltaic energy potential<sup>4</sup>

Source: solargis.com

**Geothermal conditions** are excellent in the border region since the geothermal gradient is approximately 5-7 ° C / 100 m throughout the territory. Parts of Somogy and Zala counties and Croatia's northern territory lay in the Upper Pannonian basin, where underground water bodies are situated at relatively shallow locations, so geothermal energy from these reservoirs can be utilised at a favourable cost. In Hungary, geothermal energy exploitation for heating purposes has significant

<sup>3</sup> Though the data seems outdated, it was the most recent one available at the time of preparing the current Stage I Report.

<sup>4</sup> Please note that the two maps have their own relative colour scales, therefore a specific colour on the Hungarian map represents lower level of PV potential than the same colour on the Croatian one.

share among renewables, with a 40% of increase in the last decade and with a 5% share of total renewable energy production. Geothermal energy is utilized in several cities in the border region for district heating purposes (Barcs, Szigetvár, Szentlőrinc and Nagyatád).

On the Croatian side, share of geothermal energy from total renewable energy production is rather low (0.43% in 2017), it is only used for district heating in Bizovac. Discovering the potential of the area, MB Holding has invested in Croatia's first geothermal power plant that was built in Bjelovar, started to operate in the end of 2018 and today it is covering most of Bejovar's electricity needs.

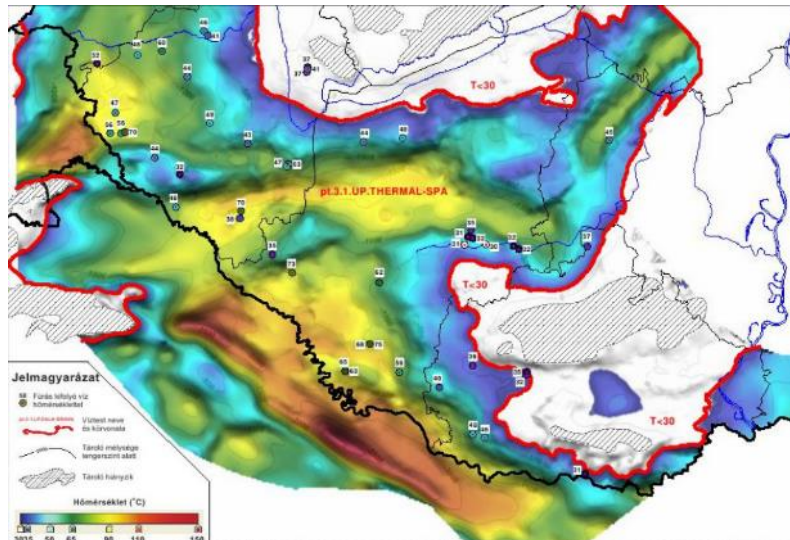


Figure 10: Thermal conditions of the Upper-Pannon subsurface thermal water layer  
Source: DravaGeo project, 2012

SO 2.2 of the Programme addresses the complex issue of restoring the **ecological diversity** in the cross-border territory. The selected result indicator measures the number of species and habitats in the best conservation category within the designated Natura 2000 sites of the programme area.

The border area is rich in **cultural heritage**: it includes the UNESCO World Heritage listed early Christian necropolis of Pécs and several protected intangible cultural heritage elements, such as the 'busó' festivities in Mohács, spring procession of Ljelje/Kraljice, lacemaking in Croatia, gingerbread from Northern Croatia, bećarac singing and playing, or the folksong 'Međimurska popevka'. The region bears relevance in wine production, gastronomy and is filled with monuments and architectural characteristics from its abundant history.

Further elements of tourism supply are centred around some prominent focal points such as the lake Balaton, or the numerous spas and wellness centres. Bicycle traffic and tourism is present since the EuroVelo network runs through the border region. Most of the routes are going on existing infrastructure along with a few newly built sections and are signposted in accordance with national standards. Comprehensive EuroVelo signposting is mostly missing, just as the necessary accompanying services that would enhance the tourism potential of the bike routes, the scenery and the cultural attractions.

The cross-border region has a rich and diverse **natural as well as cultural heritage**, including a high proportion of protected areas. Its national, cross-border and international tourism expansion is growing, with a lot more potential. This can effectively be discovered by investments and cross-border cooperation, generating more attracting appearance for visitors in the region, contributing to increase of incomes and the stabilisation of revenues of tourism and related businesses by increasing visitor numbers. Investments to develop and upgrade infrastructure will have to be

carried out in an environmentally sound way, with a higher attention towards natural and cultural values of the programme area. Attention should be attributed to preservation, reconstruction, revitalisation, management, promotion, marketing and branding of natural and cultural heritage sites in order to increase their visibility, and furthermore to develop new and innovative tourism products and enhance cross-border tourism destinations.

### 3.3.3 PA3: Cooperation - enhancing institutional capacity and public administration

**Cooperation** between the two sides of the border is existing, however it is limited to partnership agreements between towns, cultural and artistic associations along with cooperating educational institutions and implementation of joint events.

The European integration process has been a key facilitator of developing **capacities of project generation**, preparation and implementation in the border area:

The Regional Development and Spatial Planning Act of Hungary defines that the counties (NUTS 3) are responsible for coordination of regional and rural development activities on subnational level. In spite of the significant downsizing at Hungarian county administrations, they are still key players in promotion, project generation and implementation of the Hungarian Territorial and Settlement Development Operational Programme and cross-border cooperation, and they are often beneficiaries of further ERDF-funded project as well. Counties in Croatia preserved much more autonomous roles and responsibilities, and they are true generators of forming and implementing development policies. Besides counties, local governments – in particular those with significant administrative capacities (like district centres) – are further key players, either in local development or in cross-border cooperation.

It is important to point out the specific and significant differences in the **governance of the tourism sector**, that enables more initiation and implementation power on the Croatian side of the programme area:

- In Croatia, each county should set up a regional tourism board, while towns and some of the municipalities also establish their own tourism boards.
- In Hungary, tourism boards do not exist, as the tourism sector is coordinated only on national level, through the Hungarian Tourism Agency that does not have branch offices. Furthermore, the Hungarian side of the border area is not among the national priority areas of tourism development. Thus, development of a destination and promotion is coordinated by the local governments, based on their own resources.

**Institutionalisation of cross-border cooperation** took place through the establishment of two European Groupings of Territorial Cooperation in the border area.

- Pannon EGTC, initially established by Hungarian and Slovenian institutions in 2010, has been enlarged with Croatian members since 2017. Currently it has 66 members, with all 7 border counties of the programme area, as well as numerous local governments and three organisations of regional significance from the Hungarian side. Pannon EGTC is actively involved in major cross-border projects, including transnational ones, as well as one of the strategic projects of the Programme (the CB Joint Strategy project, delivering the current Stage I Report among other outputs related to the preparation of the 2021-2027 period).
- The Mura Region EGTC is a territorially concentrated, yet very active partnership, established in 2015. It has 13 local governments from Zala and 8 from Međimurska as partners. The EGTC is based on the Association for Nationalities and Regional Development Alongside the River Mura, which is a cooperation platform of local governments in Zala

county with significant Croatian minority. The EGTC is the owner and catalysator of several projects in the border area.

The effectiveness of institutional and civil cooperation in the programme area is measured by the number of entities participating in cross-border networks and bilateral co-operations, building up or continuing cooperation in different fields of interest. In the framework of the previous (2007-2013) CBC programme, co-operation was successfully developed and delivered primarily in the field of **cultural cooperation**. In order to further facilitate cooperation capacity on both sides of the border, a variety of organisations at different levels of cooperation needs to be established to develop and strengthen structures and address further jointly relevant issues of institutional development and policy.

### 3.3.4 PA4: Education - investing in education, training, including vocational training and lifelong learning

Although the number of registered **unemployed** has been constantly decreasing in the border region, the area performs poorly in terms of competitiveness attributable to education, the “brain-drain effect”, labour productivity, employment rate and in the supply and demand imbalances between the education system and the demand side of the labour market. Regarding the ratio of persons with higher education or participation in lifelong learning, the entire region on NUTS 2 level is below the EU average of 63.5%. This is especially the case on the Hungarian side: the scores of Western Transdanubia and Southern Transdanubia are 51.7% and 49.3%, respectively, while that of Continental Croatia is 59.5%. Throughout the counties, a relatively high and increasing share of employers reports shortage in the supply of labour combined with a high relative dispersion of employment rates, pointing to an issue of mismatch between skills and demand. Another significant issue is the high number of people not registered in the system either as employed or unemployed.

The programme area hosts several **universities** on each side of the border. The university centre of Pécs in Baranya hosts the highest number of students, however the number of participants in higher education declined significantly throughout the last decade within the whole region (with the University of Varaždin standing out as an exclusion):

Territorial unit	2014	2015	2016	2017	2018
Virovitičko-podravska	437	389	346	403	416
Koprivničko-križevačka	575	565	525	536	460
Bjelovarsko-bilogorska	668	667	692	704	742
Požeško-slavonska	1,529	1,376	1,241	1,146	993
Vukovarsko-srijemska	941	877	878	923	948
Varaždinska	92	2,301	2,243	2,231	2,216
Međimurska	896	1,060	1,051	1,044	1,010
Osječko-baranjska	2560	2184	1965	1978	1941
<b>TOTAL CROATIAN AREA</b>	<b>7,698</b>	<b>9,419</b>	<b>8,941</b>	<b>8,965</b>	<b>8,726</b>
Zala	1,731	1,579	1,553	1,448	1,406
Baranya	13,293	12,998	12,989	13,338	13,314
Somogy	1,704	1,599	1,714	1,598	1,580
<b>TOTAL HUNGARIAN AREA</b>	<b>16,728</b>	<b>16,176</b>	<b>16,256</b>	<b>16,384</b>	<b>16,300</b>

Table 20: Number of full time students in bachelor and master courses of institutions of higher education

Source: KSH, DZS, Agency for Higher Education, Croatia, own compilation

There are several educational barriers existing between the Hungarian and Croatian sides of the border region, from which the most substantial one is attributable to **language differences**. The two nationalities typically do not speak each other’s language, nor a common one. On the Hungarian side there is a general lack of language skills, whereas Croatians a better average command of English.

Overall, there is a relatively low level of labour market integration between the border regions despite the existing wage differences, which usually drive cross-border labour flows.

The Croatian National Plan for Enhancing the Social Dimension of Higher Education, adopted in January 2019, highlights the importance of addressing issues of students who face challenges in accessing higher education or are at risk of dropout in the period of 2018-2021. The plan includes improved data management, quantitative indicators, instruments for improved access and increased retention, completion and employment rates, to be linked to funding for higher education. Such plans have not been recently published in Hungary. In 2016, the Hungarian Government set up the 'Medium-term strategy against leaving school without qualifications, to tackle early school leaving and to increase employment and to draw attention to situations and areas requiring development that, if recognized in time, might prevent the elevated numbers of school dropouts. Although measures have been taken place, the dropout rate has not declined over the years. **Early leaving from education** is an issue to be addressed in Hungary as the latest data shows that the country exceeds the 10% EU target regarding this matter, with 12.5%. Croatia on the other hand scored well according to 2018 data, as the country has only 3.3% early leavers:

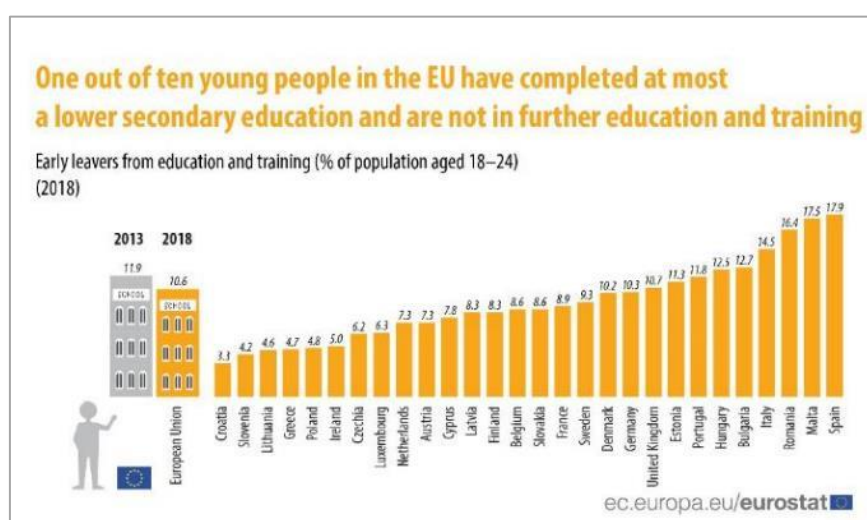


Figure 11: Early leavers  
Source: Eurostat 2018

On EU level, the number of **adult participants in education** has been rising in the last decade, however the same cannot be said for Hungary or Croatia, as participation rates are very low and are somewhat stagnating. There is a stagnation visible in the values of continental Croatia (3.1%), which is not very different from the Croatian national average (2.9%). In Hungary however, we can see that the examined NUTS 2 regions of Western and South Transdanubia show lower rates (4.4% and 4.3% respectively) than the national level (6.0%). There is room for potential improvement in this area as well:

GEO/TIME	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
European Union	9.4	9.5	9.5	9.3	9.1	9.2	10.7	10.8	10.7	10.8	10.9	11.1
Croatia	2.9	2.6	3.0	3.0	3.1	3.3	3.1	2.8	3.1	3.0	2.3	2.9
Continental Croatia	3.3	2.9	3.1	3.1	3.4	3.6	3.4	3.0	3.4	3.2	2.6	3.1
Hungary	3.9	3.4	3.0	3.0	3.0	2.9	3.2	3.3	7.1	6.3	6.2	6.0
Western Transdanubia	2.9	2.2	2.2	2.4	3.0	2.6	2.0	1.9	4.7	4.6	4.7	4.4
South Transdanubia	3.3	2.7	2.5	2.8	3.1	3.2	2.7	3.5	3.3	4.8	4.8	4.3

Table 21: Adult population's education participation rate  
Source: Eurostat, own compilation

### 3.4 Interim assessment of programme implementation in the 2014-2020 period

A bilingual (Croatian-Hungarian) **online questionnaire survey** was conducted between January 24, 2020 - February 10, 2020, to support both the situation analysis and the impact assessment phases of the CB Joint Strategy project. The process, sources and methods used, target groups and general response turnout is presented in chapter 6 of the current Stage I Report, and the interview template used are presented in the Annex. Hereunder we analyse the project preparation and implementation experiences of former/current beneficiaries.

#### 3.4.1 Typology of screened projects and beneficiaries

The survey produced 346 valid (properly filled) answers. 192 of respondents were former/current beneficiaries of projects contracted by the HU-HR programme (118 Croatian and 74 Hungarian). Their answers serve the basis of this analysis.

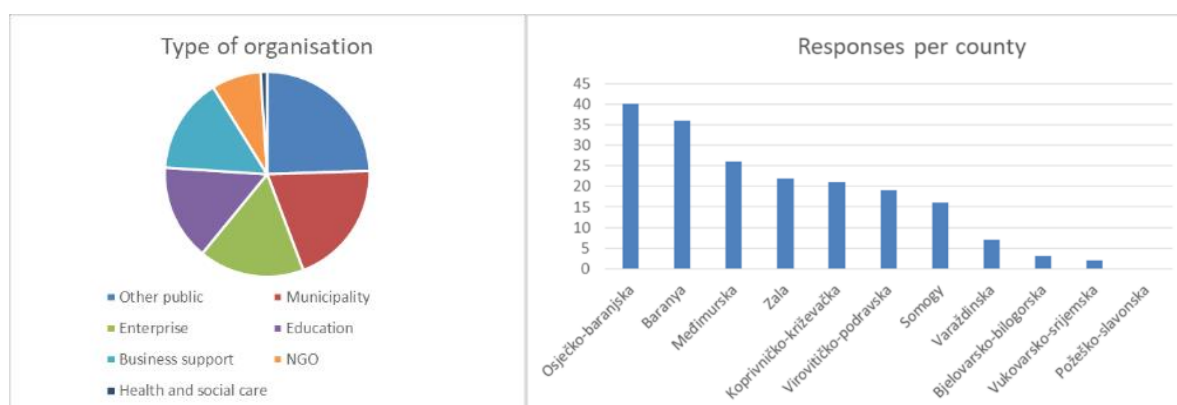


Figure 12: Organisational (left) and geographical (right) spread of beneficiaries responding to the online survey  
Source: 1<sup>st</sup> online questionnaire survey, CB Joint Strategy project

The **sectoral typology** shows a proper representation of all major stakeholder segments. The **territorial spread** reflects the high level of interest in case of counties along the border and lower levels of motivation in case of Croatian counties further away (note the last 4 counties in the bar chart above). In order to balance this phenomenon, and as well as to establish assessment areas comparable to Hungarian counties in size and population, **we arranged Croatian counties of the programme area into four 'pairs' for the sake of the impact assessment** (each containing a county directly on the border and its southern counterpart, see map below):

- Međimurska and Varaždinska counties;
- Koprivničko-križevačka and Bjelovarsko-bilogorska counties;
- Virovitičko-podravska and Požeško-slavonska counties;
- Osječko-baranjska and Vukovarsko-srijemska counties.



Figure 13: Map of programme area counties, highlighting paired Croatian counties  
Source: Own compilation

This way the analysis can rely on a high number of responses, with a proper geographic and sectoral balance, and subjective individual indicators can be aggregated into reliable and objective conclusions. This approach was also followed when implementing the territorial workshops of the CB Joint Strategy project, therefore results of the survey and the workshops are conveniently comparable.

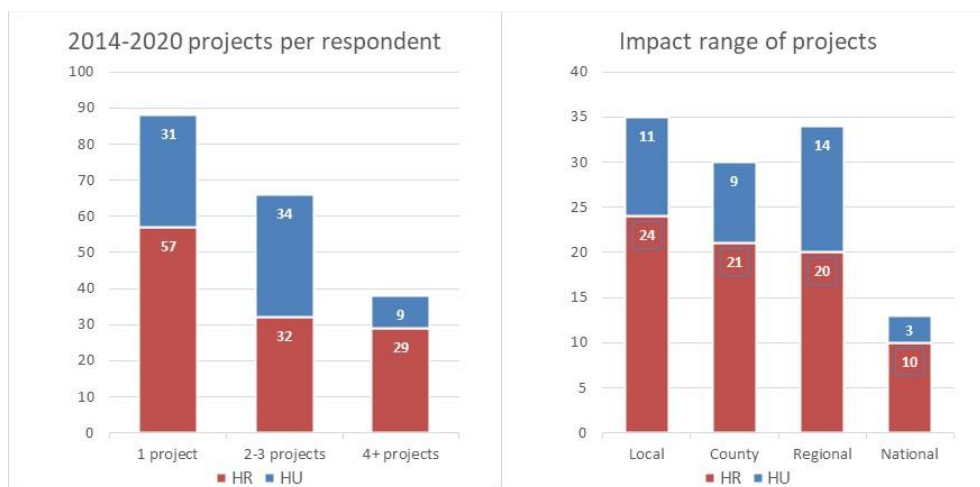


Figure 14: Number of projects per beneficiary (left); Impact range of projects (right)  
Source: 1<sup>st</sup> online questionnaire survey, CB Joint Strategy project

Over half of the respondents are **beneficiaries of multiple HU-HR projects** in case of both countries. Considering the **impact range of the projects**, the ratio of the predefined categories of 'local', 'county-level' and 'regional' projects are balanced both in Hungary and Croatia, while projects with 'national impact' are scarcer (13.3% in HR and 8.1% in HU).

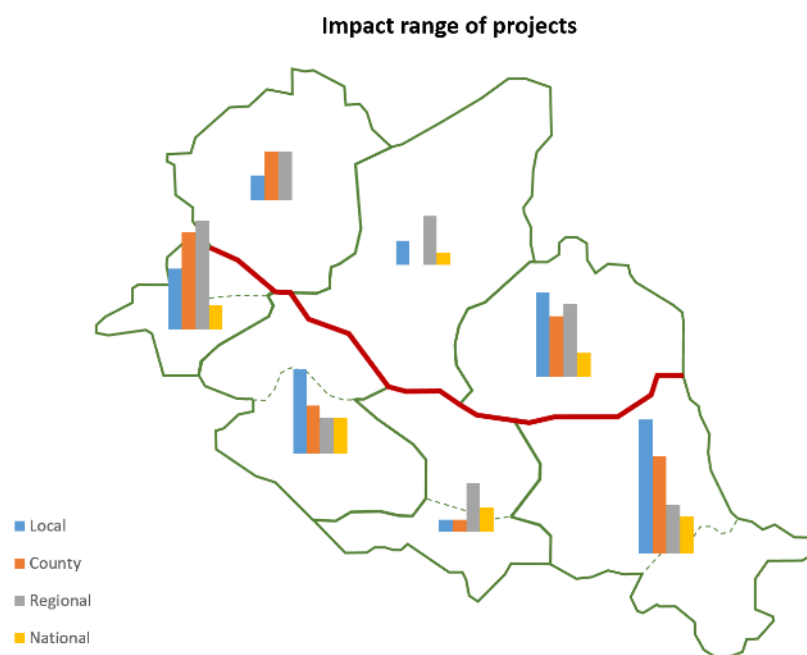


Figure 15: Map of impact range of projects per county  
Source: 1<sup>st</sup> online questionnaire survey, CB Joint Strategy project

The geographical distribution of projects with various impact ranges shows that projects with nation-wide impacts are almost non-existent in HU (except for Baranya County, with Pécs as the seat of many regional institutions). The middle part of the programme area (Somogy, Koprivničko-križevačka and Bjelovarsko-bilogorska counties) hosts the lowest number of projects, including relatively numerous ones with regional impacts. In absolute terms, the highest number of projects with regional-level impacts can be found in Baranya, Međimurska and Varaždinska counties.

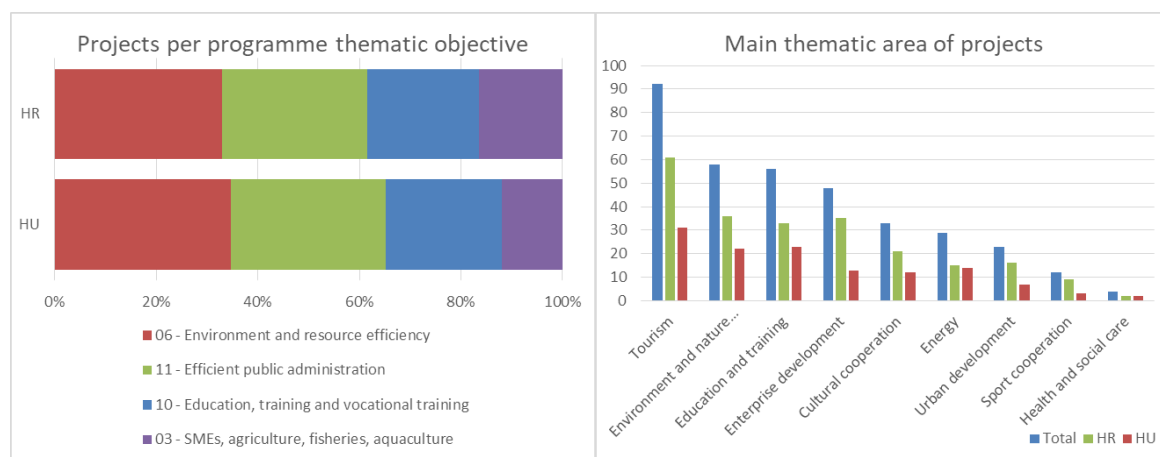
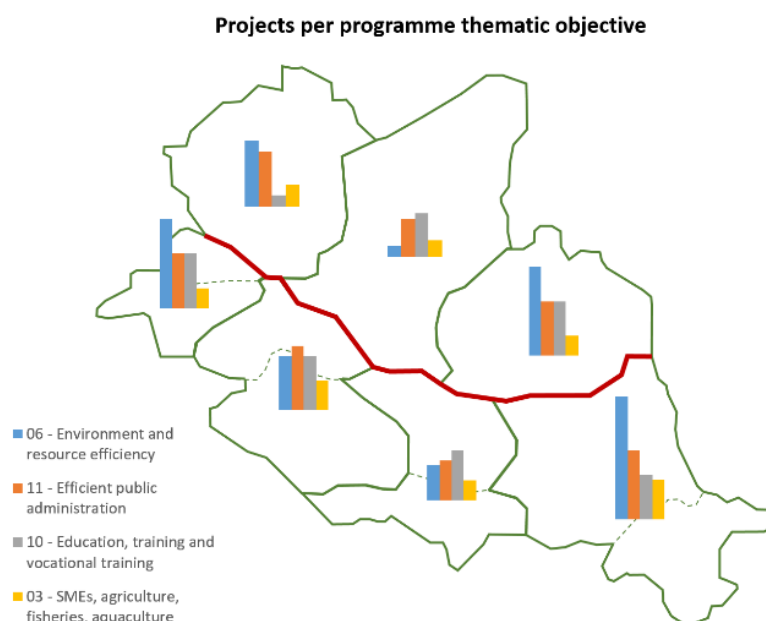


Figure 16: Project typology based on programme thematic objective (left) and main thematic area (right)  
Source: 1<sup>st</sup> online questionnaire survey, CB Joint Strategy project

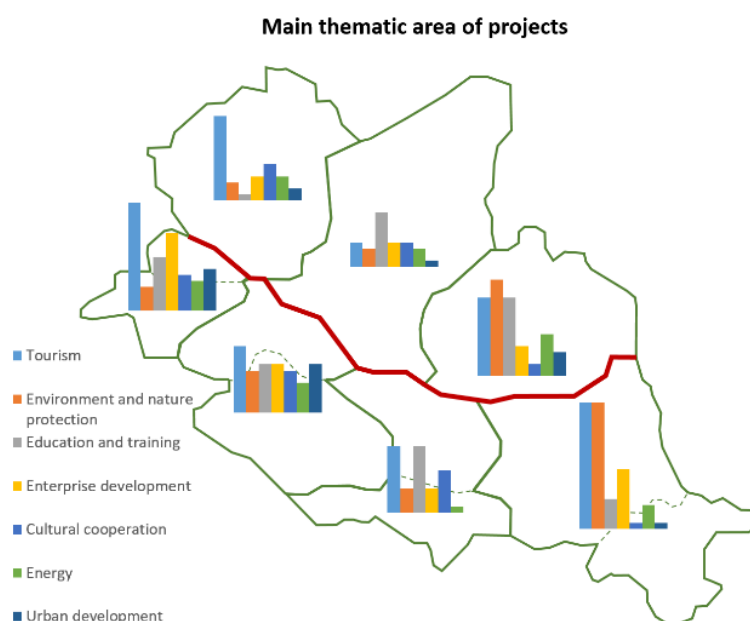
As for **programme thematic objectives**, over one third of the projects represented in the survey targeted TO06 (Environment and resource efficiency, 33.6%), closely followed by TO11 (Efficient public administration, 29.2%). TO10 (Education, training and vocational training) and TO03 (SMEs, agriculture, fisheries, aquaculture) drew less projects (22.3% and 15.0% respectively). The ratio of TO03 projects is significantly higher in HR. The most popular **thematic area** was tourism (25.9%), followed by environment and nature protection, education and training and enterprise development (16.3%-13.5%). As for country-specific differences, a lower representation of enterprise

development and a higher representation of energy projects can be observed in case of Hungarian beneficiaries.



*Figure 17: Map of project distribution per thematic objective per county*  
*Source: 1<sup>st</sup> online questionnaire survey, CB Joint Strategy project*

The programme area shows huge variation in **the geographical distribution of projects within the TOs**: TO06 (Environment and resource efficiency) has great importance in counties on the eastern part (including Pécs and Osijek as the 2 largest cities of the area), and in the western counties (Zala, Međimurska and Varaždinska). The pattern is somewhat reversed in the middle part of the programme area (Somogy, Koprivničko-križevačka and Bjelovarsko-bilogorska counties), where TO10 (Education, training and vocational training) has the largest proportion. Interestingly, TO10 is almost non-existent in Zala, while TO06 is similarly under-represented in Somogy.



*Figure 18: Map of project distribution per main thematic area per county*  
*Source: 1<sup>st</sup> online questionnaire survey, CB Joint Strategy project*

Tourism is the most preferred theme in Zala County, and in all Croatian county pairs. Environment and nature protection is most important for the eastern counties around Pécs and Osijek. Enterprise development (showing a Croatian dominance as shown above) is most represented in the western part of HR (Međimurska and Varaždinska counties). Interestingly, the number of cultural cooperation projects is very low in the most populous eastern counties. Energy is strongly represented in Baranya, while urban development is significant in the western half of HR (Međimurska and Varaždinska, Koprivničko-križevačka and Bjelovarsko-bilogorska counties).

### 3.4.2 Quality and added value of cooperation between project partners

Many questions of the survey targeted the **nature of cooperation between partners**, either in terms of perceived quality or as a perceived value adding element of the project. Beneficiaries were required to evaluate their project partnerships on scales of 1-5 (with 5 representing the best possible value), considering predefined cooperation and value adding categories as shown in the charts below.

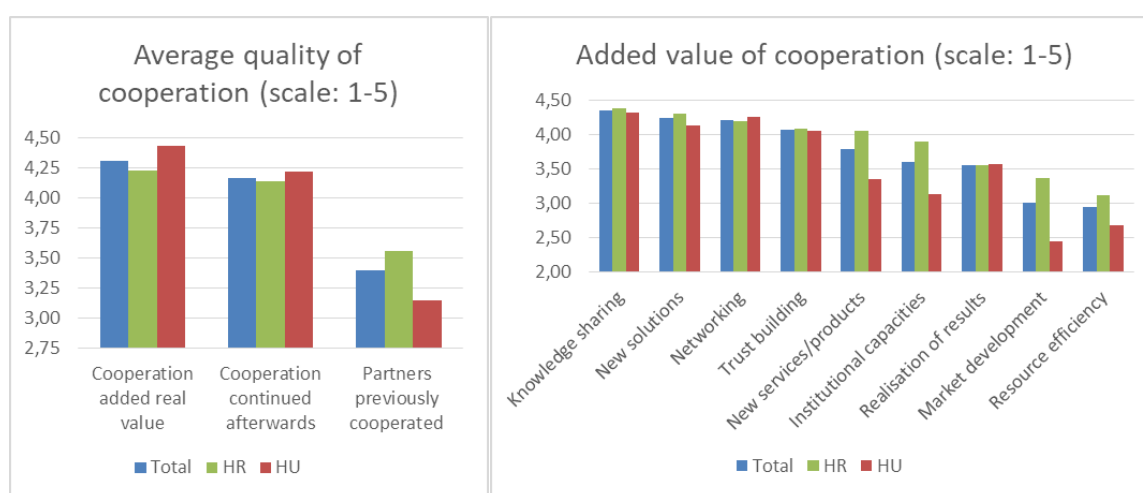


Figure 19: Average quality (left) and added value (right) of cooperation  
Source: 1<sup>st</sup> online questionnaire survey, CB Joint Strategy project

A large majority of beneficiaries stated that cooperation added real value to their project (average score: 4.31, somewhat above the average in HU and below in HR). A similarly high value marked that many project-based cooperation processes continued after the project implementation (average score: 4.17). Hungarian partners were more likely to team up with (or to be invited by) partners with no previous cooperation (average HU score: 3.14, HR score: 3.56). Analysis of IMIS data proved that Croatian beneficiaries were more active in initiating projects as lead partners. This explains these differences: Lead partners of cross-border projects naturally tend to involve partners from their existing networks in their respective home country, and often seek previously unknown partners on the other side of the cross-border area.

The survey further detailed the perceived **value adding nature of project partnerships**: It seems that the most important benefits are knowledge sharing, joint development of new solutions, networking and trust building, all receiving an average score above 4. The least obvious benefits are market development and resource efficiency, both receiving an average score around or below 3. Hungarian beneficiaries scored significantly lower than Croatian respondents in case of three value adding factors: development of new services/products, joint institutional capacities and market development. The Croatian dominance in the number of project initiators is a plausible explanation in these cases as well.

By cross-referencing beneficiaries taking part in partnerships based on previous cooperation (e.g. respondents who gave maximum score for this item of the questionnaire) with certain other survey topics, we found that previously existing partnerships were:

- most common in TO10 (Education, training and vocational training – 44.3%) and least common in TO03 (SMEs, agriculture, fisheries, aquaculture – 29.3%);
- especially significant for project themes related to TO10: cultural cooperation (57.6%); sport cooperation; health and social care (both 50.0%); education and training (48.2%);
- most likely to induce projects with a regional impact range (50.0%).

When asking beneficiaries about main obstacles of realising planned project results (see the next chapter for details), a significant amount of complaint could be observed from Croatian respondents about the poor language and cooperation skills of Hungarian partners.

### 3.4.3 Difficulties and obstacles experienced by beneficiaries during project development and implementation

The survey asked beneficiaries to highlight elements of the lifecycle of their project(s) (either during the preparation/application phase, or during implementation), where they **experienced difficulties**.

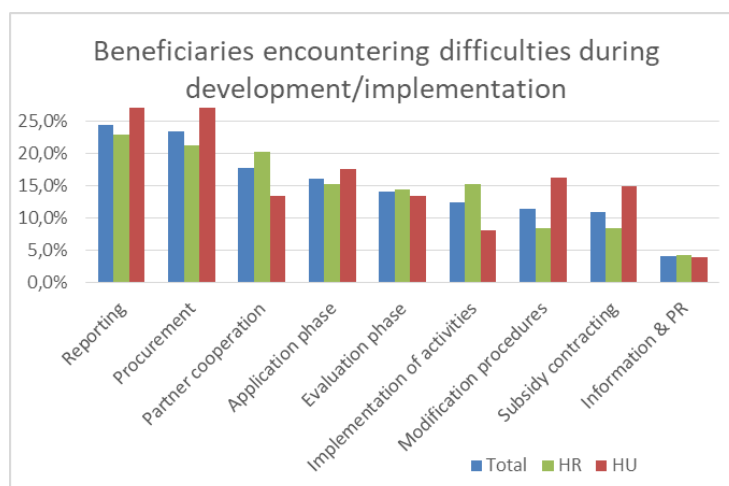
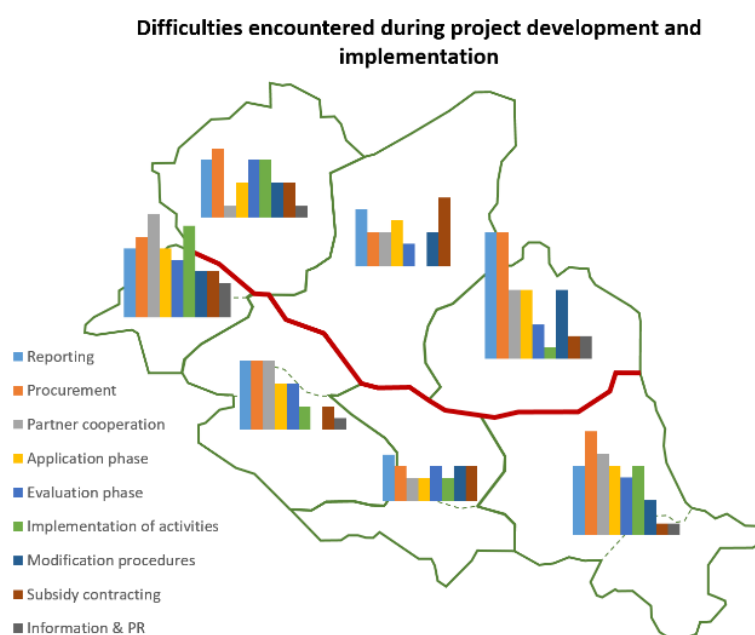


Figure 20: Beneficiaries encountering difficulties during project development or implementation  
Source: 1<sup>st</sup> online questionnaire survey, CB Joint Strategy project

The highest ratio of perceived difficulties was mentioned in case of reporting and procurement in both HU and HR. Partner cooperation was similarly difficult for Croatian beneficiaries, but much less so for their Hungarian counterparts (see the previous chapter for a plausible explanation.) Other project preparation and implementation stages and procedures received lower average scores, with significant Hungarian-Croatian differences in case of implementation of project activities, modification procedures and subsidy contracting. When asked about other difficulties encountered during project development and implementation, respondents mentioned IMIS technical problems and the slow pace of B Light Scheme management.



*Figure 21: Map of difficulties encountered per county*  
*Source: 1<sup>st</sup> online questionnaire survey, CB Joint Strategy project*

The same pattern can be observed in the counties of the programme area with some local specialities: partner cooperation and implementation of activities proved to be especially difficult for beneficiaries seated in Međimurska and Varaždinska counties, while Somogy-based projects had the most problems with subsidy contracting. It is important to note that 20.8% of all beneficiaries **encountered no specific difficulties**.

By cross-referencing beneficiaries experiencing difficulties with both reporting and procurement (42.7% of all respondents) with certain other survey topics, we found that such difficulties were:

- most common in TO10 (Education, training and vocational training – 52.5%) and least common in TO03 (SMEs, agriculture, fisheries, aquaculture – 26.8%);
- especially significant for certain project themes related to TO10 and TO06: education and training (55.4%), energy (51.7%), cultural cooperation (51.5%);
- most likely to induce projects with either local or national impact range (45.7%-46.2%).

Respondents were also given the opportunity to provide free text answers explaining the **main obstacles of reaching planned project results** they experienced. After standardisation and grouping, the following obstacles were mentioned (with the number of references also provided):

- Language and cultural differences between partners / end users (7)
- Changed circumstances during lengthy evaluation process (4)
- Too short implementation period (3)
- Insufficient cooperation between partners (2)
- Insufficient financing (2)
- Low interest/mobilisation of stakeholders (2)
- Too much / too slow administration, bureaucracy (2)
- Call requirements not in coherence with market needs (1)
- Incompatible data collection systems of the two countries (1)
- Legal framework (1)
- Artificial project elements generated only to fulfil call requirements (1)
- Unrealistic sustainability requirements (1)

The fact that language and cultural differences were most frequently mentioned (and mostly by Croatian beneficiaries) correlates with the complaints measured in case of HR-based lead partners about their Hungarian counterparts, highlighted earlier.

31.3% of respondents experienced **implementation delays** (somewhat above this average in case of Croatian beneficiaries and below in case of Hungarian respondents). Such delays affected all TOs, but most likely TO06 (Environment and resource efficiency – 38.0%) and TO03 (SMEs, agriculture, fisheries, aquaculture – 36.6%), and the following project themes in particular: tourism, urban development (both 34.8%), cultural cooperation (33.3%). Cross-referencing also proved that the probability of implementation delays is proportional to the size of the impact range of the project (occurring at 46.2% of projects with nation-wide impacts).

Free text answers explaining the main reasons for implementation delays highlighted the following factors (mentioned hereunder with the number of references):

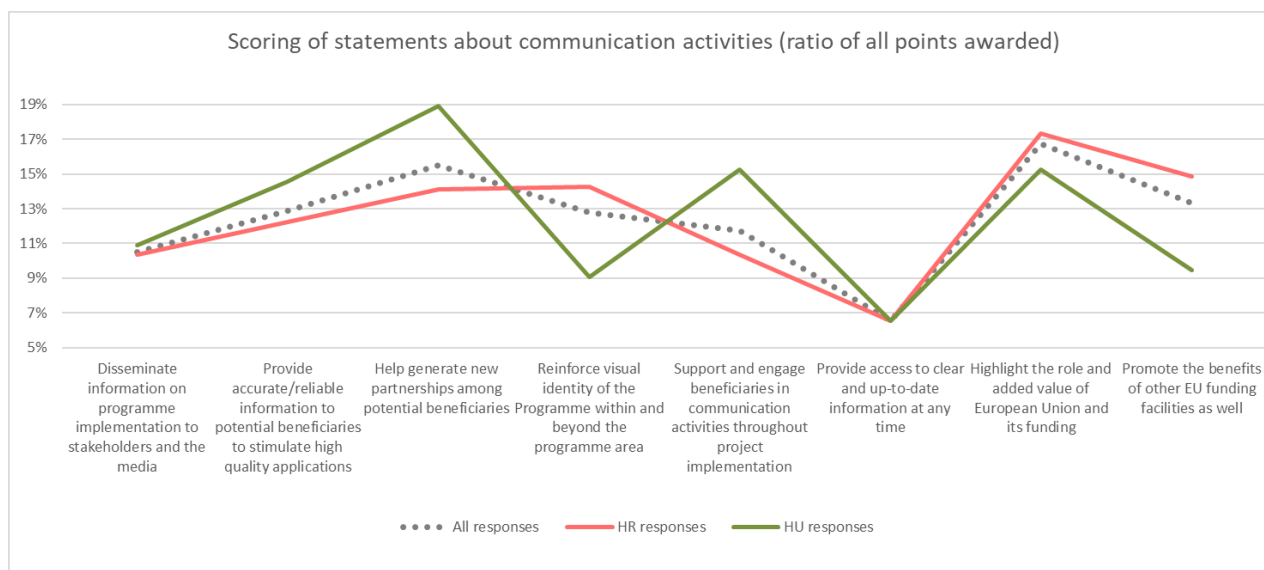
- Unforeseen construction delays (10)
- IMIS technical problems (8)
- Lack of project implementation skills / capacities at partners (6)
- Difficulty in finding applicants / contractors on a small internal market (2)
- Language barrier between partners (2)
- Change of legal representative (municipal elections) (1)
- Delayed payments (1)
- Insufficient cooperation / inconsistencies between JTS and FLC (1)
- Insufficient cooperation between partners (1)

#### 3.4.4 Assessment of programme communication activities

The Communication Strategy of the Programme was approved by the Monitoring Committee in the end of December 2015, and has been ever since as the fundamental guidelines for all communication activities of the implementation process, to ensure the highest possible visibility and transparency of the Programme.

Communication objectives are built around the long-term vision of the CP, the main strengths of the programme area and the programme objectives, articulating key expressions like intense and diverse co-operation; shared knowledge; active and motivated communities; sustainable development of rich natural and cultural assets; enhanced competitiveness of SMEs; enhanced institutional capacity; efficient public administration; investment in education, training and lifelong learning; etc.

The document defines 4 overall communication objectives, and divides these into specific objectives. Participants of the 2nd online survey answered specific questions about the communication activities of the Programme, based on these specific objectives:



*Figure 22: Scoring of statements about communication activities*  
Source: 2<sup>nd</sup> online survey, CB Joint Strategy project

Considering all answers, we can conclude that targeted stakeholders were generally pleased with the support received from the Programme in generating new partnerships among potential beneficiaries, and confirmed that the activities succeeded in highlighting the role and added value of the EU and its funding. The most critical issue of communicating with stakeholders was obviously the continuous provision of clear and up-to-date information at any time. Several remarks required a more frequent information campaign before the call deadlines, and more effective ways to address specific target groups not in the mainstream of EU-related information (e.g. SMEs and civil organisations).

Some interesting differences can also be observed in relation to the home country of stakeholders: it seems that partnership generation and the involvement of potential beneficiaries into communication events were more successful in case of Hungarian stakeholders, while the visual identity of the programme and the possibilities provided by other EU funding opportunities were more effectively presented on the Croatian side of the programme area.

### 3.5 Relevant expert opinions gathered via targeted interviews

The Inception Report of the CB Joint Strategy project planned 6+5 interviews in the course of the impact assessment and the parallel development of the programme strategy respectively. In order to maximise the information collection potential of these occasions, we decided to implement 11 joint interviews, focusing on both subjects. The interview template combining topics of the two main themes is presented in the annex of the current Stage I Report. In order to provide a thematically and territorially consequent breakdown, the **following logic was applied** when selecting targeted stakeholders to be interviewed:

- 1 interview with each of the national coordinating bodies of the two member states;
- 1 interview with the JS;
- 4 interviews with the 3 Hungarian counties, in accordance with a thematic breakdown;
- 4 interviews with Croatian county representatives (in line with a balanced territorial and thematic breakdown);
- Subjects of interviews were selected as ones especially capable of synthetising and articulating viewpoints of their professional network.

The **thematical and territorial matrix of the interviews** implemented is as follows:

MS / JS/ county	PO1 SME, innovation	PO2 energy, nature	PO4 Culture, tourism	ISO thematic cooperation, people- to-people
Croatia	Margareta Aničić, Perica Gabrić (MRRFEU)			
Hungary	Péter Kiss-Parciu (MFA)			
JS	Márton B. Szűcs (JS)			
Međimurje			Rudi Gula (TZ Međimurje)	
Koprivničko- križevačka		Ivan Šimić (REA Sjever)		
Virovitičko- podravska				Emina Kovač, Željka Vuković (VIDRA)
Osječko- baranjska	Tomislav Barbarić, Luka Magdić (ŽRA)			
Baranya	Éva Mikes (South Transdanubian Economy Development Zone)			József (Croatian Minority PR)
Somogy	Zibor Kocsis (Somogy County Entrepreneurship Centre)			
Zala			Károly Kovács (Lenti Development Agency) Veronika Kárpáti (Zala County Government)	

Table 22: Thematical and territorial matrix of interviews

Source: Own compilation

### 3.5.1 SO 1.1: SME ecosystem

Positive features and impacts	Negative features and impacts
<ul style="list-style-type: none"> <li>- The majority of B Light Scheme projects may be considered as long-lasting partnerships.</li> <li>- The two-step selection procedure was a good idea, supporting project development and minimising administrative problems. It was not too demanding to apply even for inexperienced applicants.</li> <li>- Overall, this was a successful measure involving the private sector into the Programme.</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation took a very long time. For entrepreneurs such long waiting does not pay off.</li> <li>- Language barrier is a huge problem.</li> <li>- The main question is whether there is real cooperation behind the projects. In most of the cases cooperation is only formal.</li> <li>- The B Light Scheme started off well, collecting the companies that have valid contacts and realistic project ideas. Later it became exhausted, the general project quality decreased.</li> <li>- The main problem was partner search, there were too few available Hungarian partners. They may have preferred national funding schemes.</li> <li>- The main priority for companies is to sell their product, joint development is not in focus. It is questionable how these projects will be viable on the market.</li> </ul>

Conclusions and suggestions
<ul style="list-style-type: none"> <li>- For-profit entities may also (or exclusively) be supported through refundable schemes. Non-refundable schemes conserve lack of competitiveness, and does not foster real innovation.</li> <li>- Development agencies and chambers are the organisations best positioned to reach out to SMEs. They should be involved in the process.</li> <li>- In general, the process should be faster. Entrepreneurs cannot wait too long for the funding, processes in the future should be accelerated and the rules simplified as much as possible. Entrepreneurs are accustomed to a quick procedure with development agencies.</li> <li>- More workshops and exchange events, partner search fora should be organised, to support partner search and the development of projects with real quality and added value.</li> <li>- The challenge is how to turn cooperation projects into joint development. Innovation is not a real reality at the border, meaningful business collaborations are needed.</li> </ul>

Table 23: Findings and conclusions of interviews concerning SO 1.1

Source: Own compilation

### 3.5.2 SO 2.1: Tourism

Positive features and impacts	Negative features and impacts
<ul style="list-style-type: none"> <li>- There is very high interest in tourism</li> <li>- The programme significantly contributed to strengthening institutional and human resources.</li> <li>- The interpretation of natural and cultural heritage and tourism has also been significantly improved.</li> <li>- Bicycle route development projects were of real added value.</li> <li>- No negative impacts were observed.</li> </ul>	<ul style="list-style-type: none"> <li>- Project size was too small, soft elements had to be eliminated to allow for infrastructure.</li> <li>- Evaluation procedure was very slow.</li> <li>- Criteria for project selection was wrongly defined, many poor projects were selected with no contribution to regional development.</li> <li>- Crossing the border is very problematic. From this point of view, there was no real progress in the 2014-2020 programme, only preparatory steps were taken.</li> <li>- Bicycle paths have been built but they are not connected, and services along the routes are mostly non-existent.</li> </ul>
Conclusions and suggestions	
<ul style="list-style-type: none"> <li>- Two-step selection procedure could be applied: preselect projects with real connection, eliminate administrative errors.</li> <li>- More detailed quality criteria should be defined.</li> <li>- Indicators should be taken into consideration more flexibly.</li> <li>- Better balance should be assured between counties.</li> <li>- Even more funding would be welcome.</li> <li>- More emphasis should be put on joint packages, joint event calendars.</li> <li>- Water tourism and adjacent services on the Drava should be improved.</li> <li>- Border permeability needs to be improved.</li> </ul>	

Table 24: Findings and conclusions of interviews concerning SO 2.1

Source: Own compilation

### 3.5.3 SO 2.2: Biodiversity

Positive features and impacts	Negative features and impacts
<ul style="list-style-type: none"> <li>- A very important component, where projects are serving the public good at a higher level.</li> <li>- The protection and preservation of ecosystems significantly improved, as well as public awareness.</li> <li>- The Programme also contributed to strengthening institutional capacities in nature and heritage protection.</li> <li>- No negative impacts were observed.</li> </ul>	<ul style="list-style-type: none"> <li>- This measure took significant resources of the Programme, with limited impact.</li> <li>- The implemented projects mainly targeted the internal areas of the border region, not the Drava.</li> <li>- There is no real change in the environment, neither inside, nor outside settlements.</li> </ul>

Conclusions and suggestions
<ul style="list-style-type: none"> <li>- A huge problem arises concerning invasive species (acacia, idol tree), that could be specifically targeted.</li> <li>- The proper, non-invasive tourism valorisation of protected areas should be improved. This would align nature protection, regional development and business interests.</li> <li>- Targeted or strategic funding of a few large projects could be considered, along with an open call financing smaller initiatives.</li> </ul>

Table 25: Findings and conclusions of interviews concerning SO 2.2

Source: Own compilation

### 3.5.4 SO 3.1: Cooperation

Positive features and impacts	Negative features and impacts
<ul style="list-style-type: none"> <li>- These are small, short but dynamic projects, that represent an efficient way of spending the available funds.</li> <li>- Events are an important element of elevating the quality of life in rural areas, to fight depopulation.</li> <li>- It was possible to finance interesting topics.</li> <li>- P2P component was well designed and was of great interest.</li> <li>- The Programme significantly contributed to cross-border cooperation.</li> <li>- No negative impacts were observed.</li> </ul>	<ul style="list-style-type: none"> <li>- The projects aimed too diverse thematic areas, without any consequence or synergy.</li> <li>- Minority organisations were often involved to ensure multi-nationality and multi-linguicism, but they usually received marginal roles and budget share.</li> <li>- The evaluation was inconsistent, could not properly handle the large variety of cooperation themes.</li> </ul>
Conclusions and suggestions	
<ul style="list-style-type: none"> <li>- Joint events and fairs could be used to add value in building business cooperations as well</li> <li>- Future projects could focus on the cooperation of larger territorial areas as well, not only on the local level.</li> <li>- Cooperation projects should be aligned thematically to support the main themes of the programme.</li> <li>- Sports clubs could be involved more intensively into cooperation projects.</li> </ul>	

Table 26: Findings and conclusions of interviews concerning SO 3.1

Source: Own compilation

### 3.5.5 SO 4.1: Education

Positive features and impacts	Negative features and impacts
<ul style="list-style-type: none"> <li>- These projects had big impact, and real added value in cooperation. Some projects had long-lasting impacts, like curricula developed to be used for many years.</li> <li>- There is great interest for these projects, especially among Croatian stakeholders.</li> <li>- Intercultural knowledge significantly improved, through cooperation and exchange programs.</li> </ul>	<ul style="list-style-type: none"> <li>- The limit of 200,000 EUR was too low to implement projects with highly visible results.</li> <li>- Education is dominated by the states, school districts in Hungary have minimal autonomy.</li> </ul>
Conclusions and suggestions	
<ul style="list-style-type: none"> <li>- STEM is an important topic for the future.</li> <li>- IT industry can develop workplaces. Rural areas should be connected via targeted education.</li> <li>- National minority schools would require equipment development to survive and to be effective.</li> <li>- Off-school programmes could effectively avoid the problems with low level of autonomy of Hungarian schools (summer forest schools, summer camps, etc.)</li> <li>- Inter-university projects and R&amp;D projects implemented in university-private cooperations, with the support of knowledge-intensive organizations are required.</li> <li>- Education should be economically focused, especially in disadvantaged areas. The development of vocational education is a prerequisite of the (re-)industrialization of the region.</li> </ul>	

Table 27: Findings and conclusions of interviews concerning SO 4.1

Source: Own compilation

### 3.5.6 General impacts

Positive features and impacts	Negative features and impacts
<ul style="list-style-type: none"> <li>- The intervention logic properly addressed shared challenges.</li> <li>- The Programme provided great benefits in cross-border development, opened up many relevant topics, and created long lasting positive effects.</li> <li>- Most of these interventions would not have been implemented without the Programme.</li> </ul>	<ul style="list-style-type: none"> <li>- COVID played a decisive role. This may affect sustainability as well. Fulfilment of indicators will be harder.</li> <li>- Online meetings fail in establishing connections, there is no on-the-spot reactions in discussions.</li> <li>- Territorial balance is not applied, in their opinion, at least on level of the rural area. Most of the project in Baranya are targeting Pécs, not the border area. Small settlements lack cooperation projects. Somogy is very weak in cooperation.</li> <li>- A lot of small projects were financed to satisfy everyone, but this decreases the efficiency of expenditures.</li> <li>- The long process of reimbursement is a huge problem, especially in Croatia, with no pre-financing.</li> </ul>
Conclusions and suggestions	
<ul style="list-style-type: none"> <li>- Each county should prepare a list of priority projects.</li> <li>- The whole programming process should be speed up, including the strategic projects.</li> <li>- Duration of projects with a max. of 16-20 months is too short. They are too intensive with less impact. Duration should be extended if possible.</li> <li>- At least one strategic project should be initiated for each thematic area.</li> <li>- Themes could be defined with more focus, so that projects will not be too diverse and be more aligned with programme objectives.</li> </ul>	

*Table 28: General findings and conclusions of interviews*

*Source: Own compilation*

## 4 Indicator assessment

The indicator assessment presented underneath has two main parts: First we establish the values of programme level result indicators based on the most recent data available at the time of the current Stage I Report. Then we analyse further output and performance indicators of the projects funded by the Programme. The net impact of the Programme is discussed in Chapter 5, where we attempt to estimate the contribution of the intervention itself on main indicators. Tables presenting the collected values of all result, common and programme-specific output indicators are presented in the annex.

### 4.1 Establishing actual values of programme level result indicators

The CP identified 5 main programme result indicators, 1 for each SO targeted. These were established to measure key characteristics of their SO, with a validated baseline value from the period 2011-2015 (in accordance with the availability of data in each case). The target value set for all these result indicators is expected by 2023. In the sub-chapters below, we try to establish actual values, based on the information available during the preparation of the current Stage I Report (March 2021). The actual values established are subject to the following limitations:

- Actual values are also subject to the availability of most recent data, as it was the case when establishing baseline values in 2015. Thus, most result indicators presented are relying on data from the years 2018-2019.
- Data from 2020 and beyond is drastically affected by the COVID-19 pandemic. Even the Hungarian statistics service (KSH) points out in its data service that statistical data from March 2020 cannot be used for valid comparison due to the rhapsodic changes in values and to the arising problems in data collection.
- In some cases, we identified contradictions in the definition or the data content of indicators, and the underlying content had to be re-established.
- In some cases, the indicators are based on surveys that provide uncertain results, that limits the validity of both baseline and actual values, thus lowering their comparability values.

Similar to the case of aggregated project level indicators, the final and fully validated values of programme result indicators should be established at a later, ex-post stage of impact assessment.

#### 4.1.1 SO 1.1 result indicator: GVA per capita of industry and services sectors

**Definition:** Average GVA per capita of industry and services sectors of the programme area

**Baseline value (year):** 5,208.00 EUR (2011)

**2023 target value:** 5,500.00 EUR

The main objective of PA1 is to generate gross value added (GVA) in the industry and services sectors within the programme area. The priority accounts for the projects developed through the B Light Scheme, an SME grant programme financing cross-border cooperation activities.

The statistical services of the countries (DZS and KSH) provide NUTS 3 (county) level data of all economic sectors. The most recent dataset available is from 2018 in case of Croatia and 2019 in case of Hungary. For the sake of comparability, we use 2018 data in both cases, similar to the approach applied for the establishment of the baseline value. When transforming national currencies, we used

the 2018 midpoint (July) exchange rate of Inforeuro. In order to calculate per capita values from totals, we used population data provided for 2018.

The result of the calculation shows that the value of the indicator increased significantly of the period 2011-2018, to 7,704 EUR per capita. The total increase was 148%, but the Croatian part of the programme area generated a higher absolute value and a higher increase rate as well. The gap between the GVA per capita value in the industry and services sectors grew to 126% from 115% between the two countries:

Area	Population	GVA (m EUR)	GVA per capita (EUR)
Hungarian part of the programme area	930 781,00	6 260,19	6 726
Croatian part of the programme area	1 137 991,12	9 677,50	8 504
<b>TOTAL</b>	<b>2 068 772,12</b>	<b>15 937,68</b>	<b>7 704</b>

Table 29: Calculation of the 2018 value of the SO 1.1 result indicator – GVA per capita in selected sectors  
Source: DZS, KSH, own compilation

The 2023 target value is currently met by a large margin (+40%). A potential threat to the ex-post evaluation of the result is that 2020 data will be the most recent available basis for the final calculation in 2023. As national economies were severely struck by the COVID-19 related lockdown, the final figure will probably be much lower than the 2018 value established above. Current Eurostat data shows 5.8% loss in Croatian and 4.1% loss in Hungarian national GVA in 2020. As these losses are well within the current margin over the 2023 target, our assumption is that **the target will be comfortably met**.

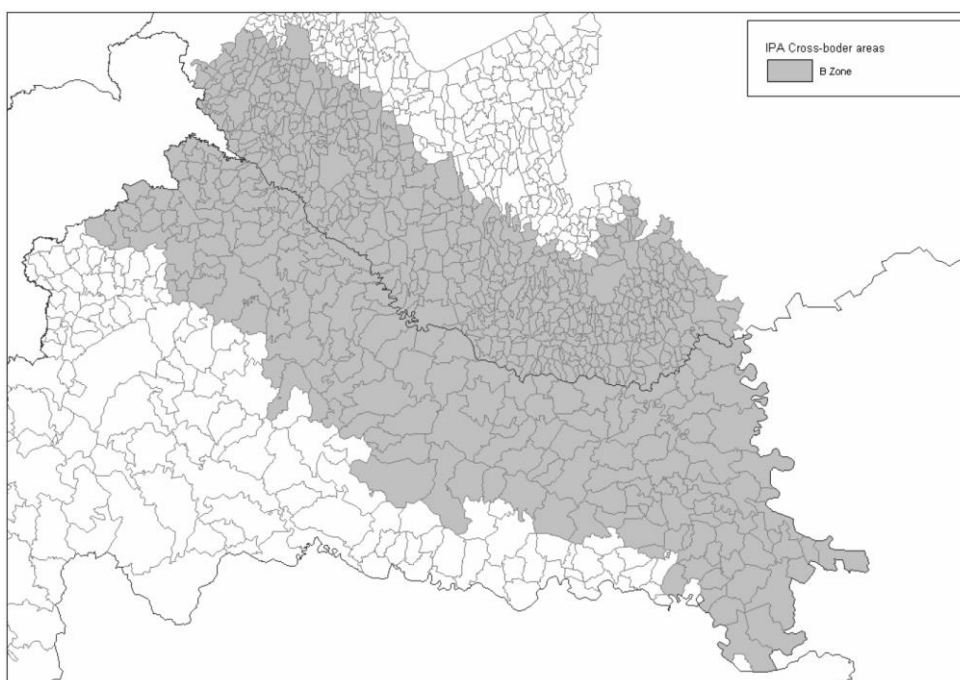
#### 4.1.2 SO 2.1 result indicator: Number of guest nights in Zone B

**Definition:** Number of guest nights in Zone B defined by the Handbook to Tourism Projects in the Hungary-Croatia IPA Crossborder Co-operation Programme 2007-2013

**Baseline value (year):** 1,758,826 (2013)

**2023 target value:** 1,846,747

Zone B is defined by the document titled 'Handbook to Tourism Projects in the Hungary-Croatia IPA Cross-border Cooperation Programme 2007-2013':



*Figure 23: Zone B of the programme area*  
*Source: Handbook to Tourism Projects in the Hungary-Croatia*  
*IPA Cross-border Cooperation Programme 2007-2013*

It represents a preference for investments in the 40+40 km strip of the border in case of tourism related components of the Programme. It includes the total Croatian part of the programme area except for the southernmost settlements of Bjelovarsko-bilogorska, Požeško-slavonska, Osječko-baranjska and Vukovarsko-srijemska counties, as well as 90% of Baranya, 75% of Zala and 40% of Somogy county settlements.

The statistical services of the countries (DZS and KSH) provide NUTS 5 (settlement) level data of guest nights, differentiating between domestic and foreign tourists. The most recent dataset available is from 2019 in case of both countries.

When preparing the current calculation, we also re-established the baseline data from currently available DZS and KSH datasets, and realised the following controversy: Though the CP sets the 2013 value of guest nights in Zone B settlements as 1,758,826, currently available statistical data for 2013 adds up to 1,993,789 guest nights<sup>5</sup>. As we could not retrieve any calculation details for setting the baseline, hereunder we compare actual figures to re-established baseline values.

The number of guest nights increased significantly in all the Zone B part of programme area counties over the 2013-2019 period. The highest growth was realised in Požega-Slavonia and Bjelovar-Bilogora counties (+169% and +133%), the lowest in Koprivnica-Križevci and Osijek-Baranja counties

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<sup>5</sup> Minor changes in data reported for a certain year may occur as statistical services usually perform multiple revisions after first reporting a certain value. However, the 13.3% difference observed here is too substantial to be justified by minor changes.

(+24% and +28%). Hungarian counties showed slightly lower average growth (+54%) as compared to Croatian ones (+64%):

Year	County	Area excluded from Zone B	Tourists	Guest nights
2013	Varaždin	none	42 385	111 549
2013	Koprivnica-Križevci	none	15 812	28 337
2013	Bjelovar-Bilogora	Čazma, Berek, Garešnica	14 647	31 619
2013	Virovitica-Podravina	none	13 732	32 406
2013	Požega-Slavonia	Lipik, Požega, Pleternica	4 684	12 074
2013	Osijek-Baranja	Trnava	75 177	169 952
2013	Vukovar-Sirmium	Stitar, Dunja	41 148	75 606
2013	Međimurje	none	45 179	99 182
<b>2013</b>	<b>Zone B (Croatia)</b>		<b>252 764</b>	<b>560 725</b>
2019	Varaždin	none	81 284	184 409
2019	Koprivnica-Križevci	none	18 924	35 010
2019	Bjelovar-Bilogora	Čazma, Berek, Garešnica	20 923	73 520
2019	Virovitica-Podravina	none	16 710	44 744
2019	Požega-Slavonia	Lipik, Požega, Pleternica	8 790	32 520
2019	Osijek-Baranja	Trnava	107 598	217 692
2019	Vukovar-Sirmium	Stitar, Dunja	80 549	134 308
2019	Međimurje	none	81 924	196 922
<b>2019</b>	<b>Zone B (Croatia)</b>		<b>416 702</b>	<b>919 125</b>
2013	Somogy	10% of all settlements	25 419	73 316
2013	Zala	25% of all settlements	195 603	654 072
2013	Baranya	10% of all settlements	273 593	705 676
<b>2013</b>	<b>Zone B (Hungary)</b>		<b>494 615</b>	<b>1 433 064</b>
2019	Somogy	10% of all settlements	40 342	116 918
2019	Zala	25% of all settlements	385 281	1 085 973
2019	Baranya	10% of all settlements	408 207	1 010 080
<b>2019</b>	<b>Zone B (Hungary)</b>		<b>833 830</b>	<b>2 212 971</b>
<b>2013</b>	<b>Zone B TOTAL</b>	(not relevant)	<b>747 379</b>	<b>1 993 789</b>
<b>2019</b>	<b>Zone B TOTAL</b>	(not relevant)	<b>1 164 081</b>	<b>3 132 096</b>

Table 30: Calculation of 2013 and 2019 values of the SO 2.1 result indicator – Guest nights in Zone B

Source: DZS, KSH, own compilation

The 2023 target value is currently met by a large margin: +57% when compared with the re-established 2013 value and +78% when compared to the value set by the CP. However, tourism in the years 2020-2021 suffers the largest decline in the post World War 2 history of the industry. It is currently totally unpredictable how and when will the sector bounce back from nearly zero volumes reached during national lockdowns and international travel ban, and it is also very uncertain how borderside locations outside major tourism destinations will perform as compared to general trends. A recent study<sup>6</sup> suggests that outdoor activities, like outdoor attractions, parks/gardens, wildlife/natural environment attractions, will more probably meet the interests of post-COVID tourists. As 2021 datasets will be the most recent available by the time of the final calculation in

<sup>6</sup> <https://str.com/data-insights-blog/tourism-after-lockdown-how-covid-is-reshaping-attraction-experiences>

2023, even the high increase realised before the COVID-19 pandemic **does not guarantee that the target will be met.**

#### 4.1.3 SO 2.2 result indicator: Habitats with excellent conservation status

**Definition:** Number of habitats with 'A: excellent conservation' status of selected Special Bird Protection Areas

**Baseline value (year):** 179 (2014)

**2023 target value:** 192

The Programme addresses the complex issue of restoring the **ecological diversity** in the cross-border territory. It is usual practice to measure the overall ecological status of areas by selecting indicator species or habitat types and record their particular status. As ecosystems are complex and interrelated, it is supposed that any intervention, even is not directly affecting the selected species or habitat types, will impose indirect effects in the longer term.

When interpreting the result indicator, we realised that its **definition is contradictory**: The conservation status of habitats is not recorded in the case of 'Special Bird Protection Areas', only in case of 'Special Protection Areas'. As another potential problem: we could not retrieve comprehensive information on the exact calculation of the baseline value, but records found suggest that the baseline value contained data of Natura 2000 sites located in Tolna county, outside the programme area.

Page 49 of the CP provides a hint for the proper interpretation, describing the result indicator of SO 2.2 as "**share of species and habitat types with good conservation status**". Hereunder we present the **proposed interpretation** for the value of the result indicator:

- The NATURA 2000 network includes two types of natural areas hosting habitats and species of community interest: Special Protection Areas classified under the EU Habitats Directive (Council Directive 92/43/EEC), and Special Bird Protection Areas classified under the Birds Directive (Council Directive 79/409/EEC).
- The programme area covers (or lapses over with) 27 Special Bird Protection Areas and 144 Special Protection Areas (172 Natura 2000 sites altogether). In some cases, the two types of sites are in geographical coverage, but there are several Natura 2000 areas that fall under only one of the two categories.
- Each Natura 2000 site has a regularly updated Standard Data Form (available from the Natura 2000 Network Viewer service<sup>7</sup>), where conservation status of habitats and bird species is recorded.
- Conservation status of bird species is recorded in case of Special Bird Protection Areas, while that of habitats is recorded in case of Special Protection Areas.
- In line with the description of the CP referred to above, we suggest aggregating **the number of bird species recorded with 'A: excellent conservation status' in Special Bird Protection**

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<sup>7</sup> <https://natura2000.eea.europa.eu>

**Areas, and the number of habitats recorded with similar status in Special Protection Areas, from around programme area.**

The most recent Standard Data Forms of the 172 Natura 2000 sites of the programme area present 2019 conservation status data. They include 158 bird species with 'A: excellent conservation status' in Special Bird Protection Areas, and 64 habitats with similar status in Special Protection Areas. A complete database of sites, species and habitats is presented in the Annex. In the case of those 22 sites that spread outside the boundaries of the programme area, we estimated the ratio covered by the programme area, and considered their species/habitats figures proportionally when calculating the actual value of the indicator.

When preparing the current calculation, we also re-established the baseline data from the 2013 Standard Data Forms of the Natura 2000 sites<sup>8</sup> (the dataset published in 2014, when the baseline value was set). As we could not retrieve any calculation details for setting the baseline, hereunder we compare actual figures to re-established baseline values:

Year	Area	Number of Special Bird Protection Areas	Number of Special Protection Areas	Number of bird species with excellent conservation status	Number of habitats with excellent conservation status	Total indicator value
				Values proportionally considering overflowing areas		
2013	Croatia	12	78	102,0	27,7	<b>129,7</b>
2019	Croatia	16	79	106,0	35,5	<b>141,5</b>
2013	Hungary	11	66	41,0	21,0	<b>62,0</b>
2019	Hungary	11	66	41,0	21,9	<b>62,9</b>
2013	TOTAL	23	144	143,0	48,7	<b>191,7</b>
2019	TOTAL	27	145	147,0	57,4	<b>204,4</b>

*Table 31: Calculation of 2013 and 2019 values of the SO 2.2 result indicator – Species and habitats with excellent conservation status*

*Source: Natura 2000 Network Viewer, own compilation*

The comparison with the original baseline and the 2023 target value is uncertain: We do not know how the contradictory definition of the result indicator was interpreted at the time of programming, and we suspect that Natura 2000 sites from outside the programme area were also considered.

During the 6 years between the two figures, 12 habitat types improved their conservation status to 'excellent', while only 4 lost their 'excellent' valuation. The changes concerning indication bird species were more balanced: species improved their conservation classification to 'excellent' in 7 cases, while they lost this status in 5 cases. When compared to the re-established baseline, the actual value represents a 6.6% increase. This is almost equal to the change expected by the CP by 2023 (7.3%).

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<sup>8</sup> Five currently registered Natura 2000 sites in the programme area do not have 2013 data available. As none of these has any habitats or species with an 'A' conservation status in their 2019 Standard Data Form, this difference has no impact on the comparability of the baseline and the current values.

As the importance of nature protection is growing in both the legislation and the spatial development policy environments of the two countries, as well as in the perception of stakeholders and the general public, we can assume that the value will probably increase further until the final evaluation due in 2023, and thus **the targeted increase will be met**. Nevertheless, the reliability of the calculation presented above is deteriorated by the fact that the original constitution of the baseline value is uncertain.

#### 4.1.4 SO 3.1 result indicator: Entities participating in cross-border networks co-operations

**Definition:** Number of entities participating in cross-border networks and bilateral co-operations

**Baseline value (year):** 36 (2015)

**2023 target value:** 49

The result indicator regarding the number of entities participating in cross-border networks and bilateral co-operations refers to the number of those **social and institutional actors which actively take part** in the building up or continuing cooperation in different fields of interest in the border region. In the framework of the previous CBC programme, co-operation was developed and delivered successfully primarily in the field of cultural cooperation. In order to further facilitate cooperation capacity on both sides of the border, a variety of organisations at different levels of cooperation needs to be established, developing and strengthening structures and addressing jointly relevant issues of institutional development and policy. In this aspect, the indicator could measure the increase in a wide range of entities, including public bodies, NGOs, companies and any other networks or cooperations which can create new or strengthen existing cross-border structures and joint processes to ensure the continuity of cooperation.

The **method** of establishing the baseline value was a simple online survey in July 2015, containing 4 questions. This survey was sent to 238 recipients by email (mostly to LB-s of implemented projects), and was also posted on the website of the JS of the Programme. In order to establish the actual value of the indicator, we repeated the online questionnaire in March 2021, with the same 4 questions sent to 224 recipients. The only change (beyond some rephrasing to simplify wording of text) was that we allowed 2 years (2019-2020) as the timeframe of surveyed cooperation activities, so that we can eliminate the distorting effect of the COVID-19 pandemic.

In line with the method used for the baseline value, we considered an answering institution relevant for the result indicator if at least one of the following conditions were met:

- The institution is involved in cross-border cooperation of any kind (like information exchange, joint operation, personal meeting);
- The institution takes part in a network or cooperating group that has members from both Croatia and Hungary.

Out of the 39 responses (21 Croatian, 18 Hungarian) **34 institutions meet the criteria** (equally distributed between the 2 countries). The most popular cooperation areas were professional cooperation and knowledge exchange. About half of respondents took part in the 2014-2020 Programme either as lead or project beneficiaries:

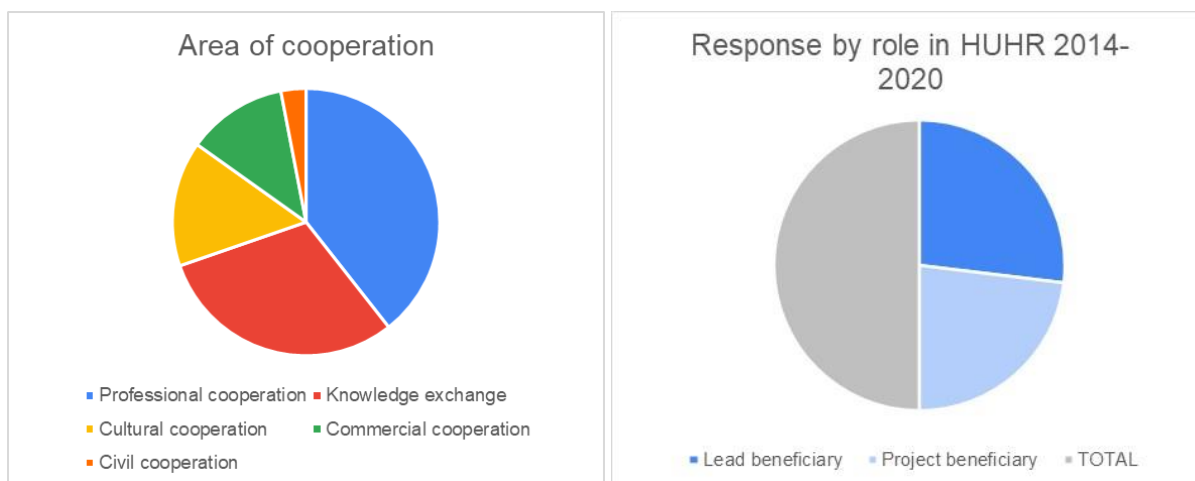


Figure 24: Distribution of responses to SO 3.1 result indicator survey by area of cooperation (left) and role in HUHR 2014-2020 (right)

Source: SO 3.1 result indicator survey, CB Joint Strategy project

Based on the survey method applied the current value of the result indicator (34) is slightly below the baseline established in 2015 (-2) and **well below the 2023 target** (-15). As in the case of any surveys, the results are subject to uncertainty factors, undermining the reliability of the outcome, especially in the case of relatively low number of targeted and answering recipients:

- The method of the survey did not define the exact circle of recipients to be surveyed, thus the answers rely largely on the way the targeted recipients are collected.
- Email addresses used for previous round of surveys get outdated, and stakeholders continuously exchange, making it impossible to repeat a survey with exactly the same parameters;
- Results collected are subject to the answering willingness of recipients.

As presented in chapter 5, when estimating the net impact of the project, the **real actual value of the indicator is certainly higher** than the one provided by the current survey, and also the 2023 target: projects of the 2014-2020 programme currently under implementation or recently closed delivered a validated 122 institutions participating in joint capacity building actions, and projects recently started target further 41 such institutions. We can conclude that when relying on a similar survey to establish the final value of the indicator in 2023, special attention will have to be put on targeting the largest possible circle of institutions with a potential to be considered as indicator value, and answering willingness has to be enhanced by repeated notifications and advertising the survey on various information channels.

#### 4.1.5 SO 4.1 result indicator: Educational institutions participating in cross-border co-operations or providing cross-border content

**Definition:** Number of educational institutions in the border region that offer courses jointly or with region- or neighbouring country-specific content

**Baseline value (year):** 29 (2014)

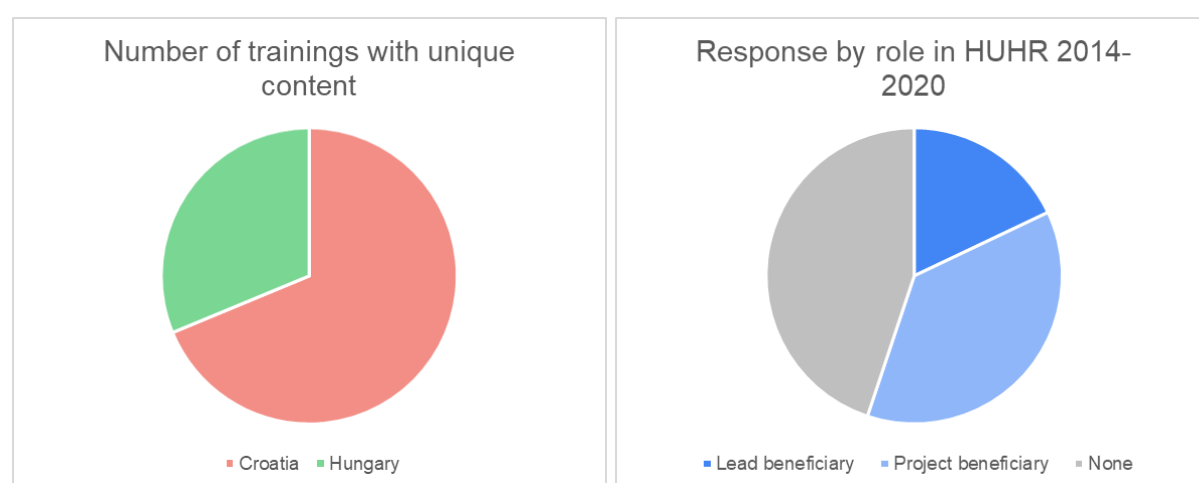
**2023 target value:** 90

The specific objective of PA 4 is the improvement of the **role of educational institutions** as intellectual centres for increasing the specific local knowledge-base in the region through education and training (including vocational training for skills and lifelong learning) and by developing education infrastructure. Those institutions are considered in the result indicator that offer courses

jointly with a counterpart organisation on the other side of the border, or offer courses with either content specific to the Croatian-Hungarian border region, or content related to the neighbouring country (Croatia or Hungary). These institutions, collected from all levels of education and training, foster the positive perspective to current and future cooperation by offering the described content and/or joint forms of education.

The **method** of establishing the baseline value was similar to the SO 3.1 result indicator: a simple online survey in July 2015, containing 3 questions. This survey was sent to 280 recipients by email (mostly LB-s of implemented projects), and was also posted on the website of the JS of the Programme. In order to establish the actual value of the indicator, we repeated the online questionnaire in March 2021, with the same 3 questions sent to 310 recipients. In order to eliminate the distorting effect of the COVID-19 pandemic, we set the 2019-2020 school year as the timeframe of surveyed education activities.

Out of the 78 responses (45 Croatian, 33 Hungarian) **16 institutions meet the criteria** (equally distributed between the 2 countries). The questionnaire also surveyed the number of trainings within the scope of the result indicator, with different contents. The survey showed 32 such courses, the majority hosted by Croatian respondents. More than half of respondents took part in the 2014-2020 Programme either as lead or project beneficiaries:



*Figure 25: Distribution of responses to SO 4.1 result indicator survey by courses with unique content per country (left) and role in HUHR 2014-2020 (right)*

*Source: SO 4.1 result indicator survey, CB Joint Strategy project*

Based on the survey method applied the current value of the result indicator (16) is well below the baseline established in 2015 (-13) and **far below the 2023 target** (-15). As in the case of any surveys, the results are subject to serious uncertainty factors, undermining the reliability of the outcome, especially in the case of relatively low number of targeted and answering recipients (see detailed explanation in the previous sub-chapter). As presented in chapter 5, when estimating the net impact of the project, the **real actual value of the indicator is certainly higher** than the one provided by the current survey: projects contracted under components 4.1.1 and 4.1.2 have 59 different education beneficiaries, most of them relevant for the indicator. However, in order to reach the 2023 target (90 education institutions), significant multiplication effect would also be necessary, that is generally not targeted by the contracted projects. We can conclude that through enhancing the answering willingness when surveying the final value of the result indicator in 2023, a significant increase will

probably be justified as compared to the baseline value, but the 2023 target **will most probably not be met**.

## 4.2 Aggregated output and performance indicators

**Achievements of projects** are measured through a set of quantitative indicators – including general, component- and project-specific indicators – which are monitored through project progress reports in each trimester. Project implementation experience also shows that most of these indicators are fulfilled only upon finalisation of the project, i.e. in the final progress report, when the key outputs are delivered, and key results are achieved. At the time of preparing the current Stage I Report the Programme is still under implementation:

- Only 54 out of 130 contracted projects reported any outputs so far, and part of these are still in a stage before a validated final report;
- Projects selected in the 4<sup>th</sup> Call of the B Light Scheme are yet to be contracted;
- Some selected projects were under contracting;
- A limited amount of residue funding will be distributed to further projects or ongoing projects with further funding demand – based on future decisions of the Monitoring Committee and the Managing Authority.

Therefore, when aggregating the currently known output and performance indicators of the contracted projects of the programme, we will not be able to establish final and fully validated figures, we have to apply certain estimations as well.

### 4.2.1 PA1: Economic development - enhancing the competitiveness of SMEs

The CP identified 3 **common and programme-specific output indicators** for PA1:

SO	Indicator	Target (2023)	Reported value in IMIS/I+ (or JS data)	Remaining value <sup>9</sup>
1.1	CO01 - Productive investment: Number of enterprises receiving support	80	128 (JS)	Target reached
1.1	CO02 - Productive investment: Number of enterprises receiving grants	80	67 (JS)	13
1.1	CO04 - Productive investment: Number of enterprises receiving non-financial support	80	400	Target reached

*Table 32: Common and programme-specific output indicators of PA1*

*Source: IMIS/Interreg+ data, JS, own compilation*

**Assessment assumptions** about meeting 2023 target values are as follows:

- **CO01 - Productive investment: Number of enterprises receiving support:** The project monitoring system currently contains 33 as the reported and validated value of the

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<sup>9</sup> In line with the intention to provide only justified statements throughout the impact assessment exercise, 'Remaining value' fields only contain actual and validated amounts. Further foreseen outputs of projects currently under implementation are presented in the textual analysis under the table.

indicator. However, after consulting the JS and experts involved in the definition of the indicator, we suggest that this indicator should refer to the number of beneficiaries receiving EPSF support. So far, there were 128 such beneficiaries (partners of projects selected in the first-round evaluation of B Light Scheme calls 1-3). Thus the target is already reached. The 11 projects selected in the 4<sup>th</sup> B Light Scheme call have an additional 25 beneficiaries, also subject to EPSF support in the future.

- **CO02 - Productive investment: Number of enterprises receiving grants:** Based on the data from the project monitoring system, 14 further SMEs received support, on top of the 28 reported so far. Furthermore, the 11 projects recently selected for contracting in the 4th Call of the B Light Scheme provide an additional 25 beneficiaries receiving grants. Therefore, the current value of the indicator is 67, slightly under the target. Considering the large number of B Light Scheme projects selected for the reserve list of the 4<sup>th</sup> call (16 projects altogether), and the general experience showing that contracted funds of programmes are never fully reimbursed by the implemented projects, we can assume that some of these reserve-listed projects will also be contracted in the remaining part of the Programme. Based on this assumption, we can conclude that the gap between the current value and the target will be partially or fully closed.
- **CO04 - Productive investment: Number of enterprises receiving non-financial support:** The target value for 2023 is reached. The indicator marks the number of enterprises involved into personal or electronic consultation by the partners of the B Light Scheme strategic project (HUHR/1602/1.1.1/0002).

PA1 projects report the **financial indicator**<sup>10</sup> of the axis as well. Based on this, the current total contracted project value is 75% of the targeted value (8,773,693.60 EUR reported, 11,718,000.00 EUR targeted). As the 4<sup>th</sup> call of the B Light Scheme was announced with a total of EUR 2,657,227 funding available, we can assume that the final value will almost reach the target. (In case further projects are also funded from the reserve list of the 4<sup>th</sup> call, the target can even be surpassed.)

#### 4.2.2 PA2: Sustainable use of natural and cultural assets

The CP identified 6 **common and programme-specific output indicators** for PA2:

SO	Indicator	Target (2023)	Reported value in IMIS/I+	Remaining value
2.1	CO09 - Sustainable Tourism: Increase in expected number of visits to supported sites of cultural and natural heritage and attractions	60,000 visits/year	36719	23281
2.1	CO22 - Land rehabilitation: Total surface area of rehabilitated land	450 Ha	493	Target reached
2.1	2.3 - Number of tourism facilities / service providers being certified by an environmental sustainability scheme	40	22	18

<sup>10</sup> As the majority of projects contracted under the Programme are currently being implemented, we have only partial and incomplete data on the funding actually reimbursed by beneficiaries. For the sake of financial indicators, we rely on aggregated data of contracted amounts in the current Stage I Report.

SO	Indicator	Target (2023)	Reported value in IMIS/I+	Remaining value
2.2	CO23 - Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	5,400 Ha	25,000.37	Target reached
2.2	2.2.2 - Number of participants in joint education training schemes and awareness raising programmes	1,000	855	145
2.2	2.2.3 - Number of joint international studies	10	5	5

Table 33: Common and programme-specific output indicators of PA2

Source: IMIS/Interreg+ data, own compilation

**Assessment assumptions** about meeting 2023 target values are as follows:

- **CO09 - Sustainable Tourism: Increase in expected number of visits to supported sites of cultural and natural heritage and attractions:** Projects contracted in the 1<sup>st</sup> general call delivered 100,5% of their aggregated targeted value (36,719 visits/year as compared to a target value of 36,548). Projects contracted later have an aggregated target value of 123,739 visits/year. This means that the target value for 2023 can be comfortably met.
- **CO22 - Land rehabilitation: Total surface area of rehabilitated land:** The target value for 2023 is reached. Projects contracted in the 1<sup>st</sup> general call delivered 107% of their aggregated targeted value (493 Hectares as compared to a target value of 459.12). Projects contracted in the 2<sup>nd</sup> general call have an other 40,66 Ha area targeted.
- **2.3 - Number of tourism facilities / service providers being certified by an environmental sustainability scheme:** Projects contracted in the 1<sup>st</sup> general call delivered 96% of their aggregated targeted value (22 facilities out of 23). Projects contracted in the 2<sup>nd</sup> general call have an aggregated target value of 8 further facilities. This means that the target value for 2023 will probably not be met, unless part of the currently uncontracted amount remaining from the total financial appropriation of the Programme is channelled to projects supporting further habitat areas.
- **CO23 - Nature and biodiversity: Surface area of habitats supported to attain a better conservation status:** The target value for 2023 is reached. In case of project no. HUHR/1601/2.2.1/0004, an extremely large area was reported. The JS validated the result, after carefully exploring the new LIDAR-based technology introduced by the project, enabling higher efficiency in identifying trees in need of specific interventions, and overweighing a total natural area of 24838 Ha. The method applied enables a better conservation status for the whole area reported, and more efficient use of nature conservation resources. Projects contracted in the 2<sup>nd</sup> general call have 2980 Ha of further affected area targeted.
- **2.2.2 - Number of participants in joint education training schemes and awareness raising programmes:** Projects contracted in the 1<sup>st</sup> general call delivered 2,2 times more actual value than their aggregated targeted value (855 participants as compared to a target value of 381). Projects contracted in the 2<sup>nd</sup> general call have an aggregated target value of 3,845 further participants. This means that the target value for 2023 can be comfortably met.
- **2.2.3 - Number of joint international studies:** Projects contracted in the 1<sup>st</sup> general call delivered their aggregated targeted value (5 studies). Projects contracted in the 2<sup>nd</sup> general call have an aggregated target value of 30 further studies. This means that the target value for 2023 can be comfortably met.

PA2 projects report the **financial indicator** of the axis as well. The target value for 2023 (42,093,711 EUR) has been reached, the current total contracted project value of PA2 is 42,469,286 EUR (101% of the targeted value).

#### 4.2.3 PA3: Cooperation - enhancing institutional capacity and public administration

The CP identified 3 **common and programme-specific output indicators** for PA3:

SO	Indicator	Target (2023)	Reported value in IMIS/I+	Remaining value
3.1	3.1 - Number of institutions participating in joint capacity building actions	33	112	Target reached
3.1	3.2 - Number of harmonized processes, shared initiatives, coordinated policies and projects developed jointly	66	36,5	29,5
3.1	3.3 - People participating in joint actions and events	810	2248	Target reached

*Table 34: Common and programme-specific output indicators of PA3  
Source: IMIS/Interreg+ data, own compilation*

**Assessment assumptions** about meeting 2023 target values are as follows:

- **3.1 - Number of institutions participating in joint capacity building actions:** The target value for 2023 is reached. Projects contracted in the 1<sup>st</sup> general call delivered 127% of their aggregated targeted value (112 institutions as compared to a target value of 88). Projects contracted in the 2<sup>nd</sup> general call have 41 further institutions targeted.
- **3.2 - Number of harmonized processes, shared initiatives, coordinated policies and projects developed jointly:** Projects contracted in the 1<sup>st</sup> general call delivered 104% of their aggregated targeted value (36.5 processes as compared to a target value of 35). Projects contracted in the 2<sup>nd</sup> general call have 52 further joint initiatives targeted. This means that the target value for 2023 can be comfortably met.
- **3.3 - People participating in joint actions and events:** The target value for 2023 is reached. Projects contracted in the 1<sup>st</sup> general call delivered 193% of their aggregated targeted value (2,248 people as compared to a target value of 1,162). Projects contracted in the 2<sup>nd</sup> general call have 43,800 further participants targeted.

PA3 projects report the **financial indicator** of the axis as well. The target value for 2023 (6,736,464 EUR) has been reached, the current total contracted project value of PA3 is 6,989,994 EUR (104% of the targeted value).

#### 4.2.4 PA4: Education - investing in education, training, including vocational training and lifelong learning

The CP identified 5 **common and programme-specific output indicators** for PA4:

SO	Indicator	Target (2023)	Reported value in IMIS/I+	Remaining value
4.1	4.1 - Training courses developed and delivered (formal and informal)	40	107	Target reached
4.1	4.2 - Number of educational premises refurbished	15	6	9
4.1	4.3 - Number of educational premises upgraded with technical equipment	15	36	Target reached
4.1	4.4 - Number of participants in joint education	860	3282	Target

SO	Indicator	Target (2023)	Reported value in IMIS/I+	Remaining value
	and training schemes to support youth employment, educational opportunities and higher and vocational education across borders			reached
4.1	4.5 - Number of involved marginalised persons in training programmes	200	512	Target reached

Table 35: Common and programme-specific output indicators of PA4

Source: IMIS/Interreg+ data, own compilation

**Assessment assumptions** about meeting 2023 target values are as follows:

- **4.1 - Training courses developed and delivered (formal and informal):** The target value for 2023 is reached. Projects contracted in the 1<sup>st</sup> general call delivered 106% of their aggregated targeted value (107 courses as compared to a target value of 101). Projects contracted in the 2<sup>nd</sup> general call have 62 further training courses targeted.
- **4.2 - Number of educational premises refurbished:** Projects contracted in the 1<sup>st</sup> general call delivered the refurbishment of 6 out of 7 targeted premises. Projects contracted in the 2<sup>nd</sup> general call have 6 further premises targeted. This means that the target value for 2023 will probably not be met, unless part of the currently uncontracted amount remaining from the total financial appropriation of the Programme is channelled to projects supporting refurbishing further educational premises.
- **4.3 - Number of educational premises upgraded with technical equipment:** The target value for 2023 is reached. Projects contracted in the 1<sup>st</sup> general call delivered 95% of their aggregated targeted value (36 out of 38). Projects contracted in the 2<sup>nd</sup> general call have 46 further premises targeted.
- **4.4 - Number of participants in joint education and training schemes to support youth employment, educational opportunities and higher and vocational education across borders:** The target value for 2023 is reached. Projects contracted in the 1<sup>st</sup> general call delivered 178% of their aggregated targeted value (3,282 participants as compared to a target value of 1,842). Projects contracted in the 2<sup>nd</sup> general call have 1,101 further participants targeted.
- **4.5 - Number of involved marginalised persons in training programmes:** The target value for 2023 is reached. Projects contracted in the 1<sup>st</sup> general call delivered 108% of their aggregated targeted value (512 persons as compared to a target value of 475). Projects contracted in the 2<sup>nd</sup> general call have 134 further participants targeted.

PA4 projects report the **financial indicator** of the axis as well. Based on this, the current total contracted project value of PA4 (6,538,084.20 EUR) is 97% of the targeted value (6,726,464 EUR). The target can be reached if a further 188,380 EUR is contracted to PA4 projects from the 2.49 million EUR currently uncontracted amount remaining from the total financial appropriation of the Programme.

#### 4.2.5 PA5: Technical assistance

The CP identified 7 **common and programme-specific output indicators** for PA5:

SO	Indicator	Target (2023)	Estimated current value <sup>11</sup>	Remaining value
5.	5.1 - Projects selected for financing	100	130	Target reached
5.	5.2 - Electronic monitoring system established	1	1	Target reached
5.	5.3 - Programme evaluation plan prepared (and approved by the MC)	1	1	Target reached
5.	5.4 - Programme communication plan prepared (and approved by the MC)	1	1	Target reached
5.	5.5 - Guiding documents addressed to applicants and beneficiaries	3	4	Target reached
5.	5.6 - Publicity events	10	5	5
5.	5.7 - Number of employees (FTEs) whose salaries are co-financed by technical assistance	9	8	1

*Table 36: Common and programme-specific output indicators of PA5*

*Source: IMIS/Interreg+ data, own compilation*

**Assessment assumptions** about meeting 2023 target values are as follows:

- **5.1 - Projects selected for financing:** The target value for 2023 is reached. IMIS and Interreg+ currently contains 68 and 62 contracted projects respectively. An estimated 3 projects are under contracting, 11 light projects are to be contracted in the 4th Call of the B Light Scheme, and 3 further contracts are to be delivered via using the remaining funding available.
- **5.2 - Electronic monitoring system established:** The target value for 2023 is reached. Two monitoring systems were established (IMIS and Interreg+), but some important modules of Interreg+ are not yet launched.
- **5.3 - Programme evaluation plan prepared (and approved by the MC):** The target value for 2023 is reached. The document titled 'EVALUATION PLAN of the INTERREG V-A HUNGARY-CROATIA CO-OPERATION PROGRAMME 2014-2020' was approved by the Monitoring Committee via MC decision No 18/2016 (01.12).
- **5.4 - Programme communication plan prepared (and approved by the MC):** The target value for 2023 is reached. The document titled 'COMMUNICATION STRATEGY INTERREG V-A HUNGARY-CROATIA CO-OPERATION PROGRAMME 2014-2020' approved by the Monitoring Committee on the 8th of December 2015 by MC decision No 7/2015 (8.12).
- **5.5 - Guiding documents addressed to applicants and beneficiaries:** The target value for 2023 is reached. Four such guiding documents were prepared (two Guidelines for Applicants and two Project Implementation Handbooks, one for each general Calls for Proposals).

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<sup>11</sup> Unlike thematic PAs, PA5 outputs are not recorded in the monitoring systems. In this section we rely in data collected from the JS, explained in details under the table.

- **5.6 - Publicity events:** Five publicity events were organised until the preparation of the current Stage I Report (an opening conference in September 2015 in Čakovec; a partner search forum in April 2016 in Križevci; two ECDay events – one in September 2016 and one in October 2016, both in Budapest; and one ECDay event combined with a conference in November 2018 in Zalakaros). The COVID-19-related lockdowns made it almost impossible to implement similar events in the past 12 months, thus the target for 2023 may not be reached.
- **5.7 - Number of employees (FTEs) whose salaries are co-financed by technical assistance:** The actual value of this indicator is 8: six full time employees are employed at the JS, one at the JS Contact Point, and an other FTE is distributed among multiple staff members. The target for 2023 is currently missed by 1 FTE.

Based on the information provided by the JS, the total **financial appropriation** of PA5 (6,635,389 EUR) was contracted to specific technical assistance activities, in line with the CP.

## 5 Estimation of net programme Impact

### 5.1 Estimated net impact per specific objective areas

#### 5.1.1 SO 1.1: SME ecosystem

##### **Quantitative analysis**

The **main objective of PA1** is to generate gross value added (GVA) in the industry and services sectors within the programme area. The priority accounts for the projects developed through the B Light Scheme, an SME grant program, financing cross-border cooperation activities. The companies involved are expected to elaborate projects aiming at establishing a business cooperation such as a joint product, technology and service development, supplier chains, common marketing, future establishment of a joint venture. The GVA generated in the region is expected to improve the integration of the border area through the positive impacts on employment and increased general economic attractiveness of the business environment.

Concerning the 1.1.1 B Light Scheme priority component, currently 20 projects are contracted (not including the strategic project managing the scheme and selected projects that were finally not contracted for various reasons). As at the time of preparing the current Stage I Report, none of them have an approved final project report, only partial results are available. Also, the 4th Call of the B Light Scheme is yet to be contracted: the number of projects selected for contracting is 11, and there is also a reserve list of 16 additional projects standing by.

It is not possible to calculate the **exact contribution of these 20+11 projects to the main result indicator of PA1** (Average GVA per capita of industry and services sectors of the programme area), but an estimation can be made, based on the following assumptions:

- B Light Scheme projects are required to reach the minimum value of selling of commonly developed new or upgraded products, technologies or services by either or all of Light Partners, in a minimum value of 20% of the total grants allocated to the Light Project within the sustainability period (2 years after completion).
- Almost all projects targeted the minimum level (20%).
- GVA can be estimated as half of the sales value (fluctuating between 40-60% in case of various industrial sectors, on top of material and other costs).
- This means that the total GVA generated over 24 months is 10% of the total contracted value.
- If we assume that the total contracted amount of PA1 will reach the targeted value (EUR 11,718,000), an estimated EUR 586,000 GVA in the programme area per year.
- Based on the current population of the area (2,068,772 people), the direct annual GVA per capita generation of the Programme is negligible (below 1 EUR). However, this calculation does not allow for business operations of beneficiaries continued and extended beyond the 2-year timeframe of the sustainability period, as well as any multiplication effects on further SMEs of the programme area.

##### **Specific analysis based on applications**

The B Light Scheme is an area where we chose to present a more in-depth quantitative analysis, due to the following reasons:

- SO 1.1 is a crucial area concerning the economic viability and social prestige of the region, thus, it has strong potential impacts on the border area.

- This is the only thematic area of the programme where a two-stage selection procedure was followed<sup>12</sup>. This means that besides projects selected and contracted there is a wider range of projects (and beneficiaries) preselected in the first evaluation stage, with proven strategic conformity with programme expectations.
- At the time of preparing the current Stage I Report, the 4<sup>th</sup> call of the scheme is yet to be contracted, and this means that cca. 25% of the projects of the SO are currently unknown.

In order to collect more information despite the uncertainties, we decided to enlarge the scope of assessment to all applications that were considered as eligible in the strategic part of the evaluation. Concerning the breakdown of preselected applicants (128 altogether in the first 3 calls of the B Light Scheme) per **industrial sector**, business consultancy and communication, IT development, metal and manufacturing, wood industry and food industry stand out with the highest number of applications (25, 21, 21, 10 and 10 respectively, together accounting for more than half of total applicants).

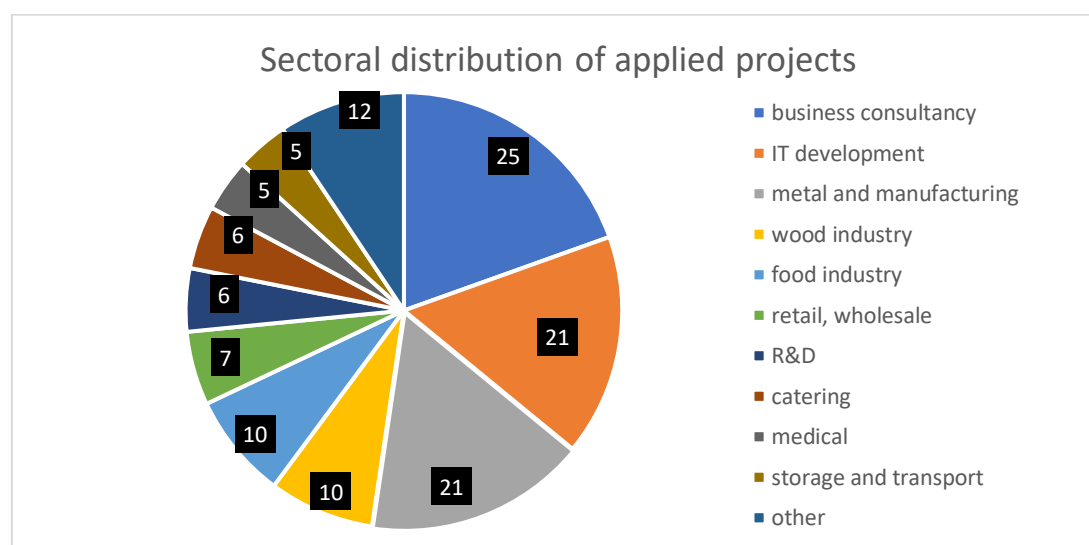


Figure 26: Sectoral distribution of preselected project applications to the B Light Scheme  
Source: JS, own compilation

When analysing the territorial distribution of preselected B Light Scheme partnerships by counties, we see that Baranya and Osječko-baranjska counties produced the highest proportion of partnerships (18). Together, these two counties provided 49% of applicants as well. Other prominent county liaisons included Međimurska - Baranya (5); Međimurska - Zala (5); Osječko-baranjska – Zala (5); Koprivničko-križevačka - Somogy (4); and Virovitičko-podravsko - Somogy counties (3 applications).

Although there is no real sectoral specification of the counties of the Hungarian-Croatian border area, it can be observed that the more prominent economic centres such as Pécs or Osijek, provide service-related project partners in a concentrated manner.

<sup>12</sup> This applies to the first three calls of the B Light Scheme. The successful applications of the 4th call were selected in a single stage process, similar to the procedure followed in the case of general calls.

Industries of applicants	Pécs	Osijek	Čakovec	Nagykanizsa	Koprivnica
Business consultancy	11	3	1	4	1
IT development	8	6	1	0	0
Wood industry	0	0	1	1	1
Food industry	0	0	0	0	4

Table 37: Industrial concentration of application from major economic centres

Source: JS, own compilation

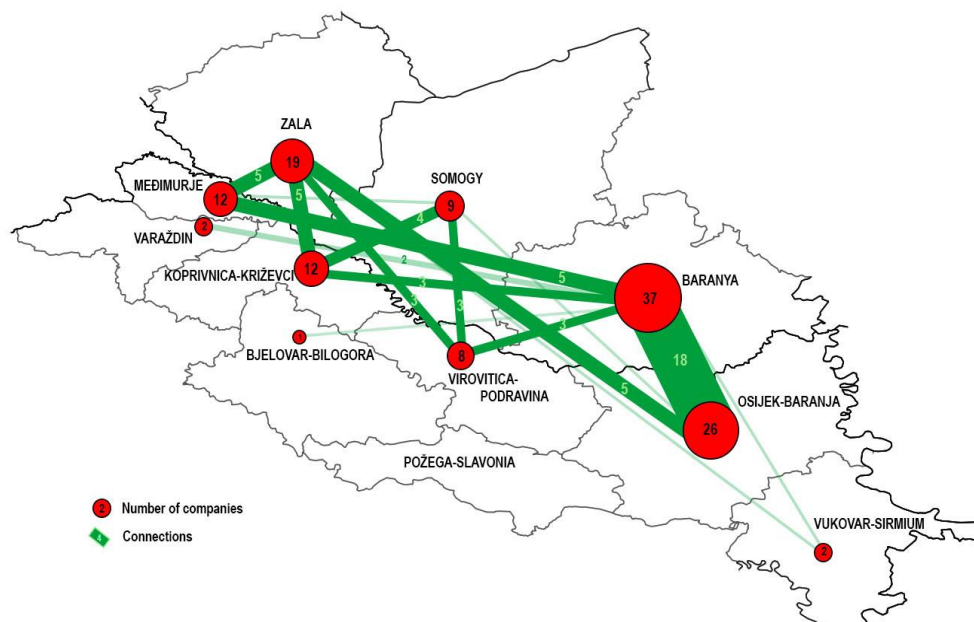


Figure 27: Territorial distribution of preselected B Light Scheme partnerships by county

Source: JS, own compilation

Due to the **spatial distribution** of the territory, it is not surprising that most of the applicants were coming from the more populated towns with higher economic activity (Osijek, Čakovec, Koprivnica, Virovitica, Pécs, Nagykanizsa and Barcs hosted the most applicants, where Osijek and Pécs provided 36% of all preselected applicants). SMEs from outside of the ‘main economic zones’, were less able to fulfil the criteria of the calls for proposals. The implementation process was clearly not able to stimulate and involve rural settlements far from major urban and employment centres.

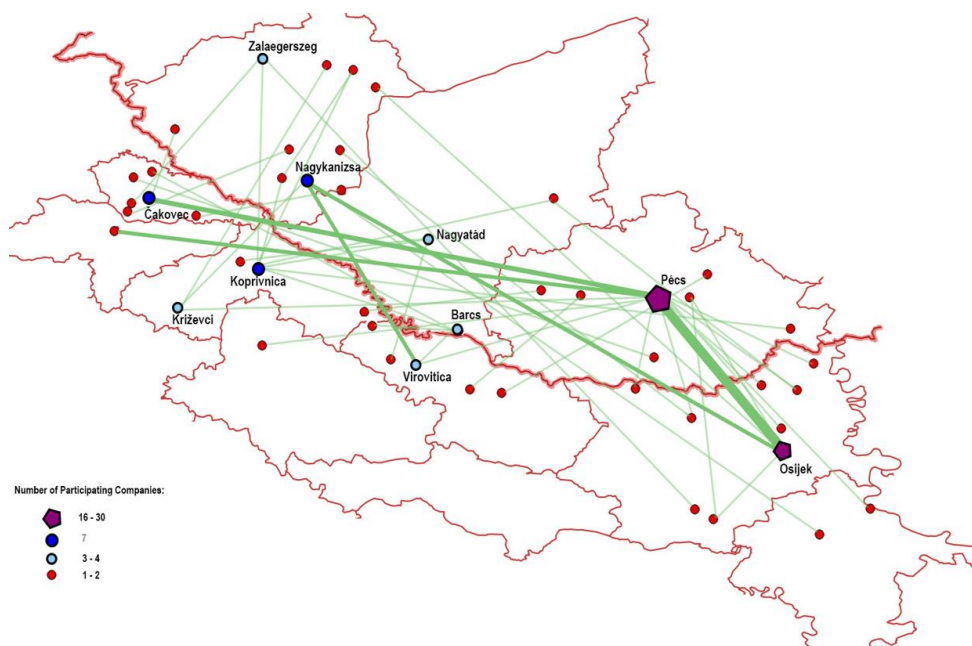


Figure 28: Territorial distribution of preselected B Light Scheme partnerships by settlement  
Source: JS, own compilation

**Partnerships** above 2 members were relatively unsuccessful: out of 9 such applications only 2 were actually contracted. Partnerships representing the same industry were much more likely to be selected (71%) than partners representing different industries (27%).

### Qualitative assessment

The 2<sup>nd</sup> online survey provides insight into the qualitative impacts of B Light Scheme projects and the impacts of the Programme on the SME ecosystem of the border region in general. Out of the 5 key challenges of the regional SME ecosystem, identified by the CP, B Light Scheme beneficiaries claim at least two areas specifically targeted by their projects: they significantly increase the ratio of high value adding SMEs in industrial and services sectors, and develops SME cooperation. It is much less likely to solve the problem of low number of SMEs in the area:

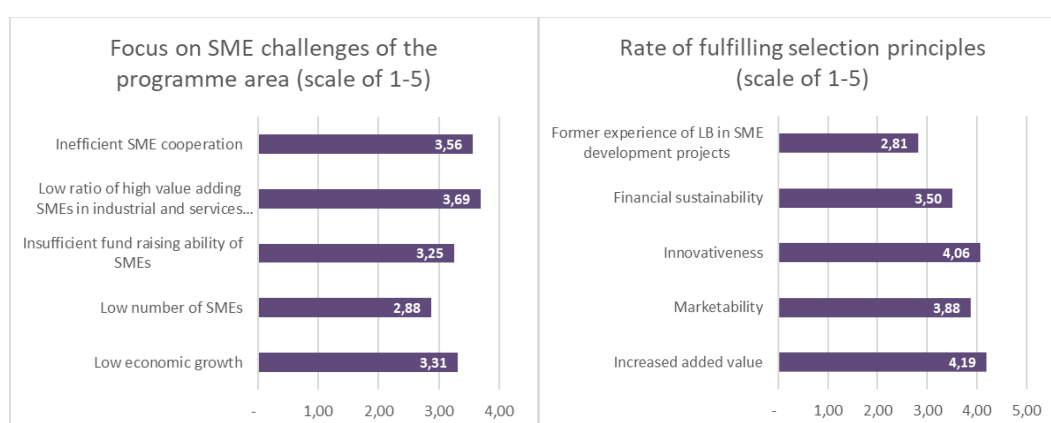


Figure 29: Score of focusing on SME challenges (left) and fulfilling selection principles (right) by SO 1.1 beneficiaries

Source: 2<sup>nd</sup> online survey, CB Joint Strategy project

In terms of project characteristics, in line with initial selection principles, the main advantages of B Light Scheme projects are their innovative nature and value adding ability. Many of them filed

however to take advantage of the former experience of their respective Lead Beneficiary in SME development projects.

The B Light Scheme calls highlighted 5 key activities to be targeted by funded projects. When asked about their particular key activities, almost all beneficiaries marked joint product, technology or service development as most important, followed by the development of joint marketing, promotion and demonstration tools or services. The least targeted key activity was the integration of SMEs into supply chains:

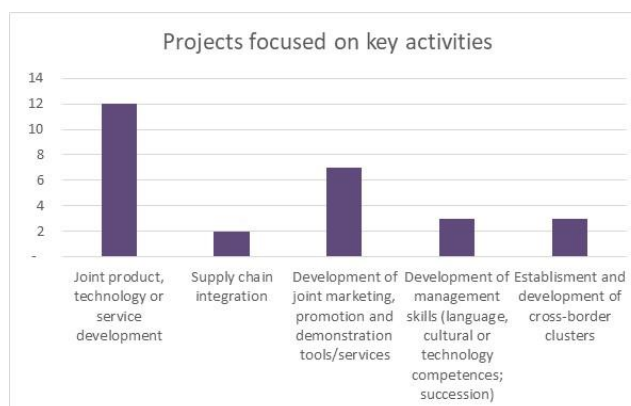


Figure 30: Number of projects focused on key SO 1.1 activities  
Source: 2<sup>nd</sup> online survey, CB Joint Strategy project

The B Light Scheme was generally favoured by the beneficiaries. When provided with the opportunity to evaluate the SO in an open-ended question, they provided generally positive reviews and marked the importance of the funding for the intensification of the economy of the border region. They also recognised more positive changes in key challenges of the SME ecosystem of the programme area, especially in relation to the fund-raising ability of SMEs:

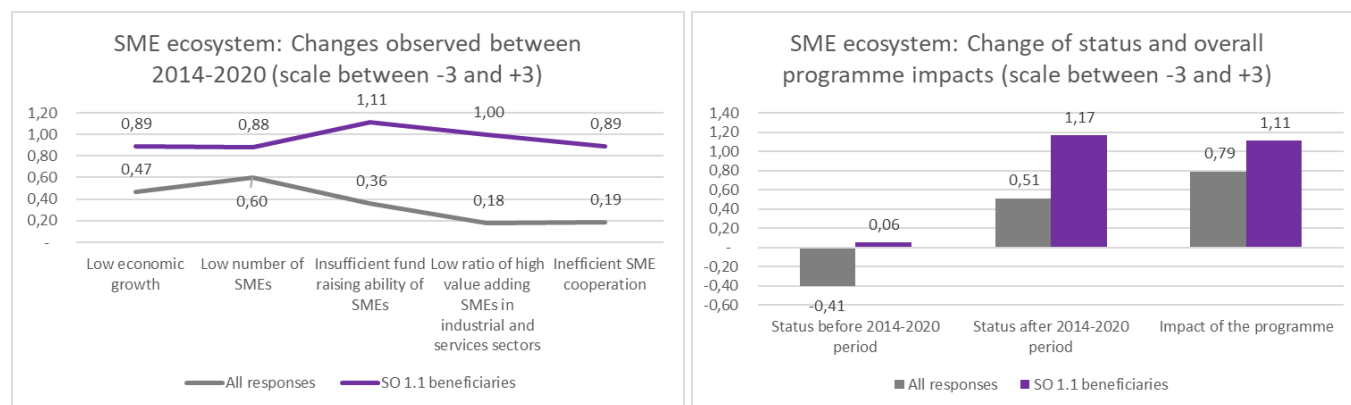


Figure 31: Changes observed in specific SME challenges (left) and the SME ecosystem in general (right)  
Source: 2<sup>nd</sup> online survey, CB Joint Strategy project

When describing the overall change in the SME ecosystem of the border region during the 2014-2020 period, stakeholders generally reported very significant progress, with SO 1.1 beneficiaries being generally more pleased with the status both before and after the examined period. They also attributed a higher contribution from the Programme to this change.

The large number of preselected projects in the two-stage evaluation procedure of the first 3 B Light Scheme calls also allowed to carry out an in-depth analysis on the **structure** of SME partnerships. The analysis classified the projects based the following definitions:

- Within a **joint innovation** product/service development, the collaboration is based on joint efforts to develop the innovation itself. The collaboration on innovation is clearly explained in the proposal and the development would not be possible without the knowledge and skill share between the partners.
- **Business cooperation** projects are based on foreign market penetration and/or joint operation enhancement. The proposal lacks content or explanation on collaborative innovation processes, and even if the product is innovative itself, the development of this character is not of a joint nature. The development is to be done through a business cooperation-like structure, where the project partners do complementary services for each other, or support each other in entering new markets either in terms of territory or industry. The partnership is ought to enhance operation of the partners with the help of a new product or service, or both.

The result of this analysis showed that there were 18 preselected and 12 contracted B Light Scheme projects in which partners cooperated on a real joint innovation activity, while 40 preselected and 10 contracted projects can be considered as business cooperation type of applications, with partners bringing their own expertise and working on their project parts mainly separately. **Innovation projects were more likely to be selected** during evaluation than business cooperation projects: while 100%, 60% and 50% of the former category (innovation projects) was selected in the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> call of the scheme, only 36%, 20% and 21% of the latter category (business cooperation projects) was successful.

Projects were analysed further based on the innovative character of the development as well as their market potential. The evaluation was based on the following two sets of criteria:

- **Innovative ranking**, where grade was given based on the following scale:
  1. No innovation;
  2. Innovation on territorial level relevant for project partners;
  3. Innovation on industry level;
  4. Innovation on sectoral level;
  5. Disruptive innovation affecting the sector and beyond.
- **Places and quality of selling**, or market potential, where a score between 1-5 was given depending on how many points were fulfilled from the following list:
  - o Clear and well explained project plan for entering each other's market and sales plan;
  - o Project opens opportunities to enter new markets;
  - o Product/service sold on international level in a non-neighbouring country;
  - o Demand analysis conducted and explained;
  - o High sales potential indicated by a "pre-order" from a future customer.

Contracted projects scored higher for both the innovation quality and the market potential compared to the average of all applications, however, there was no linear relationship between the innovative quality and market potential for contracted projects with a correlation coefficient of 0.13.

Further important characteristics of innovation and business cooperation projects identified include:

- Company size (based on annual turnover) of business cooperation project partners is significantly larger than innovation project partners.
- Joint innovation projects have a higher need for hard investment expenditures, while business cooperation projects tend to require more external expertise.

- In terms of the innovative quality and market potential, average ranking was lower for business cooperation applications, indicating a lower general project quality, where projects based on artificial cooperation were also present.

### 5.1.2 SO 2.1: Tourism

#### **Quantitative analysis**

Tourism is the most popular SO of the Programme in all regards: it is the subject of the most contracted projects (34 in general calls and 2 strategic projects), the most contracted funding (32.77 m EUR, not including .4.45 m EUR contracted for strategic projects). It also has the most components (3 for general projects and a 4th one for strategic ones). This is the only SO of the Programme where the CP introduced territorial focus within the programme area, preferring investments in the 40+40 km strip of the border (the so-called Zone B). This approach is extremely important in channelling funds to areas where real change can be made and excluding viable tourism destinations (e.g. Hévíz or Lake Balaton in Hungary), with only distant and indirect labour market, prosperity or image building links to the generally more remote and less recognised border areas.

Detailed thematic distribution of the projects presented in Chapter 3 shows that the theme of cultural tourism is represented by the highest number of projects, and the same theme was awarded the highest amount of funding as well, shared with the theme cycling tourism.

Three main aspects are measured throughout the implementation of tourism projects: their contribution to the expected number of visits to supported sites, the number of facilities and/or service providers involved into environmental certification systems, and the contribution to the number of guest nights spent by tourists in the border region. The latter is also the main result indicator of SO 2.1. Though most projects are currently being implemented (with some only recently contracted), our analysis in Chapter 4 showed that the projects will probably deliver the planned number of visitors and will probably fail to involve all planned facilities into the certification systems by a small margin.

Contribution of projects to the main result indicator (Number of guest nights in Zone B) is much more complicated to measure. Though tourism projects of the Programme themselves report the number of guest nights in relation to their project, reported values are incomparable, as part of them rely on territorial statistics, and an other part on own data collected by beneficiaries. Without comparable targets (and validated results) the net quantitative impact of the Programme cannot be defined.

#### **Qualitative assessment**

The 2<sup>nd</sup> online survey provides insight into the qualitative impacts of tourism projects and the impacts of the Programme on the tourism sector and attractiveness of the border region in general. The CP identified 3 key tourism-related challenges, with one concerning the decontamination of minefields – the specific subject of the strategic project of SO 2.1. As for the more general ones, tourism projects are especially focused on the improvement of the infrastructure of heritage tourism, and for a much lower extent of the improvement of border permeability. The latter is an obvious and outspoken problem of the programme area, usually requiring investments beyond the capacity of a CBC programme. The funded tourism projects seem to successfully address one of the key target groups of the SO - potential future visitors:



Figure 32: Score of focusing on tourism challenges (left) and key SO 2.1 target groups (right) by SO 1.1 beneficiaries

Source: 2<sup>nd</sup> online survey, CB Joint Strategy project

Tourism components of general calls of the Programme highlighted 11 key activities to be targeted by funded projects, 5 specific for cycling tourism, 2 for other active tourism and 4 for heritage tourism projects. When asked about their particular key activities, projects of the various categories marked some differences in their most important activities:

- Cross-border connections and missing route sections were the most targeted activities of cycling tourism projects, while joint product and sales development was the least targeted.
- Other active tourism projects put a somewhat higher emphasis on creating an attractive active tourism destination than on the actual development of tourism infrastructure.
- Heritage tourism projects equally favoured infrastructure development, provision of bilingual and multilingual info-communication content, and the establishment of an attractive natural and cultural regional image, treating the development of local craft products, services and networks with a lower priority.

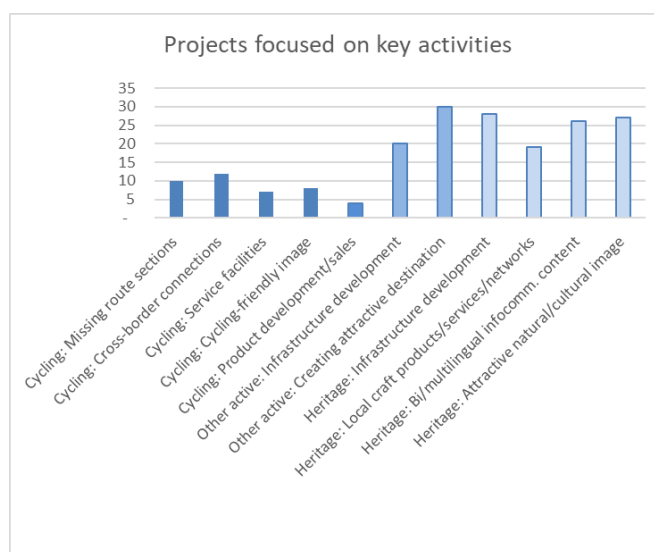


Figure 33: Number of projects focused on key SO 2.1 activities

Source: 2<sup>nd</sup> online survey, CB Joint Strategy project

Tourism components of general calls set complex requirements against applications. When asked about the rate of fulfilling these selection criteria, beneficiaries provided the following evaluation of their projects:

- Cycling tourism projects generally realised high level of synergy with other cross-border projects, and significant correlation with the rest of the selection principles. The only criteria achieved for a less extent is the application of quiet road surfaces and passive noise reduction solutions.

- Non-cycling tourism projects are generally in line with all selection criteria (without any outstanding values). The least addressed topic is the use of locally available materials and environmentally conscious technologies.

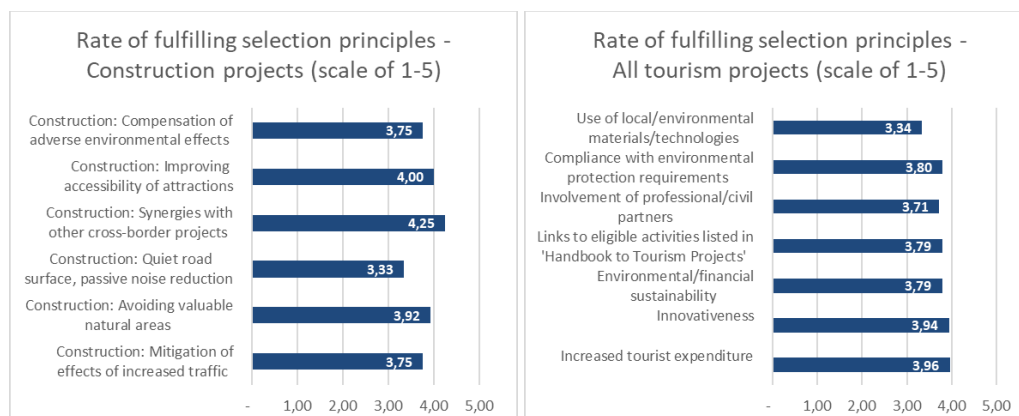


Figure 34: Score of fulfilling selection principles by SO 2.1 beneficiaries

Source: 2nd online survey, CB Joint Strategy project

It is noteworthy that tourism projects contracted in the Programme are equipped with a more detailed set of measurable indicators. These represent a wide range of specific tourism related achievements (e.g. signposting of cycle routes and attractions, accessible attractions, numerous visitor centres and thematic routes, large areas of former industrial or agricultural sites transformed into cultural sites, events and trainings). After the full implementation of the Programme these will significantly increase the justified impact of the funding on the tourism sector of the part of the programme area closest to the border.

Programme stakeholders recognised positive changes in the general challenges of the tourism sector, both in terms of heritage tourism infrastructure development and the improvement of border permeability, with SO 2.1 beneficiaries reporting higher positive changes. The problem of remaining minefields is obviously still present, representing a higher concern for tourism professionals than general stakeholders:

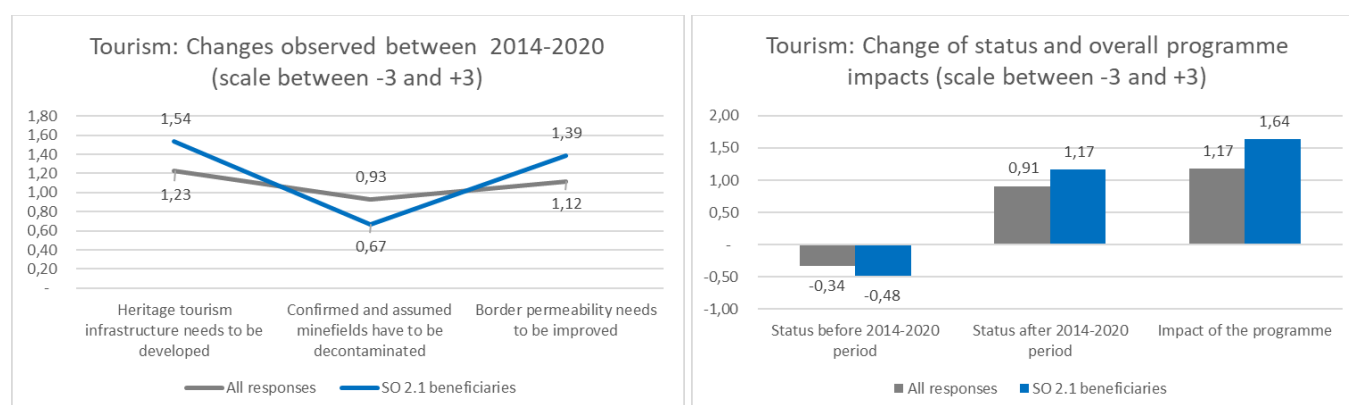


Figure 35: Changes observed in specific tourism challenges (left) and the tourism sector in general (right)

Source: 2nd online survey, CB Joint Strategy project

When describing the overall change in the status of the tourism sector of the border region during the 2014-2020 period, stakeholders generally reported very significant progress, turning a slightly negative average rating into a clearly positive one. The change recognised by SO 2.1 beneficiaries was even larger. Stakeholders (and especially beneficiaries of tourism projects) generally attributed a high contribution from the Programme to this change.

This SO also hosts MuKoBridge, one of the 4 strategic projects of the programme, including preparatory activities for a future bridge between connecting Murakeresztúr and Kotoriba, over the border river Mura. Though the project's direct result will be only the new feasibility study of the planned infrastructure development, and the actual implementation of the bridge requires further governmental agreements and funding beyond the financial ability of the Programme, it still represents a major step towards eliminating a very significant weakness of the border area, the limited permeability.

### 5.1.3 SO 2.2: Biodiversity

#### **Quantitative analysis**

Biodiversity is an important feature of an extremely complex ecosystem, subject to a wide range of major human-related and natural processes. It is far beyond the limitations of a cross-border cooperation programme to achieve significant (or even measurable) changes in the general biodiversity status of an area spreading over 11 counties. Nevertheless, natural assets represent the most important inherent value of the programme area, thus, major efforts have to address its preservation and improvement.

The SO was addressed by component 2.2.1 in both general calls for proposals, contracting 6 projects altogether. Though this is the lowest number of projects among the 5 main specific areas of the funding, their average size is cca. EUR 875.000, only exceeded by infrastructure-related tourism components. Overall, biodiversity related activities received 7.8% of the total thematic funding of the Programme. The fact that this is the lowest of the SO areas, even lower than objectives like education or cooperation, including less resource-intensive activities, is a sign of the relatively low attention provided by the programme on the status of biodiversity. The projects involve the highest average number of beneficiaries per project (4.2, with 25 beneficiaries altogether).

Out of the 6 projects, 3 contracted in the first general call are finished, and the other 3 are currently being implemented but without any reported results or outputs so far. Therefore, only partial results are available. It can be concluded that after full implementation, the component will comfortably meet all specific outputs set by the CP: A high number of participants will be reached via joint education and training, as well as awareness raising programmes, and numerous international studies will support long-term professional activities. The component is especially successful in terms of the surface area of habitats attaining a better conservation status: The RED FAITH project (HUHR/1601/2.2.1/0004) introduced a new LIDAR-based aerial imagery technology, enabling higher efficiency in identifying trees needing specific intervention. The area effectively screened to support targeted interventions is huge (cca. 25,000 Ha), with immediate and longer-term multiplication potential (easily expanded to the total of 124.000 Ha forests managed by the partners, and potentially distributed to further stakeholders). As the share of Natura 2000 sites is high among these (especially in Hungary: 76%), the project potentially provides a major contribution to the main result indicator of SO 2.2 (Number of habitats with excellent conservation status).

#### **Qualitative assessment**

The 2<sup>nd</sup> online survey provides insight into the qualitative impacts of biodiversity projects and the impacts of the Programme on the ecological status of the border region in general. As the low number of contracted projects in component 2.2.1 hinders the statistical reliability of the part of data where answers of specific SO 2.2 beneficiaries are aggregated, hereunder we only interpret values collected from all stakeholders.

Programme stakeholders recognised positive, but only moderate changes in the general challenges of the ecological status of the border region, either in terms the efforts targeting the restoration and protection of natural heritage, flood protection developments to revitalize backwaters and floodplains, or the introduction and use of less aggressive, traditional land use methods in agriculture (with the latter valued as least progressing):

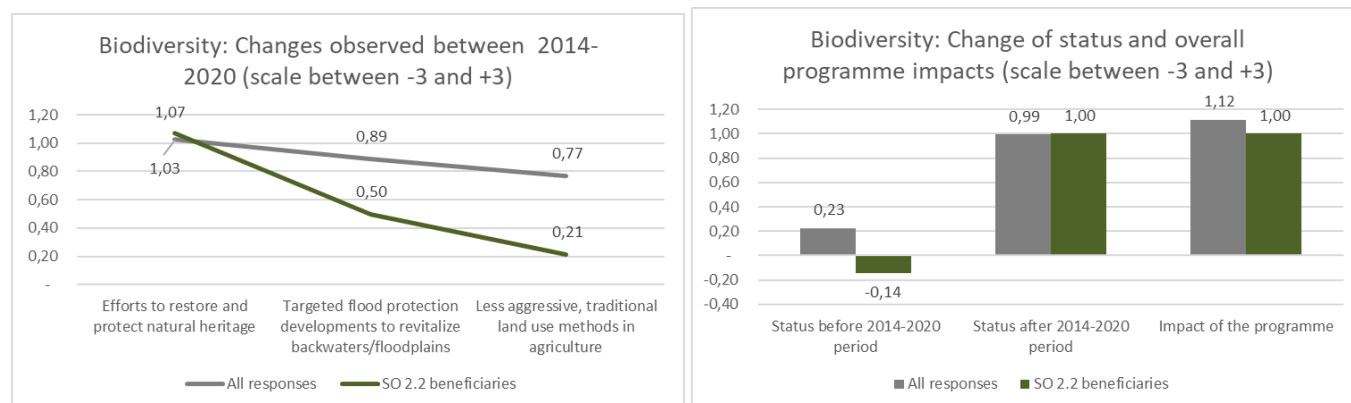


Figure 36: Changes observed in specific biodiversity challenges (left) and nature in general (right)

Source: 2<sup>nd</sup> online survey, CB Joint Strategy project

When describing the overall change in the ecological status of the border region during the 2014-2020 period, stakeholders generally reported significant progress, and attributed a high contribution from the Programme to this change.

#### 5.1.4 SO 3.1: Cooperation

SO 3.1 includes 2 components (3.1.1 Thematic co-operation and 3.1.2 People-to-people co-operation), both of which were addressed in both general calls for proposals. 15 projects contracted in the first call are already implemented, while 19 further projects are currently or were recently started, without any reported or validated progress. The average size of the projects is the lowest among SOs, due to the soft nature of project activities. Even though, the SO receives 10.0% of the total thematic funding of the Programme. The SO also hosts a strategic project (the one titled CB Joint Strategy, delivering the current impact assessment as well).

General call projects involve a high number of beneficiaries, almost averaging 3 per project. They represent the following categories:

- 32 public administration bodies (counties and settlements) represent one third of beneficiaries. The Municipality of Koprivnica is the most active beneficiary of the whole SO, taking part in 6 projects.
- 30 public non-profit institutions, representing various governance, environmental and energy efficiency areas.
- 28 NGOs from around the region are responsible for various sport, arts and culture related activities.
- Higher education institutions cover 8 project parts. The University of Pécs is the most active, contributing to 4 projects.
- 1 research institute is represented in an energy efficiency project.

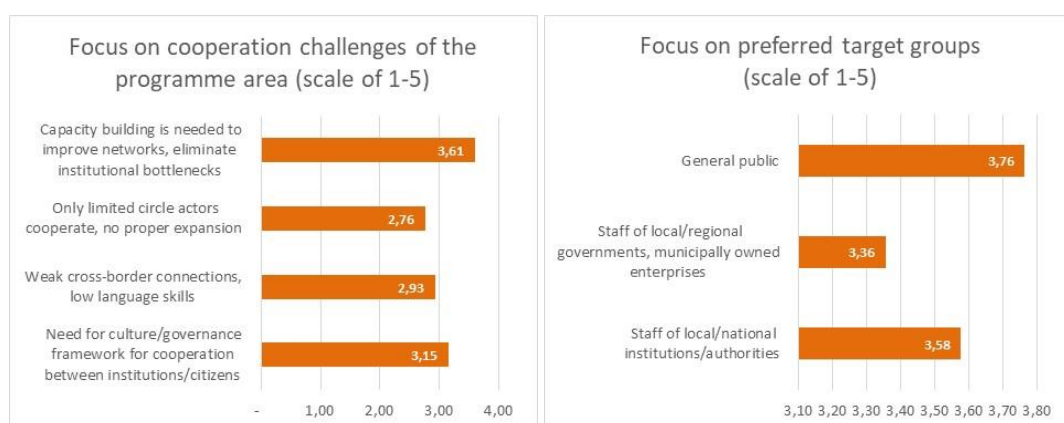
Some important characteristics of projects contracted either under components 3.1.1 or 3.1.2 include:

- Both components host a high number of small projects (20 and 14 projects respectively), and a high number of partners (62 and 36).
- Various topics are targeted: energy (8), governance (4), environment, R&D, tourism (2-2), health & social (1) in case of component 3.1.1; art and culture (6), sports (5), tourism, governance, health & social (1-1) in component 3.1.2.
- Institutional cooperation is the least territorially concentrated component of the whole Programme, while partners of people-to-people co-operation projects were relatively concentrated in the borderside area.
- Diverse partner types were involved in both cases, dominated by public local and regional bodies in component 3.1.1 and NGOs in 3.1.2.
- SO 3.1 projects provide the highest proportion of joint activities in the Programme, with very balanced budget allocations among partners.

As more than half of the projects are yet to report their achievements, only partial results are available at the time of preparing the current Final Assignment. It can be concluded that after full implementation, the SO will comfortably meet all specific outputs set by the CP: A high number of institutions will participate in joint capacity building actions, and numerous harmonized processes, shared initiatives, coordinated policies and projects will be jointly developed to sustain and multiply the impact. Based on the targeted outputs of component 3.1.2 projects, the SO will be especially successful in involving people into joint actions and events, where 2 projects (focused on gastronomy and culture) will alone produce 35 times the value of the 2023 target.

### **Qualitative assessment**

The 2<sup>nd</sup> online survey provides insight into the qualitative impacts of cooperation projects and the impacts of the Programme on cross-border institutional and people-to-people cooperation in the border region in general. Out of the 4 key challenges identified for the area by the CP, SO beneficiaries claim the need for capacity building improving networks and eliminating institutional bottlenecks, as the one especially targeted by their projects. The lowest contribution is declared in the case of expanding the limited circle of actors involved into cooperation. The funded cooperation projects seem to successfully address all key target groups of the SO, especially the general public and the staff of local and national institutions and authorities:

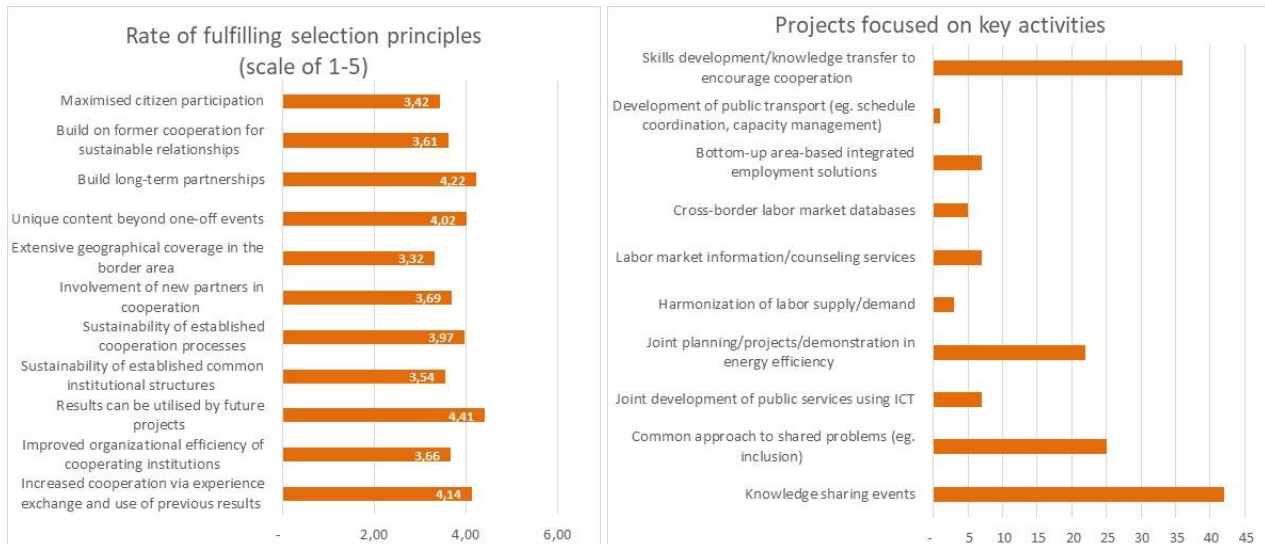


*Figure 37: Score of focusing on cooperation challenges (left) and key SO 3.1 target groups (right) by SO 3.1 beneficiaries*

*Source: 2<sup>nd</sup> online survey, CB Joint Strategy project*

The two cooperation components of general calls set a wide range of requirements against applications. When asked about the rate of fulfilling these selection criteria, beneficiaries provided the following evaluation of their projects:

- Areas where projects realised the highest level of synergy with the expectations are the building of long-term, sustainable partnerships, and the provision of results that can be utilised by future projects as well.
- Projects show significant correlation with the rest of the selection principles as well. The only two criteria achieved for a less extent are the extensive geographical coverage in the border area, and the sustainability of established common institutional structures.



*Figure 38: Score of fulfilling selection principles by SO 3.1 beneficiaries (left) and number of projects focused on key SO 3.1 activities (right)*

*Source: 2<sup>nd</sup> online survey, CB Joint Strategy project*

Out of the several key activities defined by the calls as eligible for funding, the following ones stand out as most included into projects:

- Skills development and knowledge transfer encouraging cooperation;
- Knowledge sharing events;
- Establishment of common approaches to shared problems (like social inclusion);
- Joint planning, shared projects and joint demonstration activities in energy efficiency.

The least popular activities are the development of public transport (including schedule coordination and capacity management), and the harmonization of supply and demand sides of the labour market.

Programme stakeholders recognised only moderate changes in the general challenges of cross-border cooperation, scoring only slight improvements especially in the case of weak cross-border connections and language skills, as well as the limited circle of actors involved into cooperation activities:

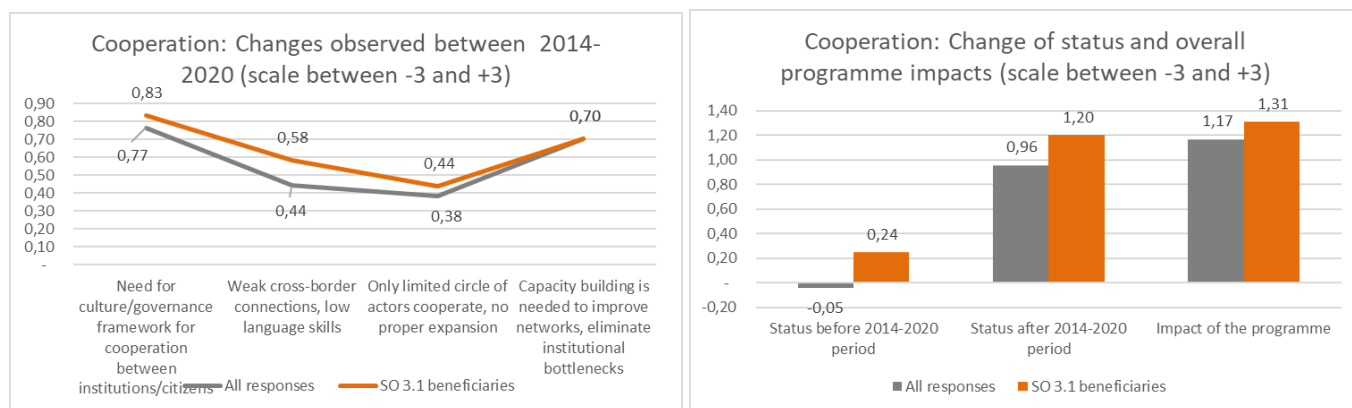


Figure 39: Changes observed in specific cooperation challenges (left) and cooperation activities in general (right)

Source: 2<sup>nd</sup> online survey, CB Joint Strategy project

On the contrary to addressing challenges, when describing the overall change in the level of cross-border cooperation in the border region during the 2014-2020 period, stakeholders reported very significant progress, and attributed a very high contribution from the Programme to this change. SO 3.1 beneficiaries recognised slightly more positive average changes and impacts in all aspects.

#### 5.1.5 SO 4.1: Education

SO 4.1 consists of 2 components, both focused on the bi- and multilateral cooperation of education institutions (4.1.1 Co-operation in higher education; 4.1.2 Co-operation in preschool, primary and secondary education and adult education), both of which were addressed in both general calls for proposals. 18 projects contracted in the first call are already implemented, while 14 further projects are currently or were recently started, without any reported or validated progress. The 26 projects contracted make 4.1.2 the most populous component of the programme. The average size of the projects is the second lowest among SOs (the lowest one being the similarly cooperation-focused SO 3.1), due to the soft nature of project activities. Even though, the SO receives 9.7% of the total thematic funding of the Programme.

General call projects involve a high number of beneficiaries, averaging more than 3 per project. They represent the following categories:

- The most populous group is the one of other (non-higher) education institutions (48), including primary and secondary schools, vocational education institutions, methodology and education management centres.
- Higher education institutions cover 18 project parts. The University of Pécs is the most active, contributing to 5 projects, but both other universities of the programme area are also represented in multiple projects.
- 25 public non-profit institutions participations, representing chambers, development and innovation agencies, with PORA, the Regional development agency of Koprivničko-križevačka county being the most active one with 4 participations.
- 1 county and 2 city municipalities cover 6 project parts (2 each).
- 3 NGOs and 2 research institutes are also represented.

Important characteristics of higher education projects contracted under component 4.1.1 include:

- Various topics were addressed, including applied training courses related to sustainability (2), basic medical education (1), agriculture (2), business-academic cooperation for better labour market alignment (1).

- Activities mainly concentrated in the university towns/cities (Pécs, Osijek, Kaposvár, Križevci, Nagykanizsa, Varaždin), in line with the frequent participations of their higher education institutions.
- Partners of higher education co-operation projects can be considered as the most compatible among all Programme components, and they implemented/planned the highest level of joint activities.

The same characteristics of non-higher education (component 4.1.2) projects can be summarised as follows:

- Projects focusing on skills development or technical knowledge development dominate.
- Projects involve a large number of education institutions from around the border area.
- Significant organisational mismatch can be detected, due to the very different management structure and legal status of public and vocational education institutions in the two countries: In many cases the Klebelsberg Centre of Hungary was partnering single Croatian schools. In the 2<sup>nd</sup> general call this situation improved, as School Districts of the Klebelsberg Centre appeared as beneficiaries on the Hungarian side.

As almost half of the projects are yet to report their achievements, only partial results are available at the time of preparing the current Final Assignment. It can be concluded that after full implementation, the SO will comfortably meet 4 out of 5 specific outputs set by the CP, including Formal and informal training courses developed and delivered; Educational premises upgraded with technical equipment; Participants in joint education and training schemes supporting youth employment, educational opportunities and higher and vocational education across borders; and Marginalised persons involved in training programmes. Specific successes of the component are the high number of curricula developed (planned to reach over 4 times of the targeted 40 pieces) and the number of people involved into education and training (planned to reach over 4 times of the targeted values of 40 and 860 respectively). The only specific output where the target value for 2023 will probably not be met is the number of educational premises refurbished. Here, a value of 6 was reported so far and further 6 are targeted by projects currently implemented, therefore the 2023 target of 15 can only be met if part of the currently uncontracted amount remaining from the total financial appropriation of the Programme was channelled to projects supporting refurbishing further educational premises.

### **Qualitative assessment**

The 2<sup>nd</sup> online survey provides insight into the qualitative impacts of education projects and the impacts of the Programme on cross-border education cooperation in the border region in general. Out of the several key challenges identified for the area by the CP, SO beneficiaries claim mostly moderate correlation by their projects. The challenges best targeted include the lack of cross-cultural knowledge of inhabitants; the lack of region-specific or cross-cultural content in national curricula; and the poor general condition of education infrastructure and lack of modern teaching facilities. The lowest level of contribution is measured in the case of fighting the strong brain-drain effect of the two capital cities. The education projects funded under SO 4.1 seem to successfully address 2 key target groups out of the 4 preferred in the general calls for proposals (students living and studying in the border region; and the staff of educational institutions), but less effectively address marginalized social groups and individuals. Project beneficiaries admit specific failure in targeting trainees living and studying in the border region:

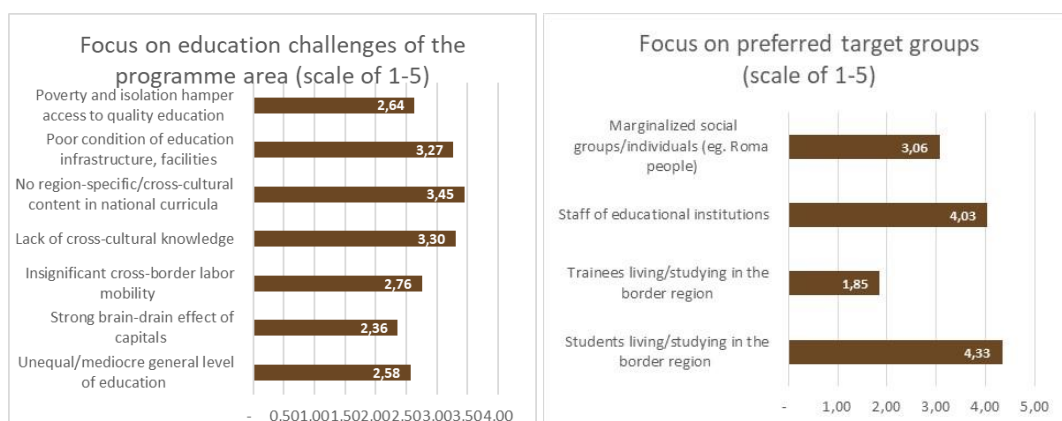


Figure 40: Score of focusing on education challenges (left) and key SO 4.1 target groups (right) by SO 4.1 beneficiaries

Source: 2<sup>nd</sup> online survey, CB Joint Strategy project

The two cooperation components of general calls set a wide range of requirements against applications. When asked about the rate of fulfilling these selection criteria, beneficiaries provided the following evaluation of their projects:

- Areas where projects realised the highest level of synergy with the expectations are the expanded cooperation between education and training institutions, and the balanced participation of Croatian and Hungarian participants.
- Projects show significant correlation with the rest of the selection principles as well, but the requirement to involve marginalized social groups and individuals is once again the weakest point in the self-analysis of beneficiaries.

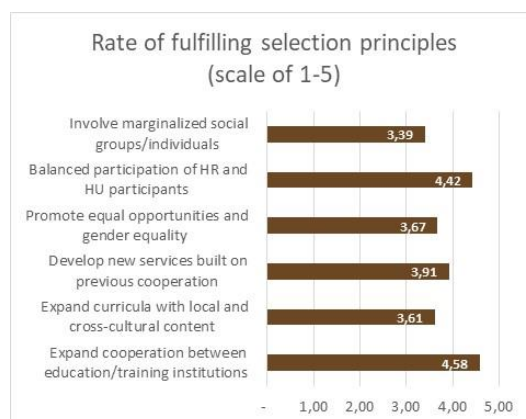
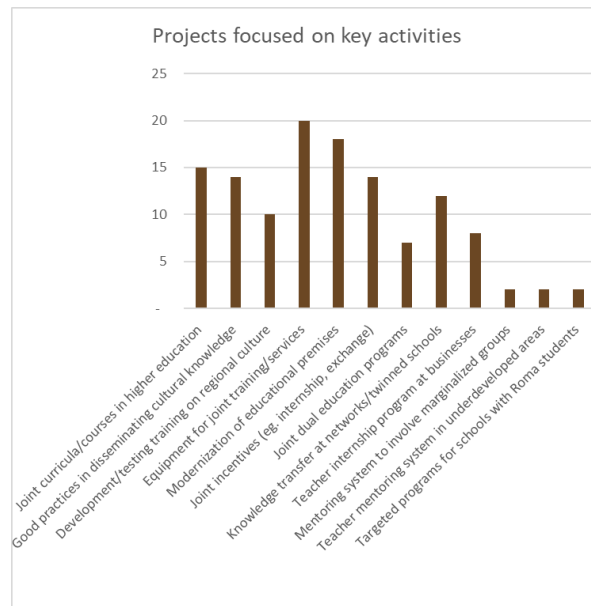


Figure 41: Score of fulfilling selection principles by SO 4.1 beneficiaries

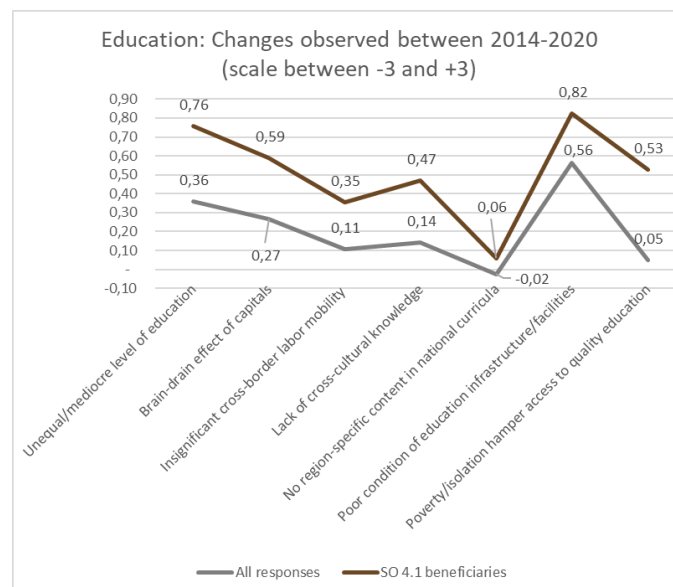
Source: 2<sup>nd</sup> online survey, CB Joint Strategy project

Out of the numerous activities defined by the calls as eligible for funding, the purchase of joint training and services equipment and the modernization of educational premises stand out as most often included into projects. The least popular activities are the introduction of mentoring systems (either to involve marginalized groups or to support teachers working in underdeveloped areas), and the development of targeted programs for schools with a high ratio of Roma students.



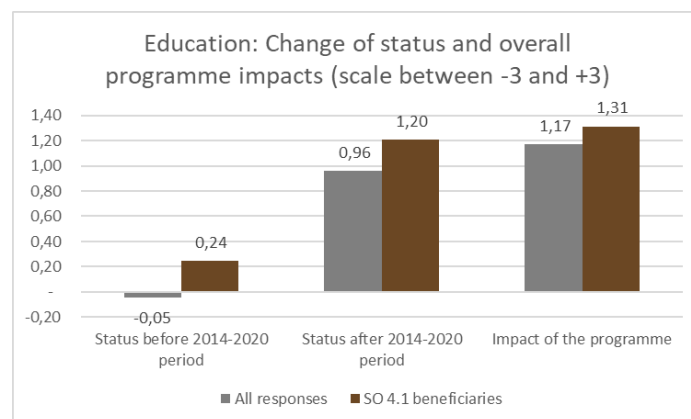
**Figure 42: Number of projects focused on key SO 4.1 activities**  
Source: 2<sup>nd</sup> online survey, CB Joint Strategy project

Programme stakeholders recognised only moderate changes in the general challenges of cross-border cooperation, scoring only slight improvements especially in the case of the insignificant level of cross-border labour mobility, the lack of cross-cultural knowledge of the local population, as well as the lack of region-specific content in national curricula:



**Figure 43: Changes observed in education challenges**  
Source: 2<sup>nd</sup> online survey, CB Joint Strategy project

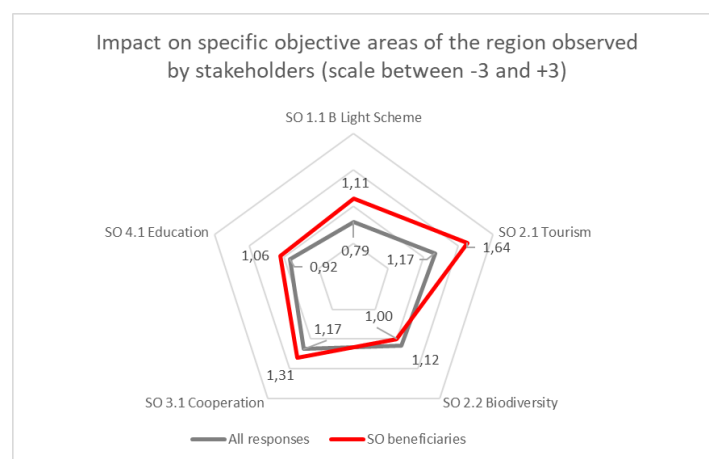
On the contrary to addressing challenges, when describing the overall change in the level of cross-border cooperation in the border region during the 2014-2020 period, stakeholders reported significant progress, and attributed a very high contribution from the Programme to this change. SO 4.1 beneficiaries recognised even more positive average changes and impacts in all aspects.



**Figure 44: Changes observed in the education sector in general**  
Source: 2<sup>nd</sup> online survey, CB Joint Strategy project

### 5.1.6 Overall impacts on the programme area

Collating the overall impact of the Programme on the 5 main specific objective areas of the region, as observed by stakeholders answering the 2<sup>nd</sup> online survey, we see that SO 1.1 (SME ecosystem) and SO 4.1 (education) are perceived as subject to the smallest (but still significantly positive) improvement, while the status of SO 1.1 (tourism) and SO 3.1 (cooperation) improved more considerably. The improvement observed by beneficiaries of the particular objective is usually higher, especially in case of SMEs and tourism stakeholders. The only exception is the area of biodiversity (SO 2.2), where beneficiaries estimate slightly lower growth than the general stakeholder audience. However, this is the area where the number of actual Programme beneficiaries is the lowest, therefore this value is somewhat less relevant statistically.



**Figure 45: Overall Impact of the Programme on specific objective areas**  
Source: 2<sup>nd</sup> online survey, CB Joint Strategy project

The overall long-term vision of the programme is defined in chapter 1 of the CP. We divided the vision into key elements and asked the stakeholders to evaluate the progress they observe in the programme area as compared to the situation before the 2014-2020 period. The survey showed a general and balanced improvement along the various elements, where cross-border knowledge sharing received lower scores, while the higher valued elements were cross-border cooperation of active and motivated groups of the society, and sustainable and value-added exploitation of natural and cultural resources. Breaking down the answers to various type of stakeholders we see some interesting differences:

- The perception of municipalities is almost identical with the average, proving their position as the best-informed stakeholders in terms of regional development. Health, social care and other public institutions, often closely related to municipalities, provided similar scores, but somewhat higher in certain cooperation and heritage topics.
- Education specialists were the most optimistic about the improvements, while SMEs, NGOs and business support institutions were more pessimistic than other stakeholder types.

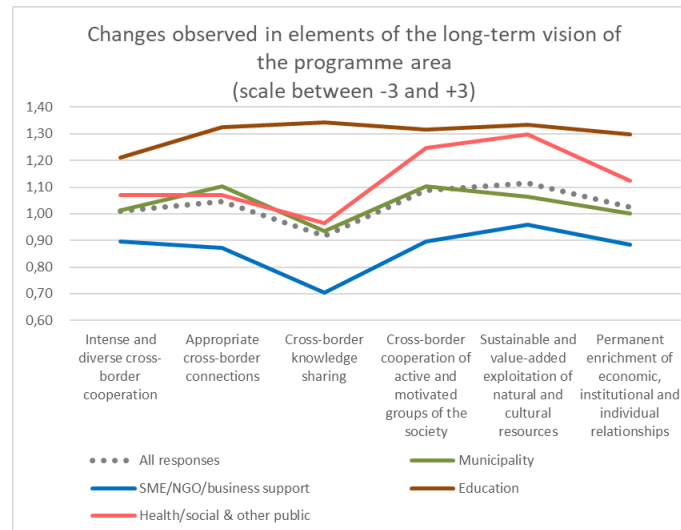


Figure 46: Changes observed in elements of the long-term vision of the programme area  
Source: 2<sup>nd</sup> online survey, CB Joint Strategy project

A specific section of the 2<sup>nd</sup> online survey addressed the contribution of the Programme to the Europe 2020 Strategy, along 9 highlighted strategic objectives. Scores of all stakeholder categories in terms of all objectives fell into the 2.7-3.5 range, around the median of 3, but more often on the positive side. The average score received from all responses is highest in terms of preserving and sustainably using natural heritage; creating incentive environment for future collaborations; and creating supportive public attitude to future collaborations through joint education programs. Areas receiving average score below 3 included the support of cooperation and joint development of SMEs; and the priority provided to areas disadvantaged in terms of employment or social equality. Detailed sub-scores of various types of stakeholders are in line with these averages.

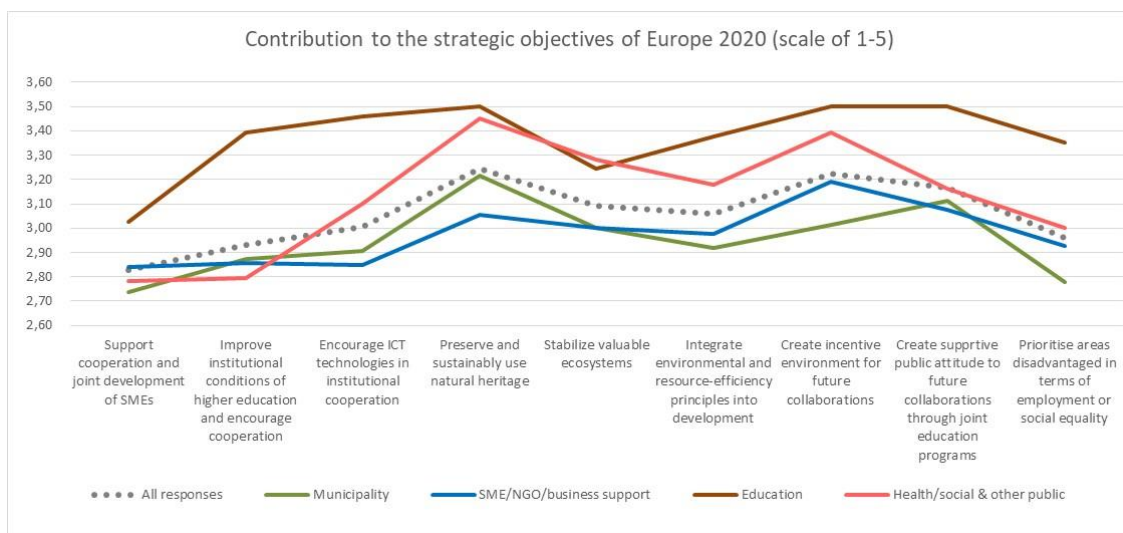


Figure 47: Contribution to the strategic objectives of Europe 2020  
Source: 2<sup>nd</sup> online survey, CB Joint Strategy project

## 5.2 Synergies with other EU funded projects

Cross-border cooperation programmes comprise a very small part of the wide range of funding provided by the EU. As a consequence, internal border regions of the EU (like the area of the Croatia-Hungary border) have access to many sectoral funding opportunities provided via national operational programmes (OPs), and – at the same time – has the opportunity to apply for transnational funding schemes as well. Based on the financial appropriation, cross-border cooperation programmes can play merely a complementary role besides mainstream national programmes, where they can add value through their peculiar capability of establishing cross-border links, turning the disadvantage of geographical isolation into an advantage of cross-border cooperation potential.

As the Programme currently assessed is aimed at the needs and challenges of its programme area, it is subject to abundant synergies with national OPs. In the analysis presented below we do not attempt to discover all details of these correlations, only **highlight the main synergies with national OPs** relevant for each SO area. At the same time, we assess **synergies with other territorial cooperation programmes in details**, as the ones with a similar nature in building and utilising international cooperation. For the sake of the exercise, we collected 123 transnational EU projects, relevant for one of the 5 specific objective areas of the Programme, using sources like the Keep, Easme and Cordis databases, and only considering projects from the 2014-2020 period, with at least one partner for the programme area.

Funding scheme	SO 1.1 SME ecosystem	SO 2.1 Tourism	SO 2.2 Biodiversity	SO 3.1 Cooperation	SO 4.1 Education	TOTAL
2014 - 2020 ESPON 2020	0	0	0	1	0	1
2014 - 2020 Interreg Europe	7	1	0	1	1	10
2014 - 2020 Interreg IPA CBC Croatia - BiH - Mn	1	2	0	1	0	4
2014 - 2020 Interreg IPA CBC Croatia-Serbia	7	8	2	3	1	21
2014 - 2020 INTERREG V-A Austria - Hungary	2	1	0	3	0	6
2014 - 2020 INTERREG V-A Romania - Hungary	0	0	0	1	0	1
2014 - 2020 INTERREG V-A Slovenia - Croatia	0	8	0	1	0	9
2014 - 2020 INTERREG V-A Slovenia - Hungary	2	11	0	2	1	16
2014 - 2020 INTERREG VB Adriatic - Ionian	0	2	1	0	0	3
2014 - 2020 INTERREG VB Central Europe	2	7	0	1	4	14
2014 - 2020 INTERREG VB Danube	3	9	2	3	8	25
2014 - 2020 INTERREG VB Mediterranean	1	0	0	0	0	1
2014 - 2020 URBACT III	2	0	0	2	0	4
Other (EUSDR projects related)	1	2	1	0	0	4
EU LIFE Programme	0	0	3	0	0	3
South East Europe Transnational Coop. Prog.	0	0	1	0	0	1
<b>TOTAL</b>	<b>28</b>	<b>51</b>	<b>10</b>	<b>19</b>	<b>15</b>	<b>123</b>

Table 38: Transnational EU projects in 2014-2020 with participant(s) from the programe area, by SO  
Source: keep.eu, life.easme-web.eu, southeast-europe.net, own compilation

Most of these transnational projects were targeting topics primarily related to Tourism (SO 2.1 of the Programme, 51 projects) and SME ecosystem (SO 1.1, 28 projects), but the other SO areas also received widespread attention. Among the most popular funding schemes the INTERREG Danube Transnational Programme and the Croatia-Serbia Cooperation Programme stand out with 25 and 21 projects, but many other schemes are also represented with multiple projects.

### 5.2.1 SO 1.1: SME ecosystem

#### National OPs in Croatia

**TO3 of the OP Competitiveness and Cohesion** is dedicated to SME development:

- 3a1 - Easy access to finance for SMEs, including start-ups;
- 3a2 - Favourable environment for entrepreneurship development;
- 3d1 - Improvement of SMEs' performance and growth;

- 3d2 - Improvement of SMEs innovativeness.

Specific calls thematically relevant to the area:

- **Development of the Network of Entrepreneurial Support Institutions (PPI) through HAMAG-BICRO-Phase 2 (Business Organisations Network Development, BOND)**  
Grants were intended for one pre-selected applicant, the Croatian Small Business Agency, innovation and investment (HAMAG-BICRO). The purpose (objective) of this Call is to improve the BOND Network, providing widespread assistance to entrepreneurs.
- **Innovation vouchers for SME's**  
The purpose is to provide professional support by scientific research organizations (SRO) in the form of contractual services to SMEs for the costs of testing, testing, demonstration activities, as well as the use of professional technical knowledge for innovation processes and commercialization of innovations. Up to now, 16 out of 170 vouchers were granted to SME's located in the programme area, mostly in Međimurje and Osijek-Baranja counties.
- **Innovations of newly established SMEs – Phase 2**  
The call is aimed at newly established micro, small and medium enterprises with the aim of encouraging them to successfully launch products and services with growth and export potential that are new to the market, with emphasis on radical innovation and significant improvement in commercialization of products and services. Out of 130 projects, there are only 10 SME start-up projects funded from the programme area (7 of them are located in Osijek-Baranja county).

Synergic projects implemented in the programme area:

- **Internationalization of SME operations - Phase 2**  
The aim of this Call is to increase the ability of the Croatian economy to participate in global markets and to contribute to increasing the share of SMEs in total exports of goods and services by facilitating their representation to the international business community abroad. The focus is on strengthening the international competitiveness of SMEs. Out of 319 projects, there were 46 or 14,4% located in the Programme area (most of the m in Varaždin and Međimurje counties).
- **Integrator projects**  
This Call encourages cooperation of SME consortiums (with at least 3 partners) in order to establish supplier relationships with Integrator companies and become part of their value chain by creating new innovative products and services. Integrator projects do have synergetic potential as they support clustering of SME's that might be territorially spread, even across borders. Examples of successful integrator projects in the programme area:
  - o Enterprises and the Vukovarsko-srijemska County Municipality teamed up to develop an environmentally friendly audit shaft of municipal water infrastructure, creating new production processes by which partners will learn the long-term supply chain of products used in municipal infrastructure water.
  - o Enterprises from Osijek-Baranja county develop an innovative SIMBA platform that will, through monitoring and management of real-time electricity consumption, storage and production, increase efficiency by integrating modern technical and technological solutions based on blockchain technology.
- **Innovation in S3 areas**  
Call is intended for SMEs whose business activities are focused on the production of advanced and innovative products and high value-added services that will contribute to increasing exports and thus the competitiveness of the Croatian economy in the global

market. 21 projects funded are located within the programme area out of 99. Most of projects are located in Varaždin and Međimurje counties.

- **ITU - Improvement of entrepreneurial infrastructure of urban agglomeration Osijek**
- Under this Call funds are be allocated to projects aimed at improving the quality of entrepreneurial business infrastructure and services that contribute to business success, knowledge and competencies, innovation and sustainability of SMEs in the Urban Agglomeration of Osijek

### **National OPs in Hungary**

The Economic Development and Innovation OP (GINOP) is the main policy instrument for SME and SME ecosystem development in Hungary. Main themes that provided significant support for the programme area in 2014-2020:

- **Cluster development (GINOP-1.3.2-2015)**  
The call funded 4 clusters in the Southern Transdanubia Region, involving SMEs, sarge enterprises and knowledge institutions. These entities can effectively support future SME development project generation within the next Hungary-Croatia Cooperation Programme:
  - Information Management Innovation Cluster;
  - Southern Transdanubia Mechanical Industry Cluster;
  - Biotechnology Innovation Base Cluster;
  - Applied Earth Sciences Cluster.
- **SME capacity development calls, providing specific funding for the following areas:**
  - **GINOP-1.2.1-16: purchase of equipment and real estate investment;**
  - **GINOP-1.2.2-16: purchase of equipment;**
  - **GINOP-1.2.3-16: purchase of equipment and real estate investment;**
  - **GINOP-1.2.8-20: purchase of equipment and real estate investment.**

Funding of production capacity and infrastructure equipment, efficiently complementing the innovation focused developments funded by the B Light Scheme. Funding rate in 2021-2027 will be increased from 50 to 75%, generating a strongly competing funding offer for the 2021-2027 Programme. The calls financed 793 projects (and the same number of SMEs) from the programme area, most of them (42%) located in Baranya county. GINOP-1.2.8-20 and GINOP-1.2.2-16 hosted the most programme area projects (402 and 198 respectively).
- **Innovation calls:**
  - **GINOP-2.1.2-16: Support for the R & D & I activities of enterprises in the framework of a combined loan product**
  - **GINOP-2.1.8-17: Increasing the competitiveness of SMEs through adaptive technological innovation**
  - **NKFI Fund, 2020-1.1.2-MARKET RDI: Support for market-driven R&D and innovation projects**

Funding technology improvement, R&D&I – overlapping with the scope of the Programme. 75% funding rate and 50-100% advance payment would be necessary to successfully compete with the GINOP/NKFI funding. The calls financed 419 projects (and the same number of SMEs) from the programme area, most of them (41%) located in Baranya county. GINOP-2.1.8-17 hosted the majority of programme area projects (370).

### **Transnational projects**

The total number of participations in SME ecosystem related transnational projects was 33. The most active counties were Osječko-baranjska, Zala and Koprivničko-križevačka. The most popular

policy instruments were the INTERREG Europe programme and the Croatia-Serbia Cooperation Programme.

Funding scheme	Međimurska	Varaždinska	Koprivničko-križevačka	Bjelovarsko-bilogorska	Virovitičko-podravska	Požeško-slavonska	Osječko-baranjska	Vukovarsko-srijemska	Somogy	Baranya	Zala	TOTAL
2014 - 2020 Interreg Europe	1	1	3	0	0	0	0	0	0	2	2	9
2014 - 2020 Interreg IPA CBC Croatia - BiH - N	0	0	0	1	0	1	0	0	0	0	0	2
2014 - 2020 Interreg IPA CBC Croatia-Serbia	0	0	0	0	0	0	5	3	0	0	0	8
2014 - 2020 INTERREG V-A Austria - Hungary	0	0	0	0	0	0	0	0	0	0	2	2
2014 - 2020 INTERREG V-A Slovenia - Hungary	0	0	0	0	0	0	0	0	0	0	2	2
2014 - 2020 INTERREG VB Central Europe	0	0	1	0	0	0	0	0	0	1	0	2
2014 - 2020 INTERREG VB Danube	1	0	0	0	0	0	1	0	1	0	1	4
2014 - 2020 INTERREG VB Mediterranean	0	1	0	0	0	0	0	0	0	0	0	1
2014 - 2020 URBACT III	0	0	1	0	0	0	0	0	0	1	0	2
Other (EUSDR projects related)	0	0	0	0	0	0	1	0	0	0	0	1
<b>TOTAL</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>7</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>7</b>	<b>33</b>

Table 39: Participants of Transnational EU projects in 2014-2020 related to SO 1.1, by county

Source: keep.eu, life.easme-web.eu, southeast-europe.net, own compilation

There are several transnational projects worth mentioning due to their specific synergy potential. The ones involving 3 or more partners from the programme area were:

- ABCitiEs - Area Based Collaborative Entrepreneurship in Cities, INTERREG Europe Programme (3 participants);
- EcoInn Danube - Eco-innovatively connected Danube Region, Danube Transnational Programme (3 participants);
- CBC Clusters - Enabling Development of Sustainable Cross-Border Clusters, Croatia-Serbia Cooperation Programme (3 participants);
- Improving cross-border cooperation to increase the survival rate of Roma and Sinti SMEs, Austria - Hungary Cooperation Programme (3 participants).

Significant projects with partners from both sides of the programme area included:

- EcoInn Danube - Eco-innovatively connected Danube Region, Danube Transnational Programme (3 participants)
- ATM for SMEs - Access to Microfinance for Small and Medium-sized Enterprises, INTERREG Europe Programme.

One further project with outstanding synergy is the one titled 'INTER VENTURES - Policies to promote the internationalisation of SMEs for more competitive regional ecosystems in border areas of the EU'. Funded by the INTERREG Europe Programme and lead by Pannon EGTC, it aims to support the Hungary-Croatia Cooperation Programme (both the one for the 2014-2020 and the one for the 2021-2027 period) in establishing policy improvements supporting SMEs in internationalising their activities. The project established that internationalisation needs of SMEs are very diverse, with several SMEs not yet mature enough to compete on an international scale. Successful approaches (from Spain, Poland) show a two-stage approach, first providing counselling support for companies, auditing their weaknesses and strengths concerning international presence, and prepare them to take the step, the actual entry into the international market. In order to successfully provide this support, sustainable and durable network of intermediary organisations (agencies, chambers,

universities) is required, as well as technical assistance in the form of trade fair participations, IT tools and other soft type supporting services.

The INTERACT Programme present many good practices of including small projects and/or SMEs in ETC programmes:

- Flanders–Netherlands IVA Programme: A specific light project scheme was carried out for mechatronic R&D joint project development. Several institutions and a 5-layer granting mechanism were conceived. On the basis of the success of the scheme Euroregio (responsible for the programme) continued the PP Light scheme in 2014-2020 under a separate programme priority;
- Estonia-Latvia IVA Programme: A certain amount of funding was earmarked for private entrepreneurs under PA1 (Increased cohesion) and PA2 (Higher competitiveness), supporting tourism, timber processing and food industry sectors. Targeted, in depth project generation activities were carried out aiming at generating joint SME projects, prior to granting of SMEs.

The B Light Scheme possesses the same kind of advantages as general grant schemes: The management partners of the scheme are entitled to overall management, including the implementation of special project generation actions for the sake of successful allocation of funds available. The B Light Scheme is an optimal way to involve private companies in projects in a flexible manner.

One of the main aims of the EC in respect of CBC programmes is to strengthen effective ownership of stakeholders, enabling the programmes to be the tools of democratisation, besides cross-border integration and cohesion. The B Light Scheme a successful way to raise the ownership of local stakeholders.

#### 5.2.2 SO 2.1: Tourism

##### **National OPs in Croatia**

Two TOs of the OP Competitiveness and Cohesion support tourism development:

- **TO4. Low-carbon economy:**
  - o 4b2. Increasing energy efficiency and use of RES in private service sector (tourism, and trade)
- **TO6. Environment and resource efficiency:**
  - o 6c1. Enhancing protection and management of cultural heritage for development of tourism and other economic activities

Specific calls thematically relevant for the area:

- **Increasing energy efficiency and the use of renewable energy sources in the service sector (tourism, trade)**  
This Call financed private micro, small, medium and large private enterprises registered in the service sector (tourism, trade), to support the reduction of their energy consumption, some of them located in the programme area.
- **Strategic project “Archaeological Park Vučedol”, Vukovar-Srijem county**  
The project has been included in the OP as a model example of a cultural heritage development program developing a recognizable tourist destination.
- **Preparation and implementation of integrated development programmes based on the restoration of cultural heritage in Slavonia, Baranja and Srijem**

The subject of this Call is the contribution to sustainable socio-economic development at the local and regional level. The call co-finances projects that are fully implemented in the Brod-Posavina County and / or Osijek-Baranja County and / or Požega-Slavonia County and / or Virovitica-Podravina County and / or Vukovar-Srijem County, but are limited to a certain narrower or wider area, i.e. tourist destination.

### **National OPs in Hungary**

There are three OPs in Hungary that provide funding for tourism development, though one is geographically restricted and thus, not relevant for the programme area (the Competitive Central Hungarian region OP - VEKOP). The other two OPs are relevant, and provided widespread funding for beneficiaries in the Hungarian side of the programme area in recent years:

#### **Economic Development and Innovation OP (GINOP)**

- TO1. Improving competitiveness of SMEs (not restricted to, but including tourism):
  - o Development of Tourism Destination Management (TDM) organisations;
  - o National tourism marketing and sales incentive program.
- TO7. Tourism development:
  - o Development of cultural heritage sites;
  - o Development and presentation of natural heritage sites;
  - o Development of thematic networks;
  - o Development of health tourism attractions.

#### **Territorial and Urban Development OP (TOP)**

- TO1. Development sustainable tourism in counties:
  - o Development of small-regional tourism products and small-scale thematic development to utilise built and natural heritage.
- TO6. Development sustainable tourism in cities of county right:
  - o Same as in TO1.

Specific calls thematically relevant for the area:

- **TOP-1.2.1: Socially and environmentally sustainable tourism development**  
 The call funded municipalities to support regional level tourism product packages and small-scale thematic tourism developments. Though the call referred to small scale investments, the fund provided per project was in a similar range than SO 2.1 projects of the Programme (140,000-2,100,000 EUR). The following projects were funded in the programme area:
  - o Baranya county: 10 projects - ecotourism (3), cycling (3), cultural tourism (2) and water tourism (2);
  - o Somogy county: 15 projects - cultural tourism (5), water tourism (4), ecotourism (2), agrotourism, cycling (2), scenic railway;
  - o Zala county: 19 projects - cycling (8), cultural tourism (4), ecotourism (4), water tourism (3).
- **GINOP-7.1.9-17-Development of integrated product and service in frequented tourism locations**  
 The call financed major attraction development projects around the country, including some from Somogy and Zala counties as well: Szántódpuszta and Fenékpuszta open air folk and agricultural museums; Small Balaton bird watching trail; Hévíz, Zalakaros and Kehidakustyán thermal tourism destination development.

## Transnational projects

The total number of participations in tourism related transnational projects was 61. The most active counties were Zala, Osječko-baranjska and Baranya, the most popular policy instruments were the Interreg Danube Transnational Programme, the Croatia-Serbia and the Slovenia-Hungary Cooperation Programmes.

Funding scheme	Međimurska	Varaždinska	Koprivničko-križevačka	Bjelovarsko-bilogorska	Virovitičko-podravka	Požeško-slavonska	Osječko-baranjska	Vukovarsko-srijemska	Somogy	Baranya	Zala	TOTAL
2014 - 2020 Interreg Europe	0	0	0	0	0	0	0	0	0	1	0	1
2014 - 2020 Interreg IPA CBC Croatia - BiH - M	0	0	0	1	0	2	0	0	0	0	0	3
2014 - 2020 Interreg IPA CBC Croatia-Serbia	0	0	0	0	0	1	5	5	0	0	0	11
2014 - 2020 INTERREG V-A Austria - Hungary	0	0	0	0	0	0	0	0	0	0	1	1
2014 - 2020 INTERREG V-A Slovenia - Croatia	3	4	0	0	0	0	2	0	0	0	0	9
2014 - 2020 INTERREG V-A Slovenia - Hungary	0	0	0	0	0	0	0	0	0	0	11	11
2014 - 2020 INTERREG VB Adriatic - Ionian	1	0	0	0	0	0	1	0	0	0	0	2
2014 - 2020 INTERREG VB Central Europe	0	1	0	0	0	0	1	0	2	4	0	8
2014 - 2020 INTERREG VB Danube	1	0	1	0	2	0	2	1	1	3	2	13
Other (EUSDR projects related)	0	0	0	0	0	0	0	1	0	1	0	2
<b>TOTAL</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>11</b>	<b>7</b>	<b>3</b>	<b>9</b>	<b>14</b>	<b>61</b>

Table 40: Participants of Transnational EU projects in 2014-2020 related to SO 2.1, by county

Source: keep.eu, life.easme-web.eu, southeast-europe.net, own compilation

There are many transnational projects worth mentioning due to their specific synergy potential. Several of these involved 3 or more partners from the programme area were:

- Amazon of Europe Bike Trail, Danube Transnational Programme (6 participants);
- Vukovar Film Festival – Danube Region Film Festival, EUSDR related funding (4 participants);
- Construction and restoration of tourist infrastructure in the protected areas of nature, Slovenia - Hungary Cooperation Programme (3 participants);
- Becharac and Ganga- Cultural route of Becharac & Ganga, Croatia – Bosnia and Hercegovina – Montenegro Cooperation Programme (3 participants, lead by the Town of Pleternica in Požeško-slavonska county);
- Central Danube Tour - Enhancing the tourism development in the Central Danube cross-border region, Croatia-Serbia Cooperation Programme (3 participants, lead by the County Development Agency of Osijek-Baranja County);
- LIVING CASTLES - Network of 'Living' Castles as a form of sustainable tourism for preservation and promotion of cultural heritage, Slovenia - Croatia Cooperation Programme (3 participants, lead by the Polytechnic of Međimurje in Čakovec in Međimurska county)
- PANONA NET - Destination management model, Croatia-Serbia Cooperation Programme (3 participants, lead by the Association for Creative Development SLAP in Osječko-baranjska county);
- Rural detoxification by getting acquainted with the wealth of cultural heritage, Slovenia - Croatia Cooperation Programme (3 participants);
- S.O.S. - Subotica Osijek Secession Tourist Route, Croatia-Serbia Cooperation Programme (3 participants, lead by the Tourist Board of the City of Osijek in Osječko-baranjska county).

Other projects with partners from both sides of the programme area included:

- Amazon of Europe Bike Trail (listed above);
- CULTURECOVERY - Protection and RECOVERY of immaterial CULTURAL heritage of Central Europe through Ecomuseums, as driver of local growth, INTERREG Central Europe Programme.

### 5.2.3 SO 2.2: Biodiversity

#### **National OPs in Croatia**

TO6 of the OP Competitiveness and Cohesion, titled '**Environment and resource efficiency**' is partly dedicated to biodiversity:

- 6iii. Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure:
  - o 6iii1. Improved knowledge on the state of biodiversity as a basis for effective management of biodiversity.
  - o 6iii2. Improved framework for sustainable management of biodiversity (primarily Natura 2000).
  - o 6iii3. Restoration and protection of forests and forest land in protected and Natura 2000 areas, including mine clearance, forest fire protection and preservation of water resources, maintaining and enhancing ecosystem services.

Strategic projects thematically relevant for the area:

- **Development of forest management plans as ecological network management plans - Ecomanager**  
Direct grant for the state-owned company Hrvatske šume responsible for sustainable management of 97% of state forests in the Republic of Croatia (73% of all forests and forest land in Croatia). The aim of the project is to ensure sustainable biodiversity management in the forest part of the Natura 2000 ecological network through the development of forest management plans as ecological network management plans.
- **Recording of special legal regime as a contribution to more efficient management of protected areas**  
Direct grant for the State Geodetic Administration, that performs activities in the field of geodesy, cartography, cadastre and photogrammetry and takes care of the establishment of national spatial data infrastructure, computerization of cadastre and geodetic-spatial system, state official cartography. The project increases the efficiency and visibility (transparency) of the management of protected areas and areas of the Natura 2000 ecological network by registering special legal regimes in the official registers of Croatia and preparing documentation that is a prerequisite for implementing pre-emption rights.
- **Demining, restoration and protection of forests and forest land in protected and Natura 2000 areas in the Danube-Drava region – NATURAVITA**  
The general goal of the strategic project is demining, restoration and protection of forests, forest land and water resources in the project area.
- **Development of a system for monitoring the conservation status of species and habitat types**
- The applicant is the Croatian Environment and Nature Agency (HAOP). The aim of the project is to contribute to the fulfilment of obligations from the Habitats Directive and the

Birds Directive related to the monitoring and reporting on the state of conservation of species and habitat types in the territory of the Republic of Croatia.

### **National OPs in Hungary**

Thematic areas included in SO 2.2 of the Programme are funded mostly under the Environmental and Energy Efficiency OP (KEHOP). All 5 thematic objectives are relevant and provided significant support to the area in 2014-2020:

- Adapting to the effects of climate change
- Development of water supply, sewerage and wastewater treatment, and wastewater management
- Improvement of waste management and environmental remediation
- Development of nature and wildlife
- Promoting energy efficiency and the use of renewable energies

Strategic projects thematically relevant for the area:

- **KEHOP-4.3.0-VEKOP-15: Strategic studies establishing the long-term conservation and development of natural values of Community significance and the implementation of the objectives of the EU Biodiversity Strategy 2020 at the domestic level**

The beneficiary of the strategic project was the Agricultural Ministry, carrying out studies and policy development concerning protected natural areas around Hungary, including those located in the programme area.

Specific calls thematically relevant for the area:

- **KEHOP-4.1.0-15: Improvement of the nature conservation status of habitats and species, development of nature conservation management and presentation infrastructure**

The call financed 12 projects in the programme area (3 in Baranya, 6 in Somogy and an other 3 in Zala county), partly aimed at the reconstruction of selected vulnerable habitats and partly of the development of presentation facilities. The budgets of the projects were in the range of 150,000 – 1,200,000 EUR.

- **KEHOP-4.2.0-15: Development of the Nature Conservation Guard and Monitoring System**

Two out of 10 projects funded by the call aimed the improved monitoring of protected natural areas in the programme area: Kölked in Baranya and Keszthely in Zala county, with budgets between 550,000-650,000 EUR.

- **GINOP-7.1.5-16: Complex tourism development of national parks**

The call financed a major tourism destination development project in the programme area (visitor centre and memorial site at Small Balaton).

### **Transnational projects**

The total number of participations in biodiversity-related transnational projects was 7. The most active counties were Osječko-baranjska and Baranya, the most popular policy instruments were the EU LIFE Programme and the South East Europe Transnational Cooperation Programme.

Funding scheme	Međimurska	Varaždinska	Koprivničko-križevačka	Bjelovarsko-bilogorska	Virovitičko-podravska	Požško-slavonska	Osječko-baranjska	Vukovarsko-srijemska	Somogy	Baranya	Zala	TOTAL
2014 - 2020 Interreg IPA CBC Croatia-Serbia	0	0	0	0	0	0	2	0	0	0	0	2
2014 - 2020 INTERREG VB Adriatic - Ionian	0	1	0	0	0	0	0	0	0	0	0	1
2014 - 2020 INTERREG VB Danube	0	0	0	0	1	0	1	0	0	1	0	3
Other (EUSDR projects related)	0	0	0	0	0	0	0	0	0	1	0	1
EU LIFE Programme	0	1	1	0	1	0	1	0	1	1	0	6
South East Europe Transnational Coop. Prog.	0	0	2	0	0	0	0	0	0	2	0	4
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>7</b>

Table 41: Participants of Transnational EU projects in 2014-2020 related to SO 2.2, by county

Source: keep.eu, life.easme-web.eu, southeast-europe.net, own compilation

There are several transnational projects worth mentioning due to their specific synergy potential. There were three projects involving 3 or more partners from the programme area were:

- DRAVA LIFE- Integrated River Management, EU LIFE Programme (4 participants);
- WISEDRAVALIFE - Wise water management for the conservation of riverine and floodplain habitats along the Drava River, EU LIFE Programme (3 participants);
- Restoration of Wetlands in Middle Danube, Croatia-Serbia Cooperation Programme (3 participants).

Significant projects with partners from both sides of the programme area included:

- DaRe to Connect - Supporting Danube Region's ecological Connectivity by linking Natura 2000 areas along the Green Belt, Danube Transnational Programme;
- SEE River - Sustainable Integrated Management of International River Corridors in SEE Countries, South East Europe Transnational Cooperation Programme.
- DANUBEPARKSCONNECTED - Bridging the Danube Protected Areas towards a Danube Habitat Corridor, Danube Transnational Programme

The project titled 'RAPTORSPREYLIFE - Securing prey sources for endangered Falco cherrug and Aquila heliaca population in the Carpathian basin', funded by the EU LIFE Programme is significant for its synergic effect in restoring the conservation level of bird species.

The 'DANUBEPARKSCONNECTED' project involved numerous national park management institutions from around the Danube region, including the Danube-Drava National Park Directorate, Public Institution Nature Park Kopacki Rit and the Croatian Ministry of Environment and Nature Protection.

#### 5.2.4 SO 3.1: Cooperation

##### **National OPs in Croatia**

TO4 of the OP Efficient Human Resources - themed around enhancing institutional capacity of public authorities and stakeholders and an efficient public administration - includes the most cooperation-related funding in Croatian national policy instruments:

- 11i. Investment in institutional capacity and in the efficiency of public administrations and public services at the national, regional and local levels with a view to reforms, better regulation and good governance:
  - o 1. Increase effectiveness and capacity in the public administration through improving service delivery and human resources management.

- 2. Enhancing capacity and performance of the judiciary through improving management and competences.
- 11ii. Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies, including through sectoral and territorial pacts to mobilise for reform at the national, regional and local levels:
  - 1. Developing capacities of civil society organisations, especially NGOs and social partners, and enhancing civil and social dialogue for better governance.

TO9 of the same OP support social inclusion activities, also relevant for SO 3.1.

Specific calls thematically relevant for the area:

- **Strengthening the capacity of CSOs to respond to the needs of the local community**  
The call aims to ensure the development of civil society in the Republic of Croatia, strengthening the capacity of civil society organisations active in local communities to implement activities tailored to local problems.
- **Strengthening the capacity of civil society organizations to popularize STEM**  
The call strengthens the capacity of civil society organizations for the active involvement of children and youth and the general population in the promotion of STEM (science, technology, engineering and math).
- **Culture in the centre - support for the development of public-civil partnership in culture**  
The call aims the incorporation of participation into the concepts of cultural governance system and implies the division of powers with citizens and the community to which the public resources on which decisions are made belong. Projects are implemented in the programme area in Čakovec, Koprivnica, Varaždin and Vukovar.

### **National OPs in Hungary**

Cooperation is a horizontal theme included into many OPs, e.g. the cooperation between business and higher education organisations is supported by the Economic Development and Innovation OP. The highest concentration of funding areas related to SO 3.1 of the Programme is found in the Human Resources Development OP (EFOP), under TO9: Promoting social inclusion and combating poverty and all forms of discrimination.

Specific examples on calls fostering cooperation of various institutions and civil organisations:

- **EFOP-1.11.1-17: Pilot programs to strengthen the social economy and place the most disadvantaged groups through cooperation between non-profit organizations and enterprises**  
4 small projects funded in the programme area (with budgets around 100,000 EUR).
- **EFOP-1.3.1-15: Acting communities - active community involvement**  
The call financed a major, 8.3 million EUR strategic project aimed at the development of community involvement facilities at the open air museum of Szenna (Somogy county).
- **EFOP-1.3.5-16: Strengthening social participation through community development**  
Projects up to 70,000 EUR were financed around the country. Out of 541 projects, 89 were located in the programme area.
- **EFOP-1.3.7-17: Strengthening social cohesion by expanding the community development activities of churches and non-governmental organizations**  
Projects up to 140,000 EUR were financed around the country. Out of 254 projects, 26 were located in the programme area.
- **EFOP-5.2.2-17: Transnational cooperation**

The call financed 111 projects (aimed at the preparation of major transnational cooperation activities and projects). 18 of these were located in the programme area, with budgets in the range of 100,000-140,000 EUR.

### **Transnational projects**

The total number of participations in cooperation-related transnational projects was 19. The most active counties were Zala and Vukovarsko-srijemska, the most popular policy instruments were the Croatia-Serbia and Austria-Hungary Cooperation Programs, and the Interreg Danube Transnational Programme.

Funding scheme	Međimurska	Varaždinska	Koprivničko-križevačka	Bjelovarsko-bilogorska	Virovitičko-podravaska	Požeško-slavonska	Osječko-baranjska	Vukovarsko-srijemska	Somogy	Baranya	Zala	TOTAL
2014 - 2020 ESPON 2020	0	0	0	0	0	0	0	0	0	1	0	1
2014 - 2020 Interreg Europe	0	0	0	0	0	0	0	0	0	1	0	1
2014 - 2020 Interreg IPA CBC Croatia - BiH - M	0	0	0	0	0	0	0	1	0	0	0	1
2014 - 2020 Interreg IPA CBC Croatia-Serbia	0	0	0	0	0	0	2	1	0	0	0	3
2014 - 2020 INTERREG V-A Austria - Hungary	0	0	0	0	0	0	0	0	0	0	3	3
2014 - 2020 INTERREG V-A Romania - Hungary	0	0	0	0	0	0	0	0	1	0	0	1
2014 - 2020 INTERREG V-A Slovenia - Croatia	1	0	0	0	0	0	0	0	0	0	0	1
2014 - 2020 INTERREG V-A Slovenia - Hungary	0	0	0	0	0	0	0	0	0	0	2	2
2014 - 2020 INTERREG VB Central Europe	0	1	0	0	0	0	0	0	0	0	0	1
2014 - 2020 INTERREG VB Danube	0	0	1	0	0	0	0	1	0	1	0	3
2014 - 2020 URBACT III	0	1	0	0	0	0	0	0	0	0	1	2
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>6</b>	<b>19</b>

Table 42: Participants of Transnational EU projects in 2014-2020 related to SO 3.1, by county  
Source: keep.eu, life.easme-web.eu, southeast-europe.net, own compilation

### 5.2.5 SO 4.1: Education

#### **National OPs in Croatia**

Education is a theme addresses by both Croatian Structural Funds OPs:

#### **OP Competitiveness and Cohesion**

- TO1 - Research and innovation:
  - o 1b. Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector.
- TO10. Education and training:
  - o 10a. Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure.

#### **OP Efficient Human Resources**

- TO3. Investing in education, training and vocational training for skills and lifelong learning
  - o 10ii. Improving the quality and efficiency of, and access to, tertiary and equivalent education, especially for disadvantaged groups.
  - o 10iii. Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings.

- 10iv. Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality.

Specific calls thematically relevant for the area:

- **Increase development of new products and services arising from research and development activities - phase II**

This Call co-finances the development of new products (goods and services), technologies and business processes by increasing private investment in research and development, and strengthening the capacity of companies for research, development and innovation, by encouraging their cooperation with partners including cooperation with research organizations and dissemination of knowledge. In the program area, projects of applicants from the following cities were financed: Osijek, Ludbreg, Čakovec, Požega, Koprivnica, Vukovar, Bjelovar.

- **Promotion of lifelong learning phase II**

Strategic project of the Agency for Vocational and Adult Education, increasing equal access to lifelong learning for all age groups in formal, non-formal and informal settings, improving the knowledge, skills and competences of the workforce, promoting flexible ways of learning, inter alia through professional counselling and validation of acquired competencies. The target group of the project is educational staff from institutions registered to perform adult education activities.

- **Establishment of regional centres of competence in vocational education in (sub) sectors: mechanical engineering, electrical engineering and computer science, agriculture and health**

The project develops regional centres of competence, i.e. places where it will be possible to ensure the quality of practical teaching and exercises for each educational program in priority (sub) sectors, cooperation with employers and higher education institutions will be strengthened, the relevance of curricula and their implementation will increase. Funded projects in the program area are located in the following cities: Čakovec, Varaždin, Osijek, Vinkovci, Ludbreg, Koprivnica, Požega, Bjelovar.

- **Establishment of regional centres of competence in the tourism and hospitality sector**

This call finances the activities of establishing and development of regional competence centres aimed at strengthening the competencies of educators and mentors, promotion of professional occupations and cooperation between centres in the tourism and hospitality sector. The Catering and Tourism School Osijek is an appointed centre in the program area.

### **National OPs in Hungary**

Though education appears in other OPs as well, as a horizontal theme, TO10 of the Human Resources Development OP (EFOP) is the one completely dedicated to funding areas closely related to SO 4.1 of the Programme: Investing in education and training, including vocational training, skills development and lifelong learning. Some important funding areas relevant for the programme include:

- **Infrastructure and capacity development in public and higher education institutions**
  - EFOP-1.3.9-17 Support for school-based local collaborations (9 projects in the programme area)
  - EFOP-3.4.3-16 Institutional developments in higher education in order to jointly improve the quality and accessibility of higher education (3)

- EFOP-4.1.3-17 Infrastructural development of learning spaces of state-run public education institutions (50)
- EFOP-4.1.5-16 Infrastructural development of public education institutions (1)
- EFOP-4.1.7-16 Infrastructural developments of the community cultural institutional and organizational system supporting learning (25)
- **Development of dual and vocational education**
  - EFOP-3.5.1-16 Development of dual and cooperative higher education trainings, higher education vocational training and specialized further trainings (3)
  - GINOP-6.2.3-17 Comprehensive development of the system of vocational training institutions (5)

### Transnational projects

The total number of participations in education-related transnational projects was 17. The most active counties were Varaždinska and Baranya, the most popular policy instrument was the Interreg Danube Transnational Programme.

Funding scheme	Međimurska	Varaždinska	Koprivničko-križevačka	Bjelovarsko-bilogorska	Virovitičko-podravska	Požeško-slavonska	Osječko-baranjska	Vukovarsko-srijemska	Somogy	Baranya	Zala	TOTAL
2014 - 2020 Interreg Europe	0	0	0	0	0	0	0	0	0	1	0	1
2014 - 2020 Interreg IPA CBC Croatia-Serbia	0	0	0	0	0	0	1	0	0	0	0	1
2014 - 2020 INTERREG V-A Slovenia - Hungary	0	0	0	0	0	0	0	0	0	0	1	1
2014 - 2020 INTERREG VB Central Europe	0	0	0	0	0	0	1	0	1	2	0	4
2014 - 2020 INTERREG VB Danube	2	4	0	0	0	0	1	1	0	1	1	10
<b>TOTAL</b>	<b>2</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>2</b>	<b>17</b>

Table 43: Participants of Transnational EU projects in 2014-2020 related to SO 4.1, by county  
Source: keep.eu, life.easme-web.eu, southeast-europe.net, own compilation

Two of these projects are worth mentioning due to their specific synergy potential:

- ES-GEES - Education for Sustainability - Green and Energy Efficient Schools: the project funded by the Croatia-Serbia Cooperation Programme project had 3 participants from the programme area, and its lead beneficiary was the City of Osijek in Osječko-baranjska county.
- MOVECO - Mobilising Institutional Learning for Better Exploitation of Research and Innovation for the Circular Economy: The project funded by the Danube Transnational Programme had a participant from both sides of the programme area.

### 5.3 Sustainability

The issue of sustainability is generally considered in two main dimensions different ways: environmental (= the activity causes the least possible damage to habitats and the environment) and financial sustainability (= the activity or its host organisation is capable of providing the funds needed for sustained operation). Sustainability within the Programme is to be ensured in different ways, regulated by the criteria applied in project selection and monitoring procedures.

The **sustainability of the projects' outputs** is a general criterion, laid down in the guiding principles, stipulated in the calls for proposals, and regulated by subsidy contracts signed with the lead beneficiaries. Subsidy contracts require a five-year sustainability period for all project outputs and results, including maintenance of newly developed infrastructure, services, communication tools etc.

Fulfilling sustainability requirements shall be monitored by the JS, through an annual sustainability reporting mechanism operated after the finalisation of the project.

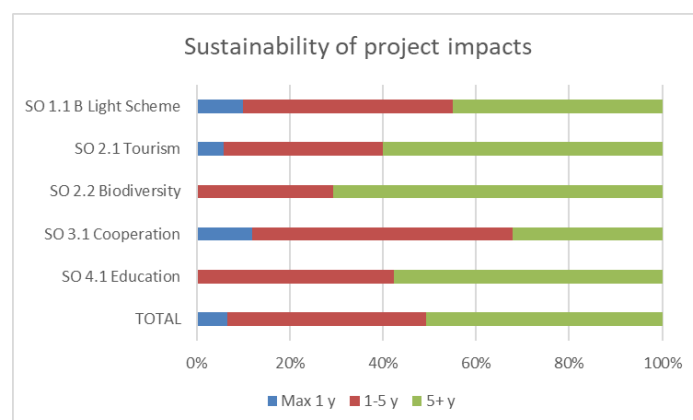
In the B Light Scheme (SO 1.1 of the Programme), **special conditions for SME beneficiaries** are also stipulated in addition to the general five-year sustainability of project outputs:

- Light projects shall provide evidence of signed contractual business agreement with third parties for selling commonly developed new or upgraded products, technologies or services by either project partners, within two years after completion of their project.
- Reaching the minimum value of selling of commonly developed new or upgraded products, technologies or services by either or all project partners, in a minimum value of 20% of the total grant allocated to the project concerned. This must be proved by trial balance of project partners.

In case of **income-generating projects** – apart from B Light projects, which are funded under the de minimis regime, therefore their income-generation is not examined – special sustainability requirements apply. In their sustainability reports such beneficiaries shall report the realised net revenue generated by the project's outputs, which may lead to modification of the amount of subsidy allocated to the project. This may occur in the case of several tourism attraction development projects under SO 2.1, but may also arise in other cases, e.g. training courses.

At the time of preparing the current Stage I Report no sustainability reports are available. The evaluation of actual inputs on the sustainability will be possible at a later stage. For the moment we have to rely on the self-evaluation of project beneficiaries answering to the 2<sup>nd</sup> online survey, who were asked to evaluate the sustainability of the outputs of their particular project outputs.

46.2% of beneficiaries estimated that the impacts of their project will sustain for a period of 5 or more years. The highest rate of long-lasting impacts (70.6%) is presumed in case of SO 2.2 projects, while the lowest rate (32.2%) in case of SO 3.1. The total ratio of very short (less than one year long) impact periods is only 8.0%.



*Figure 48: Estimated sustainability of project impacts*  
*Source: 2<sup>nd</sup> online survey, CB Joint Strategy project*

The implementation of projects, and thus their impacts, as well as the sustainability of these impacts is currently affected by the **COVID-19-related lockdowns** to a higher or lower extent – depending on the actual nature of the projects. At the moment no general prolongation of implementation periods and deadlines is planned for the Programme. The usual practice of the JS is to encourage projects to mitigate restrictions by introducing creative cooperation forms not requiring actual presence, but still enabling cross-border character (e.g. online meetings/events, distant learning, online co-working), to suggest rescheduling events and programs requiring actual presence. They try to

persuade project to apply for an individual extension only if the implementation is truly impossible. Though it is currently unpredictable when the restrictions and lockdowns will be released, and how various economic sectors and social processes bounce back and regain their momentum. It is important to try and gain possible benefits from the situation both on project and on programme level. There is a possibility that outdoor activities and tourism attractions at remote locations may receive higher attention in the post-COVID era. It is also possible that the value of cross-border business, professional and cultural connections will increase among the local public. It is important to support projects being implemented to realise such opportunities and make use of the potential benefits – both for the sake of their own project and for the sake of the programme as a whole.

## 6 Reporting on impact assessment

### 6.1 Sources of information

The **Draft Interim Report on Impact Assessment** was based on 3 main sources of information developed in the course of the CB Joint Strategy project:

- Descriptive analysis and background data compiled for the Situation Analysis of the Hungary-Croatia Border Region;
- The 1st online survey conducted between January 24, 2020 - February 10, 2020, focusing on project preparation and implementation experiences of former/current beneficiaries of the Programme;
- Inventories of county-level development ideas reflecting the joint development preferences of county stakeholders involved into territorial workshops organised in programme area counties between 18-25 February 2020<sup>13</sup>.

These sources were supplemented by targeted collection of data related to result indicators of the Programme.

The **Stage I Report** contains the majority of the contents of the Draft Interim Report on Impact Assessment – updated where it was deemed relevant, and uses the following, additional sources of information:

- The 2nd online survey conducted between December 15, 2020 – January 15, 2021, focusing on the experience and self evaluation of project beneficiaries, as well as overall impacts, strategic coherence and communication activities of the Programme;
- In case of Programme level result indicators, where baseline values were determined via surveys (PA 3.1 and 4.1), indicator surveys were carried out between March 4, 2021 – March 17, 2021, to establish current values;
- Additional statistical data was collected from national statistics institutions (KSH and DZS), to establish current values of statistics-based result indicators;
- IMIS and Interreg+ project databases were analysed to derive project level information and general patterns;
- 11 joint strategy and assessment interviews conducted between March 15, 2021 – April 15, 2021, with key decision makers and beneficiaries of the 2014-2020 period, on various aspects of the ongoing Programme.

#### 6.1.1 Participants of the 1st online survey

The 1<sup>st</sup> online questionnaire survey of the project was conducted between January 24, 2020 and February 10, 2020. The bilingual (HU-HR) questionnaire was prepared in a way to minimise the effort

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<sup>13</sup> Please note that though these inventories were presented in the Draft Interim Report on Impact Assessment, they are not closely related to the impact assessment exercise, and they were (and are) further processed in the strategy development process. Therefore, this part of the Draft Interim Report on Impact Assessment is not included in the Stage I Report.

required from respondents, but to support both the situation analysis and the impact assessment phases of the CB Joint Strategy project.

Survey topics were arranged along the 2021-2027 priority areas of the EU cohesion policy. The following sources were scanned to establish a comprehensive list of potential survey topics:

- Proposal for Common Provisions Regulation, COM(2018) 375;
- Proposal for ERDF and Cohesion Fund regulation, COM(2018) 372;
- Proposal for ETC regulation, COM(2018) 374;
- Baseline study on capacity development of Pannon EGTC and action planning of the Drava Basin (KÖFOP 3.3.3-15. 2016-00002) – 2018;
- Inception Report of the CB Joint Strategy project – 2019;
- Border Orientation Paper Hungary-Croatia – 2019;
- First Phase evaluation of the Hungary-Croatia INTERREG V-A Programme – 2019;
- Actual questionnaires used in the evaluation of cross-border areas and previous cross-border programs – 2013, 2018.

Most important methods considered when preparing the questionnaire were the following:

- In order to motivate and ease information provision, the questionnaire was concise, relying mainly on closed-ended questions (e.g. YES/NO, scales, etc.) At the same time, it offered the opportunity to express criticism and improvement initiatives.
- The survey collected inputs on development goals and cooperation considerations of stakeholders.
- As existing baseline data is not comparable and consistent in some areas, the survey had to provide information on both the current status, and the perceived trends over the past decade.
- Two-dimensional scale evaluation was used for each survey topic: (1) relative development between 2010-2020 (on a scale of minus 3 to plus 3); (2) future importance (on a scale of 1-5). This way, both the past/present tendencies and the future preferences can be analysed for various geographic and sectoral segments, in case of all topics. Note: Zero was excluded from the scale of minus 3 to plus 3, in order to encourage relevant, value-adding answers.

At the same time, basic rules for questionnaire construction were also regarded, including:

- Statements used could be interpreted in the same way by members of different subgroups of stakeholders;
- An open answer category was added to each list of possible answers;
- No assumptions were made about respondents;
- Wording was easily understandable for all educational levels;
- Biased questions were avoided.

The JS acted as formal host of the survey, sending out a bilingual letter containing the links to the survey to 2,469 targeted stakeholders, including 312 Lead Beneficiaries of former and ongoing HU-HR projects, 879 stakeholders proposed by the counties of the programme area, and 1,278 other partners of the JS (including project beneficiaries and other registered recipients of JS newsletters), generally representing the following sectors:

- Local governments (counties, municipalities);
- Public authorities (labour, transport, environment, culture, etc. institutions);

- Business support organisations (enterprise development agencies and foundations, chambers, innovation agencies, industrial parks, business incubators, etc.);
- Enterprises (major employers, development consultancies and experts, tourism service providers);
- NGOs (civil organisations active in social care, culture, tourism, sport, etc.);
- Educational institutions (secondary, vocational, adult and higher education);
- Health and social care institutions.

Upper-level stakeholders (including NAs, MAs, national ministries, JS) were not included in the questionnaire survey, as their experience and expectations are channelled through more effective consultation activities (consultation, iterative development, monitoring, interviews).

While the Inception Report of the project aimed a sample of at least 100 local actors, the actual turnout of the online survey produced 346 valid (properly filled) answers:

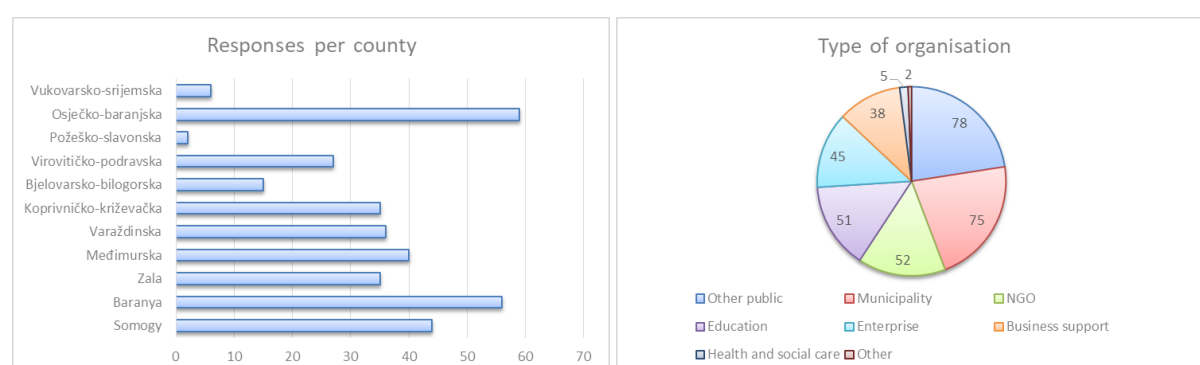


Figure 49: Distribution of responses per county (left) and organisational type (right)

Source: 1<sup>st</sup> online questionnaire survey, CB Joint Strategy project

The territorial spread of responses shows a proper balance between the targeted counties, except for the two Croatian territories furthest away from the border (Požeško-slavonska and Vukovarsko-srijemska counties) – apparently the least interested and with the lowest level of motivation to participate within the HU-HR Cooperation Programme area. The number of valid responses from Požeško-slavonska county was so low (2), that it did not allow comprehensive statistical analysis and therefore this county was excluded from the analysis of the 1st online survey.

The sectoral typology shows an equal representation of all major stakeholder segments. This balance and the high number of responses allow reliable factual data to be extrapolated and to supplement gaps in available statistics, precisely indicating trends and regional differences as perceived by local stakeholders within the programme area.

Respondents equally represent beneficiaries of former or ongoing projects, with hands-on experience on the programme, and newcomers potentially interested in the 2021-2027 period:

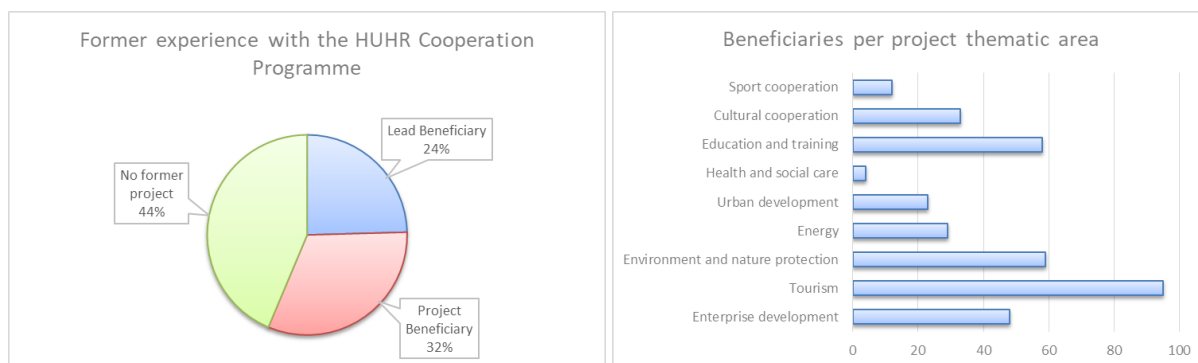


Figure 50: Distribution of responses per former HUHR experience (left) and project thematic area (right)  
Source: 1<sup>st</sup> online questionnaire survey, CB Joint Strategy project

Themes represented by the highest number of former or ongoing projects of Lead Beneficiaries and Project Beneficiaries (representing 24% and 32% of all respondents) were tourism (95), followed by environment and nature protection (59), education and training (58) and enterprise development (48 projects).

### 6.1.2 Participants of the 2nd online survey

A second round of bilingual (Croatian-Hungarian) online questionnaire survey was conducted between December 15 2020 – January 15 2021. Main characteristics and procedures of the 2<sup>nd</sup> online survey were similar to those of the first one. Hereunder, we highlight the most important similarities and differences.

The 2<sup>nd</sup> online survey was also conducted in a way to support both the impact assessment and strategy development phases of the CB Joint Strategy project. This time, survey topics were arranged into 2 main parts:

- The first part of the survey targeted former or current beneficiaries of the HUHR programme, with topics arranged the SOs of the Programme. Specific sections addressed the changes observed in the specific elements of the long-term vision of the programme area, contribution of the Programme to the Europe 2020 Strategy, and the assessment of the Programme's communication activities - in line with specific topics highlighted in the Evaluation Plan of the Programme.
- The second part targeted all kinds of stakeholders, including those not previously involved into HUHR projects as well. This part included an in-depth survey of planned priority areas of the 2021-2027 period, arranged under 5 main themes (Tourism and other local development; Environment and nature; Energy efficiency; Economy; Cooperation).

The sources used for the preparation of the questionnaire were similar to the ones used for the 1st survey, but special focus was put on the Evaluation Plan of the programme, and specific aspects of the chosen assessment methodology. Survey topics were arranged along the 2021-2027 priority areas of the EU cohesion policy. Methods and rules applied were unchanged.

The JS once again acted as formal host of the survey, sending out a bilingual letter containing the links to the survey to 2,513 stakeholders. The list included those targeted already by the 1<sup>st</sup> online survey with some additional addressees (beneficiaries of the 2<sup>nd</sup> general call for proposals and the 3<sup>rd</sup> B Light Scheme call, new recipients of the HUHR newsletter), representing the same sectors as before. Upper-level stakeholders (including NAs, MAs, national ministries, JS) were once again excluded. In terms of valid (properly filled) answers, the 2<sup>nd</sup> online survey was as successful as the first one, producing 349 records.

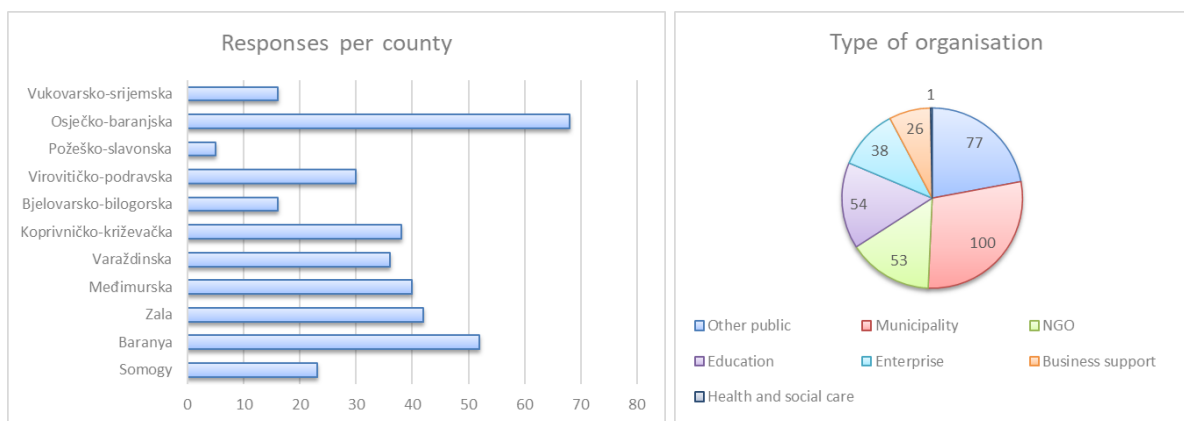


Figure 51: Distribution of responses per county (left) and organisational type (right)

Source: 2<sup>nd</sup> online questionnaire survey, CB Joint Strategy project

The territorial spread of responses shows a proper balance between the targeted counties, with even the Croatian territories furthest away from the border, and least interested in the case of the 1<sup>st</sup> survey (Požeško-slavonska and Vukovarsko-srijemska counties) showed higher turnout. The relatively equal representation of all major stakeholder segments and the high number of responses allow reliable factual data to be extrapolated, precisely indicating programme impacts as perceived by local stakeholders within the programme area.

Respondents mostly represent beneficiaries of former or ongoing projects, with hands-on experience on the programme, and an additional 33% as newcomers potentially interested in the 2021-2027 period:



Figure 52: Distribution of responses per former HUHR experience (left) and project thematic area (right)

Source: 2<sup>nd</sup> online questionnaire survey, CB Joint Strategy project

Themes represented by the highest number of former or ongoing projects of Lead Beneficiaries and Project Beneficiaries (representing 29% and 38% of all respondents) were tourism (92), followed by education and training (65) and environment and nature protection (57).

### 6.1.3 Joint strategy and assessment interviews

Eleven joint strategy and assessment interviews were conducted between March 15, 2021 – April 15, 2021, with key decision makers and beneficiaries of the 2014-2020 period, on various aspects of the ongoing Programme. Selected interviewees, their position and professional area is presented in chapter 3.5.

## 6.2 Conclusions and recommendations

The Interreg V-A Hungary-Croatia Cooperation Programme 2014-2020 is now a **mature and introduced CBC programme with a sound implementation framework**, at the last phase of its third consecutive programming period. It is based on a **thorough preparation and a coherent intervention logic**. Its **development priorities are properly aligned with the challenges of the border region**, and are still valid, 7 years after their selection. The **high implementation quality and flexibility** is proven by the fact that very few selected projects have been withdrawn or cancelled during contracting or implementation. The majority of **outputs planned until 2023 are already realised**, or will be comfortably realised by project activities still to be implemented. For the moment it also seems that **the Programme will pull through the COVID-19 related difficulties** without severe consequences on overall impacts or its financial absorption capability.

**Areas where the implementation could be improved** include:

- Croatian counties not directly situated by the border became equally treated beneficiaries of the programme for the first time in the 2014-2020 period, but they were significantly less active than other territories, and would need more attention and motivation in the future;
- Strategic projects are partially one-sided and seldom provide visible results in the current programming period;
- The definition and interpretation of certain indicators was controversial;
- Selection, contracting and validation procedures are considered to be too slow by stakeholders;
- Communication and information support activities were not always sufficient for all themes and target groups, and not all activities were successfully substituted with online information events during COVID-19 lockdown periods;
- The project monitoring system caused many problems in the first part of the period, leaving an indelible mark in the perception of many stakeholders, causing sustained criticism even long after the solution of initial problems.

The **main challenge for the remaining part of the 2014-2020 programming period** is to contract the remaining amount from the total financial appropriation of the Programme, and to secure further results in terms of result indicators that may not be met by 2023 - either by allocating extra funds to projects with further absorption capacity, or by identifying further projects with a potential to be implemented in a limited timeframe.

The Evaluation Plan of the Programme provides **indicative guiding questions** for the impact assessment exercise, both general and SO-specific ones. The document itself declares that the list of questions is indicative and should be further adjusted and/or extended as necessary during the actual assessment process. As described in Chapter 1, we put specific efforts in identifying an assessment method that relies on proven examples and fulfils the scope designed in the Evaluation Plan for the highest possible extent. As a result, we defined and applied a 5-step impact assessment method. This is mainly based on the territorial impact assessment methodology developed by the ESPON 2020 project titled 'TIA-CBC - Territorial Impact Assessment for Cross-Border Cooperation', but we had to make certain modifications to address specific requirements laid out either in the Evaluation Plan or the Inception Report of the CB Joint Strategy project. Also, some aspects listed in the Evaluation Plan could not or could not fully be addressed due to the in-progress timing of the current Stage I Report, or to the lack of reliable data.

Hereunder we collect the **most important conclusions of the Stage I Report**, highlighting references to specific Evaluation Plan questions, and also provide **recommendations for the next programming**

**period** where relevant. Chapters 2-5 contain the detailed assessment data and results. A chapter cross-referencing Evaluation Plan question with sub-chapters of the Stage I Report where detailed answers are to be found, is provided in the Annex.

## 6.2.1 Framework and main elements of the Programme

### Programme framework

The framework of the Programme is provided by the Cooperation Programme, introducing the **intervention logic, guiding principles on project selection, and general quality criteria** against projects to be funded in general calls. It also identifies **four strategic projects** implemented under special procedure. The B Light Scheme is a pilot activity opening up CBC funding to for-profit beneficiaries, delivering much needed direct economic advantages to the border region, but the selection of other strategic projects raises some concerns:

- De-mine HU-HR II: Though mine contamination is a shared burden of the border area, the physical implementation area of the project is one-sided and thus its strategic value can be questionable in a bilateral programme.
- MuKoBridge: The establishment of a new border crossing option would address a long-standing bilateral need; however, mere preparatory exercises provide no visible progress and direct benefits.
- CB Joint Strategy: Project activities are of technical assistance nature, with no direct benefits for the 2014-2020 programming period.

For the upcoming programming period it is advised to select strategic projects that address areas where concentrated investments can effectively bring visible results in the given programming period itself, and multiplication potential in the longer term.

### Distribution of projects and beneficiaries

**Tourism** has an outstanding share in terms of funding and number of projects. This feature of the implementation is justified by all evaluation data sources, and it is clear that this sector provides the highest development and cooperation potential for the programme area.

As a very progressive characteristic, the Programme **successfully involved for-profit partners** into the cross-border programme, a pilot activity that proved to be very popular, establishing sustainable cooperation between SMEs. The activity should surely be continued in the next programming period in some form.

The **geographic distribution** of projects and funding is generally balanced with some significant shortages:

- The four Croatian counties not directly situated by the border (and being equally treated beneficiaries of the programme for the first time in the 2014-2020 period) were significantly less active than other territories.
- Regional centres (like Pécs and Osijek) were highly dominant in some themes, proving that rural areas are more difficult to involve and motivate.

At the same time, a very good territorial balance has been achieved concerning the counties located directly along the border, and the strong relative performance of the middle of the border region, suffering from bad accessibility and depopulation is a major step towards the **integrated approach** promoted by the CP.

**Specific territorial differences** included:

- The importance of local institutional background is reflected in the high concentration of funding with environment protection objectives, namely in Baranya and Osječko-baranjska counties, where key regional environment protection organisations are seated.
- Similar concentration is shown in university cooperation, in case of Baranya and Koprivničko-križevačka counties.
- SME development, tourism and educational cooperation show a more balanced picture.
- The relatively high rate of tourism funding (especially in the water and cycling sectors) and environment protection in case of Međimurska is also worth mentioning.

### **Intervention strategy**

The **overall long-term vision** of the programme is defined in chapter 1 of the CP. Stakeholders contributing to the 2<sup>nd</sup> online survey evaluating the progress in the programme area observed a general and balanced improvement along the elements of the vision, especially in terms of cross-border cooperation of active and motivated groups of the society, and sustainable and value-added exploitation of natural and cultural resources. The lowest progress was shown in cross-border knowledge sharing.

The **five SOs selected for interventions** properly address shared challenges of the region. This is underlined also by the fact that all of them are preferred options for the next programming period as well, only an energy related theme was missing from the 2014-2020 portfolio of objectives. SOs are well-aligned with national, macro-regional and EU policies, proved by the abundant number of **synergies** identified with national and transnational funding schemes.

Based on the CP and some additional programming documents received from the JS, a full and coherent **intervention logic** could be reconstructed, that provides not only the prioritised intervention areas and expected main results, but also the target and beneficiary groups, the indicative activities and the selection principles for each of these. The CP also identified one single **result indicator** and proper number of **common and programme-specific output indicators** for each selected SO, providing a sound basis for the monitoring of implementation, effectiveness and impacts.

#### 6.2.2 Effectiveness and reliability of main result indicators

When establishing **current values of the main result indicators**, we faced various problems, presented in the paragraphs below. As recommendations for the future we can conclude that main result indicators should be in general more related to programme impacts, their measurement procedures should be easily replicable, and any controversy should be avoided in terms of definition and interpretation.

#### **SO 1.1 result indicator: GVA per capita of industry and services sectors**

Although the 2023 target value (5,500 EUR per capita) is **currently met by a large margin (+40%)**, the selected result indicator (Average GVA per capita of industry and services sectors of the programme area) is too general to properly measure programme impact, subject to many external, macro level processes, many of which are far more significant than the net results induced by the Programme. The 40% increase realised in the 2011-2018 period cannot be fully attributed to the Programme, just like the foreseen drop of the value in the years affected by the COVID-19-related lockdowns (2020 and 2021).

Data availability of the indicator is good, as both national statistical services provide accessible and detailed data. Data latency is significant as most recent available data is lagging behind 2 years in case of Hungary and 3 years in case of Croatia.

### **SO 2.1 result indicator: Number of guest nights in Zone B**

The selected result indicator of SO 2.1 (Number of guest nights in Zone B) is too broad to properly measure programme impact, subject to many external, macro level processes, behaviour and interest pattern changes, as well as substantial non-programme related singular attraction developments within Zone B or at competing destinations. The **57% increase realised in the 2013-2019 period** cannot be fully attributed to the Programme, just like the severe drop of the value foreseen in the years affected by the COVID-19-related lockdowns (2020 and 2021).

Data availability of the indicator is good, as both national statistical services provide accessible and detailed data. The only uncertainty arises in calculating the Zone B figures for Croatia, where data of DZS is not detailing all minor settlements, but this only provides negligible differences. Data latency is moderated as most recent available data is lagging behind 1 year in case of Hungary and 2 years in case of Croatia.

### **SO 2.2 result indicator: Habitats with excellent conservation status**

Contradictions in the definition of the result indicator (Number of habitats with 'A: excellent conservation' status of selected Special Bird Protection Areas) are presented in Chapter 4, along with the uncertainty of the exact content of the baseline value. These contradictions are highly disadvantageous: they can insecure potential beneficiaries, as unclear application and funding criteria is alarming for stakeholders and professionals.

When compared to a re-established baseline value, the **actual value of the indicator represents a 6.6% increase**, almost equal to the change expected by the CP by 2023 (7.3%). As the importance of nature protection is growing in both the legislation and the spatial development policy environments of the two countries, as well as in the perception of stakeholders and the general public, we can assume that the value will probably increase further until the final evaluation due in 2023, and thus the targeted increase will be met. Nevertheless, the reliability of the calculation presented above is deteriorated by the fact that the original constitution of the baseline value is uncertain.

At the same time, though recording changes in the particular conservation status of selected indicator species and habitats is a usual practice applied to measure the overall ecological status of areas, it is not able to react on impacts in the short term, as it is subject to extreme data latency: the complete process (change occurring in the ecosystem; recognition of the change by competent bodies; recording the change by appropriate methods; reporting the change in the Natura 2000 system) takes at least 5-10 years. This makes the result indicator unsuitable to be used as an ex-post impact assessment indicator in 2023, within a mere 1-4 years of the completion of funded projects.

Data availability of the indicator is excellent, as the Natura 2000 Network Viewer service provides the regularly updated Standard Data Forms of each Natura 2000 site.

### **SO 3.1 result indicator: Entities participating in cross-border networks co-operations**

The selected result indicator (Number of entities participating in cross-border networks and bilateral co-operations) measures the increase in the number of public bodies, NGOs, companies and any other entities-which can create new or strengthen common structures and mutual processes to ensure the continuity and expansion of cross-border cooperation. The result indicator is relevant in both components of the SO. The **aggregated targets of finished and currently ongoing projects**

**provide a value (129) that is a huge increase as compared to the baseline (36) and the 2023 target as well (49).** However, the survey-based method applied to establish the current value of the result indicator is subject to uncertainty factors, undermining its reliability, like changes in the scope of recipients to be surveyed, or the answering willingness of stakeholders. In order to provide a survey result in 2023 that reaches or exceeds the targeted value, the largest possible circle of institutions will have to be targeted (any entities with a potential to be considered as indicator value), and to enhance their answering willingness by repeated notifications and advertising the survey on various information channels.

Data availability of the indicator is medium, as it requires a survey procedure by the JS, taking at least 3 weeks to realise. Data latency is non-existent, as the survey provides actual data from stakeholders.

Since the Programme directly supports projects that are containing or involving entities into cross-border networks and bilateral co-operations, and considering the problems with the application of survey as the method of establishing indicator values detailed above, we suggest using the reported and validated outputs of projects instead, if a similar indicator is planned in the next programming period.

#### **SO 4.1 Effectiveness and reliability of the main result indicator**

The selected result indicator (Number of educational institutions in the border region that offer courses jointly or with region- or neighbouring country-specific content) is subject to the combined results of the two components of SO 4.1. There is no specific indicator measuring the outputs of projects in this regard. The actual number of education institutions involved into the 32 projects (66), is below the 2023 target of 90 institutions, but if we consider those public non-profit and research organisations as well that provide trainings in the projects themselves, **the target can be accomplished.**

However, the survey-based method applied to establish the current value of the result indicator is subject to uncertainty factors, undermining its reliability, like changes in the scope of recipients to be surveyed, or the answering willingness of stakeholders. Similar to the suggestions formulated for the result indicator of SO 3.1, it is important to put special attention on targeting the largest possible circle of institutions with a potential to be considered as indicator value, and to enhance their answering willingness by repeated notifications and advertising the survey on various information channels, in order to establish the desired final value of the indicator in 2023.

Other characteristics of the indicator are also identical to the one of SO 3.1: data availability is medium, as it requires a survey procedure by the JS, taking at least 3 weeks to realise. Data latency is non-existent, as the survey provides actual data from stakeholders.

Since the Programme directly supports projects that involve public or higher education institutions, and considering the problems with the application of survey as the method of establishing indicator values detailed above, we suggest using the reported and validated outputs of projects instead, if a similar indicator is planned in the next programming period.

#### **6.2.3 Aggregated output and performance indicators**

The CP identified **3-5 common and programme-specific output indicators for each SO**, a quantity that allows for proper monitoring of implementation, effectiveness and impacts. Though the current impact evaluation is more like a mid-term review, with regard to the high number of projects not yet

reporting some or any results, by combining validated results of implemented activities with targeted results of projects in the upcoming period, we can conclude the following:

- The **majority of outputs planned until 2023 are already realised**.
- Most outputs not yet reaching the 2023 target will be comfortably realised by project activities still to be implemented.
- 3 out of 5 SOs have one output each where the **2023 target will probably not be met**.
  - **SO 1.1: Number of enterprises receiving grants:** The current value of the indicator (considering 4<sup>th</sup> call winners of the B Light Scheme as well) is 67, slightly under the target (80). If we assume that some of the 16 reserve-listed projects of the 4<sup>th</sup> call will also be contracted in the remaining part of the Programme, we can conclude that the gap between the current value and the target will be partially (or maybe fully) closed by 2023.
  - **SO 2.1: Number of tourism facilities / service providers being certified by an environmental sustainability scheme:** The target value for 2023 (40) will probably not be met (the total reported and further planned value is 30), unless part of the currently uncontracted amount remaining from the total financial appropriation of the Programme is channelled to projects supporting further habitat areas.
  - **SO 4.1: Number of educational premises refurbished:** The target value for 2023 (15) will probably not be met, as only 6+6 refurbishments are implemented or still planned by the contracted projects, unless part of the currently uncontracted amount remaining from the total financial appropriation of the Programme is channelled to projects supporting refurbishing further educational premises.

As a general remark concerning output indicators: it seems that these were not properly defined at the beginning of the process (and indicator descriptions were supplemented during programme implementation). It is clearly more beneficial to have a common understanding with applicants and selected beneficiaries from the beginning, based on pre-developed descriptions.

#### 6.2.4 Estimation of net programme impact

Chapter 5 of the Stage I Report includes **detailed quantitative and qualitative analysis of all 5 SOs** to estimate the Programme's net impact. Hereunder we present main conclusions and recommendations about evaluating and maximising programme impacts.

##### **SO 1.1: SME ecosystem**

It is difficult to measure cross-border business and commercial activities limited to the programme area itself, but subjective inputs from local stakeholders suggest that – though there is still a lot to improve - the **positive effects of the Programme are clearly recognised**. As the importance of opening CBC programmes to for-profit partners is highlighted in many documents preparing the 2021-2027 programming period, the positive effects of SO 1.1 are becoming even more valuable. Like most CBC interventions, SO 1.1 of the Programme has limited financial means, thus, its immediate effects can also be projected to a relatively small circle of beneficiaries and their direct partners. This character increases the **importance of multiplication ability** of the chosen interventions.

From this aspect, the **relative overweighting of innovation projects** during the selection process **seems unfavourable**, since it is much more difficult to build joint innovation projects, where the development has an international innovative quality, considering the absence of active SME innovation processes or the low R&D activity of the border region, the lack of mutual trust and the language barrier between the countries, along with the differences of their legal environments.

These issues are easier to be dealt with in case of more basic business cooperations, focusing on commercial and marketing activities. The prioritization of joint innovation projects can create an environment in which constrained joint innovation projects apply instead of well-constructed business cooperation initiatives. Innovation should not be excluded in the future as well, but there should be opportunities for both type of projects, secured by determined specifications and requirements.

Due to the specific circle of potential beneficiaries, namely SMEs with generally less former experience with EU funding and relatively distant from the communication lines of development instruments, the **application of specific procedure (strategic project, small project fund, etc.) is advised in the future as well**, in order to provide the most direct and tailored flow of information, project generation and project implementation support. At the same time, more flexible solutions can also be applied (option to involve external project development/management expertise instead of EPSF support, etc.)

More workshops and exchange events, partner search fora should be organised, to **support partner search and the development of projects** with real quality and added value. Development agencies and chambers are the organisations best positioned to reach out to SMEs, options for their involvement should be considered.

The dominance of major economic centres of the border area should be balanced by a **more increased motivation of SMEs located in other areas** (especially in the four non-border counties of Croatia, as well as large untapped areas of Somogy, etc.

The **evaluation criteria** have to consider the specific differences between innovation and business development projects, and have to flexibly allow both types.

Though the application of a two-stage selection procedure has clear advantages (minimising the lost efforts of non-selected applicants; option to provide support of pre-selected applications), applicants clearly require **simplifications in the applied procedures, as well as clarification of tasks and expectations**. In general, **the process should be faster**: entrepreneurs cannot wait long for the funding, as their business environment does not tolerate delays.

### **SO 2.1: Tourism**

A specific value of SO 2.1 is the **territorial focus to Zone B**: As the financial means of the Programme is limited, it is of utmost importance to focus interventions where cross-border effects can be maximised and where 'traditional' disadvantages of borderside status is the highest. Zone B is an introduced and commonly accepted form of territorial focusing, that was already successfully applied in two consecutive programming periods. It was able to concentrate the funding to areas close to the border (concentrated to an even narrower strip along the border than the actual area of the Zone B).

All sources of information collecting data and opinions of stakeholders and experts prove that **tourism is a high interest area of the Croatia-Hungary border region**, that should enjoy specific focus in the next programming period as well. The experience from the current period show that these projects are usually **outstandingly balanced** in terms of budget allocation between partners. At the same time, tourism projects selected so far tend to include mirror activities, **lacking real joint activities** - a phenomenon that should be addressed with targeted selection criteria.

Though **unwanted effects** of the programme are particularly difficult to detect, tourism projects can potentially increase human disturbing in vulnerable natural areas. To avoid such effects is

particularly important in the case of the Croatia-Hungary border area, with a unique and relatively untapped natural environment. It is important to include selection criteria where **environmentally conscious solutions** (e.g. noise reduction cycle route surfaces and other means balancing negative effects) are not optional but conditional.

The COVID-19 pandemic imposes a major hit on the tourism sector of the programme area in 2020-2021. At the same time, it will induce changes in the **interests and behaviour patterns of post-COVID tourists, providing specific opportunities**. The 2021-2027 Programme has to make sure to capitalise on these potentials, especially focusing on outdoor and nature-friendly activities (e.g. outdoor attractions, parks/gardens, wildlife/natural environment attractions, etc.) that will probably enjoy increased demand.

### **SO 2.2: Biodiversity**

This SO hosts a very low number of projects, but the projects themselves are relatively large both in terms of budget and partnership. They represent **true cooperation of professional institutions** within and between countries. The number of Croatian beneficiaries exceeded the number of Hungarian ones, but this did not cause funding or intervention imparity, it is simply due to the more decentralised organisational structure of nature protection institutions and authorities in Croatia. Despite the differences it can be concluded that various institutions successfully found their compatible counterpart organisations on the other side of the border (state owned forest management bodies, water management organisations, regional and local authorities) and successfully cooperated along shared environmental challenges.

It can be assumed that the joint projects between professional institutions will result in **long-term cooperation beyond the timeframe and activity scope of the actual projects**. At the same time, these projects had **limited impacts**, and did not result in highly visible changes in the environment. Through supporting **proper, non-invasive tourism valorisation** of protected areas, nature protection, regional development and business interests could be aligned, and higher impact could be achieved both in terms of sustainability and public awareness. **Targeted or strategic funding of a few large projects** could also be considered, along with an open call financing smaller initiatives.

There was no imperative territorial focus applied in the selection of projects. However, most of the activities carried out (or planned) are **concentrated in the direct border zone** (within 25kms from the border), even though beneficiaries themselves are usually situated outside this narrow area. Considering the limited financial capabilities of the programme, and the fact that environmental projects included a relatively high ratio of investment activities (cca. 40%), the **application of territorial focus** in the environmental priority of the future programme should be considered.

Project monitoring experience of the JS shows that both the **main result indicator** (Number of habitats with 'A: excellent conservation' status of selected Special Bird Protection Areas) and the **territorial output indicator** of the SO (Total surface area of rehabilitated land) were **very difficult to tackle by the projects**. It is important to find **smarter indicators** in the future, that establish requirements against the projects within their capabilities.

An important learning for the 2014-2020 programming period is the **high interest towards energy related projects**. Though the Programme did not include a dedicated theme on energy, and the environmental SO focused purely on biodiversity interventions, 25% of institutional cooperation projects in SO 3.1 were concentrating on this subject. This fact suggests that energy should receive a more articulated presence in the future programme.

### **SO 3.1: Cooperation**

The elimination of factors blocking cross-border cooperation is a **widely articulated expectation** of programme area stakeholders and the Programme itself. SO 3.1 is the proper theme to host projects targeting these expectations in areas not covered by other thematic areas. The results clearly show the **necessity of further efforts** in the social inclusion of minorities, the enhancement of governance-related cooperation of institutions, as well as the targeting of social groups, where support effectively materialises in multiplied, long-term benefits (like the youth population of the area).

Considering the high number of projects with relatively low individual budgets, the **application of a small project fund** could be considered in the next programming period, especially in case of people-to-people co-operation. Also, the implementation could be supported by the application of **simplified costs options**.

SO 3.1 projects aimed **too diverse thematic areas**, making consistent evaluation and fair selection impossible. If thematically aligned to support other main themes of the programme, cooperation projects would have **higher synergy effects** (e.g. joint events and fairs could be used to add value in building business cooperations).

A particular learning concerning the importance of the theme of energy was already highlighted above in case of SO 2.2, since 25% of institutional cooperation projects in component 3.1.1 were concentrating on this subject.

### **SO 4.1: Education**

Concerning the limited financial means of the Programme, the relatively wide scope of the SO (including infrastructure development besides soft cooperation activities; equally focusing on general and vocational, public and higher education) may potentially result in the **fragmentation of funding** not reaching the total aggregate potential, while mainstream policy instruments are much better positioned for infrastructure development activities. A **narrower focus and emphasis on synergies with other SOs** (like environmental education or market-oriented skill development) can increase long-term impacts in the future.

Vocational education is transforming rapidly in both countries, more flexible options are now available for dual education and participation of enterprises in vocational education, widening the opportunities for more market-oriented education profiles and quicker adaptation than in the framework of traditional education structures. Options to include (or at least motivate) co-operations between education institutions and SMEs should be evaluated, as **economically focused education**, and the **development of vocational education** is a prerequisite of the (re-)industrialization of disadvantaged areas.

## **6.2.5 Achievements and contributions**

### **Expected and realised achievements**

In general, the Programme was **successfully addressing the wide range of development challenges** identified by the CP for the selected priority areas. Stakeholders answering the 2<sup>nd</sup> online survey reported a **positive impact in all SO areas**, especially high in case of SO 1.1 (tourism) and SO 3.1 (cooperation), while lower, but still positive impact in case of SO 1.1 (SME ecosystem) and SO 4.1 (education). The survey also measured each SO in detail, concerning their achievements in relation to sector-specific challenges. In this regard, the following findings can be highlighted:

- Out of the 5 key challenges of the regional **SME ecosystem**, identified by the CP, B Light Scheme beneficiaries claim at least two areas specifically targeted by their projects: they significantly increase the ratio of high value adding SMEs in industrial and services sectors, and develops SME cooperation. It is much less likely to solve the problem of low number of SMEs in the area.
- The CP identified 3 key **tourism**-related challenges, with one concerning the decontamination of minefields (addressed by one of the strategic projects of the Programme). In case of the other two challenges, tourism projects are especially focused on the improvement of the infrastructure of heritage tourism, and for a much lower extent of the improvement of border permeability.
- Stakeholders recognised positive, but only moderate changes in the general challenges of the **ecological status** of the border region, either in terms the efforts targeting the restoration and protection of natural heritage, flood protection developments to revitalize backwaters and floodplains, or the introduction and use of less aggressive, traditional land use methods in agriculture (with the latter valued as least progressing).
- Out of the 4 key challenges identified for the area of **institutional and people-to-people cooperation**, beneficiaries claim the need for capacity building improving networks and eliminating institutional bottlenecks, as the one especially targeted by their projects. The lowest contribution is declared in the case of expanding the limited circle of actors involved into cooperation.
- Out of the several key challenges identified for **educational cooperation**, beneficiaries claim mostly moderate correlation by their projects. The challenges best targeted include the lack of cross-cultural knowledge of inhabitants; the lack of region-specific or cross-cultural content in national curricula; and the poor general condition of education infrastructure and lack of modern teaching facilities. The lowest level of contribution is measured in the case of fighting the strong brain-drain effect of the two capital cities.

Detailed analysis presented in chapter 5.2 also shows that the Programme was **successfully targeting the target groups and preferred activities** selected by the CP in case of all SOs.

General remarks from stakeholders to **improve the efficiency** of the Programme in the future:

- The whole programming process should be faster, including the strategic projects;
- Duration of projects should be increased to allow for more in-depth activities;
- At least one strategic project should be initiated for each thematic area;
- Themes could be defined with more focus, so that projects will not be too diverse and be more aligned with programme objectives.

### **Evaluation of programme communication activities**

The Communication Strategy of the Programme builds communication objectives around the long-term vision of the CP, the main strengths of the programme area and the programme objectives. Participants of the 2nd online survey answered questions about the **specific communication activities of the Programme**. Considering all answers, we can conclude the following:

- Stakeholders were generally pleased with the support received in generating new partnerships among potential beneficiaries, and confirmed that the activities succeeded in highlighting the role and added value of the EU and its funding.
- The most critical issue of communicating with stakeholders was obviously the continuous provision of clear and up-to-date information at any time.

- Several remarks required a more frequent information campaign before the call deadlines, and more effective ways to address specific target groups not in the mainstream of EU-related information (e.g. SMEs and civil organisations).

### **Contribution to the Europe 2020 Strategy**

A specific section of the 2<sup>nd</sup> online survey addressed the **contribution of the Programme to the Europe 2020 Strategy**, along **9 highlighted strategic objectives**. Scores of stakeholders were medium-positive for most areas, highest in terms of preserving and sustainably using natural heritage; creating incentive environment for future collaborations; and creating supportive public attitude to future collaborations through joint education programs. Areas receiving average scores below medium include the support of cooperation and joint development of SMEs; and the priority provided to areas disadvantaged in terms of employment or social equality.