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## LIST OF ABBREVIATIONS

AA	Audit Authority
BWG	Bilateral Working Group
CA	Certifying Authority
CF	Cohesion Fund
CP	Cooperation Programme
CPR	Common Provisions Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013
Danube Programme	Danube Transnational Programme
EARDF	European Agricultural Fund for Rural Development
EC	European Commission
EGTC	European Grouping for territorial cooperation
EIB	European Investment Bank
eMS	Electronic Monitoring System developed by INTERACT
EMFF	European Maritime and Fisheries Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
ESI Funds	European Structural and Investment Funds
ETC	European Territorial Cooperation
EUSDR	EU Strategy for Danube Region
FLC	First Level Control
GDP	Gross Domestic Product
GoA	Group of Auditors
GODC	Government Office for Development and European Cohesion Policy, Slovenia
HIT	INTERACT Harmonized Programme Implementation Tools
IP	Investment Priority
JS	Joint Secretariat
MA	Managing Authority
MC	Monitoring Committee
NA	National Authority
NUTS	Nomenclature of Territorial Units for Statistics
PP	Project Partner
PR	Project Progress Report

RTD	Research, Technology and Development
SA	Situation Analysis
SEA	Strategic Environmental Assessment
SFC2014	Shared Fund Management Common System
SO	Specific Objective
SPO	Széchenyi Programme Office, Hungary
TA	Technical Assistance
TO	Thematic Objective

## **1. SECTION 1: Strategy for the cooperation programme's contribution to the Union Strategy for smart, sustainable and inclusive growth and the achievement of economic, social and territorial cohesion**

(Reference: Article 27(1) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council and point (a) of Article 8(2) of Regulation (EU) No 1299/2013 of the European Parliament and of the Council)

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

#### **Introduction**

As declared in the preamble of the ETC Regulation, the cross-border cooperation is meant to tackle common challenges identified jointly in the border region and aim to exploit the untapped growth potential in the area, while enhancing the cooperation process for the overall harmonious development of the Union. The preparation of the Cooperation Programme was assigned to the Task Force composed of national, regional and local level representatives of the two cooperating Member States. In developing the strategy, the Task Force considered the policy framework provided by the European, national and regional development strategies, the characteristics of the programme area, the experiences of the previous programme periods and the opinion of the stakeholders collected through dedicated events and activities.

The Cooperation Programme Interreg V-A Slovenia-Hungary is the continuation of a cooperation process which started in the middle of the 90s under trilateral and bilateral compositions (Austria-Slovenia-Hungary, Slovenia-Hungary-Croatia, and Slovenia-Hungary Cross-Border Cooperation Programmes). This long tradition in CBC programmes resulted in an accumulation of valuable experiences regarding the EU territorial cooperation between the management bodies but also among relevant stakeholders from the two countries, which is taken into consideration by the current programme.

#### **1.1.1. Policy framework of the Programme**

In developing the content of the Cooperation Programme, the following European, national and regional level strategic documents were taken into consideration:

##### **European level**

- Europe 2020
- Danube Strategy

##### **National and regional level**

- Partnership Agreement 2014-2020 Slovenia
- Slovenian Development Strategy 2014-2020
- National Reform Programme Slovenia 2013-2014
- National Reform Programme Slovenia 2014-2015
- Operational Programme for the Implementation of the EU Cohesion Policy 2014-2020 Slovenia
- Regional Development Programme 2014-2020 Pomurje Region – draft
- Regional Development Programme 2014-2020 Podravje Region - draft
- The Partnership Agreement 2014-2020 Hungary
- first National Reform Programme of Hungary
- National Development and Regional Development Concept 2020 (OFTK) – Hungary
- Regional Development Plan for 2014-2020 Zala county

- Regional Development Concept 2014-2020 Vas county

### 1.1.2. Analysis of the Programme area

In order to have a solid basis for the definition of the strategy of the programme, a Situation Analysis was prepared revealing the main characteristics of the area in terms of accessibility, environment, social situation, economic situation and tourism. The analysis of the programme area is based on this document, highlighting the most important aspects from cross-border point of view.

#### Geography of the programme area

The programme area includes the following eligible NUTS3 regions (Commission Implementing Decision 2014/388/EU):

- Podravje and Pomurje regions in Slovenia
- Vas and Zala counties in Hungary

The territory of the Slovenia-Hungary border region covers 10,658 km<sup>2</sup> in total, 2/3<sup>rd</sup> of the area belongs to the Hungarian, 1/3<sup>rd</sup> to the Slovenian border region, divided by a border of 102 km in length. The programme area occupies the north-eastern part of Slovenia and south-western extremity of Hungary. Geographically the region is characterized mainly by alternating flat and hilly areas.



1. Map: Programme area

Source: own edition

#### Environment and energy

The programme area is very rich in environmental resources and natural values: it has a diverse flora and fauna resulting in high biodiversity to be protected and managed within national parks, nature parks and numerous protected areas and Natura 2000 areas. The most important nature park in the programme area is the trilateral Goričko (SI) – Őrség (HU) – Raab (AT) Nature Park, unique for its cross-border character offering insights to a prehistoric urn burial culture and later on settled by Romans, Slavs, Germans, Hungarians and Turks. There are other well-known and appreciated areas, as Írott-kő Nature Park and Šturmovci Nature Park. The rates of NATURA2000 areas calculated based on the total territory are below the national averages except Pomurje (37.2%). Podravje has the least of its territory classified as protected, only 6.2% enjoying this status, compared to 31% Slovenian national average. In Hungary, the national average of protected areas is 15%, Vas county being close to this value with 14.2%, while Zala county is considerably lagging behind with 6.7%.<sup>1</sup> Nevertheless, the region is acknowledged for its natural beauties (besides the big spots mentioned above there are other attractive

<sup>1</sup> Rate of protected area compared to the territory of the region – 2008, Source EUROSTAT



areas, too, e.g. Mura-mente Protected Landscape Area, Balaton Uplands National Park, Kis-Balaton, a huge wetland bird habitat) providing excellent opportunities for green tourism.

The existence of protected areas may generate conflicts between land-users and the need for environment protection, since the protected status imposes some limitations in terms of agricultural or other types of land exploitation. As much of the protected areas are in agro-rural regions, the awareness raising on the importance of environmental protection and the support in identifying sustainable economic alternatives to intensive land usage is important.

The programme area is crossed by several important rivers (Mura, Drava, Zala and Raba) and contains parts of the south-western shores of Lake Balaton. These rivers are not directly crossing the border between the two countries, but they are all originating from the area of Austrian Alps, their river basins being closely connected also on cross-border scale. Besides being a valuable source of fresh water they serve as important wetland habitats. Although this valuable natural heritage has been addressed by the Priority Axis 2 (Sustainable Development) of OP SI-HU 2007-2013, in order to be further preserved and promoted new and novel measures are necessary, both in nature conservation and visitor service development. On the other hand these rivers constitute also a threat in terms of floods (due also to climate change) calling for increased joint efforts in risk prevention and civil protection through continuing cooperation of relevant partners in the programme area.

The Region is rich in thermal and mineral waters. They are intensively used for energy generation and tourism purposes, the thermal waters being one of the main assets the biggest tourist centers are built upon (e.g. Zalakaros, Sárvár, Moravske Toplice, Murska Sobota).

In terms of energy efficiency and renewable energies, no regional data are available, therefore this sector can be analysed only based on country level statistics.

According to the latest EUROSTAT data, the energy intensity (the ratio between the gross inland consumption of energy and the GDP) was 256.6% in Hungary and 225.8% in Slovenia in 2013, thus the energy consumption of the two countries' economies was much higher than the EU28 average (141.6%).

The improvement of total energy efficiency (industry, transport, households) of Slovenia, measured by energy efficiency index ODEX in the period from 2000 to 2010 has been 18.2% or 2.0%/year. The improvement of energy efficiency in Slovenia was higher than the energy efficiency of EU-27 average, which was 11.5% or 1.2%/year.<sup>2</sup> Between 1998 and 2010 the global energy efficiency of final consumers in Hungary, as measured from the decrease of the global index (ODEX) improved by 17%, against 14% for the EU as a whole. Most of the efficiency improvements were registered in the industrial and transport sectors, since the energy efficiency of households improved only a bit.

There is a large variety of potential renewable energy sources (wind, solar, geothermic, biomass, biogas and hydro-power) in the Region. The share of renewable energies in gross final energy consumption is high in Slovenia (21.5%) exceeding the EU28 average value (15%), while Hungary (9.8%) lags behind in this respect. Thanks to the relatively high proportion of local renewable energy production, energy dependency of Slovenia (47.1%) is lower than the EU28 average, while the Hungarian economy (with 52.3% dependency indicator) relies more upon imports in order to meet its energy needs similarly to the entire EU (53.2%). Nevertheless, due to recent developments in the international context and challenges imposed by the climate change, the identification and exploitation of the renewable energy potential could be an option to contribute to achieve energy self-sufficiency for the Region.

Based on the above, environment and natural biodiversity are increasingly important issues in the programme area. Coordinated actions would need joint management measures, which necessitates strengthened institutional cooperation among relevant stakeholders. Stakeholder consultations emphasized that not the level neither the effectiveness of the current cooperation is sufficient, better results could be expected only from continuous and stabilized institutional relations, harmonized regulations on cross-border level.

#### *Main needs and challenges*

- There is a need for cooperation in the field of cross-border environmental protection
- There is a need for joint awareness raising and actions on reconciling various environmental interests in the area (agriculture, tourism, nature conservation and cultural heritage) in order to

<sup>2</sup> Monitoring of EU and national energy efficiency targets. Jožef Stefan Institute, Ljubljana, 2012.

protect biodiversity, the natural values and in the meantime use their endogenous potential in a responsible and environment-respective way

- There is a need for strengthened cooperation in exploiting natural values in promotion and development of new and novel forms of sustainable tourism: “slower” tourism close to the nature is a real development option for the less developed, rural regions of the programme area
- There is a need for joint measures in environmental risk management (floods, droughts, fires, etc.), in order to protect the natural environment and human habitat
- There is a need for increased and jointly coordinated exploration of the potential in renewable energy sources, which may identify new solutions for the energy dependency of the Region and contribute to the efforts on climate change mitigation

## Demography and social wellbeing

There are 980,500 inhabitants living in the programme area, 55% of them in Hungary, 45% in Slovenia. The average population density – 92 inhabitants/km<sup>2</sup> - is below the national averages in all counties/regions, except Podravje (150 inhabitants/km<sup>2</sup>), which exceeds even the EU-28 average and is twice as high as in Zala county where the density is the lowest in the Region (75 inhabitants/km<sup>2</sup>).

The Region is characterized by negative demographic trends with relatively high natural loss and negative demographic balance due to high outmigration resulting in population decline and ageing at an accelerating rate. The decline in population is a continuous process in the last 15 years in the entire Hungarian part of the programme area and in the majority of the Slovenian part, with the worst figures in Zala county 3.5% and Pomurje 2.8%<sup>3</sup>. Not surprisingly, these two areas are facing the most dramatic situation in terms of the ageing index as well - Zala 145% and Pomurje 139%<sup>4</sup>. In terms of natural loss of population, there is a sharp difference between the Slovenian and the Hungarian area. While in Podravje the natural loss reached 182 in 2012, on a descendant trend compared to 2001 (500), in Zala it was 1793, on an ascending trend from 2001 (1400)<sup>5</sup>. These phenomena are paired with negative migration trends which seriously affect the Region. In 2012, except for Vas county, all the other parts of the programme area were having a higher number of emigrants than immigrants, with the worst situation in Pomurje region (-681)<sup>6</sup>.

In territorial structure terms, the Region is characterized by rural settlements, and most of the bigger urban centers have a peripheral location in geographic terms. In Hungary more than 95% of the settlements are rural, concentrating more than 60% of the population in villages/small towns below 5000 inhabitants. Another characteristic is the concentration of the population in the major urban centers, this concentration being the most significant in Podravje region, where more than one third of the population lives in Maribor (36%)<sup>7</sup>. The situation is similar in Vas county where 30% of the population lives in the county capital Szombathely.

Multi-ethnic population contributes to the preservation and development of the diverse cultural traditions. Slovenian and Hungarian national minorities and other ethnic groups are represented in the area. In Pomurje there is a significant number of Hungarian minorities; their traditional settlements, namely Lendava, Hodoš and Dobrovnik are bilingual areas with a wide scale of minority rights; Hungarian minorities are present in Šalovci and Moravske Toplice in greater numbers as well. The German speaking ethnic group is also significant in the Region; they are located mostly near the Austrian border, in Murska Sobota and in the Podravje region. In the Hungarian border area, the most significant minorities are the Slovenians and the German speaking groups. Slovene national minority lives in the area between Raba river to the north and the Slovene border to the south, called Raba region. Their regional center is Monošter / Szentgotthárd. Larger Roma ethnic community lives in both sides of the border.

Poverty and social exclusion are crucial and highly relevant problems in these areas of Eastern Europe, mainly in the rural regions. Various socio-economic facts explain it, like poor economic background, lack of investment and employment opportunities, and as a consequence, migration of the young on the one hand, and isolation of elderly on the other. Comparing to national averages, there are less people living

<sup>3</sup> Change of population in between 2007 and 2012 – Source: Hungarian Central Statistical Office (HCSO) and Statistical Office of the Republic of Slovenia (SORS)

<sup>4</sup> As of 2013, Source: EUROSTAT

<sup>5</sup> Natural loss of the population in between 2001 and 2012, Source: EUROSTAT

<sup>6</sup> Net migration in between 2005-2012, Source: HCSO and SORS

<sup>7</sup> Source: SORS

at risk of poverty in the Slovenian border region (around 21%), than in the Hungarian (approx. 28%)<sup>8</sup>. Comparing these figures with the national averages, the situation is the opposite, the Hungarian part of the programme area having a better situation than the national average (31%), while the Slovenian part being in the worse situation than the national average (19%)<sup>9</sup>.

Social care belongs to the compulsory tasks to be provided by local authorities, however due to the magnitude of social problems, more innovative and novel ways of service provision is necessary (e.g. involvement of civic service providers, e-service provision etc.) As for health care, the hospitals are located in the most important urban centers, therefore the access to high quality health care or social services may be more limited for the population living in the extended and often remote rural regions. In the whole cooperation area there are 13 hospitals, 9 in Vas and Zala counties and 4 in Pomurje and Podravje regions. The expenditure on health per capita is twice higher in Slovenia than in Hungary. The territorial features and demographic challenges of the Region (e.g. aging) combined with shrinking financial means call for cooperation to identify and test new health care solutions of cross-border relevance.

The Region is characterized by a well-developed education infrastructure, improved quality of secondary education, increasing number of people with tertiary attainment. The availability of education has improved, especially in vocational training and lifelong learning. There are a number of public and private organizations providing adult training services for the employed and unemployed. Although – according to stakeholder consultations – there is an increasing demand for skilled work force, demand-driven vocational training facilities are not fully available, as well as vocational orientation for the youth is not fairly developed. As for higher education, there are still shortcomings: on the Hungarian side of the programme area there are only some faculties in economy, pedagogy and technology in Szombathely, Keszthely, Nagykanizsa and Zalaegerszeg, The Slovenian side of the border has a stronger position: Podravje region hosts two important universities, with a solid infrastructure and offering a wide spectrum of specializations – University of Maribor and Alma Mater Europaea. The share of people with tertiary education in the Slovenian part of the programme area is 23.5%, while on the Hungarian side the figure is 18.1%<sup>10</sup>, with an improving trend for the last decade in each sector of higher education, in both parts of the border.

#### *Main needs and challenges*

- There is a need to increase the population retention force and as a result slow down the decline in population of the programme area
- There is a need to address mutually urgent social and health challenges through development of innovative social/health services for inhabitants of the Region including youth and groups of people with special needs, as elderly population, people at risk of poverty, marginalized groups of people, or disabled people
- There is a need to improve the labor mobility based on access and availability to quality vocational training on both sides of the border; also vocational orientation has to be strengthened

### **Accessibility**

The road network of both the Slovenian and the Hungarian regions is fairly developed, some important European corridors pass them, and the road infrastructure has significantly improved for the last decades. The programme area is crossed by two TEN-T Core Network corridors: Corridor 4 Baltic-Adriatic with the Graz-Maribor-Ljubljana railway section and Corridor 9 Mediterranean on the Trieste-Ljubljana-Maribor-Budapest section.

The most important and relevant element of the programme area's road network is the Budapest – Maribor – Ljubljana highway, which crosses the Region and provides for the most important transportation connection between Slovenia and Hungary. Besides this highway, the road network on the Slovenian side is providing good inter-connectivity, even though the accessibility of the rural areas in the inner parts of the regions needs to be improved. The primary and secondary road density on the Hungarian side is also above the national average. Furthermore the quality and interoperability of the minor roads should be further developed, since the secondary road network does not connect the small settlements properly, especially along the state border, nor provides accessibility for the remote areas.

<sup>8</sup> Population at risk of poverty – 2012, Source: EUROSTAT

<sup>9</sup> World Health Organization, World Health Expenditure Statistics - 2012

<sup>10</sup> Share of population aged 25-64 with tertiary education attainment – 2014, Source: EUROSTAT

This is a precondition for the balanced economic development, as well as the increase of the attractiveness of the Region.

Due to the fact that both countries belong to the Schengen area the interconnectivity between Slovenia and Hungary is barrier-free. There are 9 border crossing points with an average distance of 11 km. However due to the quality and density of the smaller, inner roads being rather poor, travel times are long.

The cross-border public transport service is poor. The bus services are limited to connecting Budapest and Ljubljana, with only one stop in the border area at Nagykanizsa. As bus transport facilities on the two sides of the border are not connected to one another (no physical connection of the stations, no harmonized timetables), bus transportation does not support the stimulation of the border traffic.

Inland railway network connects the larger cities, however further development is required in order to reach smaller settlements, too. Direct cross-border railway connections between the main centers are available only from Zalaegerszeg to Murska Sobota, Maribor and Ptuj, but with quite low frequency. Thus, the cross-border mobility of the population and the tourism flow is hampered by the poor cross-border interconnections and public transport facilities.

Two European bicycle routes are crossing the Region: EuroVelo 9 and EuroVelo 13. EuroVelo 9 (Baltic-Adriatic) is connecting Slovenia with Austria, EuroVelo 13 Iron Curtain Trail is crossing the programme area through the protected areas of Goricko Nature Park and Őrség Nemzeti Park, bearing an important touristic potential. However the cycle routes are discontinuous, the connection of the single sections across the border is still unsolved, basic services are missing, and the safety requirements are often unmet. Nonetheless, due to the geographical and environmental factors, there are favorable conditions for biking in the Region, which can be exploited in order to promote this sustainable mean of transportation.

#### *Main needs and challenges*

- There is a need to improve cross-border mobility by ensuring the appropriate interoperability of the two sides of the border in terms of road network and public transportation
- There is a need to promote sustainable (green) transportation modes, both in terms of infrastructure/services and in terms of safety
- There is a need to improve the tourism-related transport infrastructure, to create the conditions for tourist-friendly means of transportation (hiking, bicycle route, horse riding networks, water tourism)

### **Economy and labor market**

The GDP (in PPS) of Hungary and Slovenia has developed in a rather similar way over the past years – the Slovenian figures being more positive – with a slow but steady growth, interrupted temporarily by the financial-economic crisis. In spite of the improving trends, there is still a substantial development gap in terms of GDP/capita between the regions/counties forming the Slovenia-Hungary cross-border region and the EU-28 average (in 2011, Zala county and Pomurje region produced GDP per capita rates of less than 60% of the EU-28 average, while the figure for Vas county was 60% and 71% for Podravje region)<sup>11</sup>.

Thanks to its specific geographic situation and historically determined development features, agriculture still enjoys a relatively large share compared to national and Western European figures, exceeding 7% in Vas and Zala counties and Pomurje region<sup>12</sup>. The industrial sector (excluding construction) is of importance to the Gross Value Added (GVA) especially in Vas (39%), which is the most industrialized county of Hungary, followed by Zala (35%). The Slovenian regions of the Programme reach a 23-24%<sup>13</sup> share, respectively close to the national average. Identically to the developed world, the service sector has the largest share of GVA, including trade, transport, tourism-related services. Public administration and community services/activities of households are below the national average in Hungary and slightly higher in the Slovenian regions.

<sup>11</sup> GDP (PPS) per capita – 2011, Source: EUROSTAT

<sup>12</sup> Sectoral share of Gross value added at basic prices (million EUR) in the cross-border region – 2011, Source: EUROSTAT

<sup>13</sup> idem.

The economic geography of the Region is bearing a strictly dual character: there are (a few) well developed economic centers (linked to R&D and education institutions and their facilities), industrialized areas with strong car producing, manufacturing, processing sectors and significant – country- / Europe-wide famous – tourism destinations attracting a large number of visitors on both sides of the border, while the majority of the Region is clearly characterized by rural features, dominated by small villages.

Similarly to the economic characteristics, the territorial structure is also reflecting the same “dualism”: the industry and service sector is concentrated in and around urban areas, while rural areas are highly agricultural with low industrialization, typically with traditional industries (craft, food, production of typical regional products) and missing services. This dualism is reflected in the spatial distribution of enterprises showing a big territorial concentration: the largest enterprises operate in and around the largest cities, while the rural areas are characterized by smaller, individual enterprises. In general the Region is characterized by low cooperation “performance”, lack of inter-company relations and low level of clusterization (17 clusters in the Hungarian and 4 in the Slovenian side).

In spite of the existing industrial “work-culture” with long traditions, based on cooperation networks, technology parks enabling concentration of entrepreneurship, the economic basis of the Region is weak and fragile, resulting in low investment attraction, thus low number of dynamically growing industrial facilities and clusters which could pick up workforce to a greater extent. The business demography of the two sides of the Region is quite similar, with a low share of larger companies, and with quite identical density of enterprises (number of enterprises per 10,000 inhabitants): Zala (681), Vas county (651), Podravje region (691) and Pomurje region (549). As for SMEs, due to the economic crisis, the number of enterprises operating in the Region has shown declining/stagnating figures, except in Vas county. According to stakeholder consultations the lack of entrepreneur spirit, market knowledge and financial resources are the main barriers to SME development.

The innovation performance is very different in the programme area: while the R&D intensity (R&D expenditure in % of GDP) is high in the Slovenian regions, due to the outstanding performance of Maribor, on the Hungarian side (Western Transdanubian Region) it is only the quarter of the Slovenian figure.

Unemployment rates differ in the Region: while the rate of Vas county (6.1%) is significantly below the national average (10.8%), Zala county (11.8%) faces difficulties with worsening tendency. Pomurje and Podravje regions are fragile in terms of unemployment among Slovenian regions: the rates of Pomurje (17.9%) and Podravje (14.8%)<sup>14</sup> are the worst in the whole country. Rural areas are especially strongly hit by unemployment in the whole Region.

The labor related gender inequality exceeds the national data in the Slovenian regions (especially in Pomurje), while it shows no discrimination on the Hungarian side. As for the employment status of vulnerable groups (such as the young and the elderly), the Slovenian regions are equally affected, while in Zala county older age groups are higher represented compared to the national average.

In general, people with lower education and less market-oriented skills might have less chance to find a job than more educated people; however, in the programme area people with vocational education are more successful jobseekers than those with a higher education degree. This is partly the reason of high migration rate of the people with tertiary education, seriously affecting the development perspectives of the Region. However, at the public consultation both the Slovenian and Hungarian participants emphasized the need to better coordinate the vocational offer with the demand of the labor market.

#### *Main needs and challenges*

- There is a need to stop the decline in high quality workforce due to migration (brain drain)
- There is a need to address the high unemployment rates, especially in the rural areas, and support access of vulnerable groups to labor market by providing alternative opportunities for job creation
- There is a need to promote entrepreneurship/self-employment on local level
- There is a need to improve institutional cooperation enabling the Region to better address labor market challenges (e.g. make joint efforts to have more demand driven vocational training)

<sup>14</sup> Unemployment rates – 2012, Sources: SORS and HCSO

## Tourism

Tourism plays a significant role in the economy of the Region. According to the latest territorial data (2014), more than 1.6 million tourists spent almost 5.5 million overnight stays in the Region (both commercial and other accommodation)<sup>15</sup>. The average length of stay was 3.38 nights, significantly higher than the national averages, but showing a declining tendency in the last year (3.45 nights in 2012). On the other hand, the ratio of foreign overnight stays was 48% (below the national averages), indicating that the area is far from fully exploiting the cross-border opportunities. The weight of the Hungarian side in the tourism flow is significantly larger: more than 2/3<sup>rd</sup> of the tourist arrivals and 74% of the overnight stays are realized in this side of the border<sup>16</sup>.

The tourism supply of the Region is mainly driven by natural values: the core tourism products are built on the outstanding natural resources of the Region resulting in a portfolio characterized by close to the nature tourism, complemented by a large cultural heritage based offer. The area is rich in thermal waters, therefore health / medical / wellness tourism are the most important tourism products attracting the largest number of tourists (key destinations/magnets: Hévíz, Bük, Zalakaros, Sárovar, Moravske Toplice, Radenci, Ptuj, Lendava, which are attracting 3.67 million overnight stays, 67% of the Region's total data<sup>17</sup>). It can be observed that the overwhelming majority of these centers are located along the main communication/transportation axis which crosses the programme area, the Budapest-Ljubljana highway. The limited utilization for touristic purposes of the natural and cultural richness of the more peripheral parts of the programme area is mainly due to the poor accessibility and interconnectivity of the regions located outside this main communication corridor. It is a unique feature that both summer and winter holiday resorts are available here: Lake Balaton is the most popular summer holiday destination in Hungary, while for winter tourism Mariborsko Pohorje is a famous ski resort in Slovenia. These add to the "green" portfolio of the Region represented first of all by national parks and protected areas. The Slovenian side belongs to the most acknowledged wine tourism destinations of Slovenia with well-developed infrastructure and services. Although the Hungarian counties are not yet listed among the famous wine regions, there are several initiatives aiming at improving the image and strengthening the economic potential of vineyards by targeted branding.

Active tourism has significant assets and some basic infrastructure - as hiking and biking trails including two European bicycle routes - are already available, even though discontinuous and not properly signaled. Besides, active tourism builds on several horse riding, angling and hunting possibilities. Water tourism is still underdeveloped; however there are some opportunities, especially in the Slovenian part of the Region. Some remarkable cultural heritage sites are also located in the Region: monuments of the bigger cities preserve the memories of the rich historical past (e.g. Keszthely, Zalaegerszeg, Szombathely, Kőszeg, Maribor, Ptuj, Murska Sobota), while the living traditions of the smaller villages provide insight into the everyday life of the countryside: rural (agro) tourism has great, so far underutilized potential (e.g. Őrség, Göcsej, Hetés). Several thematic routes have already been established, mainly in the Slovenian regions. However, the cross-border connection of these routes is still missing.

The potential in natural and cultural heritage of the Region provides excellent opportunities to create a competitive joint regional tourism destination by developing integrated "cross-border tourism products". However, the Region is still characterized by territorially unbalanced tourism turnover with high spatial concentration on some "core" tourism areas ("magnets") attracting the majority of the guest arrivals. On the other hand the tourism potential of other areas including smaller cities, villages, rural areas ("less developed areas in terms of tourism") is not exploited due to the low visibility, insufficient level of attractive products and the shortcomings of the tourism infrastructure (e.g. poor accessibility, lack of quality accommodations, poor tourism services).

Since the Programme follows a differentiated approach to the developed and less developed areas a clear cut definition of the two types of areas is necessary. Magnets are localities attracting the largest number of tourists, whose list will be published by the programme authority regularly based on the number of overnight stays. Less developed areas in terms of tourism are localities not listed as magnets.

Although there are initiatives aiming at connecting – first of all virtually – the single attractions (e.g. wine routes, cultural heritage routes), most of the tourism values are not or not appropriately connected in physical terms (roads, accessibility by public transport means). All these deficiencies make it difficult to involve less developed areas into tourism networks, and sell them through magnet-driven tourism

<sup>15</sup> Sources: SORS and HCSO

<sup>16</sup> idem

<sup>17</sup> Number of overnight stays in 2014, Source: SORS and HCSO



packages. Except for health resorts, the tourism is seasonal in the Region. Although the average length of stay at the magnets is higher than the national averages, the majority of the settlements attracts only one-day visitors, day excursions. Tourism demand has been fluctuating or stagnating for the last years drawing the attention to the need of continuous renewal and innovation in the tourism offer. The targeted development of the rural, less developed areas could effectively contribute to innovate the tourism portfolio, increase its competitiveness (especially in the context of the neighboring countries) and thus give a boost to the tourism of the Region. It could also result in new local business and job opportunities, ultimately moderating the alarming outmigration flow.

In the 2007-2013 period major tourism related projects were implemented in the fields of gastronomy and wine; valorization of cultural values, ethnic traditions and cultural identity; active and eco-tourism. These projects, all boosting the joint promotion and development of regional tourism and the creation of thematic cooperation networks, are important building stones to be capitalized on in the 2014-2020 period.

#### *Main challenges and needs:*

- There is an underutilized natural and cultural potential in the rural areas to be valorized in sustainable tourism through cooperation within these areas and with magnets, resulting in integrated and harmonized actions
- There is a need to diversify regional tourism involving the untapped potential of the rural, remote areas and in the meantime offering an alternative source for jobs and entrepreneurship
- There is need to improve the portfolio by new and innovative products/services in general and especially in the less developed areas in terms of tourism
- There is a need to improve the image and visibility of the Region thus its competitiveness
- There is a need for the promotion of joint regional tourism “brand” by harmonized product/service development

## Cooperation

In spite the indisputable results achieved through the previous cooperation programmes between Slovenia and Hungary in terms of capacity building, number of successfully implemented bilateral cooperation projects, both survey and workshop participants, local and regional stakeholders emphasized the necessity to address still existing deficiencies in the quality, level and effectiveness of cooperation in the Region as an overarching issue. According to their statements

- institutional cooperation relations are rather ad-hoc (partly due to lack of common language knowledge, awareness), project-based cooperation initiatives are limited to the project lifetime (due to limited availability and weak capacity of human resource), results achieved are not sufficiently embedded into daily operation (due to lack of or random involvement of local stakeholders and missing internal communication and knowledge transfer), furthermore missing platforms and networking and limited experience in terms of cross-border collaboration and joint project development hinder the exploitation of cooperation initiatives or efforts;

- cooperation to address bottlenecks in physical connections (roads, cycle tracks, accessibility by public transport means) as well as to creating harmonized standards and delivery processes (social and emergency services, employment, civil protection and risk prevention etc.) is not available or sufficiently developed;

- due to the lack of sufficient market knowledge, business interactions between economic players are weak, and limited to relatively narrow market segments. In spite of the number of successfully implemented projects, cooperation between players in areas highly important for the Region, like rural tourism, is lagging behind the potential explained by lack of joint products, marketing and communication linking rural areas to developed tourism centres (magnets);

- although cooperation in culture proved to be very successful in the previous programmes, there is a high demand for developing further cross-border connections between cultural institutions, schools, civil organization and ethnic groups.

#### *Main challenges and needs:*

- The potential of cross-border cooperation should be exploited through reaching the “critical mass” of bilateral projects and activities in terms of quality and quantity.
- There is a need to establish or further develop cooperation connections among magnets and rural, less developed areas in terms of tourism in order to boost a spatially more balanced development of tourism of the programme area.
- Bottlenecks in awareness, knowledge and capacities of local stakeholders should be addressed in order to form a solid basis for the cross-border cooperation.
- Instead of ad hoc activities, the institutionalized cooperation should be fostered in order to create harmonized and stable cooperation frames and to strengthen sustainability of the cooperation projects, activities.

### Lessons learnt from the current programme

Altogether 43 projects were implemented in the course of the OP Slovenia-Hungary 2007-2013, within the frame of two Priority Axes, in two calls for proposals. The implementation of the Programme shows a pretty high concentration both in terms of the size of the projects and their thematic focus. The average project size of both calls was approximately 800.000 EUR, while the thematic areas addressed by the big majority of projects were tourism/cultural heritage/cultural cooperation (around 20% of approved projects), environment/energy/natural heritage (around 25% of approved projects), e-service development (around 15% of approved projects)<sup>18</sup>. On the other hand, partly due to the high demand of funds compared to the Programme's possibilities, there was relatively low interest towards certain areas e.g. transport.

The survey conducted amongst a wide circle of applicants and other stakeholders in the launching phase of the programming exercise, as well as workshops held revealed important findings both for the achievements and the shortcomings of the 2007-2013 Programme.

The respondents considered knowledge sharing (exchange of experience and information, transfer of good practices) as the most important achievement of cross-border cooperation. The importance of effective common project implementation based on clear tasks and responsibilities, active participation of the partners, smooth cooperation, communication and trust, as well as common risk management were also emphasized. Stakeholders appreciated the support received from and the communication with the JTS/MA.

As for the shortcomings of the Programme respondents highlighted the difficulties coming from the administrative complexity of the application and project implementation (monitoring) procedures and requirements, also language barriers, financial, cash flow problems, Lead Partner principle were emphasized. Regarding the 2014-2020 programme period respondents expect to have more support in specific fields (e.g. preparatory workshops, partner search), as well as the sharing of key success factors and lessons learnt from similar projects.

The comprehensive analysis on active stakeholders in Slovenia-Hungary 2007-2013 CBC Programme carried out in 2012 within the “RegNet” project also confirmed the key statements of the survey (e.g. language barrier, LP principle and problems related to pre-financing/self-contribution). The beneficiaries were highlighting that the most important impact of the Programme was its role in improving the employment opportunities, increasing competitiveness as well as creating and developing cooperation networks. Conclusions were drawn regarding a sound need for increased local/regional cooperation on institutional/organizational level.

Based on the above the overall evaluation of the programme could be summarized as a fairly well-performing one. According to the overwhelming majority of the beneficiaries the Programme made an important impact on the development of the Region. However there are gaps and areas for improvements to be tackled by the future Programme.

### Conclusions

As a conclusion of the key facts and trends characterizing the programme area, the following statements are of importance:

<sup>18</sup> [www.si-hu.eu](http://www.si-hu.eu)



The programme area is characterized by an uneven distribution of population, which is concentrated in several more important urban settlements, while large parts of the Region are predominantly rural. The population is ageing, the area being affected by natural loss and facing a high negative migration. Due to the limited economic performance, especially to the weak economic potential of the rural areas, the unemployment and thus outmigration is relatively high and there is an increase in the number of people living at the risk of poverty. All these problems call for creating alternative local job opportunities in the remote areas on one hand and on the other good quality, accessible, innovative social services have to be available for moderating the significant social consequences and increasing the retention force of the human resource in the Region.

The Region as a whole is well connected through the Budapest – Ljubljana highway, but the density and quality of the internal road network connecting the inner parts to this major transport corridor is insufficient. The public transport system is poorly developed both in general and in cross-border terms and does not contribute to the cross-border mobility. The limited intra-regional accessibility hinders the possibility of fully exploiting the economic potential of the programme area.

The Region is rich in renewable energy resources, but – partially because of lack of supportive national policies – these are practically unexploited. In the perspective of the new energy policy environment, the increased use of these resources may be reconsidered, so their identification and further investigation may represent an untapped opportunity for the Region.

The programme area is the shelter of a rich and valuable natural and cultural landscape enjoying special protected status (National Parks, natural protected areas, NATURA2000 areas). Being situated at the confluence of the two cultures the natural values are complemented by cultural heritage elements, both built and soft (multiethnic traditions, gastronomy) derived from the very long mutual interference. This rich natural and cultural heritage could be one of the drivers of the Region's future development.

As the situation analysis reveals, the tourism of the area is based mainly on important natural values as Lake Balaton, mountains (ski resorts), and thermal waters (spas). This resulted in a high spatial concentration of relatively well equipped tourist centers, attracting a high number of visitors. Nevertheless, besides the fairly developed tourist areas, the Region is providing excellent opportunities for “slow tourism” by developing new and novel ways for local heritage based agro/rural-tourism in the areas less developed in terms of tourism. This potential is currently underexploited due to insufficient visibility and promotion, lack of proper infrastructure and poor supply of local tourist products and services resulting in not having achieved the critical mass. Moreover, the Region's existing tourist offer is not using the cross-border potential in terms of interconnecting the individual localities amongst and to the magnets/centers, and not integrating the resources of the two sides in border into more complex and appealing touristic products.

Further to the above thematic conclusions, based on local and regional stakeholders statements the necessity to address still existing deficiencies in the quality, level and effectiveness of cooperation in the Region is an important overarching issue to be tackled.

### 1.1.3. Strategy of the Programme area

The **mission** of the Programme is to transform the Region into a socially and environmentally sustainable joint “green tourism” region providing a high quality living perspective for its inhabitants not only in the magnets and their agglomerations, but also in remote, rural areas, which are less developed in terms of tourism. Sustainable utilization of the natural and cultural values offers wider and spatially more balanced opportunities for tourism development, providing workplaces available locally, fostering entrepreneurship and resulting in higher and more balanced economic performance and standard of living. High-quality natural and built environment and a wide range of locally available services contribute to the wellbeing of the inhabitants and to a good quality of life. Widespread social, economic and institutional connections ensure the rational and sustainable utilization of the resources, skills and capacities and create a strong sense of common regional identity based on tolerance and mutual understanding. Measures leading to achieve the above targets shall increase the Region's population retention force, especially of young generation, contributing to the limitation of the population decrease particularly in the remote, rural areas.

Based on the mission reflecting the long-term vision of key stakeholders on the future of the Region, the Task Force identified the key needs and challenges, and defined the programme strategy. When formulating the programme strategy the following main principles were taken into account:

- **Relevance:** the development directions should be built on the main characteristics and assets of the region, taking into account the aspects of sustainability as well. The Programme is dealing with those areas which are directly related to the existing values and underutilized potentials deeply rooted in the traditions on both sides, and with critically important issues to be tackled/opportunities to be utilized for the region's sustainable development (underpinned by the policy framework).
- **CBC dimension:** the selected priority areas should have a strong cross-border dimension; the added value of cross-border cooperation in the respective fields is outstandingly beneficial.
- **Results:** development of the selected priority areas directly affects the social, economic or environmental situation of the Region, they can stimulate real changes and opportunities in the area and deliver practical outcomes and tangible results.
- **Involvement of the interested actors:** the priority areas to be tackled should be in line with the needs and interests of the relevant actors in order to boost the involvement of applicants in an appropriate and balanced number and thus to ensure a good absorption rate of funds.
- **Concentration of financial resources:** the limited available resources – 14.7 million Euros – called for an enhanced concentration of programme intervention, in order to achieve tangible results.

Besides the above, all the other factors – main findings of the SWOT based on a thorough situation analysis, the relevant policy frames and recommendations both on EU and country level including macro-regional strategies, the lessons learnt from the current programme, the inputs of multilevel and structured stakeholder consultations – and also administrative and financial frames have been duly considered.

### Objectives of the Programme

In order to fulfill its mission, the main aims of the Cooperation Programme are the following:

The **overall objective** of the Programme is to become an attractive area for living, working, investing, undertaking through better capitalizing on existing natural and cultural assets in tourism catalyzing the development of the whole region on one hand and on the other jointly addressing those common problems which call for common solutions at CBC level.

The **specific aims** are the following:

- Better usage of under-exploited natural and cultural values through cooperation in tourism, as the Region's key competitive, labor-intensive sector.
- Create/strengthen local economy (workplaces available locally, new enterprises, entrepreneurship) in rural areas through sustainable tourism development by interlinking remote cultural and natural heritage spots and connect them to larger tourism destinations, magnets.
- Further develop the "green and livable" region brand of the CBC area through preserving, revitalizing and valorizing natural and cultural resources and improving stakeholder cooperation and social, economic and institutional connections.
- Extending the cross-border cooperation by strengthening the institutional capacities of public and civil stakeholders in mutually important fields of public policies and services.

### Strategic response by the Programme to contribute to Europe 2020

In 2010 the Europe 2020 strategy was launched as a ten year overall strategic framework based on three mutually reinforcing priorities: smart, sustainable and inclusive growth.

The priorities of this strategy quantified through five EU headline targets covering: employment, R&D, Climate change, Education with special focus on early school leaving and Poverty and social exclusion are perfectly reflected in the Cooperation Programme Interreg V-A Slovenia-Hungary.

The Programme directly contributes to the Europe 2020 strategy goals through its thematic objectives, investment priorities and specific objectives fully in line with the EU 2020 (Article 9, CPR) and meeting the requirement for thematic concentration (Art. 6 ETC Reg.).

- Smart growth: knowledge and innovation based tourism development (new, high quality products and services with cutting-edge technologies; bilateral cooperation); knowledge sharing in cooperation actions
- Sustainable growth: preservation and sustainable utilization of cultural and natural values and resources by promoting resource efficient, greener and more competitive tourism development (green tourism brand)
- Inclusive growth: tourism development (as labor intensive economic sector) in remote areas delivering social and territorial cohesion, promoting cooperation by involving new actors from the public and civil world in addressing jointly important policy fields and combatting against climate change, poverty and social exclusion, based on participatory approach and large stakeholder involvement

Priority axes chosen are set out to address the most important challenges reflecting the specific characteristics of the Region. Also the Programme's "ambitions" are reasonable, limited to feasible achievements, through synergies with other mainstream programmes.

### Intervention Logic and priority areas of the Programme

From CBC perspectives it is important to note that both the development needs and potentials to be addressed are quite similar on the two sides of the border:

- It is a green region with acknowledged thermal water sources also enjoying rich cultural and multiethnic traditions. Preservation and revalidation of these valuable assets is a responsibility on one hand, creating - on the other - excellent opportunities to be capitalized on through exploiting still underutilized, less visible potentials. The Region is rich in renewable energy resources, offering new options for exploitation but further examinations and preparatory studies are needed. Problems and deficiencies are also quite identical: the dual economic structure with relatively developed industrial/service centers on one hand and massive rural areas with shrinking job opportunities on the other result in growing territorial disparities characterized by high unemployment, sharpening emigration thus decreasing population. Building on commonly important assets in highly labor intensive sectors like tourism, can contribute to the catch up of less developed, rural areas of the Region. In this regard, the Programme can highly capitalize on the achievements of the previous programme having already invested in promoting and developing natural and cultural heritage. Quite some of the outputs of the previous programme have already prepared the ground for achieving more tangible and quantifiable results within the 2014-2020 period.
- Poverty, social and health problems are also equally present, especially in the rural part of the Region and call for common solution. Interoperability of borders, better internal transport connection, better cross-border mobility are also of great importance. In order to make the public and civil bodies more prepared to address the new challenges and accomplish new tasks and responsibilities, they need to more and better cooperate. Because of the still existing cooperation deficiencies and bottlenecks – building on the relevant achievements of the previous programme, too – joint initiatives, common actions in specific fields with cross-border relevance are needed.

Taking all these into consideration, while acknowledging that there are cross-border development needs in many sectors, the Task Force decision was to concentrate the limited financial resources on two critically important areas:

1. Thematic Objective 6, Investment Priority 6c, to protect the natural and cultural heritage of the area and valorizing it through development of sustainable tourism, with a strong focus on the less developed areas in terms of tourism (rural, remote areas).
2. Thematic Objective 11, Investment Priority 11b, to increase the availability and effectiveness of public services necessary for a better governance on cross-border level, and to support the

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cooperation between organizations and institutions responsible for mutually important areas in order to enhance the cross-border convergence.

Through its strategic answer, addressing just two priority areas, both being catalyzers of further positive changes, the Programme envisages reasonable and tangible changes in the Region in full accordance with the development priorities (national and regional) of the two respective countries.

The Programme promotes smart, sustainable and inclusive growth through an integrated approach, combining thematic and territorial dimensions in the design of the two priority axes as it is summarized below:

- Priority axis 1 (TO6): The Region's added value in terms of natural and cultural heritage lies in unique natural and cultural assets. The protection and revalidation of these values is an utmost important objective for the area. Important built and soft heritage elements (cultural traditions etc.) are not properly preserved and exploited due to limited intra-regional interconnectivity and accessibility, as well as lack of appropriate measures and actions. Furthermore while main resort centers – magnets – are fairly developed (partly due to the respective regional development policies and related EU funding) valuable natural/cultural heritage located in rural, remote parts of the Region is not sufficiently visible, thus their potential is not exploited in lack of the intra-regional cooperation including better integration to magnets. All these call for strengthened and harmonized actions since heritage based tourism has a substantial growth potential and could be considered as a key driver of the Region's economic development. It is also supposed to contribute to the integration of less developed areas into the mainstream regional tourism resulting in more and more quality local job opportunities, enhancing local service providers, SME's, boosting entrepreneurship.

The priority axis' objective is to support joint cross-border initiatives in the field of sustainable tourism development with a focus on rural areas, with natural and cultural heritage preservation and protection as its very basis. This approach provides a good basis for the economic and social integration of rural areas into "slow tourism": by upgrading, valorizing built heritage elements by small scale investments as part of joint product and service development based on local/regional specificities (handcraft, food, gastronomy, active/green tourism facilities), and interconnecting independent elements of supply. Through extending the geographic scope of tourism with the involvement of remote areas, based on the development of new directions of green, active and rural tourism, economic and social problems of deprived rural areas may also be addressed. Being a labor intensive activity, development and operating of area specific products and services and their integration into the offer of bigger tourism resort places can contribute to the reduction of the rather high unemployment rates in the rural parts of the Region. By implementing coordinated common actions, based on joint integrative strategy, the regional image will be also upgraded.

More extended exchange of know-how, targeted education and training for new service providers are also important ingredients of complex and more holistic tourism development. As a result, jointly coordinated and interlinked potentials in tourism become one of the driving forces of local economic development in remote sub-regions, rural areas, directly contributing to strengthening local/regional employment and entrepreneurship, thus slowing emigration and brain-drain flows, while contributing to keep valuable cultural/natural heritage endangered by recent depopulation trends.

- Priority axis 2 (TO11): The primary aim of cross-border cooperation is to tackle identified common challenges by a joint approach of the two Member States with different cultural background, social and political systems as well as different administrative structures. The most important challenges manifesting at cross-border level refer to: how to tackle societal challenges, first of all demographic issues (aging), cross-border accessibility and interoperability, harmonization of labor market needs with education and vocational trainings to increase employability and cross-border labor mobility, preservation and revalidation of cultural assets. Besides, in order to contribute to the ultimate and overarching goal of the Programme – creating attractive living conditions for the citizens of the Region – strengthened cooperation between institutions and organizations in expanding, upgrading and innovating public services is necessary. In order to achieve sound measurable results appropriate institutional capacities of public and civil stakeholders have to be available, so the Programme made provisions to invite stakeholders (public authorities, other public equivalent bodies, institutions, civil

organizations), for working together on common issues: preparing joint development plans and strategies, setting up discussion forums/action groups open for relevant stakeholders for resolving jointly identified problems/challenges in various fields, exchanging proven working methods, experiences, efficient governance tools and innovative practices related to important or urgent problems of the region. As a result, better prepared actors and more harmonized development frames will be available for addressing common challenges through commonly defined policies and actions not only in the predefined sectors and areas but successful cooperation models will catalyze new, less formal initiatives on institutional level and also in human relations.

With its careful decision the TF takes full responsibility to create enabling preconditions for a complex and integrated development of the programme area in the 2014-2020 period. By selecting just two TO's, the Programme shows a high thematic concentration also necessary because of the rather small size of the Programme. This is fully in line with the ETC Regulation, according to which at least 80% of the ERDF finances shall be concentrated to a maximum of four thematic objectives.

The Programme addresses the following two priority axes:

### Priority axis 1: ATTRACTIVE REGION

The priority axis includes one investment priority 6c corresponding to the Thematic Objective 6.

The region has a high potential in natural and cultural assets that necessitates its protection and preservation and also creates a strong basis for sustainable development of heritage based tourism and related activities. However the region is also featured by 'dual' characteristics: certain sub-regions (especially spa and thermal ones) are well developed with outstanding performance compared to national and EU standards, other areas are significantly lagging behind their potentials, (especially rural and natural areas, protected areas).

The projects financed under this priority axis will be oriented towards 1) supporting the preservation of the heritage, and 2) promoting the exploitation of this potential in the regions not valorizing it in tourism. Taking into account the financial allocation of the Programme, only small-scale infrastructure developments can be supported which fits to the preservation/development initiatives of the border region's tourism.

Possible key areas of cooperation:

- Preserve, valorize and promote natural and cultural heritage through sustainable forms of tourism
- Create the proper physical and service infrastructure for tourism in remote areas
- Provide help for the stakeholders to improve their tourism service quality, effectiveness and competitiveness, through e.g. networking, clustering
- Improve visibility, branding of the region by joint communication (ICT tools)
- Diversification of joint product and services through crosslinking of remote cultural and natural heritage spots with larger tourism destinations

### Priority axis 2: COOPERATIVE REGION

The priority axis includes one investment priority (11b) corresponding to the Thematic Objective 11. Efficient cooperation of the regional actors can provide strong added value to the development of the Region, as common problems can be tackled jointly with greater impacts and effectiveness resulting in stronger cross-border identity. Adopting better governance models resulting in high level public services and social innovations addressing also the needs of vulnerable groups is one of the key challenges of the Region, calling for more cooperation between public authorities, civil organizations and public interest bodies. Ultimately strengthening cross-border cooperation of the stakeholders, and thereby contributing to increased respect, tolerance and mutual understanding is also one of the key targets of the EU.

The projects shall seek cooperation in addressing the main challenges and needs identified within the analysis of the programme area. They will not develop infrastructures and will not be focused on investments, but will seek opportunities offered by the cross-border networks and cooperation for improving the situation in different socio-economic and environmental sectors.

**Possible key areas of cooperation:**

- Societal challenges, as ageing, poverty, migration, quality social services, healthcare
- Environmental protection, renewable energy, risk management
- Cross-border accessibility and interoperability (soft measures, collaboration)
- Harmonization of labor market needs with education and vocational training with special focus on youth and all disadvantaged groups

**1.2 Justification for the choice of thematic objectives and corresponding investment priorities, having regard to the Common Strategic Framework, based on an analysis of the needs within the programme area as a whole and the strategy chosen in response to such needs, addressing, where appropriate, missing links in cross- border infrastructure, taking into account the results of the ex-ante evaluation**

**Table 1. Justification for the selection of thematic objectives and investment priorities**

Selected thematic objective	Selected investment priority	Justification for selection
<b>TO6</b>	<b>IP6c</b>	<p>Tourism is already one of the driving forces of the Region, and a key endogenous sector for development, bringing clear socio-economic added value.</p> <p>The Region is very rich in environmental resources and natural values (it has a diverse flora and fauna resulting in high biodiversity to be protected), therefore the protection and sustainable utilization of them is of outmost importance.</p> <p>The Region benefits from the operation of several large touristic centers with high number of visitors/guests, but their offer is limited to wellness and spa services. Additional potential attractions/services from other parts of the Region are not visible or needing further development to be included into their general offer.</p> <p>Being a labor intensive sector, tourism can contribute to create new job in sectors in difficulty (e.g. agriculture) and in less developed parts of the Region</p> <p>Sustainable tourism development is in line with the challenges and needs of the Region with clear cross-border dimension.</p>
<b>TO11</b>	<b>IP11b</b>	<p>Strengthening cross-border cooperation of the institutional stakeholders contributes to a balanced, harmonious development of the two sides of the border.</p> <p>Cooperation between actors of the two sides of the border can provide strong added value to the development of the Region. capacity building, empowerment are important preconditions to enable public and private organizations to jointly address common problems, to learn how to work together.</p> <p>Recent changes in public administration structures, consequently in their tasks and responsibilities, make it even more important to exchange good practices, working methods, operational tools. Cooperation is also a learning process for both public and private organizations, necessary to create innovative and competitive services to address new societal challenges. The selected TO/IP provides appropriate answers for the identified challenges and needs, as it targets an increased, harmonized collaboration regarding the most important policy fields of the Region.</p>

### 1.3 Justification of the financial allocation

Justification for the allocation (i.e. Union support) to each thematic objective and, where appropriate, investment priority, in accordance with the thematic concentration requirements taking into account the ex-ante evaluation.

The total amount of ERDF resources available for the 2014-2020 period for the Slovenia-Hungary Cooperation Programme is 14,795,015 Euro. Based on the decision of the Task Force, the distribution of the funds among the Priority Axis will be the following:

- 67.59% of the total available ERDF funds - which means 10,000,000 Euro - is allocated to Thematic Objective 6 “preserving and protecting the environment and promoting resource efficiency”, Investment Priority 6c “conserving, protecting, promoting and developing natural and cultural heritage”. Considering the very limited budget of the Programme, in order to achieve a tangible impact in the field of development of sustainable tourism, two-thirds of the available resources are directed towards Priority 1. This takes into consideration the foreseen need for resources of the planned types of actions and the experiences of the previous Programme in the field of preservation of natural and cultural values.
- 22.27% of the total available ERDF funds - which means 3,295,015 Euro - is allocated to Thematic Objective 11 “Enhancing institutional capacity of public authorities and stakeholders and efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions”. The allocation was based on the lower financing needs of the main types of actions envisaged under this Priority Axis (the organization of meetings, conferences, seminars, with possible minor pilot elements of specialized actions).
- 10.14% of the total available ERDF funds - which means 1,500,000 Euro - is allocated to the Technical Assistance of the Programme, in line with Article 17 of the ETC Regulation.



**Table 2. Overview of the programme investment strategy**

PA	ERDF support - EUR	Proportion (%) of the total Union support to the CP			TO	IP	Specific objectives corresponding to the investment priorities	Result indicators corresponding to the specific objective
		ERDF	ENI	IPA				
1	10,000,000	100	0	0	6	6c	1.1 To increase attractiveness through the diversification and cross-border integration of the touristic offer	R 1.1 Increase in the number of overnight stays in the programme area
2	3,295,015	100	0	0	11	11b	2.1 To increase the capacity for cooperation in order to reach a higher level of maturity in cross-border relations.	R 2.1 The level of cross-border cooperation at institutional level in the programme area
3	1,500,000	100	0	0	-	-	3.1 Contribution to the efficient implementation of the Cooperation Programme	Not applicable



## 2. SECTION 2: PRIORITY AXES

(Reference: points (b) and (c) of Article 8(2) of Regulation (EU) No 1299/2013)

### 2.A. Description of the priority axes other than technical Assistance

(Reference: point (b) of Article 8(2) of Regulation (EU) No 1299/2013)

#### 2.A.1/P1 Priority Axis 1

(repeated for each priority axis)

<b>ID of the priority axis</b>	<b>1</b>
<b>Title of the priority axis</b>	<b>Attractive Region</b>

<input type="checkbox"/>	The entire priority axis will be implemented solely through financial instruments	
<input type="checkbox"/>	The entire priority axis will be implemented solely through financial instruments set up at Union level	
<input type="checkbox"/>	The entire priority axis will be implemented through community-led local development	

#### 2.A.2/P1 Justification for the establishment of a priority axis covering more than one thematic objective (where applicable)

(Reference: Article 8(1) of Regulation (EU) No 1299/2013)

<b>Not applicable</b>
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#### 2.A.3/P1 Fund and calculation basis for Union Support

(repeated for each Fund under the priority axis)

<b>Fund</b>	<b>ERDF</b>
<b>Calculation basis</b> (total eligible expenditure or eligible public expenditure)	Total eligible expenditure

#### 2.A.4/P1/6c Investment priority 6c

(repeated for each investment priority under the priority axis)

(Reference: point b(i) of Article 8(2) of Regulation (EU) No 1299/2013)

<b>Investment priority</b>	6c: Conserving, protecting, promoting and developing natural and cultural heritage.
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## 2.A.5/P1/6c Specific objectives corresponding to the investment priority and expected results

(repeated for each specific objective under the investment priority)

(Reference: points (b)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

<b>ID</b>	<b>1.1</b>
<b>Specific objective</b>	<b>To increase attractiveness through the diversification and cross-border integration of the sustainable touristic offer in the programme area, based on the protection of the elements of cultural and natural heritage and development of products and services in the less developed rural areas linking them to touristic magnets.</b>
<b>The results that the Member States seek to achieve with Union Support</b>	<p>The Programme aims to reach a higher level of <b>development of sustainable forms of tourism in the remote, rural regions of the programme area</b>, while building on the experience and attractiveness of the important tourist centers located here.</p> <p>The Priority Axis is focused on developing the sustainable touristic offer in the programme area, by supporting the protection/conservation of the natural and cultural resources and by the generation/promotion of new, sustainable products which are based on these local resources. Taking into consideration the existing situation (big tourist centers with a rather high number of tourists, focused on wellness), the Programme is intended to increase the number of overnight stays by diversifying the portfolio through offering alternative touristic options outside these centers, magnets. The Programme will contribute to raising awareness about the valuable elements of the cultural and natural heritage especially from the rural area. Therefore, the number of overnight stays in the entire programme area will increase, while the existing natural and cultural values will be better protected and utilized for the overall benefit of the local communities. As an indirect benefit of the actions to be implemented, increase in the number of local service providers, enterprises and locally available jobs is expected.</p>

Table 3/P1/1.1: Programme-specific result indicators (by specific objective)

(Reference: point (b)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value	Source of data	Frequency of reporting
1.1	Number of overnight stays in the programme area	Number	5,269,268	2014	5% increase 5,532,728	National Statistical Offices	2018, 2020, 2023

## 2.A.6/P1/6c Actions to be supported under the investment priority (by investment priority)

2.A.6.1/P1/6c *A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries*

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

### Investment priority

### 6c

#### **The following indicative examples of actions may be considered to contribute to specific objective No 1.1**

All proposed sustainable tourism developments must be based on the conservation, preservation, protection, promotion and development of natural and cultural heritage as a primary goal. The programme encourages initiatives targeting remote, rural areas less developed in terms of tourism. Moreover, whenever possible, the actions should aim at strengthening the link between rural areas and touristic magnets to provide better visibility for the whole programme area (e.g. creating and connecting thematic routes to touristic magnets; knowledge transfer from the magnets to actors operating in the less developed areas; creation of missing physical access – e.g. cycle path – between the magnets and the rural areas; working together on quality standards integrating the tourism offer of the rural areas to magnets; development of complex joint tourism packages integrating the offer of the rural areas to magnets' supply; joint marketing and communication activities with the magnets, etc.).

The applicants are encouraged to tackle two or more of the listed types of actions, in an integrated manner.

- Jointly developed plans and strategies for the sustainable utilization of cultural and natural heritage for better use of the touristic potential of the rural parts of the programme area through improved know-how and for an enhanced exploration / exploitation of the cross-border opportunities in the field by using the expertise and/or the potential of the touristic magnets located in the area
- Small scale investments regarding sustainable utilization of cultural and natural heritage by promoting environmental friendly technologies and/or by implementation of small scale renovation / revitalization and conservation of cultural and natural heritage especially in the rural parts of the programme area, as part of jointly developed touristic products in order to ensure their preservation, as a pre-requisite for their touristic utilization (e.g. façade renovation, exterior and interior restoration, refurbishing, presentation tools and facilities, etc.)
- Improving accessibility to cultural and natural heritage sites as part of joint tourism measures in justified cases (road investments may only be complementary elements of the developments aiming at providing proper physical linkage and visitor-friendly accessibility among the cultural and nature heritage sites to be promoted, renewed, developed)
- Awareness raising actions and/or campaigns related to improve the level of knowledge and education about the elements of cultural and natural heritage existing in the programme area. This includes raising local awareness about the importance of the protection and preservation of cultural and natural heritage on both sides of the border, in order to diversify the sustainable

touristic supply (especially existing in the touristic magnets) of the Region and to increase its touristic potential

- Regional cross-border cooperation in tourism destination management, development of regional trademark and quality management systems, common branding and promotion, joint organization and participation in fairs and exhibitions, transfer of know-how, etc., for increasing the visibility, marketability and competitiveness of the touristic offer in the programme area and for improving the management of the touristic services
- Supporting diversification of quality cross-border tourism services offered in the area – bike tourism and related services (e.g. development and posting of cross-border thematic biking routes, biking tourism related services – as bike rentals etc.), hiking, equestrian and water tourism (e.g. designation and promotion of cross-border thematic routes, service development), and complementary services to wine, gastronomy, cultural and health tourism
- Joint development of new, innovative tourism products and services for the rural, less developed areas in terms of tourism based on joint quality standards,
- Trainings and capacity building for the local entrepreneurs and/or employees in developing relevant skills related to tourism (language courses, specialized professional trainings, conferences, etc.) in order to increase the quality and competitiveness of the tourism services and to indirectly contribute to local job creation
- Improvement of the usage of modern (communication) tools and promotion activities in order to increase the visibility and attractiveness of the tourism offer in the programme area
- Establishment of organizations and/or partnership networks with cross-border relevance (e.g. tourism management organizations, associations, clusters with legal entities or other non-profit organizations) facilitating the creation and development of sustainable tourism products and services, boosting joint activities and creating enabling environment for local SMEs active in tourism

#### **Main types of beneficiaries supported under the investment priority**

- Local, regional public and state public administrations/institutions, and their organizations, such as national/natural park administrations, forest authorities, cultural institutions, museums, local action groups, organizations competent in the field of transport, etc.
- State owned companies
- NGOs, non-profit organizations (including legal entities established by private law with non-profit status and purpose of operation), tourism associations, tourism destination management organizations
- In Hungary, church institutions/organizations
- Chambers and professional associations
- EGTCs.

#### **Main target groups**

- SMEs and individual service providers active in the sector of tourism or related services
- Local communities

- Tourists and visitors from the main touristic centers/magnets and from outside the programme area

### **Specific territories targeted under the investment priority**

The entire programme area is eligible for support within this Priority Axis. Nevertheless, special attention will be given to initiatives targeted towards the areas less developed in terms of tourism and their linkage to touristic magnets.

## **2.A.6.2/P1/6c Guiding principles for the selection of operations**

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<b>Investment priority</b>	<b>6c</b>
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During the selection procedure, besides the criteria applied for project assessment, the following principles will be taken into consideration under this Priority Axis:

- The projects shall develop the touristic supply in the programme area, by diversifying the existing offer with additional elements, based on the values of natural and cultural heritage, priority being given to the operations targeting areas less developed in terms of tourism
- Small infrastructure developments will be supported only in case they are connected to the sustainable touristic valorization of an element of the natural or cultural heritage
- Projects shall have a positive effect on the number of overnight stays in the programme area
- Wherever they are already existing and in place, visitors' management plans for the tourist attraction sites targeted by the projects shall be revised, in order to mitigate the negative effects of increase in the tourist inflow.
- All projects shall respect the principles of environmental sustainability and be in line with the relevant environmental legislation of the two countries and on the EU level. More specifically, the projects will be asked, whenever appropriate, to elaborate Environmental Impact Assessments related to the planned interventions. Moreover, they will be requested to apply whenever possible, solutions which include measures for climate protection, climate adaptation, and for improving energy efficiency. In this sense, investments negatively affecting nature, fauna and flora, and biodiversity must be accompanied by compensatory measures and damage mitigation.
- For the projects which include improvement of accessibility to the natural and cultural heritage sites, silent road surfaces in populated areas should be considered.
- For projects involving building construction and renovation, cost-optimal levels of energy performance according to Directive 2010/31/EU are required, and projects going beyond cost-optimal levels are favored. For projects involving purchasing products, compliance with the requirements set out in Annex III of the Energy Efficiency Directive (2012/27/EU) is requested.
- Priority will be given to projects including elements of fostering the inclusion of disadvantaged groups (including long-term unemployed, older workers, drop-outs and underqualified, people with disabilities, ethnic minorities, Roma, people with a migration

background and people living in deep poverty) and gender mainstreaming as set out in the EQUAL Guide on Gender Mainstreaming.

### 2.A.6.3/P1/6c Planned use of financial instruments (where appropriate)

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<b>Investment priority</b>	6c
<b>Planned use of financial instruments</b>	Not applicable
Not applicable	

### 2.A.6.4/P1/6c Planned use of major projects (where appropriate)

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<b>Investment priority</b>	6c
Not applicable	

### 2.A.6.5/P1/6c Output indicators (by investment priority)

(Reference: point (b)(iv) of Article 8(2) of Regulation (EU) No 1299/2013)

**Table 3. Table 4/P1/1b: Common and programme-specific output indicators**

ID	Indicator (name of indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
CO009	Increase in expected number of visits to supported sites of cultural and natural heritage and attractions (EU)	Visits/Year	10.000	Monitoring system	Annually
6c.2	Number of people participating in interpretation and educational events related to the cultural and natural heritage (P)	Number	2000	Monitoring system	Annually
6c.3	Number of joint cross-border touristic products / services newly developed (P)	Number	12	Monitoring system	Annually
6c.4	Length of cycle tracks and footpaths	km	8	Monitoring system	Annually

(EU): EU common indicator (P): Programme specific indicator

**2.A.7/P1 Performance framework**

(Reference: point (b)(v) of Article 8(2) of Regulation (EU) No 1299/2013 and Annex II of Regulation (EU) No 1303/2013)

**Table 4. Table 5/P1: Performance framework of the priority axis**

Priority axis	Indicator type (Key implementation step, financial, output or where appropriate result indicator)	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of the relevance of indicator, where appropriate
1	Financial indicator	P1.1	Amount of certified expenditure for Priority Axis 1	Euro	600,000.00	11,764,705.89	Monitoring system	The amount refers to the total costs certified for the closed projects under this PA. The estimation is taking into consideration the breakdown of allocation as stipulated in Annex XIV of the Commission Implementing Decision no 190/2014.
1	Output indicator	CO009	Increase in expected number of visits to supported sites of cultural and natural heritage and attractions	Visits/Year	800	10,000	Monitoring system	The indicator will measure the level of diversification of the tourism offer in the eligible area.

**2.A.8/P1 Categories of intervention**

(Reference: point (b)(vii) of Article 8(2) of Regulation (EU) No 1299/2013)

**Table 5. Dimension 1 Intervention field**

Priority axis	Code	Amount (EUR)
1	032 Local access roads (new build)	500,000
1	034 Other reconstructed or improved road (motorway, national, regional or local)	500,000
1	090 Cycle tracks and foot paths	1,500,000
1	091 Development and promotion of the tourism potential of natural areas	1,500,000
1	093 Development and promotion of public tourism services	1,500,000
1	094 Protection, development and promotion of public cultural and heritage assets	2,500,000
1	095 Development and promoting of public cultural and heritage services	2,000,000

**Table 6. Dimension 2 Form of finance**

Priority axis	Code	Amount (EUR)
1	01 non-repayable grant	10,000,000

**Table 7. Dimension 3 Territory Type**

Priority axis	Code	Amount (EUR)
1	01 Large Urban areas (densely populated > 50 000 population)	1,000,000.00
1	02 Small Urban areas (intermediate density > 5000 population)	4,000,000.00
1	03 Rural areas (thinly populated)	5,000,000.00

**Table 8. Dimension 6 Territorial delivery mechanisms**

Priority axis	Code	Amount (EUR)
1	07 Not applicable	

**2.A.9/P1 A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)**

(Reference: point (b)(vi) of Article 8(2) of Regulation (EU) No 1299/2013)

<b>Priority axis</b>	<b>1</b>
Not applicable	



**2.A.1/P2 Priority Axis 2**

(repeated for each priority axis)

<b>ID of the priority axis</b>	<b>2</b>
<b>Title of the priority axis</b>	<b>Cooperative Region</b>

<input type="checkbox"/>	The entire priority axis will be implemented solely through financial instruments	
<input type="checkbox"/>	The entire priority axis will be implemented solely through financial instruments set up at Union level	
<input type="checkbox"/>	The entire priority axis will be implemented through community-led local development	

**2.A.2/P2 Justification for the establishment of a priority axis covering more than one thematic objective (where applicable)**

(Reference: Article 8(1) of Regulation (EU) No 1299/2013)

**Not applicable****2.A.3/P2 Fund and calculation basis for Union Support**

(repeated for each Fund under the priority axis)

<b>Fund</b>	<b>ERDF</b>
<b>Calculation basis</b> (total eligible expenditure or eligible public expenditure)	Total eligible expenditure

**2.A.4/P2/11 Investment priority 11**

(repeated for each investment priority under the priority axis)

(Reference: point b(i) of Article 8(2) of Regulation (EU) No 1299/2013)

<b>Investment priority</b>	11b: Enhancing institutional capacity of public authorities and stakeholders and efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions
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**2.A.5/P2/11 Specific objectives corresponding to the investment priority and expected results**

(repeated for each specific objective under the investment priority)

(Reference: points (b)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

<b>ID</b>	<b>2.1</b>
<b>Specific objective</b>	<b>To increase the capacity for cooperation in order to reach a higher level of maturity in cross-border relations.</b>

***The results that the Member States seek to achieve with Union Support***

The Programme aims to reach higher level, more stable, as well as more extended legal and administrative cross-border cooperation amongst the institutions and organizations from both sides of the border. The exchange of experience in innovative approaches, tools and working methods, know-how, best practices, empowerment, advocacy and other forms of capacity building will result in more efficient public administration, delivery of quality public services and functional governance initiatives to effectively address the joint challenges manifested in the programme area. In order to achieve tangible results a limited number of cooperation fields have been predefined reflecting the outcomes of the needs assessment (e.g. environment, employment, social services etc.).

**Table 9. Table 3/P2/2.1: Programme-specific result indicators (by specific objective)**

(Reference: point (b)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value	Source of data	Frequency of reporting
2.1	The level of cross-border cooperation at institutional level in the programme area	scale	3.05	2015	20% increase 3.66	Survey	2018, 2020, 2023

**2.A.6/P2/11 Actions to be supported under the investment priority (by investment priority)**

**2.A.6.1/P2/11** *A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries*

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

**Investment priority** **11b**

**Indicative list of actions to be supported under the investment priority**

Institutional cooperation - exchange of experience, know-how, best practices, empowerment, advocacy and capacity building for relevant public authorities and stakeholders – should be oriented towards better organized processes resulting in increased potential to capitalize on achieved results. The projects shall seek to create sustainable, strategic partnerships in the sectors tackled. Cooperation may address different fields such as:

- environmental protection, energy efficiency, renewable energy
- social services (social innovation), healthcare by addressing the increasing problems the area is facing in the field of societal challenges, as ageing, depopulation, etc.
- employment through developing organizational processes, joint measures and initiatives meant to increase the quality of the public services in the sector
- spatial planning, regional development, through better coordinating and developing more efficient and effective policies in the field
- accessibility, especially harmonization of cross-border public transport
- civil protection and common risk prevention and management, by increasing the capacity to prevent and to intervene in case of manmade or natural emergency situations
- cultural cooperation, through increasing the institutional capacity of the stakeholders for the preservation of the multi-ethnic cultural environment of the programme area

**Main types of beneficiaries supported under the investment priority**

- Local, regional and state level public administrations/institutions and their organizations
- NGOs
- Educational institutions, including rehabilitation centers
- Healthcare institutions, providers of social services
- Labor force offices, different forms of professional chambers
- Cultural institutions and organizations
- Stakeholders in the field of risk prevention and emergency management
- EGTCs.

**Main target groups**

- local, regional and state level public administrations/institutions active in the sectors targeted by the indicative types of actions
- local communities of the programme area
- general public benefiting from the improve capacities of the organizations/institutions involved in cooperation

**Specific territories targeted under the investment priority**

No specific focus areas are defined. The entire programme area is eligible.

**2.A.6.2/P2/11 Guiding principles for the selection of operations**

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

**Investment priority**

11b

During the selection procedure, besides the criteria applied for project assessment, the following principles will be taken into consideration under this Priority Axis:

- Projects shall clearly aim at developing the institutional capacity of the partners involved.

- In case they are planned, small scale investments shall be strongly justified, bring a clear added value, and may not constitute the main objective of the projects. For projects involving building construction and renovation, cost-optimal levels of energy performance according to Directive 2010/31/EU are required, and projects going beyond cost-optimal levels are favored. For projects involving purchasing products, compliance with the requirements set out in Annex III of the Energy Efficiency Directive (2012/27/EU) is requested.
- Considering the existing experience in cross-border cooperation in the area, the projects shall be intended to capitalize on the results of the projects implemented in the past.
- All projects shall respect the principles of environmental sustainability and be in line with the relevant environmental legislation of the two countries.
- Priority will be given to projects including elements of fostering the inclusion of disadvantaged groups (including long-term unemployed, older workers, drop-outs and underqualified, people with disabilities, ethnic minorities, Roma, people with a migration background and people living in deep poverty) and gender mainstreaming as set out in the EQUAL Guide on Gender Mainstreaming

(Reference: point b(i) of Article 8(2) of Regulation (EU) No 1299/2013)

#### 2.A.6.3/P2/11 Planned use of financial instruments (where appropriate)

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<b>Investment priority</b>	11b
<b>Planned use of financial instruments</b>	Not applicable
Not applicable	

#### 2.A.6.4/P2/11 Planned use of major projects (where appropriate)

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<b>Investment priority</b>	11b
Not applicable	

#### 2.A.6.5/P2/11 Output indicators (by investment priority)

(Reference: point (b)(iv) of Article 8(2) of Regulation (EU) No 1299/2013)

**Table 10. Table 4/P2/11: Common and programme-specific output indicators**

ID	Indicator (name of indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
11.1	Number of institutions/organizations involved in cross-border initiatives	Number	100	Monitoring system	Annually
11.2	Number of joint professional agreements and protocols	Number	20	Monitoring system	Annually

(EU): EU common indicator (P): Programme specific indicator

**2.A.7/P2 Performance framework**

(Reference: point (b)(v) of Article 8(2) of Regulation (EU) No 1299/2013 and Annex II of Regulation (EU) No 1303/2013)

**Table 11. Table 5/P2: Performance framework of the priority axis**

Priority axis	Indicator type (Key implementation step, financial, output or where appropriate result indicator)	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of the relevance of indicator, where appropriate
2	Financial indicator	P2.1	Amount of certified expenditure for Priority Axis 2	EURO	465,755.10	3,876,488.24	Monitoring system	The amount refers to the total costs certified for the projects under this PA. The estimation is taking into consideration the breakdown of allocation as stipulated in Annex XIV of the Commission Implementing Decision no 190/2014.
2	Output indicator	11.1	Number of institutions/organizations involved in cross-border cooperation	Number	12	100	Monitoring system	The indicator will measure the number of institutions and organizations engaged in joint activities, which will lead to an increased capacity to better respond to the local needs.
2	Output indicator	11.2	Number of joint professional agreements and protocols	Number	3	20	Monitoring system	The indicator will measure the number of jointly developed agreements and protocols for the improvement of the cross-border cooperation and joint enhancement of professional capacities of the organizations in the programme area.

**2.A.8/P2 Categories of intervention***(Reference: point (b)(vii) of Article 8(2) of Regulation (EU) No 1299/2013)***Table 12. Dimension 1 Intervention field**

Priority axis	Code	Amount (EUR)
2	119. 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	1,000,000.00
2	120. Capacity building for stakeholders delivering education, lifelong learning, training and employment and social policies, including through sectoral and territorial pacts to mobilize for reform at national, regional and local level	2,295,015.00

**Table 13. Dimension 2 Form of finance**

Priority axis	Code	Amount (EUR)
2	01 non-repayable grant	3,295,015.00

**Table 14. Dimension 3 Territory Type**

Priority axis	Code	Amount (EUR)
2	01 Large Urban areas (densely populated > 50 000 population)	1,647,508.00
2	02 Small Urban areas (intermediate density > 5000 population)	988,504.00
2	03 Rural areas (thinly populated)	659,003.00

**Table 15. Dimension 6 Territorial delivery mechanisms**

Priority axis	Code	Amount (EUR)
2	07 Not applicable	

**2.A.9/P2 A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)**

*(Reference: point (b)(vi) of Article 8(2) of Regulation (EU) No 1299/2013)*

<b>Priority axis</b>	<b>2</b>
Not applicable	

## 2.B. Description of the priority axes for technical assistance

(Reference: point (c) of Article 8(2) of Regulation (EU) No 1299/2013)

### 2.B.1/P3 Priority Axis 3

(repeated for each priority axis)

<b>ID of the priority axis</b>	<b>3</b>
<b>Title of the priority axis</b>	<b>Technical Assistance</b>

### 2.B.2/P3 Fund and calculation basis for Union Support

(repeated for each Fund under the priority axis)

<b>Fund</b>	<b>ERDF</b>
<b>Calculation basis</b> (total eligible expenditure or eligible public expenditure)	Eligible public expenditure

### 2.B.3/P3 Specific objectives and expected results

(repeated for each specific objective under the investment priority)

(Reference: points (c)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

<b>ID</b>	<b>3.1</b>
<b>Specific objective</b>	<b><i>Contribution to the efficient implementation of the Cooperation Programme.</i></b>
<b>The results that the Member States seek to achieve with Union Support</b>	The Priority Axis will support the sound and efficient implementation of the Cooperation Programme. In this sense, it will ensure the proper operation of the programme management structures in delivering their specific tasks.

**Table 16. Table 3/P3/3.1: Programme-specific result indicators (by specific objective)**

(Reference: point (c)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value	Source of data	Frequency of reporting
	Not applicable						

**2.B.5/P3 Actions to be supported and their expected contribution to the specific objectives***(Reference: point (c)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)*

**2.B.3.1/P3** *A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries*

*(Reference: point (c)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)***Priority Axis****3**

The main types of actions which can be supported under this Priority Axis are related to general programme management and implementation tasks, monitoring, control and audit activities, communication and information activities, conduction of evaluation, elaboration of studies, introduction of e-cohesion and effective and proportionate anti-fraud measure according to Article 125 (4)(c) of CPR.

**Indicative types of activities:**

Specific actions related to the programme management, the organization and functioning of the programme bodies:

- Activities related to the operation of the Managing Authority, Certifying Authority and Audit Authority
- Organization of the Monitoring Committee meetings
- Setting-up and operating the Joint Secretariat
- Elaboration of the Evaluation Plan of the programme – Article 114.1 CPR Regulation, preparation of annual implementation reports
- Elaboration of studies, Preparation of the future Cooperation Programme, activities related to the closure of the previous programme (Article 59 of CPR)

Actions for ensuring that the costs incurred during the programme implementation are in line with the rules:

- Specific activities of first level control
- Monitoring activities related to project implementation
- Setting-up effective and proportionate anti-fraud measures according to Article 125 (4)(c) of CPR
- Audit activities

Actions aimed at reducing the administrative complexity of the application and project implementation (monitoring) procedures and requirements

- Elaboration of the documents specific for programme implementation – Calls for Proposals, Implementation Manuals, Evaluation Manual, different templates to be used by the stakeholders
- Setting-up and maintenance of the electronic monitoring system (eMS) with full e-Cohesion support
- Organization and implementation of the project selection, simplification and acceleration of the application and reporting procedures
- Extended use of simplified cost options and rules on eligibility of expenditure at the EU level

Actions aimed at better preparation of the partners for the financial and administrative challenges imposed by the application of the Lead Partner principle

- Programme level communication events and actions, explaining the rules and procedures to be applied
- Information events for potential applicants
- Support events for project beneficiaries

**2.B.5.2/P3 Output indicators expected to contribute to results (by priority axis)***(Reference: point (c)(iv) of Article 8(2) of Regulation (EU) No 1299/2013)*



**Table 17. /P3: Output indicators**

ID	Indicator (name of indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
3.1	Number of successfully implemented projects	Number	36	Monitoring system	Annually
3.2	Number of programme events	Number	14	Monitoring system	Annually
3.3	Full time equivalent positions financed by the Technical Assistance for the implementation of the Cooperation Programme	Number	9	Monitoring system	Annually

(EU): EU common indicator (P): Programme specific indicator

**2.B.6/P3 Categories of intervention***(Reference: point (c)(v) of Article 8(2) of Regulation (EU) No 1299/2013)*

Corresponding categories of intervention based on a nomenclature adopted by the Commission, and an indicative breakdown of Union support

**Table 18. Dimension 1 Intervention field**

Priority axis	Code	Amount (EUR)
3	121 Preparation, implementation, monitoring, inspection	1,300,000.00
3	122 Evaluation and studies	100,000.00
3	123 Information and communication	100,000.00

**Table 19. Dimension 2 Form of finance**

Priority axis	Code	Amount (EUR)
3	01 non-repayable grant	1,500,000.00

**Table 20. Dimension 3 Territory Type**

Priority axis	Code	Amount (EUR)
3	07 Not applicable	

### 3. SECTION 3: FINANCING PLAN

(Reference: point (d) of Article 8(2) of Regulation (EU) No 1299/2013)

#### 3.1. Financial appropriation from the ERDF (in EUR)

(Reference: point (d)(i) of Article 8(2) of Regulation (EU) No 1299/2013)

**Table 21. Financial appropriation from the ERDF**

	2014	2015	2016	2017	2018	2019	2020	Total
ERDF	0	1,805,355	1,530,187	2,780,340	2,835,947	2,892,666	2,950,520	14,795,015
IPA amounts (where applicable)	0	0	0	0	0	0	0	0
ENI amounts (where applicable)	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1,805,355</b>	<b>1,530,187</b>	<b>2,780,340</b>	<b>2,835,947</b>	<b>2,892,666</b>	<b>2,950,520</b>	<b>14,795,015</b>

#### 3.2.A Total financial appropriation from the ERDF and national co-financing (in EUR)

(Reference: point (d)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

1. The financial table sets out the financial plan of the cooperation programme by priority axis. Where outermost regions' programmes combine cross-border and transnational allocations, separate priority axes will be set out for each of these.
2. The financial table shall show for information purposes, any contribution from third countries participating in the cooperation programme (other than contributions from IPA and ENI)
3. The EIB contribution is presented at the level of the priority axis.

**Table 22. Financing Plan**

Priority axes	Fund	Basis for calculation of Union Support	Union Support	National counterpart	Indicative breakdown of the national counterpart		Total funding	Co-financing rate (**)	For information	
					National public funding	National private funding (*)			Contribution from third countries	EIB contributions
	ERDF/IPA/ENI	Total eligible costs or Public eligible costs	(a)	(b)=(c)+(d)	(c)	(d)	(e) = (a) + (b)	(f) = (a)/(e)		
P1 Priority	ERDF	total eligible cost	10,000,000.00	1,764,705.89	1,058,823.50	705,882.39	11,764,705.89	85.00%	0	0
	IPA	-	0	0	0	0	0	0	0	0
	ENI	-	0	0	0	0	0	0	0	0
P2 Priority	ERDF	total eligible cost	3,295,015.00	581,473.24	348,883.94	232,589.30	3,876,488.24	85.00%	0	0
	IPA	-	0	0	0	0	0	0	0	0
	ENI	-	0	0	0	0	0	0	0	0
P3 Priority (Technical Assistance)	ERDF	total eligible cost	1,500,000.00	1,500,000.00	1,500,000.00	0	3,000,000.00	50.00%	0	0
	IPA	-	0	0	0	0	0	0	0	0
	ENI	-	0	0	0	0	0	0	0	0
TOTAL	ERDF		14,795,015.00	3,846,179.13	2,907,707.44	938,471.69	18,641,194.13	79.37%	0	0
	IPA		0	0	0	0	0	0	0	0
	ENI		0	0	0	0	0	0	0	0
	Total Community		14,795,015.00	3,846,179.13	2,907,707.44	938,471.69	18,641,194.13	79.37%	0	0

### 3.2.B. Breakdown by priority axis and thematic objective

(Reference: point (d)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

**Table 23. Breakdown by priority axis and thematic objective**

Priority axis	Thematic objective	Union support	National counterpart	Total funding
Priority axis 1	Thematic objective 6	10,000,000.00	1,764,705.89	11,764,705.89
Priority axis 2	Thematic objective 11	3,295,015.00	581,473.24	3,876,488.24
<b>Total</b>		<b>13,295,015.00</b>	<b>2,346,179.13</b>	<b>15,641,194.13</b>

**Table 24. Indicative amount of support to be used for climate change objectives**

(Reference: Article 27(6) of Regulation (EU) No 1303/2013)

Priority axis	Indicative amount of support to be used for climate change objectives (EUR)	Proportion of the total allocation to the programme (%)
Priority axis 1	1,500,000.00	10,14%
Priority axis 2	0	0%
Priority axis 3	0	0%
<b>Total</b>	<b>1,500,000.00</b>	<b>10.14%</b>

#### 4. SECTION 4: INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT

(Reference: Article 8(3) of Regulation (EU) No 1299/2013)

Description of the integrated approach to territorial development, taking into account the content and objectives of the cooperation programme, including in relation to regions and areas referred to in Article 174(3) TFEU, having regard to the Partnership Agreements of the participating Member States, and showing how it contributes to the accomplishment of the programme objectives and expected results

The integrated approach to territorial development aims at ensuring a harmonious development of the participating cross-border regions and counties, and thus to enable the citizens to make the best usage of the given natural conditions and opportunities whilst considering the specifics of each cross-border region. The realization of the diminution of the development disparities can be reached whilst addressing and processing special development potentials and key challenges.

The Programme promotes smart, sustainable and inclusive growth through an integrated approach, combining thematic and territorial dimensions in the design of the two Priority Axes as it is summarized below:

- Priority Axis 1 (TO6): The programme area's added value in terms of natural and cultural heritage lies in unique natural assets complemented with the integration of two different cultural identities, which provide the basis for the programme area's economic and social development, especially in terms of sustainable tourism in remote rural areas. Thereupon an adequate coordination of development strategies and action plans in terms of natural and cultural heritage preservation on one side and fostering sustainable tourism on the other at regional and/or local level remains a key concern if critical mass and visibility beyond the local and/or regional level should be achieved. The Programme's objective is to support joint cross-border initiatives in the field of sustainable tourism development with a focus on rural areas, whilst natural and cultural heritage preservation and protection as its very basis.
- Priority Axis 2 (TO11): The primary aim of cross-border cooperation is to tackle identified common challenges by a joint approach between the two Member States with different cultural background, social and political systems as well as different administrative structures. The most important challenges manifesting at cross-border level refer to: how to protect natural assets whilst at the same time promoting regional development and growth; how to harmonize and expand the cooperation between institutions and organizations in the Region; and thus how to create attractive living conditions for the citizens of the programme area. The Programme's objective is to address these challenges in the most effective manner by strengthening the existing cooperation relationships whilst establishing new ones, as well as by creating new possibilities for promoting efficient cooperation between organizations, the public sector and local communities.

#### 4.1. Community led local development (where appropriate)

Approach to the use of community-led local development instruments and principles for identifying the areas where they will be implemented

(Reference: point (a) of Article 8(3) of Regulation (EU) No 1299/2013)

Not applicable
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#### 4.2. Integrated actions for sustainable urban development (where appropriate)

Principles for identifying the urban areas where integrated actions for sustainable urban development are to be implemented and the indicative allocation of the ERDF support for these actions

(Reference: point (b) of Article 8(3) of Regulation (EU) No 1299/2013)

Not applicable
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#### 4.3. Integrated Territorial Investment (ITI) (where appropriate)

Approach to the use of Integrated Territorial investment (ITI) (as defined in Article 36 of Regulation (EU) No 1303/2013) other than in cases covered by 4.2, and their indicative financial allocation from each priority axis.

(Reference: point (c) of Article 8(3) of Regulation (EU) No 1299/2013)

Not applicable
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#### 4.4. Contribution of planned interventions towards macro-regional and sea basin strategies, subject to the needs of the programme area as identified by the relevant Member States and taking into account, where applicable, strategically important projects identified in those strategies (where appropriate)

(Where Member States and regions participate in macro-regional and sea basin strategies)

(Reference: point (d) of Article 8(3) of Regulation (EU) No 1299/2013)

<p>The programme area belongs to the territory covered by the European Strategy for the Danube Region (EUSDR), thus the Programme takes it into account in the programming process as well as during implementation, and by doing so the cooperation programme will contribute to its aims.</p>
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<p>During the programming exercise the Cooperation Programme took into consideration the 4 EUSDR pillars as follows:</p>
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##### **Pillar A - Connecting the Danube Region**

<p><u>Relevant Priority Area: 3) To promote culture and tourism, people to people contacts</u></p>
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<p>The CP is contributing to this Priority Area through selecting TO6c (Conserving, protecting, promoting and developing natural and cultural heritage) and defining its</p>
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specific objective as “To increase attractiveness through the diversification and cross-border integration of the natural and cultural heritage related touristic offer in the programme area, based on the development of products and services in the less developed rural areas linking them to touristic magnets”. This specific objective is focused on further developing and diversifying the tourism offer in the programme area by supporting the protection/conservation of the natural and cultural resources and by the generation/promotion of new, sustainable products which are based on these local resources.

The CP is also contributing to this Priority Area’s “people to people” objective to smaller extent through selecting TO11b (Enhancing institutional capacity of public authorities and stakeholders and efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions) and defining its specific objective as “To increase the capacity for cooperation in order to reach a higher level of maturity in cross-border relations”. To its “culture” objective TO11b contributes by addressing cultural cooperation as a highlighted thematic field.

### **Pillar B - Protecting the Environment in the Danube Region**

#### Relevant Priority Area: 5) To manage environmental risks

The CP is contributing to this Priority Area through selecting TO11b and defining its specific objective through targeting “civil protection and common risk prevention and management, by increasing the capacity to prevent and to intervene in case of manmade or natural emergency situations” as a highlighted thematic field.

#### Relevant Priority Area: 6) To preserve biodiversity, landscapes and the quality of airs and soils

The CP is contributing to this Priority Area through selecting TO6c and defining its specific objective targeting sustainable utilization of cultural and natural heritage including actions e.g. conservation, revitalization, preserving biodiversity, and raising local awareness about the importance of the protection and preservation of cultural and natural heritage on both sides of the border.

### **Pillar C - Building Prosperity in the Danube Region**

Both TOs of the CP are contributing to the 3 priority areas of the pillar indirectly e.g.: supporting competitiveness of SMEs acting in rural tourism though promoting their cooperation (TO6c), promoting measures and actions to increase effectiveness of public services related to labour mobility, education (TO11b).

### **Pillar D - Strengthening the Danube Region**

#### Relevant Priority Area: To step up institutional capacity and cooperation

The CP is contributing to this Priority Area through selecting TO11b and defining its specific objective aiming at increasing the institutional capacity of the stakeholders to enhance more efficient public administration and to deliver quality public services and to address in an efficient manner the joint challenges manifested in the programme area.

Furthermore during the implementation of the CP guiding principles – in line with the horizontal provisions of the Programme – will ensure the compliance with relevant EUSDR objectives: e.g. mitigation of the negative effects of tourist inflow; elaboration of Environmental Impact Assessments related to the planned interventions, including

measures for climate protection, climate adaptation, and for improving energy efficiency; favoring cost-optimal levels of energy performance etc.



## 5. SECTION 5: IMPLEMENTING PROVISIONS FOR THE COOPERATION PROGRAMME

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

### 5.1. Relevant authorities and bodies

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

**Table 25. Programme authorities**

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

Authority/body	Name of authority/body and department or unit	Head of authority/body (position or post)
Managing authority (MA)	Government Office of the Republic of Slovenia for Development and European Cohesion Policy (GODC),	Head of Managing Authority
	European Territorial Cooperation and Financial Mechanisms Office	
	Cross-border Programmes Management Division	
Certifying authority, where applicable (CA)	Public Fund for Regional Development of the Republic of Slovenia	Head of Certifying Authority
Audit authority (AA)	Ministry of Finance of the Republic of Slovenia,	Head of Audit Authority
	Budget Supervision Office of the RS	
	Directorate General for Audit of European Funds, Hungary as GoA member	Director General

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

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

☒ *the managing authority*

☐ **the certifying authority**

**Table 26. Body or bodies carrying out control and audit tasks**

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

Authority/body	Name of authority/body and department or unit	Head of authority/body (position or post)
Body or bodies designated to carry out control tasks	Government Office of the Republic of Slovenia for Development and European Cohesion Policy (GODC), Control office, Control division ETC, IPA and IFM programmes	Director of the Control Office
	Széchenyi Programme Office (SZPO)	Managing Director
Body or bodies designated to be responsible for carrying out audit tasks	Ministry of Finance of the Republic of Slovenia, Budget Supervision Office of the RS	Director of the Budget Supervision Office of the RS
	Directorate General for Audit of European Funds, Hungary	Director General

## 5.2. Procedure for setting up the joint secretariat

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

The Managing Authority (MA) after consultation with the programme bodies sets up the Joint Secretariat (JS) for the programme in compliance with the Article 23, paragraph 2 of the ETC Regulation. There are not substantial changes in the functions and tasks of the JS compared to the period 2007 – 2013.

The JS composes of 5 full-time staff members including Head of the JS. 4 members including Head of JS will remain in Maribor, Slovenia, within the official structures of the GODC (Cross-border Programmes Management Division). The structural and implementation arrangements within the hosting organisation will be kept. Two part-time (one full-time equivalent) staff members will be located in Zalaegerszeg and Szombathely as Infopoints, whose main role will be the same as the roles of the remaining JS members which are providing information and consultancy service to potential applicants (in the application phase), and ensuring programme management tasks related to projects under implementation (in the implementation phase).

The continuation of the successful works of the JS as well as the smooth transition, institutional stability (avoid of staff turnover) and necessary adjustments of the JS to the functions and tasks stated in the ESI funds regulations 2014 – 2020 are ensured.

The JS and the head of the JS will remain in Maribor, within the official structures of the GODC:

Government Office of the Republic of Slovenia for Development and European Cohesion Policy

European Territorial Cooperation and Financial Mechanism Office

Cross-border Programmes Management Division

Trubarjeva 11

SI-2000 Maribor

tel. + 386 (0)1 400 3162

fax + 386 (0)2 234 1050

e-mail: [jts-si-hu.svlr@gov.si](mailto:jts-si-hu.svlr@gov.si)

The JS will work in close cooperation with the MA and NA related to programme coordination and implementation in a way that securing its cooperation on one hand, and its independence from national structures on the other. The JS will ensure that all of the operational implementation tasks of the programme, including coordination of project development and project selection process, are fulfilled.

### 5.3. Summary description of the management and control arrangements

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

#### 5.3.1 Programme Bodies and representatives of Member States

##### **Programme Bodies**

The joint implementation structure of the Cooperation Programme is built on the following bodies: a single Managing Authority (MA), a single Certifying Authority (CA) and a single Audit Authority (AA).

According to Article 123 of the Common Provision Regulation (CPR) 1303/2013 there are no substantial changes in the functions of the programme authorities as well as the Monitoring Committee (MC) and Joint Secretariat (JS) compared to the period 2007 – 2013. Basic programme structure and implementation arrangements will remain the same, ensuring institutional stability and smooth transition to the period 2014 – 2020.

Basic functions of programme structures will be:

- Monitoring Committee (MC): supervising and monitoring the programme implementation; selecting operations.
- Managing Authority (MA): bearing overall responsibility for the management and implementation of the Programme towards the European Commission (EC).
- Certifying Authority (CA): certifying declarations of expenditure and application for payment before they are sent to the EC.
- Audit Authority (AA): body functionally independent from the MA and the CA, responsible for verifying the effective functioning of the management and control system.

- Joint Secretariat (JS): assisting the MA and the MC in carrying out their respective duties.

The following articles of the Common Provision Regulation, No. 1303/2013 (CPR) describe the functions of the management and control authorities:

- Article 125 of the CPR and Article 23 of the ETC Regulation: Managing Authority;
- Article 126 of the CPR and Article 24 of the ETC Regulation: Certifying Authority;
- Article 127 of the CPR and article 25 of the ETC Regulation: Audit Authority/Group of Auditors.

The AA will be assisted by a group of auditors comprising a representative of both Member States participating in the CP.

Bilateral technical meetings will be organised by the MA in order to contribute to effective and qualitative programme implementation. Managing Authority, Joint Secretariat, National Authorities (NA) and when applicable also Certifying Authority, Audit Authority and First level Control (FLC) will participate at the meetings. The meetings will be chaired by the MA.

More detailed provisions relating to the internal control environment, risk management, management and control activities, and monitoring will be included in the description of the functions and procedures for the MA and the CA according to Article 124 of the CPR and the programme guidance documents. Guidance documents shall be adopted by the MC.

### ***Monitoring Committee (MC)***

Within three months of the date of notification to the Member State of the Commission decision adopting a programme, both Member States participating in the programme, in agreement with the MA, will set up a MC. The composition of the MC shall be agreed on by mutual consent by the programme Member States in line with Article 5 of the CPR and taking into consideration Commission Delegated Regulation on the European Code of Conduct on Partnership. Members of the MC will represent the participating MS's on policy and administrative level and thus ensure a transparent approach and will be in position to find optimal solutions for the benefit of the whole programme area. Representation of policy areas relevant for the programme and participating regions shall be insured. A representative of the European Commission shall participate in an advisory role. Other relevant bodies representing civil society, including environmental partners, non-governmental organisations, and bodies responsible for promoting social inclusion, gender equality and non-discrimination (e.g. NGOs) shall participate. Details of the voting procedure will be set out in the Rules of Procedure of the MC on a principle that each participating country has one vote.

It will be the task of the MC to steer the programme and to ensure the quality and effectiveness of its implementation. The MC will carry out its functions in line with Article 49 and Article 110 of the CPR. Modalities of the MC work will be defined in the Rules of Procedure, while taking into account the general rule that each country has one vote.

The MC adopts its Rules of Procedure in agreement with the MA. MC will be chaired by the MA. MC meetings will be held alternatively in both Member States. The MC meets

at least once a year and reviews the implementation of the Programme and progress towards achieving its objectives. It examines in detail all issues that affect the performance of the Programme and makes decisions on any amendment of the Programme proposed by the MA or on MC's own proposal. Without prejudice and in line with Article 110 (2)(a) of CPR, MC takes decision upon:

- the methodology and criteria used for selection of operations and any revisions of these;
- evaluation and communication strategy and any amendments of these;
- selection of operations to be supported

MC can set up specific working and task groups. The meetings of the MC and its minutes are prepared by the JS in conjunction with the MA and the active members. If necessary, decisions can be made following a written procedure among the members of the MC according to the conditions defined by the Rules of Procedure.

Member States and MC shall aim to promote equality between men and women and equal opportunity in the membership of the MC. The MA shall ask the members of the MC to sign a statement acknowledging their obligations related to confidentiality and conflict of interest and remind members of the MC that list of MC members will be made public.

#### ***National Authorities (Member States) (NA)***

The participating Member States as NAs are represented by:

- ***Slovenia***  
**Government Office of the Republic of Slovenia for Development and European Cohesion Policy**  
*European Territorial Cooperation and Financial Mechanisms Department*  
*European Territorial Cooperation Division*  
 Trubarjeva 11, SI-2000 Maribor
- ***Hungary***  
**Hungarian Prime Minister's Office**  
*State Secretariat for Cohesion Policy*  
*Deputy State Secretariat for International Affairs*  
 Kossuth square 1-3., HU – 1055 Budapest

Member States (NAs) retain the following main responsibilities:

- as National Authorities (NA) they nominate representatives of the MC and bear financial responsibilities in line with what is established under chapter 5.4,
- as National Controllers they are responsible for the verification of expenditure of beneficiaries located in their territory,
- as members of the Group of Auditors they participate in audit activities and are responsible for audits carried out in their territory.

#### ***Managing Authority (MA)***

The designated MA of the Programme is the GODC, Slovenia. The MA shall be responsible for managing the co-operation programme in accordance with the principle of sound financial management. The MA will be directly supported by the JS, as the latter carries out the operational management for the whole Programme. Although the MA bears overall responsibility for the Programme certain horizontal tasks (employment of JS members, setting up and operation of the programme's Monitoring and Information System, legal services) will be delegated to a separate unit of GODC.

The main responsibilities of MA among others are the following:

- prepares Description of monitoring and control system;
- chairs the MC meetings;
- signs the ERDF contracts;
- reacts on the audit recommendations relevant to the managing and implementing the Programme;
- participates in complaint procedure;
- facilitates the information exchange on programme level among participating NAs, CA, AA and EC;
- submits reimbursement claims to CA;
- draws up the management declaration;
- prepares changes of the CP.

The detailed description of the activities will be included in the programme documents.

#### ***Joint Secretariat (JS)***

As provided in chapter 5.3, the JS will be placed within the GODC (Cross-border programmes management division) and will be set up by the MA. The set-up and functioning of JS, including its activities, shall be funded from the TA budget in line with MA work plans.

The JS will be composed of different posts of members from both partner countries and financed by technical assistance from both member states, so the joint staffing will be assured.

The JS shall facilitate coordination between similar or complementary projects. The JS is placed within the GODC and will have two branch offices (Infopoints) in Hungary. The entire team of JS will be led by a Head of JS who will be functionally independent from MA and any other programme body as specified in Description of Management and Control.

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

- assists the MA and the MC in carrying out their respective functions;
- provides information to NA during implementation;

- provides information to potential beneficiaries about funding opportunities under CPs necessary for project application;
- administrative and eligibility check and quality assessment of the project applications;
- use of Arachne tool to assess the financial capacity of the stakeholders and to impose antifraud measures.
- organising workshops addressed to potential applicants;
- assists beneficiaries in implementing their operations;
- assists the Lead Beneficiaries in preparing payment claims;
- elaboration and coordination of the Annual Implementation Reports and submitting them to the MA and the MC;
- provides support for the preparation of meetings and events at the programme level;
- collects financial, physical and statistical data that is needed for programme monitoring as well as for the interim and final implementation reports;
- ensures the administrative management of (external) tasks and services;
- ensures proper functioning and maintenance of the Monitoring and Information System (e-MS);
- coordinating the process of project assessment, contracting external experts on a case-by-case basis;
- ensures the coordination as well as the follow-up of information and publicity activities at programme level including maintaining the programme's website according to the communication strategy;
- participations in communication initiatives of the EC, of INTERACT and/or national organizations;
- coordinates evaluations performed during (and following) the implementation of the Programme.

The detailed description of the activities will be included in the programme documents.

### ***Infopoints***

MA will set up and manage the Infopoints (IPs) representing the Programme on national, regional and local level within Hungary. Infopoints will be part of the JS team. The IPs are coordinated by the Head of JS on the basis of work plans and play a crucial role as the interface between NAs, MA and potential applicants. The IPs provides (call specific) information to potential applicants, advises and assists beneficiaries participating in approved operations, informs stakeholders on achievements of the Programme and supports the programme management and JS. IPs will also contribute to programme implementation through monitoring of the operations on Hungarian side of the border. The set-up and activities of the IPs will be funded from the TA budget in line with IPs work plans. Head of JS bears full responsibility for the operation and work of IPs. Regardless of institutional organisation, the IPs will be under the full authority of Head of JS.

### ***First Level Control Bodies (FLC Bodies)***

As regards the verifications of expenditures in relation to beneficiaries, both Member States will designate the First Level Control Bodies at national level, as set out in Article 74 of the CPR and 23 (4) of the ETC regulation. NA's will designate FLC bodies

for their respective territory as stated in table 26 during designation procedure. FLC controllers will be responsible for carrying out verifications described in Article 125(4) of the CPR. Since the implementation arrangements at the level of the countries did not envisage any organizational changes at the national level, the existing system of separate controls under cross-border cooperation programmes and programme under Investment for Growth and Jobs Goal will continue.

The First Level Control Body in the GODC and in SZPO will be functionally independent from other authorities.

MA shall satisfy itself that the expenditure of each beneficiary participating in an operation has been verified by a designated controller, while both Member State shall be responsible for verifications carried out on its territory. The responsible control body of each Member State checks the invoices or accounting documents of equivalent probative value submitted by the partner(s) and verifies the delivery of the products and services co-financed, the soundness of the expenditure declared, and the compliance of such expenditure and related (parts) of projects with relevant EU and national rules. Verification carried out by the control bodies comprises administrative and on-the-spot checks. The responsible control body of each Member State issues the declaration on validation of expenditure to the project partner according to the standard form of the programme.

#### ***Certifying Authority (CA)***

The designated CA of the Programme is the Public Fund for Regional Development of the Republic of Slovenia. The CA is responsible for drawing up the annual accounts, certifying the completeness, accuracy and veracity of the annual accounts and that the expenditure entered in the accounts complies with applicable Union and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the CP and complying with Union and national rules.

#### ***Audit Authority (AA) and Audit Body (AB)***

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

The AA will be assisted by a Group of auditors (GoA) comprising of representatives from responsible bodies of each MS participating in the Cooperation Programme. The audit body functions (audits on the territory of Hungary) will be fulfilled by the Directorate General for audits of European Funds from Hungary – Audit Body (AB). The representatives have to be independent from the MC members, the controllers designated according to Article 23 (4) of the ETC Regulation and any operation's activities and finances. The GoA will be set up within three months of the decision approving the Programme at the latest. It will draw up its own Rules of Procedure and will be chaired by the AA. The decision on the body carrying out the system audits and the checks on expenditure will be taken by the AA and the GoA during the process of designing the audit strategy of the Programme.



The AA shall, in the implementation of its tasks, act in full accordance with Slovenian and European institutional, legal and financial provisions.

***Bilateral programme group (BPG)***

In order to help to ensure effective and qualitative programme implementation, MA will organize periodical meetings between MA, JS, CA, AA (if applicable), NA and FLC (named as Bilateral Programme Group). BPG will function only as consultative implementation group, where documents and procedures discussed and adopted by the Monitoring Committee are interpreted by the programme authorities and will by no means take any role of the MC. Due to the language barriers, different national legislation and procedures, BPG facilitates understanding among programme bodies to provide common understanding and interpretation of documents, rules and procedures that are adopted by MC. Another important aspect of BPG is to grant project partners from participating member states equal treatment, based on the fact that common understanding of documents, rules and procedures from all programme bodies exists. It will be ensured that BPG does not take any role of the MC at any stage of implementation of the programme.

***5.3.2 Project cycle/ Description of procedures***

The administrative work involved in the procedures for providing assistance to the individual projects will be managed according to the programme guidance documents in a separate application manuals, agreed between the programme authorities and bodies.

***Project generation***

Pro-active project generation is a basic principle of the Cooperation Programme, as it leads to projects with a clear added-value in the cross-border approach and achievement of the implementation steps, financial, output and result indicators, as set out in the performance framework.

The JS and IP will provide information, support and assistance in partner-search to potential project applicants. For this purpose thematic workshops and/or seminars will be organised in the programme area.

Project generation process will orient towards reaching indicator values that will in turn orient potential project applicants towards qualitative project preparation with measurable results.

***Project application***

The programme will operate on the basis of the open call system. This means, that project holders can submit project applications continuously after opening the call. Applications received in due time before each MC and fulfilling all requirements will be subject to MC decision.

The application process will be carried out completely in an online system using the Harmonized Implementation Tools (HIT). Project applications shall be submitted by the Lead Partner in electronic format to the JS.

### ***Project assessment and selection***

These principles of selection of operations are described in sections Guiding principles for the selection of operations under the investment priorities.

Methodology for project assessment will be defined by the MA and approved by the MC. The MA will propose common standards for the eligibility and selection criteria which will be subject to the approval of the MC, according to project assessment articles 110 (2)(a) and 125 (3)(a) of CPR. The criteria and details on the assessment process (set out in the Programme Implementation Handbook) will be made available in the application package.

The JS has the overall responsibility of organizing the assessment of project applications. Project applications assessment will be made by JS, taking NAs opinion in relation to state-aid into account, where relevant. For parts of the assessment, independent external experts may be consulted.

The results of the assessment, in form of a report and a list of recommended projects, will be presented by MA to the MC for its decision. This report will cover all the project applications which were received by the JS, and will provide recommendations for decision – consistently taking reference to the selection criteria given by the programme documents.

A set of **administrative compliance and eligibility criteria** will be defined to ensure compliance of all project applications with formal requirements. This part of the assessment will especially focus on the following points:

- Submission in due time
- Completeness of the submitted project application package
- Financial capacity
- Specific objectives and indicators of CP
- Presented costs are in line with the funding sources
- No evidence for funding by other resources (double financing)
- Requirements for the partnership (e.g. eligibility of partners, at least one Slovenian and one Hungarian project partner, or sole beneficiaries as EGTCs etc.)

Those project applications that fully comply with the administrative compliance and eligibility criteria will be subject to quality assessment.

**Quality assessment** aims at assessing the relevance and feasibility of the project. This is reflected in two types of assessment criteria. Strategic assessment criteria are meant to determine the extent of the project's contribution to the achievement of the programme objectives. A strong focus is given to the result orientation of a project with the demand for visible outputs and concrete results. Operational assessment criteria review the viability and feasibility of the proposed project, as well as its value for money in terms of resources used versus results delivered.

In addition to the thematic horizontal elements (see Section 8), all projects receiving funds have to meet the following quality requirements:

- Cross-border relevance
- Partnership relevance
- Concrete and measurable results
- Durable outputs and results
- Coherent approach
- Sound project communication strategy and tools
- Effective management
- Sound budget

Also the following requirements should be considered as assets during the evaluation. Exact methodology will be laid down in assessment/evaluation manual:

- Built upon an already existing CBC partnership
- Long term and sustainable social and economic effects
- Developments' vicinity to the border
- Novel and innovative initiatives

A special attention will be given to the projects which are focused on the areas less developed in terms of tourism. In order to encourage such initiatives, the projects will be awarded bonus points during the selection procedure, based on the decision of the MC.

#### ***Project decision for ERDF funding***

The MC formally decides on the approval of the projects and on the ERDF contribution. The decision can only be taken by the voting members. The MC meets at least once a year. After the formal decision is made, the applicant will be informed about the decision on the submitted project application by the MA/JS.

#### ***Contracting***

Following the decision of the MC, the JS will draft a (bilingual) subsidy contract by using a standard bilingual template approved by the MC. The subsidy contract lays down details concerning the responsibilities and liabilities of all contracting parties. It is addressed to the Lead Partner and signed by the legal representative of the Lead Partner and the MA. The national/regional funding bodies issue the national/regional co-financing contracts linked to the subsidy contract to the project partners, if applicable and according to decision of each Member State. After completing the national/regional contracting of co-financing, if applicable and according to decision of each Member State, the NAs provide the information to the JS.

Besides the general legal framework, the ERDF subsidy contract will lay down the subject and duration of the contract, budgetary allocation (maximum ERDF funding), procedures and obligations regarding reporting and payments, obligations within the partnership, general conditions for the eligibility of costs, procedures for project changes, obligations regarding validation of expenditure and audit of operations, recovery obligations and procedures, information and publicity requirements, closure arrangements, rules for amendments to the contract and liability clauses.

In order to ensure a solid legal basis for a smooth project implementation, JS will provide the projects partners with a partnership agreement template. The signed

partnership agreement, which the Lead Partner has made with its project partners, is the prerequisite for the MA to prepare the subsidy contract.

### ***Project reporting and reimbursement to beneficiaries***

In accordance with Article 13 of the ETC Regulation, for each project, project partners shall appoint a Lead Partner (LP). The LP shall assume overall responsibility for the implementation of the project, including the handling of ERDF funds.

All project expenditure has to be pre-financed by the project partners. Expenditure of all partners has to be validated by designated First Level Control (FLC), in line with Article 125 (4) of CPR. The LP collects the certificates of all project partners that are issued by the FLC after verification of expenditure. This certificate will be included in activity and financial progress reports that the LP periodically presents to the MA. In these documents, the LP reports about progress achieved in project implementation and on related validated expenditure. This will be the basis for the project's claim for reimbursement.

On the basis of the submitted project reports, the MA assisted by JS monitors the progress of the projects both in financial terms and in terms of activities implemented. When assessing the reports, the JS considers the use of ERDF and the progress in implementation of the project in order to monitor the proper implementation of the project compliant with the subsidy contract. It is also checked whether verifications are carried out by the controllers defined in the subsidy contract.

Based on checks of the reports undertaken by the JS and in accordance with Article 21 (2) of ETC Regulation and Article 132 of CPR, the CA shall make payments to the LP who is responsible for transferring the ERDF contribution to the partners participating in the project. On behalf of the LP direct transfers from CA to the project partners could also be an option, but the overall financial responsibility lies with the LP. The option selected has to be mentioned in the partnership agreement and if the project is approved, also in the ERDF Subsidy Contract.

In line with Article 132 of CPR, MA ensures that LPs, subject to the availability of ERDF funds, receive ERDF payments in full and in due time, no later than 90 days from the date of submission of the claim for reimbursement. No deduction, retention or further specific charges which would reduce the amount of the payment shall be made.

### ***Financial control system***

In accordance with Article 125 (4) of CPR and Article 23 (4) of the ETC Regulation each Member State shall designate the FLC Bodies for carrying out verifications in relation to beneficiaries on its territory. The control system is set up to verify the delivery of the products and services co-financed, the soundness of the expenditure declared for operations and the compliance with Community rules, programme rules and its national rules. MA with agreement of MC may define programme specific eligibility rules which will be in line with Article 18 of the ETC Regulation and with Commission Delegated Regulation (EU) No 481/2014 with regard to specific rules on eligibility of expenditure for cooperation programmes. The FLC bodies have to ensure the verification of the expenditure of each beneficiary according to the provisions of Article 23 of the ETC Regulation. When spending ESIF by means of public contract/concessions, the Slovenian and Hungarian authorities will respect EU public procurement rules and will ensure the respect of the requirements of the EU Directives on Public Procurement.

In the CP regarding the implementation of control tasks both MSs will use a centralized system.

In order to ensure coherence among all controllers responsible, standard templates such as control certificate and report will be used. Furthermore, a network of controllers will be established to ensure regular exchange of knowledge and good practices.

To prevent double financing, partners will have to stamp the submitted original invoices in order to make them inappropriate for other financial programmes before scanning and before submission to audit procedures and the First Level Control.

### **Resolution of complaints**

The complaints are differentiated according to the object of the complaint.

Complaints related to assessment and selection:

Project lead applicants will be informed in writing about the reasons why an application was not eligible or approved. Any complaint against the communication issued by the MA or JS, based by the decision of the MC regarding the selection process shall be submitted by the lead applicant to the MA and MA assisted by the JS, will examine and prepare its technical examination regarding the merit of the complaint. The decision if the complaint is justified or to be rejected is to be taken by the Complain Panel.

Complaints related to decisions made by the MA, JS or CA:

Any complaints in relation to decisions made by the MA, JS or CA on the basis of the Subsidy contract or MC decisions shall be submitted by the project applicant/beneficiary to the MA or JS, the rules laid down in the subsidy contract.

Where courts, public prosecution offices or other national institutions are competent in relation to the object of the complaint, the applicant/beneficiary has the right to turn also to these authorities in Slovenia.

Complaints related to the FLC system

Lead Partners or project partners that have complaints related to the FLC system set up in accordance with Article 23(4) of the ETC Regulation, can file the complaint to the institution responsible for the financial control of the relevant member state according applicable national rules.

Complaints related to the Second level control and Audit have to be lodged to the responsible national authority according applicable national rules.

Further information on the procedure for the submission of complaints will be laid down in the relevant programme and national documents communicated to applicants and beneficiaries.

The complaint procedure set out above is without prejudice to any mechanism or process for legal redress at national level, in particular with regard to unsuccessful applicants.

### ***Programme monitoring***

The monitoring of the Programme will provide information on the implementation. It will cover financial issues and achieved results considering the targets fixed for the different milestones in the performance framework.

Programme data will be recorded and stored in the Programme's Monitoring System (e-MS) and will be used, together with additional information on the financial implementation of the Programme, for drafting the annual and final implementation reports.

The monitoring data shall be available to the MA, CA, AA, JS, NA, EC, as well to the financial control bodies via web interface.

The Prime Minister's Office (acting as NA) and the Széchenyi Programme Office (acting as FLC and Info point JS on Hungarian side) will for the continual financial process and the efficient work of financial managers use only one system in Hungary for TA projects at national level. The validated amounts will be recorded in eMS system in a cumulative way by budget lines after the issuing of Control Certificate. The TA Progress Report and Application for Reimbursement will be submitted in the eMs.

### ***Implementation reports***

In accordance with Article 14 of the ETC Regulation, the MA will submit implementation reports (annual implementation reports and final implementation report) to the EC in accordance with the requirements stipulated in Article 50 of the CPR and respecting the deadlines set in Article 14 of the ETC Regulation.

The annual implementation reports will be drafted by MA supported by JS on the basis of programme monitoring data and data provided by the beneficiaries in their progress and final reports. The annual implementation reports of the Programme will be submitted to the MC for approval prior to sending to the EC.

### ***Programme evaluations***

The Cooperation Programme has been subject to an ex-ante evaluation of independent evaluators with the aim of improving the overall quality of the Programme and to optimize the allocation of budgetary resources. The recommendations of the evaluation – as described in Annex A – have been taken into account during the drafting of this Programme.

In accordance with Articles 56 and 114 of the CPR, the MA will draw up an evaluation plan which will be approved by the MC prior to sending to the EC.

The evaluations will be carried out to assess effectiveness, efficiency and impact of the Programme. All evaluations, recommendations and follow-up actions will be examined and approved by the MC.

By 31 December 2022, the MA will submit to the EC a report summarizing the findings of evaluations carried out during the programming period, including an assessment of the main outputs and results of the Programme.

In compliance with Articles 57 and 114 of the CPR, the ex-post evaluation of the programme shall be carried out by the Commission in close cooperation with the Member States and managing authority, in line with Article 114 (3) of CPR.

**Monitoring System**

On the side of the Programme, the e-MS according to Article 72 of CPR shall provide data and information needed to fulfill management, monitoring and evaluation requirements. As stipulated in Articles 74 and 112 of CPR, data exchange with the EC will be carried out electronically (by means of SFC2014). In accordance with Article 122 of CPR, the Programme will ensure that no later than 31 December 2015, all exchanges of information between beneficiaries and the MA, JS, CA, NA and AA can be carried out by means of an electronic data exchange system (e-MS).

The e-MS will comply with the following aspects:

- data integrity and confidentiality
- authentication of the sender within the meaning of Directive 1999/93/EC4
- storage in compliance with retention rules defined in Article 140 of CPR
- secure transfer of data
- availability during and outside standard office hours (except for technical maintenance activities)
- accessibility by the MSs and the beneficiaries either directly or via an interface for automatic synchronization and recording of data with national, regional and local computer management systems
- protection of privacy of personal data for individuals and commercial confidentiality for legal entities with respect to the information processed (according to Directive 2002/58/EC concerning the processing of personal data and the protection of privacy in the electronic communications sector and Directive 1995/46/EC on the protection of individuals with regard to the processing of personal data and on the free movement of such data).

**Information and communication**

According to Articles 115 and 116 of the CPR, a communication strategy will be drafted and submitted to the MC not later than 6 months after adoption of the programme. Any revision of the communication strategy will be discussed or modified, if necessary, and approved by the MC.

In line with Article 116 (3) of the CPR, the MA will inform the MC at least once a year on the progress in the implementation of the communication strategy and its assessment of the results, as well as on the planned information and communication activities to be carried out in the following year. MC may give opinion, change or instruct MA to revise planned communication strategy.

The aim of the communication strategy is two-fold, to inform potential applicants about funding opportunities under the CP and to communicate achievements of cohesion policy to the general public by focusing on the results and impacts of the Programme and its projects. The CP might use harmonized branding introduced on a voluntary basis by ETC programmes for the period 2014-2020.

The communication strategy will be implemented by the JS that will be responsible for information and communication activities at the programme level. A budget for the

implementation of the communication strategy will be made available as part of the programme's budget for technical assistance.

The Programme's working language is English. All documents relevant for the beneficiaries will be provided in Slovene and Hungarian language in case of differences in translations English version prevails.

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

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

Without prejudice to the Member States' responsibility for detecting and correcting irregularities and for recovering amounts unduly paid according to Article 122 (2) of the CPR, the MA shall ensure that any amount paid as a result of an irregularity is recovered from the LP. In accordance with Article 27 of the ETC Regulation, the project partners shall repay the LP any amounts unduly paid.

If the LP does not succeed in securing repayment from a project partner or if the MA does not succeed in securing repayment from the lead partner, the Member State on whose territory the project partner concerned is located shall reimburse the MA the amounts unduly paid to the partners, in accordance with the apportionment of liabilities among the participating Member States as laid down below. The MA will reimburse the funds to the Union once the amounts are recovered from the LP/PP/MS.

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

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

In accordance with Article 122 (2) of CPR, irregularities shall be reported by the Member State in which the expenditure is paid by the lead partner or project partner implementing the project. The Member State shall at the same time, inform the MA, CA and the AA.

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

- Each Member State bears liability for possible financial consequences of irregularities caused by the LPs and PPs located on its territory, only after lead partner already used all available legal means to recover the amounts unduly paid from PPs.
- For a systemic irregularity or financial correction on programme level that cannot be linked to a specific Member State, the liability shall be jointly borne by the



Member States *in proportion to the ERDF claimed to the European Commission for the period which forms the basis for the financial correction*

- For technical assistance expenditure incurred by the MA/JS, the liability related to administrative irregularities shall be borne by the MA/JS.
- For technical assistance expenditure incurred by the CA, the liability shall be borne by the CA.
- For technical assistance expenditure incurred by the AA, the liability shall be borne by the AA.
- For technical assistance expenditure incurred by the NAs the liability shall be borne by the NA concerned.

In the Cooperation Programme Interreg V-A Slovenia - Hungary, the Member States are represented by the National Authorities declared in Chapter 5.3.1.

Member States may decide not to recover an amount unduly paid in special cases in accordance with 4th subparagraph of Article 122(2) of CPR.

## 5.5. Use of the Euro (where applicable)

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

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

Expenditure incurred in a currency other than the euro shall be converted into euro by the beneficiaries using the monthly accounting exchange rate of the Commission in the month during which that expenditure was submitted for verification to the controller according to option (b) of Article 28 of the ETC Regulation.

## 5.6. Involvement of partners

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

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

In order to create a well-performing Cooperation Programme for the Slovenia-Hungary cross-border region for 2014-2020, the Task Force applied a transparent participatory approach inviting all relevant national, regional and local stakeholders to contribute to design the Programme. This process was fully in line with the Code of conduct (Commission Delegated Regulation (EU) of 7.1.2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds). According to the EU provisions the following types of organizations were addressed:

- competent regional, local, urban and other public authorities, representatives of higher education institutions, research centres, bodies responsible for horizontal principles;

- economic and social partners;
- bodies representing civil society;
- EGTCs

During the development phase of the Programme document the following activities and events were organized: online questionnaire survey, online public consultations, stakeholder workshops, Task Force meetings, interviews, bilateral consultations with various bodies responsible for the programming.

There were several events, altogether 4 workshops: 2 at the situation analysis and another 2 at the programme finalizing phase, organized in order to understand the expectations and to have the feedback and comments of relevant stakeholders related to the previous programme as well as the future one. The events (carried out on national languages, enabling participants to express their views in details, as precisely as possible) attracted a high attendance.

At later stages there were two online public consultations on the draft PC allowing stakeholders and the general public to comment the draft programme in the view of their development needs and future project ideas, as well as their opinion related to implementation.

Stakeholders' positions expressed orally or in writing were taken into consideration throughout the programming exercise – at the elaboration of the situation analysis, at developing the strategy, when designing the concrete activities of the priorities, defining beneficiaries and target groups of the actions, as well as at the designing of the financial plan of the Cooperation Programme. The main added value of the partnership was on the one hand to receive continuous support and feedback related to the strategic orientation of the programming process, resulting in a commonly designed programme structure. On the other hand throughout the programming exercise stakeholder positions were considered to A) specify and prioritize the Region's most important needs and challenges to tackle, B) to select appropriate thematic objectives and priorities, C) to specifically define and word activities in which they see their interest. Financial allocation of the Cooperation Programme was also discussed with stakeholders at workshops. Altogether widespread involvement of relevant stakeholders was ensured at all stages of the elaboration of the Cooperation Programme.

PANNON EGTC was invited to take part in the preparation of the programme.

Further to the relevant local, regional and national level stakeholders external experts, as actively involved partners, were selected to support the planning and programming procedure (selected through public procurements for elaborating the Cooperation Programme, Ex-ante evaluation and Strategic Environment Assessment).

The partners for future MC will be identified based on the following directives:

- Should have relevant experience in EU financed/cross-border programmes
- Should have the needed capacity to be able to participate on MC meetings and to have a comprehensive knowledge of the handouts
- Should be located and active in the programme area
- Should have representatives who are having the necessary language knowledge

- Should be competent on their professional field

The involved counties will give their proposal on the identified relevant actors in the programme area.

## 6. SECTION 6: COORDINATION

*(Reference: point (a) of Article 8(5) of Regulation (EU) No 1299/2013)*

The mechanisms that ensure effective coordination between the ERDF, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and other Union and national funding instruments, including the coordination and possible combination with the Connecting Europe Facility, the ENI, the European Development Fund (EDF) and the IPA and with the EIB taking into account the provisions laid down in the Common Strategic Framework as set out in Annex I to Regulation (EU) No 1303/2013. Where Member States and third countries participate in cooperation programmes that include the use of ERDF appropriations for outermost regions and resources from the EDF, coordination mechanisms at the appropriate level to facilitate effective coordination in the use of these resources.

### **Coordination in Slovenia**

In Slovenia<sup>19</sup> the Government office for development and European cohesion policy (GODC) is coordinating the development planning. The office coordinates the development documents of the Republic of Slovenia, monitors the implementation of development policies and its programmes and is responsible also for the coordination of documents pertaining to development planning and compliance of national development planning programmes and the European Union and other international organizations' development documents. GODC is also managing the preparation and coordination of the strategic documents with the European Union.

Through ETC cross-border programmes, Slovenia will favor common development strategies.

The contents common to all cross-border programs (with Italy, Austria, Hungary and Croatia) and to transnational programmes in the vast majority have their place among the measures of the Danube, the Adriatic-Ionic and Alpine future macro-regions.

Coordination of the preparation of the Partnership Agreement, the Operational Programme for Cohesion Funds and of cross-border cooperation programmes takes place within one institution, which both in the documentation preparatory stage and during implementation provides for the complementarity and synergies of various funds. At NUTS3 level (statistical regions), Slovenia prepares regional development programmes in accordance with the Balanced regional development law to be used with investments from different sources of financing in key development areas based on territorial challenges and opportunities.

CP will also coordinate its interventions with the Rural Development Plan 2014-20 for Slovenia approved by the European Commission on 13th of February 2015. The RDP defines five priorities, especially two of them (knowledge transfer and local

<sup>19</sup>Information about coordination in Slovenia is based on the following documents: »Partnership Agreement between Slovenia and European Commission for the period 2014-2020« (10/04/2014) and "Responsibilities of Government office for development and European cohesion policy" available at: [http://www.svrk.gov.si/en/about\\_the\\_office/responsibilities/](http://www.svrk.gov.si/en/about_the_office/responsibilities/)

development) being complementary to the CP. The coordination will be done through consultations with the management bodies of the Slovenian RDP.

Coordination of the preparation of macro-regional strategies is the responsibility of the Ministry of Foreign Affairs, while the coordination and implementation of individual parts of strategies fall under the responsibility of individual ministries. For the period after 2014, an enhanced role of inter-ministerial coordination of macro-regional strategies has been envisaged within the committee framework, where all ESI funds are to be considered with a view to achieving better complementarity and synergy effects as a result of participation in the EU macro-regional strategies.

According to Partnership Agreement between Slovenia and European Commission for the period 2014-2020 (10/04/2014) the Inter-ministerial Coordination Committee will provide for coordination between ESI Funds that are being indirectly implemented (ERDF, ESF, CF, EAFRD) and other EU instruments as well as other national instruments and the EIB. Membership of the Inter-ministerial Coordination Committee will be represented by the managing authorities of all the Funds and participating ministries. Inter-ministerial coordination has already been established for the 2007-2013 period charged with planning and monitoring of the implementation (ERDF, ESF, CF) and will be upgraded through inclusion of the other two Funds (EAFRD, EMFF).

Key functions of the Inter-ministerial Coordination Committee are the following

- coordination and approval of Partnership Agreement revisions
- monitoring of the progress as regards fulfillment of PA objectives and discussion and approval of PA progress reports
- review of implementing plans and delivery of opinion thereon
- provision of counseling services on matters of content and organization/implementation based on evaluation findings and analysis results

With the aim of ensure Slovenia's contribution to the realization of the individual thematic objectives the MA will establish relevant Expert Groups at the working level under the OP ECP 2014-2020 to provide for coordinated preparation of expert bases. The latter will be composed of representatives of intermediate bodies, national authorities of European Territorial Cooperation, information points for direct EU programmes and, if necessary, external experts.

For the absorption of the 2014-2020 Cohesion Policy Structural Funds, Slovenia has prepared a single Operational Programme as the contribution to the realization of the EU Strategy for Smart, Sustainable and Inclusive Growth – the operational programme strategy is in accordance with the common strategic framework and the content of the Partnership Agreement.

THE OP ECP 2014-2020 encompasses the two cohesion regions and the ERDF, the ESF, the Cohesion Fund, and other relevant forms of implementing instruments.

Due to the regional development potential in Slovenia in this programming period a greater emphasis will be laid on the coordinated action between national and regional levels, based on the intersection between the development documents at national and regional level. In the context of the preparation of the regional development programmes at the level of the statistical regions Slovenia also concentrated on the identification of the region's specialization as a method of concentration and activation of the region's potential. Regions will therefore promote development based on their comparative advantages (geographic, cultural, natural, economic and social). Integration between regions and the creation of joint projects and initiatives to achieve synergies in several regions simultaneously will also be promoted. In this context the complementarity of EU Funds and other available resources is of key importance.

In addition project applicants to the Interreg V-A SI-HU programme will be asked to provide information on the past, the current and the anticipated EU support and to indicate how coordination with activities of other programmes will be achieved, especially to avoid overlaps between Interreg V-A SI-HU and similar projects in the other mainstream programmes as well as under other EU programmes.

As already mentioned particularly HORZION 2020 and LIFE are relevant for the selected objectives of the programme. In Slovenia HORZION 2020 will be accompanied in its implementation by the Ministry of Education, Science and Sport while LIFE programme will be accompanied by the Ministry for Agriculture and the Environment. The thematic objective 6 (environment and resource efficiency) will be addressed in the Cooperation Programme, where an adequate attention will be paid to the connection with LIFE.

### **Coordination in Hungary**

In relation to national investment programmes financed from the resources of the European Structural and Investment Funds (ESIF), the coherence is ensured with the Partnership Agreement of Hungary and at the same time, coordination is needed in cases, where there is a possible overlap of thematic objectives. Furthermore coordination is needed in those cases, where there is a territorial overlap of cross-border cooperation programmes and transnational programmes such as the Austria-Hungary Cooperation Programme 2014-2020, the Hungary-Croatia Cross-border Cooperation Programme 2014-2020, the Danube Transnational Programme, Central Europe and Interreg Europe.

Referring to the Article 123 of the EU Regulation No 1303/2013 the Prime Minister's Office is the ultimate coordinating body of the EU Structural Funds in Hungary. This ensures consistency, delimitation and that the most important coordination tasks are dealt in a 'One-stop-shop' system.

The organizational unit being responsible for the ETC CBC programmes operates within the Prime Minister's Office as well, according to the related Government Regulation (27/2014. (II.7.) Korm. rendelet). Regarding the ETC CBC programmes, the Deputy State Secretariat for International Affairs is responsible for the

Managing/National Authority activities, therefore for the Slovenia-Hungary Cooperation Programme as well.

As for the transnational programmes coordination is needed with the Ministry of National Economy, which is responsible for the following programmes: Danube Transnational Programme 2014-2020, Central Europe 2020 and Interreg Europe. Regarding the mainstream OPs dialog is needed with the Managing Authorities (i.e.: Ministry for National Economy, Ministry of National Development and the appropriate department of the Prime Minister's Office).

The coordination is needed with the Ministry of National Economy in case of the following mainstream programmes: EDIOP and TOP. The development of thematic routes with national importance (overarching the territory of several counties) is one area of intervention of EDIOP's priority axis 6. Within the framework of 1<sup>st</sup> priority axis of the TOP thematic roads with county level importance and linked to national networks will be eligible for funding. It is recommended that, thematic routes supported by the CBC programme are coordinated with networks developed under EDIOP or TOP.

The coordination has been ensured already at the time of the planning of the Cooperation Programme Interreg V-A Slovenia-Hungary, as the activities of the OPs have been collated.

Cooperation between the organizations managing EU and national funds will continue also in the Programme for the period 2014-2020. The coordination is ensured through the programme related national level consultations in Hungary, the ETC working group meetings as well as the review and commenting procedures established among the responsible Hungarian line ministries. The Deputy State Secretariat for International Affairs cross-checks the Operative Programme with the coordinating institutions to avoid overlaps and double financing during the programming period.

Further ensuring coordination and checking overlapping is national responsibility meaning that on one hand Member States establishes the required mechanism and on the other hand the composition of the Joint Monitoring Committee of the Cooperation Programme, Programming Group and Joint Secretariat are responsible for facilitating coordination between authorities responsible for the implementation of the European Structural and Investment Funds (ESI Funds).

Due to the focus of the CP towards rural areas, the coordination with the New Hungarian Rural Development Programme 2014-2020 is of special importance. In Hungary, PMO in its capacity as responsible for the implementation of rural development programme by the State Secretary for agricultural and rural development, will ensure the coordination of the interventions of the two instruments through periodical internal consultations held with the National Authority of the SIHU 2014-2020, hosted by the same institution.

During the implementation of the Programme special attention will be paid to the elaboration of the programme documents. In Hungary the IT system for mainstream

operational programmes will be used to check double financing as also stated in the Partnership Agreement of Hungary.

The following mainstream operative programmes, cross-border cooperation and transnational programmes have overlapping thematic objectives with the Cooperation Programme Interreg V-A Slovenia-Hungary where double financing needs to be checked: Austria-Hungary Cross-Border Cooperation Programme, Hungary-Croatia Cross-Border Cooperation Programme, Transport Operational Programme, POP, Competitive Central Hungary Operational Programme, Environmental and Energy-Efficiency Operational Programme, ITOP, RDOP, Hungarian Fishery and Agriculture Operational Programme, DANUBE Transnational Cooperation Programme, CE, INTERREG.

#### **Mechanism to ensure coordination with EUSDR**

During the implementation, the Programme will ensure appropriate coordination with the Macro regional Strategy for the Danube Region by the following approaches:

- Governance arrangements for ongoing mutual information exchange, coordination and joint planning in areas of common interest: In Slovenia the Government office for development and European cohesion policy (GODC) is coordinating the development planning and is also responsible for managing the preparation and coordination of the strategic documents with the European Union. The Prime Minister's Office takes on the role as the coordinating body of the EU Structural Funds in Hungary. In addition to that, the Prime Minister's Office, Deputy State Secretariat for International Affairs as National Authority is responsible for the Managing/National Authority activities, and thus, for coordinating and cross-checking the Operative Programme.
- The elaboration of more thorough working relationships between EU programme partners and main EUSDR stakeholders (*e.g. Priority Area Coordinators, National Contact Points*) on transnational, national and regional levels as well as regarding identified issues/activities of common interest during implementation.
- To introduce a EUSDR specific category in the monitoring system in order to identify projects and/or funding, which will contribute to the EUSDR. For this approach the EUSDR aspects have to be considered in the programme reports in terms of specifying how the Programme contributes to the challenges and needs identified by the EUSDR.
- The Cooperation Programme Slovenia-Hungary can also contribute to the interventions of the EUSDR through the implementation of projects tackling one territorially understood element of a problem appearing at transnational level.



Coordination between the Cooperation Programme Slovenia-Hungary and the EUSDR priorities/actions/projects will be ensured by the involvement of the National Coordinators of the EUSDR or of the Priority Areas in the implementation of the Programme. This will be done by inviting them to the meetings of the MC, or through consultations regarding the selection and implementation of projects, whenever necessary.

## 7. SECTION 7: REDUCTION OF ADMINISTRATIVE BURDEN FOR BENEFICIARIES

(Reference: point (d) of Article 8(2) of Regulation (EU) No 1299/2013)

A summary of the assessment of the administrative burden for beneficiaries and, where necessary, the actions planned accompanied by an indicative timeframe to reduce the administrative burden.

The reduction of the administrative burden has been a key principle for the whole programming. In the programming period 2007-2013 beneficiaries had to fulfill different administrative requirements throughout the application as well as funding cycle. Beneficiaries had to meet impediments concerning the long decision making process, delays in contract signing as well as in validating the expenditures by FLC, because of too complex reporting requirements. The specifics of the ETC programmes represented also some challenges for the complex monitoring system. Thereupon, programme partners and beneficiaries are in favor of as much simplification measures as possible that will help to reduce the administrative burden in order to ensure a smooth project application and implementation process.

The following measures for the reduction of administrative burden will be implemented in the period 2014-2020 already at the start of the programming period:

- **Use of the Harmonized Implementation Tools (HIT)**

Using the INTERACT Harmonized Implementation tools (application form, reporting forms, administrative, eligibility and assessment criteria, etc.) is especially useful for applicants applying for funding from different funds as many funds will use the same approach, questions or rules, which are then familiar for the partnership. In addition, the use of the Harmonized Implementation Tools enables the exchange of good practices from different ETC programmes and ensures that the focus of the documentation lies on the essential components, which are needed for a good cooperation project.

- **Extended use of simplified cost options and rules on eligibility of expenditure at the EU level**

The simplified cost options (e.g. unit cost, lump sums, flat rate, etc.) that have been made available by Article 67 (simplified costs option) and Article 68 (flat-rate calculation of office and administrative costs) of CPR, as well as the implementation of the Commission Regulation (EU) No 481/2014 are planned to be used in all three priority axis. The aim of the simplified cost options is to reduce the amount of needed paperwork and to speed up the reporting, verification and control procedures. When deciding on the eligibility rules and simplified cost options on the programme level, as defined in regulations and the delegated acts<sup>20</sup>, the experience of the MA, CA and JS of the current period as well as that of the FLC's will be taken into account.

<sup>20</sup> COMMISSION DELEGATED REGULATION (EU) No 481/2014 of 4 March 2014 supplementing Regulation (EU) No 1299/2013 of the European Parliament and of the Council with regard to specific rules on eligibility of expenditure for cooperation programmes

In support of project partners, FLCs and other involved parties, Guide on eligibility of costs will be provided already at the start of the programme.

- **Simplification of the monitoring system (e-MS)**

The new programme monitoring system is prepared based on the INTERACT Harmonized Implementation Tools and in cooperation with INTERACT and other ETC programmes. The templates and processes are based on the most essential elements and the structure has been based on an analysis of best practices from several ETC programmes. Also the fact that a lot of programmes use the same templates will simplify for beneficiaries applying for projects from several funding instruments.

The online monitoring system will also be an important multi-lingual tool (English, Hungarian, Slovene) for reducing the administrative burden for beneficiaries. It eliminates the need to send documents in paper and with signatures (although scanning unstructured documents will pose additional work for the applicants). It also allows for streamlined and efficient handling of any changes required to the project application as both the project and JS or MA can access the same information in the database. It allows for interactive and/or pre-filled forms by the system on the basis of the data which is stored at consecutive steps of the procedures, for automatic calculations preventing mistakes and speeding up the work, where appropriate, automatic embedded controls which reduce as much as possible back-and forth exchange of documents, system generated alerts to inform the beneficiary of the possibility to perform certain actions and on-line status tracking meaning that the beneficiary can follow up the current state of the project, which results in more transparency. Due to the principle of information inserted only once the beneficiaries avoid doing extra work. The e-Monitoring System also greatly reduces the amount of documents that need to be signed and sent in.

- **Simplification and acceleration of the application as well as reporting procedure through the electronic monitoring system**

The mentioned simplifications will significantly simplify and accelerate application and reporting process. They include a simplification of the administering and reporting documentation as well as of the corresponding procedures, like the shortening of the decision-making process of the approval of projects (decision on the submitted projects will be taken, if required, twice a year, the decision of the MC will be taken within 6 months from the submission of the application), shortening of the reporting, verification of expenditure and reimbursement processes, quickening of the FLC of report checking, reporting and ERDF payments also on project partner basis, etc. Limitation of the number of partners at the project level should also be considered when this is appropriate due to the nature of projects.

- **Introduction of E-Government and E-Cohesion**

All five models of e-government: government to citizen, citizen to government, government to employees, government to government and government to business will

be gradually introduced throughout the programming period to ensure a frictionless information and data flow between all the levels of governance and all the applicants and beneficiaries. Moreover, such an approach would reduce the necessity for the submission of hard copy documents and alleviate the submission of electronic based documentations as well as to avoid excessive manual handling of the data. It shall ensure that no later than 31 December 2015, all exchanges of information between beneficiaries and programme authorities can be carried out by means of electronic data exchange systems only.

## 8. SECTION 8: HORIZONTAL PRINCIPLES

(Reference: Article 8(7) of Regulation (EU) No 1299/2013)

### 8.1. Sustainable development

*Description of specific actions to take into account environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management, in the selection of operations.*

The Common Provisions Regulation (CPR) state: “The Member States and the Commission shall ensure that environmental protection requirements, resource efficiency, climate change mitigation and adaptation, biodiversity protection, disaster resilience, and risk prevention and management are promoted in the preparation and implementation of Partnership Agreements and programmes.”<sup>21</sup>

Important methodological tools in applying the principles of sustainable development in the preparation phase of the Programme are the ex-ante evaluation, which ensures “the adequacy of planned measures to promote sustainable development”<sup>22</sup>, and even more the Strategic Environmental Assessment (SEA), which aims to “provide for a high level of protection of the environment and to contribute to the integration of environmental considerations into the preparation and adoption of plans and programmes with a view to promoting sustainable development.”

The ex-ante evaluation and the SEA process are carried out in parallel with the programming exercise throughout the programming phase, providing for a continuous feedback from the evaluators to be considered by programme drafters. Moreover, the main findings of the final ex-ante/SEA report are duly incorporated into the final programme document.

Thanks to this cooperation process between the drafting and evaluation expert teams, the premises of sustainable development have been duly considered throughout the whole programming period, starting with the selection of Investment Priorities which took into account the needs and challenges identified by the situation analysis.

The Programme contains two Priority Axes: one of them (Priority Axis 1: TO6) by its nature supports sustainable development through its investment priority 6c. This IP focuses on the implementation of sustainable forms of green tourism with preservation, restoration and development of cultural and natural heritage sites. Under Investment Priority 6c certain investments in infrastructure are foreseen, nevertheless, these are primarily small scale infrastructural initiatives aiming at natural and cultural resources preservation, building of small sections of roads and bicycle paths providing more accessibility for rural tourism related areas, whereupon also the danger of creating additional burden on nature by the programme is neglectable.

The second Priority Axis (Priority Axis 2: TO11) of the Programme deals with the promotion of cooperation between citizens and institutions, thus does not directly involve sustainable development issues. Nevertheless, it is quite likely that projects supported under this priority will also address aspects of sustainable development by exploiting the potentials of cross-border relations in specific field of common interest. providing a good quality of life.

<sup>21</sup> CPR, Article 8.

<sup>22</sup> CPR, Article 55 (m).

Furthermore, sustainable development will be considered throughout the programme implementation phase. Projects' assessment, selection, implementation, monitoring and evaluation will be guided by the following principles:

- Selection of investment related projects in view of highest resource efficiency and sustainability and promoting usage of green technologies.
- Dispreference of investments, which could lead to significant negative environmental and climate effects; (in line with SEA, investments negatively affecting nature, fauna and flora, and biodiversity must be accompanied by compensatory measures and damage mitigation)
- Preference for investments supporting climate protection (including reduction of GHG emission) and thus climate adaptation (e.g. climate-friendly architectural solution in case of building construction or renovation)
- Requesting preparation of solid Environmental Impact Analysis in infrastructure investments, where appropriate
- Projects involving building construction and renovation with cost-optimal levels of energy performance are favored in line with the Directive 2010/31/EU
- In relation to road investments, usage of silent road surface in populated areas, passive noise reduction (noise barriers, protecting trees) are preferred
- Consideration of long-term prospects of life cycle costs when comparing various investment options.

Regarding the content assessment, all (planned and submitted) projects regardless under which Priority Axis they fall, will be encouraged to consider environmental concerns and reduce their environmental impact by (if applicable):

- Contribution to reduced transport and mobility related air pollution.
- Contribution to the development of green infrastructures and technologies.
- Contribution to more employment opportunities, training and education possibilities as well as support services regarding environmental protection and sustainable development.
- Application of green public procurement in a methodological way.

Moreover, in case the projects are involving purchasing of products or services, the beneficiaries are required to take into consideration the energy efficiency requirements set in Annex III of the Energy Efficiency Directive (2012/27/EU).

## 8.2. Equal opportunities and non-discrimination

*The Common Provisions Regulation (CPR, Article 7) states: "Member States and the Commission shall take appropriate steps to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation and implementation of programmes. In particular, accessibility for persons with disabilities shall be taken into account throughout the preparation and implementation of programmes."*

The Common Provisions Regulation (CPR) states: "The Member States and the Commission shall take appropriate steps to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation and implementation of programmes [...]."<sup>23</sup>

<sup>23</sup> CPR, Article 7.

The Programme adopts the premises of social inclusion and follows the principles of equal opportunities and non-discrimination, thus ensure their consideration in all phases of the implementation of the Programme. Moreover, it takes into account the needs of various target groups at risk of such discrimination and the requests ensuring accessibility for persons with mental and physical disabilities. Priority Axis 1 targets remote, rural areas hit by poverty with high unemployment and bad accessibility, thus groups at risk will have opportunity to be involved into projects as beneficiaries. Moreover, projects aiming at fostering their integration will be prioritized according to the guiding principles for selection of operations of both Priority Axes.

In general, all projects (planned and submitted) will be obliged to avoid any kind of discrimination and to ensure that project activities comply with the principles of equal opportunities.

Furthermore, all projects will be encouraged to integrate measures, which actively seek to diminish the specific challenges identified in the programme area. According to Section 1 the majority of the programme area is clearly characterized by rural features, dominated by small villages. Apart from some larger cities standing out in their economic, innovation and research activities, the rest of the programme area is less accessible in terms of transport and shows lower profile in terms of economic performance. These features go together with higher level of social challenges (poverty, unemployment rates, migrations, brain drain etc.). These challenges will be tackled by projects, which will include activities that foster a better social inclusion of disadvantaged groups (e.g. long-term unemployed, older workers, drop-outs and under-qualified, people with disabilities, ethnic minorities, people with a migration background) by creating job opportunities in the green tourism sector and/or other key sectors of the region (e.g. agriculture).

This cross-cutting theme is most likely to appear under all Priority Axes. Priority Axis 1 focuses on the implementation of sustainable forms of green tourism with preservation, restoration and development of cultural and natural heritage sites as its very basis. Upon this, programme implementation measures and procedures make the necessary allowances to ensure the accessibility of the supported tourism attraction sites for people with physical disabilities in terms of physical infrastructure and services that they will be family friendly and non-exclusive (e.g. special discount offers for socially and economically vulnerable groups like elderly and unemployed people as well as for large groups and students). Non-discrimination and equal opportunities will also be supported by creating virtual access to project sites.

Priority Axis 2 aims at strengthening cross-border cooperation of regional stakeholders, whereupon an important contribution to an increased respect, tolerance and mutual understanding between the neighboring regions/citizens will be created. As of that, emphasis will be put on creating socially sustainable and inclusive communities that are connected, democratic, varied and unprejudicial, and thus provide a good quality of life for their citizens. Moreover, special attention will be given to national and ethnic minorities, which contribute importantly to the cultural diversification of the programme area. Most of the key thematic areas to be tackled under this Priority Axis are “by nature” those contributing to equal opportunities (social and health services, demographic changes, education, cross border accessibility).

### 8.3. Equality between men and women

*The aim of equality between women and men is part of the fundamental values of the European Union. Article 3 of the Treaty of Lisbon sets out that the Union shall “combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child”.*

*The elimination of inequalities and the promotion of equality between women and men are also included in the consolidated version of the Treaty on the Functioning of the European Union.*

One of the fundamental values of the European Union is to establish equality between men and women, which is laid down in numerous documents of the EU. The Treaty on the European Union in Article 3 state: “It (EU) shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child”. Moreover, the elimination of inequalities as well as the encouragement of equality between men and women is part of the consolidated version of the Treaty on the Functioning of the European Union.<sup>24</sup> The implementation of the ESI Funds of the European Union has to be in line with the fundamental values as stated in the Common Provisions Regulation (CPR): “The Member States and the Commission shall ensure that equality between men and women and the integration of gender perspective are taken into account and promoted throughout the preparation and implementation of programmes, including in relation to monitoring, reporting and evaluation”<sup>25</sup> and that the “The Member States and the Commission shall take appropriate steps to prevent any discrimination based on sex, [...] during the preparation and implementation of programmes [...]”<sup>26</sup>

The Programme adopts the premises of equality between men and women and based on that will ensure their consideration in all phases of the programme implementation including preparation, implementation, monitoring and evaluation of projects (e.g. number of men and women involved in project activities and/or benefiting from funding).

In general, all projects (planned and submitted) will be obliged to avoid any kind of discrimination and to ensure that project activities comply with the principles of equality between men and women. Moreover, projects will be encouraged to foster gender mainstreaming as set out in the EQUAL Guide on Gender Mainstreaming: “To make gender equality part of this dominant (mainstream) trend in society so that women and men benefit equally. It means looking at every step of policy – design, implementation, monitoring and evaluation – with the aim of promoting equality between women and men.”<sup>27</sup> In the course of the programme implementation, this requirement is reflected first in the guiding principles of selection of projects, then

<sup>24</sup> “Article 8, CONSOLIDATED VERSION OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION, Official Journal of the European Union C 83/49 of 30.3.2010.

<sup>25</sup> CPR, Article 7.

<sup>26</sup> CPR, Article 7.

<sup>27</sup> EQUAL Guide on Gender Mainstreaming, European Commission. (2004). Directorate-General for Employment, Social Affairs and Equal Opportunities.



beneficiaries will be closely monitored and assisted by the JS how to respect and actively use gender “principles” in implementing their projects.<sup>28</sup>

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<sup>28</sup> EQUAL Guide on Gender Mainstreaming, European Commission. (2004). Directorate-General for Employment, Social Affairs and Equal Opportunities.

## 9. SECTION 9: SEPARATE ELEMENTS

### 9.1. Major projects to be implemented during the programming period

(Reference: point (e) of Article 8(2) of Regulation (EU) No 1299/2013)

**Table 27. List of major projects**

Project	Planned notification/ submission date (year, quarter)	Planned start of implementation (year, quarter)	Planned completion date (year, quarter)	Priority axes/ investment priorities
Not applicable				

## **9.2. Performance framework of the cooperation programme**

**Table 28. Performance framework (summary table)**

The summary table is generated automatically by the SFC2014 based on the tables outlined by priority axis.

### 9.3. Relevant partners involved in the preparation of the cooperation programme

#### **Task Force**

##### *Slovenia*

Governement Office for Development and European Cohesion Policy

Ministry for Economic Development and Technology, representing also Podravje Region and Pomurje Region

##### *Hungary*

Prime Minister's Office

Ministry of Public Administration and Justice/Ministry of Foreign Affairs and Trade

Ministry for National Economy

Zala County

Vas County

#### **Local, regional stakeholders**

Municipalities

Local and regional development (including rural development) agencies, associations, centers, councils, foundations

Business/enterprise promotion, development and network organizations, associations, foundations

Chambers of commerce, regional crafts

Tourism development organizations, associations

Employment agencies, labor centers

Research and innovation institutes

Technical and vocational education organizations

Secondary, tertiary education institutions, universities

Transport coordination, infrastructure development organizations

Energy agencies

Technology parks

Civil organizations representing vulnerable groups

Society for social inclusion

National/nature park directorates, management organizations

Nature conservation, protection institutes, organizations

Risk management organizations, firefighting association

Specific thematic associations (e.g. wine)

Museums, cultural institutions

Project beneficiaries of the current programme

**External experts for programming, ex-ante evaluation and SEA**

**9.4. Applicable programme implementation conditions governing the financial management, programming, monitoring, evaluation and control of the participation of third countries in transnational and interregional programmes through a contribution of ENI and IPA resources**

*(Reference: Article 26 of Regulation (EU) No 1299/2013)*

Not applicable

**ANNEXES**

Uploaded to the electronic data exchange system as separate files

A	Report of the ex-ante evaluation, with an executive summary (mandatory)
B	Confirmation of agreement in writing to the contents of the cooperation programme (mandatory)
C	NUTS3 regions covered by the Cooperation Programme; map of the area
D	A citizens' summary of the Cooperation Programme
E	Glossary of terms
F	Methodology for result and output indicators
G	Situation Analysis