



# **Guidelines for Applicants**

of the Interreg V-A Hungary-Croatia  
Co-operation Programme 2014-2020

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**for the First Call for Proposals launched on 29 February 2016**

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## 1. INTRODUCTION

### 1.1 PROGRAMME BACKGROUND

The Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 (hereinafter referred to as the Programme) operates within the 2014-2020 European Union (EU) financial framework as the part of the 3<sup>rd</sup> objective of EU Cohesion Policy and as a **so-called Interreg<sup>1</sup> programme**. Interreg (meaning European cross-border / transnational / interregional co-operation) has the objective of promoting good neighbourly relations, of fostering stability, security and prosperity in the mutual interest of all countries concerned, and of encouraging their harmonic, balanced and sustainable development.

Within the above-mentioned component Hungary and the Republic of Croatia co-operate relying on the framework of a common Programme and based on a joint institutional background. The two Member States, having undertaken a joint strategic planning effort, laid down their development priorities in a **joint programming document** (hereinafter referred to as the Co-operation Programme). Its strategy was approved by the Task Force, responsible for drafting, on 13 December 2013. The Co-operation Programme received the endorsement of the European Commission on 7 September 2015 by Decision Ref. No C(2015)6228.

The Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 can be regarded as **the successor of the Slovenia-Hungary-Croatia Neighbourhood Programme 2004-2006 and especially as the successor of the Hungary-Croatia (IPA) Cross-border Co-operation Programme 2007-2013** for the Hungarian-Croatian cross-border region in the 2014-2020 EU financial perspective. As such, it builds on the initiatives and results of the previous (IPA) CBC Programme, the Neighbourhood Programme, as well as on those of previous cross-border PHARE programmes between the two countries (e.g. the Hungary-Croatia Pilot Small Projects Fund 2002 and 2003 and the PHARE External Border Initiative).

**The overall long term vision** for the programme area, formulated by the various participants of the programming process in the following way:

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<sup>1</sup> In the 2007-2013 perspective the ETC abbreviation (European Territorial Co-operation objective) was used for ERDF funded cross-border co-operation programmes. In the 2014-2020 financial perspective Interreg replaced ETC as a consequence of the harmonised branding process – please read more in Chapter 6.2.3 of this Guidelines.

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

For further information please refer to the Co-operation Programme document, available for download in English as the official working language of the Programme (soon to be followed by not binding translations into the national languages), from the Programme's website:

<http://www.huhr-cbc.com/en/official-documents>

<http://www.huhr-cbc.com/hu/hivatalos-dokumentumok>

<http://www.huhr-cbc.com/hr/sluzbeni-dokumenti>

## **1.2 BACKGROUND OF THE GUIDELINES FOR APPLICANTS**

The present document has been elaborated in line with and with respect to the following **documents and pieces of legislation**:

- Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020, approved by the European Commission with the decision number C(2015)6228 on 7 September 2015,
- Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002,
- Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union,
- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime

and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 – hereinafter referred to as the CPR,

- Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006 – hereinafter referred to as the ERDF Regulation,
- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal – hereinafter referred to as the ETC Regulation,
- Regulation (EU) No 1302/2013 of the European Parliament and of the Council of 17 December 2013 amending Regulation (EC) No 1082/2006 on a European grouping of territorial cooperation (EGTC) as regards the clarification, simplification and improvement of the establishment and functioning of such groupings,
- Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds,
- 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,
- Commission Implementing Regulation (EU) No 821/2014 of 28 July 2014 laying down rules for the application of Regulation (EU) No 1303/2013 of the European Parliament and of the Council as regards detailed arrangements for the transfer and management of programme contributions, the reporting on financial instruments, technical characteristics of information and communication measures for operations and the system to record and store data,
- Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (TFEU) to *de minimis* aid,

- Commission Regulation (EC) No 651/2014 of 17 June 2014 on declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, (OJ L 187/1. 26.6.2014) (General Block Exemption Regulation, GBER),
- Articles 14 and 106(2) of the TFEU and Protocol No 26 to the TFEU (regarding Services of General Economic Interest, SGEI),
- Relevant Government Decrees and other legislation (in Hungary),
- Regulation on the bodies in the system of management and control for the implementation of programmes supporting 'European Territorial Co-operation' objective in the financial perspective 2014-2020 (OG 120/2014) (in Croatia),
- Government Decree on the constitution of the National co-ordination Committee for European Structural and Investment Funds in the Republic of Croatia (OG 83/2015) (in Croatia),
- Communication Strategy of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020, approved by the Monitoring Committee on 8 December 2015 by MC decision No 6/2015 (08.12),
- Handbook to Tourism Projects in the Hungary-Croatia (IPA) Cross-border Co-operation Programme 2007-2013, approved by the Joint Monitoring Committee of the HU-HR (IPA) CBC Programme 2007-2013 via JMC Decision No 32/2011 (27.10).

The items of legislation cited above mostly contain rights and duties relevant for programme implementing structures, yet some of them lay down rules also relevant to the project level (e.g. 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 co-operation programmes). Based on this, **the Lead Beneficiary and the Beneficiaries (formerly called Project Partners) should have a basic knowledge of the legislation governing the cross-border Programme.**



### 1.3 HOW TO USE THE GUIDELINES FOR APPLICANTS

The documentation serving the implementation of the Programme has multiple layers and should be read and used in a differentiated way. This Guidelines for Applicants (hereinafter referred to as the Guidelines) aims at avoiding duplications with other documents of the Programme, thus, in order to get a comprehensive understanding of the Programme's rules, the Lead Beneficiary and the Beneficiaries (formerly called Project Partners) are expected to familiarise themselves with the whole set of documents before preparing their project proposals.

**Please note: The present version of the document is only relevant in connection to the First Call for Proposals of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 and only for Priority Axes 2, 3 and 4. Priority Axis 1 of the Programme (Economic Development – Enhancing the Competitiveness of SMEs) is not being published at the moment and will be implemented through a special mechanism to be put in place at a later time.**

**This Guidelines is subject to changes without prior notice; eventual modifications will be communicated via the Programme website [www.huhr-cbc.com](http://www.huhr-cbc.com). Before finalising your project proposal, please visit the website once more for any eventual changes.**

#### 1.3.1 The system of documents for the First Call for Proposals (the CfP)

- a) **The Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 document** is the basis on which the cross-border Programme is to be implemented. Besides providing a thorough situation analysis, the Programme formulates the joint strategy of the Hungarian-Croatian border region for the period 2014-2020. Its basic description of the Priority Axes (the four Thematic objectives (TOs) selected by the Programme) and of their Investment Priorities presents a stable basis which the individual eligible activities can build upon. The Programme furthermore contains implementation provisions concerning the programme implementing structures and the description of the main procedures, including project development, selection and implementation.

*Whenever you have a question concerning the strategy or the structure of implementation of the Programme, you should consult the Co-operation Programme document to find the answers: <http://www.huhr-cbc.com/en/official-documents>.*

- b) The purpose of **this Guidelines** is to detail the framework rules and principles that govern various aspects of programme and project implementation. It comprises chapters about eligibility and about submission technicalities, furthermore it details the selection process and provides insight into project implementation issues.

*If you are looking for answers whether your planned project activities and the related costs are eligible, if you would like to familiarise yourself with the rules of the submission of project proposals or if you are interested in basic questions that will arise when managing a future project under the Programme, the Guidelines is the document that will provide you with the necessary information. In case of joint tourism development projects the Guidelines has been supplemented by the Handbook to Tourism Projects (see point c) below).*

- c) **The Handbook to Tourism Projects** (hereinafter referred to as the Handbook) complements this Guidelines by detailing aspects relevant for potential project partnerships planning to submit joint tourism development projects. In line with the Programme, the 'Handbook to Tourism Projects in the Hungary-Croatia (IPA) Cross-border Co-operation Programme 2007-2013' as approved by the Joint Monitoring Committee of that programme via JMC Decision No 32/2011 (27.10) serves as a document which provides a firm strategic direction that joint tourism development projects shall address, presenting a background for any interventions in tourism. You will find that in some instances the Guidelines refers to certain chapters of the Handbook for specialised and/or more detailed information.

*If you are planning a tourism project under Priority Axis 2, Specific Objective 2.1, please also obligatorily consult the Handbook.*

- d) **The CfP** provides the basis for the submission of project proposals and for the selection of projects to be co-financed under the Programme.

*The CfP is a concise document that indicates you the amount of funding available under each Specific Objective, the minimum and maximum size of subsidy, and submission information, among others. Please read it carefully in order to get to know the basic rules of applying.*

- e) You will find **additional documents as annexes** either to the Guidelines or to the CfP. Some of them provide further information (e.g. the sample Subsidy Contract for the EU contribution, or the assessment grids) and some are necessary to draft your project proposal (see the Application Form, hereinafter referred to as the AF).

*Please use the additional documents and annexes when elaborating your project proposal.*

### 1.3.2 The structure of this Guidelines

The Guidelines consists of the following main parts:

- two chapters with pieces of basic information (Chapter 1-2),
- a chapter about eligibility issues (Chapter 3),
- a chapter about issues connected to the submission of project proposals (Chapter 4),
- a chapter on project selection procedures (Chapter 5) and
- a chapter on project implementation (Chapter 6).

To aid you in browsing the document, the Guidelines has been fitted with a list of contents and a list of abbreviations (Chapter 7). Finally, it also has Appendices, containing further specific information to aid you.

**Please note** that additionally to this Guidelines the Lead Beneficiaries and Beneficiaries who plan to implement joint tourism development projects are obliged to use also the Handbook ('Handbook to Tourism Projects in the Hungary-Croatia IPA Cross-border Co-operation Programme 2007-2013, approved by the Joint Monitoring Committee of that programme via JMC Decision No 32/2011), published on the Programme website ([www.huhr-cbc.com](http://www.huhr-cbc.com)) under the given CfP, furthermore always accessible here: <http://www.huhr-cbc.com/en/official-documents>.

**Please also note** that related to the minimum and maximum project sizes and related to the duration of projects in Priority 2, Specific Objective 2.1 the rules in force are contained in this Guidelines – thus Chapters 4 and 5 (pages 93 to 118) of the Handbook are not relevant for this CfP since they were only relevant for the third Call for Proposals of the Hungary-Croatia (IPA) CBC Programme 2007-2013.



*The information icon (displayed to the left) indicates **items recommended for further reading or a need for special attention related to a specific topic**. In most of the cases it provides a reference to either another Chapter of this Guidelines or to an individual document connected to the Programme where additional relevant information can be found.*

**A few basic definitions** before you begin to browse the Guidelines:

- **Lead Beneficiary:** the Beneficiary organisation assuming the leading role in the project partnership. It is selected by the other Beneficiaries of the project from their own ranks, and it is responsible for the overall project towards the programme implementing structures, both financially and content-wise. Nevertheless, it also acts as a 'regular' Beneficiary (formerly called 'Project Partner'): in connection to its own project part.



*To learn more about the role of the Lead Beneficiary, please refer to Chapter 3.1.4.1 of the Guidelines.*

- **Beneficiary (formerly called 'Project Partner'):** an organisation actively participating in the implementation of a project and receiving funding from the Programme. It can be located across the border from the Lead Beneficiary

(**Cross-border** Beneficiary) and it can be operating in the same country as the Lead Beneficiary (**Domestic** Beneficiary).

A Beneficiary has to have its own project part and a budget in the AF corresponding to the activities it implements. Please consider that **balanced funding** is an important criterion of quality assessment. Please also note that **only as many Beneficiaries can be involved in one project as there are places for them in the AF.**



*Please consult Chapters 3.1.4 of the Guidelines for more information on the types of partner organisations under the Programme.*

**Associated Partners**, existing at the time of the Hungary-Croatia (IPA) CBC Programme 2007-2013, are not expected to join the implementation of projects financed from the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020.

*If any supporting stakeholder / authority (former associated partner) intends to provide support to the project, this can be managed by signing a letter of support to the given Beneficiary which in turn can attach it to the project proposal.*

*Also, the supporting stakeholder has to be listed on AF sheet 3, reserved for such organisations. For more detailed information on the participation and the status of supporting stakeholders / authorities please refer to Chapter 3.1.4.3 of the Guidelines.*

- **Project:** this term refers to a coherent set of interconnected activities, directed towards a common goal and necessary to the achievement thereof, implemented by defined actors in a defined timeframe and matched by a corresponding budget.

Projects to be implemented in the framework of the cross-border Programme are special in as far as a substantial part of the budget is financed by EU contribution. The project activities are described in the AF, along with the Lead Beneficiary and the Beneficiaries implementing them. **The timeframe is limited by the CfP** per Priority / Specific Objective / Component – please refer to Chapter 2.2 (specifically Table 2) of this Guidelines.

- **Project part:** a group of activities within the project as a whole, implemented by a defined actor (Beneficiary) in a defined timeframe (indicated in the AF) and matched by a corresponding budget (see separate budget tables in the AF). The project part is the responsibility of the Beneficiary (or Lead Beneficiary) implementing it, both from a professional and a financial point of view, especially with respect to the fact that each Beneficiary is responsible for irregularities in the expenditure which it has declared. (Also the Lead Beneficiary for its own project part.)

For further information on how project parts and projects as a whole are connected, please refer to the rules set in connection to the Lead Beneficiary principle, the organisations participating in the partnership, the eligibility of costs and in connection to project implementation (Chapters 3.1.1, 3.1.4, 3.3 and 6 of the Guidelines, respectively).

#### 1.4 STEPS TOWARDS A 'GREENER PROGRAMME'

The Co-operation Programme (e.g. in Chapter 8.1, Sustainable development, or under the different Specific Objectives when detailing the aspects of project selection) puts **great emphasis on the protection of the environment and on environmental sustainability** both at programme- and at project level. In order to adapt these goals to the level of the present CfP, **the following ideas are introduced** to support the environmental consciousness of the project development and submission process.

**Please read the suggestions below and try to consider them as much as possible.** The implementing structures of the Programme wish to be partners in the development of environmentally friendly project proposals, therefore **you are free and encouraged to add your own innovative solutions** to the following line of 'green thoughts':

- Please prefer **recycled paper** to normal bleached paper – both while preparing your project proposal and while implementing your project.
- Please print documents of the CfP e.g. this Guidelines only if this is absolutely necessary. **Black and white printing** is more advantageous than colour printing. Please be sure to print **double-sided**.

- The AF contains colours in order to make orientation and use easier. When submitting your project proposal, it is fine to print the AF (and also the supporting documents to be produced by you) **in black and white**.
- Please **do not print empty pages of the AF** which are not relevant to your project proposal.
- If you copy supporting documents please try to create **double-sided copies**.
- Please try to **avoid the use of an unreasonable amount of plastic** – when separating parts of your project proposal in the folder/binding, use simple separation sheets instead of putting the different sections into separate punch pockets / plastic sheet protectors each.
- Please consider **setting up a selective waste collection system** in your office.
- If you plan partner meetings, workshops, fairs etc. please try to **avoid catering using plastic cups and tableware**. In general, try to organise events in a way that does **not produce much waste**.

## 2. SUBJECT OF THE CFP

With reference to Chapter 1.2 of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 and to the Decision of the EC approving the financial framework of the Programme, the EU-funded cross-border co-operation of Hungary and Croatia will be entitled to **an overall amount of 60.494.406,00 EUR<sup>2</sup> of EU contribution** for the period of the 2014-2020 financial perspective. This funding is designated to support activities in the Hungarian-Croatian border region that contribute to the following goals:

- Fostering value added business co-operations between SMEs operating on different sides of the border,
- Converting the region's natural and cultural heritage assets to tourism attractions with income generating capabilities,

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<sup>2</sup> Includes Technical Assistance sources of Priority 5 which are used for the management of the Programme and are thus not available for projects.

- Restoring the ecological diversity in the border area,
- Involving more social and institutional actors in cross-border co-operation,
- Improving the role of educational institutions as intellectual centres for increasing the specific local knowledge-base in the region.

Based on these Specific Objectives of the Co-operation Programme, the Prime Minister's Office of Hungary, acting as **the Managing Authority** of the Programme (hereinafter referred to as the MA) and also as the National Authority in Hungary, furthermore the Ministry of Regional Development and EU Funds in Croatia, acting as **the National Authority** in Croatia (hereinafter referred to as the NA), in co-operation with **the JS, launch the First CfP of the Programme.**

## 2.1 ELIGIBLE ACTIONS AND AVAILABLE FUNDING OF THE CFP

In the frame of the First CfP **26.528.785 EUR of EU contribution** is made available to projects to be selected for funding under the cross-border Programme. The above amount is complemented by state contribution according to Chapter 2.2 of the Guidelines.

The following table contains basic information on Priorities, Specific Objectives and their Components. The displayed **financial allocations of the CfP are indicative** and can be subject to changes, depending on the results of the project assessment procedure and on the number and the subsidy needs of the submitted project proposals.

<p><b>Note:</b> Priority 1 of the Programme is not being published at the moment and is therefore not subject of the First CfP.</p>
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**Table 1: Indicative budget of the First CfP with amounts in EUR**

<b>Priority / Specific Objective / Component</b>	<b>Available EU contribution (in EUR)</b>
<b>PRIORITY 2 – SUSTAINABLE USE OF NATURAL AND CULTURAL ASSETS</b>	<b>21.328.785</b>
<b>Investment Priority 6c – Conserving, protecting, Promoting and Developing Natural and Cultural Heritage</b>	
Specific Objective 2.1 – Convert the region’s natural and cultural heritage assets to tourism attractions with income generating capabilities	
Component 1 – Bicycle paths	5.000.000
Component 2 – Tourism attractions	3.752.544
Component 3 – Thematic routes and other tourism products	4.000.000
<b>Investment Priority 6d – Protecting and Restoring Biodiversity and Soil and Promoting Ecosystem Services, Including through Natura 2000, and Green Infrastructure</b>	
Specific Objective 2.2 – Restoring the ecological diversity in the border area	8.576.241
<b>PRIORITY 3 – CO-OPERATION</b>	<b>2.500.000</b>
<b>Investment Priority 11b – Promoting legal and Administrative Co-operation and Co-operation Between Citizens and Institutions</b>	
Specific Objective 3.1 – Involvement of more social and institutional actors in cross-border co-operation	
Component 1 – Thematic co-operation	1.000.000
Component 2 – People-to-people co-operation	1.500.000
<b>PRIORITY 4 – EDUCATION</b>	<b>2.700.000</b>

Priority / Specific Objective / Component	Available EU contribution (in EUR)
<b>Investment Priority 10b – Investing in Education, Training and Vocational Training for Skills and Life Long Learning by Developing and Implementing Joint Education, Vocational Training and Training Schemes</b> Specific Objective 4.1 – Improve the role of educational institutions as intellectual centres for increasing the specific local knowledge-base in the region	
Component 1 – Co-operation in higher education	900.000
Component 2 – Co-operation in preschool, primary and secondary education and adult education	1.800.000
<b>TOTAL</b>	<b>26.528.785</b>

**In the present CfP only the Specific Objectives contained in the table above are open to apply for**, therefore only those projects can gain support which target one of the Specific Objectives in the table. One project proposal can target only one Specific Objective, although **one Lead Beneficiary can submit (or more generally, one Beneficiary can participate in) more than one project proposal.**



*For more detailed information on the Specific Objectives, their content and the relevant eligible project activities, furthermore for indicative lists of Beneficiaries, please refer to Chapter 3.2 of the Guidelines.*

## 2.2 FINANCING OF PROJECTS

The eligible expenditure in the Programme is **based on the total eligible expenditure** which means that on programme level EU contribution, state contribution and own contribution of projects are all counted as the sources of eligible expenditure.

For projects this will practically mean that – in case of a positive decision of the selection process – **a maximum of 85 per cent of the total eligible expenditure** of the project would be financed from EU contribution and the rest from state

contribution and from own contribution. (The share of the EU contribution will also depend on the applicable State aid rules.)

The ratio of own contribution is calculated based on the eligible costs of the given Beneficiary's budget, that is, the given project part. Croatian beneficiaries (Lead Beneficiaries / Beneficiaries) **have to bring minimum 15 per cent of own contribution compared to the total eligible expenditure of their project part**, while for Hungarian Beneficiaries the minimum share of own contribution is depending on the defined rules for state contribution.

### **State contribution in Hungary:**

In general, all Hungarian Lead Beneficiaries and Beneficiaries are eligible to receive state contribution, the amount of which will be transferred to them **in one amount as an advance payment**, after the conclusion of the Subsidy Contract for the state contribution.

**Note:** Lead Beneficiaries will for the EU contribution of the project stipulate a Subsidy Contract with the MA, while **for the state contribution part the Hungarian (Lead) Beneficiaries will individually conclude a Subsidy Contract for the state Contribution** with Széchenyi Programme Office Nonprofit LLC on behalf of the Prime Minister's Office of Hungary. **The conclusion of the Subsidy Contract for the EU contribution to the project is a prerequisite** to the stipulation of the Subsidy contracts for the state contribution.

### **Rules to calculate state contribution:**

1) In case the Lead Beneficiary / Beneficiary belongs to the category of:

**- 'központi költségvetési szerv (311-es vagy 312-es gazdálkodási forma kód<sup>3</sup>,)',**

**it does not have any obligation to contribute to the project with own contribution**, therefore 85 per cent would be the ratio of EU contribution and 15 per cent that of the state contribution. In cases where own contribution is presented in the project part, the amount of the state contribution will be decreased with the amount of the own contribution. (In case the presented own contribution in the

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<sup>3</sup> Forma kódok lásd 22/2014. (III. 13.) KIM rendelet.

project part is above 15 per cent, the amount of the EU contribution – as well as the 85 per cent share – will be decreased.)

**2) In case the Lead Beneficiary / Beneficiary does not belong to the category defined in point 1) (is not considered as a budgetary organisation of the central state budget in Hungary),**

**it is eligible to receive maximum 10 per cent of the state contribution and has to bring minimum 5 per cent of own contribution compared to the total eligible expenditure of its project part.** In these cases the calculation method is the following: The amount of state contribution is calculated at last after the deduction of the amount of own contribution and EU contribution from the total eligible expenditure.

**Please note that if rounding is necessary** connected to the calculation of the sources of funding, **this will not work according to rules of mathematics.** In general, the EU contribution part is rounded down to whole cents, and the own contribution is rounded up to whole cents.

**State contribution in Croatia:**

Providing of the state contribution (co-financing to the projects) in Croatia within the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 **belongs to the scope of the national level decisions in the Republic of Croatia.** The relevant decisions will be taken at the time of contracting of the first projects selected within the First CfP of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020.



*The decisions mentioned above will be published on the Programme website ([www.huhr-cbc.com](http://www.huhr-cbc.com)) and in the document called Guidelines for Croatian Beneficiaries (in Croatian: Upute za hrvatske korisnike).*

The following table contains the maximum rates of **EU contribution** per Actions, the minimum and maximum **project sizes** for the individual Specific Objectives, the maximum **period of implementation** for projects and the project **selection procedure** to be applied.

**Important note:** Concerning the maximum duration as well as to the minimum and maximum subsidy amounts related to joint tourism development projects (Specific Objective 2.1) only the figures contained in the table below are to be respected. Therefore the limits described in Chapters 4 and 5 (pages 93 to 118) of the Handbook are irrelevant for this CfP since they were only in force during the third CfP of the Hungary-Croatia (IPA) CBC Programme 2007-2013.

**Table 2: Project sizes, duration of projects and selection procedures per Specific Objectives**

<b>1<sup>st</sup> CfP</b>					
Currency: EUR					
Priority / Specific Objective	Selection procedure	Maximum project duration (months)	Maximum rate of EU contribution	Size of the project (Amount of total eligible costs)	
				Minimum	Maximum
<b>PRIORITY 2 – SUSTAINABLE USE OF NATURAL AND CULTURAL ASSETS</b>					
<b>Specific Objective 2.1 – Convert the region’s natural and cultural heritage assets to tourism attractions with income generating capabilities</b>					
Component 1 – Bicycle paths	One-step	20	85%	200.000	2.000.000
Component 2 – Tourism attractions	One-step	20	85%	200.000	1.500.000
Component 3 – Thematic routes and other tourism products	One-step	20	85%	100.000	400.000
<b>Specific Objective 2.2 – Restoring the ecological diversity in the border area</b>					
One component	One-step	20	85%	150.000	1.500.000

<b>1<sup>st</sup> CfP</b>					
Currency: EUR					
Priority / Specific Objective	Selection procedure	Maximum project duration (months)	Maximum rate of EU contribution	Size of the project (Amount of total eligible costs)	
				Minimum	Maximum
<b>PRIORITY 3 – CO-OPERATION</b>					
<b>Specific Objective 3.1 – Involvement of more social and institutional actors in cross-border co-operation</b>					
Component 1 – Thematic co-operation	One-step	16	85%	150.000	300.000
Component 2 – People-to-people co-operation	One-step	16	85%	50.000	200.000
<b>PRIORITY 4 – EDUCATION</b>					
<b>Specific Objective 4.1 – Improve the role of educational institutions as intellectual centres for increasing the specific local knowledge-base in the region</b>					
Component 1 – Co-operation in higher education	One-step	16	85%	100.000	300.000
Component 2 – Co-operation in preschool, primary and secondary education and adult education	One-step	16	85%	100.000	250.000

Important note: **The minimum duration** of project implementation is, for project proposals of all Specific Objectives, **4 months**. Furthermore, project proposals must respect the **maximum timeframe available for project implementation** as individually indicated in connection to the relevant Specific Objective. **Project proposals that fail to comply** with the (general) minimum and (Specific Objective dependant) maximum project duration **cannot be considered eligible**.

Please also note that project proposals have to take into consideration that **different minimum and maximum sizes of subsidy** were defined for the different Specific Objectives. These sizes of subsidy have an influence on the minimum and maximum project size on one hand, and can have an effect on the funding rate on the other hand. **Project proposals that fail to comply** with the minimum and maximum sizes of subsidy **cannot be considered eligible**.

### 3. ELIGIBILITY RULES

#### 3.1 ELIGIBILITY OF BENEFICIARIES

##### 3.1.1 Eligible Lead Beneficiaries and Beneficiaries

**Lead Beneficiaries and Beneficiaries (for the definitions please refer to Chapter 1.3.2)** have to fulfil **eligibility criteria** concerning their legal status, their operational background, their geographical location and their professional and financial background. At the same time, they must not be subject to any of the **exclusion criteria**. Last but not least the proposed **partnership**, too, has to meet the respective requirements.

**Please note that** in line with the approved Co-operation Programme (see indicative lists of potential beneficiaries under the description of each Specific Objective), **Calls for Proposals within the Programme's framework will be open as a general rule to non-profit organisations** coming from one of the two participating Member States. This basic eligibility criterion will be closely observed throughout the submission process of project proposals and during project implementation in case of Priority Axis 2, 3 and 4.

There are two exceptions to the above rule:

- Priority 1 (Economic Development – Enhancing the competitiveness of SMEs), to be launched at a later stage, following the setting up of its implementation

structure.

- For-profit business entities owned to a 100 per cent extent by the state, a local government<sup>4</sup> or another public non-profit organisation (such as state-owned forest companies of the border area) can be eligible in Priority 2, 3 and 4 – please consult in every case with the Joint Secretariat or the staff of the JS Contact Points.

### 3.1.1.1 Legal status

In general, the following organisations are eligible to apply for the EU contribution allocated to the Programme:

- 1) Public authorities, meaning legal entities established and governed by public law, assigned with special competencies and performing tasks in public interest;
- 2) Bodies governed by public law (in line with Directive No. (EC) 24/2014<sup>5</sup>), meaning organisations
  - established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character,
  - having legal personality, and
  - being either financed, for the most part, by the state, regional or local authorities or by other bodies governed by public law; or being subject to management supervision by those bodies; or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the state, regional or local authorities or by other bodies governed by public law.
- 3) Non-profit organisations governed by private law, established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character, having legal personality.

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<sup>4</sup> For-profit business entities owned to a 100 per cent by a local government have to be established and operating in the interest of the general public, and they have to be performing mainly such activities which are necessary to managing the compulsory basic tasks of a local government.

<sup>5</sup> Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC.





Since Croatia has been an EU Member State from 1 July 2013, please consult also Directive 2014/24/EU, Annex III.

### 3.1.1.2 Operational background

Beneficiaries have to prove **an operation of at least one year**, counted back from the day of the submission of the project proposal. Cases of legal succession can be accepted when proving the necessary operational background, provided that the predecessor- and the successor organisation together can cover at least one year of continuous operation.

### 3.1.1.3 Geographical location

Beneficiaries **have to have their headquarters in Hungary or Croatia, and their headquarters or a regional/local branch office has to be registered and acting in the eligible Programme area** (NUTS 3 regions covered by the Co-operation Programme) as defined in point 1.1.1.2 of the Co-operation Programme.

NUTS 3 regions covered by the Co-operation Programme (and constituting the eligible Programme area):

#### **Hungary** (NUTS 3 regions located along the border)

- Zala County (HU223)
- Somogy County (HU232)
- Baranya County (HU231)

#### **Croatia**

(NUTS 3 regions located along the border):

- Međimurska County (HR 046)
- Koprivničko-križevačka County (HR 045)
- Virovitičko-podravska County (HR 048)

- Osječko-baranjska County (HR 04B)

(NUTS 3 regions located along the borderline NUTS 3 Croatian regions):

- Varaždinska County (HR 044)
- Bjelovarsko-bilogorska County (HR 047)
- Požeško-slavonska County (HR 049)
- Vukovarsko-srijemska County (HR 04C)

**Please note** that the above-listed four NUTS 3 regions were previously called 'adjacent regions' in the Hungary-Croatia (IPA) CBC Programme 2007-2013, however, in the new Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 Beneficiary organisations operating in them can participate in joint cross-border projects **on an equal basis**.

**As the basic rule, the headquarters of the organisation has to be in the eligible Programme area, meaning the NUTS 3 regions covered by the Co-operation Programme. However, exceptions can be possible** in cases where the different organisational setup of a Beneficiary makes it necessary.

In a situation **where the headquarters of the Beneficiary is not located in the eligible Programme area, three** setups can be distinguished:

- a) In case the national/regional organisation's headquarters in Hungary or Croatia is not registered in the eligible Programme area but it has **a regional/local branch office which is a legal entity** then the local **branch office has to be the Beneficiary** and in case of contracting it shall be the (Lead) Beneficiary.

or

- b) In case the national/regional organisation's headquarters in Hungary or Croatia is not registered in the eligible Programme area, it has a regional/local branch office but **the local branch is not a legal entity** then the **national/regional organisation has to be the Lead Beneficiary / Beneficiary** and in case of contracting it shall be the (Lead) Beneficiary. In this second case, the organisation shall prove its distinct role in the border region with the following:

- 1) just as it is the case with the national/regional organisation, the local organisational unit as well has to justify at least one year of operation in the

- eligible Programme area, counted back from the day of the submission of the project proposal;
- 2) the leader of the branch office has to be an authorised representative of the legal person to act in connection to the implementation of the relevant project part; and
  - 3) project activities have to be implemented in the eligible Programme area and must have a cross-border character, with local staff of the branch being involved in project management.
- c) The participation of a Lead Beneficiary / Beneficiary **entirely from outside of the eligible Programme area** (meaning that the headquarters in Hungary or Croatia is not registered in the eligible Programme area and there is no regional/local branch office) can be justified only if the organisation is legally appointed and solely authorised for a certain professional task, and it is provided that it has legally defined exclusive competences related to certain parts of the eligible Programme area.

**Please note that in connection to associations in case of which only the 'branch office', meaning a member association / local unit (HU: *tagszervezet*, HR: *članica udruge*), is operating in the eligible Programme area but the headquarters lies outside of it, and this 'branch office' is **not a legal entity**, it is not enough to only prove an existence of at least one year for the local unit – its operation also has to be supported by **the submission of the latest accepted detailed activity report covering the activities of the last closed year**. The document has to be certified by both the head of the local unit and the legally authorised representative of the association.**

#### *3.1.1.4 Professional and financial background*

Since implementing cross-border projects requires reliable capacities, the Beneficiaries will be measured against a **set of criteria** related to their professional and financial background.

- 1) Beneficiaries have to take direct responsibility for the preparation and management of the proposed project activities both from a professional and financial point of view and may not act as intermediaries.

- 2) Beneficiaries must be experienced and must prove their financial and administrative capacity to manage their share of activities in the planned project (ensuring pre-financing and own contribution, where relevant).
- 3) Beneficiaries have to have proper project management experience matching the scale of funding they are requesting from the present CfP.



*Note: An indicative list of Beneficiaries can be found in the Co-operation Programme document, as part of the description of the individual Specific Objectives, as well as in the tables under Chapter 3.2 of this Guidelines.*

### 3.1.2 Exclusion criteria

**In general**, and stemming from the definition of the eligible Beneficiaries under the Programme, **for-profit legal entities** (undertakings) such as bodies with industrial and/or commercial character **are not eligible for support, nor are natural persons and individuals**. For the **two exceptions** please refer to the introduction of Chapter 3.1.1.

All Beneficiaries shall prove their professional and financial liability by not falling under any of the cases presented below. **Beneficiaries cannot receive funding if one or more of the following cases apply to them:**

- 1) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an agreement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- 2) they have been convicted of an offence concerning their professional conduct by a judgement which has the force of '*res iudicata*';
- 3) they have been guilty of grave professional misconduct proven by any means which the MA or the Croatian NA can justify;
- 4) they have not fulfilled their obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of

the country in which they are established or with those of the country of the Managing Authority or those of the country where the contract is to be performed;

- 5) they have been the subject of a judgement which has the force of *'res iudicata'* for fraud, corruption, involvement in a criminal organisation or for any other illegal activity detrimental to the EU's financial interests;
- 6) following another procurement procedure or grant award procedure financed by the EU budget, they have been declared to be in serious breach of contract for failure to comply with their contractual obligations;
- 7) they are subject to a conflict of interests connected to their participation in the present CfP;
- 8) they are guilty of misrepresentation in supplying the information required by the MA / NA as a condition of participation in the CfP or in failing to supply information;
- 9) they have attempted to obtain confidential information or to influence the Monitoring Committee (hereinafter referred to as the MC) or the MA during the assessment process of the current or a previous CfP of the Hungary-Croatia Co-operation Programmes.



*Note: All Beneficiaries are obliged to certify declarations (part of the application package, see Chapter 4.1.1 of the Guidelines) annexed to the AF that refer to the non-existence of the above listed circumstances.*

### **3.1.3 Summary**

Based on the above, the conditions to be fulfilled simultaneously by all Beneficiaries are:

- in relation to Priority 2, 3 and 4 being a non-profit legal person governed by public or private law for the purposes of public interest / or being a for-profit business entity owned to a 100 per cent extent by the state, a local government or another public non-profit organisations (such as a state-owned forest company of the border area),

- having the headquarters or a regional/local branch office in the eligible Programme area (or if not, are being in line with the special rules on geographical location, described in Chapter 3.1.1.3 of the Guidelines),
- having stable and sufficient professional and financial sources,
- being experienced in order to be able to manage activities similar to the ones in the proposal,
- being directly responsible for the project and not act as an intermediary, and
- not falling under the listed exclusion criteria.

**Project proposals in which any of the Beneficiaries fails to meet the eligibility criteria will not be further evaluated.**

### 3.1.4 Eligibility of partnerships

In order to be considered eligible, Beneficiaries have to act in partnership with at least one cross-border Beneficiary from the (from their point of view) other side of the Hungarian-Croatian border, and all Beneficiaries must satisfy the eligibility criteria set for the Beneficiaries as described above.

Project partnerships will have to certify a **Partnership Statement** with each other, to be attached to the AF, as well as a **Partnership Agreement later**, to be signed after the project has been selected for funding from the Programme.



*You can find the Partnership Statement among the documents of the application package (as referred to in Chapter 4.1.1 of the Guidelines). The model Partnership Agreement is also published as part of the CfP. (The document is a sample which can be tailored to your partnership's needs. Minimum obligatory elements will be defined during the contracting stage.)*

In line with Article 13(1) of the ETC Regulation, the Interreg V-A Hungary-Croatia Co-operation Programme 2014 operates on basis of **the Lead Beneficiary principle**. In accordance with this, all partnerships have to designate one Beneficiary among themselves to act as Lead Beneficiary who will submit the project proposal on behalf of the entire partnership and who shall be responsible for ensuring the implementation of the entire project.

Based on the Lead Beneficiary principle, the organisations involved in a project, according to their financial and professional commitment and responsibilities may be classified as follows:

- Lead Beneficiary
- Beneficiary
  - Cross-border Beneficiary
  - Domestic Beneficiary

#### *3.1.4.1 The Lead Beneficiary*

**One Lead Beneficiary has to be nominated for each project.** This particular organisation will bear the responsibility of representing and mediating the whole project towards the programme implementing structure. The MA will conclude the Subsidy Contract for the EU contribution with the Lead Beneficiary, and the Lead Beneficiary will be responsible for transferring the EU contribution received for the project to the other Beneficiaries. The Lead Beneficiary will have to ensure the smooth co-operation and communication inside the partnership and it will oversee the fulfilment of the project activities which constitute the individual responsibilities of the various Beneficiaries.

In all cases the Lead Beneficiary has to have the necessary financial and human resources in order to coordinate the management of the project, as well as the required financial liquidity in order to smoothly implement their own project part from a financial point of view.

Based on Article 13(2) of the ETC Regulation the Lead Beneficiary shall assume the following responsibilities:

- a) lay down the arrangements with other Beneficiaries in an agreement comprising provisions that, *inter alia*, guarantee the sound financial management of the funds allocated to the project, including the arrangements for recovering amounts unduly paid;
- b) assume responsibility for ensuring implementation of the entire project;

- c) ensure that expenditure presented by all Beneficiaries has been incurred in implementing the project and corresponds to the activities agreed between all the Beneficiaries;
- d) ensure that the expenditure presented by other Beneficiaries has been verified by the responsible Control Body;
- e) ensure that the other Beneficiaries receive the total amount of the EU contribution as quickly as possible and in full.

In accordance with the above, **the Lead Beneficiary has to fill in and certify a declaration**, attached to the AF, taking on responsibilities in connection to the project and its partnership.



*For additional information please consult the Declaration of the Lead Beneficiary among the documents of the application package (as referred to in Chapter 4.1.1 of the Guidelines).*

#### 3.1.4.2 The Beneficiaries

Partnerships must have partners from both sides of the Hungarian-Croatian border, all of them satisfying the eligibility criteria for Beneficiaries. **The minimum setup is to have at least one Cross-border Beneficiary next to the Lead Beneficiary organisation.** Nevertheless, further partners like more Cross-border and Domestic Beneficiaries can be involved into the implementation of the project in case they, as well, satisfy the eligibility criteria for Beneficiaries and in case the content of the project justifies their participation. The expenditures of such Beneficiaries are eligible for funding if the rules set in the CfP in connection to expenditures are respected.

**Beneficiaries are project partner organisations which receive EU contribution from the project** – through the Lead Beneficiary. Based on the above definition, Beneficiaries must have a project part of their own and a budget in the AF corresponding to the activities it implements. Please consider that **balanced funding** is an important criterion of quality assessment. Please also note that **only as many Beneficiaries can be involved in one project as there are places for them in the AF.**



The role of the Beneficiaries in the implementation of joint projects is as much important as that of the Lead Beneficiary. Based on the Lead Beneficiary principle, **each Beneficiary is responsible for irregularities in the expenditure which it has declared.**

The differences lie in the administrative and overall co-ordination of the project development and implementation process. Therefore the partnership shall define the roles in such a way that the implementation of the project is ensured and the possible risks that might occur because of the lack of administrative and management capacities, as well as the ones resulting from internal and external communication, are minimised.

Regular Beneficiaries, too, are required to have **the necessary financial and human resources in order to implement their own share of the project**, as well as the necessary financial liquidity in order to smoothly implement the project part from a financial point of view, with special regard to pre-financing.

In accordance with the above and in connection to the declaration of the Lead Beneficiary, **the other Beneficiaries as well have to fill in and certify individual declarations to be attached to the AF**, supporting, among others, their professional and financial capacity.



*For additional information please consult the Declaration of the Beneficiary among the documents of the application package (as referred to in Chapter 4.1.1 of the Guidelines).*

***Please note that so-called ‘Project Partners from Adjacent Region’ as existed in the HU-HR (IPA) CBC Programme 2007-2013 are not present in the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020. The former four ‘adjacent regions/counties’ on the Croatian side have become NUTS 3 regions covered by the Programme in their own right and form part of the eligible Programme area. Therefore project partner organisations from these counties are also ‘regular’ Beneficiaries.***

### 3.1.4.3 Supporting stakeholders / authorities

**Associated Partners as existed in the HU-HR (IPA) CBC Programme 2007-2013 are not expected to join the implementation of projects** financed from the

Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020, with the exception of special cases such as the strategic project 'De-mine HU-HR II', where supporting stakeholders / authorities (former Associated Partners) have a specific role.

**Instead**, if any supporting stakeholder or authority intends to express their support to the project, this can be managed through signing a **letter of support to the given Beneficiary** in relation to one or more of its planned project activities. (There is no compulsory format.) Please do not forget to indicate the supporting stakeholder also on AF sheet 3.

### **3.1.5 Balanced partnerships**

The Programme is emphasising the development of balanced partnerships with a rational and efficient division of tasks and responsibilities. The partnership shall be composed of partners that may be linked professionally to the project and that may have **significant contribution and impact** within the partnership. In order for a partnership to operate effectively it must aggregate partners with common needs and objectives, while specific knowledge and expertise have to be ensured throughout.

**One-sided project partnerships will not receive funding**, however good the professional content of the project proposal, since they will not be able to **accomplish the requested minimum criterion, the actual involvement of at least one Cross-border Beneficiary** providing active, provable contribution.

All Beneficiaries shall be aware of the activities, deadlines, responsibilities, furthermore of the risk factors occurring in case of not performing according to the Subsidy Contract for the EU contribution and the project proposal as approved by the MC. The Beneficiaries shall be able to produce measurable outcomes and results and these shall be linked to the Programme / Action objectives. To be able to maintain the effectiveness of the partnership, **the number of Beneficiaries shall be limited to the actual professional and/or financial need of the given project.**

## 3.2 ELIGIBILITY OF ACTIVITIES

In the present Chapter of the Guidelines you will find for each Specific Objective opened by the CfP the **indicative list** of eligible project activities. The tables also contain indicative information on the Lead Beneficiaries / Beneficiaries most likely to apply and a reference to the applicable State aid rules for the Specific Objective's eligible activities.

For an overview of the Priorities and Specific Objectives of the cross-border Programme, please refer to Table 1 (see Chapter 2.1 of the Guidelines).

**Important note:** Please be aware that in case of Specific Objectives where projects with a works component can be eligible for funding, the projects should possess constructions plans ready to be submitted to the relevant authority in order to acquire the building permit (*engedélyezési szintű tervdokumentáció*), if the activity is subject to building permit.

**Please also note** that projects receiving funding under the present CfP can, during project implementation, either finance the elaboration of construction plans or the implementation of the construction of the coherent activities.

### 3.2.1 Priority 2 – Sustainable Use of Natural and Cultural Assets – Preserving and Protecting the Environment and Promoting Resource Efficiency

#### 3.2.1.1 Investment Priority 6c – Conserving, Protecting, Promoting and Developing Natural and Cultural Heritage

In line with Chapter 1.1.1.2 of the Co-operation Programme, **the Tourism Handbook**, elaborated in the framework of the Hungary-Croatia (IPA) CBC Programme 2007-2013 and approved by the Joint Monitoring Committee of that programme via Decision No. 32/2011 (27.10), serves as document that provides a firm strategic direction that tourism development projects shall address, as background for any interventions in tourism in the framework of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020.

The project partnership which created the Regional Tourism Product Plan, the basis for the Handbook, was selected by the Joint Monitoring Committee on 19 October 2009, following an open CfP which had been published on 26 March 2009. The Subsidy Contract for the Community funding of **project HUHR/0901/1.2.1/0002** (Lead Beneficiary: University of Pannonia, project title: 'Regional Tourism Product Plan of the Hungary-Croatia IPA Cross-border Co-operation Programme 2007-2013') was signed on 1 April 2010, with a period of implementation of 12 months.

The modules covered by the project were the following:

**Module 1** – Overall concept for the whole eligible area

**Module 2** – Database, analysis

Task 2.a) Set up of GIS basis (for the zones 'B' and 'C')

Task 2.b) Data collection (attractions and services)

Task 2.c) Landscape and spatial analysis, evaluation

**Module 3** – Marketing strategy

Task 3.a) Summary of the overall concept (from Point 1.)

Task 3.b) Market analysis

Task 3.c) Product strategy

Task 3.d) Strategies for touristic sub-regions

Task 3.e) Marketing communication and promotion plan

Task 3.f) Corporate Design manual

Task 3.g) Actions of investment promotion

Task 3.h) Tourist information system plan

**Module 4** – Plan for bicycle networks of the region

**Module 5** – Plan of water related types of tourism

**Module 6** – Plan of trekking, hiking

**Module 7** – Plan of equestrian tourism



*For a summary of the Regional Tourism Product Plan **please refer to the Handbook**, published as part of the present CfP and available for download from the Programme's website: <http://www.huhr-cbc.com/en/official-documents> .*

Important note: Please be aware that according to the rules of the Co-operation Programme, **tourism development actions under Priority 2 have to be in line with the Handbook** in order to be supported under the Programme. The below listed rules on the purpose, content and details of Specific Objective 2.1 have to be interpreted in light of the relevant Chapters (and the Annexes) of the Handbook. **If you are planning a joint tourism development project, please download and carefully read the document which is complementing this Guidelines** in relation to Specific Objective 2.1.

### **Specific Objective 2.1 – Convert the Region’s Natural and Cultural Heritage to Tourism Attractions with Income Generating Capabilities**

#### **Expected results**

The region has a rich and diverse natural and cultural heritage, including a high proportion of protected areas. The potential of this heritage to generate economic growth in the border area will be better exploited by the development process. Investments will mostly result in assets developed to become attractions but in justified cases the endangered elements of the built heritage will be conserved for future use. It is expected that these attractions will generate more intense appearance of visitors in the region, contributing to increase of incomes and the stabilisation of revenues of people who deliver services to them.

Developed and upgraded infrastructural investments focused on upgrading the accessibility and providing better access to existing and potential tourists sites for the purpose of common utilisation of cultural and natural heritage assets are envisaged and will be carried out in an environmentally sound way, with a view to guaranteeing the higher attention toward the natural and cultural values of the common region.

Focus should be given to the preservation, reconstruction, revitalisation, management, promotion, marketing and branding of natural and cultural heritage sites in order to increase their visibility, furthermore to developing new and innovative tourism products and enhancing the cross-border tourism destinations. The scope is to ensure benefits for the population of both sides of the border region by enabling the sustainable utilisation of natural and cultural heritage sites with socio-economic spillovers across the eligible programme area.

A substantial size of nature-protected territories of both Croatia and Hungary will be

<p><b>Specific Objective 2.1 – Convert the Region’s Natural and Cultural Heritage to Tourism Attractions with Income Generating Capabilities</b></p>
<p>given back to proper usage by the eradication of remained minefields on the Croatian part and the clearing up of Hungarian territories contaminated with other types of unexploited ordnance. (These activities will be addressed in the framework of a strategic project, entitled ‘De-mine HU-HR II’, to be managed by a pre-set partnership of relevant actors (Beneficiaries) as designated by the Monitoring Committee of the Programme.)</p> <p>Projects of local SMEs providing various services connected to the attractions will be financed under Priority 1 (‘Economy’), not subject of the present CfP, but to be opened for applications at a later stage, in the framework of an own implementation mechanism.</p>
<p><b>Indicators of the Specific Objective to be contributed to by the projects</b></p>
<p>The result indicator that projects have to contribute to is <i>‘Number of guest nights in Zone B as defined by the Tourism Handbook’</i>.</p> <p>The output indicators that projects have to contribute to are the following:</p> <ul style="list-style-type: none"> <li>- Sustainable Tourism: Increase in expected number of visits to supported sites of cultural and natural heritage and attractions (visits per year),</li> <li>- Land rehabilitation: Total surface area of rehabilitated land (hectares),</li> <li>- Number of tourism facilities / service providers being certified by an environmental sustainability scheme.</li> </ul>
<p><b>Geographical focus</b></p>
<p>Developments should exclusively target municipalities located in Zone B as defined in the Handbook.</p>
<p><b>Thematic focus</b></p>
<p>Out of the tourism product portfolio as contained in the Handbook, the following products are to be preferred:</p> <ul style="list-style-type: none"> <li>• Cycling tourism:             <ul style="list-style-type: none"> <li>- Development of the route infrastructure of missing sections of international routes (Eurovelo 6 and 13), missing sections of national cycling route core networks, cross-border connection of the national core</li> </ul> </li> </ul>

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<p>networks, cross-border linkages of existing tourism sites,</p> <ul style="list-style-type: none"> <li>- Upgrading facilities for quality development of cycling tourism services, promotion of co-operation among service providers, establishment a local value chain of different interconnected services,</li> <li>- Development of an attractive, authentic and cyclers’ friendly destination image,</li> <li>- Improvement of product and sales capacities in order to increase visitors’ spending.</li> </ul> <ul style="list-style-type: none"> <li>• Other types of active tourism forms, such as water related types, hiking and trekking, equestrian tourism:               <ul style="list-style-type: none"> <li>- Upgrading of infrastructure in line with sustainability principles,</li> <li>- Development of an attractive active tourism destination image, including ‘green’ and ‘eco’ appeal.</li> </ul> </li> <li>• Tourism forms based on the natural and cultural heritage of the areas of bird and animal watching, culture, wine and gastronomy, religious tourism:               <ul style="list-style-type: none"> <li>- Development and upgrading of nature and culture interpretation infrastructure,</li> <li>- Development of local artisan products and services and their networks based on cultural heritage,</li> <li>- Development of bi- and multilingual interpretation content using informational technology,</li> <li>- Development of the image of an attractive, authentic, unspoiled and unique natural and cultural destination.</li> </ul> </li> </ul>
<b><u>Indicative list of eligible activities</u></b>
<b>Eligible activities with possible works components</b>
<ul style="list-style-type: none"> <li>• Drafting of all necessary documentation for the sustainable management of cultural and natural heritage sites, comprising first and foremost the preparation of the caring capacity analyses, management plans, business plans and technical documentation, but also requiring to assess economic benefits and potentials for destination management, micro-regional</li> </ul>

### **Specific Objective 2.1 – Convert the Region’s Natural and Cultural Heritage to Tourism Attractions with Income Generating Capabilities**

- development and sustainable tourism,
- Investment in the preservation, reconstruction, revitalisation, remodelling and refurbishment of the elements of natural and cultural heritage, in order to increase the number of sites and events worth visiting, at the same time providing the proper conditions to manage the impact of the increased number of visitors on the surrounding environment or the attraction itself (such as noise, littering or air pollution),
  - Spreading information about the attractions to a wider potential group of visitors; the promotion, marketing and branding of tourism products can include public opinion assessment, creation of tourism products and/or visitor packages, preparation of local, national, cross-border and international promotional strategies, dissemination of information to general public and target groups, and the increase of visibility of natural and cultural heritage sites,
  - Investment in small scale nature and culture interpretation infrastructure (such as engaging community information boards, interactive panels, small scale museographic equipment in situ, indoor, or outdoor), to improve the services for visitors at sites,
  - Improving traveller information: signage, variable-messaging systems, ‘511 traveller information services’, visitor information and welcome centres, intelligent transportation systems, visitor publications and information kiosks,
  - Development of visitors’ centres, education centres, info points, thematic parks, interpretation and exhibition spaces; preparation of stalls or shops for later placement of local agricultural products, souvenirs, local arts and (hand)crafts,
  - Co-ordinated investment in elements of joint networks of attractions for the purpose of sustainable tourism based on the natural and cultural heritage (such as – existing or newly established – thematic routes like cultural, pilgrim, hiking or equestrian routes, eco-tourism trails, heritage trails – eventually with bicycle and pedestrian facilities –, furthermore connecting the similar national networks to international connections), in order to provide more attractive packages for a wider segment of visitors, encouraging them to spend more time in the region,
  - Constructing or setting up passages, small bridges, parking lots, look-outs,



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relaxation points, children’s’ playgrounds, sports and recreational facilities, boats’ ramps, piers and anchorages, cottages, lighthouses, tree houses and other similar types of facilities,

- Small scale investments relevant for enabling or improving access to natural and cultural attractions, thus increasing the number of visitors, including investment in environmentally friendly local access roads, greenways<sup>6</sup>, ferry crossings or foot-, bicycle or riding paths, development of non-auto-based multi-modal tour package development and transportation management plans,
- Investment in preservation, refurbishment and promotion of the elements of natural and cultural heritage, in order to build on these assets in a sustainable way to promote sustainable tourism, including procurement of equipment increasing energy efficiency and the use of renewable energy sources,
- Site rehabilitation, including site survey, de-mining and removing the reminiscent of unexploited ordnance found, quality control, certification and environmental rehabilitation of the sites, in order to make contaminated sites safely accessible for the public.

**Eligible activities without works components**

- Joint promotion of existing or newly developed and harmonised attractions and networks, providing outputs like joint information or reservation services or promotion campaigns for local attractions, in order to improve the image of the region and to improve communication between local service providers and potential visitors,
- Preparing of content and presentations (text, photographs, audio and video materials, lighting etc.) for natural and cultural heritage sites, developing programme applications and accompanying hardware support,
- Joint actions – including trainings, seminars, educational and/or

<sup>6</sup> A greenway is a linear open space established along either a natural corridor, such as a river front, stream valley, or ridgeline, or over land along a railroad right-of-way converted to recreational use, a scenic road, or other route. It is any natural or landscaped course for pedestrians, equestrian or bicycle passage; or open space connector linking parks, natural reserves, wildlife habitat corridor, cultural features, or historic sites with each other and with populated areas or a certain strip of linear park designated as parkway or greenbelt.

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- interpretational programmes (and content) and other events for sharing best practice – to promote environmental consciousness of both visitors and local tourism service providers, furthermore employees of local/sub-regional Destination Management Organisations / local and regional Tourist Boards,
- Actions building a positive attitude towards cultural and natural values in children, students, tourist guides, rangers, scientists, expert groups, volunteers, local population, farmers, craftsmen, entrepreneurs etc,
  - Organising education, trainings and workshops e.g. on destination management and tourism development models, aimed at tourist guides or employees at sites,
  - Actions to promote environmentally friendly ways of tourism, such as development and implementation of classification system for attractions and services based on how they respect sustainability principles, introduction of smart ways of visitor management in the most vulnerable areas,
  - Promoting and encouraging the creation of new tourism products and events (also through the revitalisation of traditional/indigenous arts and crafts via the implementation of their innovative concepts), aiming at promoting the cultural and natural heritage and boosting the diversification of the tourism offer, with the goal of increasing awareness of – and building positive attitude towards – cultural and natural values,
  - Providing the proper conditions to manage the impact of the increased number of visitors on the surrounding environment or the attraction itself (such as noise, littering or air pollution) and spreading of information about the attractions for a wider potential group of visitors (awareness-raising and dissemination actions such as promotion, marketing and branding of heritage in order to increase its visibility and number of visits at the supported sites),
  - Elaboration and harmonisation of joint visitor management plans/toolkits, code of conduct for visitors and service providers that contribute to the visitors’ understanding and appreciation of the destination, reduce damage to sensitive areas, tackle issues that affect the quality of life of local people, encourage visitors to come at times when there is spare capacity and attract and disperse visitors within the destination to spread the economic benefits.

### **Indicative list of Lead Beneficiaries / Beneficiaries**

### **Specific Objective 2.1 – Convert the Region’s Natural and Cultural Heritage to Tourism Attractions with Income Generating Capabilities**

- National and regional or local level bodies (institutions, authorities etc.) responsible for the nature, environment, waters and transport,
- State Owned Forest Companies in the border area,
- Local and regional Tourist Boards,
- Cultural institutions,
- NGOs,
- Local and regional self-governments and non-profit business undertakings of those,
- Regional and sectoral development agencies,
- National/regional/local road authorities in both countries,
- EGTC-s,
- Croatian Mine Action Centre, Hungarian County Police Departments, National Parks / Nature Parks.

### **Method of project selection**

Most of the projects are selected via open calls for proposals.

Besides the open call system, a strategic approach will be applied in following cases:

- De-contamination of war-affected territories will be implemented via strategic project, developed by the Croatian Mine Action Centre, the Baranya County Police Department and the Danube-Drava National Park. The project shall be approved by the Monitoring Committee.
- Better access to existing and potential tourist sites for the purpose of common utilisation of cultural and natural heritage assets and better connectivity within the programme area can be enabled by implementing strategic project(s) to be jointly identified and subject to an agreement between the relevant Croatian and Hungarian authorities, and to be approved by the Monitoring Committee. Such potential project(s) should be developed with the aim to improve border crossing conditions for tourism-related traffic on the selected site. Indicative locations are to be jointly determined on the basis of recognised needs, project feasibility, preliminary

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assessment of tourist demand, and respecting environmental sustainability.

**Guiding principles for the selection of projects (general)**

Priority should be given to elements complementary to already existing national active tourism networks (e. g. hiking / water / equestrian / cycling tourism) or cultural/pilgrim routes on both sides. Similarly, bicycle road developments that are directly fitting to the Eurovelo routes crossing the joint border region should be prioritised as well.

The most important selection criteria, among others, are

- The degree the project fits to the Handbook,
- Expected impact on increase of tourism spending,
- Level of innovation in valorisation of cultural and natural heritage,
- Environmental and economic sustainability of the project,
- The degree of involvement of relevant tourism-related professional or societal organisations as partners,
- Environmental protection requirements, in particular the preservation of the good status of the environment with special regard to water resources, the nature and the reduction of waste (if relevant).

The aim should not necessarily be to increase the number of visitors at natural and cultural heritage sites, it should rather be to develop and improve the usage of visitors’ infrastructure in line with the relevant carrying capacity studies for cultural and natural heritage sites (i.e. the maximum number of visitors in a given period), as well as in line with all other necessary documentation, in order to secure the sustainable management of cultural and natural heritage sites by diversifying tourism activities.

The aim is to encourage the development of all distinguished tourism products in the eligible programme area by rendering various attractions easily accessible to tourists. It entails smooth transportation to and from destinations, provision of services to tourists with disabilities, hospitality and catering facilities, as well as the interpretative aspects (provision of information, education, interactive and participatory facilities, etc). The focus is put on the sustainability of resources and

### **Specific Objective 2.1 – Convert the Region’s Natural and Cultural Heritage to Tourism Attractions with Income Generating Capabilities**

on interests of tourists.

Moreover, it is recommendable to diminish the burden generated directly at cultural and natural heritage sites by the overflow of visitors during the high season. Visitors should be directed to the neighbouring areas (i.e. areas which are not protected by law) which offer high-quality tourism products and services and have adequate infrastructure as well.

### **Guiding principles for the selection of road development projects**

The most important additional selection criteria, among others, are

- The impact of the new or improved connections on the expected increase of traffic shall be forecasted and related mitigating measures be implemented, on the basis of the expected number of users of the new or improved infrastructure.
- Road construction activities in areas with high environmental values will not be preferred. If such construction works cannot be avoided specific requirements and monitoring measures will be put in place to minimise environmental impact of the construction works.
- Silent road surface and passive noise reduction tools (noise barriers, protecting trees) will be used in populated areas in line with the national regulations.
- A direct contribution exists to the achievements of the goals of the Specific Objective and linked to projects financed by the cross-border programmes or other programmes under the Investments for Growth and Jobs objective in the 2014-2020 programming period. The Managing Authority is responsible to check the complementarity of the road development interventions, and granting of these elements shall be approved by the Monitoring Committee.
- Small scale investments relevant for enabling or improving access to attractions should increase the number of visitors to supported sites of cultural or natural heritage and attractions.
- In case of road developments the Managing Authority shall ensure that the rules of the Schengen Agreement are respected, if relevant. Border crossing road developments could only be accomplished on the basis of bilateral agreements in accordance with national legislations.

3.2.1.2 Investment Priority 6d – Protecting and Restoring Biodiversity and Soil and Promoting Ecosystem Services, Including through Natura 2000 and Green Infrastructure

<b>Specific Objective 2.2 – Restoring the ecological diversity in the border region</b>
<b>Expected results</b>
<p>The programme area, especially the border counties are rich in natural heritage. Nature protected areas cover above 7% on the Hungarian side and above 10% on the Croatian side of the territory. The diversity and stability of the ecosystems and landscapes contributes to the long-term stability and resilience of the region also in socio-economic terms by providing local job opportunities in traditional and environment-friendly agricultural sectors such as extensive animal grazing and in eco-tourism.</p> <p>The Programme is expected to result in more coordinated and sounder management of protected areas and/or Natura 2000 sites, in improved knowledge on the status of soil and water bodies as well as the ecosystem conditions, also in joint monitoring systems, shared action plans and coordinated processes created to accelerate reactions to emerging hazards, especially in terms of invasive species or pollution. Small-scale investments will contribute to improve the protection or help restore the natural assets of common interest, such as wetland areas or forest reserves. Traditional, low-intensity and ecologically sustainable land-use and farming will be promoted in order to restore the traditional character of the landscape and, in the same time, provide sustainable incomes to the population.</p> <p>The Programme is expected to promote also the implementation of measures of the 2<sup>nd</sup> River Basin Management plan, both on national level and on the Danube River Basin District level co-ordinated by the International Commission for the Protection of the Danube River.</p>
<b>Indicators of the Specific Objective to be contributed to by the projects</b>
<p>The result indicators that projects have to contribute to are '<i>Share of species and habitat types with good conservation status</i>' and '<i>Number of protected (or indigenous) species in the programme region</i>'.</p> <p>The output indicators that projects have to contribute to are the following:</p>

<b>Specific Objective 2.2 – Restoring the ecological diversity in the border region</b>
<ul style="list-style-type: none"> <li>- Surface area of habitats supported to attain a better conservation status (hectares),</li> <li>- Number of participants in joint education training schemes and awareness raising programmes (persons),</li> <li>- Number of joint international studies (number).</li> </ul>
<b><u>Geographical focus</u></b>
<p>The whole territory of the Programme is targeted. Emphasis will be put on parts of the region having a high share of protected sites such as protected areas or areas with high ecological value.</p>
<b><u>Indicative list of eligible activities</u></b>
<b>Eligible activities with possible works components</b>
<ul style="list-style-type: none"> <li>• Small scale investment in infrastructure necessary for protecting and managing natural and semi-natural habitats, ecosystems or landscapes ('contributing to green infrastructure'),</li> <li>• Establishment of green corridors between areas and creation or expansion of multipurpose wetlands or other activities resulting in more nature-friendly and integrated management of water bodies (such as buildings, footpaths, small scale earthworks and site rehabilitation, eradication of non-endemic vegetation, planting of vegetation etc.),</li> <li>• Small scale investment in infrastructure necessary to the implementation of eligible activities without works components, as listed below – the necessity of the investment to the successful implementation of the 'soft' activities has to be clearly demonstrated in the project proposal,</li> <li>• Construction of small scale nature interpretation infrastructure (study trails, walking platforms etc).</li> </ul>
<b>Eligible activities without works components</b>
<ul style="list-style-type: none"> <li>• Joint development of management plans, protection plans and studies for Natura 2000 areas, other protected areas or areas of high ecological value located in the cross-border area,</li> <li>• Joint management / action / protection plans and studies for the conservation</li> </ul>



### **Specific Objective 2.2 – Restoring the ecological diversity in the border region**

of key species (including species of Community interest) and habitats,

- Plans to preserve or restore the character of the landscape in order to increase areas of natural and semi-natural habitats and their networks and in order to provide reliable measureable information-base on the biological diversity of the region,
- Implementing joint species protection measures (targeted habitat-restoration, ex situ conservation programmes),
- Design and implementation of joint research, data collection and monitoring activities and systems aiming to support biodiversity, water- and soil protection, sustainable land use etc,
- Actions supporting community involvement in nature protection planning, monitoring and conservation activities, including awareness-raising, education and training in relation to nature conservation and sustainable land use,
- Improving cooperation and supporting the exchange of experiences and knowledge among nature conservation institutions (e.g. protected areas managers) of the border area, including capacity building actions of organisations in charge of nature conservation and water management by developing good practices, exchange of staff, training and research,
- Harmonised controlling and monitoring activities of invasive species, including actions aiming to exterminate such species to leave room for indigenous species and habitat restoration (such as clearing away non-endemic vegetation, installing plants, site rehabilitation etc).

### **Indicative list of Lead Beneficiaries / Beneficiaries**

- National and regional/local level bodies (institutions, authorities etc.) responsible for the nature, environment and waters,
- Scientific institutions and organisations,
- Local and regional self-governments and non-profit business undertakings of those,
- State owned forest companies in the border area,
- Regional and sectoral development agencies,
- NGOs.



<b>Specific Objective 2.2 – Restoring the ecological diversity in the border region</b>
<b>Method of project selection</b>
Projects are selected via open calls for proposals.
<b>Guiding principles for the selection of projects</b>
<p>The most important selection criteria, among others, are</p> <ul style="list-style-type: none"> <li>• Contribution to achieving the Specific Objective and the related indicators,</li> <li>• Impact on nature protection,</li> <li>• Level of co-operation among Beneficiaries,</li> <li>• Long run sustainability of joint developments in restoration of biodiversity and protection and promotion of ecosystems,</li> <li>• The extent the project builds on results of former cooperation activities, especially plans or strategies elaborated jointly,</li> <li>• Coherence with the 2<sup>nd</sup> River Basin Management Plan both on national and Danube River Basin District levels and contribution to the Water Framework Directive objectives.</li> </ul>

### **3.2.2 Priority 3 – Co-operation – Enhancing Institutional Capacity and an Efficient Public Administration**

Investment Priority 11d – Promoting Legal and Administrative Co-operation and Co-operation Between Citizens and Institutions

<b>Specific Objective 3.1 – Involvement of more social and institutional actors in cross-border co-operation</b>
<b>Expected results</b>
Cross-border cooperation can only be effective if a wide range of organisations – public bodies, NGOs, companies, citizens and any other entities – in any combination needed, regardless of the borders, form territorial governance frameworks which can take care of developing and implementing cooperation along

### **Specific Objective 3.1 – Involvement of more social and institutional actors in cross-border co-operation**

agreed strategies in a continuous manner.

Therefore, interventions to be implemented aim at different cooperation policy dimensions and are expected to create new or strengthen joined structures and shared processes to ensure the continuity of cooperation effective in the border area. The expected results are:

- Well-established processes for building up or continuing regional institutional co-operation in areas where the need has already been expressed by stakeholders, such as
  - Energy efficiency, exploitation of renewable energy sources;
  - Innovative approaches to environmental protection and management not covered by Specific Objective 2.2;
  - Labour market regulations, strategies and incentives;
  - Social inclusion and employment promotion for marginalised communities;
  - Use of ICT technologies in provision of basic services like health or social services;
- More effective working relationships due to good practice exchange and transfer of knowledge,
- Improved public institutional capacities and skills in cross-border cooperation and strategic/sectoral planning,
- Improved language skills,
- Better harmonised planning systems and processes, data collection and assessment methods (in line with planning processes)
- Identified common regional interests and development directions identified.

On civil society level:

- Further development of existing links and individual relationships,
- Extension of the scope of co-operation by involving a range of new actors, widening the variety of events in the whole border region,
- Enhancing of the level of mutual understanding and acceptance, by showing the society positive experiences of co-operation.

<b>Specific Objective 3.1 – Involvement of more social and institutional actors in cross-border co-operation</b>
Individual, one-off events are not supported. The partners should lay the basis for long-term partnership. Projects capitalising on the existing results and making one step further to establish more sustainable connection between citizens and communities and those ensuring the participation of greater number of people will be prioritised.
<b>Indicators of the Specific Objective to be contributed to by the projects</b>
The result indicator that projects have to contribute to is ' <i>Number of entities participating in cross-border networks and bilateral co-operations</i> '. The output indicators that projects have to contribute to are the following: <ul style="list-style-type: none"> <li>- Number of institutions participating in joint capacity building actions (number),</li> <li>- Number of harmonised processes, shared initiatives, coordinated policies and projects developed jointly (number),</li> <li>- People participating in joint actions and events (persons).</li> </ul>
<b><u>Geographical focus</u></b>
The whole territory of the Programme is targeted.
<b><u>Indicative list of eligible activities</u></b>
<b>Eligible activities with possible works components</b>
This Specific Objective does not support works components.
<b>Eligible activities without works components</b>
Actions aim at providing the opportunity for a wide range of organisations to elaborate on development issues which they together on both sides of the border consider relevant related to the future of the border area. Actions target different levels of stakeholder groups in order to maximise interactions, promote mutual understanding and facilitate the formulation of territorial governance frameworks. The capacity building aspect needs to be in the focus of the joint actions to be carried out, such as the enhancement of structures, processes and human resources. On the civil society level the design and delivery of a series of joint cultural and

### **Specific Objective 3.1 – Involvement of more social and institutional actors in cross-border co-operation**

sports events are expected in the whole area of the border region ensuring that people meet and interact ('people to people actions') together with civil society organisations (environmental, cultural, minority etc.) and municipalities.

Examples of eligible activities:

- Organising of meetings and seminars for the exchange of experiences, information in order to identify common development issues, ideas, structures,
- Joint development of common approaches to identified common problems such as social inclusion and employment promotion for marginalised groups,
- Joint improvement of basic services like health and social services in the border region through the use of Information and Communication Technologies,
- Joint programming, project preparation and demonstration actions of local governments, non-profit organisations, development and energy agencies in the field of renewable energy and energy efficiency,
- Better harmonisation of the demand and supply side of the labour market such as creation of sub- or micro-regional employment pacts or collection of labour market information and data,
- Developing and delivering shared labour market information and guidance for the employers and potential employees in the cross-border region,
- Joint development of databases on the needs and supply on the cross-border labour market,
- Formulation of bottom up, multi-stakeholder partnerships in order to develop territory based integrated solutions for employment,
- Joint improvement of the public transport services e.g. by co-ordinating timetables or other capacity building actions by the public transport service providers operating on the two sides of the border,
- Development of human skills and knowledge (including language skills) that enable institutions to continue and intensify cross-border cooperation.

#### **Indicative list of Lead Beneficiaries / Beneficiaries**

- Local, county and regional self-governments and their non-profit business

### **Specific Objective 3.1 – Involvement of more social and institutional actors in cross-border co-operation**

- undertakings,
- Self-governments of nationalities with minority status on both sides of the border,
  - Local and national institutions and authorities located in the programme area,
  - Labour market services, other national and regional labour market organisations,
  - Public transport organisations,
  - Civil society organisations.

### **Method of project selection**

Projects are selected via open calls for proposals.

### **Guiding principles for the selection of projects**

The most important selection criteria, among others, are

- Contribution to achieving the specific objective,
- Improved level of co-operation among Beneficiaries based on knowledge transfer and capitalisation on previous project results,
- Contribution to more efficient organisational processes of cooperating institutions,
- Potential of the expected results to be capitalised upon,
- Sustainability of joint institutional structures to be developed,
- Sustainability of shared processes to be developed,
- The scale of involvement of new partners in cross-border co-operation activities,
- The scale of geographical coverage.

### **3.2.3 Priority 4 – Education – Investing in Education, Training, Including Vocational Training for Skills and Life Long Learning by Developing Education and Training Infrastructure**

Investment Priority 10b – Investing in Education, Training and Vocational Training for Skills and Life Long Learning by Developing and Implementing Joint Education Vocational Training and Training Schemes

#### **Specific Objective 4.1 – Improve the role of educational institutions as intellectual centres for increasing the specific knowledge base in the region**

##### **Expected results**

To move towards the long term vision of the border region this intervention is to develop means which promote the enlargement and the specific local knowledge base as well as exploit development opportunities of a cross-cultural knowledge base.

Therefore Priority 4 focuses on jointly developed and jointly delivered educational and training services. By implementing activities under this specific objective the targeted results are:

##### **Component 1 – Co-operation in higher education:**

- Increased educational and training offer provided mainly by local higher education institutions through new, jointly developed and delivered study programmes,

##### **Component 2 – Co-operation in preschool, primary and secondary education and adult education:**

###### *Preschool, primary and secondary education*

- Developed new content about each other's country and the region, mainly for primary and secondary schools,
- Positive attitude to cross-border co-operation developed from early age on (pre-school children and young adults),
- ,Motivated children and young adults through involvement in joint educational activities,

###### *Vocational education*

### **Specific Objective 4.1 – Improve the role of educational institutions as intellectual centres for increasing the specific knowledge base in the region**

- Better exploited potentials for dual vocational training, where existing, or potentials for work-based learning and apprenticeships better exploited,

#### *Adult education*

- Increased education and training offer in adult education.

#### **Results expected related to both components:**

##### *Awareness and sense of belonging*

- Awareness of common natural and cultural values of the border region among children and young adults,
- Development of the sense of belonging to the broader community of the region,

##### *Disadvantaged and social inclusion*

- Increased involvement of disadvantaged groups and individuals (including Roma) in education and training activities,
- Increased social inclusion of disadvantaged groups.

### **Indicators of the Specific Objective to be contributed to by the projects**

The result indicator that projects have to contribute to is '*Number of educational institutions in the border region that offer courses jointly or with region- or neighbouring country specific content*'.

The output indicators that projects have to contribute to are the following:

- Training courses developed and delivered, formal and informal (number),
- Number of educational premises refurbished (number),
- Number of educational premises upgraded with technical equipment (number),
- Number of participants in joint education and training schemes to support youth employment, educational opportunities and higher and vocational

<b>Specific Objective 4.1 – Improve the role of educational institutions as intellectual centres for increasing the specific knowledge base in the region</b>
<p>education across borders (persons),</p> <ul style="list-style-type: none"> <li>- Number of involved marginalised persons in training programmes (persons).</li> </ul>
<b><u>Geographical focus</u></b>
The whole territory of the Programme is targeted.
<b><u>Indicative list of eligible activities</u></b>
<b>Eligible activities with possible works components</b>
Small-scale upgrading of educational premises as a complementary activity for jointly planned training courses and services, if the joint delivery of the planned activity could not be implemented otherwise in a quality manner.
<b>Eligible activities without works components</b>
<p><b>Component 1 – Co-operation in higher education:</b></p> <ul style="list-style-type: none"> <li>• Development, piloting and implementation of joint study programmes by regional higher education institutions,</li> <li>• Analysis of education policies and of the current educational and training offer in higher education institutions on both sides of the border,</li> <li>• Analysis of sectors where the co-operation between the two countries would be most at use,</li> <li>• Survey about students' interest in participating in new courses and related course topics, and feedback and assessment upon programme completion,</li> <li>• Education / workshops with higher education professors on study programme development concerning cross-cultural knowledge, development and testing of training materials for improved knowledge of the region's culture,</li> <li>• Study visits across the border identifying good practices concerning teaching methods of cross-cultural knowledge,</li> <li>• Developing, producing and distributing course material (and digital content) such as teaching materials, innovative text books, audio-visual / interactive materials, education software, distance- / e-learning tools,</li> <li>• Developing exams for the evaluation of students learning outcome</li> </ul>



### **Specific Objective 4.1 – Improve the role of educational institutions as intellectual centres for increasing the specific knowledge base in the region**

acquisition,

- Developing and implementing virtual courses at higher education institutions, with Hungarian and Croatian students participating at the same time,
- Purchase of equipment strictly as a complementary activity for jointly planned training courses and services, if the joint delivery of the planned activity could not be implemented otherwise in a quality manner.

### **Component 2 – Co-operation in preschool, primary and secondary education and adult education**

#### *Vocational education*

- Developing and delivering joint schemes in dual education / apprenticeship to support exchange of apprentices in skills or employment sectors represented in the border area,
- Developing and delivering joint incentive schemes (internships, placements, hired students) to ensure that graduates studying on one side of the border can gain practical experiences on the other,
- Analysis of vocational training programmes and additional competences that students need to acquire outside the educational institutions, on both sides of the border,
- Survey about available cross-border working places where students can gain identified, required competencies,
- Design and delivery of traineeships for teachers in enterprises.

#### *Primary and secondary education*

- Analysis of education policies and content about Hungary and Croatia in primary and secondary school textbooks,
- Survey about students' interest in participating in optional courses and related course topics, and feedback and assessment upon programme completion,
- Education / workshops with primary and secondary school teachers on curriculum development concerning cross-cultural knowledge, developing

**Specific Objective 4.1 – Improve the role of educational institutions as intellectual centres for increasing the specific knowledge base in the region**

optional courses concerning cross-cultural knowledge,

- Developing, producing and distributing course materials (and digital content) such as teaching material, innovative text books, audio-visual / interactive materials, education software, distance- / e-learning tools,
- Development of exams for the evaluation of students learning outcomes acquisition,
- Purchase of equipment strictly as a complementary activity for jointly planned training courses and services, if the joint delivery of the planned activity could not be implemented otherwise in a quality manner,

*Attitude and motivation of preschool children and young adults*

- Joint field trips for Hungarian and Croatian pre-school and school aged children with activities that overcome language differences,
- Developing innovative methods of children, pupils' / students' and teachers' feedback and assessment,

*Adult education*

- Analysis of education policies and of the current educational and training offer in adult education institutions on both sides of the border,
- Analysis of sectors where the co-operation between the two countries would be most at use,
- Survey about adult learners' interest in participating in new courses, and related course topics,
- Education / workshops with teaching staff in the adult education institutions on adult education programme development,
- Development and piloting of joint adult education programmes in consultation with employers and, if needed, with other stakeholders,
- Development and implementation of networking mechanisms among adult education institutions and/or local stakeholders in the eligible Programme area,
- Developing, producing and distributing course materials (and digital content)

**Specific Objective 4.1 – Improve the role of educational institutions as intellectual centres for increasing the specific knowledge base in the region**

such as teaching material, innovative text books, audio-visual / interactive materials, education software, distance- / e-learning tools,

- Purchase of equipment strictly as a complementary activity for jointly planned training courses and services, if the joint delivery of the planned activity could not be implemented otherwise in a quality manner.

**Activities eligible in both components:**

*Awareness and sense of belonging*

- Incentives to create networks for schools or twin-schools, aiming at knowledge transfer based on good practices,
- Various workshops covering different age groups about common natural and cultural values of the border region,

*Disadvantaged and social inclusion*

Specific actions will be implemented in order to help integrate marginalised groups of society, such as people living in poverty and especially the Roma. Indicative actions may include:

- Designing and operation of a mentoring system to help the participation of the individuals belonging to the marginalised groups in the designed schemes,
- Designing and operation of a mentoring system for specific tailor-made training of teachers working in schools in lagging behind areas,
- Specific local information events aimed at encouraging the participation of schools with high proportion of Roma.

**Indicative list of Lead Beneficiaries / Beneficiaries**

- Educational institutions and establishments (kindergartens, schools, colleges, higher education institutes),
- Vocational training institutions,
- Open universities,
- Local self-government units and their non-profit business undertakings,

<b>Specific Objective 4.1 – Improve the role of educational institutions as intellectual centres for increasing the specific knowledge base in the region</b>
<ul style="list-style-type: none"><li>• Libraries,</li><li>• Cultural centres,</li><li>• NGOs,</li><li>• Local and national institutions and service providers located in the programme area,</li><li>• Development agencies.</li></ul>
<b>Method of project selection</b>
Projects are selected via open calls for proposals.
<b>Guiding principles for the selection of projects</b>
<p>The most important selection criteria, among others, are</p> <ul style="list-style-type: none"><li>• Contribution to achieving the specific objective,</li><li>• Improved level of cooperation among educational and training institutions on all levels,</li><li>• The degree the content of the curricula is based on local and/or cross cultural knowledge,</li><li>• Purchase of equipment or small scale upgrading of educational premises justified as complementary activities to jointly developed, relevant educational services,</li><li>• Sustainability of joint educational activities needs to be ensured by prioritising those interventions which build new services on results of previous joint developments,</li><li>• Equal opportunities and gender equality,</li><li>• Balanced participation of Hungarian and Croatian participants,</li><li>• Involvement of marginalised groups or individuals.</li></ul> <p>Also, the proportionality of the complementary 'hard' elements of jointly developed and delivered projects needs to be ensured by the programming bodies.</p>

### 3.3 ELIGIBILITY OF COSTS

#### 3.3.1 Legal background and hierarchy of rules

In the framework of the Interreg V-A Hungary-Croatia Co-operation Programme there are three levels of rules that govern the eligibility of expenditure:

1. EU rules: which include:
  - Regulation (EU) No 1303/2013 (the CPR) where Articles 6 and 65 to 71 give specific provisions on applicable law as well as on eligibility of expenditure, and where Article 120 defines a maximum 85% co-financing rate for ETC;
  - Regulation (EU) No 1301/2013 (the ERDF regulation) where Article 3 gives specific provisions on the eligibility of activities under the ERDF;
  - Regulation (EU) No 1299/2013 (ETC Regulation) where Articles 18 to 20 give specific provisions on eligibility of expenditure applicable to programmes of the European Territorial Cooperation goal;
  - Commission Delegated Regulation (EU) No 481/2014 containing specific rules on eligibility of expenditure for cooperation programmes;
  - Commission Delegated Regulation (EU) No. 480/2014 supplementing the CPR.
2. Programme rules: additional rules on eligibility of expenditure set up by the MC for the Co-operation Programme as a whole.
3. National (including institutional) eligibility rules which apply only for matters not covered by rules laid down in the above-mentioned EU and Programme rules.

All expenditure has to be in line with the EC Regulations and the relevant Programme / national rules and legislation. The list of regulations is not exhaustive, furthermore rules and regulations may be amended during the Programme implementation period.

The verification of project expenditures will be conducted through **a system of first level controllers, operating within the framework of the following organisations (Control Bodies):**

- Hungary – Széchenyi Programme Office Nonprofit LLC and its territorial offices (in Pécs and in Zalaegerszeg),

- Croatia – Agency for Regional Development of the Republic of Croatia, Zagreb.

The eligible expenditures listed in the project proposal, approved by the MC and stipulated in the Subsidy Contract for the EU contribution can only be reimbursed after the Lead Beneficiary provides **proof of progress of the activities implemented**, and after **Declarations on Validation of Expenditure** issued by the respective Control Body, as well as the Application for Reimbursement are received by the JS.

Related to the first condition, **please note that in the project proposal all costs have to be described in as much detail as possible**. For the purpose of providing relevant and exhaustive information, please use AF Sheets 8, Budgets (cells named 'Detailed description'). **The MC is entitled to reduce or entirely cut costs that are not supported by detailed reasoning.**

In general, eligibility rules concerning expenditure are applied for all Specific Objectives of the Programme. However, in case of some cost types, further restrictions can apply or maximum percentages can be defined in the Guidelines, in order to direct the cost structure of projects towards the objectives of the related Specific Objective or Component.

### 3.3.2 General rules

**Costs are generally eligible if they fulfil all following criteria:**

- they have been actually incurred and paid by the Lead Beneficiary or the Beneficiaries and they can be verified on the basis of original invoices or other accounting documents of equivalent probative value;
- they are directly related to the project, necessary for developing, starting and/or implementing the project, and they are planned in the approved project budget;
- they have been incurred within the eligibility period of the project;
- they comply with the principles of efficiency, economy and expediency;
- as a general rule<sup>7</sup> they have been incurred in the eligible Programme area;

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<sup>7</sup> In exceptional cases expenditure incurred outside the eligible Programme area can be accepted as eligible cost – please consult Chapter 3.3.2.2 of this Guidelines.

- they are compliant with programme-level, national and EU rules and legislation;
- or in case of costs that are reported based on the methodology provided in the Guidance on Simplified Cost Options (SCOs) – in line with Articles 67 and 68 of the CPR, Article 14(2) to 14(4) of Regulation (EU) No 1304/2013 and Article 19 of the ETC Regulation – **the methodology has been used correctly.**

All expenditure must be validated by the Control Bodies designated to perform verification activities. Costs that are not in accordance with the rules on the eligibility of expenditures, costs arisen during project implementation having disposition of eligible expenditures but being above their scope, furthermore costs not included in the list of eligible expenditures **must be paid from own financial sources.** Any modifications can only be undertaken based on a written request.

**Other restrictions might be valid up to the decision of the two Member States.** Please be informed either with the support of the Control Bodies in the respective country or by consulting the national level Partner Guidelines on the Programme website.

#### *3.3.2.1 Eligibility period of expenditure*

As a general rule, based on Article 65 (2) of the CPR, only expenditure shall be eligible for EU contribution which has been **incurred by a Beneficiary and paid between 1 January 2014 and 31 December 2023.**

**All expenditure has to be incurred between the start and end date of the project as defined in the Subsidy Contract for the EU contribution.** The only exception is for projects involving infrastructure and works, where external services related to the preparation of necessary project documentation (meaning construction plans, detailed cost estimation by type of work, issued by a designer and environmental documentation of the investment in case it is an obligation by law, and feasibility study in case it is an obligation by the Call), furthermore obtaining the necessary permissions as well as expenditures related to the acquisition of land may be eligible before the date of submission (registration of the project proposal at the JS), but not in any case earlier than 1 January 2014.

**The precondition of the eligibility of expenditure** is that the project has been approved by the MC, that the Subsidy Contract for the EU contribution has been

signed, and that the expenditures of the project are eligible according to relevant EU rules and to national level eligibility rules, and finally according to the eligibility criteria of the CfP as well.

**The period of implementation of a project** may not start before the date of the receipt of the project proposal by the JS. The Lead Beneficiaries and Beneficiaries can thereafter start implementing their projects, keeping in mind that the approved project activities might differ from the ones planned in the project proposal, as the MC has the right to select a project for funding with certain conditions to be fulfilled. These conditions shall be applied when preparing the Subsidy Contract for the EU contribution, and only those expenditures can be reimbursed which are connected to project activities included in the Subsidy Contract for the EU contribution.

Having regard to the time schedule of the project as indicated in the project proposal, project implementation may also start after the decision of awarding the subsidy, and the first invoices directly related to the project, meaning invoices not connected to preparation costs, can be eligible for reimbursement from the Programme.

The final date for the implementation of the project, and thus **the final date for the eligibility of costs incurred, shall be specified in the Subsidy Contract for the EU contribution.**

### *3.3.2.2 Geographical eligibility of expenditure and flexibility within the rule*

As a general rule, eligible costs shall be **incurred in the eligible Programme area**<sup>8</sup>. See the list of counties covering the eligible programme area in Chapter 3.1.1.3 of this Guidelines.

**Expenditure incurred outside the eligible Programme area may be eligible if the project could only achieve its objectives with that expenditure.** Another precondition of the eligibility of the expenditure is that these expenditures, incurred outside the eligible Programme area, **have to be identified clearly within the budget of the respective Lead Beneficiary / Beneficiary** and within the project activity concerned. A detailed explanation for the necessity of such activities and

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<sup>8</sup> In exceptional cases the MC and the MA may accept that a project is implemented outside the eligible Programme area but within the EU, provided that all the conditions contained in Article 70(2) of the CPR are satisfied.



costs and their contribution to the project objectives is required. (Both the exact geographical location and content of the costs and of the activities have to be clearly identified within the AF.)

As the eligibility of operations located outside the eligible Programme area is limited<sup>9</sup> for the Programme, it has to be ensured in the application phase and later in the monitoring phase that the rules are met. On project level this means that the cost of activities implemented outside the eligible Programme area are in principle eligible for ERDF co-financing in case – above the general eligibility rules<sup>10</sup>:

- expenditures are either explicitly foreseen in the approved AF or, if not, they have to be previously authorised by the JS, and
- expenditures are reported with explicitly indicating the fact (in the relevant place of the monitoring system).

#### **In the case of**

- **Staff costs,**
- **Office and administrative expenditure,**
- **External expertise and services costs,**
- **Equipment expenditure,**
- **Infrastructure and works costs**

**outside the eligible Programme area** the planning and reporting has to follow the general principle that the cost is to be accounted according to where the cost occurred.

**In the case of travel and accommodation costs outside the eligible Programme area** the planning and reporting has to follow the general principle that the cost is to be accounted according to where the cost occurred – with the following rules applied:

- a) Costs referring to the travel of staff of Beneficiaries from their seat to other destinations outside the eligible Programme area (e.g. flight or train tickets), but within their organisation, as well as costs of daily allowances are not considered costs outside the eligible Programme area;

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<sup>9</sup> In line with Article 20 of the ETC Regulation.

<sup>10</sup> Rules do not apply to activities concerning promotional activities and capacity-building.

- b) Costs referring to the travel of staff of Beneficiaries from their seat to destinations outside the eligible Programme area (e.g. flight or train tickets), as well as costs of daily allowances shall be considered costs outside the eligible Programme area;
- c) Costs referring to local transport, meals and accommodation outside the eligible Programme area shall be considered costs outside the eligible Programme area. Travel and accommodation costs incurred outside the (EU part of the) eligible Programme area and related to promotional activities and capacity-building should not be considered costs outside the eligible Programme area.

### 3.3.3 Eligibility by category of costs

The eligible costs are aggregated in so-called thematic budget headings gathering all the costs that are alike. The following cost categories, presented in the budget tables as main budget lines, are considered eligible:

- Preparation costs,
- Staff costs,
- Office and administrative expenditure,
- Travel and accommodation costs,
- External expertise and services costs,
- Equipment expenditure,
- Infrastructure and works.

**It is important to note that, irrespective of the category, all costs (except for the ones planned using the simplified costs options – such as flat-rate or lump sum type of calculation methods) have to be identified and reasoned in proper detail**, otherwise the respective project part (and by this, the whole project) might face budget reductions in spite of a positive decision on supporting the project proposal.

**Identification** means as a minimum that the following are clear from the project proposal: the purpose of the arising cost, the activity to which it contributes and the

actor (e.g. target group, expert etc.) which it supports. **Reasoning** is of key importance, especially in cases where the need for certain costs is not evident, where the planned cost of the service / equipment / work is higher for some reason as compared to 'ordinary cases' (in this situation the reasons have to be justified), or where costs are planned in parallel to more than one Beneficiary while aiming at the same goal and contributing to the same activity.

Besides providing a clear and up-to-the-point description about the planned costs in the budget tables of all Beneficiaries, it is requested to identify the individual budget items in such a way that includes all important parameters and details necessary for the clear understanding of its content. (E.g. in case of staff costs % of monthly working hours spent with the project, language versions of the documents planned to be elaborated etc.)

### *3.3.3.1 Preparation costs*

Preparation costs represent a special eligible expenditure that is **automatically granted to the selected projects** which successfully sign the Subsidy Contract for the EU contribution with the MA.

The total amount of preparation costs that can be given to a project is **3.000 EUR as a lump sum**.

The project partnership has to decide in advance about the distribution of the preparation costs among the members (Lead Beneficiary and other Beneficiaries), and within the AF the budget table of the given Beneficiary / Beneficiaries has to contain these amounts on Budget Line 1. Preparation costs represent **a maximum of 3.000 EUR on project level**.

The EU contribution effectively granted to the project is linked to the actual co-financing rate applicable to the Beneficiary / Beneficiaries to whom the lump sum is allocated, as detailed in the approved AF.

Any difference between the granted lump sum and the costs occurred in reality for preparation activities is neither checked nor further monitored by the programme implementing structure (including the Control Bodies). **Beneficiaries do not need to document that the expenditure has been incurred and paid or that the expenditure corresponds to reality.**

The reimbursement of preparation costs (costs that occurred before the start date of the project as set in the AF) is connected to the approval of the first Project Progress Report.

**It is important to know that in case the project (or part of it) is not implemented in line with Subsidy Contract for the EU contribution** and therefore it cannot be closed successfully (or just partly), **the MA has to (or may) recover** from the Lead Beneficiary in full (or in part) **the granted amount of preparation costs** in line with the rules applied for recoveries.

### 3.3.3.2 Staff costs

The costs of staff are expenditures incurred connected to the **personnel involved in the implementation of the project** on behalf of the Lead Beneficiary and the Beneficiaries. The staff involved in project implementation with a valid contract **can work full-time or part-time and can do administrative and/or professional tasks**. Staff costs shall be clearly connected to the project and its activities.

The following type of expenditures are eligible under this cost category:

- a) **Salary payments** related to the activities which the organisation would not carry out if the project was not undertaken, **fixed in an employment document** (employment contract, an appointment decision or any other equivalent legal agreement which enables for the identification of the employment relationship with the Beneficiary organisation) **or by legislation** relating to responsibilities specified in the job description of the staff member concerned.
- b) **Any other costs directly linked** to salary payments incurred and paid by the employer (such as employment taxes and social security charges, including pensions), provided that they are<sup>11</sup>:
  - fixed in an employment document or by legislation;

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<sup>11</sup> According to Regulation (EC) No 883/2004 of the European Parliament and of the Council.

- in accordance with the legislation referred to in the employment document and with standard practices in the country and/or institution where the individual staff member is working;
- not recoverable by the employer.

With regard to point a) payments to natural persons working for the Beneficiary under a contract other than an employment/work contract<sup>12</sup> may be assimilated to salary payments, and such a contract is considered as an employment document. Such costs are eligible if all the following conditions are respected:

- the person works under the Beneficiary's instructions and, unless otherwise agreed with the Beneficiary, on the Beneficiary's premises;
- the result of the work carried out belongs to the Beneficiary, and
- the costs are not significantly different from those for personnel performing similar tasks under an employment contract with the Beneficiary.

**It is important to note that costs arising from a contract stipulated with a natural person that results to be not equivalent to an employment contract according to national/institutional rules belong to 'external expertise' and as such have to be budgeted under the 'services' budget line, as a consequence having to comply with all provisions applicable to the 'services' budget line – including the respecting of procurement rules.**

The Lead Beneficiary and the Beneficiaries have to choose one of the following methods of calculation based on which staff costs will be reimbursed:

- a) **Real costs**, where the Beneficiary must document that expenditure has been incurred and paid out (as provided for in the following sections of I. and II.); or
- b) **Flat rate** of up to 20% of direct costs other than staff costs, where the Beneficiary does not need to document that the expenditure has been incurred and paid out.

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<sup>12</sup> Not applicable in Hungary.

Each Beneficiary must choose a reimbursement option in the budget part of the Application Form. Different Beneficiaries in the same project may choose different options for reimbursing their staff costs.

**Important note: The chosen reimbursement option will be applied for the whole period of project implementation. The option chosen by the Lead Beneficiary and/or Beneficiary when submitting the AF cannot be changed during project contracting and/or implementation.**

***I. In case staff costs are reimbursed on real costs basis***

**The following principles apply to staff costs determined on a real cost basis:**

- Salaries, other payments and benefits are only eligible if foreseen in the legislation, company internal regulation, collective wage agreements or in a workers' council agreement and if they are in line with the employment policy of the Beneficiary organisation. (Ad hoc regulations applicable only to the project are not allowed.)
- Unjustified ad-hoc salary increases or bonuses for project purposes are not eligible.
- Where foreseen by the employment document, overtime is eligible, provided it is in conformity with the national legislation and the standard practice of the Beneficiary, and if it is based on an appropriate time registration system. In case of part time employment, overtime shall be proportionally allocated to the project.
- The adequacy of staff costs must always be ensured. When claimed staff costs are not adequate in quality and/or quantity to the realised project deliverables and outputs as listed in the approved AF, a flat rate correction may be applied following the principle of proportionality.
- Staff costs must be calculated individually for each staff member charged to the project.

The staff can be allocated to **work full time** (100% of the working time is allocated to the project) **or part time** for the project. In both cases the planned ratio of working

time has to be clearly indicated in the budget table, included in the relevant cost item of the given staff.

Staff costs of **part-time employees** have to be calculated using one of the following methods:

- a) part-time with a fixed percentage of time worked per month on the project, with no obligation to establish a separate working time registration system;
- b) part-time with a flexible number of hours worked per month, in line with a number of hours varying from one month to the other worked on the project, based on a time registration system covering 100 % of the working time of the employee;
- c) On an hourly basis.

**a) For part-time assignments with a fixed percentage of time worked per month:**

- The percentage of time to be worked on the project shall be fixed in the employment document (work contract / job description / other equivalent document) by the employer for each project staff member. The percentage of time dedicated to the given project shall be mentioned in the documents where the other tasks/projects are referred to, as well as the percentage of time to be allocated to other tasks/projects. Description of project-related tasks and responsibilities of the person working on the project shall be available and the time allocated to the project shall be in line with the project related tasks.
- There is no obligation to establish a separate working time registration system.
- In case the percentage of time to be worked on the project is changed during the project duration, the related document shall be submitted to the controller, as well as the documents justifying the necessity and plausibility of the changes.

**b) For part-time assignments with a flexible number of hours worked per month:**

The reimbursement of staff costs shall be calculated on an hourly rate basis determined either by:

- i. Dividing the monthly gross employment cost by the monthly working time fixed in the employment document expressed in hours; or

- ii. Dividing the latest documented annual gross employment cost<sup>13</sup> by 1.720 hours.
- The hourly rates calculated under points (i) and (ii) shall be multiplied by the number of hours actually worked on the project.
  - The hourly rates shall be in line with the actual gross employment costs (monthly/annual), therefore the hourly rates shall not be fixed for the entire project duration.
  - Methods under points (i) and (ii) can be combined for the staff of the same Beneficiary according to the different contract provisions (e.g. newly hired staff etc.)
  - A time registration system covering 100 % of the working time of the employee shall be established.

**c) For part time assignment on an hourly basis:**

In case of staff costs related to individuals who, according to the employment document, work on an hourly basis, costs shall be eligible applying the number of hours actually worked on the project to the hourly rate agreed in the employment document based on a working time registration system.

Time registration system covering 100 % of the working time of the employee shall be established.

Supporting documents for calculating staff expenditure on a real cost basis:

- full list of project staff within the Beneficiary's organisation, stating name of the employee, function in the project, percentage of work dedicated to the project and total gross salary (has to be available from the first report of the project);
- work contracts which permit the identification of the employment relationship between the project staff and the Beneficiary organisation;
- a clear assignment (working contract / job description) providing information on the main tasks within the project;
- payslips, proofs of payment (e.g. bank statements);
- calculation evidence for the determination of the hourly rates of the project staff;

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<sup>13</sup> Reference period of last 12 consecutive months.



- timesheets which prove the overall working time and the time spent on carrying out activities for the project (name of the employee, date, time and detailed description of the activity) – the timesheet must be signed by the project's assigned employee and by the employer.

## ***II. In case staff costs are reimbursed on flat rate basis***

If the Beneficiary chooses the flat rate option in the AF, staff costs are calculated as **a percentage of direct costs** planned in the budget (**travel and accommodation; external expertise and services; equipment; infrastructure and works**).

### Applicable percentage for the flat rate reimbursement of staff costs

The applicable percentage for the reimbursement of staff costs on a flat rate basis is:

- a) 20% in general, but
- b) 10% for projects including costs in the category 'infrastructure and works'.
- c) For projects with no other direct costs but 'infrastructure and works' it is not possible to choose the staff flat rate option.

The staff flat rate cannot exceed 100.000 EUR per Beneficiary.

**The percentage applied to the calculation of the Beneficiary's staff costs has to be determined in the application and approved by the MC. It cannot be changed in the contracting phase or during implementation.**

In case staff costs are not eligible for financing for the given Beneficiary according to national eligibility rules, staff costs cannot be declared on flat rate basis to the project (i.e. the eligibility of expenditure does not depend on the form of reimbursement).

The flat rate approved in the AF shall be applied in case of budget changes of a Beneficiary affecting the amount of direct costs – being basis of the calculation of the staff costs.

<p><b>It is important to know that since staff costs calculated on a flat rate basis are dependent on the direct costs of the project, during the implementation phase the reimbursed amount of staff cost will be automatically calculated based on the reimbursed amount of direct costs.</b></p>
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The following budget lines are to be regarded as direct costs for the purposes of the calculation of the flat rate financing for staff costs<sup>14</sup>:

- travel and accommodation;
- external expertise and services;
- equipment;
- infrastructure and works.

Documented direct costs that form the basis for the staff cost calculation must be incurred and paid by the relevant Lead Beneficiary / Beneficiary as real costs directly and fully allocated to the project. **In case direct costs used as calculation basis for determining staff costs are found to be ineligible for some reason, staff costs will be re-calculated and reduced accordingly.**

Supporting documents for flat rate calculation:

For staff costs Beneficiaries do not need to document that the expenditure has been incurred and paid or that the flat rate corresponds to the reality. Accordingly, except for the declaration mentioned below, no documentation on staff expenses is required to be provided to the Control Body, as no check of general eligibility principles and rules (including double financing, or whether the amount refers to the principle of economy, efficiency and effectiveness) is to be done.

Nevertheless, the Beneficiary has to submit a **declaration** as part of the application and in each Project Progress Report **that it has at least one employee**. The veracity of self-declarations that the Beneficiary has employee(s) may be checked by any of the bodies entitled to perform controls and audits.

**The remuneration of civil servants** is eligible exclusively if it is related to the project activities and not related to their usual day-to-day management tasks and statutory responsibilities, furthermore if national level legislations allow these costs to be reimbursed.

**Total management costs shall only in very exceptional cases exceed 10 per cent of the total eligible project costs of each Beneficiary.** (Including the project

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<sup>14</sup> This list does not include 'office and administration' since expenditure in this category is always calculated as a flat rate of 15% of the staff costs – also preparation costs reimbursed as a lump sum in the first reporting period are not considered as direct costs either; therefore these are excluded from the calculation of the staff flat rate.

management type of costs incurred under the budget line 'Salary of staff', as well as the costs under the budget line 'External expertise and services costs' – services related to project management.) Without proper, reasonable justification costs will be cut automatically.

### 3.3.3.3 Office and administrative expenditure

Office and administration expenditures cover operating and administrative expenses of the Beneficiary organisation necessary for the implementation of the project. The budget line is to be calculated as **a flat rate of 15% of the staff costs**.

Office and administrative expenditure shall be limited to the following elements:

- Office rent;
- Insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire-, theft insurances);
- Utilities (e.g. electricity, heating, water);
- Office supplies;
- General accounting provided inside the Beneficiary organisation;
- Archives;
- Maintenance, cleaning and repairs;
- Security;
- IT systems (operating/administrative IT services of general nature, linked to the implementation of the project);
- Communication (e.g. telephone, fax, internet, postal services, business cards);
- Bank charges for opening and administering the account or accounts where the implementation of the project requires a separate account to be opened;
- Charges for transnational financial transactions.

**The above list is exhaustive.**



*Note that the Lead Beneficiary has to open a separate EUR bank account and all Beneficiaries are advised to open a separate bank account or sub-account for the purposes of the project. The EU contribution will be*

*reimbursed to the Lead Beneficiary to the project bank account, and so will be the state contribution to the Beneficiaries (where relevant).*

*Please note that Croatian (Lead) Beneficiaries have to take into consideration the national legislation related to the payment procedures (platni promet) **inside** the Croatian territory, but the consequences of the national level payment procedures (e.g. exchange rate risks) cannot be covered from the administrative costs.*

**Cost items accounted under the office and administration cost category cannot be reimbursed under any other cost category.**

Office and administration expenditure has to be calculated as a flat rate regardless of the form of reimbursement applied under the 'staff cost' category. In case the Beneficiary uses the method of 'flat rate of up to 20% of direct costs excluding staff', the calculated staff cost amount is giving the basis for the calculation of office and administration expenditure.

**It is important to note that deriving from the logic of the calculation, a reduction of staff costs – for any reason – induces a reduction of eligible office and administrative expenditure.**

In case the amount of **eligible staff costs are directly or indirectly** (in case the Beneficiary uses the method of 'flat rate of up to 20% of direct costs excluding staff', the calculated staff costs are affected by all the eligible direct costs of the project) **suffering reduction** – e.g. due to an irregularity discovered by an audit or an on-the-spot check – it will determine (recalculate) the amount of eligible office and administration expenditure at the same time.

Indicative list of expected supporting documents for validation purposes:

**Beneficiaries do not need to document** that the office and administration expenditure has been incurred and paid or that the flat rate corresponds to the reality. Accordingly, no documentation on office and administration expenses is required to be provided to the Control Body, as no check of general eligibility principles and rules (including double financing, or whether the amount refers to the principle of economy, efficiency and effectiveness) is to be done.

### 3.3.3.4 *Travel and accommodation costs*

Travel and accommodation expenses (e.g. for participation in project meetings, project site visits, meetings with the programme bodies, seminars, conferences etc.) of the staff – being employed by the Lead Beneficiary / the Beneficiaries – involved in the implementation of the project are eligible costs if they are incurred for performing tasks directly related to the project activities.

Travel and accommodation costs shall be limited to the following elements:

- **Travel costs**

Travel cost of project staff can include the following means of transportation:

- a) Travelling by car – it is allowed to use a private or company car only if it is the most economical way of transportation and it is proven to be a time-saving solution;
- b) Travelling by rail / bus / ship / plane – as a general rule the most economical and efficient way of transport should be used;
- c) Local travel fares (bus, underground, taxi etc);
- d) Insurance fees – to cover the costs of insurance for the whole trip.

- **Accommodation costs**

Accommodation and meal costs can be reimbursed if they are in a reasonable price range, and if the per diem does not cover them.

- **Visa costs**

- **Daily allowances (e.g. per diem)**

Per diems of the project staff shall be defined by the employer. They must not exceed the rate set by the EC on the following website: [https://ec.europa.eu/europeaid/applicable-rates-diems-framework-ec-funded-external-aid-contracts-18032015\\_en](https://ec.europa.eu/europeaid/applicable-rates-diems-framework-ec-funded-external-aid-contracts-18032015_en).

Per diems can be paid to project staff that travel abroad for the purpose of the project. Per diems generally cover meal, accommodation and local travel expenses. In case of receiving per diems other subsistence costs are not eligible.

**The above list is exhaustive**, and none of the items listed should overlap with each other (e.g. local travel fares and insurance fees are eligible as travel costs, although in case they are covered by a daily allowance they shall not be reimbursed in addition to the daily allowance).

**It is important to note that if the Beneficiary chooses the flat rate staff cost option, it is not entitled to have travel and accommodation costs at the same time.**

Travel costs are eligible according to the relevant national legislation of Hungary and Croatia, respectively.

**As a general rule for travelling, the most economical way of transportation has to be used.**

Further eligibility rules to be considered (in addition to the general provisions on eligibility):

- Only travel and accommodation costs of the project staff (being employed by the Lead Beneficiary / Beneficiaries) can be declared.
- Travel and accommodation costs must be clearly linked to the project and have to be essential for the projects effective implementation.
- Those travels which are connected to activities outside the eligible Programme area (i.e. related to missions, study visits and events) can only be considered eligible in case they were either explicitly foreseen in the approved AF or, if not, they have been previously authorised by the JS.
- Daily allowances are calculated according to national rules of the Beneficiary's organisation, but they must not exceed the rate set by Council Regulation (EC, Euratom) No 337/2007. (Daily allowances can be different in each Member State, and also the internal rules within the Beneficiaries' organisation can be different.) EU per diems are only eligible if overnight stay is included.
- Regarding the most cost-efficient means of transportation: No business or first-class tickets are eligible for air transport, irrespective the fact that this may be allowed by the internal rules of the Beneficiary; business or first-class tickets for train are allowed if they are the most economical travel option when booking the ticket (e.g. proven through screen shots of booking web pages).

- Middle price range accommodation costs: Maximum 3-stars hotels are generally accepted within this category. The use of higher category accommodation has to be justified by the Beneficiary.
- The duration of the mission must be clearly in line with its purpose (e.g. from the day before to the day after the concerned meeting). Costs for any longer duration of the mission are eligible only if it can be demonstrated that the additional costs (e.g. extra hotel nights, extra per diems) do not exceed the savings eventually made in the costs of transportation.
- Costs must be definitely borne by the Beneficiary's organisation, meaning that direct payment by the employee must be supported by a proof of reimbursement from the employer.
- Travel and accommodation costs of external experts shall be included in their service contracts, to be budgeted under the 'External expertise and services costs' main budget line.
- Expenses of private consumption are not eligible as partial amounts of an invoice and of actual per diems and travel expenses.
- The application of the 20% geographical flexibility rule for travel and accommodation costs has to be considered in the case of travel and accommodation costs outside the eligible Programme area (see Chapter 3.3.2.2, Application of the 20% geographical flexibility rule).

Indicative list of expected supporting documents for validation purposes:

- Authorisation of the mission (if relevant according to national rules), bearing information on the destination and the start and end date of the mission;
- Mission report signed by the travelling project manager;
- Other supporting documents (e.g. invitation, agenda, list of participants, minutes);
- Invoices and other accounting documents paid directly by the Beneficiary's organisation;
- Proof of payment (directly paid by the Beneficiary's organisation, or reimbursement of costs to the employee);
- Train/bus tickets, plane tickets, boarding cards and/or invoice of travel agent as a proof of expenditure and of mission;

- In case of the use of own car or company car, calculation sheet prepared according to national or institutional rules stating at least the distance, the unit rate and the total costs of the travel.



*Practical information: In case the **per diem covers** meal, accommodation and local travel, please fill in the per diem in the budget and leave accommodation costs empty.*

*If the **per diem does not cover** accommodation, please fill in the per diem and the accommodation costs budget line, respectively.*

**Important note concerning Croatia:** According to the relevant national legislation in Croatia (Kolektivni ugovor za državne službenike i namještenike, NN 93/2008, for inland travel, and Odluka o visini dnevnice za službeno putovanje u inozemstvo za korisnike koji se financiraju iz sredstava državnog proračuna, NN 8/2006, for travelling abroad) it is possible to finance per diems in inland and abroad. In case you plan the travel connected to the project implementation, it is eligible but only applicable in accordance with the maximum per diem rate defined by the EC, as explained above. Based on this, in case the Croatian Lead Beneficiary / Beneficiary plans to travel inland or abroad and the per diem does not cover accommodation, please fill in the per diem and the accommodation costs budget line respectively and separately, taking into the consideration that **both: the per diem counted according to the Croatian legislation and the accommodation together cannot exceed the EC per diem rate.**

**Please also note that in Croatia the Control Body for Croatia is in charge of technical issues related to the per diem costs, they will act as information sources for (Lead) Beneficiaries in relation to these issues.**

### 3.3.3.5 External expertise and services costs

Expenditure on external expertise and service costs **shall be limited to the following services and expertise** provided by a public or private law body or a natural person other than the Lead Beneficiary or a Beneficiary of the project:

- a) Technical plans and permits;



- b) Studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);
- c) Training (e.g. venue and trainers);
- d) Translation;
- e) IT systems and website development, modifications and updates;
- f) Promotion, communication, publicity or information;
- g) Financial management;
- h) Services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);
- i) Participation in events (e.g. registration fees);
- j) Legal consultancy, technical and financial expertise, other consultancy services;
- k) Intellectual property rights;
- l) Provision of guarantees by a bank or other financial institution where required by EU- or national law or in a programming document adopted by the MC;
- m) Travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;
- n) Other specific expertise and services needed for the project;
- o) Rent of equipment.

The 'external expertise and services' category covers **costs paid on the basis of contracts or written agreements and against invoices or requests for reimbursement to external experts and service providers**, sub-contracted to carry out certain tasks or activities directly linked to the implementation of the project.

The following cost categories can be taken into account:

- **Technical plans (and permits)** – projects involving infrastructure and works where external expenditure related to preparation of necessary project documentation (meaning construction plans, detailed cost estimation, environmental documentation of the investment and feasibility study) and costs for obtaining the necessary permissions shall be budgeted under this budget line. **Costs can also be eligible if they occur before the date of receipt of the project application by the JS (registration), but not earlier than 1 January 2014.**

- **Studies, statistics, databases and researches** – professional external expertise in connection to the elaboration of studies and other documents.

Please note that if an internal expert is already included in the budget on the 'Staff costs' line, the same activity cannot be included at the external expertise costs, and vice versa.

- **Events, conferences, seminars, project meetings** – the budget line shall include all costs emerging related to a project event, including fees of lecturers / performers / trainers / experts, as well as costs like interpretation, translation of documents, rental costs, technical background, catering, travel costs of members of the target group etc.

Activities closely related to the organisation of events can be externalised separately based on the activity type as well (e.g. transportation, translation, rental activities etc). These costs shall be eligible only if they are not included in the costs of the organisation of conferences and seminars, and in this case lists of participants have to be provided.

- **Services related to project management, procurement procedures** – in case the Lead Beneficiary or the other Beneficiaries do not have the required qualified personal/staff necessary for the management of the project, they have the possibility to outsource the activities or to hire one or more external expert in order to provide help or to manage the implementation of the project, including public procurement tasks.
- **Costs of supervisor of engineering, architect's site supervision** – in case of projects with works elements.
- **Costs related to publicity, promotion and communication** – costs related to all aspects of promotion, visibility and publicity specific to the project, based on the rules included in Chapter 6.2.3 of this Guidelines.
- **Other services** – the type of expenditure must be defined in the project proposal and has to be directly related to the project (e.g. rental costs of equipment, costs of guarantees).

**Further rules and conditions** to be considered in relation to the eligibility of the cost categories listed above:

- The work to be done by external expertise and services is essential to the implementation of the project;
- Rates charged by the external expertise and services are reasonable and are in relation to the level of experience and expertise, as well as to the quality of the service offered;
- Eligibility of costs for external expertise and services is subject to the full respect of national public procurement rules, according to the thresholds, and for the type of entities as defined in the national law<sup>15</sup>;
- In order to ensure compliance with market prices private bodies, in case they are not subject to national public procurement legislation, should apply procedures similar to the public procurement applicable to public bodies;
- The external expertise and services are not provided by the Lead Beneficiary or by a Beneficiary of the same project;
- The external expertise and services are not provided by experts who are concerned as owners of / in the property of the organisation (i.e. in a conflict of interests);
- Additional contracts of external expertise nature cannot be concluded with own staff of the Beneficiary's organisation;
- Catering services for internal project management meetings are only eligible if minimum two Beneficiary organisations are represented in person on the meeting;
- If applicable, the deliverables respect the information and publicity requirements of the Interreg V-A Hungary-Croatia Co-operation Programme (see Project Communication Guidelines);
- Costs related to communication: all aspects of promotion, visibility and publicity specific to the project are respecting rules included in the Project Communication Guidelines as well as Chapter 6.2.3 of this Guidelines;
- Total management costs shall only in very exceptional case exceed 10 per cent of the total eligible project costs of each Beneficiary (including the project management type of costs incurred under the budget line 'Salary of staff', as well as the costs under budget line 'External expertise and services costs' – services

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<sup>15</sup> In-house subcontracting is exempt from the applicable public procurement rules in the meaning of Article 12 of Directive 2014/24/EU of the European Parliament and of the Council.

related to project management); without proper, reasonable justification costs will be cut automatically.

Indicative list of expected supporting documents for validation purposes:

- The contract or written agreement laying down the services to be provided (including detailed description of the services, the total price, delivery deadlines, experts' names etc.).
- Invoices and other accounting documents paid directly by the Beneficiary organisation; adequate description of the services has to be provided in line with the contents of the contract. For experts paid on the basis of a daily/hourly fee, the invoice must include a clear quantification of the days/hours charged, price per unit and total price.
- Proof of payment.
- Deliverables (the evidence of the work carried out by the external expert, service provider is available e.g. studies, researches, analysis) and documentation of the delivery (e.g. in case of events: agenda of the meetings, list of participants, brochures, photos etc.)
- Evidence of the selection procedure, in line with EU-, programme- and national (including institutional) procurement rules, depending on the amount contracted and the type of Beneficiary.
- For expenditures where no public procurement procedure is required by national law (i.e. below the national threshold):
  - Above 5.000 EUR (excluding VAT): Beneficiaries must perform and document the execution of adequate market searches (e.g. through collecting bids – at least three independent<sup>16</sup> offers requested, using centralised e-procurement services).
    - This is meant to provide a sound knowledge and sufficient information on the relevant market, allowing for a sound comparison of offers in terms of price and/or quality and a profound assessment of the adequacy of the price to be paid.
    - Consequently, the value and the complexity of the service should be reflected in the specification and breakdown of the terms of reference, as well as in the respective offer.

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<sup>16</sup> Independent (autonomous): see EC 800/2008, Annex 1, Article 3 (1)-(3).

- For ordering similar services / external expertise which has already been procured in the period of 24 months counted back at the time of the procurement, collecting of the bids (three independent offers) is not obligatory, instead the previously requested offers can be used as proof.
- Below 5.000 EUR (excluding VAT): the principles of sound financial management must be applied, but no specific proof of the market price is required. Note that a procurement must not be split artificially to circumvent the 5.000 EUR threshold.

### 3.3.3.6 Equipment expenditure

**Purchase of equipment is eligible only if the items are essential and directly related to project implementation**, and if they are listed in the approved project budget. All equipment shall be necessary and shall exclusively be used for project implementation, having a clear contribution to the achievement of the project's objectives. Equipment should be selected with regard to the relevant public procurement rules.

Equipment expenditure contains all purchased equipment by a Lead Beneficiary / Beneficiary which are other than those covered by the expenditures of cost category 'Office and administration' and 'Infrastructure and works' and are necessary for the implementation of the project.

Equipment shall be distinguished according to its purpose:

1. **Content-related / thematic equipment**, directly linked to (or forming part of) the project outputs or deliverables which will be used by beneficiaries and target groups in line with the project objectives. Thematic equipment may be also linked to the 'Infrastructure and works' budget line.
2. **Equipment for general (office) use**, such as computers, office furniture etc. which is used for the daily work of the project staff and which is not already included under the 'Office and administrative' expenditure budget line.

Expenditure on **content-related/thematic equipment** shall be limited to the following elements:

- a) IT hardware and software (clear project relevance is necessary);

- b) Furniture and fittings;
- c) Laboratory equipment;
- d) Machines and instruments;
- e) Tools or devices;
- f) Other specific equipment needed for the project.

Equipment for general (office) use (called office equipment, meaning purchase of computers, office furniture etc.) is an eligible expenditure that is **automatically granted to the selected projects in the form of a lump-sum for the maximum of 1.000 EUR per Beneficiary.**

This cost is only eligible when the given Lead Beneficiary / Beneficiary **successfully submitted its first progress report on partner level and had the approval on it by the Control Body (declaration issued).**

Any difference between the granted lump sum and the costs occurred in reality for office equipment is neither checked nor further monitored by the Programme (including the Control Bodies). **Beneficiaries do not need to document that the expenditure has been incurred and paid or that the expenditure corresponds to reality.**

**It is important to note that in case the project (or part of it) is not implemented in line with Subsidy Contract for the EU contribution, and therefore it cannot be closed successfully (or just partly), the MA has to (or may) recover from the project (through the Lead Beneficiary) (in full or in part) the granted amount of office equipment costs.**

Examples:

- A piece of equipment of general (office) use is considered to be e.g. a laptop to be used by a staff member of the Lead Beneficiary / Beneficiary appointed as project manager – while e.g. stationary and small office tools that are used for the everyday work of that project manager should be financed in the frame of the office and administration flat rate.
- A piece of thematic equipment is considered to be e.g. a thermal camera used for monitoring energy losses of a building, purchased by the Lead Beneficiary / Beneficiary in relation to the refurbishment of a public building aimed at improving its energy efficiency. In this case the thermal camera belongs to the

'equipment' budget line. Other building installations purchased for the refurbishment however as e.g. heating equipment such as a boiler belong to the 'Infrastructure and works' budget line.

**Further eligibility rules to be considered:**

- Depreciation costs are not eligible.
- Only in cases where equipment purchased through the project is necessary for the project sustainability can it be charged to the project in its full amount. (Even if the depreciation period is longer than project implementation period.)
- Equipment must be clearly linked to the project (having a clear contribution to the achievement of the project's objectives), be essential for its effective implementation and shall exclusively be used for project implementation.
- All equipment items have to be clearly described (the description has to contain functional parameters, hence updated equipment can be purchased, considering the elapsed time from application submission and purchase) in the AF.
- Eligibility of costs for equipment is subject to the full respect of national public procurement rules, according to the thresholds, and for the type of entities as defined in the national law<sup>17</sup>.
- For all equipment purchased, the relevant visibility and publicity requirements of the Programme must be respected.
- In order to ensure compliance with market prices private bodies, in case they are not subject to national public procurement legislation, should apply procedures similar to the public procurement applicable to public bodies.
- Expenditure of second hand equipment is not eligible in general,
  - **except** the following conditions<sup>18</sup> are fulfilled: (1) no other assistance has been received for it from the ESI Funds; (2) its price does not exceed the generally accepted price on the market in question; (3) it has the technical characteristics necessary for the operation and complies with applicable norms and standards; (4) it is not feasible to substitute with new equipment (e.g. due to its speciality, to its age or cultural value or to the price difference).

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<sup>17</sup> In-house subcontracting is exempt from the applicable public procurement rules in the meaning of Article 12 of Directive 2014/24/EU of the European Parliament and of the Council.

<sup>18</sup> (1)–(3) points used in the meaning of Article 7(2) of Commission Delegated Regulation (EU) No 481/2014.

- Contractual advances in accordance with normal commercial law and practice, stipulated in a contract between the Beneficiary and the supplier, supported by receipted invoices (e.g. advance payment for the purchase of a piece of equipment) are eligible but dependent to later confirmation that the equipment has been properly and timely delivered.

Indicative list of expected supporting documents for validation purposes:

- In case of thematic equipment contract or written agreement including adequate technical specifications and sufficiently detailed financial information about the purchase of equipment, with a clear reference to the project and the Programme.
- Invoice providing all relevant information in line with the applicable accountancy rules, documentation of inventory and, where applicable, references to the project and the Programme.
- Proof of payment.
- Photo documentation of the equipment (with visible Programme logo and serial/product number).
- Evidence of the selection procedure, in line with EU-, programme- or national (including institutional) public procurement rules, depending on the amount contracted and the type of Beneficiary.
- For expenditures of equipment where no public procurement procedure is required by the national law (i.e. below the national threshold):
  - Above 5.000 EUR (excluding VAT): Beneficiaries must perform and document the execution of adequate market searches (e.g. through collecting bids – at least three independent<sup>19</sup> offers requested, using centralised e-procurement services.)
    - This is meant to provide a sound knowledge and sufficient information on the relevant market allowing for a sound comparison of offers in terms of price and/or quality and a profound assessment of the adequacy of the price to be paid.
    - Consequently, the value and the complexity of the equipment should be reflected in the technical specification, as well as in the respective offer.

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<sup>19</sup> Independent (Autonomous): see EC 800/2008 Annex 1, Art. 3 (1)-(3).



- For ordering similar equipment which has already been procured in the period of 24 months counted back at the time of the procurement, collecting of the bids (three independent offers) is not obligation, but the previously requested offers can be used as proof.
- Below 5.000 EUR (excl. VAT): the principles of sound financial management must be applied, but no specific proof of the market price is required. Note that procurement must not be split artificially to circumvent the 5.000 EUR threshold.

### 3.3.3.7 Investment/Works

- Construction of buildings, works and infrastructure – these costs comprise expenditure related to construction activities.
- Reconstruction, renovation of buildings, works and infrastructure – these costs comprise expenditure related to works needed for the alteration, reconstruction, expansion of a used building.

**Works expenditure shall be limited to elements listed in Annex II of Directive 2014/24/EU.** Costs of feasibility studies, environmental impact assessments, architectural/engineering activities and any other expertise needed for the realisation of the infrastructure not comprised in the aforementioned Directive shall be allocated under the 'Staff' or 'External expertise and services' cost category (depending whether carried out internally by the Beneficiary or with the support of external suppliers, respectively).

The same logic applies for equipment forming part of infrastructure/works realised within the project and shall be reported under the 'Equipment expenditure' budget line when it cannot be categorised under the 'Infrastructure and works' budget line due to Annex II of Directive 2014/24/EU.

**Please note that these costs are eligible only if** for the relevant Priority it is explicitly defined and the description of the Specific Objective targeted by the project contains activities connected to works components in the indicative list of eligible activities. For information on whether a Specific Objective supports the implementation of works components and on eventual thresholds in the project budgets please refer to Chapter 3.2 of this Guidelines.

**These costs are only considered eligible if they are directly linked to the project and are proven to be essential for its effective implementation.**

**Requirements concerning durability, including ownership and maintenance**, as provided for in Article 71 of the CPR and further detailed in the programme publicity rules apply to infrastructure developments realised by the project.

**Purchase of land** is an eligible expenditure only under the following conditions:

- The purchase of the land is indispensable for project implementation;
- The cost of the purchased land not built on and land built on must not exceed **10 per cent** of the total eligible project expenditure except the following cases:
  - For derelict sites and for those formerly in industrial use which comprise buildings, the limit shall be increased to 15% by the MA through a case-by-case decision;
  - For operations concerning environmental conservation the limit shall be further increased by the MA through case-by-case decision;
- The land shall be evaluated by an independent expert (the land evaluation must not be older than 6 months);
- The purchase price must not exceed the price recorded in the land evaluation document.

Further eligibility rules to be considered:

- Construction shall be in accordance with all national legal measures and codes (construction, hygienic and safety) in force.
- The contractor cannot be a Lead Beneficiary or Beneficiary in the project.
- The selection of the external suppliers shall comply with the applicable regulations on public procurement in force.
- The relevant publicity requirements of the Programme must be respected.
- Only expenditure of the infrastructure and works explicitly described in the approved AF can be verified.
- Contractual advances in accordance with normal commercial law and practice, stipulated in a contract between the Beneficiary and the provider, supported by receipted invoices (e.g. advance payment for the company selected for

construction works) are eligible but dependent on later confirmation that infrastructure and works have been properly and timely executed.

Indicative list of expected supporting documents for validation purposes:

- Documents on the selection of the contractors are available (documents of the public procurement);
- The contract laying down the works for the small scale investment in the framework of the project;
- The evidence of the infrastructure and works (e.g. documentation of the works as requested by the respective regulations and the rules of the public procurement);
- Invoices (advance payment certificates / interim payment certificates / final payment certificate);
- Proof of payment;
- Photo documentation of the ‘Infrastructure and works’ type of activity (with the obligatory information and publicity elements of the Programme visible);
- Permits (environmental permit, usage permit etc).
- The contract laying down the purchase of land in the framework of the project;
- Evidence is available that the price of the land is in line with market values.

### 3.3.4 Ineligible expenditure

- value added tax except where it is non-recoverable under national VAT legislation<sup>20</sup>;
- purchase of existing buildings;
- the purchase of land not built on and land built on for an amount exceeding 10 % of the Programme contribution paid to the final recipient,
  - **except** exceptional and duly justified cases, the MA may derogate from the limit concerning environmental conservation;
- fines, financial penalties and expenditure on legal disputes and litigation;
- second hand equipment in general,

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<sup>20</sup> In line with Article 69(3) of the CPR.

- **except** the following conditions are simultaneously fulfilled: (1) no other assistance has been received for it from the ESI Funds; (2) its price does not exceed the generally accepted price on the market in question; (3) it has the technical characteristics necessary for the operation and complies with applicable norms and standards; (4) it is not feasible to substitute with new equipment (e.g. due to its speciality, to its age or cultural value or to the price difference);
- bank charges, **except**
  - the charges for transnational financial transactions;
  - charges for opening and administering the account or accounts where the implementation of project explicitly requires a separate account to be opened);
- costs related to fluctuation of foreign exchange rate (including e.g. conversion costs, charges and exchange losses associated with any of the component specific EUR accounts etc);
- costs of guarantees and similar charges,
  - **except** the provision of guarantees provided by a bank or other financial institutions, to the extent that the guarantees are required by EU- or national law or in a programming document adopted by the MC;
- contributions in kind (e.g. free use of rooms, equipment or other facilities, unpaid voluntary work, generally any contribution without money flow);
- costs of gifts, except those not exceeding 50,00 EUR per gift if related to promotion, communication, publicity or information;
- interest on debt;
- debts and provisions for losses or debts;
- commissions and dividends, profit payments;
- purchase of business shares and stock exchange shares;
- unpaid invoice amounts or undrawn reduction of the price (cash discount, discount);
- subcontracted activities increasing the cost of the project without adding proportionate value to it;
- subcontracted activities to the Lead Beneficiary / Beneficiary of the same project;
- any expenditures not directly related to the project and associated with the Lead Beneficiary or the other Beneficiaries;

- any forms of double funding of expenditures: expenditure which is already supported by EU- or other national or international funds, subsidies.

**The list of ineligible expenditures is not exhaustive; expenses not included in the list above are not automatically eligible.** Without prejudice to the provisions of the EU regulations concerned (see Chapter 1.2 of this Guidelines), further rules on eligibility of expenditure may be laid down by the Member States of the Programme.

### 3.3.5 Revenues generated by the projects

As a general rule, **EU contribution (ERDF) in a project (corresponding to the eligible expenditures) shall be reduced according to the net revenue generated by the project both during project implementation, as well as three years after project completion.**

**Net revenue means** – in accordance with Articles 61 and 65(8) of the CPR – **cash inflows directly paid by users for the goods or services provided by the project**, such as charges borne directly by users for the use of infrastructure, sale or rent of land or buildings, or payments for services **less any operating costs** (including replacement costs of short-life equipment) incurred during the corresponding period.

Where not all the investment cost is eligible for co-financing, the net revenue shall be allocated pro rata to the eligible and non-eligible parts of the investment cost.

Please note that operating cost-savings generated by the project shall be treated as net revenue unless they are offset by an equal reduction in operating subsidies (see Art 61(1) of the CPR).

Any payment received by the Beneficiary arising from **contractual penalties** as a result of a breach of contract between the Beneficiary and a third party (or third parties) or that has occurred as a result of the withdrawal of an offer by a third party chosen under public procurement rules **(the 'deposit') shall not be considered as revenue**, and shall not be deducted from the eligible expenditure of the project.

Projects for which the total eligible cost does not exceed EUR 50.000 are exempted from any deduction of revenues generated related to the project, in line with 65(8) of the CPR.

Application phase:

Where it is possible to objectively estimate the revenues in advance, **projects should indicate the amount of possible revenues in the AF.**

**In case of revenue-generating projects** which generate net revenue after their completion, applicants have to calculate the expected net revenues following the method as provided for in Article 61(3) Paragraph b) of the CPR and as further detailed under Articles 15 to 19 of Delegated Regulation (EU) No 480/2014.

**Projects shall not indicate expected net revenues** in the AF if the specific project activity generating net revenue **is subject to State aid rules** [according to Article 65 (8)].

According to Article 61 (7b) of the CPR **projects below 1.000.000 EUR of total 'eligible' costs are exempted from the ex-ante calculation of revenue generation**, but revenues generated during the implementation have to be taken into account for these projects at latest at closure [in line with Article 65 (8)].

EU contribution at the time of contracting is calculated on the basis of the total eligible expenditures after deduction of any revenue which will be generated during the project period in case it is foreseen and the calculation method and amount is accepted by the MC.

Project implementation phase:

Beneficiaries are responsible for keeping account of all the revenues and to have the required documentation available (e.g. for control purposes). The revenues, if not deducted during the application phase, must be stated in the beneficiary reports and must be deducted from the eligible expenditure, i.e. the certified eligible expenditure should not include any revenues. Beneficiaries have to provide their controllers with information on the revenues generated in the reporting period and have to support this with the accounting or equivalent documents.

After project closure:

**In case a revenue generating project** – which has not had estimation of revenues in the application phase for objective reasons, and therefore the decrease of total eligible cost has not been done yet – expects to have any revenues within three years after the project closure, the JS has to be informed about the calculated net revenues and they have to be reported to the relevant Control Body. In case revenue has to be deducted later than the acceptance of the Final Project Progress Report of the project, repayment of the respective amount has to be done and deduction will be executed the latest from the final Application for Payment of the Programme submitted to the EC.

## **4. SUBMISSION RULES**

### **4.1 SUBMISSION TECHNICALITIES**

#### **4.1.1 Content of the application package**

- Call for Proposals,
- Guidelines for Applicants,
- Handbook to Tourism Projects,
- Application Form,
- Declarations:
  - Declaration of the Lead Beneficiary,
  - Declaration of the Beneficiary,
  - State aid declaration,
  - Partnership Statement,
  - Declaration on the availability of own contribution,
  - Declaration on Value Added Tax,
- Checklist,
- Assessment grid templates,

- Draft Subsidy Contract for the EU contribution: for information purposes only; the right of applying changes to the document is reserved,
- Model Partnership Agreement: for information purposes only; the right of applying changes to the document is reserved.

The whole application package and other relevant documents (e.g. the Co-operation Programme) can be reached on <http://www.huhr-cbc.com>.

#### 4.1.2 Language of the CfP and of the project proposals

**The AF has to be filled in in English.** Exceptions are certain supporting documents: they are to be submitted in the national languages (Hungarian or Croatian), depending on the Lead Beneficiary / Beneficiary (see Chapter 4.2 of the Guidelines).

#### 4.1.3 Submitting the project proposals

Project proposals can be handed in **personally** by a delegated/accredited representative or can be sent **by post** with registered mail service or **by courier** service.

**The delivery deadline** of project proposals in hard copy is:

<b>31 May 2016, 17.00 p.m. CET</b>
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##### a) Submission by personal delivery

Project proposals should be **submitted personally** to the following delivery address:

<b>HU-HR Joint Secretariat</b>
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**Széchenyi Programme Office Nonprofit LLC**  
**H-1016 Budapest, Gellérthegy u. 30-32<sup>21</sup>**

**Reference number of the CfP: HUHR/1601**

The technical details on how to submit project proposals **on the last day** of the deadline will be communicated on the Programme website: <http://www.huhr-cbc.com>.

**b) Submission by post with registered mail service or by courier service**

Project proposals should be **sent** to the following postal address:

***HU-HR Joint Secretariat***  
***Széchenyi Programme Office Nonprofit LLC***  
***H-1016 Budapest, Gellérthegy u. 30-32<sup>22</sup>***

***Reference number of the CfP: HUHR/1601***

The project proposals have to be **received by the JS** (in case of personal delivery) or **posted by the Lead Beneficiary** (in case of postal or courier service submission) by the above indicated deadlines at the latest. **The keeping of the deadline will be closely observed** in case of all project proposals, regardless of the way of submission. In case of **personal delivery** the date of the **'Proof of receipt'** issued by the JS, in case of **postal or courier service submission the date on the stamp of the post office where the package was submitted or the record of the courier on the time of submission** proves the keeping of the submission deadline.

**Please note** that project proposals which are handed in through any other channel (fax or e-mail) or are sent to the wrong address or after the given deadline will be **rejected automatically**.

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<sup>21</sup> Please note that the place of submission may be subject to change. Please regularly check the website of the Programme ([www.huhr-cbc.com](http://www.huhr-cbc.com)) for related information.

<sup>22</sup> Same as above.

#### 4.1.4 Approval of data management / Privacy policy

The Lead Beneficiary and the Beneficiaries, by submitting the project proposal to the present CfP, duly consent to the fact that the Data Manager (Prime Minister's Office of Hungary) and the Technical Data Processor (Széchenyi Programme Office Nonprofit LLC) will manage all the personal data included in the application package and provided in the contracting or project implementation phase, in particular with regard to the data managed in the monitoring and information system. Hungarian Act CXII of 2011 on the Right to informational self-determination and on the freedom of information shall apply to the protection of personal data and to the disclosure of information of public interest. **The data are managed upon the voluntary consent of the Lead Beneficiary / Beneficiary**, according to Paragraph (1) of Article 5 of the above-mentioned Act.

#### 4.1.5 Completeness of the project proposal

**The project proposal has to be sent in one package, the envelope/package has to be sealed and properly marked** in such a way that it includes **all** these elements:

- ***The address to which the project proposal is submitted*** (see above in Chapter 4.1.3 of the Guidelines)
- ***The full name and address of the Lead Beneficiary***
- ***The reference number of the CfP – HUHR/1601*** (see also above in Chapter 4.1.3 of the Guidelines)
- ***The acronym<sup>23</sup> of the project proposal*** (as indicated in the AF)
- The wording: **»PROJECT PROPOSAL«**
- The wording: **»Do not open« – First Call for Proposals of the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020**

Prior to preparing the project proposal, please read all the documents of the application pack and **check which supporting documents need to be submitted**

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<sup>23</sup> Please note that your project acronym has to be different from any earlier acronym used by you or any of your partner organisations during the course of the HU-HR (IPA) CBC Programme 2007-2013. A similar acronym to one already used by you can only be possible if the new 2014-2020 project is the direct continuation of a 2007-2013 project.

**along with your project proposal** (see Chapter 4.2 of the Guidelines). Request from your fellow Beneficiaries to submit you all necessary data and documents in due time, only in this way will you be able to efficiently draft a complete project proposal.

It is important to stress that **the Lead Beneficiary bears the responsibility** for the content of the project proposal.

**Lead Beneficiaries and Beneficiaries must keep strictly to the format of the AF as provided and must attach the required supporting documents** (see Chapter 4.2 of the Guidelines).

**The sheets of the AF must be filled in, printed and attached to each other in the given order. The supporting documents have to follow each other in the sequence as provided** in the list of Chapter 4.2.1.1. Please insert **cover pages** between the types of supporting documents. Documents which are not relevant for the given project proposal should be indicated as *'Not relevant for the present project proposal'* on their respective cover sheets. Please find an example for a sequence of documents to be submitted (and their cover sheets):

- I) Cover sheet for Establishing documents<sup>24</sup>
    - (i) Cover sheet for Establishing documents of the Lead Beneficiary
      - Establishing documents of the Lead Beneficiary
    - (ii) Cover sheet for Establishing documents of Beneficiary 1
      - Establishing documents of Beneficiary 1
  - II) Cover sheet for Extracts from register
    - (i) Cover sheet for Extract from register of the Lead Beneficiary
      - Extract from register of the Lead Beneficiary
    - (ii) Cover sheet for Extract from register for Beneficiary 1
      - Extract from register for Beneficiary 1
- etc.

**The complete project proposal must be printed (one original and one identical copy), has to be bound, page numbered, must be divided into chapters and**

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<sup>24</sup> If relevant.

**must have a table of contents at the beginning.** The legally authorised representative of the Lead Beneficiary is to certify the AF on AF Sheet 15.

**Please do not forget to label the folders/parts of your project proposal:** please indicate on each folder/part the project acronym and whether the item is the original project proposal or one of the two compulsory copies. **Please note that it is the original version of the project proposal that has to contain all original documents** – the copy versions can be entirely photocopies.

**Some documents of the application package have to be recorded in electronic form (on CD-Rom, DVD or Pen drive) as well.** The list of documents to be handed in electronically can be found in Chapter 4.2.1.2 of the Guidelines.

The labelling of the electronic device should contain the following information:

- **Full name of the Lead Beneficiary**
- **Reference number of the CfP – HUHR/1601** (see also above in Chapter 4.1.3 of the Guidelines)
- **Acronym of the project proposal** (as indicated in the AF)

Please note that it is the duty of the Lead Beneficiary to assure that the content of the printed project proposal is the same as the content of the electronic version.

It is important to note that **in case of discrepancies between the printed and electronic version, the original version of the printed and certified project proposal prevails. In case of questions concerning the compliance with the relevant deadline, the arrival date (in case of personal delivery) or the date of stamp (in case of postal / courier service delivery) of the original version of the printed and certified project proposal prevails.**

The AF has to be completely **filled in in all its sections in English.** Hand written Application Forms will not be considered.

Please note that all declarations have to be **certified by the legally authorised representative** of the particular organisation issuing the declaration. Please respect the rules that apply to the order of signatures at your organisation. **The declarations (as well as the AF) will be cross-checked during formal assessment with the specimens of signature** in order to ascertain the authorisation of the signatory person(s) to certify the individual document.

#### 4.1.6 Rejection of the project proposal



*Please note that the column 'Cmpl' in the formal and eligibility assessment grid stands for the possibility of completion. If the column is crossed it means that in case the criterion is not fulfilled the project proposal will be rejected without the possibility of completion.*

#### **The project proposal will be rejected if any of the requirements listed below is not fulfilled:**

- The project proposal has been submitted on time.
- The project proposal contains the certified AF and the following essential supporting documents, in line with the prescribed formal requirements: (i) declaration of the Lead Beneficiary; (ii) declaration / declarations of the Beneficiary / Beneficiaries; (iii) Partnership Statement; (iv) extracts from register.
- The AF published for the present CfP has been used for the project proposal.
- The AF has been filled in on a computer and not by handwriting.
- The AF has been filled in in English (technical terms in national languages are acceptable).
- The AF has been certified (signed by ink, stamped and dated) by the legally authorised representative of the Lead Beneficiary. (For the definition of 'certified by the legally authorised representative of the respective organisation', please read the definition in Chapter 4.2.1 of the Guidelines.)
- The budget has been prepared in the format presented in the AF and has been calculated in EUR.
- The structure of financing of the project proposal is in line with Chapter 2.2 of the Guidelines: size of subsidy from EU contribution, minimum share of own contribution.
- The period of implementation of the project is the same or above the minimum- and does not exceed the (Specific Objective dependant) maximum length set out in the CfP (Chapter 2.2, Table 2 of the Guidelines).
- The project proposal was submitted to the appropriate Specific Objective.

- Next to the Lead Beneficiary at least one cross-border Beneficiary eligible for funding participates in the project.
- The project fulfils at least three joint co-operation criteria from the four: joint development (obligatory), joint implementation (obligatory), joint financing and joint staffing.

**Please note that rejected project proposals will not be returned to the Lead Beneficiaries, neither will project proposals recommended for funding.**

The project proposals that fulfil the conditions of the formal and eligibility check will proceed to quality assessment.

#### **4.1.7 Handling of complaints**

**The Lead Beneficiary may file a complaint** against a decision of the programme implementing structures **that regards the rejection of a project proposal**. In line with the provisions of the Co-operation Programme, Lead Beneficiaries of rejected applications will be informed in writing about the reasons why an application was not eligible or approved, providing details on the reason for non-eligibility / non-approval.

**The complaint can be filed** in case the decision:

- infringes any provision stipulated in the Regulations of the EU;
- represents an infringement of the CfP.

The complaint **has to be**:

- written in English;
- addressed to the Head of the MA and sent by post or courier service to the address indicated in the letter of rejection;
- filed by the legally authorised representative of the Lead Beneficiary;
- posted within 7 calendar days following the notification regarding the rejection of the project proposal<sup>25</sup> – unless otherwise regulated in the letter of rejection;

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<sup>25</sup> The date of the notification is proven by the signed and returned postal proof of delivery.

- containing clear and articulate reference to the nature of the infringement based on EU Regulations or the CfP.

**All complaints shall be considered and answered by the MA** as the responsible body for handling complaints **within 20 calendar days** following the receipt of the complaint. **This deadline can be extended once** with an extra 45 calendar days in case further investigations are needed. The Lead Beneficiary is notified about the extension of the deadline.

**A complaint shall be automatically rejected**, without any examination, in case:

- it was not filed by the person entitled to submit a complaint;
- it was posted after 7 calendar days following the notification regarding the rejection of the project proposal – unless otherwise regulated in the letter of rejection;
- it does not contain clear and articulate reference to the nature of the infringement based on EU Regulations or the CfP;
- the subject and content of the complaint correspond with a complaint already filed and rejected;
- the complaint was not sent by post or courier service (i. e. via fax or e-mail) or was not sent to the address indicated in the letter of rejection.

## **4.2 DOCUMENTS TO BE SUBMITTED**

**Beside the AF it is necessary to submit a number of supporting documents to make the project proposal complete.** The format of some of these documents is prescribed by the CfP (see the application package), others do not have a set format but are determined by legislation and by everyday practice.

In the following sub-chapters you will find the list of documents to be submitted along your AF, furthermore some detailed rules concerning documents to be submitted in case of projects with works components.

**Please observe closely the documents that cannot be sent in as completion** (see column 'Completion possible' of the table under Chapter 4.2.1.1) – these documents also have been marked with **bold** letters. Furthermore, please be in line with the rules laid down in Chapter 4.1.5. of the Guidelines, with special respect to

the fact that **every project proposal has to contain one original and one identical copy of the project proposal in printed version (meaning AF plus supporting documents), furthermore one electronic data device (CD-Rom, DVD or pen drive).**



*For the names of establishing documents per types of organisations please refer to Appendix 2 of the Guidelines.*

*When filling in the required declarations and statements (see documents to be submitted No. 7, 8, 9, 10 and 14), please follow the instructions contained in the footnotes of these documents.*

#### **4.2.1 List of documents to be submitted**



*In the table below, ‘original document’, ‘certified by the legally authorised representative’, ‘issued by’, ‘the translation of an extract into English’ and ‘in conformity with the original document’ are to be understood as follows:*

- *‘original document’: prepared or officially issued by a person/organisation, having the original certification on it (meaning that the ink of the signature is blue and not black as in case of photocopies);*
- *‘certified by the legally authorised representative of the respective organisation’: signed by that person / those persons and in that way as authorised in the establishing document and/or in the specimen of signature to sign in the name of the organisation (Lead Beneficiary or Beneficiary);*
- *‘issued by’: certified by the institution/person producing or providing the document;*
- *‘the translation of an extract into English’: the sentence ‘In conformity with the original document.’ has to be indicated on the translation which has to be certified by the legally authorised representative; extract means that the key pieces of information are filtered from the given document.*



**Important note:** In the assessment phase the JS has a right to ask for additional documents for clarification/completion, in order to clarify the legal status of the given organisation.

4.2.1.1 List of documents to be submitted alongside the printed AF

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
<b>Basic documents for <u>all project proposals</u></b>					
1. Checklist	Checklist in the prescribed format – certified by the legally authorised representative of the Lead Beneficiary	Yes	Not relevant	In English	One original document – format set by the CfP
2. Establishing documents of the Lead Beneficiary and the Beneficiaries	Necessary only in case of a) non-profit organisations governed by <u>private</u> law in Hungary, b) non-profit organisations governed by <u>private</u> law in Croatia, and c) <u>certain public</u> non-profit organisations in Croatia – <b>please read Appendix 2</b> of this Guidelines	Only if relevant	Yes	In the original language, with the translation of an extract into English	One copy of the document in original language and one original extract into English for every Lead Beneficiary / Beneficiary – both documents have to be certified – no format prescribed by the

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
	<p>If necessary then please submit as follows:</p> <p>Statutes, articles of association, deed of foundation – certified by the legally authorised representative of the given organisation</p>				CfP
<p><b>3. Extract from register</b> (please read Appendix 2 of this Guidelines)</p>	<p><b>For all types of organisations:</b> <b>Extract from register / certification of legal status for the Lead Beneficiary and all Beneficiaries – issued by the relevant registering authority – must not be older than 30 days at the time of submission</b></p> <p>Note: In case an organisation in Croatia (e.g. town, county) is not present in the special registry (commercial court etc), then the</p>	Yes	No <sup>26</sup>	In the original language	<p><b>One original document for the Lead Beneficiary and every Beneficiary</b></p>

<sup>26</sup> Please note that all organisations which do not have the extract from registry from the commercial-, county- or any other relevant court should submit the statement on their status and prove their existence by the relevant latest legal act in force at the time of submission.

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
	establishing resolution or law, printed from the most recent Official Gazette ( <i>Narodne Novine</i> ), with the certification of the given organisation on it is deemed to be acceptable.				
4. Certification proving that the head of the branch office is an authorised representative of the organisation to act in connection to the implementation of the relevant project part	In case the regional / local branch of the Lead Beneficiary / Beneficiary is not a legal entity and the national / regional organisation applies for funding – certified by the legally authorised representative of the organisation – it has to cover the whole implementation period of the project and has to contain proof that the head of the branch office will be entitled to act on behalf of the organisation in everyday project management matters	Only if relevant	Yes	In the original language, with the translation of an extract into English	One original document and one original extract into English for every affected organisation – no format prescribed by the CfP
5. Latest accepted detailed	In case an association applies for funding through its regional / local	Only if relevant	Yes	In the original language	One copy for every affected

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
activity report	branch (member association) which is not a legal entity – the detailed report has to cover the activities of the last closed year				organisation, certified by both the head of the local unit and the legally authorised representative of the association – no format prescribed by the CfP
6. Original specimen of signature of the legally authorised representative(s) of the Lead Beneficiary and of the Beneficiaries	<p>To be submitted for the legally authorised representative of the Lead Beneficiary and of all Beneficiaries</p> <p>In case of local governments in Hungary, specimens of signature issued by the monetary institution handling the local government's account (<i>banki aláíró karton</i>) can also be accepted (in original in via a copy certified by a public notary) .</p>	Yes	Yes	In the original language	One original document or one copy certified by a public notary for every representative

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
	<p>In Croatia for all organisations a statement about the signatory persons, written in original language, has to be provided. The statement also has to include that the signature provided on it is the signature of the specified person as it will be used during the course of submitting the project proposal and during the implementation of the project. The statement has to be certified in any case by a public notary (<i>javni bilježnik</i>) for all legally authorised persons representing the organisation in the application process.</p>				
<b>7. Declaration of the Lead</b>	<b>Declaration in the prescribed format, compulsory to be</b>	<b>Yes</b>	<b>No<sup>27</sup></b>	<b>In English</b>	<b>One original document –</b>

<sup>27</sup> Please note that a completion of the document is only possible in a case where the prescribed format has been respected and the non-compliance is only due to misspellings, missing data etc. In case of declarations that have been submitted in a format other than prescribed by the application package of the CfP, the project proposal has to be rejected.

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
Beneficiary	submitted by the Lead Beneficiary – certified by the legally authorised representative of the Lead Beneficiary – please follow footnote of the declaration when filling in – please also fill in point 4.2 of the declaration on <i>de minimis</i> aid				format set by the CfP
8. Declaration of the Beneficiary (other than the Lead Beneficiary)	Declaration in the prescribed format, compulsory to be submitted for every Beneficiary separately – certified by the legally authorised representative of the organisation – please follow footnote of the declaration when filling in – please also fill in <i>de minimis</i> aid amount in section ‘Stipulations concerning State aid’ of the	Yes	No <sup>28</sup>	In English	One original document for every Beneficiary – format set by the CfP

<sup>28</sup> See footnote No. 27.

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
	<b>declaration</b>				
9. State aid declaration	Declaration in the prescribed format, compulsory to be filled in and to be submitted for the Lead Beneficiary and every other Beneficiary separately – certified by the legally authorised representative of the organisation	Yes	Yes	In English	One original document for the Lead Beneficiary and for every other Beneficiary – format set by the CfP
10. Declaration on the availability of the own contribution	<p>Declaration in the prescribed format, compulsory to be submitted for the Lead Beneficiary and every other Beneficiary separately</p> <p>Exceptions are organisations that are 'központi költségvetési szerv (311-es vagy 312-es gazdálkodási forma kód)' in Hungary</p> <p>The document has to be certified by the legally authorised representative of the Lead</p>	If relevant, see Chapter 2.2 of the Guidelines	Yes	In English	One original document for every Beneficiary (for the exceptions see column 'Description' to the left) – format set by the CfP



Name of document	Description	Compulsory	Completion possible	Language	Original or copy
	<p>Beneficiary / Beneficiary (please follow footnote of the declaration when filling in)</p> <p><u>All organisations, from both Hungary and Croatia are obliged to fill in, certify and attach one declaration each.</u></p>				
<p><b>11. Partnership Statement</b></p>	<p><b>Statement in the prescribed format, compulsory to be filled in by the Lead Beneficiary and the other Beneficiaries and to be submitted by the Lead Beneficiary – certified by the legally authorised representatives of the Lead Beneficiary and the Beneficiaries – all original signatures have to be provided on the same document; scanned versions cannot be accepted.</b></p>	<p><b>Yes</b></p>	<p><b>No</b></p>	<p><b>In English</b></p>	<p><b>One original document bearing signatures from the Lead Beneficiary and all Beneficiaries – format set by the CfP</b></p>

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
12. Curriculum Vitae (CV) of the project team members	<p>CV shall be submitted for each project team member (staff costs/team members, see Chapter 3.3.3.2) of this Guidelines), indicating the position to be fulfilled in the project</p> <p>It is recommended to use the Europass CV format, available for download from:</p> <p><a href="http://europass.cedefop.europa.eu/">http://europass.cedefop.europa.eu/</a></p>	Yes <sup>29</sup>	Yes	In English	One original document for every project team member – Europass format requested
13. Attendance sheet and minutes of the preparatory meeting	Proving that one meeting was organised with the participation of the entire project partnership before submitting the project proposal – one minutes and one attendance sheet, signed by all	Yes	Yes	Attendance sheet and minutes in English	Original documents or certified copies – no format prescribed by the CfP

<sup>29</sup> In case of the flat rate calculation, although no names are indicated on the 'staff' main budget line, still it is necessary to provide the CV-s of the persons planned to be involved in project management. This is to aid the quality assessors in better estimating the experience and capacities of the project management (and of the organisation).

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
	participants – certified by the legally authorised representative of the Lead Beneficiary				
14. Declaration on Value Added Tax (VAT)	Declaration in the prescribed format, compulsory to be filled in by the Lead Beneficiary and all other Beneficiaries, both Hungarian and Croatian – certified by the legally authorised representative of the organisation – please follow footnote when filling in	Yes	Yes	In English	One original document for every Hungarian and Croatian Lead Beneficiary / Beneficiary – format set by the CfP
<b>Documents relevant in connection to <u>Hungarian project parts</u> of project proposals</b>					
15. Declaration of support of the territorially competent National Park Directorate	In case of nature conservation projects concerning NATURA 2000 sites and protected areas where the National Park Directorate is not included in the project partnership – certified by the legally authorised representative of the National	If relevant	Yes	In the original language	One original document for every National Park Directorate concerned – no format prescribed by the CfP

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
	Park Directorate				
16. Declaration of support of the territorially competent Disaster Management Authority	In case of water management type of projects where the water management authority is not included in the project partnership – certified by the legally authorised representative of the Disaster Management Authority ( <i>Katasztrófavédelem Vízügyi Hatóság</i> ) acting as water management authority	If relevant	Yes	In the original language	One original document for every Disaster Management Authority concerned – no format prescribed by the CfP
17. Declaration of support of the territorially competent Government Office, Environmental Protection and Nature Conservation Department	In case of environmental protection and/or nature protection type of projects where the environmental and nature protection body is not included in the project partnership – certified by the legally authorised representative of the Government Office, Environmental Protection and Nature Conservation Department ( <i>Kormányhivatal</i>	If relevant	Yes	In the original language	One original document for every Environmental Protection and Nature Conservation Department concerned – no format prescribed by the CfP

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
	<i>Környezetvédelmi és Természetvédelmi Főosztály)</i>				
<b>Documents relevant in connection to <u>Croatian project parts</u> of project proposals</b>					
18. Declaration of support of the territorially competent Nature Park and/or County Environmental Management Authority <i>(Županijska javna ustanova za upravljanje zaštićenim dijelovima prirode / Upravni odjel županije zaštitu okoliša i prirode)</i>	In case of nature conservation projects concerning protected areas where the Nature Park and/or County Environmental Management Authority is not included in the project partnership – certified by the legally authorised representative of the Nature Park and/or County Environmental Management Authority	If relevant	Yes	In the original language	One original document for every Nature Park and/or County Environmental Management Authority – no format prescribed by the CfP
19. Declaration of	In case of water management	If relevant	Yes	In the original	One original

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
support of the territorially competent Water Directorate	projects where the Water Directorate is not included in the project partnership – certified by the legally authorised representative of the Water Directorate			language	document for every Water Directorate concerned – no format prescribed by the CfP
<b>Supporting documents<sup>30</sup> in case of all projects with works components<sup>31</sup></b>					
20. Feasibility assessment	One feasibility assessment ( <i>megvalósíthatósági tanulmány / procjena izvedivosti</i> ) for every individual works activity (investment) in Priority 2 and 4 that exceeds 50.000 EUR as planned in the project part of the Lead Beneficiary / Beneficiary – certified by the legally authorised representative of the Lead	If relevant	Yes	In English	One original document for every relevant works activity – format as in Appendix 3 requested

<sup>30</sup> Formats set by the CfP are existing only in cases where this is indicated in the 'Original or copy' column of the table.

<sup>31</sup> Investment type projects with works components show more complexity as to the documentation to be handed in to the JS than so-called soft projects. Therefore please carefully consult the relevant legislation in force, both in Hungary and in Croatia, related to construction, environmental permitting, cultural heritage etc. and please be aware of your obligations as prescribed by national law.

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
	Beneficiary / Beneficiary implementing the investment For the recommended content please consult Appendix 3 of this Guidelines.				
21. Land or building registration certificate <i>(tulajdoni lap, ZK uložak)</i>	Land or building registration certificates – certified by the legally authorised representative of the Lead Beneficiary / Beneficiary (original documents do not have to be certified) – one document per item (land, building) – must not be older than 30 days at the time of the submission	Yes	Yes	In the original language	Original documents or certified copies
22. Necessary documentation about proof of ownership of land or buildings	In line with Chapter 4.2.2 of this Guidelines	Yes	Yes	In the original language	As requested in Chapter 4.2.2 of the Guidelines

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
23. Documents supporting the financial aspects of construction activities	<p>Detailed cost estimation by type of work, issued by a designer (<i>tervezői költségbecslés / procjena troškova koju izdaje projektant</i>), indicating the main activities and within these the unit prices and the costs of materials and works</p> <p><b>or</b></p> <p>Detailed price quotations (<i>árajánlat / troškovnik</i>), issued by a contractor, indicating unit prices and the costs of materials and works</p> <p>– certified by the legally authorised representative of the Lead Beneficiary / Beneficiary planning to implement the works component</p>	Yes	Yes	In the original language	Original documents or certified copies
24. Construction plans	Construction plans ( <i>tervdokumentáció / građevinski</i>	Yes	Yes	In the original language	Original documents or



Name of document	Description	Compulsory	Completion possible	Language	Original or copy
<p>(engineering plans, descriptions), in line with the relevant legislation in force in Hungary / Croatia</p>	<p><i>planovi</i>), submitted for the building permit (<i>építési engedély / građevinska dozvola</i>)</p> <p><b>or</b></p> <p>In case the works activity is not subject to permission, the Lead Beneficiary / Beneficiary should submit the technical description (<i>műszaki leírás / tehnički opis</i>), the diagrammatical plan (<i>vázrajz / dijagramatski prikaz</i>) and the general plan of the building site (<i>átnézeti helyszínrajz / geografska karta (zemljovid) područja gradilišta</i>) with the lot number(s) indicated</p> <p>– certified by the legally authorised representative of the Lead Beneficiary / Beneficiary planning to implement the works component</p>				<p>certified copies</p>

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
<p>25. Building permits  <b>or</b>  Documents certifying the exemption of the construction from building permit<sup>32</sup></p>	<p>Building permits, <u>if already obtained</u>  <b>or</b>  Notification of the <u>procedure initiated</u> for obtaining the building permit, certified by the respective authority in Hungary / responsible body in Croatia (authority / body responsible for issuing building permits)  <b>or</b>  <u>Declaration certifying the exemption</u> of the construction from building permit (<i>igazolás, hogy az építkezés nem engedélyköteles / potvrda o izuzeću građevinske aktivnosti od potrebe ishodaenja građevinske dozvole</i>): issued by the designer or by the respective authority in</p>	<p>Yes</p>	<p>Yes</p>	<p>In the original language, with the translation of an extract into English</p>	<p>Original documents or copies certified by a public notary, plus original extracts into English</p>

<sup>32</sup> Please note that the legally binding building permit will be a prerequisite for concluding the Subsidy Contract for the EU contribution.

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
	<p>Hungary; or issued by the responsible body in Croatia</p> <p><b>For Croatian organisations, in case it is relevant</b>, next to the building permits or documents certifying the exemption of the construction from building permit, relevant permissions / exemptions for <b>interventions related to cultural heritage</b> should be issued by the responsible body in Croatia (the note in the building permit or exemption of the construction from building permit is also deemed to be sufficient)</p>				
<p>26. Environmental documentation of the investment in <u>Hungary</u></p>	<p>Environmental <u>permits</u> (<i>környezetvédelmi engedély / okolišna dozvola</i>)</p> <p><b>or</b></p> <p><u>Certification that the Lead Beneficiary / Beneficiary has</u></p>	<p>Yes (if there is a works component on the Hungarian</p>	<p>Yes</p>	<p>In the original language, with the translation of an extract into English</p>	<p>Original documents or copies certified by the legally authorised representative of</p>

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
	<p><u>initiated</u> the environmental permission process, certified by the respective authority in Hungary (authority / body responsible for issuing environmental permits)</p> <p><b>or</b></p> <p><u>Declaration that environmental permission is not relevant</u>, issued by the designer or by the respective authority in Hungary</p>	side) <sup>33</sup>			the Lead Beneficiary / Beneficiary, plus original extracts in English
27. Environmental documentation / approvals of the investment in <u>Croatia</u>	<p><u>Original approval</u> of the responsible body for the acceptance of the intervention in the environment (<i>Rješenje o prihvatljivosti zahvata na okoliš</i>)</p> <p><b>or</b></p> <p><u>Certification of the responsible body in Croatia that the Lead</u></p>	Yes (if there is a works component on the Croatian side)	Yes	In the original language, with the translation of an extract into English	Original documents or copies certified by the legally authorised representative of the Lead Beneficiary /

<sup>33</sup> For the list of activities that involve compulsory environmental impact assessment in Hungary please refer to Government Decree No. 314/2005 of 25 December 2005).

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
	<p><u>Beneficiary / Beneficiary has initiated the assessment process</u> (or if it is the case: request of the Lead Beneficiary / Beneficiary for exemption from environmental impact Assessment)</p> <p><b>or</b></p> <p><u>Declaration of the responsible body in Croatia that the conduction of an environmental assessment is not relevant according to national legislation in Croatia</u></p>				Beneficiary, plus original extracts in English
28. Photo documentation	The scene of the works activities has to be documented on photos – every photograph has to be identifiable through the indication of lot number and/or street name and house number	Yes	Yes	Not relevant	Original photographs or photocopies
29. Geographical map of the	A geographical map of the construction / reconstruction /	Yes	Yes	In the original language	Original map or photocopy

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
investment site	building site (HU: <i>átnézeti helyszínrajz</i> ) with clear identification of lot number(s) (territories / building sites and/or river sections) – certified by the legally authorised representative of the Lead Beneficiary / Beneficiary planning to implement the works component				
30. Land evaluation by an independent expert	Necessary in cases where land is to be purchased from the project – to be issued by an independent expert – must not be older than 6 months at the time of submission	If relevant	Yes	In the original language, with the translation of an extract into English	One original document plus an original extract in English
31. Water licence documentation of the investment <u>in Hungary</u>	In case of water management related investments the relevant <u>water right establishment licence</u> has to be submitted (HU: <i>vízjogi létesítési engedély</i> ) – issued by the respective authority in Hungary	If relevant	Yes	In the original language, with the translation of an extract into English	Original documents or copies certified by the legally authorised representative of the Lead Beneficiary /

Name of document	Description	Compulsory	Completion possible	Language	Original or copy
	<p><b>or</b></p> <p><u>Certification that the Lead Beneficiary / Beneficiary has initialised the water licensing process – certified by the respective authority responsible for issuing water licences</u></p> <p><b>or</b></p> <p><u>Declaration that the conduction of a water licensing is not relevant – issued by the designer or by the respective authority</u></p>				Beneficiary, plus original extracts in English

**Important:** Please note that supporting document No. 2 (establishing documents of the Lead Beneficiary and the Beneficiaries) and No. 3 (extract from register) are requested **to verify the eligibility of the Lead Beneficiary / Beneficiary**. In order to be suitable for judging eligibility issues of individual organisations, **documents No. 2 and 3 have together to contain the following** pieces of minimum information:

- The organisation is a legal person.
- The organisation is of non-profit nature. (For exceptions please refer to the textbox under Chapter 3.1.1.)
- The organisation has been operating for at least one year before project submission.
- The headquarters is in the eligible Programme area.

- In case of branch office applying, the existence and operation, location etc. of the branch office.



4.2.1.2 Documents to be submitted on the electronic data device (CD-Rom, DVD or pen drive)

Name of document	Description	Compulsory	Completion possible
<b>Basic documents</b>			
1. Application Form <sup>34</sup>	One Excel file, identical in content with the AF submitted on paper, in English	Yes	Yes
<b>Supporting documents in case of projects with works components</b>			
2. Photo documentation	The scene of the works activities has to be documented on photos – folder with JPG or other widely known image files (from digital camera or scanned from pictures)	Yes	Yes

#### 4.2.2 Ownership issues of land and buildings subject to works components of projects

In case of infrastructural development projects, the Lead Beneficiary / Beneficiaries must prove the quality of ownership or usage rights of the land and/or building involved in the works component. **The ownership has to be proven by a land or building registration certificate from the relevant public registers, according to the national legislation.**

Three cases can be distinguished:

1. In case the land or building is owned by the organisation (Lead Beneficiary / Beneficiary) implementing the works component, the investment is implemented on own property and only a land or building registration certificate from the relevant public register (HU: *tulajdoni lap*, HR: *ZK uložak*) is necessary.

<sup>34</sup> Please note that the electronic version of the AF has to be in the Excel format as provided in the application package of the CfP. Other formats (Word, PDF or other files) cannot be accepted.



Please note that a land or building registration certificate is always necessary in connection to project elements that are works components.

2. Situations can arise where the land or building is not in the exclusive ownership (*közös tulajdon / zajedničko vlasništvo*) of the organisation (Lead Beneficiary / Beneficiary) implementing the works component. In these cases the written consent of the joint proprietors (*tulajdonostársak / suvlasništvo*) has to be attached to the project proposal; in the document they must express that they agree with the implementation of the project and with the continuation of operation until 5 years from the end date of the project's implementation period.

If the land or building constitutes a piece of undivided joint property (*osztatlan közös tulajdon / nedjeljiv zajednički posjed*), the usage agreement (*használati szerződés / ugovor o pravu uporabe*) between the joint proprietors, stipulated in a notarial document or private law contract of equal probative value (*közjegyzői okirat vagy azonos bizonyító erejű magánokirat / javnobilježnički akt ili privatnopravni ugovor jednake dokazne vrijednosti*), as well as the drawing about the functional division of the property (*vázrajz a vagyontárgy funkcionális megosztásáról / nacrt funkcionalne podjele posjeda*) have to be submitted together with the project proposal.

3. The land or building is not owned by the organisation (Lead Beneficiary / Beneficiary) implementing the works component:
  - a) If the ownership of the land and of the building located on it is divided (*elválik a telek és az épület tulajdonjoga / vlasništvo nad zemljištem i građevine koja se na njemu nalazi je podijeljeno*), the project could finance developments on a third party's property. In these cases the owner of the land and the organisation (Lead Beneficiary / Beneficiary) implementing the works component have to conclude a detailed contract, to be attached to the project proposal, ruling the implementation of the investment and how the ownership of the land and the building will be separately indicated in the public register.
  - b) If the organisation (Lead Beneficiary / Beneficiary) implementing the works component already **rents, or wishes to rent, the land or building, which is in the ownership of the state or of a county/local government**, targeted with the investment for the duration of the project and for subsequent operation, the relevant contract (*bérleti szerződés / ugovor o najmu*) must be annexed to the project proposal, together with the declaration of the owner of the property (*tulajdonos hozzájáruló nyilatkozata / izjava vlasnika o suglasnosti*) that it agrees with the submission of the project proposal, with the implementation and

the subsequent operation for at least 5 years after the end date of the project's implementation period. The contract must be one that is stipulated for a definite period of time no shorter than 10 years and it must ensure the exclusive use of the investment, according to the activities described in the AF and endorsed by the MC, during the implementation of the project and in the following 5 years.

**Note: Only land or building in the ownership of the state or of county/local governments can be rented for project purposes.**

- c) If the land or building on which an investment is to be implemented is not the property of the organisation responsible for the activity but the organisation acts as the trustee (*kezelő / upravitelj posjedom*) of the property, the trusteeship has to be proven by attaching to the project proposal the relevant contract or any other document proving the trusteeship relation (*kezelői jogviszony / upravljачko pravo*).
- d) If the organisation (Lead Beneficiary / Beneficiary) implementing the works component wishes to purchase the land targeted with the investment from its current owner then the submission of a pre-contract on the purchase of the property (*adásvételi előszerződés / kupoprodajni predugovor*) is necessary attached to the project proposal. The contract can contain a suspending clause stating that the contract on the purchase will only be stipulated if the project receives funding. In all cases the land concerned must become the property of the Lead Beneficiary / Beneficiary at the latest by the stipulation of the Subsidy Contract for the EU contribution.

**Note: As a general rule the purchase of land for an amount not exceeding 10 per cent of the eligible expenditure of the project can be eligible from the EU contribution. For the details please refer to Chapter 3.3.3.7 of this Guidelines.**

In all cases the building and/or the land must:

- be free of any encumbrances (*tehermentes / bez tereta*),
- not be the object of a claim (*igénymentes / nije predmet zahtjeva*) according to the relevant national legislation,
- not be the object of pending litigation (*permentes / nije predmet parnice*).

**The land or building is free of encumbrances and not an object of a claim if** nobody has a claim, for the present or for the future, listed in the register (*nyilvántartásban bejegyzett igény / zabilježba zahtjeva u registru*) that could in any way and to any extent

hinder the present or future owner of the property in exercising his or her ownership and usage rights.

**Encumbrances are e.g.** the following:

- mortgage (*jelzálog / hipoteka*),
- restraint on alienation and encumbrance (*elidegenítési és terhelési tilalom / zabrana otuđenja i opterećenja*),
- servitude (*szolgalom / zasnivanje služnosti*) and
- usufruct (*haszonélvezet / ploduživanje*).

**A claim is e.g.** if on the extract from the register of the property in question one of the following entries [*bejegyzés, széljegyzet / upis, uknjižba (u javni registar)*] can be found:

- purchasing right (*vételi jog / pravo prvokupa*), repurchasing right (*visszavásárlási jog / pravo nazadkupa*),
- forcible collection right (*végrehajtási jog / pravo prisilne naplate*),
- existence of a winding-up or liquidation procedure against the owner (*felszámolás vagy végelszámolás / stečajni postupak*),
- a construction or parcel-establishing prohibition (*építési vagy telekalakítási tilalom / zabrana parceliranja ili gradnje*) based on a court or administrative decision, other construction restrictions (*építési korlátozások / ograničenje gradnje*),
- commencement of a parcel-establishing or expropriating procedure (*telekalakítási vagy kisajátítási eljárás / postupak parceliranja ili eksproprijacije*),
- appointing of an auction procedure (*árverés / dražbeni postupak*),
- closure (*zárlat / obustava poslovanja*),
- purchase with the retention of ownership (*tulajdonjog fenntartással való adásvétel / prodaja s pridržavanjem prava vlasništva*),
- suspension of a register procedure (*felfüggesztett telekkönyvi eljárás / suspenzija upisa u zemljišne knjige*).

By the end of an investment type project's period of implementation, and for the approval of the Final Project Progress Report, the following documents have to be submitted next to the report:

- record of the technological delivery session (*műszaki átadás-átvétel jegyzőkönyve / zapisnik s tehničke primopredaje*), together with the statement of the responsible architectural supervisor (*felelős műszaki vezető nyilatkozata / izjava nadležnog građevinskog nadzora*),

- valid permission of use (*hatályos használatbavételi engedély / valjana uporabna dozvola*) or a temporary permission of use (*ideiglenes használatbavételi engedély / privremena uporabna dozvola*) or the documentation (provided by the relevant authority) proving that the Lead Beneficiary / Beneficiary has handed in its request for the initialisation of the permission procedure,
- operational water rights licence (*vízjogi működési engedély*), if relevant.

#### 4.2.3 Documents that need only to be submitted by the time of contracting

*Please note that the present list<sup>35</sup> is indicative and serves information purposes only.*

There are some documents that are not (only) requested to be submitted along the project proposal but are (also) prerequisites for concluding the Subsidy Contract for the EU contribution – in case the project is selected for funding. The following list orientates in connection to further steps to be taken if your project will be selected:

- **Original documents proving the fulfilment of the conditions set by the MC** in its co-financing decision (e.g. modified AF Sheets, other documents, declarations, explanations etc.). Only relevant if the project was approved with conditions.
- **Information on eventual changes in the data as supplied in the project proposal**, concerning the Lead Beneficiary or any other Beneficiary (e.g. name of legally authorised representative, specimen of signature, address, contact details, VAT status etc). Only relevant if there were changes in the data in the meantime.
- **Revised and certified AF** in case of changes regarding Beneficiaries' data, project description, indicators, Project Pyramid, information and publicity, budgets and payment forecast. A separate table has to be submitted as well, listing and reasoning all changes.
- **Original declarations of the Lead Beneficiary and of the Beneficiaries**, certified by the legally authorised representative, **concerning the current non-existence of the reasons for exclusion** as listed in Chapter 3.1.2 of this Guidelines. Relevant only in case of changes in the compliance with the aforementioned Chapter.

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<sup>35</sup> These documents will be requested again at the time of contracting, notwithstanding the fact that they have already been attached to the application. This is to ensure that the preconditions for contracting are still given at the time of concluding the Subsidy Contract for the EU contribution.

- **Updated spending forecast according to the 4-month periods of project implementation** per each Beneficiary recipient of subsidy. The document is to be prepared after the fulfilment of the conditions set by the MC for contracting.
- **Data of the bank account opened by the Lead Beneficiary** for the purposes of the project in EUR currency, to be submitted in form of an original statement signed by the bank. (Minimum data requirements: name and address of bank, IBAN number and SWIFT code of the account.) There can be organisations (especially in the public sector) which cannot open a separate EUR account, these cases will be handled individually.
- **Original specimen of signature**, certified by a public notary, of the legally authorised representative(s) of the Lead Beneficiary. Only relevant if the signatory party to the Subsidy Contract for the EU contribution is not identical with the person who certified the AF.
- **Partnership Agreement, signed** by the Lead Beneficiary and all other Beneficiaries. Compulsory for every project. The template provided to the Lead Beneficiary can be extended but the compulsory content has to be present. The number of copies is regulated by Point 7 of Article 18 of the document. Three originals have to be submitted to the JS.
- **Originals of land or building registration certificates** (issued and certified by the respective institution which issues land or building registration certificates) or copies certified by a public notary. They cannot be older than 30 days at the time of submission and must be in the original language. Compulsory in case of projects with a works component.
- **Original legally binding building permits**, if relevant, or exemptions from building permit, issued by the responsible authority. Original documents or copies certified by a public notary, not older than 30 days at the time of submission.
- **Environmental permits**, if relevant, or exemptions from environmental permit, issued by the responsible authority. Original documents or copies certified by a public notary, not older than 30 days at the time of submission.
- **Geographical map of the investment site**. A geographical map of the construction / reconstruction / building site (*átnézeti helyszínrajz*) with clear identification of lot number(s) (territories / building sites and/or river sections).
- **Water rights implementation licence** (*vízjogi létesítési engedély*), if relevant, or exemptions from water licence, issued by the responsible authority. Original

documents or copies certified by a public notary, not older than 30 days at the time of submission.

### 4.3 CROSS-BORDER CO-OPERATION CRITERIA

The Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 has a directly emphasised requirement for funding **joint operations with identifiable cross-border benefit**. This means that, besides eligibility requirements, all projects have to prove their cross-border dimension – not only on activity level but also when creating the partnership. Lead Beneficiaries have to act in partnership with at least one cross-border Beneficiary from the other side of the Hungarian-Croatian border.

Article 12 (4) of the ETC Regulation lays down special requirements for the selection of projects in order to award and implement cross-border projects within the framework of the Programme. The aim of these criteria is to develop sustainable cross-border partnerships with long-lasting positive effects on the eligible Programme area, with a real background and effective sustainability for the partnerships.

*The cross-border criteria defined by the Regulation are:*

- joint development,
- joint implementation,
- joint financing, and
- joint staff.

**Projects have to meet at least three of the four criteria in order to receive funding from the Programme. The first two criteria are obligatory for all projects; the third can be either co-operation in the financing or in the staffing of the project. Projects are of course free to co-operate in all four areas.**

#### **Main characteristics of the cross-border criteria:**

Potential Beneficiaries are required to describe in detail within the AF how the obligatory and the selected optional cross-border characters are met by the project.

#### **Joint development (obligatory):**

The project proposal shall be built upon each Beneficiary's knowledge and experience, therefore project development should be a negotiation process from a very early stage on where the members of the partnership together formulate and refine the project idea,

establish objectives, design activities, assume responsibilities and allocate budget items. Potential Beneficiaries should identify knowledge and experience which each Beneficiary brings to the project, and what each Beneficiary expects to get from the project.

The Lead Beneficiary has to be designated by all Beneficiaries by signing the Partnership Statement. Formerly elaborated joint studies or antecedent projects carried out by the Lead Beneficiary / Beneficiaries can also serve as a basis for the joint project.

In case of so-called investment-type projects one feasibility assessment has to be prepared for every individual works activity (investment) in Priority 2 and 4 that exceeds 50.000 EUR as planned in the project part of the Lead Beneficiary / Beneficiary. In case of so-called soft projects a description of needs and demand on the necessity of the planned project on both sides of the border can be prepared.

### **Joint implementation (obligatory):**

While the Lead Beneficiary bears the overall responsibility for the project, all Beneficiaries take responsibilities for different parts of the implementation on both sides of the border. There should be a clear, content-based interconnection among activities and objectives. The roles and inputs in project management of the Lead Beneficiary and all Beneficiaries should be clearly described, and the coherence with budget tables should be identifiable in the project proposal. The implementation can be realised through a common virtual workplace, a documentation centre or it can be supported with a joint monitoring system especially designed for and operated during the implementation of the project. The methodology of using these tools should be described in the relevant cell of the AF.

### **Joint financing:**

As a general rule the Lead Beneficiary's and each Beneficiary's own contribution has to reach the minimum amount defined in the CfP and in this Guidelines. It is essential that eligible costs incur on both sides of the border and that they are proportional to the planned activities. There should be a clear coherence between planned project activities, roles and the planned budget. In order to meet the joint financing criteria, the planned project budget should reflect a reasonable balance on both sides of the border, and preferably among the members of the partnership as well. At least one of the main project activities should be financed in a balanced way. The financial and professional contribution of the Lead Beneficiary and each Beneficiary will have to be confirmed by certifying the Partnership Agreement in the contracting phase.



### **Joint staffing:**

The Lead Beneficiary and the Beneficiaries may allocate internal or external staff (administrative and professional) in order to implement the activities envisioned. In doing so, the Lead Beneficiary and each Beneficiary should appoint at least one person who will be responsible for carrying out the operational day-to-day duties related to the implementation of the respective project part and who will work in a close working relation with the other members of staff of the project. In order to avoid duplication of functions at different organisations, there should be one senior project manager and one financial manager for the entire project (preferably under the supervision of the Lead Beneficiary). Staff members should be in close connection, and they should exchange information regularly in order to ensure efficient project implementation. The structure of the project management (persons and their responsibilities) has to be described in the application.

## **4.4 HORIZONTAL POLICIES**

According to the relevant regulations (Article 7 of the ETC Regulation, as well as Article 5, 7 and 8 of the CPR), strategic EU documents (EU2020) and the Co-operation Programme horizontal principles have to be identified and promoted throughout the entire programme cycle.

**Sustainable development** principles are of key importance for the region of the Programme due to its' fragile position within one of the most important European river ecosystem. The programme strategy took into consideration that sustainable development ties together the concern for the carrying capacity of natural systems with the social and economic challenges faced by the eligible Programme area. Therefore sustainable development is addressed through all 5 Priorities of the Programme.

Horizontal principles will be monitored throughout the following aspects:

- Selection of projects with highest resource efficiency and sustainability.
- Prevention of investments with considerable negative environmental and climate effects.
- Increased use of sustainable procurement (green public procurement).
- Comparing life cycle costs of investment options for long term perspective.

When examining project proposals the guiding question – where appropriate – should be assessed: **Is the operation contributing to the promotion of sustainable development?**

The assessment of the quality of the eligible project proposals should be based on a set of quality criteria which are common to all Priorities and Specific Objectives. Criteria shall include, inter alia, the following:

- Operations supporting climate protection (including reduction of GHG emission) and helping climate adaptation will be preferred.
- The use of climate-friendly architectural solutions in case of projects involving building construction and renovation will be required, according to Directive 2010/31/EU on the energy performance of buildings. Cost-optimal levels of energy performance will be required, and projects going beyond cost-optimal levels will be given extra preference. In case any products are purchased, the fulfilment of requirements set out in Annex III of the Energy Efficiency Directive (2012/27/EU) is requested.
- Investment in infrastructure will be accompanied by a solid Environmental Impact Analysis, where appropriate, in line with the national regulations of the Member States.

**Equal opportunities and non-discrimination** will be taken into consideration under each intervention by using different tools:

*Specific Objective 2.1 – Conserving, protecting, promoting and developing natural and cultural heritage*

Tools to ensure that equal opportunities are respected:

- Cultural and natural heritage sites to be made accessible for different social groups and people with disabilities.
- Barrier free solutions for promotion to be elaborated.
- Participation of women and disadvantaged groups in the programmes, events and other initiatives organised as part of the project to be ensured.
- Relevant project indicators set to demonstrate the fulfilment of equal opportunity requirements.

*Specific Objective 2.2 – Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure*

Tools to ensure that equal opportunities are respected:

- Barrier free solutions for promotion to be elaborated.
- Participatory and inclusive principle to be applied in the selection of participants attending joint education training schemes and awareness raising programmes.

*Specific Objective 3.1 – Enhancing institutional capacity and an efficient public administration by promoting legal and administrative cooperation and co-operation between citizens and institutions*

Tools to ensure that equal opportunities are respected:

- Barrier free solutions for promotion to be elaborated.
- Participatory and inclusive principle to be applied in the selection of participants attending capacity building activities and language training programmes.
- Participation of women and disadvantaged groups in the programmes, events and other initiatives organised as part of the project to be ensured.
- Relevant project indicators set to demonstrate the fulfilment of equal opportunity requirements.

*Specific Objective 4.1 – Investing in skills, education and lifelong learning by developing and implementing joint education, vocational training and training schemes*

Tools to ensure that equal opportunities are respected:

- Barrier free solutions for promotion to be elaborated.
- Participatory and inclusive principle to be applied in the selection of participants in the activities of the project.
- Relevant indicators set to demonstrate the fulfilment of equal opportunity requirements.

*Additionally, for any actions within Specific Objective 3.1 and 4.1 the participation of disadvantaged groups, including Roma and people living in deep poverty will be promoted via preference given to projects proposals that demonstrate the involvement of individuals from disadvantaged groups.*

Equality between women and men is one of the fundamental values of the EU as set out in the Treaty on the European Union. Consequently, the gender perspective, supporting equality between men and women is a basic principle applied in the Interreg V-A

Hungary-Croatia Co-operation Programme and all its funded projects. In practical terms this means that measures defined in the Programme need to allow equal access to all members of society and have to contribute to neutralizing discrimination and providing equality. Gender mainstreaming will be taken into account as a positive factor in the formulation of the selection criteria for funding projects considering the projects' influence on these. Therefore projects will have to describe what impact they will have towards the equality between women and men.



*When developing your project proposal you will have to show how your project addresses the EU horizontal policies referred to above.*

In the strategy of Europe 2020, the EU has set five ambitious objectives – on employment, R&D / innovation, climate change / energy, education, poverty / social exclusion – to be reached by the year 2020. As a concrete step each Member State has adopted its own national targets in each of these areas. Finally, concrete actions at EU- and national level are also designed to underpin the strategy.



*When developing your project proposal you are encouraged to consult the content of the above-mentioned strategies, and you are invited to point out eventual elements of your project proposal which are aligned to them. For more information regarding Europe 2020, please visit the following website: [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm).*

## 4.5 STATE AID RULES

Present Chapter aims at introducing the main rules on State aid as laid down in the Treaty on the Functioning of the European Union (TFEU) and in pieces of legislation of the EU. These rules will be applied to all activities in all projects funded under the Programme.

**The eligible costs indicated in the present Chapter are listed on the basis of the relevant State aid regulations. Projects implemented in the frame of this Programme however have to comply with the Programme's eligibility rules (see Chapter 3 of this Guidelines). In case of any discrepancies, Programme eligibility rules prevail.**

**Please note** that the present Chapter contains the short review of applicable State aid rules for project proposals in this Programme **for information purposes**. Decisions on the applied rules will be taken in the assessment process and can affect the contracting

conditions of the selected project proposals in terms of the **amount and ratio of EU contribution and state contribution as well.**

#### 4.5.1 Background

According to Paragraph (1) of Article 107 of the TFEU, *'any aid granted by Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market'*.

State aid rules apply only to measures that satisfy all of the criteria listed in Paragraph (1) of Article 107 of the TFEU (the aid is given from state resources, the Beneficiary is an undertaking etc).

##### 1. State resources:

The aid comes from the State, which is always the case for Interreg programmes.

##### 2. Undertaking:

The definition of undertaking includes not only economic actors, but all actors, independent of their legal character, which participate on the market and have effective economic activity on it, regardless of their legal status and whether their aim is to make profit or not. Churches, public bodies, NGOs, associations, foundations or public companies etc. can belong to this category.

##### 3. Economic advantage:

The aid should constitute an economic advantage that the undertaking would not have received on equal terms in the market. Assessment of the followings is needed here: Does the measure give an economic advantage (a benefit) which an undertaking would not have obtained under normal market conditions? Or is there no advantage, e.g. it is merely a service at market price (e.g. obtained through public procurement or by a so called 'Service of General Economic Interest (SGEI)' etc)? (If there is no advantage, there is no aid.)

#### 4. Selectivity:

State aid must be selective and thus affects the balance between certain firms and their competitors because it does not escalate to any participants of the economy, only to one region, sector or certain companies etc, meaning and offering economic advantage. 'Selectivity' is what differentiates State aid from so-called 'general measures' (which are measures of politics on the economy, concerning the whole country, and where all those undertakings that fulfil the prescribed requirements will automatically be subsidised).

The selectivity criterion is also satisfied if the scheme applies to only a part of the territory of a Member State (this is the case for all regional and sectoral aid schemes).

#### 5. Effect on competition and trade:

The affected undertakings have to be active on the market where competition can be realistic between undertakings. This condition will be pre-supposed by the EC, while the opposite must be attested by the Member State. The trade between Member States is obtained in most of the cases. An activity which has effect only on internal competitors, or the effect of which is locally restricted, or concentrated rather on a very small segment of the market, does not affect trade.

### 4.5.2 Applicable State aid rules

In general EU and state contribution given by the Programme to undertakings will be granted under the *de minimis* rule<sup>36</sup>.

In exceptional cases EU- and state contribution might be awarded with other titles of the aid within the General Block Exemption Regulation (GBER)<sup>37</sup> or Services of General Economic Interest (SGEI)<sup>38</sup>.

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<sup>36</sup> In line with Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the TFEU to *de minimis* aid (OJ L 352, 24.12.2013).

<sup>37</sup> Commission Regulation (EU) No 651/2014 of 17 June 2014 on declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (the GBER) (OJ L 187/1. 26.6.2014).

<sup>38</sup> SGEI is a utility (infrastructure) or service that a Member State considers essential such as public bus services, water supply, waste water treatment, public libraries, public housing, health care, postal services, public broadcasting, fire services, environmental protection etc. The concept of SGEI can be found in Articles 14 and 106(2) of the TFEU and in Protocol No 26 to the TFEU.

### *De minimis aid*

However detailed rules to be found in the regulation<sup>39</sup>, the main consequences important to highlight in the application phase are the followings:

The total *de minimis* aid granted to any one undertaking shall not exceed EUR 200.000 over any period of three fiscal years. The total *de minimis* aid granted to any one undertaking active in the road transport sector shall not exceed EUR 100.000 over any period of three fiscal years.

The aid granter shall inform the undertaking in writing of the prospective amount of the aid (expressed as gross grant equivalent) and of its *de minimis* character, making express reference to Commission Regulation (EU) No 1407/2013 and citing its title and publication reference in the Official Journal of the EU.

Aid payable in several instalments shall be discounted to its value at the moment of being granted. The beneficiary undertaking shall declare the prospective amount of *de minimis* aid granted in the previous three fiscal years. Records regarding *de minimis* aid shall be maintained for 10 years from the date on which it was granted, and such invitation of the granter the beneficiary is obliged to present all the documents. On request of the EC information shall be provided on *de minimis* aid within 20 workdays.

#### **4.5.3 Legal basis and responsible bodies/authorities for State aid in Croatia**

The Law on State aid (*Zakon o državnim potporama*, NN 47/2014, <http://www.nn.hr>) regulates the State aid issues and responsible bodies in the Republic of Croatia. The legal framework (laws, regulations, governmental decrees) related to State aid can be found on the website of the Ministry of Finance (<http://www.mfin.hr/hr/drzavne-potpore>).

#### **4.6 PROJECT DEVELOPMENT ASSISTANCE**

During the period between the launching of the CfP and the submission deadline of project proposals the JS of the cross-border Programme supports the project development efforts of the Beneficiaries through several activities.

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<sup>39</sup> In line with Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the TFEU to *de minimis* aid (OJ L 352, 24.12.2013).

#### 4.6.1 Information days

After the CfP will have been launched, the JS and the JS Contact Points will organise information days in several locations, **in every of the border county of the programme area**, on both the Hungarian and the Croatian side. These events will supply the potential Beneficiaries with practical information on how to prepare their project proposals properly. The **one-day / half-day events** will provide ample opportunity to raise and to answer questions that are of interest to the potential Beneficiaries. The dates and venues of the information days will be timely published on the Programme's website.

#### 4.6.2 Partner search forum

In connection to the launch of the First CfP the organisation of partner search forums is **also foreseen**. The events will present a useful opportunity for stakeholders to find the appropriate future partners for their planned project initiatives. Based on the success of the previous partner search forums of the HU-HR (IPA) CBC Programme 2007-2013, the planned new occasions, too, will hopefully prove to be useful to potential Beneficiaries. The date and venue of the events will be advertised on the official website of the Programme. The partner search forums are supported via special web feature, available to the Beneficiaries at: <http://www.huhr-cbc.com> / <http://www.huhr-cbc.com/en/partner-search-module>.

#### 4.6.3 Recommended personal consultations with the JS Contact Point / the JS

It is strongly advised before the submission of a project proposal to **participate at a personal consultation with a JS Contact Point / with the JS**. All potential project proposals (i.e. their Beneficiaries, mainly the potential Lead Beneficiaries) should schedule at least one individual appointment with the JS Contact Point / JS staff. (For contact details please refer to the sub-chapter below.) The aim of such consultations is not to assess the project idea or the detailed project proposal, but to help potential Beneficiaries with the clarification of Programme rules as specified within this Guidelines, and to help fit their project idea to the CfP and Programme framework. Potential Lead Beneficiaries partaking at a consultation will fill in a special AF sheet together with the JS Contact Point / JS staff member to prove the participation.



#### 4.6.4 JS and JS Contact Points

Providing accurate and comprehensive information to potential Beneficiaries is a prerequisite to an effective submission process of project proposals, and well-prepared project proposals are the basis for a successful selection procedure. The programme implementing structures, especially the JS Contact Points and the JS, **are prepared to provide the potential Beneficiaries with CfP-related information** throughout the submission period of the CfP.

The equal treatment of potential Beneficiaries will be guaranteed in connection to the information to be disseminated, the **opportunities for consultations, the access to frequently asked questions (FAQ)** and related answers and other **personal, written or electronic correspondence** between the potential Beneficiaries and the JS Contact Points and the JS.

In the course of the CfP questions coming from both sides of the border may be asked from the JS Contact Points and the JS (Čakovec, Osijek, Pécs and Budapest) and in special cases (concerning State aid issues) from the designated contact person. The staff of the JS Contact Points and the JS is ready to help the potential Beneficiaries **by phone or via e-mail. Personal consultations are provided only at pre-arranged appointments** at the given office hours.

#### ***Hungary-Croatia JS Contact Points / JS staff available to potential Beneficiaries:***

Contact persons and telephones:

Mr Tvrtko Čelan, Čakovec	+385-40-499-408
Ms Antonija Bedeniković, Osijek	+385-31-221-848
Ms Andrea Kakas, Pécs	+36-72-513-455
Mr András Tálos, Budapest	+36-1-224- 3149
Ms Marian Zelei, Budapest	+36-1-224- 3201

E-mail: [info@huhr-cbc.com](mailto:info@huhr-cbc.com)

Fax: +36-1-224-3291

Office hours: For personal consultation (in Čakovec, Osijek and Pécs):  
Tuesday, Wednesday and Thursday (9.00-12.00 and 13.30-15.00)

For personal consultation (in Budapest):  
Wednesday and Thursday (13.30-16.30)

We can accept phone calls:  
Monday to Thursday (9.00-12.00) – Čakovec, Osijek and Pécs

Monday to Thursday (13.30-16.30) – Budapest

**For a personal consultation please arrange your appointment with the given contact person at the indicated telephone number or via e-mail.**

Postal address: Gellérthegy u. 30-32, H-1016 Budapest, Hungary  
Institution: Hungary-Croatia Joint Secretariat (HU-HR JS)  
hosted by Széchenyi Programme Office Nonprofit LLC

**The FAQ** will be published on the Programme website (<http://www.huhr-cbc.com>) in English as the official working language of the Programme. The FAQ will be published after the opening of the First CfP and will be revised continuously, step by step, based on the questions received.

**Please note** that with respect to equal opportunities of potential Beneficiaries it will not be possible anymore to ask questions (or in any manner to contact the JS Contact Points or the JS) within **3 working days prior to the submission deadline** of the CfP.

## 5. PROJECT SELECTION

In line with the **main rule** laid down by the Co-operation Programme at the description of the Specific Objectives, the Programme shall finance joint operations which have been jointly selected by the Member States through an **open call system covering the whole eligible Programme area**.

All three **exceptions** to this rule regarding the Specific Objectives opened in the present CfP can be found in Priority 2, Specific Objective 2.1:

- **De-contamination of war-affected territories will be implemented via strategic project**, developed by the Croatian Mine Action Centre, the Baranya County Police Department and the Danube-Drava National Park. The project shall be approved by the Monitoring Committee.
- Better access to existing and potential tourist sites for the purpose of common utilisation of cultural and natural heritage assets and better connectivity within the programme area can be enabled by implementing **strategic project(s) to be jointly identified** and subject to an agreement between the relevant Croatian and Hungarian authorities, and to be approved by the Monitoring Committee. Such potential project(s) should be developed with the aim **to improve border crossing conditions for tourism-related traffic** on the selected site. Indicative locations are to be jointly determined on the basis of recognised needs, project

feasibility, preliminary assessment of tourist demand, and respecting environmental sustainability.

- **Joint tourism developments should exclusively target municipalities located in Zone B** of the border area as defined in the Handbook.

## 5.1 Description of the selection process of regular (non-strategic) projects

### 5.1.1 Submission

Project proposals are submitted for an open CfP and are evaluated against the pre-defined set of criteria included in the CfP. The Lead Beneficiaries and their fellow Beneficiaries have no less than 90 calendar days to prepare their project proposals, to be specified in the CfP. These will be sent directly to the JS where they will be registered upon receipt.

### 5.1.2 Formal and eligibility assessment

The JS is responsible for the assessment process. The formal and eligibility assessment will be provided for by the JS's own staff, including staff of the JS Contact Points. **The assessors use the formal and eligibility assessment grid** published as part of the application package of the CfP.

In case the project proposal does not fulfil completely all criteria as listed in Chapter 4.1.6 of the Guidelines, **the MA, based on the results of the JS, rejects the project proposal** in writing in recorded, registered mail, indicating the reasons.



*For the reasons for rejection please consult Chapter 4.1.6 of the Guidelines.*

### 5.1.3 Completion of documents

**In case the project fulfils the criteria of Chapter 4.1.6 of the Guidelines but the formal and eligibility adequacy cannot be judged properly** due to a lack of submitted documents, or if other formal and eligibility deficiencies are identified, the JS summons the Lead Beneficiary to submit the **completion of documents** within a given deadline.

Completions can be made only one time during the formal and eligibility assessment process. **Documents have to be submitted to the JS** in the way and format as defined for the letter for completion/clarification.

If the deficiencies are not clarified properly, or if the Lead Beneficiary fails to keep the deadline for the submission of the completion, **the MA rejects the project proposal** in writing in recorded, registered mail, indicating the reasons.

#### 5.1.4 Quality assessment

The quality assessment will be provided for **by the JS with the involvement of additional external experts**. The assessment will be conducted according to the pre-set criteria published in the CfP (see the draft Quality assessment grid).

#### 5.1.5 Clarification during quality assessment

In case the technical adequacy cannot be judged properly or if deficiencies are identified, the JS summons the Lead Beneficiary to submit the justification of the questioned subject within a given deadline. Clarifications can be made only one time during the quality assessment process. **Documents have to be submitted to the JS** in the way and format as defined for the letter for completion/clarification.

If the deficiencies are not clarified properly, or if the Lead Beneficiary fails to keep the deadline for the submission of the clarification, **the project shall be evaluated based upon the information available**.

#### 5.1.6 The scoring of project proposals

**Every project proposal is evaluated by two quality assessors**. The summarised score of a project proposal is calculated as **the average of the two scores** given by the assessors. **If the two individual scores show a difference of more than 15 points**, the project proposal has to be evaluated by a third quality assessor. (The summarised score for the project proposal in this case will be **the average of the two scores that are closer to each other**.)

From the summarised scores of the project proposals the JS creates **a list of project proposals**, containing the project proposals structured according to their score within the Specific Objectives of the CfP separately. The list of project proposals shall be **the basis for the debate and the decision of the MC** on the funding of project proposals.

### **5.1.7 Assessment of the conformity with State aid rules**

It is during the quality assessment phase that the conformity of project proposals with the relevant State aid rules is being evaluated. **Every project proposal (and within these, every project activity)** will be examined in order to determine the State aid rules to be applied in the individual cases. Requests for clarification can be proposed, if necessary – these will be communicated towards the Lead Beneficiary by the JS.

### **5.1.8 Decision**

The assessment supports the work of the MC, the actor responsible for making decisions on the funding of project proposals. **The MC shall be convened according to the rules laid down in its Rules of Procedure.** Once the decisions of the MC are legally binding, the MA informs the Lead Beneficiaries in writing in registered, recorded mail.

### **5.1.9 Contracting**

According to the decision of the MC, project proposals selected for funding and project proposals put on the reserve list have to submit all necessary documents relevant for signing the Subsidy Contract for the EU contribution.

### **5.1.10 Correspondence**

Please note that **both the MA and the JS keep in contact with the Lead Beneficiary via its contact person** as indicated in relation to the individual project in the AF. **Any consequences** (e.g. the missing of deadlines for completion/clarification) resulting from supplying incorrect information (wrong address, phone and fax number, e-mail address etc.) in the AF **shall be borne by the Lead Beneficiary.**

## 6. PROJECT IMPLEMENTATION

Please be aware of the fact that the working language of the Programme is English, therefore **the language of project implementation and of communication** between the Lead Beneficiary and the programme implementation structures **will be English**.

### 6.1 CONTRACTING PROCEDURES



*Please note that since the currency of the Subsidy Contracts for the EU contribution and of the Subsidy Contracts for the state contribution is EUR, **Lead Beneficiaries are requested to open a separate bank account in EUR**. For other Beneficiaries the opening of a EUR bank account is optional.*

***Lead Beneficiaries from Croatia** are also obliged to open a separate bank account in EUR. Lead Beneficiaries from Croatia have to be able to receive EU contribution in EUR on that separate account from the Certifying Authority in Budapest, and to transfer later on that EU contribution in EUR from the same separate account to the Hungarian (and Croatian) Beneficiaries participating in their projects.*

***Beneficiaries in Hungary** can open a separate bank account for the project where the state contribution will be reimbursed to.*

*Please also note that **the MC has the right to select project proposals for funding with a reduced budget** in case the costs contained in the AF are not entirely in line with the eligibility criteria set by the relevant EU Regulations and/or the Guidelines of the First CfP under the Programme. Lead Beneficiaries and Beneficiaries declare that they are aware of this possibility by certifying the Partnership Statement (see Point 9 of that document).*

#### 6.1.1 Contracting procedure for the EU contribution

The stipulation of the Subsidy Contracts for the EU contribution is the legal basis and the prerequisite for funding projects selected for financing from the Programme by EU contribution and matching state contribution.

Following the finalisation of the **model Subsidy Contract** the procedure of contracting starts with **the selection and the approval of projects** by the MC. Based on these decisions the MA notifies in writing the Lead Beneficiary of the approval, conditional approval or rejection of the project proposal. The letter of approval contains the list of documents to be submitted for contracting, the conditions of the MC (if any) and the name and contact data of the programme manager responsible for the future project at the JS.

If the project was approved with conditions, the responsible programme manager of the JS examines the documents submitted by the Lead Beneficiary in answer to the notification letter. If parts of the documentation requested in the notification letter are not properly submitted, a request for missing documents is issued and, if necessary, personal consultations and/or site visits, documented by the JS, are held in order to assure compliance with the conditions set by the MC and/or with the requirements relating to **the documentation necessary for contracting**.

After the documents necessary for the drafting of the Subsidy Contract for the EU contribution have been properly submitted and examined, the responsible programme manager of the JS prepares and sends a note on the compliance of the documentation to the MA.

Based on the project proposal, the conditions of the MC (if any) and on the documentation submitted by the Lead Beneficiary, furthermore upon the issuing by the MA of the declaration on commitment, the responsible programme manager of the JS prepares the Subsidy Contract for the EU contribution of the project. Hereafter the **draft Subsidy Contract** for the EU contribution is made subject to quality assurance. The finalised Subsidy Contract for the EU contribution is copied and sent to the Head of the MA for signature. The Subsidy Contract is stipulated with the financial figures displayed in EUR, and the finalised AF as well as the Partnership Agreement signed by all parties are annexed to it. Once the **Subsidy Contract for the EU contribution is signed**, it is sent or is handed over to the Lead Beneficiary where the legally authorised representative signs the copies and returns all but one to the JS. To prepare copies of the Subsidy Contract for the EU contribution for the other Beneficiaries is the responsibility of the Lead Beneficiary.

### **6.1.2 Contracting procedure for the state contribution in Hungary**

In Hungary automatic state contribution is ensured to the project parts of eligible Lead Beneficiaries and Beneficiaries whose projects have been selected for EU contribution. As to the state contribution a 100 per cent advance will be provided.

The contracting procedure for the state contribution to project parts in Hungary is partly parallel to, and partly based on, the contracting procedure for the EU contribution for projects.

The procedure of contracting for the state contribution starts based on the issuance of the declaration on commitment for the EU contribution by the MA related to the project selected for funding by the MC. The controller responsible within the Control Body for the future project part notifies in writing the Lead Beneficiary / Beneficiary about **the documentation needed for contracting**. If necessary, a request for missing documents can be issued.

After the Subsidy Contract for the EU contribution has been signed, furthermore after the necessary documents have been properly submitted and examined, the responsible controller requests the issuing of **a declaration on commitment regarding the Hungarian state contribution for the given project part**. After receiving the declaration on commitment from the Hungarian National Authority, the responsible controller prepares the Subsidy Contract for the state contribution for the Lead Beneficiary / Beneficiary. Copies of both the signed Subsidy Contract for the EU contribution and the signed Partnership Agreement form annexes to the Subsidy Contract for the state contribution. **The draft Subsidy Contract for the state contribution** is made subject to quality assurance. The finalised Subsidy Contract for the state contribution, with the financial figures displayed in EUR, is then sent to the Lead Beneficiary / Beneficiary for signature. Upon return, the **signed subsidy contracts for the state contribution** are forwarded to the authorised official of Széchenyi Programme Office Nonprofit LLC who signs them on behalf of the Prime Minister's Office of Hungary.

### 6.1.3 Contracting procedure for the state contribution in Croatia

Providing of the state contribution (co-financing to the projects) in Croatia within the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 belongs to the scope of the national level decisions in the Republic of Croatia. The relevant decisions will be taken at the time of contracting of the first projects selected within the First CfP of the Programme and will be published on the Programme website [www.huhr-cbc.com](http://www.huhr-cbc.com) and in the document called 'Guidelines for Croatian Beneficiaries' (in Croatian: *Upute za hrvatske korisnike*).



## 6.2 IMPLEMENTATION RULES

The present Chapter on project implementation is intended to give the Lead Beneficiaries and the Beneficiaries an overview of the framework of implementation conditions in case their project will be selected for EU contribution. **These shall be taken into account by the Lead Beneficiaries / Beneficiaries already when designing the project.**

### 6.2.1 Reporting and payment procedures

#### 6.2.1.1 Regular project reports

As it is specified in the Co-operation Programme and as it will be detailed in the Subsidy Contract for the EU contribution, the payment of EU contribution is linked to the submission and approval of project level progress reports. The Lead Beneficiary principle determines the reporting and financial tasks during project implementation.



*It is important to note that detailed reporting and financial conditions will be laid down in the Subsidy Contract for the EU contribution, the draft template of which is part of the application package of the CfP.*

During project implementation the following reports will have to be submitted by the Lead Beneficiary to the JS through the electronic monitoring system of the Programme:

- **Project level progress reports (at the latest 90 days following the end of each trimester),**
- **Project level final report (at the latest 90 days following the end of project implementation).**



*Please note that in the follow-up phase of projects already implemented, the Lead Beneficiary has to submit upon request to the JS project follow-up reports proving the sustenance of the project outputs.*

**In terms of content,** each report (progress and final) on project implementation will include the following:

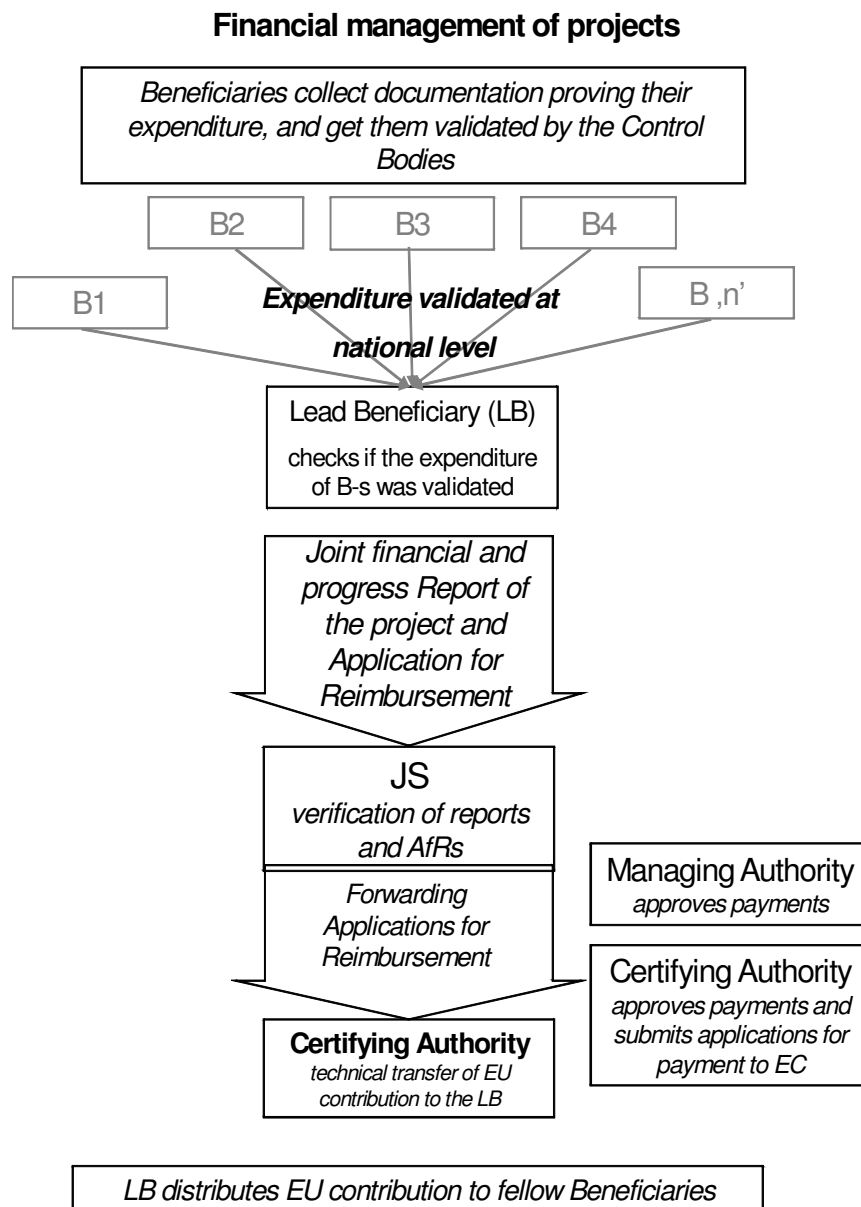
- **Project level activity report based on verified activity reports of the Beneficiaries verified by the responsible Control Body.** The activity report

shall contain information on implemented activities, it should for the period of reporting describe which phases and activities have been implemented, determine concrete outputs of individual activities, the implementation of set physical objectives (indicators) of the project, and it should justify possible deviations from the time frame determined for the project, if relevant. Documents proving that the activities have been implemented (e.g. documents elaborated in the frame of the project, participants' lists, copies of informational/promotional material etc.) will have to be attached to the report as evidence on implemented activities and fulfilled indicators.

- **Project level financial report based on the financial reports of the Beneficiaries verified by the responsible Control Body.** The financial report should for the reporting period include expenditure connected to the implementation of activities by individual budget lines as well as data on already disbursed funding by individual budget line.

**Project level progress reports** on the overall project implementation, including also the Applications for Reimbursement, are prepared by the Lead Beneficiary for **4-months reporting periods**. The project level progress report must be submitted to the Joint Secretariat **within 90 calendar days** following the conclusion of the reporting period. The **final report** must be submitted within **90 calendar days** after the project completion date.

**The 90 calendar days submission period of the progress and final reports** is added up of the days needed for the verification activities performed on partner level and the preparation and submission process of the project progress report by the Lead Beneficiary. The flowchart below describes the steps to be taken by the Lead Beneficiary, the Beneficiaries and the programme implementing structures in connection to reporting on the implementation of the funded project:



**Beneficiary reports** will be verified by the following Control Bodies:

In Hungary – Széchenyi Programme Office LLC, Territorial Offices in Pécs and Zalaegerszeg,

In Croatia – Agency for Regional Development, Zagreb.

The control of the **progress reports on project level** will be carried out by the Hungary-Croatia Joint Secretariat.

The monitoring of the Programme and of the projects will be handled in the common electronic monitoring system specially developed for the needs of the programme implementing bodies.

#### *6.2.1.2 Exceptional reports*

Under certain circumstances there will be possibility for requesting exceptional interim reports above the regular reports defined in the Subsidy Contract. Additional obligatory deadlines to submit reports may be set by the MA, especially in cases when a threat of losing funding for the Programme or the projects because of the decommitment rule – described in the Chapter below – is to be dealt with.

#### *6.2.1.3 The decommitment rule*

According to Article 76 of the CPR the Programme may have funding decommitted by the EC in case where the allocations set in the financial tables of the Programme are not translated into effective requests for payment within the set timeframe<sup>40</sup>. Should this loss of funding result from projects lagging behind their payment targets (based on the progress of effective spending as compared to the forecast included in the AF), the MA can initiate the submission of interim project progress report(s) from the given project or may reduce the budget of these projects.

In order to avoid losing funding both at the project and at the programme level it is important that:

- in the project proposals carefully prepared, realistic spending forecasts are made;
- selected projects are ready to start implementation quickly after approval;
- financial aspects are effectively monitored and necessary measures are taken by the Beneficiaries during implementation;
- Lead Beneficiaries and Beneficiaries ensure regular, timely and full reporting.

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<sup>40</sup> Meaning n+3 years for the yearly allocations of the Programme, 'n' being the year of commitment.

## 6.2.2 Procurement rules for projects

According to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002, and based on other regulations relevant to the Programme, **each contracted project has to manage procurements of services, supplies / goods / equipment and works in accordance with national procurement rules in force**, depending on the seat and operational area of the given organisation (in Hungarian: *Közbeszerzési törvény*, in Croatian: *Zakon o javnoj nabavi*). National procurement rules will be explained on the national level, with the support of the Beneficiary level guidelines document in Hungary and Croatia and with assistance of the Hungarian and Croatian Control Body.

## 6.2.3 Communication requirements towards projects

The communication requirements for the Beneficiaries are contained **in the CPR and in Commission Implementing Regulation (EU) No 821/2014**.

**The Beneficiaries are required to:**

- ensure that those taking part in the project have been informed of the funding from the present Programme,
- provide clear notice to the effect that the project being implemented has been selected under the present Programme,
- ensure a statement included in any document, attendance or other certificate about the effect that the Programme was financed by the EU,
- when communicating on all the matters related to the project, the Beneficiaries should use their normal stationery but should always use the logo of the Programme, as well as the Interreg EU logo (see below).

**The Beneficiaries in the Hungary-Croatia Interreg V-A Co-operation Programme 2014-2020 are obliged to:**

- use both the **Programme logo and the Interreg logo with the ERDF reference** (as described in the Project Communication Guidelines) and in the respective language (English, Hungarian and/or Croatian) **when using any of the communication tools**

**and whenever communication and promoting project results** as well as the results of the Programme;

- for operations/projects **not exceeding 500 000 EUR**, place **at least one poster** with information about the project (minimum size A3), including the financial support from the EU, at a location readily visible to the public such as the entrance area of a building.



The Hungary-Croatia logo as part of the Programme's well-established brand has been recognised by the stakeholders and the programming Task Force, who decided on their 4<sup>th</sup> meeting to keep the Programme's branding elements also for the new programming period 2014-2020. The Task Force further decided that the Programme would participate in the joint branding initiative of the ETC / Interreg programmes in such a way where the Programme's already established brand would be kept and the elements of the joint branding used in addition to the Programme's visual identity, so as to multiply the benefits of the established, locally-recognised brand by those of one with a Europe-wide presence.

For all Beneficiaries this means in practice that, based on the Task Force decision, they will have to use the harmonised ETC / Interreg brand in combination with the Programme logo, but as two distinct elements (as presented visually as well in this Chapter).

The programme slogan is highly recommended to be used where applicable and in the respective language (English, Hungarian and/or Croatian), with all communication tools:

***A cross-border region where rivers  
connect, not divide***

**Among communication tools, the Beneficiaries are required to:**

- have at least **one** communication **event**;
- produce **promotional material** about the project (**at least one** trilingual i.e. Hungarian-Croatian / Croatian-Hungarian alongside with English as the official working language of the Programme);
- have an own project specific **website** or ensure relevant space for the promotion of the project results within the Lead Beneficiary's / Beneficiary's website(s);
- have at least **one media activity** (press release, media broadcast etc.) on the project.



*For more information on how to handle these requirements at the time of implementation, please consult the 'Project Communication Guidelines for the projects in the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020'.*

**The Lead Beneficiary bears the responsibility on the project level for informing the public about the funding obtained from the EU.**

**Please note that your project acronym has to be different than any earlier acronym used by you or any of your partner organisations** during the course of the HU-HR (IPA) CBC Programme 2007-2013. (If you have had funded project(s) from that Programme.) A similar acronym to one already used by you can only be possible if the new 2014-2020 project is the direct continuation of a 2007-2013 project. (In these cases you can use e.g. 'COOPERATION II' or 'CROSS-BORDER 3'.)

**Projects that finance infrastructure or construction have specific obligatory requirements.** If the total EU contribution of the project exceeds 500.000,00 EUR, the Lead Beneficiary that implements the project consisting of **infrastructure or construction activities** is obliged to ensure that a **billboard** is put up **on the site of the activity**. The billboard has to be in the national language (Hungarian or Croatian) depending on the country of the location of the works, with the clear aim to be available and understandable to the local citizens.

Lead Beneficiaries are obliged to put up a **permanent explanatory plaque** that is visible and of significant size **no later than six months after the completion of the project** in case the total EU contribution of the project exceeds 500.000,00 EUR and if the project consists of the financing of infrastructure or of construction activities. The plaque has to be in the national language (Croatian or Hungarian) depending on the country of the location of the works, with the aim to be understandable to the local citizens.

For the compulsory design templates for the billboard and the permanent explanatory plaque you will be able to consult the 'Project Communication Guidelines for the projects in the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020'. You can also find the designs of the billboard and the permanent explanatory plaque here:

*HR billboard: (3000 mm x 1500 mm)*



Program prekogranične suradnje  
**Mađarska-Hrvatska**

## Gdje rijeke spajaju

<p><b>Akronim:</b></p> <p><b>Naziv (cilj) projekta:</b></p> <p><b>Glavni korisnik:</b></p> <p><b>Projektni partner:</b></p> <p><b>Iznos sredstava Europske unije (projekt):</b></p> <p><b>Iznos sredstava Europske unije (LB/PP dio):</b></p> <p><b>Početak projekta:</b></p> <p><b>Kraj projekta:</b></p>	<p><b>[Akronim]</b></p> <p><b>[Naziv (cilj) projekta]</b></p> <p><b>[Glavni korisnik]</b></p> <p><b>[Projektni partner]</b></p> <p><b>[Iznos sredstava Europske unije]</b></p> <p><b>[Iznos sredstava Europske unije]</b></p> <p><b>[Početak projekta]</b></p> <p><b>[Kraj projekta]</b></p>	
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*HU billboard: (3000 mm x 1500 mm)*



Magyarország-Horvátország  
Határon Átül: Együttműködési Program

## Ahol a folyók összekötnek

<p><b>Rövid cím:</b></p> <p><b>A projekt célja:</b></p> <p><b>Vezető kedvezményezett:</b></p> <p><b>Projekt partner:</b></p> <p><b>EU támogatás (teljes projekt):</b></p> <p><b>EU támogatás (projektrész):</b></p> <p><b>Projekt kezdete:</b></p> <p><b>Projekt vége:</b></p>	<p><b>[Rövid cím]</b></p> <p><b>[A projekt célja]</b></p> <p><b>[Vezető kedvezményezett]</b></p> <p><b>[Projekt partner]</b></p> <p><b>[EU támogatás]</b></p> <p><b>[EU támogatás]</b></p> <p><b>[Projekt kezdete]</b></p> <p><b>[Projekt vége]</b></p>	
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HR plaque: (A1/ 594 mm x 841 mm)

Akronim:	[Akronim]
Naziv (cilj) projekta:	[Naziv (cilj) projekta]
Glavni korisnik:	[Glavni korisnik]
Projektni partner:	[Projektni partner]
Iznos sredstava Europske unije (projekt):	[Iznos sredstava Europske unije]
Iznos sredstava Europske unije (LB/PP dio):	[Iznos sredstava Europske unije]
Početak projekta:	[Početak projekta]
Kraj projekta:	[Kraj projekta]

HU plaque: (A1/ 594 mm x 841 mm)

Rövid cím:	[Rövid cím]
A projekt célja:	[A projekt célja]
Vezető kedvezményezett:	[Vezető kedvezményezett]
Projekt partner:	[Projekt partner]
EU támogatás (teljes projekt):	[EU támogatás]
EU támogatás (projektrész):	[EU támogatás]
Projekt kezdete:	[Projekt kezdete]
Projekt vége:	[Projekt vége]

**Communication is an essential part of the project** and should be implemented continuously during the project lifecycle. Communication activities should support the projects by bringing their results and benefits to the awareness of the target groups.

**Thus, every project is encouraged to designate within their project management staff the communication manager/officer**, to facilitate the communication process and in particular to targeting the promotion of the results to the general audience. Especially larger projects, with works and infrastructure component, mainly their Lead Beneficiaries are strongly supported to appoint a responsible person for communication who shall promote the results of whole project (not only their project part).

In order to reach a wider audience, projects will be supported, in line with good practice from the Hungary-Croatia (IPA) CBC Programme 2007-2013, to organise also their communication/promotional activities during **the European Co-operation Day campaign** (celebrated from 2012 around 21 September every year).

It is strongly recommendable **to launch a project-specific website** (or to reserve extra space for the subsidised project on the already existing website(s) of the Beneficiaries), and it is also recommendable to the Lead Beneficiary **to be active in the media promotion of the project activities**.

All Beneficiaries should ask themselves following questions when planning project-related communication activities:

- What would my project like to communicate and disseminate, and what is the message?
- What communication tools will I use to achieve this? (Besides obligatory promotional material and the organisation of at least one communication event, should I use the web and mass media to easily disseminate the message?) What would my project like to achieve with the chosen communication tools?
- Which are the target groups I should communicate to in order to get the highest possible dissemination results?
- How will the communication tasks be divided in the project partnership between the Lead Beneficiary the other Beneficiaries?
- What is the indicative budget that I need for the communicate activities?

The MA and the Control Bodies will ensure the control of the implementation of the communication measures, including the examination of the content as well as the technical characteristics of the activities.



*As already mentioned, all compulsory communication elements for Beneficiaries shall be published in the 'Project Communication Guidelines for the projects in the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020' on the official website of the Programme: <http://www.huhr-cbc.com/en/projects>.*

*In case of **joint tourism development** projects please note that **a special version of the Programme logo will not be used within the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020** – the special tourism logo requirement was coming from the Regional Tourism Product Plan*

*exclusively for projects of the Hungary-Croatia (IPA) CBC Programme 2007-2013.*

## 7. LIST OF ABBREVIATIONS

Abbreviation	Explanation
AA	Audit Authority
AF	Application Form
CA	Certifying Authority
CB	Control Body
CfP	Call for Proposals
EC	European Commission
FAQ	Frequently asked questions
ICT	Information and communication technology
MC	Monitoring Committee
JS	Joint Secretariat
MA	Managing Authority (Prime Minister's Office, Hungary)
MRDEUF	Ministry of Regional Development and EU Funds (Republic of Croatia)
NA	National Authority
NGO	Non-governmental organisation
NUTS	Nomenclature of Territorial Units for Statistics
R&D	Research and development
SME	Small and medium enterprise
VAT	Value added tax

## **APPENDIX 1 – Eligible Beneficiaries in Croatia (Information)**

Since Croatia has been an EU Member State from 1 July 2013 please consult also **Directive 2014/24/EU** of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC Text with EEA relevance (Annex III).

Annex I of the Directive is the main source for defining public bodies. **It has to be considered** when using the list **that the public bodies included in it can only be eligible as Beneficiaries if they also satisfy the eligibility criteria for the Beneficiaries in the Programme, with special emphasis on the fact that they should be non-profit.**

**Non-profit bodies governed by private law** (private entities, non-budgetary organisations) can be identified through their registration, as referred to in the table in Section 2) of Part B) of Appendix 2 of this Guidelines (see establishing documents, certificates of legal status and types of extracts from register to be submitted for organisations in Croatia).

## APPENDIX 2 – Types of establishing documents and extracts

### A) Organisations in Hungary

Type of organisation	Name of establishing document	Registering authority	Name of extract
Nonprofit gazdasági társaságok	Alapító okirat	Cégbíróóság, cégbíróósági nyilvántartás	Cégkivonat
Társadalmi szervezetek, közttestületek, alapítványok	Alapszabály, létesítő határozat, jogszabály	Megyei bíróság, bírósági nyilvántartás	Kivonat
Központi költségvetési szervek (pl. Közlekedésfejlesztési Koordinációs Központ, egyetemek, főiskolák, vízügyi igazgatóságok stb.)	N.r. <sup>41</sup>	Magyar Államkincstár, törzskönyvi nyilvántartás	Törzskönyvi igazolás
Helyi önkormányzatok	N.r. <sup>42</sup>	Magyar Államkincstár, törzskönyvi nyilvántartás	Törzskönyvi igazolás
Önkormányzati költségvetési	N.r. <sup>43</sup>	Magyar Államkincstár, Megyei	Törzskönyvi igazolás

<sup>41</sup> The establishing document does not have to be submitted, only the extract from register.

<sup>42</sup> The establishing document does not have to be submitted, only the extract from register.

<sup>43</sup> The establishing document does not have to be submitted, only the extract from register.

szervek		Igazgatóságok	
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## B) Organisations in Croatia

### 1. Public non-profit

Type of organisation <sup>44</sup>	Est. document 1. (Establishing legal act)	Est. document 2. (Statute)	Registering authority	Name of extract
<i>Tijela državne uprave Ministarstva, Središnji državni uredi, Državne upravne organizacije</i>	Reference ( <i>printed from the internet acceptable</i> ) to the number of the Official Gazette ( <i>Narodne novine</i> ) and to the latest legal act on which basis they have been established (in Croatian: <i>Zakonu o ustrojstvu i djelokrugu ministarstava i drugih središnjih tijela državne uprave</i> )	Not relevant	Not relevant	Not relevant
<i>Županija, grad, općina</i>	The copy of the decision/establishing legal act (Zakon/ Uredba) about establishing relevant county or town or	Copy of the official announcement ( <i>printed from the internet acceptable</i> ) of the results on the elections for county	Not relevant	Not relevant

<sup>44</sup> The list in this table is not exhaustive i.e. the indicative list of potential Beneficiaries may include other types of organisations than those indicated here, in case they are clearly able to suit and satisfy the eligibility and other rules defined in this Guidelines.

Type of organisation <sup>44</sup>	Est. document 1. (Establishing legal act)	Est. document 2. (Statute)	Registering authority	Name of extract
	municipality ( <i>printed from the internet acceptable</i> )	prefects / mayors of the Election Committee ( <i>Županijsko / gradsko / općinsko izborno povjerenstvo</i> )		
<i>Turistička zajednica (županije, grada, općine)</i>	Establishing legal act on constituting the county, town or municipality tourist board	<i>Statut</i>	<i>Ministarstvo turizma</i>	<i>Izvod iz upisnika turističkih zajednica</i>
<i>Hrvatska gospodarska komora</i> <i>Hrvatska obrtnička komora</i>	Establishing legal acts on constituting Croatian chamber of commerce and county regional chambers Establishing legal acts on constituting Croatian chamber of trades and crafts and regional chambers	<i>Statut</i>	Not relevant	Not relevant
<i>Razvojne agencije</i> <sup>45</sup> <i>Poduzetnički centri</i> <sup>46</sup>	Establishing legal act, in accordance with the respective national level legislation setting up the rules of establishing the	<i>Statut</i>	<i>Sudski registar trgovačkih društava u Republici</i>	<i>Izvod iz sudskog registra</i>

<sup>45</sup> **Development agencies** (*razvojne agencije*) in Croatia are eligible if they are in compliance with the Law on the Regional Development of the Republic of Croatia (*Zakon o regionalnom razvoju Republike Hrvatske*, NN 147/2014), and if they are in the 100 per cent of ownership of a county (or several counties) or/and of a town/municipality (*grad/općina*) – this fact has to be proven with the documents cited in the above table.

Type of organisation <sup>44</sup>	Est. document 1. (Establishing legal act)	Est. document 2. (Statute)	Registering authority	Name of extract
<i>Regionalne energetske agencija</i> <i>Tehnološko-inovacijski centri</i> <i>Sveučilišta, veleučilišta</i> <i>Instituti</i> <i>Škole</i> <i>Pučka otvorena učilišta</i> <i>Hrvatski zavod za zapošljavanje</i>	organisation in question		<i>Hrvatskoj</i>  <a href="https://sudreg.pravosudje.hr/registar/f?p=150:1">https://sudreg.pravosudje.hr/registar/f?p=150:1</a>	
<i>Ustanove za upravljanje vodama</i> <i>Ustanove za</i>	Establishing legal act, in accordance with the respective national level legislation setting up	<i>Statut</i>	<i>Sudski registar trgovačkih društava u Republici</i>	<i>Izvod iz sudskog registra</i>

<sup>46</sup> **Important note: Business centres** (*poduzetnički centri*), **Regional Energy Agencies** (*regionalne energetske agencije*) and **Technology-Innovation Centres** (*tehnološko-inovacijski centri*) in Croatia are eligible if they are in the 100 per cent of ownership of a county (or several counties) or/and of a town/municipality (*grad/općina*) or/and of development agencies (*razvojne agencije*) or any other non-profit institution(s) satisfying the eligibility criteria for Beneficiaries in the Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 – this fact has to be proven with the documents cited in the table. It should be clear from their establishing document and extract from register that they are exclusively non-profit, are established for the specific purpose of meeting needs in the general interest, and are not having an industrial or commercial character.



Type of organisation <sup>44</sup>	Est. document 1. (Establishing legal act)	Est. document 2. (Statute)	Registering authority	Name of extract
<i>upravljanje šumama Parkovi prirode Županijske javne ustanove za upravljanje zaštićenim dijelovima prirode Lučke uprave</i>	the rules of establishing the organisation in question		<i>Hrvatskoj</i>  <a href="https://sudreg.pravosudje.hr/registar/f?p=150:1">https://sudreg.pravosudje.hr/registar/f?p=150:1</a>	

## 2. Private non-profit

Type of organisation <sup>47</sup>	Est. document 1. (Establishing legal act)	Est. document 2. (Statute)	Registering authority	Name of extract
<i>Sindikati<sup>48</sup> Hrvatska udruga poslodavaca</i>	See under 'Name of extract'	<i>Statut</i>	<i>Ministry of Labour and Pension System (in Croatian: Ministarstvo rada i</i>	<i>Izvod iz Registra udruga (knjige udruga više razine)</i>

<sup>47</sup> The list in this table is not exhaustive i.e. the indicative list of potential Beneficiaries may include other types of organisations than those indicated here, in case they are clearly able to suit and satisfy the eligibility and other rules defined in this Guidelines.

			<p><i>mirovinskoga sustava Republike Hrvatske) / November 2015</i></p> <p><i>and / or</i></p> <p>Registar neprofitnih organizacija / Ministarstvo financija Republike Hrvatske</p> <p><a href="https://banovac.mfin.hr/rnoprt/Pretraga.aspx">https://banovac.mfin.hr/rnoprt/Pretraga.aspx</a></p>	
<p><i>Udruge Zaklade</i></p>	<p>See under 'Name of extract'</p>	<p><i>Statut</i></p>	<p><i>Ministarstvo uprave</i></p> <p><a href="https://registri.uprava.hr/#!udruge">https://registri.uprava.hr/#!udruge</a></p> <p><i>and / or</i></p> <p>Registar neprofitnih organizacija/ Ministarstvo financija</p>	<p><i>Izvod iz Registra udruga Republike Hrvatske</i></p> <p><b>and/or</b></p> <p><i>kopija iz Registra neprofitnih organizacija/</i> <i>Ministarstvo financija</i></p>

			Republike Hrvatske <a href="https://banovac.mfin.hr/moprt/Pretraga.aspx">https://banovac.mfin.hr/moprt/Pretraga.aspx</a>	<i>Republike Hrvatske</i>
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## **APPENDIX 3 – Recommended content for feasibility assessment**

### **1. Executive summary**

The following have to be clear from this point:

- Why is it necessary to implement the project?
- What is the cross-border effect of the implementation?

Further aspects related to the project:

- Description of the starting situation, indication of the project location
- Description of the objectives, results, impacts of the project, underlining the reasonability
- Short description of the intended development of capacities, new or upgraded activities/services and technical content
- Implementation schedule
- Introduction of the implementing organisation (Lead Beneficiary or other Beneficiary)
- Planned operational frame
- Summary of the financial background

### **2. Project background**

- Introduction of the projects' Lead Beneficiary:
  - General description of the Lead Beneficiary: ownership, human capacity, main profile and its connection with the project, similar developments / implemented projects, especially the results of these and the follow up period / maintenance of the results should be highlighted.
- Economic, social, environmental basics / background information:
  - Only important and relevant background information should be mentioned. Especially the natural and built environment and the issues that may have effect on the project have to be shown.
- Partners and forms of co-operation:
  - Ownership, human capacity, main profile and its connection with the project, similar developments / implemented projects and partnership/co-operation in the past (if any) has to be described;
  - Roles and responsibilities in the project, communication and co-operation in the project.

- Description of specialties:
  - Specialties which are important to understand the opportunities and limits of the project in aspects of implementation, target group, risks, environment, technology, financing etc.

### **3. Definition of demand/development needs and goals**

- Evaluation of the current situation:
  - Starting information, data, procedures should be presented here to point out the reasons which lead to the formulation of the goals and intended results. The result of the SWOT analysis should be mentioned (if there were any).
- Supply and demand analysis:
  - The supply and demand analysis has to show the needs related to the future developments made by the project. The needs of the main consumers / target group and the affecting main trends and expected changes should be outlined. Similar products/services/activities in the closer operational environment have to be described.
- Presentation of the target group(s):
  - Connected to the demand described above, the target groups have to be determined (and their selection be reasoned) and the main composition has to be shown.
- Determination of goals (goals, expected results, effects, impacts):
  - From the viewpoint of goals, expected results, effects, impacts development and cross-border impacts have to be presented as well as the effect on the target groups, the stakeholders, the region, sustainability and the environment.
- Technical and vocational specification, description of project content:
  - Infrastructural conditions, preconditions have to be investigated, accessibility might be a crucial point;
  - Expected technical content of the development;
  - Planned activities.
- Prediction of operational conditions:
  - Structure, main tasks and estimated costs of the operation.

#### **4. Implementation of the project**

- Project management: legal entity, structure, responsibilities, leaders and experts (qualification, relevant experience have to be described)
- Description of the detailed technical content:
  - It is important that the description has to prove that the presented technical content ensures the proper technical conditions for the operation of the planned development.
- Detailed proposal for operation (technical and human capacity conditions, description of the provided services)
- Business and marketing plan (description of services, pricing, sales):
  - Generated value of the activity, uprising advantages for target group, range (how will the development function);
  - Description of provided services, pricing, sales promotion with emphasis on at least the sustention period.
- Project (activity) schedule (schedule of the technical implementation as well as the preparatory and management workflows):
  - Timing, sequence and interlacing of the activities, bottlenecks have to be shown;
  - Realistic timing has to comply with the time needs of preparation, connected processes (e.g. public procurement, reporting, authority processes such as permission procedures etc.) and risk management.
- Information and publicity, communication
- Assessment of the project's environmental impact :
  - With emphasis on environmental impacts on elements (water, land, living environment), procedures, structures and built environment. Instruments and actions to be used in the interest of the environment have to be highlighted.

#### **5. Financial analysis**

- Prediction of investment costs
- Financial schedule
- Sustainability
- Revenues, handling of receipts

## **6. Risk analysis and risk management strategy**

Estimation of risks deriving from the factors below has to be made:

- Risks of technology (risks during preparation and implementation, technological damage, breakdown);
- Legal factor (related legal environment, regulatory changes);
- Social factor (stakeholders, public opinion, possible resistance);
- Financial-economic sustainability (operation costs, economic environment);
- Institutional factor (changes in the planned operational structure, procurement procedures etc.).

According to the estimation of risks a risk assessment/management strategy has to be prepared, reflecting on the potential uprising hazards.

## **APPENDIX 4 – Principles of assessment during quality assessment**

The Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020, approved by the EC with decision number C(2015)6228 on 7 September 2015 regulates *inter alia* the basic principles of the project assessment procedure.

**This Appendix aims at collecting at one place the basic principles of assessment to be valid in Priorities 2, 3, 4 of the Programme, based on the provisions of the Co-operation Programme.**

**Please note** that Priority 1 ('Enhancing the Competitiveness of SMEs') will employ special rules since it will be implemented via a special scheme, to be designed to make possible the funding of project activities by SMEs (meaning for-profit legal entities) through the Programme. The assessment rules to be applied in Priority 1 will be published at a later stage.

Chapter 5.3 of the Co-operation Programme document (*'Summary description of the management and control arrangements; <http://www.huhr-cbc.com/en/official-documents>'*) defines among others the following:

- 'The Programme aims at project generation and selection procedures that are both proactive and transparent. The MA, with the support of the JS, launches official Calls for Proposals via relevant information channels. CfPs might have different characteristic i.e. might be open to all programme priorities or thematically targeted in response to changed framework conditions or to progress of the programme implementation. The eligibility criteria will be made available to applicants through the Guidelines that shall be approved by the MC. Selection of operations shall be detailed in the Evaluation and assessment manual to be approved by the MC'.
- 'Applications submitted will be evaluated against a pre-defined set of criteria stipulated in the CfP and Evaluation and assessment manual approved by the MC. Final decision is the responsibility of the MC. The specific and detailed criteria for the selection of operations will be presented in the CfPs; nevertheless, there are a number of important general principles that need to be reflected in the selection criteria under all investment priorities. These include: sustainability of the operation selected; cost-efficiency of the supported actions; accordance with the relevant thematic objective and investment priority; clearly justified contribution to the specific objective of the Priority; added value created; clear and direct cross-border impact'.
- 'Submitted project proposals must pass all eligibility and formal criteria in order to be subject to the quality assessment'.



Overall, the Programme will support projects having a clear focus on the implementation of joint cross-border actions and demonstrating the value added of the cross-border approach versus regional, national, interregional or transnational approaches. Special attention will be given to horizontal principles – please check Chapter 8 of the Co-operation Programme.

## **Priority Axis 2 (Sustainable Use of Natural and Cultural Assets)**

**Specific objective 2.1:** *Convert the region's natural and cultural heritage assets to tourism attractions with income generating capabilities*

*Investment priority 6c - Conserving, protecting, promoting and developing natural and cultural heritage*

Most of the projects are to be selected via open CfP. The Handbook will continue to serve as major strategic guidance document for all investments to be implemented under the current Specific Objective. **Most important selection criteria, *inter alia*, are:**

- expected impact on increase of tourism spending,
- level of innovation in valorisation of cultural and natural heritage,
- environmental and economic sustainability of the project,
- the degree the project fits to the Handbook,
- the degree of involvement of relevant tourism-related professional or societal organisations as partners.
- During the project selection and assessment process, due attention will be paid to the environmental protection requirements, in particular to the preservation of the good status of the environment with special regard to water resources, the nature and the reduction of waste. (if relevant)
- Use of local and nature- and environment-friendly materials and techniques will be preferred wherever realistically possible.

**The most important additional selection criteria for road development projects, among others, are**

- The impact of the new or improved connections on the expected increase of traffic shall be forecasted and related mitigating measures be implemented, on the basis of the expected number of users of the new or improved infrastructure.
- Road construction activities in areas with high environmental values will not be preferred. If such construction works cannot be avoided specific requirements and

monitoring measures will be put in place to minimise environmental impact of the construction works.

- Silent road surface and passive noise reduction tools (noise barriers, protecting trees) will be used in populated areas in line with the national regulations.
- A direct contribution exists to the achievements of the goals of the Specific Objective and linked to projects financed by the cross-border programmes or other programmes under the Investments for Growth and Jobs objective in the 2014-2020 programming period. The MA is responsible to check the complementarity of the road development interventions, and granting of these elements shall be approved by the MC.
- Small scale investments relevant for enabling or improving access to attractions should increase the number of visitors to supported sites of cultural or natural heritage and attractions.
- The MA shall ensure that the rules of the Schengen Agreement are respected, if relevant. Border crossing road developments could only be accomplished on the basis of bilateral agreements in accordance with national legislations.
- Preference shall be applied for projects that are able to create 'sustainable roads' aimed at reducing environmental impacts. Project holders will be required to introduce proper compensatory measures to mitigate identified negative environmental effects.

**Specific objective 2.2:** *Restoring the ecological diversity in the border area*

*Investment priority 6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure*

Projects are to be selected via open CfP. Guiding principles for the selection of operations i.e. most important selection criteria, inter alia, are:

- impact on nature protection,
- level of co-operation among Beneficiaries,
- long run sustainability of joint developments in restoration of biodiversity and protection and promotion of ecosystems,
- the extent the project builds on results of former cooperation activities, especially plans or strategies elaborated jointly,
- coherence with the 2<sup>nd</sup> River Basin Management Plan, both on national and Danube River Basin District levels, and contribution to the Water Framework Directive objectives.

### **Priority Axis 3 (Cooperation)**

**Specific objective 3.1:** *Involvement of more social and institutional actors in cross-border co-operation*

*Investment priority 11b - Promoting legal and administrative cooperation and cooperation between citizens and institutions*

Projects are to be selected via open CfP. Guiding principles for the selection of operations i.e. most important selection criteria, *inter alia*, are:

- contribution to achieving the Specific Objective,
- improved level of co-operation among Beneficiaries based on knowledge transfer and capitalisation on previous project results,
- contribution to more efficient organisational processes of co-operating institutions,
- potential of the expected results to be capitalised upon,
- sustainability of joint institutional structures to be developed,
- sustainability of shared processes to be developed,
- the scale of involvement of new partners in cross-border co-operation activities,
- the scale of geographical coverage.

**Individual, one-off events are not supported.** The Beneficiaries should lay the basis for long-term partnership. Projects capitalising on the existing results and making one step further to establish more sustainable connection between citizens and communities, and those ensuring the participation of greater number of people, should be prioritised.

### **Priority Axis 4 (Education)**

**Specific objective 4.1:** *Improve the role of educational institutions as intellectual centres for increasing the specific local knowledge-base in the region*

*Investment priority 10b - Investing in education, training and vocational training for skills and lifelong learning by developing and implementing joint education, vocational training and training schemes*

Projects are selected via open CfP. Most important principles for the selection criteria, *inter alia*, are:

- contribution to achieving the Specific Objective,
- improved level of co-operation among educational and training institutions on all levels,
- the degree the content of the curricula is based on local and/or cross cultural knowledge,
- purchase of equipment or small scale upgrading of educational premises justified as complementary activities to jointly developed, relevant educational services,
- sustainability of joint educational activities needs to be ensured by prioritising those interventions which build new services on results of previous joint developments,
- equal opportunities and gender equality,
- balanced participation of Hungarian and Croatian participants,
- involvement of marginalised groups or individuals,
- the proportionality of the complementary hard elements of jointly developed and delivered projects needs to be ensured by the programming bodies.