

INTERREG-IPA Cross-border Cooperation Programme Hungary-Serbia

Annual Implementation Report 2017

*Approved by the Joint Monitoring Committee
on 28 May 2018*



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Model for the implementation reports for the European Territorial Co-operation goal

PART A

DATA REQUIRED EVERY YEAR ('LIGHT REPORTS') (Article 50(2) of Regulation (EU) No 1303/2013)

1. IDENTIFICATION OF THE ANNUAL / FINAL IMPLEMENTATION REPORT

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2. OVERVIEW OF THE IMPLEMENTATION OF THE CO-OPERATION PROGRAMME (Article 50(2) of Regulation (EU) No 1303/2013 and Article 14(3)(a) of Regulation (EU) No 1299/2013)

Key information on the implementation of the Co-operation Programme for the year concerned, including on financial instruments, with relation to the financial and indicator data.

The year started with two main events in January - the Second Joint Monitoring Committee meeting (2nd JMC meeting), and the closure of the Second Call for Proposals (2nd CfP), both taking place on 31 January 2017.

The 2nd JMC meeting resulted in the acceptance of the *Annual Report for 2016* for the previous programme, the *JS Work plan for 2017*, the updated *Technical Assistance Manual*, the updated *Assessment Manual* and the acceptance of the results of the First Call for Proposals (1st CfP) with the selection of five projects of strategic importance with the total value of 24,201,308.00 EUR of the EU Contribution. Contracting of these projects started after the 2nd JMC meeting.

As the result of continued efforts to focus on the development of the Monitoring System IMIS 2014-2020, the Application and Assessment module was used for the 2nd CfP at the end of 2016 and in the first half of 2017. The 2nd CfP was closed with 259 Applications successfully submitted through the system and the Formal Assessment for the 2nd CfP projects started subsequently.

It was agreed that the Quality assessment of projects of the PA1 and PA2 would be performed first, in order to have the decisions related to those PAs on the 3rd JMC meeting in May.

The 3rd JMC meeting resulted in the preparation of the Cooperation Programme modification with the following changes:

- Introduction of the Performance Framework in the Programme,
- withdrawal of the Output indicator 1.3,
- definition of the baseline for the Result indicator 4.1.

Since the Quality Assessment for the PA 1 and the PA 2 was concluded, the JMC also approved seven projects of PA 1 and three projects of the PA 2. Furthermore, the *Annual Implementation Report for 2016* (AIR 2016 including the Citizens' summary) was approved. Additionally, the first modification of the Communication Strategy was approved, as well as the *Annual Communication Plan for 2017*, while the *TA Manual* was updated.

As of June 2017 the JS widened the use of IMIS 2014-2020 system as the system had reached satisfactory development of the Project module. Therefore, parallel to the ongoing Assessment for the 2nd CfP, the JS started filling in data and recording projects into the system. All five selected projects of the 1st CfP, that are projects of strategic importance, were fully uploaded. Out of these five projects, four projects started their implementation in 2017, while one of them had already started in 2016.

On the 4th JMC meeting, held in November 2017, the decisions were made regarding the remaining projects of PA 3 and the PA 4. 40 projects were selected within the PA 3 and 17 projects within the PA 4, adding up to total of 67 projects selected under the 2nd CfP. Along with the five strategic projects, selected under the 1st CfP, the total is now 72 projects of the first two Calls for Proposals.

In addition to the project selection, the following Programme documents were updated approved by the JMC: *The Rules of Procedures of the JMC* – due to membership changes, the *TA Manual* and the *TA Subsidy Contracts of the Serbian NA and JS Antenna*, and the *Evaluation Plan*. In addition to the mentioned documents, a request for a potential CP modification concerning the reallocation of funds between the Priority Axes for the 3rd CfP was outlined for further elaboration in 2018.

Despite difficulties and thanks to the diligent work of all Programme Bodies and the Audit Authority, the Designation process was successfully completed in December 2017.

In 2017, the Programme's official website www.interreg-ipa-husrb.com remained the main communication hub of the Programme towards the general public, the interested potential applicants, the Beneficiaries and other Programme's stakeholders. The website also featured news articles related to the European Commission and its EU-level initiatives. Additionally, as a way of support for the projects which started implementation, several project tender announcements were published on the Programme's website, as well as announcements of projects' opening conferences. The Programme's pages on social media networks Facebook and LinkedIn were used as efficient means of disseminating information about the Programme, providing followers with relevant border region news, relevant to the Programme, updates about the European Commission and related EU-level initiatives. The Programme's social media pages also featured the series *Programme Managers' Tips*, which started in 2016. Relying on the vast experience of the Programme Managers of the JS, these tips aimed to provide an added-value advice to Applicants – for successfully preparing and submitting their applications, and to the Beneficiaries – for smooth and effective project implementation. The Programme also continued to use its YouTube channel to share the Programme-related and project-related video content.

The occasion for the Programme's annual event in 2017 was the European Cooperation Day traditionally celebrated in September. To connect to the local community of the border region, and the two partner countries, as well as to promote the Programme and the importance of the

EU investment in the region, the Joint Secretariat organized a photo contest and a photo exhibition. This multi-media project resulted in over 50 pieces of media coverage in Hungarian and Serbian media, including radio and TV interviews, increased number of followers of the Facebook page by 67% during the EC Day 2017 project, and a social media reach exceeding 50,500 people. The physical people reach was estimated to be high as well, as the Photo Exhibition was set at a prominent location downtown Szeged, Hungary, and it lasted for 10 days.

Since the four Information Days relating to the Open Call for Proposals were held in 2016 no Info Days were held in 2017. No large scale seminars were organised in 2017, however, we did hold a small-scale reporting introduction for the Beneficiaries of two projects of the Strategic Call for Proposals in Szeged in December 2017 and in Novi Sad the same month. Large scale Lead Beneficiary and Beneficiary seminars are foreseen for 2018. It should be highlighted here that the Beneficiaries of the two mentioned projects reported on their activities in 2017, and seven Beneficiary reports and subsequently two Project Reports were submitted via IMIS 2014-2020 and approved in December 2017.

The Programme does not use Financial Instruments.

At the end of 2017, the JS consisted of six employees with the following roles: two Programme Managers, one Programme and Financial Manager, one Communication Manager, one Office Manager and the Head of the JS. The JS Antenna in Subotica operated with two Programme Managers, one of them having the role of the Head of JS Antenna. Horizontal Units of the hosting institution (Széchenyi Program Office Nonprofit Llc.) helped the management of the Programme.

3. IMPLEMENTATION OF THE PRIORITY AXES (Article 50(2) of Regulation (EU) No 1303/2013)

3.1. Overview of the implementation

ID	Priority Axis	Key information on the implementation of the Priority Axis With reference to key developments, significant problems and steps taken to address these problems
PA 1	Improving cross-border water management and risk prevention systems	<p>The Priority represents 34.5 % of the IPA funding allocated for the Programme (22,500,000 EUR).</p> <p>The specific objective of this PA is decreasing environmental risks (e.g. drought, flood, hail) and preventing negative effects on quality of water bodies and nature protected areas.</p> <p>Beneficiaries of the PA actions are: water management organisations in partnership with the relevant public organisations, the local governments, associations, NGOs, etc.</p> <ul style="list-style-type: none"> - The first Call for Proposals targeted activities of strategic importance. Two applications within the Strategic Call were submitted within this Priority. The financial allocation was 13.5 m EUR of the EU contribution. In January 2017, on the 2nd JMC meeting, two projects with the total value of 13.328 m EUR of EU Contribution were selected. - The Second Call for Proposals targeted a wide range of activities. The financial allocation was 5 m EUR of the EU contribution. In May 2017, on the 3rd JMC meeting, seven projects with the total value of 4.521 m EUR of the EU Contribution were selected within this priority. <p>We estimate that only by these 9 projects selected within the two Calls for Proposals, all the Performance framework targets and the overall targets concerning the PA 1 will be reached by the time of conclusion of the projects.</p> <p>There were no significant problems observed with the implementation of the Priority.</p>
PA 2	Decreasing the bottlenecks of cross-border traffic	<p>The Priority represents 22.3 % of the IPA funding allocated to the Programme (14,500,000 EUR).</p> <p>The specific objective of this PA is increasing the capacities of border crossing and the connected transport lines through promoting development of road transport and use of sustainable transport modes (public transport, bicycle, water transport)</p> <p>The Beneficiaries of the PA actions are: national-, county- and regional-level bodies and their organisations having responsibilities related to the development of the cross-border transport, railway management and development</p>

		<p>companies, border control and customs administrations, organisations which are maintaining the transport stations and operating public transport: bus and railway public transport companies, organizations dealing with shipping etc.</p> <ul style="list-style-type: none"> - The First Call for Proposals targeted activities of the strategic importance for the border region. Two applications within the Strategic Call were submitted within this Priority. The financial allocation was 7.9 m EUR of the EU-contribution. In January 2017, on the 2nd JMC, two projects in the value of 7.696 m EUR of the EU Contribution were selected. - The Second Call for Proposals targeted a wide range of activities. The financial allocation was 6 m EUR of the IPA-contribution. In May 2017 on the 3rd JMC meeting, three projects the value of 5.796 m EUR of EU Contribution within this priority were selected. <p>There were no significant problems observed with the implementation of the Priority.</p>
PA 3	Encouraging tourism and cultural heritage cooperation	<p>The Priority represents 19.5 % of the IPA funding allocated to the Programme (12,700,000 EUR).</p> <p>The specific objectives of this PA are creation of commonly coordinated cross-border tourism destinations based on the complementary local assets in order to ensure sustainable development of tourism potentials and promoting co-operation activities in the field of culture, leisure, sport, and nature protection.</p> <p>The Beneficiaries of the PA actions are: the regional tourism organisations with the involvement of the local tourism destination management associations, NGOs, and the local- county- and the regional-level authorities, the local governments, the county/ and the regional-level bodies and their organisations, etc.</p> <ul style="list-style-type: none"> - The first Call for Proposals targeted activities of strategic importance. Two applications within the Strategic Call were submitted to this Priority. The financial allocation was 3.4 m EUR of the IPA contribution. In January 2017, on the 2nd JMC meeting, one project of the value of 3.177 m EUR of the EU Contribution was selected. - The Second Call for Proposals targeted a wide range of activities. The financial allocation was 5.5 m EUR of the IPA-contribution. We received 141 applications with the total amount of 33.38 Million EUR. Due to the overwhelming interest and good quality of applications, in May 2017, on the 3rd JMC meeting, 40 projects in the value of approximately 9.6 m EUR of the EU Contribution were selected within this priority. Furthermore, the JMC considered an increase of total allocation for this priority by virtue of CP modification.

		<p>There were no significant problems observed with the implementation of the Priority.</p>
PA 4	<p>Enhancing SMEs' economic competitiveness through innovation driven development</p>	<p>The Priority represents 13.7 % of the IPA funding allocated to the Programme (8,911,600 EUR).</p> <p>The specific objective of this PA is enforcing the growth capabilities and employment potential of SMEs through the development and adaptation of new technologies, processes, products or services.</p> <p>The potential Beneficiaries of the PA actions are: economic clusters, business and innovation support organizations in cooperation with R&D&I and higher education institutions, vocational and adult training organisations, labour market organisations which coordinate labour flows in the CBC area, chambers, public organisations or NGOs, etc.</p> <p>- This Priority was only opened in the course of the Second Call for Proposals. The financial allocation was 5 m EUR of the IPA Contribution. In May 2017, on the 3rd JMC meeting, 17 projects of the value of approximately 4.2 m EUR of the EU Contribution were selected within this Priority.</p> <p>There were no significant problems observed with the implementation of the Priority.</p>
PA 5	<p>Technical Assistance (TA)</p>	<p>The Priority represents 10% of the IPA funding allocated to the Programme (6,512,400 EUR).</p> <p>The main results in 2017 were the sound and timely execution of all necessary measures that are the prerequisite for the Programme's effectiveness (operation of the Programme Bodies, financing of their personnel and external service needs, the conclusion of 2 CfPs, the selection of projects, the project monitoring, administrative and technical assistance, the Programme evaluation, information and communication activities, audit and First Level Control measures, development and operation of an electronic monitoring system, etc.).</p> <p>72 Projects were selected within the two Calls for Proposals. In 2017, out of the 72 selected projects, 15 Contracts were signed, including all five projects of the strategic value within the 1st CfP and 10 projects within the 2nd CfP, with the total value of approximately 48.3 EUR of the EU Contribution.</p> <p>The overview of the Project related progress in 2017, broken down to Priority Axes (PA) and Calls for Proposals (CfP), values in EUR of EU Contribution:</p> <p>PA 1: 1st CfP: 2 Projects with the total value of 13.328 m EUR selected and contracted</p>

		<p>2nd CfP: 7 Projects with the total value of 4.521 m EUR selected and contracted.</p> <p>PA 2: 1st CfP: 2 projects of the value of 7.696 m EUR Contribution selected and contracted 2nd CfP: 3 projects of the value of 5.796 m EUR selected and contracted</p> <p>PA 3: 1st CfP: 1 project of the value of 3.177 m EUR selected and contracted. 2nd CfP: 40 projects of the value of approximately 9.6 m EUR selected, contracting to be concluded in 2018</p> <p>PA 4: 1st CfP: this PA was not open for the 1st Call for Proposals 2nd CfP: 17 projects of the value of approximately 4.2 m EUR selected, contracting to be concluded in 2018</p> <p>There were no significant problems observed with the implementation of the Priority.</p>
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3.2. Common and programme specific indicators (Article 50(2) of Regulation (EU) No 1303/2013)

Data for common and programme-specific indicators by Investment Priority transmitted using the Tables 1 to 2 below.

Table 1

Result indicators (by Priority Axis and Specific Objective); applies also to the Technical Assistance Priority Axis

Automatic from SFC						Annual value				Observations (if necessary)
ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2023)	2014	2015	2016	2017	
PA 1, 1.1	Water quality (good ecological status) of cross-border surface water bodies (rivers and water flows) in the eligible area	Weighted average ecological status (average, no unit) of cross-border surface water bodies (rivers) in the eligible area	2,91	2012	2,7	N/a	N/a	N/a	N/a	Frequency of reporting is planned to be 2019, and 2023.
PA 2, 2.1	Share of border-crossing traffic at smaller border-crossing points within all border-crossing traffic	% of persons crossing the border at smaller border-crossing points	35,4%	2014	40%	N/a	N/a	N/a	N/a	Frequency of reporting is planned to be 2019, and 2023.
PA 3, 3.1	Number of overnight stays	overnight stays	1 835 757	2013	1 964 000	N/a	N/a	N/a	N/a	Frequency of reporting is planned to be 2019, and 2023.
PA 3, 3.2	Level of cross-border cooperation intensity of the public and non-profit organisations dealing with cultural, leisure sport and nature protection issues	rating	3,24	2015	3,73	N/a	N/a	N/a	N/a	Frequency of reporting is planned to be 2019, and 2023. Baseline and target values elaborated in Annex 5A of the CP
PA 4, 4.1	Rate of innovative SMEs in the CBR	%	32,94	2015	33	N/a	N/a	N/a	N/a	Frequency of reporting is planned to be 2019, 2021 and 2023.

Table 2

Common and programme specific output indicators (by Priority Axis, Investment Priority); applies also to Technical Assistance Priority Axes

	ID	Indicator	Measurement unit	Target value (2023)	CUMULATIVE VALUE				Observations
					2014	2015	2016	2017	
Outputs to be delivered by selected operations [forecast provided by beneficiaries]	1.1	Population benefiting from flood protection measures	persons	100 000	0	0	0	949 123	unexpectedly ambitious projects approved on 2 calls of this subject
Outputs delivered by operations [actual achievement]				100 000	0	0	0	0	no problems foreseen to reach the ultimate target value
Outputs to be delivered by selected operations	1.2	Length of new or improved water management system	metres	6 000	0	0	0	180 608	unexpectedly ambitious projects approved on 2 calls of this subject
Outputs delivered by operations				6 000	0	0	0	0,00	no problems foreseen to reach the ultimate target value
Outputs to be delivered by selected operations	1.3	Surface area of habitats supported in order to attain a better conservation status	hectares	500,00	0,00	0,00	0,00	17 408,00	unexpectedly ambitious projects approved on 2 calls of this subject
Outputs delivered by operations				500,00	0,00	0,00	0,00	0,00	no problems foreseen to reach the ultimate target value
Outputs to be delivered by selected operations	2.1	Number of improved or newly built border crossing points	border crossing points	3,00	0,00	0,00	0,00	0,00	no project has selected this indicator
Outputs delivered by operations				3,00	0,00	0,00	0,00	0,00	n. a.
Outputs to be delivered by selected operations	2.2	Total length of newly built roads	kilometres	3,00	0,00	0,00	0,00	4,52	n. a.
Outputs delivered by operations				3,00	0,00	0,00	0,00	0,00	no problems foreseen to reach the ultimate target

									value
Outputs to be delivered by selected operations	2.3	Total length of reconstructed or upgraded roads	kilometres	2,00	0,00	0,00	0,00	14,00	n. a.
Outputs delivered by operations				2,00	0,00	0,00	0,00	0,00	n. a.
Outputs to be delivered by selected operations	2.4	Total length of newly built bicycle paths	kilometres	5,00	0,00	0,00	0,00	28,18	n. a.
Outputs delivered by operations				5,00	0,00	0,00	0,00	0,00	n. a.
Outputs to be delivered by selected operations	2.5	Total length of the railway line directly affected by development plans	kilometres	50,00	0,00	0,00	0,00	58,00	1601/22/0002-reported no progress
Outputs delivered by operations				50,00	0,00	0,00	0,00	0,00	n. a.
Outputs to be delivered by selected operations	2.6	Number of improved public transport services	services	3	0	0	0	0	n. a.
Outputs delivered by operations				3	0	0	0	0	n. a.
Outputs to be delivered by selected operations	3.1	Expected number of visits to supported sites of cultural and natural heritage and attractions	visits/year	30 000	0	0	0	57 410,00	n. a.
Outputs delivered by operations					0	0	0	0	n. a.
Outputs to be delivered by selected operations	3.2	Number of joint cultural, recreational and other types of community events and actions organised	events	200	0	0	0	766,00	1601/31/0005-reported no events
Outputs delivered by operations				200	0	0	0	0	n. a.
Outputs to be delivered by selected operations	3.3	Average monthly user entries to online communication tools developed	user entries	5 000	0	0	0	52 317,00	n. a.
Outputs delivered by operations				5 000	0	0	0	0	n. a.
Outputs to be delivered by selected operations	4.1	Number of enterprises cooperating with research institutions	enterprises	35	0	0	0	187	n. a.
Outputs delivered by operations				35	0	0	0	0	n. a.

Outputs to be delivered by selected operations	4.2	Number of organisations actively participating in the work of the "knowledge platforms"	organisations	60	0	0	0	191,00	n. a.
Outputs delivered by operations				60	0	0	0	0	n. a.
Outputs to be delivered by selected operations	4.3	Number of months spent in the institutions and companies on the other side of the border through scholarships	months	200	0	0	0	2	n. a.
Outputs delivered by operations				200	0	0	0	0	n. a.
Outputs to be delivered by selected operations	4.4	Rate of persons from vulnerable groups involved in supported actions	percentage	50,00	0,00	0,00	0,00	0,00	n. a.
Outputs delivered by operations				50,00	0,00	0,00	0,00	0,00	n. a.
Outputs to be delivered by selected operations	5.1	Number of projects administered by the JS	number	100	0	0	9	81	signed 9 TA and 72 normal projects
Outputs delivered by operations				100	0	0	0	0	There have been no fully implemented TA projects yet.
Outputs to be delivered by selected operations	5.2	Number of publicity events	number	5	0	0	5	6	2017: 1 ETC day-photo contest
Outputs delivered by operations				5	0	0	0	0	There have been no fully implemented TA projects yet.
Outputs to be delivered by selected operations	5.3	Number of employees	employees in FTE	8	0	0	8	8	At the end of the year 2017
Outputs delivered by operations				8	0	0	0	0	There have been no fully implemented TA projects yet.

3.3. Milestones and targets defined in the performance framework (Article 50(2) of Regulation (EU) No 1303/2013) – submitted in Annual Implementation Reports from 2017 onwards

Reporting on financial indicators, key implementation steps, output and result indicators to act as milestones and targets for the performance framework (submitted starting with the report in 2017).

Table 3

Priority axis 1: „Improving the cross-border water management and risk prevention systems“

Indicator type	ID	Indicator or Key implementation step	Measurement unit	Milestone target 2018	Final target (2023)	2014	2015	2016	2017	Observations
Output indicator	OI 1.2	Length of new or improved water management system	Metres	0	6000	0	0	0	0	No projects concluded in 2017, however, based on the projects contracted in 2018 we see no problems in meeting the targets
Key Implementation Step	KIS 1.2	Number of projects contracted related to the improvement of the water management system's physical infrastructure in the cross border region	Pieces	4	6	0	0	0	4	The 2018 milestone is already met in 2017
Financial indicator	FI 1	Eligible certified expenditure of the priority axis 1 "Improving the cross-border water management and risk prevention systems"	EUR	1 917 101	26 470 589	0	0	0	0	No costs certified in 2017. 2018 forecast: 1 800 000

Priority axis 2: “Decreasing the bottlenecks of cross-border traffic“

Indicator type	ID	Indicator or Key implementation step	Measurement unit	Milestone target 2018	Final target (2023)	2014	2015	2016	2017	Observations
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Output indicator	OI 2.2	Total length of newly built roads	Km	0	3	0	0	0	0	No projects concluded in 2017, however, based on the projects contracted in 2018 we see no problems in meeting the targets
Output indicator	OI 2.3	Total length of reconstructed or upgraded roads	Km	0	2	0	0	0	0	No projects concluded in 2017, however, based on the projects contracted in 2018 we see no problems in meeting the targets
Key Implementation Step	KIS 2.2	Number of projects contracted related to the improvement of physical infrastructure of border crossing roads	Pieces	1	2	0	0	0	4	Milestone and final target already met in 2017
Financial Indicator	FI 2	Eligible certified expenditure of the priority axis 2 "Decreasing the bottlenecks of cross-border traffic"	EUR	1 235 465	17 058 824	0	0	0	450.21	2018 forecast: 1 050 000

Priority axis 3: "Encouraging tourism and cultural heritage cooperation"

Indicator type	ID	Indicator or Key implementation step	Measurement unit	Milestone target 2018	Final target (2023)	2014	2015	2016	2017	Observations
Output indicator	OI 3.2	Number of joint cultural, recreational and other types of community events and actions organised	Number	20	200	0	0	0	0	No projects concluded in 2017; based on ongoing projects, the 2018 forecast

										is: 40
Financial Indicator	FI 3	Eligible certified expenditure of the priority axis 3 "Encouraging tourism and cultural heritage cooperation"	EUR	1 082 097	14 941 177	0	0	0	433.26	2018 forecast: 1 100 000

Priority axis 4: "Enhancing SMEs' economic competitiveness through innovation driven development"

Indicator type	ID	Indicator or Key implementation step	Measurement unit	Milestone target 2018	Final target (2023)	2014	2015	2016	2017	Observations
Output indicator	OI 4.1	Number of enterprises cooperating with research institutions	Number	10	35	0	0	0	0	Based on ongoing projects, the 2018 forecast is: 10
Financial indicator	FI 4	Eligible certified expenditure of the priority axis 4 "Enhancing SMEs' economic competitiveness through innovation driven development"	EUR	759 308	10 484 236	0	0	0	0	Based on ongoing projects and due to late contracting, the 2018 forecast is: 400 000

3.4. Financial data (Article 50(2) of Regulation (EU) No 1303/2013)

Table 4

Financial information at Priority Axis and Programme level

(as set out in Table 1 of Annex II to Commission Implementing Regulation (EU) No 1011/2014 (1) [Model for transmission of financial data] (2) and table 16 of model for co-operation programmes under the European Territorial Co-operation goal)

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
The financial allocation of the Priority Axis based on the Co-operation Programme						Cumulative data on the financial progress of the Co-operation Programme					
PA	Fund	Category of region	Basis for the calculation of Union support	Total funding	Co-financing rate	Total eligible cost of operations selected for support (EUR)	Proportion of the total allocation covered with selected operations (%) (column 7/ column 5 *100)	Public eligible cost of operations selected for support (EUR)	Total eligible expenditure declared by beneficiaries to the Managing Authority	Proportion of the total allocation covered by eligible expenditure declared by beneficiaries (%) (column 10/ column 5 *100)	Number of operations selected
PA 1	IPA		Total cost	26,470,589.00	85.00	21,001,048.86	79.34%	21,001,048.86	0.00	0.00	9
PA 2	IPA		Total cost	17,058,824.00	85.00	15,873,049.47	93.05%	10,856,064.95	450.21	0.00	5
PA 3	IPA		Total cost	14,941,177.00	85.00	14,973,532.98	100.22%	11,233,334.23*	433.26	0.00	41
PA 4	IPA		Total cost	10,484,236.00	85.00	4,958,805.41	47.30%	3,367,152.83*	0.00	0.00	17
PA 5	IPA		Total cost	7,661,648.00	85.00	7,661,648.00	100.00%	7,661,648.00	0.00	0.00	9
Total	IPA		Total cost	76,616,474.00	85.00	64,468,084.72	84.14%	54,119,248.87*	883.47	0.00	81

* Final amounts to be provided after the contracting phase of PA3 and PA4

Table 5

Breakdown of the cumulative financial data by category of intervention (Article 112(1) and (2) of Regulation (EU) No 1303/2013 and Article 5 of Regulation (EU) No 1304/2013)

(as set out in Table 2 of Annex II to Commission Implementing Regulation (EU) No 1011/2014 [Model for transmission of financial data] and tables 6-9 of Model for cooperation programmes)

PA	Characteristics of expenditure	Categorisation dimensions							Financial data				
		Fund	1. Intervention field	2. Form of finance	3. Territorial dimension	4. Territorial delivery	5. Thematic priority dimension	6. ESF secondary theme	7. Economic dimension	8. Location dimension	Total eligible cost of operations selected for support (€)	Public eligible cost of operations selected for support (€)	The total eligible expenditure declared by beneficiaries to the managing authority
PA 1	IPA	087 Adaptation to climate change measures and prevention and management of climate related risks e.g. erosion, fires, flooding, storms and drought, including awareness raising, civil protection and disaster management systems and infrastructures	01 Non-repayable grant	02 Small Urban areas (intermediate density > 5 000 population)	07 Not applicable					0.00	0.00	0.00	0
				03 Rural areas (thinly populated)						20,428,120.40	20,428,120.40	0.00	7
		085 Protection and enhancement of biodiversity, nature protection and green infrastructure	02 Small Urban areas (intermediate density > 5 000 population)	0.00						0.00	0.00	0	
			03 Rural areas (thinly populated)	572,928.46						572,928.46	0.00	2	
PA 2	IPA	026 Other Railways	01 Non-repayable grant	03 Rural areas (thinly populated)	07 Not applicable					3,585,017.40	3,255,968.00	450.21	1
		032 Local access roads (newly built)								9,721,419.44	5,033,484.30	0.00	3
		034 Other reconstructed or improved road (motorway, national, regional or local)								0.00	0.00	0.00	0
		044 Intelligent transport systems (including the introduction of demand management, tolling systems, IT monitoring, control and information systems)								0.00	0.00	0.00	0
		090 Cycle tracks and footpaths								2,566,612.65	2,566,612.65	0.00	1
PA 3	IPA	092 Protection, development and promotion of public tourism assets	01 Non-repayable grant	01 Large Urban areas (densely populated > 50 000 population)	07 Not applicable					1,347,612.00	1,010,991.99	0.00	4
				02 Small Urban areas (intermediate density > 5 000 population)						2,695,233.00	2,021,990.75	0.00	7
				03 Rural areas (thinly populated)						449,203.00	336,996.58	0.00	1
		093 Development and promotion of public tourism services		01 Large Urban areas (densely populated > 50 000 population)						449,217.00	337,007.08	0.00	1
				02 Small Urban areas (intermediate density > 5 000 population)						898,430.00	674,011.17	0.00	3
				03 Rural areas (thinly populated)						149,738.00	112,334.94	0.00	1
				094 Protection, development and promotion of public cultural and heritage assets						1,347,612.00	1,010,991.99	0.00	4

PA	Characteristics of expenditure	Categorisation dimensions						Financial data					
		Fund	1. Intervention field	2. Form of finance	3. Territorial dimension	4. Territorial delivery	5. Thematic priority dimension	6. ESF secondary theme	7. Economic dimension	8. Location dimension	Total eligible cost of operations selected for support (€)	Public eligible cost of operations selected for support (€)	The total eligible expenditure declared by beneficiaries to the managing authority
PA 4	IPA	095 Development and promotion of public cultural and heritage services	01 Non-repayable grant	02 Small Urban areas (intermediate density > 5 000 population)	07 Not applicable					2,695,233.00	2,021,990.75	0.00	7
				03 Rural areas (thinly populated)						449,203.00	336,996.58	0.00	1
				01 Large Urban areas (densely populated > 50 000 population)						1,347,612.00	1,010,991.99	0.00	4
				02 Small Urban areas (intermediate density > 5 000 population)						2,695,233.00	2,021,990.75	433.26	7
				03 Rural areas (thinly populated)						449,203.00	336,996.58	0.00	1
				060 Research and innovation activities in public research centres and centres of competence including networking						01 Large Urban areas (densely populated > 50 000 population)	623,161.18	438,778.18	0.00
		062 Technology transfer and university-enterprise cooperation prim	02 Small Urban areas (intermediate density > 5 000 population)	0.00						0.00	0.00	0	
			03 Rural areas (thinly populated)	207,720.39						132,941.06	0.00	2	
			01 Large Urban areas (densely populated > 50 000 population)	365,800.00						309,500.00	0.00	1	
		063 Cluster support and business networks primarily benefiting SMEs	02 Small Urban areas (intermediate density > 5 000 population)	0.00						0.00	0.00	0	
			03 Rural areas (thinly populated)	0.00						0.00	0.00	0	
			01 Large Urban areas (densely populated > 50 000 population)	1,241,832.48						512,487.90	0.00	3	
		066 Advanced support services for SMEs and groups of SMEs (including management, marketing and design services)	02 Small Urban areas (intermediate density > 5 000 population)	0.00						0.00	0.00	0	
			03 Rural areas (thinly populated)	0.00						0.00	0.00	0	
			01 Large Urban areas (densely populated > 50 000 population)	451,159.83						327,064.84	0.00	2	
		067 SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs)	02 Small Urban areas (intermediate density > 5 000 population)	839,698.52						697,767.68	0.00	3	
			03 Rural areas (thinly populated)	0.00						0.00	0.00	0	
			01 Large Urban areas (densely populated > 50 000 population)	548,051.24						324,795.57	0.00	3	
		072 Business infrastructure for SMEs (including industrial parks and sites)	02 Small Urban areas (intermediate density > 5 000 population)	681,381.77						622,816.77	0.00	2	
03 Rural areas (thinly populated)	0.00		0.00	0.00	0								
01 Large Urban areas (densely populated > 50 000 population)	0.00		0.00	0.00	0								
02 Small Urban areas (intermediate density > 5 000 population)	0.00		0.00	0.00	0								
			03 Rural areas (thinly populated)						0.00	0.00	0.00	0	

PA	Characteristics of expenditure	Categorisation dimensions						Financial data					
		Fund	1. Intervention field	2. Form of finance	3. Territorial dimension	4. Territorial delivery	5. Thematic priority dimension	6. ESF secondary theme	7. Economic dimension	8. Location dimension	Total eligible cost of operations selected for support (€)	Public eligible cost of operations selected for support (€)	The total eligible expenditure declared by beneficiaries to the managing authority
PA 5	IPA	121 Preparation, implementation, monitoring and inspection	01 Non-repayable grant	Not applicable	07 Not applicable					6,129,318.00	6,129,318.00	0.00	9
		122 Evaluation and studies								766,165.00	766,165.00	0.00	
		123 Information and communication								766,165.00	766,165.00	0.00	
Grand total										64,468,084.72	54,119,248.87	883.47	81

Table 6

Cumulative cost of all or part of an operation implemented outside the Union part of the Programme area

1	2	3	4	5
	<p>The amount of IPA support(*) envisaged to be used for all or part of an operation implemented outside the Union part of the Programme area based on selected operations (EUR)</p>	<p>Share of the total financial allocation to all or part of an operation located outside the Union part of the Programme area (%) (column 2/total amount allocated to the support from the IPA at programme level *100)</p>	<p>Eligible expenditure of IPA support incurred in all or part of an operation implemented outside the Union part of the Programme area declared by the Beneficiary to the Managing Authority (EUR)</p>	<p>Share of the total financial allocation to all or part of an operation located outside the Union part of the Programme area (%) (column 4/total amount allocated to the support from the IPA at programme level *100)</p>
<p>All or part of an operation outside the Union part of the Programme area (1)</p>	<p>-</p>	<p>0,00 %</p>	<p>0,00</p>	<p>0,00 %</p>

(*) IPA support is fixed in the Commission decision on the respective co-operation programme.

(1) In accordance with and subject to ceilings set out Article 20 of Regulation (EU) No 1299/2013.

4. SYNTHESIS OF THE EVALUATIONS (Article 50(2) of Regulation (EU) No 1303/2013)

Synthesis of the findings of all evaluations of the programme that have become available during the previous financial year, including the name and reference period of the evaluation reports used.

No evaluation of the programme was concluded in 2017. According to the Evaluation Plan of the Programme (approved by the JMC at the end of 2016), the first evaluation of the Programme's efficiency and effectiveness (in line with Article 56 (3) of the CPR) was planned to be performed in the last quarter of 2017. At the 4th JMC meeting, the Evaluation plan was reviewed and updated. In order to better fit the Programme implementation dynamics and provide more useful data, the timeframe for the Programme evaluations has been rescheduled and it was decided that the first Programme evaluation will be performed in 2018.

5. ISSUES AFFECTING THE PERFORMANCE OF THE PROGRAMME AND MEASURES TAKEN (article 50(2) of Regulation (EU) No 1303/2013)

a) Issues which affect the performance of the Programme and the measures taken

These are the potential issues that could have affected the performance of the Programme:

1. Introduction of the **Performance Framework** in the Programme in 2016:

The late introduction of the Performance Framework could have had a negative influence on the Programme. Quickly after its introduction (1st Modification of the CP) the Programme has adopted to the tool which in turn helped us have a better focus on the most vital indicators and results.

2. **Delayed development of the Monitoring System:**

During 2017 the biggest problem that could have potentially affected the performance of the Programme was the limited functionality of the Monitoring System. Nevertheless, the quality of the System has continued to gradually increase thanks to continuous developments. To overcome these issues we concentrated more effort on constant negotiations with the developers of the system on one side and more effort on collecting necessary data with alternative tools at our disposal.

3. **Delayed designation process**, also connected to the Monitoring System.

Considerable efforts and steps were also undertaken to speed up the designation process of the programme in order to avoid potential penalties. Continuous meetings between the JS members, IMIS office members, developers, MA representatives and the Audit Authorities were held to ensure the proper functioning of the Monitoring System throughout the entire year. In addition to regular meetings, occasional ad hoc problem solving brainstorming meetings were held as according to immediate need. As the result of continued efforts to focus on the development of the Monitoring System IMIS 2014-2020, the designation process was completed on time. In addition the Application and Assessment module was used for the 2nd CfP at the end of 2016 and in the first half of 2017. With this, and in addition to the Formal and Quality Assessment being done via the IMIS system, we consider it as a big step towards reaching the e-cohesion goals of the Programme.

4. Addressing the **Communication issues** of the previous programme

One of the largest issues of the preceding programme was the communication of the programme towards potential Beneficiaries and wider public, since the previous programme had just one Communication Manager that also had the role of the Programme Manager. The measure undertaken in this Programme of putting more emphasis on Communication in form of, among others, having one professional solely responsible for the Communication of the programme has yielded great results. The Programme's new, improved and very frequently updated official website, the Programme's social media network Facebook, LinkedIn pages and the YouTube channel immensely improved the visibility of the programme towards the general public, the interested potential applicants, the Beneficiaries and other Programme's stakeholders.

5. Addressing and preventing **potential problems** of Beneficiaries

Our improved communication and success in addressing potential problems of Beneficiaries is best illustrated by the *Programme Managers' Tips*, which started in 2016 by relying on the vast experience of the Programme Managers of the JS, aimed to provide an added-value advice to Applicants – for successfully preparing and submitting their applications, and to the Beneficiaries – for smooth and effective project implementation. Naturally, the best way of helping the Beneficiaries and Potential was through direct contact of our Programme Managers and other JS members which is the practice the JS will continue to uphold in the future.

6. Observing an **overwhelming interest in PA 3** and addressing it with a potential CP modification

We have observed greater interest of applicants for **PA 3**: Encouraging tourism and cultural heritage cooperation and to a lesser extent **PA 4**: Enhancing SMEs' economic competitiveness through innovation driven development.

For PA 3 we received 141 applications with the total amount of 33.38 Million EUR of EU contribution while the planned allocation for the 2nd Call was 5.5 Million EUR.

For PA 4 we received 89 applications with the total amount of 24.29 Million EUR of EU contribution while the planned allocation for the 2nd call was 5 Million EUR.

The quality of the projects was not satisfactory to contract the full amount allocated for PA 4, therefore only an amount of 4.21 Million EUR was contracted. At the same time, since the quality of the applications for PA 3 was high, the JMC decided to support a larger number of projects than planned and 40 applications were selected for contracting with a total value of 12.7 Million EUR, more than double of the allocation for 2nd Call.

While this measure was reasonable, the JMC decided on further measures to answer the great interest for this priority and ask for the reallocation of funds to PA 3. The request for modification of the CP will also cover the increase of allocation for PA2 while substantially decreasing that of PA 1 (since the interest was limited but thanks to projects of 1st and 2nd Call the corresponding indicators will be quite securely reached), and modestly decreasing PA 4 (with special attention paid to corresponding indicators and quality of applications for the 3rd Call).

The details of the proposal will be described in the Modification Position paper to be drafted.

b) OPTIONAL FOR LIGHT REPORTS, otherwise it will be included in point 9.1 (Article 50(4) of Regulation (EU) No 1303/2013)

An assessment of whether progress made towards targets is sufficient to ensure their fulfilment, indicating any remedial actions taken or planned, where appropriate

The implementation of the Programme is in line with the expectations of the participating Countries. Decisions related to the two Calls for Proposals that were launched in 2016 that cover the majority of the funding the available for the Programme, were made in 2017. Work continues on the electronic monitoring system of the Programme, in view of the e-Cohesion requirements. All 5 of the 1st CfP projects were entered into the system. For the 2nd CfP the Application, Assessment and Contracting was fully done through and by the use of the System and we expect reporting to be done within it, as well.

The Project implementation has started for the implementation of 5 projects of Strategic importance and 8 out of 10 projects of the PA 1 and 2 of the 2nd CfP in 2017. We find progress made towards Programme targets in terms of financial and indicator related goals satisfactory.

6. CITIZEN'S SUMMARY (Article 50(9) of Regulation (EU) No 1303/2013)

A citizen's summary of the contents of the annual and the final implementation reports shall be made public and uploaded as a separate file in the form of annex to the annual and the final implementation report

The Annual Implementation Report (AIR) of the Interreg-IPA CBC Hungary-Serbia Programme provides a brief overview of the activities that were undertaken in relation to the Programme in the year 2017.

Provided as separate document.

7. REPORT ON THE IMPLEMENTATION OF FINANCIAL INSTRUMENTS (Article 46 of Regulation (EU) No 1303/2013)

Where the Managing Authority decided to use financial instruments it must send to the Commission a specific report covering the financial instruments operations as an annex to the annual implementation report:

Not relevant in case of the Interreg-IPA CBC Hungary-Serbia Co-operation Programme 2014-2020. (There were no financial instruments used in the meaning of Article 46 of the CPR in the Programme.)

8. ACTIONS TAKEN TO FULFILL EX-ANTE CONDITIONALITIES (Article 50(2) of Regulation (EU) No 1303/2013) in case applicable ex-ante conditionalities were not fulfilled upon the adoption of the OP: (see point 13 of the model)

Starting with the 2017 reporting year, this section will be closed (it's not applicable).

9. WHERE APPROPRIATE, PROGRESS IN PREPARATION AND IMPLEMENTATION OF MAJOR PROJECTS AND JOINT ACTION PLANS (Article 101(h) and Article 111(3) of Regulation (EU) No 1303/2013 and Article 14(3)(b) of Regulation (EU) No 1299/2013)

Not relevant in case of the Interreg-IPA CBC Hungary-Serbia Co-operation Programme 2014-2020. (There are no major projects or joint action plans in the meaning of Article 101(h) and 111(3) of the CPR or Article 14(3)(b) of the ETC Regulation in the Programme.)

9.1. Major projects

Significant problems encountered in implementing major projects and measures taken to overcome them.

Not relevant for the Programme.

Any change planned in the list of major projects in the Co-operation Programme.

Not relevant for the Programme.

9.2. Joint action plans

Progress in the implementation of different stages of joint action plans

Not relevant for the Programme.

PART B

REPORTING SUBMITTED IN YEARS 2017, 2019 AND FINAL IMPLEMENTATION REPORT (Article 50(4) of Regulation (EU) No 1303/2013 and Article 14(4) of Regulation (EU) No 1299/2013)

Part B is blocked within the reporting system with the exception of section 14.4 for 2017 reporting year.

14. ADDITIONAL INFORMATION WHICH MAY BE ADDED DEPENDING ON THE CONTENT AND OBJECTIVES OF THE COOPERATION PROGRAMME (Article 14(4), subparagraph 2 (a), (b), (c) and (f), of Regulation (EU) No 1299/2013)

14.1 Progress in implementation of the integrated approach to territorial development, including sustainable urban development, and community-led local development under the cooperation programme

14.2 Progress in implementation of actions to reinforce the capacity of authorities and beneficiaries to administer and to use the ERDF

14.3 Progress in the implementation of any interregional and transnational actions

14.4 Contribution to macro-regional and sea basin strategies (where appropriate)

In case a project proves to contribute to one of the Priority Areas of the EU Strategy for the Danube Region based on its action plan (SEC(2010) 1489 final, available here: http://dunaregiostrategia.kormany.hu/download/3/a9/10000/DRS_Action_Plan_-_08_12_2010.pdf) one extra point can be awarded during evaluation according to assessment grid Point IV. 18. "Are the proposed activities and objectives compliant with the Danube strategy?"

14.5 Progress in the implementation of actions in the field of social innovation, where appropriate

14.6 Progress in the implementation of measures to address the specific needs of geographical areas most affected by poverty or of target groups at highest risk of poverty discrimination or social exclusion