

Tax number: 18188071-2-42

Registering body: Fővárosi Törvényszék

Registration number: 01/01/10819

CENTRAL EUROPEAN SERVICE FOR CROSS BORDER INITIATIVE

1067 Budapest, Teréz krt. 13.

**Balance Sheet to Simplified Account of Double-Entry Book-keeping Other
Public Utility Organizations**

The balance sheet date: 31st December 2014

Type of Balance Sheet Simplified Annual Report

Budapest, 13rd May 2015

Legal representative of the organization

The published data is not confirmed by audit of accounts

CENTRAL EUROPEAN SERVICE FOR CROSS BORDER INITIATIVE

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Balance Sheet to Simplified Account of Double-Entry Book-keeping Other Public Utility Organizations

The balance sheet date: 31st December 2014

	1000 HUF	Previous year	Changes of previous year	Base period
01.	A. Fixed assets	8 899		4 713
02.	I. Intangible assets	7 120		3 574
03.	II. Tangible assets	1 779		1 139
04.	III. Financial investments	0		0
05.	B. Current assets	18 126		16 178
06.	I. Inventories	0		0
07.	II. Amounts receivable	9 622		9 067
08.	III. Securities	0		0
09.	IV. Financial assets	8 504		7 111
10.	C. Deferred charges and accrued income	5		5
11.	TOTAL ASSETS (ACTUALS)	27 030		20 896
12.	D. Equity	-5 784		-10 435
13.	I. Capital/Issued capital	0		0
14.	II. Capital adjustments/Profit	-3 087		-5 784
15.	III. Provisions	0		0
16.	IV. Valuation reserves	0		0
17.	V. Operating results from actual year (activity of public utility)	563		-4 958
18.	VI. Results from venture activity during actual year	-3 260		307
19.	E. Provisions for liabilities and charges	0		0
20.	F. Amounts payable	17 973		16 490
21.	I. Subordinated liabilities	0		0
22.	II. Amounts payable after one year	0		0
23.	III. Amounts payable within one year	17 973		16 490
24.	G. Accrued charges and deferred income	14 841		14 841
25.	TOTAL LIABILITIES	27 030		20 896

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CENTRAL EUROPEAN SERVICE FOR CROSS BORDER INITIATIVE

1067 Budapest, Teréz krt. 13.

Profit and Loss Account to Simplified Account of Double-Entry Book-keeping Other Public Utility Organizations

Period: 2014-01-01 to 2014-12-31

Budapest, 13rd May 2015

Legal representative of the organization

The published data is not confirmed by audit of accounts

CENTRAL EUROPEAN SERVICE FOR CROSS BORDER INITIATIVE

Tax number: 18188071-2-42

Registration number: 01/01/10819

Profit and Loss Account to Simplified Account of Double-Entry Book-keeping Other Public Utility Organizations

Period: 2014-01-01 to 2014-12-31

	1000 HUF	Base period
A.	Incomes from total public utility activity	126 331
A.1.	Grants for public utility activity operations	123 266
A.1.A.	from founder	0
A.1.B.	from budget	123 183
A.1.C.	from local government	83
A.1.D.	from social security	0
A.2.	Grants awarded	0
A.3.	Proceeds from public utility activity	0
A.4.	Proceeds from party dues	1 587
A.5.	Other income	1 478
B.	Income from contracting activity	17 097
C.	Total income (A+B)	143 428
D.	Charges of public utility activity	131 289
D.1.	Material charges	67 911
D.2.	Personal charges	58 198
D.3.	Amortization	4 321
D.4.	Other charges	0
D.5.	Financial operations' charges	859
D.6.	Extraordinary charges	0
E.	Charges for contracting activity	16 790
E.1.	Material charges	6 936
E.2.	Personal charges	9 854
E.3.	Amortization	0
E.4.	Other charges	0
E.5.	Financial operations' charges	0
E.6.	Extraordinary charges	0
F.	Total charges (D+E)	148 079
G.	Profit before tax (B-E)	307
H.	Tax payment obligation	0
I.	Base year contracting profit (G-H)	307
J.	Base year public utility profit (A-D)	-4 958

The published data is not confirmed by audit of accounts

Tax number: 18188071-2-42
Court of law: 01 Fővárosi Törvényszék
Number of registration resolution: PK 61.285/2003/
Registration number: 01/01/10819

Central European Service for Cross-border Initiatives

1067 Budapest, Teréz körút 13.

**Annex of public utility
2014**

Introduction of activities realised in the year concerned according to the main objective

Introduction of public utility activities

About CESCO

CESCO was founded in 2009, following the model of the French Mission Opérationnelle Transfrontalière (MOT), with the purpose of encouraging and strengthening cross-border initiatives along Hungary's borders and in Central and South-Eastern Europe as a whole. The overt aim of the organisation is to promote the penetrability of borders and to establish long-term, strategic partnerships. In order to achieve this, CESCO performs four kinds of activities:

- it carries out research in the field of border issues and specific border regions applying the latest results of regional sciences and geography
- using its own planning methodology, based on the findings of scientific results, CESCO prepares programming documents and integrated cross-border strategic plans
- through strategic planning, CESCO creates cross-border institutions, it prepares the implementation of specific projects, while occasionally it facilitates and manages development processes
- in order to efficiently reduce the separating effect of the borders, our organisation acts as mediator between local, national institutions and those of the European Union: it provides information, participates in the law-making processes, publishes various documents and brochures, organises professional events, etc.

In the past five years, since its foundation, our association has become the leading professional workshop of Central Europe in the issues of cross-border development relying on the invaluable support of the Hungarian Ministry of Justice and Public Administration and that of MOT, the French member of the association.

Our Honorary Chairman is Prof. Dr Szilveszter Vizi E., Former President of the Hungarian Academy of Sciences.

The association's Chairman is Dr Tamás Tóth, Vice-Rector of St Stephen University.

In 2014, the board members of the association were as follows:

- Dr Rudolf Bauer, Mayor of Košice-West
- Dr József Benedek, Professor of Geography, Vice Chair of the Senate of the Babeş-Bolyai University, (Cluj-Napoca, Romania)
- Zsolt Borkai, Mayor of Győr
- Dr András Levente Gál , attorney-at-law, Managing Partner of the Law Firm Gál and Partners, former State Secretary
- Dr Jože Gričar, Professor of Economics of the University of Maribor (Slovenia)
- Judit H. Kovács, Chairwoman of the Christian Businessmen's Committee Hungary

At the General Assembly meeting in November, Rudolf Bauer submitted his resignation. In the future he will act as adviser of CESCO in Slovakia, and he is going to lead our branch office to be established in Košice. A new member of the Board will be elected by the General Assembly in 2015.

In 2014, a total of 9 full-time employees and one part-time employee worked at the association's work organisation in Budapest. The work organisation is responsible for the association's administration; it prepares strategic plans, takes part in programming processes, edits publications, generates projects and carries out activities in the area of institutional development. The European Institute of the association was established in Esztergom in May, 2013, with a staff of four. It is responsible for the tasks of our research portfolio.

Over the year, 11 people have taken part in CESCO's internship and scholarship programme.

The abolition of the Ministry of Public Administration and Justice in the course of the year brought some changes to the association too. The professional coordination of CESCO's activities has been taken over by the Prime Minister's Office.

Our Statutes have been modified in line with the new Hungarian legal regulations and we managed to keep our non-profit status.

The General Assembly meeting in November decided on the foundation of CESCO Balkans, our branch office in Serbia.

In 2014, two new members joined and one member left our association. As a result, presently CESCO has 49 members.

In 2014, our website was renewed (www.cesci-net.eu), we launched the website of the European Institute (<http://institute.cesci-net.eu/>), and we published our electronic newsletter in Hungarian and English every two months.

In the following, we give a more detailed description of the association's activities.

1. Scientific activities, research

Our organisation carries out research, by applying the latest results of regional sciences and geography, especially in the field of border issues and focusing on specific border regions and, more comprehensively, in relation to territoriality as well.

In 2014, the European Institute was successfully introduced into the currents of international science, and we could even launch two research projects involving the staff members of the planning and development department in Budapest too.

Research projects

Crossing the borders

In 2012, the project of developing cross-border cooperation, collecting and introducing good practices and, finally, creating permanent professional networks and databases became a part of the action plan of the Danube Region Strategy's Priority Area 10. CESCO was entrusted with the coordination of the project. For 2014, the Minister of Public Administration and Justice, Dr Tibor Navracsics provided financial support for the realisation of the project, from his ministerial budget.

Six foreign partners were involved in the realisation of the *Crossing the borders project*:

- EuroSchola, Czech Republic
- Inštitút Priestorového Plánovania (IPP), Slovakia
- Institute of Geography of the Academy of Sciences, Romania
- Regional Science Association, Serbia
- Sofia University, Bulgaria
- Superna Ltd., Croatia.

Our work consisted of setting up a statistical database on the region's border areas and the preparation of two case studies on the best practices of cross-border cooperation. Our partners had performed the tasks undertaken by them by December, 2014. The closing conference was held in 2015 and the study volume was also published in 2015.

Phantom borders

The European Institute and the Planning Department of CESCO submitted a joint research abstract on cross-border space usage answering the call of *Europa Regional*, Germany, the magazine of the Leibniz Institute, Leipzig. The abstract was accepted by the editors of the magazine. However, during the preparation of the study, it became clear that the concept (habit changes of the inhabitants of the Esztergom-Štúrovo region regarding space usage as a consequence of the opening of the Mária Valéria Bridge) worked out by us earlier required more overall research than we had previously thought. We therefore decided to publish the results after a year of research independently from the call. In 2014, 25 in-depth interviews were conducted, and the students of ELTE (Eötvös Loránd University) carried out interview-based traffic count on the border for four days, as a result of which approximately 1300 usable questionnaires were produced. On the basis of another survey and data collection to be conducted in spring, the disclosure of the results of the research is expected in the autumn of 2015.

e-telier: the research workshop of cross-border e-services

The founding meeting of the e-telier workshop was held on 25th March. Experts of its co-initiators, the National University of Public Service, Corvinus University, the Science University of Szeged and the Zoltán Magyar Association for e-Government Sciences all joined the workshop. The aim of the initiative is to support digital content development of cross-border services and to realize related research and projects.

Participation in international scientific life

Eurogeo Annual Conference (15 – 17 May, Valletta, Malta)

Mátyás Jaschitz, Director of Planning and Gyula Ocskay, Secretary General participated in the annual conference of the Eurogeo Association held in Valletta, Malta. In the frameworks of the conference (*The Power of Geography and the Role of Spatial Information*), we had our own panel session (involving Hungarian, French, Polish and Irish experts) with the title *Geography in Action – Improving the Permeability of Borders*. The aim of the panel was to present how contemporary geography can contribute to the realization of practical cooperation in border regions. Our poster presenting our cross-border planning methodology was a great success among the participants.

The first World Conference of ABS (8 – 13 June, Joensuu – Saint Petersburg)

More than 400 people participated in the first World Conference of ABS (Association of Borderlands Studies), which was held in Joensuu, Finland and Saint Petersburg, Russia. Presenters came from all

over the world, and some of the most prominent of the field (Oscar J. Martínez, Victor Konrad, David Newman, Emmanuel Brunet-Jailly, Anssi Paasi) were also present.

Mátyás Jaschitz and Gyula Ocskay, representing CESCO, introduced the theoretical and practical aspects of the new cross-border research-planning methodology named *Re-wording the Borders*. At the conference, we met several leading personalities, and we also managed to establish strategic cooperation with the management of the local Karelian Institute.

BRIT: Border Regions in Transition Conference (4 -7 November, Arras, Lille, Mons)

In 2014, a four-member delegation represented CESCO at the 14th BRIT Conference. More than 170 presenters from all over the world participated in the event named *Border: Source of Innovation*. Presentations were delivered jointly by Éva Gangl, GIS Analyst, and Enikő Nyerges, Project Manager, on the possibilities and practical difficulties of cross-border health care integration, by András Nyeste, Strategic Planner, on the cooperation of cross-border clusters, while Márton Pete, Research Fellow, talked about the cultural character of cross-border cooperation.

Publications

Yearbook

Cross-Border Review, the English-language yearbook of the European Institute, was first published in summer 2014. 500 copies of the yearbook were produced, which were then distributed among Hungarian institutions of higher education and major libraries. Copies of the yearbook are also available at events of related topics and are sent to research institutions of border studies all around the world. The yearbook's online version is accessible at the institute's website.

Business card DVD: Re-Wording the Borders

During our preparations for the ABS Conference, our business card DVD, *Re-Wording the Borders* was released, which makes digital contents (among others our yearbook and the poster showing our planning methodology presented at the conference in Malta) available to the public.

Madrid Convention

At the request of the *Democracy, Institution-Building and Governance Department* of the Council of Europe, we prepared a study on the Hungarian experiences on the Madrid Convention's application and on institutionalised cross-border cooperation. This short study is available at the website of the Council of Europe.

CBC "dictionnaire"

Responding to the call of the Euro-Institut in Kehl and the University of Strasbourg, the professional staff of CESCO contributed, by writing, editing and finalising 22 articles by 1 November, to the compilation of the European CBC dictionary.

- in the case of the Novohrad-Nógrád EGTC we prepared a draft for the integrated development of the cross-border geopark managed by the grouping
- as part of the development strategy of the Banat-Triplex Confinium EGTC we proposed more integrated interventions, out of them the Agro-Climate agrarian innovation and energetic programme was identified as an ITI

- the Gate to Europe EGTC initiated an ITI also on the field of agrarian innovation and energy. We provided professional support for the preparation of that document, as well.

CESCI not only participated in the preparation of ITIs but it also undertook the charge of external experts if it was necessary, and we also conciliated with the professionals of Ministries responsible for the single operative programmes and the Partnership Agreement. In addition we prepared the financing construction of the planning and implementation of ITIs in association with the representatives of the EIB. Finally, cross-border ITIs were excluded from the Partnership Agreement, hereby the prepared integrated developments shall be realised by single projects similarly to the former period.

Besides the above we also help the EGTCs by planning their developments (e.g. local product programme of the Ister-Granum EGTC) and co-organising professional events.

2. Programming, strategic planning

Using the results of spatial studies, CESCI regularly prepares strategic documents: we take part in programming and planning processes as well as in the preparation of action plans of specific development. Because of our non-profit legal status and the short history of our association, in most cases we participate in these activities either as a consortium member or as a subcontractor. Whenever it is possible, we use our own cohesion-based planning methodology at the preparation of planning documents.

Planning activities

Regional analysis of the Danube Transnational Programme

CESCI was entrusted with preparing a regional analysis that would assist the planning of the Danube Transnational Programme. The work, which required a huge amount of human capacity, was to be submitted in 1.5 months in English. The programming working group adopted the document at first reading at its meeting in Zagreb. Several comments were made subsequently on the submitted document, which were then, together with the statistical data received from the member states in the meantime, processed by our employees. The final document was submitted to the Office for National Economic Planning in May, and it was used extensively in the planning process of the Danube Transnational Programme 2014-2020. This analysis is considered the most significant reference work of our association so far.

Slovakia-Hungary Cross-Border Cooperation Programme (2014-2020)

Our association, as a member of a consortium, was assigned the programming tasks of the Slovak-Hungarian cross-border INTERREG V-A Programme 2014-2020. This extremely diverse task requires the organisation of several professional events and an extensive professional consultation for which our association has provided a group leader. The border region's territorial analysis has also been prepared by our association.

The cooperation programme focused on four priority areas (nature and culture, transport, employment, institutional cooperation). The document submitted to Brussels on the day of the final deadline (28 November) was the first of the EU cross-border cooperation programmes involving Hungary. Following Brussels' reactions, it might be finalised in the spring after we have successfully

carried out a measurement test related to the quality of cross-border cooperation, considered rather exciting from the methodological point of view as well.

Cross-border development of Győr-Moson-Sopron County

CESCI, as a subcontractor, has been commissioned to undertake the elaboration and integration of cross-border aspects into the territorial development concept of Győr-Moson-Sopron County.

This work, started already in 2013, was finished by the end of May. However, another need arose at this time - planning cooperation reaching beyond the county borders. The final version of the document, which was significantly modified on several occasions, was submitted to the client in the autumn.

Development Strategy of Arrabona EGTC

We started to prepare the development strategy of the EGTC seated in Győr in winter of 2013-2014. By the end of February, data collection and literature review necessary for the cohesion analysis had both been finished. In March, we carried out field work, by April the cohesion inspection had taken place and by May we had finalised the strategy targeting the increase of knowledge intensive economic development, a balanced share of functions among settlements and the increase of social capital, which strengthens the spirit of cooperation.

In summer the material went through the first round of consultation the results of which had been incorporated in the strategy by the end of summer. The action plan for 2014-2020, aimed at the implementation of the strategy, was finalised at the same time. The strategy was presented in Veľký Meder, Slovakia on 6 November.

Development Strategy of Gate to Europe EGTC

The first version of the development strategy of Gate to Europe was finished by the end of 2013. The original material had gone through several modifications. The harmonised version submitted in November offers an extremely comprehensive programme in the border region for 2014-2020. The 422-page document is expected to be taken to the General Assembly in January. It should then be put to public discussion and then finalised in the spring. The strategy focuses on three main development areas: landscape use guaranteeing high-quality environment, the improvement of employment in terms of quality and quantity, and the integration of cross-border public services.

Development Strategy of Sajó-Rima EGTC

The Sajó-Rima EGTC entrusted CESCI with the preparation of its development strategy. In the summer the statistical database necessary for cohesion analysis was compiled, and the maps, diagrams and texts were analysed on the basis of the database. In September, seven employees of CESCI took part in a fieldwork. In the autumn, we processed results of the fieldwork and compiled a diagram collection. The cohesion analysis was based on these works. We are expected to finish the strategy by the end of winter.

Irrigation concept of Gate to Europe EGTC

We have undertaken, as a non-profit service, the preparation of an irrigation concept of two EGTCs. For both EGTCs, agriculture is of key importance in terms of employment and economic performance. We have already started to prepare the concept of Gate to Europe by carrying out a territorial analysis. In the case of BTC EGTC, first we had to assess the availability of information in

Serbia. We requested the relevant data in September; however, the limited availability of data hinders the preparation of the studies.

Planning Hungarian-Croatian border crossing

Our association has provided geo-referred data for studies on prospective border crossing along Hungarian borders on several occasions. In May, we supplied a set of data on the Hungarian-Croatian border region to a consortium led by Cowi-Trenecon.

Expert opinions, policy-related background material

- We have opined on the documents of the KÖZOP project led by the Hungarian Transport Development Coordination Centre, which aims at creating Hungarian-Slovak border crossing possibilities. We made written comments (over 10 000 pages) strengthening functionality to the feasibility studies covering the whole bilateral border area.
- Our employees have prepared a written opinion on the territorial development concept of Komárom-Esztergom County. They have also provided a few complementary suggestions in order to strengthen the role of cross-border interventions.
- At the beginning of March, we opined on the joint material of CECICN on the EU's budget and the launch of the EU urban agenda. At the end of the month, we finished the evaluation of the new ESPON programme.
- Bence Rétvári, Parliamentary State Secretary (Ministry of Human Capacities), invited us to prepare an overall study on the funding possibilities of cross-border cultural cooperation. Apart from presenting the current system, the study would introduce forms of funding within and outside the EU, and it would also contain a best practice collection on the most successful cultural projects along the European borders.
- We are preparing background material on cross-border (direct cross-border, transnational and interregional) cooperation possibilities for the Municipality of Subotica. The aim of the document is to foster the European networking capacity of the city in Vojvodina and to promote the realisation of projects connected to it.
- The Hungarian Atlantic Council entrusted us with the preparation of an overall study on the Serbian and the Ukrainian Euro-Atlantic rapprochement process investigating the role of cross-border cooperation. The first part of the document contains the presentations of the Cross-border Cooperation and its Development Funds in the Budget Period of 2014-2020 held at Edutus College. The second part reports on the legal and territorial conditions and the geopolitical importance of cross-border cooperation that could be established in the Serbian-Hungarian and the Ukrainian-Hungarian border regions. We highlighted the possible effects of cooperation in the Tisza Valley in all the three countries.

Professional events

"DERC 2014" Annual Conference (22-23 September, Ljubljana)

The Slovenian Chamber of Commerce and the Alpe-Adria-Danube Universities Initiative organized jointly their annual conference on cross-border e-services for the 4th time. Specific attention was given this year to Chinese-European cooperation in connection with the Silk Road. Project ideas (prototypes) could also be presented at the conference. The aim of the Danubian tool-kit, the prototype presented at the conference by the Secretary General of our organisation, is the establishment of a database facilitating planning, development and partner search in the Danube Basin.

Second seminar on cross-border territorial monitoring (30 September, Budapest)

Following the Nancy initiative launched by the French Mission Opérationnelle Transfrontalière, CESCO organised the second European seminar on cross-border territorial monitoring in Budapest. Development and projects in the border regions are often hindered by the lack of information. There is a growing need for the harmonization of the available data and for the elaboration of unified methodologies. Experts from all over Europe took part in the seminar. They were examining the problem from various perspectives, presented potential solutions and they promoted a unified European approach. The event organized jointly with the Association of French-Hungarian Initiatives started with the greeting address by Levente Magyar, State Secretary, and Hervé Ferrage, Director of the French Institute in Budapest, the latter also in his capacity as representative of the host institution. Interact and the European Committee was also represented at the event. Our delegate, Mátyás Jaschitz presented the problems related to the lack of data from the perspective of cross-border integrated planning.

3. Institution and project development, project management

Providing assistance for cross-border cooperation constitutes the most significant part of CESCO's activities. We provide support to launching and developing cross-border institutions, and we help these organisations to realise specific development ideas. We establish long-term cooperation following our strategic approach based on scientific results.

In 2014, we submitted several project tender applications; however, none of them was successful. Therefore, we did little project management in 2014.

Professional support for founding EGTCs

The possibility of establishing a European Grouping of Territorial Cooperation (EGTC) in the European Union has been provided by Regulation (EC) 1082/2006 since August 2007. By the end of 2014, a total of 51 EGTCs had been registered in the EU. Twenty of these have a Hungarian member, and fifteen have their registered office in Hungary. CESCO actively participates in the creation and the launch of innovative institutional solutions and in the successful realisation of their professional activity. In all the countries involved, a significant part of this activity consists of preparing the founding documents, consultation and the coordination of the approval and the registration procedure. The professional staff of CESCO has successfully coordinated, and contributed to, the founding process of seven EGTCs so far.

In 2014, yet another EGTC supported by CESCO was officially approved and registered by the relevant authorities. The European Border Cities EGTC was founded jointly by the cities of Nyíregyháza and Satu Mare (Romania).

The founding process of the Fertő – Neusiedl EGTC, initiated by Austria and Hungary, got stuck due to the negative feedback given by the Austrian authorities to the potential partners. As a result, the initiators called off the project.

The Romanian approval authorities have already commented on the founding documents of Körösök Völgye EGTC, the registered office of which is to be in Gyula. Although the foundation process is not coordinated by CESCO, we assist the founders in preparing the Statutes and the Convention of the EGTC.

We have evaluated the founding documents of a Slovak-Czech-Hungarian EGTC that is planned to be established in the Centrope region without the involvement of the Austrian party and the founding documents of another EGTC planned to be founded along the middle section of the river Ipoly-Ipel. However, we do not suggest the launch of the founding process until the national regulations in the member states concerned are adapted to the new EGTC Regulation.

Responding to the invitation of the Euro Contrôle Route (network of the European road inspection authorities), we have submitted an offer for the professional counselling work connected to the joint establishment of an EGTC. Decision on the tender is expected by the spring of 2015.

Initiation of an ECG (Euroregional Cooperation Grouping)

A Euroregional Cooperation Grouping is planned to be established with a registered office in Baja. The grouping's letter of intent was prepared by CESCO, then subsequently signed by the representatives of Baja, Mohács, Sombor and Apatin (Serbia), Osijek and Beli Manastir (Croatia) on 23 May.

The establishment of the ECG requires the ratification of the Third Protocol of the Madrid Convention (Council of Europe) by the member states concerned. Therefore we invited the competent representatives of the Council of Europe to coordinate the ratification. The first result of their efforts was the workshop in Ljubljana in February, at which Hungary was represented by Dr Nóra Ivády, Head of Directorate (Ministry of Public Administration and Justice) and the Secretary General of CESCO.

The second seminar was organized by our association in Budapest. At the seminar, together with the project management of the Baja initiative, we presented our partnership under the working title of Pannon Central Danube Region. CESCO had also contributed to the partner towns' roll-ups that were exhibited behind the registration desk. As we suggested, the next seminar would be taking place in Belgrade. According to plans, the seminar's participants are going to visit the Hungarian-Serbian-Croatian triple border region.

Network development in the Transylvanian Plain (Câmpia Transilvaniei, Romania)

With the involvement of Hungarian experts, we have been assisting the creation of a development-partner network for years in the Transylvanian Plain. As a result of our work, a workshop, meeting regularly, has come to life where local experts discuss the development possibilities of this extremely underdeveloped region, where a new so-called "diaspora college" started to work in Sărmașu (Romania). Here the local beekeepers founded a club and, further, a website advertising local products was also created. CESCO, in cooperation with the Civitas Foundation in Cluj-Napoca, financially supports the employment of two part-time development agents.

In May 2014, local and microregional development organizations of the Transylvanian Plain met for the 5th time in Răscruți in order to discuss the principal conditions of the region's development. The main topic of the meeting was youth politics: presenters on the second day of the meeting and the workshop activities were all focused on this topic. On the first day, as usual, successful regional initiatives were presented to the audience, including the Ister-Granum local product cluster, the so-called Székelyföldi Legendárium and cycling tourism development in Hungary.

On 27 September, also in Răscruți, we identified priority projects for the budget period of 2014-2020.

Network development with Hungarian and Slovene participants

In the past two years, we have supported Hungarian-Slovene cross-border cooperation more and more intensively. Among others, we took part in the events of the Alpe-Adria-Danube initiative, we have closely cooperated with the Embassy of Slovenia in Budapest, and we have also elected a highly regarded Slovenian professor and expert as member of our board.

At the beginning of April 2014, a Hungarian delegation of seven members travelled to Slovenia at the request of Professor Gričar. One of the main results of the meeting that took place in Škofja Loka and Ribnica is an international project with Slovene leadership and Hungarian participation, which focuses on strengthening short supply chains.

Similarly to the Oradea initiative, which is meant to reinforce Hungarian-Romanian relations, we would like to promote the development of Hungarian-Slovene cooperation as well.

4. Mediation

In order to create successful long-term, strategically established cooperation of solid institutional backgrounds, the need of local actors shall be observed at national and EU level as well, while national and EU concepts and expectations shall be incorporated in the local plans. That is why CESC has put great emphasis on the mediation between different levels since the very beginning. Mediation includes various activities such as information supply, organisation of professional awareness raising events or participation in domestic or international professional networks.

EGTC workshops

We organise workshops for managers of already existing Hungarian EGTCs on a quarterly basis. The participants get up-to-date information on changes in legislation, tendering or cooperation possibilities, while they might share their experiences, good practices and they also have the chance to initiate joint projects.

Our first workshop in 2014 was held in Budapest on 12-13 March. The central topic of the meeting (besides the EGTC Regulation and the EGTC call for tender issued by the Ministry of Public Administration and Justice) was the discussion of the situation of cross-border programmes. The following three workshops were held in Ráckeve.

At the first workshop, we decided that, just like in 2010, we would initiate a government decision that would provide a priority status for EGTCs in the field of cross-border economic development. At the second workshop, EGTCs undertook the organisation of the International EGTC Day from 2015 onward to which representatives of all the European EGTCs would be invited. Finally, the main goal of the last meeting was to provide information on direct EU funding and on activities that could improve eligibility for these funds.

With the approval of the EGTCs, we published our booklet presenting results of the EGTC programme that was launched following the government decision of 2010. The booklet (40 pages) gives an overview of the programme's history, presents the most active EGTCs and underpins the programme's success with statistical data.

Professional events

In 2014, we participated in more than 50 conferences and other professional events; where, in most cases, we also gave presentations. We mention here only a couple of these events.

Challenges and possibilities. Conference on cross-border cooperation in health care (5 June, Oradea)

Jointly with the Association of French-Hungarian Initiatives and the Oradea Metropolitan Development Agency, we organised our conference on cross-border cooperation for the second time. The conference two years earlier had addressed the issues of institutionalisation, while the central theme of the second conference was cross-border cooperation in health care as a reaction to Directive 2011/24/EU, which became legally binding in 2013.

The conference was trilingual; apart from Hungarian and Romanian experts, there were French presenters as well. The conference series is part of the Oradea process, which is meant to bring the actors of Hungarian and Romanian institutions and local authorities closer together and to reinforce the spirit of cooperation.

Workshop on the adaption of the new EGTC Regulation at national level (26 June, Brussels)

In the context of the new cohesion policy package of regulations, the European Council and the European Parliament modified the EGTC Regulation in November 2013. The EGTC Platform of the Committee of the Regions organised a workshop in Brussels in order to discuss the tasks of the member states stemming from the modification. At the event, where the approval authorities were also present, the Legal Director of CESCO, Dr. Norbert Jankai delivered a presentation in the panel on experiences with the regulation's application.

Seminar on the implementation of the Third Protocol to the Madrid Outline Convention (30 June, Budapest)

Following CESCO's request, the Democracy, Institution-Building and Governance Department of the Council of Europe in 2013 initiated a consultation series on legislation which would facilitate the national application of the Madrid Outline Convention and its Additional Protocols. At the February meeting of the series in Ljubljana, the participants, including Slovene, Croatian, Serbian and Hungarian authorities, decided to invite CESCO to the second seminar held in Budapest on 30 June. The participants of the second seminar did not only discuss the necessary national legislation, but they also became familiar with the founding process of the ECG initiated by Baja.

The Budapest Platform panel at Open Days (8 October, Brussels)

In 2014, the Budapest Platform brought its own panel to the meeting of Regions and Cities in Brussels, at which more than 130 participants were present. The panel resulted in vigorous dialogues among the participants. An integrated approach, state involvement, the harmonisation of territorial monitoring, the need for the simplifications of the relevant EU legislation were all among the topics discussed. On behalf of our association, the Secretary General spoke up in the panel, which was prepared by the members of the platform at a meeting organised upon the occasion of the MOT's general meeting in Paris on 18-19 June. At Open Days, a five-member delegation represented our association.

Strategic cooperation with national institutions

The successful work of the local actors presupposes the supportive attitude of public institutions and the adjustment of local initiatives to public objectives. CESCO, therefore, maintains strategic relations with several public institutions.

Ministry of Public Administration and Justice

Just like in previous years, the main strategic partner of our association had been the Ministry of Public Administration and Justice (KIM) until mid-2014, which had involved CESCİ in the work of interministerial EGTCs and occasionally in the evaluation of legislation regarding cross-border cooperation.

We were regularly invited to participate in the Ministry's subject-specific events (e.g. the annual meeting of the approval authorities and the Hungarian EGTC Forum), and the representatives of the Ministry were also present in the EGTC workshops. Not incidentally, most of CESCİ's activities had been financed from the Ministry's budget.

After the parliamentary elections of 2014, our association's budget support was relocated to the Prime Minister's Office.

Division for Cross-border Cooperation of the Ministry of Foreign Affairs and Trade

Under the new government taking office in 2014, tasks related to EGTCs and cross-border economic and infrastructure development have been taken over by the Ministry of Foreign Affairs and Trade. As CESCİ's activities cover mainly the same areas, we have established a strategic relationship with the responsible division within the Ministry.

Ministerial Commission of the Danube Region Strategy

CESCİ is a permanent member of the interministerial working group of the Danube Region Strategy, which consists of representatives of ministries and professional organisations involved in the realisation of the macroregional strategy. Thanks to our contribution to the preparation of the Transnational Danube Programme and to our role in the formation of territorial cooperation in the broad sense, last year we were able to establish a close working relationship with the office of the Ministerial Commissioner.

Relations with other ministries and organisations

During our activities to foster cross-border cooperation, we have built professional relationships with the various divisions and state secretariats of the Ministry for National Economy, the Prime Minister's Office, the Ministry of National Development and the Ministry of Human Capacities.

International cooperation

EU Strategy for the Danube Region (Danube Region Strategy)

CESCİ took part in the activities of the Working Group no. 3 (regional cooperation) of Priority Area 10 of the Danube Region Strategy. As part of this work, we carried out our research project, *Crossing the borders*. In 2014, as a result of an internal institutional reform and reorganisation of this priority area, the activities of the working group were terminated. Our association can now participate in the work of the Urban Platform; that is where we can represent the issues of cross-border cooperation.

MOT

Ever since CESCİ was established, the French Mission Opérationnelle Transfrontalière (MOT) has been its most important international professional partner. We regularly consult on our actions, and we jointly apply for tenders and participate in the activities of several European networks.

Budapest Platform

The Platform was founded at the end of 2010 by the French MOT, the Ministry of Interior of the Netherlands, the joint directorate of two Portuguese-Spanish working communities (CCDR-N) and CESCO. The network unites entities which offer assistance to cross-border cooperation at national levels. In 2014, the platform organised its own panel at Open Days in Brussels.

CECICN

In 2012, our General Assembly decided to join CECICN (Conference of Cross-border and Interregional City Networks), which unites associations of cities in the Mediterranean, the Adriatic, the Baltic and the Atlantic area under the coordination of MOT. Our association is represented by the Secretary General in the executive committee and by our Chairman in the political board of CECICN.

The network's board and executive committee held their regular meeting in Brussels in April. CESCO was represented by Rudolf Bauer, Board Member and Gyula Ocskay, Secretary General. Prior to the meeting, representatives of CECICN had a consultative meeting with the head of DG Regio's Directorate for Territorial Cooperation (Wladislaw Pyskorz) and his colleagues.

At the regular meeting, Per Bødker Andersen from Denmark (President of the Union of Baltic Cities) was elected chairman of the network for another two years. As RIET (Iberian Network of Cross-Border Entities) acting as Secretariat for the network throughout the year left CECICN, CESCO undertook, at the meeting of the executive committee in Paris on 10 December, to carry on with the administrative tasks of the network.

AEBR

The annual conference and general meeting of the Association of European Border Regions (we have been a member of it since 2013) was held in Rzeszów, Poland, where our association was represented by Rudolf Bauer, Member of Board, Mátyás Jaschitz, Director of Planning, Norbert Jankai, Legal Director and Márton Pete, Research Fellow (European Institute). The latter also delivered a presentation on the processes in the Hungarian-Serbia border region. The General Assembly meeting accepted the invitation of CESCO, thus the first meeting of next year is to be held in Budapest on 27 February.

Our colleague, Roland Hesz, took part in the conference on cross-border cultural cooperation organised by the pan-European network in Eupen in October.

EGTC Platform

CESCO is a member of the EGTC Platform launched by the Committee of the Regions. The Platform unites not only already registered EGTCs but professional organisations active in this field as well. That is how we could participate in the platform's annual meeting in February and the professional workshop in June, where we also made a presentation.

EuroGeo Association

Our membership in the organisation bringing together European geographers was finalised in 2014. At the conference of the association held in Malta, we managed to hold a separate meeting with the organisation's chairman, Karl Doner. As a result, we got an invitation to take part in the Horizont 2020 project initiated by EuroGeo.

Association of Borderlands Studies

The members of the American ABS are all natural persons, therefore CESCO is represented by Mátyás Jaschitz in this organisation. On the other hand, thanks partly to our participation at the conference in Joensuu and partly to the publication of the **Cross-Border Review**, the yearbook of the European Institute sent to several domestic and foreign institutions and researchers, CESCO got registered in the ABS database of research workshops (<http://absborderlands.org/borderlands/resources/>).

Full-time members of staff of CESCO in 2014

Dubniczki Kitti: Strategic Planner, landscape architect

Gangl Éva: GIS Analyst, strategic planner, geographer

Hesz Roland: Junior Strategic Planner, geographer

Dr. Jankai Norbert: Legal Director, lawyer, MBA

Jaschitz Mátyás: Director of Planning, geographer

Nagy Áron: Research Fellow, geographer, sociologist (European Institute)

Nyerges Enikő: Project Manager, Junior Strategic Planner, economist

Nyeste András: Junior Strategic Planner, geographer

Pete Márton: Research Fellow, geographer (European Institute)

Ocskay Gyula: Secretary General, political philosopher

Vas Annamária: Office Manager, Human Resources Manager, economist

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Basic data for determining the legal status of public utility

1) Contribution to meet the joint needs of the society and the individual

According to the data of the annex of public utility on year 2014 considering the target group the services of the organization are available for other person beyond the board members, employees and volunteers.

2) Availability of appropriate resource in terms of the previous two closed financial years (2013, 2014)

Out of the alternative criteria the followings has been met:

a) the average annual income exceed the amount of one million forint (effectively: 2013-2014: 143.428 thousand Ft)

c) the amount of the personnel costs – without the payments to the senior officials – reaches the quarter of the amount of the total costs (effectively: 2013-2014: 45,95 %)

3) Statement of the appropriate social support in terms of the last two closed financial years

Out of the alternative criteria the followings has been met:

c) According to the Act of LXXXVIII 2005 on voluntary activities in the public interest the performance of the task of public utility was permanently (average of two years) supported by at least ten volunteers of public interest.

The activity of CESCO was supported by 7 volunteers of public interest on average in terms of years 2013-2014.

Statement of earmarked allocations

1.200.000 Ft earmarked allocations were made to Civitas Foundation in year 2014.

Statement on payments made to CESCO's senior officials

No payments were made to CESCO's senior officials in 2010

Expenses of public benefit activity

Equity

Value: - 10.435 thFt

Goal of usage: activity of public utility

Indicators of access to resources and social support

Indicators of access to resources	Fulfilment of indicator	Value
Ectv.32.par.(4) a) $(B1+B2)/2 > 1.000.000$ Ft	Yes	119.221 th Ft
Ectv.32.par.(4) b) $K1+K2 \geq 0$	No	-793 th Ft

Ectv.32.par.(4) c) $(I1+I2-A1-A2)/(H1+H2) \geq 0,25$	Yes	0,49301
Indicators of social support	Fulfilment of indicator	Value
Ectv.32.par.(4) a) $(C1+C2)/(G1+G2) \geq 0,02$	No	0,0
Ectv.32.par.(4) b) $(J1+J2)/(H1+H2) \geq 0,5$	Yes	0,8196
Ectv.32.par.(4) c) $(L1+L2)/2 \geq 10$ persons	No	7 persons

Basic data for determining the legal status of public utility

	Previous year	Year concerned
B. Total annual income:	95.014 th Ft	143.428 th Ft
D. Income of public utility:	70.729 th Ft	126.331 th Ft
E. Normative grant:	0 th Ft	0 th Ft
F. Support from the EU Structural Funds and Cohesion Fund	0 th Ft	0 th Ft
G. Corrected turnover	24.355 th Ft	th Ft
H. Total expenditure	97.713 th Ft	148.079 th Ft
I. Personnel charges	57.779 th Ft	68.052 th Ft
J. Expenditure of public utility	70.166 th Ft	131.289 th Ft
K. Profit or loss after taxation	-2.748 th Ft	-3.700 th Ft
L. Number of the volunteers of public utility participating in the activity of the organization (According to the Act of LXXXVIII 2005 on voluntary activities in the public interest) (person)	5 persons	7 persons

Personnel charges

	1000 EUR	Previous year	Year concerned
A.	Personnel charges	57 779	68 051
A.1.	Wage charges	38 707	43 797
A. 1 .A.	out of it: commissions	0	0
A. 1 .B.	out of it: honorarium	0	0
A.2.	Other personnel charges	7 888	11 221
A.3.	Social Security charges	11 184	13 033