



ANNUAL IMPLEMENTATION REPORT

Interreg V-A Austria-Hungary

Reporting period: 01.01.2018 – 31.12.2018



INDEX

1 IDENTIFICATION	4
2 OVERVIEW	4
3 IMPLEMENTATION OF THE PRIORITY AXES	7
3.1 Overview of the implementation	7
3.2 Common and programme specific indicators	10
3.3 Milestones and targets defined in the performance framework	21
3.4 Financial data	25
4 SYNTHESIS OF THE EVALUATIONS	28
5 ISSUES AFFECTING THE PERFORMANCE OF THE PROGRAMME AND MEASURES TAKEN	31
6 CITIZEN'S SUMMARY	34
7 REPORT ON THE IMPLEMENTATION OF FINANCIAL INSTRUMENTS	35
8 WHERE APPROPRIATE, PROGRESS IN PREPARATION AND IMPLEMENTATION OF MAJOR PROJECTS AND JOINT ACTION PLANS	36
8.1 Major projects	36
8.2 Joint action plans	37
9 ASSESSMENT OF THE IMPLEMENTATION OF THE COOPERATION PROGRAMME	38
9.1 Information in Part A and achieving the objectives of the programme	38
9.2 Specific actions taken to promote equality between men and women and to promote non-discrimination, in particular accessibility for persons with disabilities, and the arrangements implemented to ensure the integration of the gender perspective in the cooperation programme and operations	42
9.3 Sustainable development	43
9.4 Reporting on support used for climate change objectives	44
9.5 Role of partners in the implementation of the cooperation programme	45
10 OBLIGATORY INFORMATION AND ASSESSMENT ACCORDING TO ARTICLE 14(4), SUBPARAGRAPH 1 (A) AND (B), OF REGULATION (EU) NO 1299/2013	46
10.1 Progress in implementation of the evaluation plan and the follow-up given to the findings of evaluations	46
10.2 The results of the information and publicity measures of the Funds carried out under the communication strategy	47
11 ADDITIONAL INFORMATION WHICH MAY BE ADDED DEPENDING ON THE CONTENT AND OBJECTIVES OF THE COOPERATION PROGRAMME	50





11.1	Progress in implementation of the integrated approach to territorial development, including sustainable urban development, and community-led local development under the cooperation programme	50
11.2	Progress in implementation of actions to reinforce the capacity of authorities and beneficiaries to administer and to use the ERDF	50
11.3	Contribution to macro-regional and sea basin strategies (where appropriate)	50
11.4	Progress in the implementation of actions in the field of social innovation	51
13	SMART, SUSTAINABLE AND INCLUSIVE GROWTH	52
14	ISSUES AFFECTING THE PERFORMANCE OF THE PROGRAMME AND MEASURES TAKEN – PERFORMANCE FRAMEWORK	54





1 IDENTIFICATION

CCI	2014TC16RFCB010
Title	Interreg V-A Austria-Hungary
Version	0.1
Reporting year	2018
Date of approval of the report by the monitoring committee	12.6.2019

2 OVERVIEW

Key information on the implementation of the cooperation programme for the year concerned, including on financial instruments, with relation to the financial and indicator data.

Interreg V-A Austria-Hungary runs a continuous call for applications in the four thematic priorities since 16.12.2015.

Before 2018 three project selection rounds have been concluded, with overall 75% (including TA: 77%) of the available ERDF funding committed to 31 approved projects. Before 2018 17 projects were under contract, accounting for 29% of the programme's ERDF resources.

9 new applications were submitted in March 2018, of which the 4 were approved in June (2 postponed, 3 rejected). A postponed project was resubmitted in autumn and approved in November. Until the end of 2018 altogether 36 projects were approved by the MC in the 4 thematic priorities, involving 151 partners (80 Austrian, 71 Hungarian partners). On 31.12.2018 28 projects were under contract. The rest of 8 projects were all but one contracted until mid-April 2019, the one pending due to the fulfilment of a condition set by the MC, for which the deadline is the June 2019 MC meeting.

The average project has an ERDF budget of about 1.7M€, with 4.2 partners, slightly more than 400 000 €/partner. The average project length is 36 months. While all specific objectives include some projects close or above 2M€ of ERDF, in priority 3 all infrastructure projects are above the 2M€ threshold. The project with the biggest ERDF funding (7.5M€) is SEDDON II inSO23.

At the end of 2018 8 new applications were submitted, of which 6 were formally compliant and proposed for decision to the MC in February 2019.

FLC work on running projects started shortly before the 2018, after checklist were implemented in eMS. The first project reports were submitted in 2018. Implementation is advanced at most of the contracted projects, but reporting is often lagging behind. A frequent reason is the delay in the verification and the consequent congestion of partner reports at some first level control bodies. MA, JS, and the Regional Coordinators make efforts to accelerate reporting, emphasising the importance of e.g. starting to write the project reports as soon as the reporting period is over, not waiting for the availability of



all verified partner reports. Another solution that has already worked at some projects is that FLC collects expenditure of several periods into one certificate, issued for the last report. In this case the periods before are verified as “zero reports”.

One year after the description of the management and control systems (DMCS) was submitted to the Audit Authority (first submission on 14.09.2017), the AA issued on 28.09.2018 the audit report on designation with an unqualified opinion.

The programme has submitted to the EC two payment applications related to expenditure incurred and paid by the beneficiaries until 31.12.2018, in a value of approximately 7.9M€. The 1st PA, submitted in December 2018 included 2.8M€ ERDF and fulfilled the first N+3 target. The 2nd PA in April 2019 (ERDF above 3.1M€) brought thematic priorities 1 and 4 close to achieving financial milestone targets. According to estimations based on reports in the pipeline, the sum of all expenditure declared plus the expenditure declared and verified reached in 2018 altogether more than 15M€, which, if they were included in project reports, could have allowed the achievement of financial milestone targets at thematic priorities.

Most available project reports reflect the project implementation status at mid-2018 or older (even in optimal circumstances project reports are submitted half a year after the end of the period). With that in mind, 2018 achievements of output indicators are reasonable. Considering actual achievements that are not yet included in project reports, the OI milestone values are achieved in all but few cases (see comments to OIs). It should be also noted that many outputs are reported only at project end. Out of the 28 contracted projects 5 are scheduled to end before mid-2019, but until 31.12.2019 further 13 plan to finish (unless some are prolonged). So, many project achievements are expected to be realised in 2019 (and possibly reported in 2020).

Notwithstanding the obvious need to accelerate reporting at partner and project level, as well as to catch up with the verification process especially at some FLCs, achievements of the programme are mostly in line with the progress of project implementation and substantial further steps are expected in 2019 and 2020.

The tender for the first phase of programme evaluation about the efficiency of the programme’s structures and processes and of the communication strategy was launched in April 2018. The evaluation work started in June and its results were presented to, and the evaluation report approved by the MC in November 2018.

Communication work was done on the basis of the annual communication plan approved by the MC in October 2017.

The focus of external communication was on direct contacts between programme bodies and project holders (e-mail, phone, face-to-face meeting), primarily by Regional Coordinators, but also by JS and MA.

In project communication the standard Interreg project logo is widely used. Most projects also take the programme’s offer for the microsite (available since late 2017, supported by a Microsite Manual since early 2018), although many of them reported technical problems and seemed to lack the resources to adequately address continuous project communication. During the year an extended Microsite Manual and direct technical support by the programme to the beneficiaries has contributed to some improvement, but still there is room for improvement in terms of efficient (on line) project communica-





tion.

The EC day 2018, which was commonly organized by the programs Interreg V-A ATHU, SKAT and ATCZ as well as the City of Vienna met great success on 27.09.2018 in the famous Viennese Museum for Applied Arts. Even though according to the evaluation the usefulness of such events is not acknowledged by respondents of the evaluation questionnaire, the feedback from the approximately 200 participants was very positive.

Eligibility and Implementation Manual updates in 2018 included small clarifications and are documented in the “Versioning” section of the respective document. They reflect the experiences gathered during previous selection rounds and/or reflect relevant legislation (including e.g. minor updates in response to the Omnibus regulation).

eMS ensures fulfilment of e-cohesion obligations. It contributes to the harmonization of applications and reporting across programmes, and it is positively acknowledged by most of its users. Our programme has installed the long awaited version 4_1.1 on 05.11.2018, shortly after its release, which ensures – among others – the consequent handling of modifications and related reports. In addition to the developments in new releases by Interact, much effort has been invested by the programme in 2018 into the development of external reporting tools to retrieve data from the system, although these efforts were still ongoing at the end of 2018.





3 IMPLEMENTATION OF THE PRIORITY AXES

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
1	Enhancing the competitiveness of SMEs (TO03)	<p>Altogether 5 projects have been approved in the priority axis 1, of which 4 were contracted (selected) until the end of 2018. The ERDF funding of selected projects amounts to 59% of the available resources in the priority. With projects approved but not contracted yet this goes up to 67%. Outputs of selected operations are forecasted to contribute to OI11 and OI12 above expectation. Further contribution is expected by an approved but not contracted project. The 2018 milestone for OI11 has been reached. The implementation of activities related to OI12 is also advanced. Reporting on project level needs to be accelerated. Consequently, substantial part of expenditures incurred and paid in 2018, were not yet included in the 1.6M€ of total eligible expenditure submitted to the EC in payment applications. While priority axis 1 is advanced in terms of contribution to programme output indicators, financially there is still relatively lot of room for new projects.</p>
2	Protecting the environment and promoting resource efficiency (TO06)	<p>Altogether 12 projects have been approved in the priority axis 2, of which 11 projects were contracted (selected) until the end of 2018. The ERDF funding of selected projects amounts to 82% (85% including a project approved but not yet contracted in December 2018) of the available resources in the priority axis (76% in SO21, 71% in SO22, 93% in SO23). Forecasted outputs of selected operations reach or exceed targets of all OIs except OI25 (protection measures including investments). With regard to the project implementation, most projects are well on their way. Their achievements in terms of reported outputs are not visible yet. The two main reasons are that output delivery is often scheduled for project closure (2019 or later), and that project reports are still often delayed. Actual achievements are ahead of reported ones. Besides, for CO23 (Surface area of habitats supported to attain a better conservation status) partial achievement cannot be reported. According to currently available project time plans, most output indicators will be reached until the end of 2020 by contributions of already selected projects. If possible, the few available ERDF resources in the priority axis should be used to reach the OI25 (Protection measures, including investments).</p>



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
3	Promoting sustainable transport and removing bottlenecks in key network infrastructures (TO07)	<p>Altogether 6 projects have been approved in the priority axis 3.</p> <p>1 soft project (SO32) was contracted (selected) until the end of 2017, and a railway project (SO31) was contracted in 2018. The contracting of the four road infrastructure projects was delayed due to technical reasons in 2018, but finally concluded in April 2019. At the end of 2018 the ERDF funding of the selected project amounted to 51% of the available resources in the priority axis (47% in SO31, 78% in SO32). Projects that were approved but not contracted yet in 2017 raise the utilisation of the priority axis to over 95%.</p> <p>Approved operations are forecasted to reach or exceed targets of CO12, CO13 and CO14, of which CO12 is included in a project contracted in 2018. Actual performance in CO12 was implemented to a large part (37.93 km reconstructed railway) in 2018. According to a recent modification approved by the MC, the railway project contracted in SO31 will prepare 3 studies instead of 1, ensuring also the fulfilment of OI31. In SO32, outputs of the one contracted project are forecasted to fulfil OI33 and 7 out of the target value 12 in OI32, but due to delayed reporting no achievement is included in the annual implementation report yet.</p>
4	Enhancing institutional capacity and an efficient public administration (TO11)	<p>Altogether 13 projects have been approved in the priority axis 4, of which 11 projects were contracted (selected) until the end of 2018. The ERDF funding of selected projects amounts to 54% of the available resources in the priority. Projects that were approved but not contracted yet in 2018 increase the utilisation of the priority axis to over 66%.</p> <p>Outputs of selected operations are forecasted to contribute to large part of the targets of CO46 (59%), OI41 (88%) and OI42 (72%). Projects that are approved but not contracted yet will contribute to some extent to reach these OIs. However, still there is substantial financial framework in the priority axis for new projects and also some need to select projects that help to reach output indicator targets.</p> <p>In spite of that, in terms of timely implementation, priority axis 4 is closest to achieving the financial milestone for 2018, also providing good contributions to all of its output indicators.</p>





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
5	Technical support to the programme implementation	The TA projects that were approved in a written procedure following the 1 st MC (3 regional TA projects and the Core TA project including costs for the MA, JS, CA and AA) are all contracted and in implementation. The financial implementation of the priority axis and the achievement of output indicators are according to the plan. The institutions and processes of the programme are operational. For more about that, see other chapters of the annual implementation report.





3.2 Common and programme specific indicators

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 technical assistance priority axis

Automatic from SFC						ANNUAL VALUE										Observations (if necessary)	
ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2023)	2014	15	16	17	18	19	20	21	22	23		
RI11	Survival rate of enterprises after 3 years	Percent	66.27%	2012	62%	66.27 %	60,78 %	57.26 %	58.32 %	60.44							(1) Status: n-2 years. (2) Since the adoption of the 2 nd CP modification by the EC on 12.03.2018 the baseline and annual values reflect Eurostat data. (3) Due to updated Eurostat figures of the Austrian NUTS3 regions about "Enterprises newly born in t-3 having survived to t" for, the values in the column 2017 needed minor correction compared to the data provided in the previous AIR. (4) Compared to previous year the tendency in HU is still rising, in AT the downward tendency seems to have stopped.
RI21	Overnight stays	Number	22 809 823	2013	25 000 000	22 809 823	23 175 628	23 762 619	24 952 202	26 063 357							Status: n-1 year.
RI22	Conservation degree A (of all habitat types in the Natura 2000 sites of the programme region)	Percent	10.5	2013 (release date)	12				10,91								To be reported next time in AIR2020





Automatic from SFC						ANNUAL VALUE										Observations (if necessary)	
ID	Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2023)	2014	15	16	17	18	19	20	21	22	23		
RI23	Chemical and ecological condition of border water bodies classified as "good" and "very good"	Number	2 (of 9)	2013 (2009/2010 for the Danube)	4				2								To be reported next time in AIR2020
RI31	Average travel time (individual transport) to a node with TEN-T network connection	Minutes	14.08	2013	13												To be reported next time in AIR2020
RI32	Intermodal public transport nodes	Number	1 274.5	2014	1 400				1349.5								To be reported next time in AIR2020
RI41	Level of cooperation quality in the border region	Percent of highest rating	54.03%	2014	65%				58.84 %								To be reported next time in AIR2020
RI42	Institutions involved in cross-border education schemes	Number	35	2014	45				48	55							With one contracted (selected) SO42 project in 2018, 7 new actors (project partners and strategic partners) were counted who are new to cross-border education schemes.

Table 2: Common and programme specific output indicators (by priority axis, investment priority); applies also to technical assistance priority axes

	ID	Indicator (name of indicator)	Measurement Unit	Target Value (2023)	CUMULATIVE VALUE										Observations (if necessary)		
					2014	15	16	17	18	19	20	21	22	23			
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI11	SMEs involved in cooperation projects	Number	100	0	0	0	96	122								Contribution of 4 projects out of a total of 4 projects contracted in SO11.





	ID	Indicator (name of indicator)	Measurement Unit	Target Value (2023)	CUMULATIVE VALUE										Observations (if necessary)
					2014	15	16	17	18	19	20	21	22	23	
Cumulative value – outputs delivered by operations [actual achievement]		(action 1, 2)			0	0	0	0	64						3 of 4 projects have reported contribution to OI11. Actual achievements until the end of 2018 may be higher, some project reports are pending.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI12	Intermediate organisations involved in cooperation projects (action 3)	Number	8	0	0	0	18	23						Contribution of 4 projects out of a total of 4 projects contracted in SO11.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	12					2 of 4 projects have reported contribution to OI12. Actual achievements until the end of 2018 may be higher, some project reports are pending.	
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI21	Jointly developed strategies and action plans and capacity building measures (action 1)	Number	5	0	0	0	4	6						Contribution of 2 projects out of a total of 4 projects contracted in SO21.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	1					1 of 2 projects have reported contribution to OI21.	
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI22	Jointly developed investments at cultural and natural heritage sites (action 1,2)	Number	5	0	0	0	4	5						Contribution of 3 projects out of a total of 4 projects contracted in SO21.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	1					1 of 3 projects have reported contribution to OI22.	
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI23	Common offers (action 2,3)	Number	3	0	0	0	8	12						Contribution of 4 projects out of a total of 4 projects contracted in SO21.





	ID	Indicator (name of indicator)	Measurement Unit	Target Value (2023)	CUMULATIVE VALUE										Observations (if necessary)
					2014	15	16	17	18	19	20	21	22	23	
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	1						1 of 4 projects have reported contribution to OI23. Some project reports are pending, actual achievement until the end of 2018 will be 2.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	CO23	Nature and biodiversity: Surface area of habitats supported to attain a better conservation status (action 2)	Hectares	100 000	0	0	0	102 409.24	154 731						Contribution of 3 projects out of a total of 3 projects contracted in SO22.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	0						Implementation is ongoing in 2 of 3 projects. By the nature of the indicator partial achievement cannot be reported. Actual achievements are not expected before end of 2020.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI24	Jointly developed protection and management plans (action 1)	Number	2	0	0	0	0	2						Contribution of 2 projects out of a total of 3 projects contracted in SO22.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	0						0 of 2 projects have reported contribution to OI24.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI25	Protection measures (including investments) (action 2)	Number	15	0	0	0	1	1						Contribution of 1 project out of a total of 3 projects contracted in SO22.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	0						The project that plans a contribution to OI25 is expected to deliver its contribution in 2020.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI26	Joint re-search projects (action 3)	Number	3	0	0	0	1	3						Contribution of 3 projects out of a total of 3 projects contracted in SO22.





	ID	Indicator (name of indicator)	Measurement Unit	Target Value (2023)	CUMULATIVE VALUE									Observations (if necessary)	
					2014	15	16	17	18	19	20	21	22		23
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	0						0 of 3 projects have reported contribution to OI26. Their contributions are expected in 2020.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI27	Participants in joint training schemes and awareness raising programmes (action 4)	Number	200	0	0	0	215	580						Contribution of 2 projects out of a total of 3 projects contracted in SO22.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	0						0 of 2 projects have reported contribution to OI26. They are expected to achieve their target in 2020.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	CO42	Productive investment: Number of research institutions participating in cross-border, transnational or inter-regional research projects	Organisations	5	0	0	0	3	5						Contribution of 2 projects out of a total of 4 projects contracted in SO23.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	0						0 of 2 projects have reported contribution to CO42. Some project reports are pending, actual achievement may be higher.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI28	Jointly developed pilots and infrastructures	Number	2	0	0	0	1	2						Contribution of 2 projects out of a total of 4 projects contracted in SO23.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	0						0 of 2 projects have reported contribution to OI28. Some project reports are pending, actual achievement in 2018 is 1.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI29	Measures securing or improving the status of	Number	5	0	0	0	7	9						Contribution of 4 projects out of a total of 4 projects contracted in SO23.





	ID	Indicator (name of indicator)	Measurement Unit	Target Value (2023)	CUMULATIVE VALUE									Observations (if necessary)	
					2014	15	16	17	18	19	20	21	22		23
Cumulative value – outputs delivered by operations [actual achievement]		water bodies in qualitative and			0	0	0	0	1						1 of 4 projects have reported contribution to OI29. Some project reports are pending, actual achievement in 2018 is 3.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	CO12	Railway: Total length of reconstructed or upgraded railway line (action 2,3)	km	10	0	0	0	0	48.66						Contribution of 1 railway project contracted in SO31.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	37.93						37.93km railway reconstruction was finished and paid by the beneficiary in 2018.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	CO13	Roads: Total length of newly built roads (action 1)	km	8	0	0	0	0	0						Road projects in SO31 to contribute to CO13 were contracted in 2019.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	0						By 2018 no project reports available yet.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	CO14	Roads: Total length of reconstructed or upgraded roads (action 2)	km	10	0	0	0	0	0						Road projects in SO31 to contribute to CO14 were contracted in 2019.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	0						By 2018 no project reports available yet.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI31	Pre-investment studies	number	2	0	0	0	0	1						Contribution of 1 railway project contracted in SO31. Due to a project modification approved in 2019, the project is supposed to produce 3 pre-investment studies.





	ID	Indicator (name of indicator)	Measurement Unit	Target Value (2023)	CUMULATIVE VALUE									Observations (if necessary)	
					2014	15	16	17	18	19	20	21	22		23
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	0						The railway project contracted in SO31 has reported no achievement in 2018 yet. According to a recent modification approved by the MC 3 studies will be prepared instead of 1.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI32	Jointly developed strategies, transport concepts and actions (action 1,2,3,4,5)	Number	12	0	0	0	7	7						Contribution of 1 project out of a total of 1 project contracted in SO32.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	0						Achievement of targets in the project contracted in SO32 is planned in 2019. Some partial achievements are available, but reports are pending.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI33	Joint schemes for promoting environmentally friendly transport (action 6,7)	Number	4	0	0	0	6	6						Contribution of 1 project out of a total of 1 project contracted in SO32.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	0						Achievement of targets in the project contracted in SO32 is planned in 2019. Some partial achievements are available, but reports are pending.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	CO46	Labour market and training: Number of participants in joint education and training schemes to support youth	Persons	200	0	0	0	78	118						Contribution of 3 projects out of a total of 11 projects contracted in SO41 and SO42.





	ID	Indicator (name of indicator)	Measurement Unit	Target Value (2023)	CUMULATIVE VALUE										Observations (if necessary)
					2014	15	16	17	18	19	20	21	22	23	
Cumulative value – outputs delivered by operations [actual achievement]		employment, educational opportunities and higher and vocational education across borders (action 5 and 6)			0	0	0	0	13						1 of 3 projects have reported contribution to CO46. Some project reports are pending, actual achievement may be higher.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI41	Actors involved in cross-border cooperation (action 1,2,3,4,5)	Number	250	0	0	0	155	220						Contribution of 11 projects out of a total of 11 projects contracted in SO41 and SO42.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	131						7 of 11 projects have reported contribution to OI41. Some project reports are pending, actual achievement may be higher.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI42	Joint cross-border cultural, educational, recreational and other type of community events and actions (“people to people”) (action 4)	Number	25	0	0	0	10	18						Contribution of 4 projects out of a total of 11 projects contracted in SO41 and SO42.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	0	8						3 of 4 projects have reported contribution to OI42. Some project reports are pending, actual achievement may be higher.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI51	Number of employees (FTEs) whose salaries are co-financed by TA	Number	16.5	0	16.5	16.5	16.5	16.5						Based on CP (altogether in 4 TA projects).
Cumulative value – outputs delivered by operations [actual achievement]					0	0.2	11.75	14.8	15.6						Value for the actual year based on regional inputs to the AIR.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI52	Network of regional coordinators established	Number	1	0	1	1	1	1						Based on CP.





	ID	Indicator (name of indicator)	Measurement Unit	Target Value (2023)	CUMULATIVE VALUE										Observations (if necessary)
					2014	15	16	17	18	19	20	21	22	23	
Cumulative value – outputs delivered by operations [actual achievement]					0	0	1	1	1						RC Network effectively established at its first meeting on 5.4.2016. Until 2018 6 RC Network meetings were held.
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI53	Projects	Number	80	0	80	80	80	80						Based on CP.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	0	21	32					28 projects contracted in P1-P4 + 4 in P5 (TA)	
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI54	e-Monitoring System established	Number	1	0	1	1	1	1						Based on CP.
Cumulative value – outputs delivered by operations [actual achievement]					0	1	1	1	1					eMS effectively functioning since call opening in December 2015.	
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI55	Network of financial controllers established	Number	1	0	1	1	1	1						Based on CP.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	1	1	1					FLC Network effectively established in October 2016.	
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI56	Programme evaluation plan prepared and approved by MC	Number	1	0	1	1	1	1						Based on CP.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	1	1	1					Evaluation plan approved in MC03. According to the plan, the first part of the evaluation (addressed to the programme structures and processes and to the implementation of the communication strategy) was conducted in 2018.	





	ID	Indicator (name of indicator)	Measurement Unit	Target Value (2023)	CUMULATIVE VALUE										Observations (if necessary)
					2014	15	16	17	18	19	20	21	22	23	
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI57	Programme communication plan prepared and approved by MC	Number	1	0	1	1	1	1						Based on CP.
Cumulative value – outputs delivered by operations [actual achievement]					0	0	1	1	1						
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI58	Guiding documents addressed to applicants and beneficiaries	Number	3	0	3	3	3	3						Based on CP.
Cumulative value – outputs delivered by operations [actual achievement]					0	2	2	5	6						
Cumulative value – outputs to be delivered by selected operations [forecast provided by beneficiaries]	OI59	Information, consultation and training measures	Number	16	0	16	16	16	16						Based on CP.





	ID	Indicator (name of indicator)	Meas- urement Unit	Target Value (2023)	CUMULATIVE VALUE									Observations (if necessary)	
					2014	15	16	17	18	19	20	21	22		23
Cumulative value – outputs delivered by operations [actual achievement]		for appli- cants and beneficiaries			0	0	1	2	6						2 LP seminars were held in 2018 and additionally 2 rounds of individual contract preparation meetings for LPs of approved projects.





3.3 Milestones and targets defined in the performance framework

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: Information on the milestones and targets defined in the performance framework

Priority Axis	Indicator Type (Key implementation step, financial, output or, where appropriate result indicator)	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	2014	15	16	17	18	19	20	21	22	23	Observations (if necessary)
1	financial	FI01	Total amount of eligible expenditure for priority axis 1	Euro	2 429 177	8 211 000	0	0	0	0	1 609 021.04						Interim payment applications 1 and 2 to the EC (19.12.2018 and 17.04.2019) included eligible expenditure incurred and paid by beneficiaries until 31.12.2018
1	output	OI11	SMEs involved in cooperation projects	Number	25	100	0	0	0	0	64						3 of 4 projects have reported contribution to OI11. Actual achievements until the end of 2018 may be higher, some project reports are pending.





Priority Axis	Indicator Type (Key implementation step, financial, output or, where appropriate result indicator)	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	2014	15	16	17	18	19	20	21	22	23	Observations (if necessary)
2	financial	FI02	Total amount of eligible expenditure for priority axis 2	Euro	4 347 567	29 049 000	0	0	0	0	1 794 905.30						Interim payment applications 1 and 2 to the EC (19.12.2018 and 17.04.2019) included eligible expenditure incurred and paid by beneficiaries until 31.12.2018
2	output	OI22	Jointly developed investments at cultural and natural heritage sites	Number	1	5	0	0	0	0	1						1 of 3 projects have reported contribution to OI22.
2	output	CO23	Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	Hectares	20 000	100 000	0	0	0	0	0						Implementation is ongoing in 2 of 3 projects contracted for SO22. By the nature of the indicator partial achievement cannot be reported.
2	output	OI29	Measures securing or improving the status of water bodies in qualitative and quantitative terms	Number	1	5	0	0	0	0	1						1 of 4 projects have reported contribution to OI29. Some project reports are pending. Actual achievement in 2018 is 3.





Priority Axis	Indicator Type (Key implementation step, financial, output or, where appropriate result indicator)	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	2014	15	16	17	18	19	20	21	22	23	Observations (if necessary)
3	financial	FI03	Total amount of eligible expenditure for priority axis 3	Euro	2 030 877	27 585 000	0	0	0	0	252 691.14						Interim payment applications 1 and 2 to the EC (19.12.2018 and 17.04.2019) included eligible expenditure incurred and paid by beneficiaries until 31.12.2018. Actual spending by beneficiaries is much higher (see observation to CO12), although yet not certified.
3	output	CO12	Railway: Total length of reconstructed or upgraded railway line	Km	2	10	0	0	0	0	37.93						37.93km railway reconstruction was finished and paid by the beneficiary in 2018.
3	output	OI32	Jointly developed strategies, transport concepts and actions	Number	4	12	0	0	0	0	0						Achievement of targets in the project contracted in SO32 is planned in 2019. Some partial achievements are available, but reports are pending.





Priority Axis	Indicator Type (Key implementation step, financial, output or, where appropriate result indicator)	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	2014	15	16	17	18	19	20	21	22	23	Observations (if necessary)
4	financial	FI04	Total amount of eligible expenditure for priority axis 4	Euro	3 255 548	22 351 480	0	0	0	0	2 664 712.46						Interim payment applications 1 and 2 to the EC (19.12.2018 and 17.04.2019) included eligible expenditure incurred and paid by beneficiaries until 31.12.2018
4	output	OI41	Actors involved in cross-border cooperation	Number	50	250	0	0	0	0	131						7 of 11 projects have reported contribution to OI41. Some project reports are pending, actual achievement may be higher.

* Member States submit cumulative values for output indicators. Values for financial indicators are cumulative. Values for the key implementation steps are cumulative if the key implementation steps are expressed by a number or percentage. If the achievement is defined in a qualitative way, the table should indicate whether they are completed or not.





3.4 Financial data

Table 4: Financial information at priority axis and programme level

1	2	3	4	5	6	7	8	9	10	11	12
The financial allocation of the priority axis based on the operational programme [extracted from Table 18a of the operational programme]					Cumulative data on the financial progress of the operational programme						
Priority axis	Fund ¹	Basis for the calculation of Union support* (Total eligible cost or public eligible cost)	Total funding (EUR)	Co-financing rate (%)	Total eligible cost of operations selected for support (EUR)	Proportion of the total allocation covered with selected operations (%) [column 6/ column 4 × 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 9/ column 4 × 100]	Number of operations selected	Total eligible expenditure incurred and paid by beneficiaries and certified to the Commission by 31/12/2018
						Calculation			Calculation		
Priority axis 1	ERDF	total eligible	8 211 000	85.00%	4 836 025.48	58.90%	4 730 615.41	813 100.78	9.90%	4	1 609 021,04
Priority axis 2	ERDF	total eligible	29 049 000	85.00%	25 905 399.28	89.18%	25 869 765.50	954 449.65	3.29%	11	1 794 905,30
Priority axis 3	ERDF	total eligible	27 585 000	85.00%	15 806 729.69	57.30%	15 806 729.69	255 119.06	0.92%	2	252 691,14
Priority axis 4	ERDF	total eligible	22 351 480	85.00%	11 904 494.39	53.26%	11 708 658.12	1 553 181.93	6.95%	11	2 664 712,46
Priority axis 5	ERDF	total eligible	8 673 847	54.54%	8 673 817.43	100.00%	8 673 817.43	1 076 469.01	12.41%	4	1 587 783.41
Total	ERDF		95 870 327	82.24%	67 126 466.27	70.02%	66 789 586.15	4 652 320.43	4.85%	32	7 909 113,35
Grand Total	All Funds		95 870 327	82.24%	67 126 466.27	70.02%	66 789 586.15	4 652 320.43	4.85%	32	7 909 113,35

¹ In case the YEI is programmed as part of a priority axis (in accordance with point (c) of the second subparagraph of Article 18 of Regulation (EU) No 1304/2013), the information has to be provided separately from the other part of the priority axis.





Table 5: Breakdown of the cumulative financial data by category of intervention

Priority axis	Fund(*)	Categorisation dimensions								Financial data			
		1 Intervention field	2 Form of finance	3 Territorial dimension	4 Territorial delivery mechanism	5 Thematic objective dimension ERDF/Cohesion Fund	6 ESF secondary theme	7 Economic dimension	8 Location dimension	Total eligible cost of operations selected for support (EUR)	Public eligible cost of operations selected for support (EUR)	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
1	ERDF	063	01	02	07	03		17	HU221	1 999 300.00	1 977 320.00	433 697.14	1
1	ERDF	064	01	02	07	03		13	HU221	989 281.64	915 069.60	164 885.16	1
1	ERDF	066	01	02	07	03		13	AT221	805 077.52	798 224.02	214 518.48	1
1	ERDF	066	01	02	07	03		13	HU221	1 042 366.32	1 040 001.79	0.00	1
2	ERDF	021	01	04	07	06		18	AT221	1 933 155.20	1 933 155.20	65 661.48	1
2	ERDF	021	01	04	07	06		22	AT130	10 735 567.50	10 735 567.50	0.00	1
2	ERDF	021	01	04	07	06		22	HU221	278 000.00	278 000.00	41 904.99	1
2	ERDF	085	01	03	07	06		22	AT112	1 431 666.66	1 431 666.66	389 142.03	1
2	ERDF	085	01	03	07	06		22	HU221	2 227 905.40	2 227 905.40	214 328.44	1
2	ERDF	086	01	01	07	06		01	AT130	1 379 151.45	1 379 151.45	0.00	1
2	ERDF	086	01	03	07	06		22	HU222	1 144 175.43	1 128 066.44	5 000.00	1
2	ERDF	091	01	03	07	06		15	AT113	2 741 830.00	2 741 830.00	92 053.87	1
2	ERDF	094	01	03	07	06		15	AT113	983 978.41	964 453.62	26 692.56	1
2	ERDF	095	01	03	07	06		15	AT113	1 864 129.23	1 864 129.23	119 666.28	1
2	ERDF	095	01	03	07	06		15	AT224	1 185 840.00	1 185 840.00	0.00	1
3	ERDF	026	01	03	07	07		12	HU221	12 713 954.25	12 713 954.25	0.00	1
3	ERDF	036	01	03	07	07		12	HU222	3 092 775.44	3 092 775.44	255 119.06	1
4	ERDF	096	01	02	07	11		24	HU222	820 097.75	820 097.75	192 738.04	1
4	ERDF	118	01	02	07	11		13	AT221	825 404.16	774 191.86	25 161.32	1
4	ERDF	119	01	02	07	11		11	AT113	328 796.58	328 796.58	82 227.30	1
4	ERDF	119	01	02	07	11		18	AT224	1 528 566.67	1 528 566.67	5 000.00	1
4	ERDF	119	01	03	07	11		18	AT112	822 445.30	822 445.30	183 667.58	1
4	ERDF	119	01	03	07	11		21	AT112	924 326.25	907 079.54	303 654.80	1
4	ERDF	119	01	03	07	11		21	AT224	1 349 220.21	1 284 835.78	269 391.45	1
4	ERDF	120	01	01	07	11		19	HU213	904 193.66	904 193.66	180 766.57	1
4	ERDF	120	01	02	07	11		19	HU223	1 061 354.98	1 002 990.73	5 000.00	1
4	ERDF	120	01	02	07	11		21	AT112	442 757.00	438 128.42	0.00	1
4	ERDF	120	01	03	07	11		19	AT123	2 897 331.83	2 897 331.83	305 574.87	1





Priority axis	Fund(*)	Categorisation dimensions								Financial data			
		1 Intervention field	2 Form of finance	3 Territorial dimension	4 Territorial delivery mechanism	5 Thematic objective dimension ERDF/Cohesion Fund	6 ESF secondary theme	7 Economic dimension	8 Location dimension	Total eligible cost of operations selected for support (EUR)	Public eligible cost of operations selected for support (EUR)	The total eligible expenditure declared by beneficiaries to the managing authority	Number of operations selected
5	ERDF	121	01	07	07			24	AT112	6 194 235.48	6 194 235.48	901 901.72	3
5	ERDF	121	01	07	07			24	AT221	314 323.17	314 323.17	83 390.37	0
5	ERDF	121	01	07	07			24	HU101	1 430 586.44	1 430 586.44	0.00	1
5	ERDF	122	01	07	07			24	AT112	115 723.18	115 723.18	16 849.69	0
5	ERDF	122	01	07	07			24	AT221	5 872.31	5 872.31	1 557.93	0
5	ERDF	122	01	07	07			24	HU101	26 726.79	26 726.79	0.00	0
5	ERDF	123	01	07	07			24	AT112	457 478.77	457 478.77	66 610.46	0
5	ERDF	123	01	07	07			24	AT221	23 214.52	23 214.52	6 158.84	0
5	ERDF	123	01	07	07			24	HU101	105 656.77	105 656.77	0.00	0

* Data for the YEI shall be presented separately without splitting the YEI specific allocation and the matching ESF support.

Table 6: Cumulative cost of all or part of an operation implemented outside the Union part of the programme area

1 Operations	2 The amount of ERDF 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)	3 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 ERDF at programme level *100)	4 Eligible expenditure of ERDF 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)	5 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 ERDF at programme level *100)
All or part of an operation outside the Union part of the programme area ⁽¹⁾	288 852.80	0.37%	4 714.42	0.01%

(*) ERDF support is fixed in the Commission decision on the respective cooperation programme.

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





4 SYNTHESIS OF THE EVALUATIONS

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.

The evaluation plan, approved by the MC on 14-15.12.2016 defines two evaluation phases, the first part addressing the programme structures and processes and the implementation of the communication strategy, the second one concentrating on the efficiency, effectiveness and impact of the programme.

The tender for the first phase was launched in April 2018. Evaluation work started in June, the evaluation report was approved by the MC in November 2018.

The tender for the second phase was published on 07.04.2019, the evaluation should be finished until the end of 2019.

This synthesis is based on the summary of the final report for the 1st phase of the evaluation.

Achievement of OP targets

The evaluation states that the overall programme implementation has so far achieved OI targets. Due to the late designation, the FI values could not be reached. Nevertheless, at the time of the evaluation, project approvals covered 81% of the programme budget.

Much of the remaining budget is in TO11, which is by nature a very open thematic area. Applications in this PA are smaller and rather "soft", making harder to achieve satisfactory absorption. To reach target values new project holders need to be attracted. Regional Coordinators (RC) will have to become more active in addressing new applicants.

Programme management

In principle structures and process of the cooperation programme are set up effectively. All necessary programme bodies are operating as expected. The MA is responsible for the programme, but the various programme bodies are situated in different organizational hierarchies and geographical locations.

All tools and requirements needed to ensure sufficient interaction between the different programme bodies have been established. Regular Monitoring Committee (MC) and Bilateral Working Group (BWG) meetings are organised, and a document archive at the programme website is available. Decision making in the MC and BWG is clear and transparent. Their participants are mostly satisfied with the process and highlight the positive communication atmosphere. There is no urgent need for change. First Level Control (FLC) meetings are envisaged at least once a year.

The administrative burden on the core management has not been reduced. The application form has become more detailed, the complexity of reporting increased. Some programme bodies sense that the electronic monitoring system (eMS) brought more complexity, especially while eMS was being developed. On the other hand, the core management sees eMS as a considerable improvement in efficiency due to the level of struc-





ture it imposes.

The financial control process has not been improved since the previous period. First, different FLC bodies handle validation differently. Second, to avoid errors the level of detail in financial control has increased to the point where it frustrates beneficiaries, causes Interreg to appear unattractive, and creates high administrative costs. The tendency is contrary to the EC requirements for simplification. It leads to declining participation in Interreg and scares away new applicants.

As a result of increased workload due to the last programme's closure overlapping with the current programme start, and of fluctuation issues at the Joint Secretariat (JS), the core management had to deal with major bottlenecks affecting the preparation and initial phase of the current period.

Management of the project life cycle

Guiding documents are seen as very useful, but they were published too late. This was caused by late publication of the EC documents on one hand, and resource issues in programme management on the other hand.

The personal relationship with the applicants positively affects the success of the programme. In general, there is good contact between RCs, FLCs and the JS, although in some cases there is room for improvement in terms of information exchange between these levels. Although the RC's primary role is during the preparation/application, project holders often contact them also in implementation. Through the stages of the project life cycle, communication with applicants/beneficiaries moves from RC to JS and finally to FLC. Some applicants reported that different contacts provided different information which, according to the evaluation, is due the lack of coordination between the three programme bodies.

The application process is positively influenced by eMS. However, applicants who aren't supported by consultants have considerable difficulties understanding the intervention logic and indicators. Structural Funds in general and Interreg in particular are becoming increasingly complex and difficult to explain.

The selection process is effective, transparent and strongly focused on the application's quality. The information provided to selected projects is sufficient and timely.

Contracting had substantial delays in the beginning. Although the main issues causing delay seem to have diminished, there is still room for improvement.

Most problematic is that reporting, especially financial reporting is time- and resource consuming. It takes up considerable share of project resources and scares off potential new applicants.

Internal communication

Formal communication is ensured via the programme website, the MC and BWG meetings. These meetings are perceived as very effective, but activities from the communication strategy do not have a significant effect on internal communication. Regarding the exchange of written documentation, the website contains only official documents.

Internal communication is dominated by a network of programme partners who to a





large extent already know each other from previous periods, and have strong informal communication links. Other programme bodies (mainly Austrian ones) are less embedded in the information exchange. There is no evidence that any of the communication activities in this programme period have changed significantly between programme bodies.

While the communication between Austrian FLCs and other Austrian programme bodies isn't comprehensive, opens up misunderstandings and conflicts, communication between different programme bodies in Hungary follows a much more structured approach.

There's room for improvement in the interaction between MA and JS. Communication and file sharing are handled via e-mail, there is no common file sharing system. JS and the MA being at two different locations (different Member States), effective decision making and communication system should go beyond the DMCS.

External communication

RCs have the lion's share in raising awareness and knowledge. The website includes important basic information, but RCs are the main source of information on what is required and where to put the emphasis when preparing an application.

Major results of the communication strategy are the improved cooperative design and the programme website. Other communication tools such as leaflets, folders and events were not seen as very important or useful.

Among communication tools the most critical are the microsites. Although generally valued as an idea, the way the microsites are implemented was not appreciated by beneficiaries.

External communication currently does not seem to be so important for beneficiaries. Most of them lack the resources to adequately address planned communication activities, so they postpone it to a later stage of the project.

Programme communication to support project implementation includes face-to-face meetings and project training sessions, the latter not seen as very effective so far. LP seminars lacked interactivity and were seen as lectures rather than real training. Focusing on particular aspects (mostly financial reporting) is valued above general training.

The exchange of information between Interreg programmes has not changed significantly compared to the previous period. The evaluation does not see formal cooperation or systematic approach.

There is no evidence that stakeholders feel well informed about the benefits of cooperation. Due to limited resources, there is lack of communication towards general stakeholders. Unlike other Interreg programmes, Interreg AT-HU does not use social media to reach a wider public.

Core management lacks a trained and experienced communication manager to ensure coherent and adequate internal and external communication. It is questionable whether such an expert can be financed by the available budget.

Recommendations

Successful and effective programme implementation requires excellent communication





atmosphere, trust and agreement.

The evaluation recommends introducing result oriented process management tools to simplify the work process in the long run.

The JS is recommended to set up a clear, simple, result based work plan system, including milestones, targets and deadlines. It should not increase the workload but support the interaction between the MA and the JS and ensure that all actors are aware of deadlines.

Differences in the validation approach of FLCs could be addressed by more rigid and simplified documentation, binding for all programme bodies.

Systematic and efficient communication and electronic information exchange system are required.

Harmonization and simplification of the FLC process, and better exchange between RCs, JS and FLCs will also contribute to improved management of the project life cycle.

For internal communication it is proposed to reduce meeting minutes and focus on results and agreements, including outcomes and next steps, among others in order to support monitoring of the tasks.

It is also proposed to integrate communication activities into all regular activities of programme bodies. It is raised if a communication manager could be shared by more than one Interreg CBC programmes. Communication is currently seen mainly as external communication. Internal communication should not be underestimated.

Result indicators of the communication strategy may need revision, they show rather outputs than results, and aren't appropriate to assess progress towards communication objectives.

It is to be emphasised that the available communication tools aren't an obligatory set for all projects. Project specific communication methods should be defined. It is proposed that project related information on the programme website should allow simple regular input in the form uploaded files. Projects shall allocate a certain part of their budget to this centralised information management.

5 ISSUES AFFECTING THE PERFORMANCE OF THE PROGRAMME AND MEASURES TAKEN

(a) Issues which affect the performance of the programme and the measures taken

Selected operations reflect challenges defined in the CP and help to jointly overcome economic difficulties, protect the common heritage, create new transport connections and boost the common knowledge for an increased efficiency of institutions.

At the end of 2018, 83% of all ERDF funds are committed to the 40 approved operations (incl. TA). In December 2018 TA + 28 projects were contracted. It is expected that main outputs of selected projects provide sufficient contribution to





achieve programme output indicators. From the perspective of OIs only few topics require newly selected operations. Actual achievements of projects are not sufficiently reflected in output and financial indicator values, mainly due to delayed reporting and due to delay in the implementation of some projects. To utilize available ERDF and to improve contribution to programme objectives, targeted communication efforts are needed to attract new applications.

Between January and September 2018 the JS was understaffed. Due to internal administrative obstacles at the host institution the vacancy announcement could not be published on time before a JS staff member went on maternity leave. After the administrative obstacles were lifted, the new JS staff member was selected after two unsuccessful rounds, and joined the team on 01.10.2018.

The programme is devoted to reduce the administrative burden on beneficiaries. The shared experience of some programme bodies, applicants and beneficiaries, however, that it has not been effectively decreased, was confirmed in the 1st part of the evaluation. Due to technical and capacity reasons not all elements of the comprehensive set of programme manuals and other documents were available before 2018, which caused delays in the start of contracting as well as in the reporting and the verification procedure. The current project intervention logic supports result orientation, but it has increased complexity, putting project holders both in application and implementation phase before a challenge. Lengthy discussions in the contracting phase were meant to reach common understanding and clarify details of the project for the smooth implementation, but JS and beneficiaries were often lost in detail which prolonged the contracting procedure especially following the first few selection rounds. By clarifying the requirements and enforcing more direct communication, JS and MA have considerably reduced the time needed for that. Based on feedback from the evaluation, this is an ongoing effort. The failure to decrease administrative burden is most visible in the reporting and financial control procedures. Especially in the reporting of personal costs the FLCs' fear of errors often results in exaggerated expectations for supporting documentation that are absolutely not in line with the intentions for simplification. In order to shed light on some unclear issues, in 2019 JS developed with the RCs a set of frequently asked questions and answers.

Although eMS is generally welcomed by most actors of the programme, and it is considered to be a very good solution for harmonised templates and procedures, technical issues cause somewhat mixed opinions. Those who use eMS as a source of information (MA, head of control units, SLC, RCs) mainly see it as a major improvement. Those who are more involved in entering data in eMS (FLC, JS) pointed out in the evaluation significant issues hampering the efficiency of the workflow. The divided IT environment (software maintenance and hardware hosting) has often hampered to find the source of problems and to reach proper solutions. To this end, in 2019 the MA is considering to relocate the system if certain improvements can't be achieved. Programme bodies are devoted to continuously develop eMS together with Interact and provide technical support to users whenever needed. With the major update to version 4_1.1 in autumn 2018 the conflict between reporting and modification procedures was solved, and many overview tables were restored to provide much needed information. To satisfy specific needs for reporting, the programme teamed up with some partner programmes and developed additional reports with an external reporting tool. It has taken





much effort and financial resources, and while the development was still ongoing at the end of 2018, it seems the additional reports will be available by mid-2019.

As part of the programme website the MA has managed to open the project sub-websites (microsites) at the end of 2017, supported by the Microsite Manual since early 2018. The microsites enable external users (project holders) to publish project related information and news in a structured form at a central place. Nevertheless the microsites are seen by beneficiaries as the most critical among communication tools. Although generally valued as an idea, the way the microsites are implemented was not appreciated by beneficiaries. The programme has recognised that and later in 2018 an extended Microsite Manual and direct technical support was provided to the beneficiaries. Further improvements in the technical background are expected and in 2019 new microsite training is planned.

Communication work packages are often not tailored to the specific needs of the project and during implementation the importance of external communication is underestimated by many beneficiaries. The visibility of the supported projects is below expectation. In lack of a trained communication manager the programme is not able to give them enough support. The programme plans to invite external communication support in 2019.

Due to limited internal resources within the AA designation audit was only concluded in September 2018 (with an unqualified opinion). The programme was able to submit the first PA on 19.12.2018. Even though programme liquidity is not in danger currently, efforts for efficient financial management have to be made to avoid bottlenecks and eventual N+3 loss in the subsequent years.

Delayed reporting is to a great extent a result of FLC related problems. FLC work started late, and the high expectations for documentation and the practice of some FLCs to suspend the three months deadline for clarifications and submission of missing documents add to the delay in verification. LPs must be convinced that project reports shall be complied even when not all certified partner reports are available, and in the interest of the partnership delayed partner reports may be taken into the project report of a subsequent period. Reporting is in best case available for the periods up to mid-2018 and besides, in some projects actual implementation is also delayed. Where such cases become known, MA, JS and RCs make joint efforts to put pressure on beneficiaries and give them support to catch up with both implementation and reporting.

Proposals in the evaluation for improvement of procedures are reflected here and in Section 5, and followed by the BWG and a working group set up by MA and JS.

(b) OPTIONAL FOR LIGHT REPORTS

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

About the progress made towards targets, and about its sufficiency to ensure fulfilment of the targets, indicating remedial actions taken or planned, see section 9.1





6 CITIZEN'S SUMMARY

To be published as a separate file:

The current report gives an overview to the broader public about the implementation of the EU-funded Interreg V-A Austria-Hungary Programme that supports cross-border co-operations since the opening of the call in December 2015 in four thematic priorities.

A continuous call is open for applications that can be submitted at any time – in order to be proposed for evaluation at the next Monitoring Committee (MC) meeting project proposals must be presented to the Joint Secretariat (JS) at latest by noon, 70 days before the MC meeting. Specific dates are available on the programme webpage. Projects are handled via eMS (electronic Monitoring System), the programme's online tool to provide harmonised and transparent solutions in the application and project implementation procedures, developed initially by Interact and widely used by many Interreg programmes throughout Europe. eMS provides convenient on-line editing platform for all users. Programme bodies are devoted to continuously develop eMS together with Interact and provide technical support to users whenever needed.

Altogether 89 applications have been submitted to the programme and until the end of 2018 36 of them were approved by the MC in four thematic priorities. As a result, more than 60 million Euros of European funding will be invested in new Austrian-Hungarian initiatives, and the percentage of the ERDF budget already committed to projects is already about 83%. Those who wish to submit new project applications may get more information from the Regional Coordinators (RC) of the programme about thematic fields where funds are available.

Applicants and beneficiaries can find information about possibilities in the programme on the programme webpage (interreg-athu.eu) and in hard copy from the priority axis specific thematic folders, available at the Managing Authority (MA), JS and the RCs. For contacts please see the programme webpage. Information about the application and selection process, requirements in terms of contribution to the programme targets, eligibility rules, communication, and project implementation (including contracting, reporting, project modification, etc.) are available in specific manuals in the download section of the programme webpage. JS and RCs stay at the disposal of applicants and beneficiaries with general information about programme requirements and specific project relevant advice, respectively.

Selected projects up to now cover a broad circle of themes such as services enhancing the involvement of women in technical activities and to support them in their jobs in the public administration, SME networking, wood industry initiatives, natural- and nature park co-operations as well as the development of innovative landscape conservation measures, water management and monitoring projects and actions to improve the region's tourism potential. Educational co-operations from kindergarten through vocational education to university, from early language training to specific topics such as robotics or poultry, projects to support the harmonisation of the labour market and various other networking initiatives are also part of the programme. The programme has also a specific focus on improving sustainable transport connections along the border. What connects these projects is that all of them act on common problems of the Austrian-Hungarian border region, and involve partners from both sides of the border who want to be actively involved in conquering those challenges.





After the implementation of the first selected projects has started and the technical framework has become available on the programme side, control bodies have started the validation of progress reports. Until the end of 2018 more than 6 million Euros of eligible expenditure occurred at beneficiaries in the four thematic priorities that were certified by the programme to the European commission.

2018 was the year for the first major self-reflection of the programme related to its structures and processes, as well as related to the implementation of the communication strategy. This first part of the programme evaluation (the second one comes in 2019) was implemented in the second half of 2018, and the summary of its results, including recommendations for improvement are published on the programme website. Programme bodies take this feedback seriously and work hard on improvements, for the best achievement of programme targets, and for the best support of applicants and beneficiaries.

Concerning the contribution of the selected projects to the programme's objectives, we are on the right track to achieve most of the indicator targets. However, as the evaluation has pointed out, implementation and reporting is in delay compared to the own time plan of the selected operations, and the milestone values of the indicators are below the 2018 forecast. It is a joint responsibility of the programme and its project holders to accelerate reporting, and to that end beneficiaries should be more disciplined in timely and precise reporting, whereby also the financial control needs to be accelerated at some control bodies. Programme level bodies (JS and MA) intend to support this process with clarification of rules, providing answers on frequently asked questions, and continuous support in technical issues.

It is also the shared responsibility of the programme and project holders to give visibility to the support provided by the European Regional Development Fund. Beneficiaries are invited to use their communication work packages for effective and efficient information and communication measures – to this end sometimes more innovative and tailored solutions may be needed than standard project brochures and events. The programme welcomes involvement in the communication efforts of beneficiaries and reports about project achievements: the programme's main page gives space to important project news and the project microsites offer one place for all ATHU Interreg related project information.

7 REPORT ON THE IMPLEMENTATION OF FINANCIAL INSTRUMENTS

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 applicable for the programme.





8 WHERE APPROPRIATE, PROGRESS IN PREPARATION AND IMPLEMENTATION OF MAJOR PROJECTS AND JOINT ACTION PLANS

8.1 Major projects

Not applicable for the programme.

Table 7: Major projects

Project	CCI	Status of MP 1.completed 2.approved 3.submitted 4.planned for notification/ submission to Commission	Total investments	Total eligible costs	Planned notification/submission date (if applicable) (year, quarter)	Date of tacit agreement/ approval by Commission (if applicable)	Planned start of implementation (year, quarter)	Planned completion date (year, quarter)	Priority Axis/ Investment priorities	Current state of realisation — financial progress (% of expenditure certified to Commission compared to total eligible cost)	Current state of realisation — physical progress Main implementation stage of the project 1.completed/in operation; 2.advanced construction; 3.construction; 4.procurement; 5.design	Main outputs	Date of signature of first works contract ⁽¹⁾ (if applicable)	Observations (if necessary)

⁽¹⁾ In the case of operations implemented under PPP structures the signing of the PPP contract between the public body and the private sector body (Article 102(3) of Regulation (EU) No 1303/2013).

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

Not applicable for the programme.

Any change planned in the list of major projects in the cooperation programme

Not applicable for the programme.





8.2 Joint action plans

Progress in the implementation of different stages of joint action plans

Not applicable for the programme.

Table 8: Joint action plans

Title of the JAP	CCI	Stage of implementation of JAP 1. completed 2. > 50% implemented 3. Started 4. approved 5. submitted 6. planned	Total eligible costs	Total public support	OP contribution to JAP	Priority axis	Type of JAP 1. normal 2. pilot 3. YEI	[Planned] submission to the Commission	[Planned] start of implementation	[Planned] completion	Main outputs and results	Total eligible expenditure certified to the Commission	Observations (if necessary)

Significant problems encountered and measures taken to overcome them

Not applicable for the programme.



REPORTING SUBMITTED IN YEARS 2017, 2019 AND FINAL IMPLEMENTATION REPORT

9 ASSESSMENT OF THE IMPLEMENTATION OF THE COOPERATION PROGRAMME

9.1 Information in Part A and achieving the objectives of the programme

FOR EACH PRIORITY AXIS — Assessment of the information provided above and progress towards achieving the objectives of the programme, including the contribution of the ERDF to changes in the value of result indicators, when evidence is available from evaluations

Priority Axis 1: Enhancing the competitiveness of SMEs

59% of the available ERDF resources are bound to 4 selected (contracted) projects, one further project was approved but not yet contracted in 2018. The operations will contribute to the competitiveness of the regional enterprises:

- equality receives specific attention in encouraging women in traditionally male jobs in femcoop PLUS,
- REGIONET Competitive gives impulse to international competitiveness through networking and cross-border cooperation between SMEs of the border region,
- specific focus is laid by InnoWood on one of the leading branches in the region, wood industry, to strengthen its innovation and competitiveness,
- young enterprises (<5 years) are supported in SMART-UP with mentoring and coaching services and a start-up community is built to increase innovation performance.

Forecasted outputs by these projects will definitely ensure the fulfilment of the output targets of the priority. The milestone value for the performance framework (OI11) has been achieved, and the other indicator in the priority axis (OI12) is on the right track.

Project reports submitted by these projects reflect the implementation status until about early-mid-2018. Expenditure in the pipeline, occurred and paid by the beneficiaries until the end of 2018 and submitted for verification or already verified by the FLC, is between 2-2.5 million Euro (1.6 million of that was certified to the Commission in the first two payment applications of the programme).

The result indicator RI11 (survival rate of enterprises), is based since CP modification No 2 on stable NUTS 3 level Eurostat data. A sharp decline was experienced in enterprise survival statistics since the baseline year 2014 until 2016, followed by modest increase in the years 2017 and 2018, slowly approaching the target of 62%. The selected projects can play an essential role to counterbalance negative impacts and contribute to the increasing tendencies.

Priority Axis 2: Protecting the environment and promoting resource efficiency

82% of the available ERDF resources are bound to 11 selected projects in three specific objectives, and one further project was approved but not yet contracted in 2018. The





selected operations will contribute to topics like sustainable tourism, including the development of the national- and nature parks' offer, the protection of local species, and in various ways to the protection and management of the water bodies.

- PaNaNet+ supports the coordinated use of natural and cultural heritage, by developing and optimising sustainable, cross-border, accessible (barrier-free) nature-tourism offers,
- the cross border alpannonia plus hiking trail and related eco-touristic offers are optimised,
- Weinidylle AT-HU is about making the most of typical regional wine cellars for regional tourism, and this by developing competitive service-packages and fostering joint marketing and booking opportunities for tourists,
- Velloregio utilises the cross-border potential of natural and cultural heritage combined with cycling tourism,
- conservation activities (mainly ecological monitoring) on both sides of the border, are co-ordinated in Vogelwarte Madárvárta 2 for jointly designated target species and habitats,
- cross-border research work and long-term conservation plans in WeCon are supposed to contribute to the improved protection of habitats in wetlands and the connectivity between such Natura 2000 areas, so to prevent biodiversity loss,
- the harmony between Natura 2000 areas and cultivated areas in the Vienna-Győr region has a lot to thank to the project AgriNatur AT-HU, which also runs research on the optimisation of agriculture line with nature protection aspects,
- the giant SEDDON II, an EUSDR Priority Area 7 flagship project (DREAM -Danube River Research and Management) creates unique sediment research infrastructure, a joint monitoring and modelling system, and guideline for joint river engineering measures with the contribution of neighbouring Interreg programmes (ATHU, SKAT, ATCZ) and the Investments in Growth and Employment Austria 2014-2020 – Operational Programme,
- virtual flood models, and a warning tool are developed in RaabFlood4cast to reduce the risks of flooding in the catchment area of the river Raab
- flood protection measures on river Leitha/Lajta were handled by small scale infrastructure activities in the project PLATFORM (activities finished in 2018, but reports partly still pending),
- the preservation of good water quality on Lake Neusiedl is supported by REBEN, which gives concrete proposals to support efficient exchange of water and substances between the open water and the reed belt

Forecasted outputs of these operations ensure the fulfilment of all OI targets of the priority, except OI25, where the MC should still select projects that would contribute to protection measures including investments. Actual performance of the projects is appropriate to the phase of implementation they are in. As however, output achievements are often planned for the project closure, and reports are delayed, they are not reflected fully in the milestone values of output indicators.

Project reports are in best case available until mid-2018, in few cases however, reports past mid-2017 have not yet been submitted due to various reasons. Expenditure in the pipeline, occurred and paid by the beneficiaries until the end of 2018 and submitted for verification or already verified by the FLC, is between 5-5.5 million Euro (1.8 million of that was certified to the Commission in the first two payment applications of the programme).

In terms of result indicators the slowly increasing tendency in overnight stays (RI21) continues. Projects selected in SO21 have clear contribution to this indicator. In the value of indicators RI22 and RI23 there is not a noticeable shift from baseline values according to the report about them in AIR2017 (next time they will be reported in 2020).





The above listed selected projects in SO22 ensure a positive contribution to the improved conservation status of Natura 2000 territories, and projects in SO23 to the enhanced chemical and ecological condition of border water-bodies.

Priority Axis 3: Promoting sustainable transport and removing bottlenecks in key network infrastructures

More than half of the available ERDF resources are committed to 2 contracted projects, and including the four road infrastructure projects that were approved but not contracted in December 2018, 96% of the available funds are bound. The selected operations will contribute to development of the rail and road infrastructure across the border, and to the enhancement of sustainable mobility in general.

- the crossborder railway line between Fertőszentmiklós-Neusidl am See is updated in the project Crossborder Rail, including electrification of the whole track, track construction works, reconstruction and establishment of safety equipment including road crossings and measures to increase traffic speed,
- the project SMART Pannonia focuses on cross-border mobility in the programme area by setting up a cross-border transport platform, connecting service providers, solutions facilitating smart mobility, intermodal cycling measures and cross-border railway planning activities.

Forecasted outputs of selected projects ensure the fulfilment of CO12 (the length of upgraded railway line is already above the milestone). OI31 will be also achieved after a recent modification included additional studies in the project CB Rail. The road infrastructure related indicators CO13 and CO14 will receive contribution from the four road projects contracted in April 2019.

SMART Pannonia is currently the only project that has indicators OI32 and OI33. According to the approved content of the project, the OI33 target and a good part of OI32 will be achieved.

The financial implementation of this priority axis is lagging behind the most. Due to various reasons the verification of the expenditure incurred in the railway project is still delayed, and the implementation of activities on the Hungarian side struggles with a late start. Project level reporting in SMART Pannonia is also put back mostly due to delayed verification in Austria. However, expenditure in the pipeline, occurred and paid by the beneficiaries until the end of 2018 and submitted for verification or already verified by the FLC, is between 5.5-6 million Euro (of which only 250 thousand was certified to the Commission in the first two payment applications of the programme).

There is slight shift upwards in the number of intermodal public transport nodes (RI32) according to the AIR2017. In terms of both result indicators (RI31: Average travel time and RI32: Intermodal public transport nodes) next reporting is foreseen in 2020. Both result indicators are taken care of by the selected projects (incl. also road infrastructure).

Priority Axis 4: Enhancing institutional capacity and an efficient public administration

11 contracted (2 further approved but in 2018 not yet contracted) projects are linked to this priority axis. More than half of the available ERDF resources are committed to contracted projects, and about 66% altogether is bound to approved ones. The selected operations will contribute to improved cooperation between labour market organisations, public bodies in the topics like renewable resources, health and elderly care. Several





education projects contribute to provide up-to-date knowledge in various age groups and a variety of topics.

- BIG AT-HU develops new educational methods and materials to foster linguistic, social and intercultural competences for kindergartens and primary schools in the border region,
- Age-friendly Region seeks to develop strategies and improve coordination of existing resources/services to improve the quality of care and everyday life of older people in care homes and in home care,
- large scale partnership for the joint, improved positioning and tapping the potential of the regional purchasing power is at the heart of City Cooperation II gathering eight Austrian, seven Hungarian (and nine Slovenian) cities, which are already committed in long-term cooperation through a trilateral cooperation pact,
- Austrian veterinary students and researchers together with Hungarian experts in agriculture and animal feed cooperate in CEPI aiming at the production of safe and high quality poultry products and decreasing the incidence of zoonotic diseases through research, knowledge exchange and publications for the scientific community,
- the main objective of ConnReg AT-HU is to share knowledge and information in the interest of common cross-border spatial development, to foster mutual understanding within regional management structures and to raise awareness of various cultural and organizational characteristics,
- the project Ökoachse aims at improving the use of raw material, solid waste and sewage sludge as well as at supporting institutional harmonization of the energy sector at the cross-border level,
- artificial intelligence and robotics are to be promoted in education with the project EDLRIS, thanks to the development of tailored and certified trainings both for trainers and youngsters,
- project REBE II contributes to sustainable development and labour-force employability, thus supports regional growth by setting up a cross-border tri-semester training in comprehensive knowledge on the basic principles of energy technology, energy efficiency and renewable energy,
- Fairwork aims at institutionalizing existing co-operations between employment-related authorities to create sustainable cross-border co-operation and better communication on the labour market of the border region,
- the spread of ragweed is to be tackled down with Joint Ambrosia Action, as improved knowledge, data exchange, more efficient spread detection and treatment tools as well as overall close cross-border institutional cooperation are to be developed through this project,
- with exchange of training methods, camps, training courses and competitions for kids and for trainers, the aim of the sports project Wrestling without borders is to connect wrestling associations in Austria and Hungary and raise interest for this classic Olympic sport art.

Forecasted outputs of the selected projects will definitely ensure the fulfilment of OI41, "Actors involved in cross-border cooperation" (the milestone value has been achieved), and project forecasts are also approaching CO46 (Number of participants in joint education and training schemes...) and OI42 (Joint cross-border cultural, educational, recreational and other type of community events and actions) targets. There is sufficient financial room in the priority axis to approve new projects that could fill the gaps in CO46 and OI42.

Probably also due to the fact that projects in priority 4 have the least delay in reporting (mostly covered until mid-2018), the financial implementation of the priority axis has achieved 81% of the financial indicator milestone. Expenditure in the pipeline, occurred and paid by the beneficiaries until the end of 2018 and submitted for verification or already verified by the FLC, was more than 4.8 million Euro (60-70% more than the 2.6





million certified to the Commission in the first two payment applications of the programme).

In terms of result indicators, report about RI41 (Level of cooperation quality in the border region) was examined for AIR2017 and showed some development compared to the baseline. The next survey is planned for the AIR2020. Projects in priority axis 4 are all expected to contribute to that, by supporting better understanding in the CB region. 20 new actors involved in cross-border educational initiatives directly contribute to RI42 (Institutions involved in cross-border education schemes).

Priority Axis 5: Technical support to the programme implementation

The available ERDF resources are fully bound to TA projects approved by the MC in a written procedure following the 1st MC (3 regional TA projects and the Core TA project including costs for the MA, JS, CA and AA). The selected operations ensure the financing of the core programme institutions as well as some regional coordination and control bodies in Burgenland, Styria and West-Transdanubia. Regional coordination and control bodies in Vienna and Lower Austria are financed by national resources.

Output indicators for the technical assistance priority axis were planned in line with the expected outputs of the TA beneficiaries (and of the other regional institutions with national financing). The individual TA projects cannot deliver direct contribution to these OIs like regular projects do, the OI values are produced during the implementation of the programme by all involved institutions together. Forecast values are the same as the programme targets defined in the CP. Concerning actual performance, most of the OIs in the priority axis 5 have already reached the target value, as they were linked to the set up of basic structures for the implementation of the programme. Other OIs in the PA5 are sufficiently advanced.

For the priority axis 5 there are no result indicators specified in the Cooperation Programme.

For more details of the work done in the frame of the TA projects, problems and solutions found, see also other parts of the annual implementation report, especially section 5.

9.2 Specific actions taken to promote equality between men and women and to promote non-discrimination, in particular accessibility for persons with disabilities, and the arrangements implemented to ensure the integration of the gender perspective in the cooperation programme and operations

An assessment of the implementation of specific actions to take into account the principles set out in Article 7 of Regulation (EU) No 1303/2013 on promotion of equality between men and women and non-discrimination, including, where relevant, depending on the content and objectives of the cooperation programme, an overview of specific actions taken to promote equality between men and women and to promote non-discrimination, including accessibility for persons with disabilities, and the arrangements implemented to ensure the integration of the gender perspective in the cooperation programme and operations





Applicants mark in the application the contribution of their projects to the horizontal principles equal opportunity and non-discrimination as well as to equality between men and women on a scale of negative-neutral-positive. This section of the AF includes also a description where they write how the contribution is delivered (where applicable) or give a justification if there is no contribution. The relevant section of the application is subject to evaluation in the quality assessment. Projects that declare a justified positive contribution to one or more of the horizontal principles (incl. also sustainable development) get a higher score. If a positive contribution is not available or the given justification is not founded, a lower score is given. A negative contribution to any of the horizontal principles would result in giving 0 points to this assessment criterion. According to the general rule for evaluation criteria 0 points would be a strong signal to the MC, meaning that there are serious problems with the project. The MC is expected to discuss criteria where 0 points are given, and approval may be only be possible, if a sufficient answer is available to the problem (either in the MC, in the form of a condition or in a resubmitted application).

Although there is no specific priority axis or specific objective in the programme that would directly target equality between men and women or non-discrimination, several priorities include projects that have such targets.

One selected labour market related project in the priority axis 1 is specifically targeted at women on the labour market (femcoop PLUS), and another one in the priority axis 4 (WomEn-Puls) – although the latter one is approved but was contracted later on 22.01.2019. In addition two further projects (Fairwork, Wrestling without borders) at priority axis 4 (TO11) have confirmed positive contribution to equality between men and women.

The project Age-friendly Region, is specifically focused on an equal opportunities and non-discrimination related target, elderly care. 5 further projects have taken on their agenda confirmed equal opportunity targets, like e.g. accessibility and minority issues (PaNaNet+, CrossBorder Rail, Fairwork, VELOREGIO, Wrestling without borders).

In total 7 of the 28 selected projects (25%) have confirmed targets related to equality between men and women or equal opportunities and non-discrimination, which proves the sensitivity of the programme and of its projects to equal opportunities!

9.3 Sustainable development

An assessment of the implementation of actions to take into account the principles set out in Article 8 of Regulation (EU) No 1303/2013 on sustainable development, including, where relevant, depending on the content and objectives of the cooperation programme, an overview of the actions taken to promote sustainable development in accordance with that Article

Applicants mark in the application the contribution of their projects to the horizontal principle sustainable development. This section of the AF includes also a description where they write how the contribution is delivered (where applicable) or give a justification if there is no contribution. The relevant section of the application is subject to evaluation in the quality assessment. Projects that declare a justified positive contribution to one or more of the horizontal principles (incl. also equality between men and women





and non-discrimination) get a higher score. If a positive contribution is not available or the given justification is not founded, a lower score is given. A negative contribution to any of the horizontal principles would result in giving 0 points to this assessment criterion. According to the general rule for evaluation criteria 0 would be a strong signal to the MC, meaning that there are serious problems with the project. The MC is expected to discuss criteria where 0 points are given, and approval may be only possible, if a sufficient answer is available to the problem (either in the MC, in the form of a condition or in a resubmitted application).

The relevant line ministries for environmental issues from both Austria and Hungary are represented in the MC as voting members, and ensure that the sustainable development goals are pursued in the implementation of each priority. The priority axis 2 is specifically devoted to sustainable development related issues, like

1. the protection, promotion and development of natural (and cultural) heritage,
2. improving the ecological stability and resilience of landscape and ecosystems,
3. and improving the management and protection of water bodies.

A large number of projects have been already approved and contracted in this priority, and the forecasted values of their main outputs are already sufficient to achieve programme targets. Actual achievements are proportionate and targets are realistic. Practically all priority axis 2 projects except one have confirmed sustainable development related targets (Vogelwarte Madárvárta 2, PaNaNat+, SEDDON II, alpannonia plus, Raab Flood 4cast, PLATFORM, AgriNatur AT-HU, REBEN, Velloregio and WeCon).

All other priorities include projects with confirmed sustainability goals. In priority axis 1 InnoWood brings innovative approach to wood industry. In priority axis 3 transport related projects contribute to the sustainability objectives by promoting green transport alternatives (rail, bicycle, multimodal transport) (CrossBorder Rail, SMART-Pannonia). Also some projects in priority axis 4 support institutional capacities and education in topics related to sustainable development (Ökoachse, CEPI, REBE II, Joint Ambrosia Action).

In total 17 of the 28 selected projects (60%) have confirmed targets related to sustainable environmental development, proving the very strong environmental orientation of the programme and of its projects.

9.4 Reporting on support used for climate change objectives

Figures calculated automatically by the SFC2014 based on categorisation data.

Optional: clarification on the given values

A contribution to the climate change objectives is foreseen according to the CP by operations financed in the priority axes 2 and 3.

7 selected projects support the climate change objectives in the priority axis 2 (3 in SO22, 4 in SO23). Intervention codes 21, 85 and 86 are involved, the total eligible cost of these selected operations is 19.1 million Euro.

2 selected projects support the climate change objectives in the priority axis 3 (1 in SO31 and SO32 each). Intervention codes 26 and 36 were selected for these projects.





The total eligible cost of these selected operations is 15.8 million Euro.

The selected intervention codes have a coefficient of 40% according to Table 1 of Annex 1 in the Implementing Regulation (EU) 215/2014. The total contribution of the 9 projects having climate change relevant intervention codes is 11 878 359 Euro, making 91% of the indicative amount of support (12 994 602.80 Euro) in the CP, to be used for climate change objectives.

Projects in the pipeline (approved but not yet contracted in 2018) can contribute to raise this to 12.4 million Euro, or over 95% of the target.

9.5 Role of partners in the implementation of the cooperation programme

Assessment of the implementation of actions to take into account the role of partners referred to in Article 5 of Regulation (EU) No 1303/2013, including involvement of the partners in the implementation, monitoring and evaluation of the cooperation programme

The partnership principle is respected in the composition of the MC, as laid down in the Cooperation Programme, in accordance with Article 5 and 48 of the CPR. Line ministries representing the thematic fields in the programme and regional and local bodies act in the MC as voting members. Competent urban and other public authorities, economic and social partners and relevant bodies representing civil society are invited and take part in the MC as advisory members. As decisions in the MC are always made in consensus, advisory members have the possibility to express their views and contribute to the decisions regarding programme steering and monitoring, even though they do not have explicit voting rights. Similarly their interests and views can be expressed in the MC regarding project selection. Some line ministries and the Danube Region Strategy Coordination from both member states are invited to the MC as experts, if their respective topic is on the agenda.

As the potential circle of applicants and the circle of institutions that are able to contribute with their expertise to the implementation of the partnership principle in the MC are limited in the programme region, overlaps in these circles and therefore conflict of interests may occur. In such cases the MC member(s) concerned leave(s) the room. Further contribution of partners to the operation of the MC or in other forms to the implementation of the programme, such as identified by Article 5 of CPR, have not been recorded.

Further involvement of the wider public has been ensured by the annual events in 2017 and 2018. For more information about that, see section 10.2.

Compared to the previous period, the thematic focus of the programme includes new elements in the first priority axis, with focus on topics of economic development and innovation, therefore a new circle of potential applicants is targeted. According to the special criteria and principles for the selection of applications in PA4 (TO11) involvement of partners new to the programme is considered as an advantage. This aspect is part of the project assessment – although no specific score is allocated to it, because specific criteria are not comparable across the priorities. New applicants are welcome also in other priorities. Information about the programme has been available on the programme website for all potential stakeholders and possible new applicants. In 2018 more than





50, since programme start over 230 personal consultations with applicants took place with the involvement of RCs and the JS (see communication indicators in section 10.2) in order to support the involvement of (new) applicants in the programme.

From result indicator RI42 (Institutions involved in cross-border education schemes) we know that since the launch of the programme 20 new actors have been involved in education projects supported by the programme. This is 74% of all partners and strategic partners working in the selected education projects! Even if strategic partners are not counted half of the project partners in education projects are new (10 out of 20). Given that in a small programme area with limited number of potential actors the circle of applicants and beneficiaries often includes “known faces”, this is a very high number. This indicator is in compliance with the expectation set in the special selection criteria for applications in PA4 (TO11). Similar indicators for other priority axes are not available.

10 OBLIGATORY INFORMATION AND ASSESSMENT ACCORDING TO ARTICLE 14(4), SUBPARAGRAPH 1 (A) AND (B), OF REGULATION (EU) NO 1299/2013

10.1 Progress in implementation of the evaluation plan and the follow-up given to the findings of evaluations

The evaluation plan was approved by the MC at its meeting on 14-15th December 2016, and defined two evaluation phases.

The first part of the programme evaluation has addressed the programme structures and processes and the implementation of the communication strategy. The tender for this first phase was launched in April 2018. The evaluation work started in June and its results were presented to, and the evaluation report was approved by the MC in November 2018.

Section 4 of the AIR includes a synthesis of the evaluation based on the executive summary of the final report for the first phase of the evaluation.

Concerning the first part of the evaluation, as the content of the report was approved in November 2018, and the text finalised in January 2019, follow up activities were not performed in 2018 yet.

Until the time this AIR is being prepared, the recommendations of the evaluation (see also section 5) were discussed in 3 subsequent BWG meetings during the first half of 2019. The MA and JS organised an internal workshop in early April 2019 to reflect on the findings and recommendations from the evaluation and on the concrete actions proposed by the BWG. As a result of these, several actions have already been launched or at least partly implemented, such as:

- development of a list of frequently asked questions and answers
- measures to further accelerate contracting procedure
- development of an overview documentation for project monitoring
- regular meetings within the core management
- improved systematic sharing of information on various procedures





- common data sharing platform (for internal use of programme bodies, and also for the purposes of documentation related to partner (financial) reporting)
- development of a new structure for trainings to beneficiaries
- development of a feedback template for programme events
- development of a new shared work plan and its monitoring for the MA and JS, incl. revision of certain responsibilities
- introduce new standardised elements into event minutes for a better overview
- involvement of external support and improved programme communication activities are foreseen.

To ensure further continued communication and harmonisation with other Interreg programmes, the programme has decided to actively participate with Interact in the core group for the development of new harmonised implementation tools (HIT) and also applied to participate in the core group for the development of the community monitoring system 2020+.

These reflections to the evaluation recommendations will be continued and potentially further extended.

The second part of the evaluation focuses on the efficiency, effectiveness and impact of the programme. Among others, the evaluation is supposed to assess the scope and underlying factors of programme impacts in each thematic priority, it should unveil to what extent the chosen intervention logic is cost-efficient, reflect on the indicator achievements and the indicator system, and besides that, the results of the evaluation are also expected to provide valuable pieces of information supporting programme communication. The evaluation shall provide inputs and recommendations for the upcoming 2021-2027 programming exercise.

The respective tender for the second phase of the evaluation was published on 07.04.2019, the evaluation work is supposed to start in June and it should be finished until the end of 2019.

10.2 The results of the information and publicity measures of the Funds carried out under the communication strategy

The communication strategy of the programme defines two main communication objectives. The measures implemented accordingly are described in the sections below.

Communication Objective 1: to ensure the quality of cross-border cooperation projects and its strong impact on the programme area

1.1. Consultation with potential applicants

Until 2018 four full selection rounds were completed, the fifth submission deadline was over at the end of the year. In the five rounds 89 applications were actually submitted, some more were prepared, and at least around 230 personal consultations were offered by the RCs and JS to the applicants. RC, the JS and the MA had continuous consulting and communicating tasks with applicant and beneficiaries. Thanks also to this support, since beginning more than 45% of submitted applications were approved.

1.2. Assisting applicants and beneficiaries in eMS-related questions

eMS was launched in 2015 and further developed on an on-going basis since then, most noteworthy being the 4_1.1 update in November 2018. 2018 was marked by a tremendous increase of the work of FLCs and need for monitoring by the JS/MA. First payments were issued to beneficiaries in May 2018. The time needed to get acquainted with eMS





reporting tools gave rise to varied questions from beneficiaries, FLCs, CA, RCs for which the JS provided support.

1.3 Consultation with beneficiaries and project training for approved projects

Intensive communication work was started in 2016 and continued since then. This includes phone conversations, e-mail discussions, personal meetings and project trainings. Since call launch contract preparation meetings were organized in 4 rounds for beneficiaries of approved projects and 2 lead partner seminars were held, the majority of these events taking place in 2018.

1.4 Further development of the existing documentation

Major steps in the development and release of the necessary documentation for applicants and beneficiaries were achieved in 2016 and 2017. Consequently, the work carried out in 2018 mainly consisted in updating available documentation. The Microsite Manual was released in early 2018, the Application Manual and the Implementation Manual had one, the Eligibility Manual had recently two small updates (the latter one reflecting the Omnibus Regulation). These updates provide clarification to existing programme rules. Transparent versioning information is provided at the end of the respective manuals. Valid versions of the documents are published on the programme website.

1.5 Programme and project logos

The programme logo was designed in 2015. The Program gives beneficiaries the opportunity to decide if they wish to use a project logo based on the programme logo which meets all formal requirements, i.e. a so-called Interreg project logo. Until 2018 25 of all 28 contracted projects make use of the Interreg project logo, providing good visibility and easy identification with the programme and the fund.

1.6 Programme website

The programme website includes project sub-sites and is now fully operational. Project partners can additionally provide the JS/MA with specific information and materials to support the dissemination of project results. The newsletter function was finalized in 2018 and a newsletter sent in December 2018 to communicate on the programme's best wishes for end-of-the-year celebrations. Besides, this should be noted that tools such as the Backoffice sections and registration function supported the information flow during the whole year 2018.

1.7 Project microsities

Despite the direct support provided by the MA and the JS to beneficiaries, beneficiaries reported on difficulties in getting acquainted with the features of the system. However, the lack of attention paid by beneficiaries to the manual on microsities should be pointed out as a major issue leading to those difficulties, which led to an important increase of the workload for the MA controlling proper data input.

The resulting bottleneck could not be solved yet and many microsities remain to a large extent without sufficient content, when at all available. This issue was pointed out in the results of the evaluation of the communication strategy and will be addressed in 2019.

1.8 Further communication-dissemination activities





Promotion materials have been produced already in 2015 and continuously disseminated since then. The Final Brochure of ETC Cross-border Cooperation Programme Austria-Hungary 2007-13 was for instance in particular disseminated during the Annual Event 2018.

Communication Objective 2: to attract wide interest towards the benefits of cross-border cooperation

2.1 Programme Annual Events

Following unsuccessful efforts in 2016 to organise a non-ordinary kick-off event, it was finally possible to realise a programme event on 30.05.2017. At this, the history of the past 20 years of funding programmes in ATHU cross-border cooperation was reviewed with a big audience, but in a very friendly atmosphere, and the pedestrian underpass to the international railways at the railway station in Sopron has been beautified. By displaying the 4 thematic objectives, it is represented to the public what the programme is about and what it stands for.

The annual event 2018 was organized in Vienna on 27.09.2018 with focus on research and education in cross-border projects. To gain greater visibility, the programmes Austria-Hungary, Austria-Czech Republic, Slovakia-Austria and the Municipality of Vienna jointly organized this event. The Austrian Museum for Applied Art was chosen as a venue giving the participants the possibility to visit for free the exhibition "Post Otto Wagner" hosted by the Museum as partner of an AT-CZ project Bilateral Design Networks.

2.2 Project kick-off conferences

Joint Secretariat and Managing Authority try to be present at as many project events as possible as this also increases visibility of the programme and enhances cooperation of projects with the programme beyond just formal issues.

Communication indicators 2018

Indicator [Source of data]: Value achieved in 2018

- No. of programme meetings (MC, RC network, FLC network) (Data collected by JS): 25
- No. of consultations with applicants (RCs and JS) (Data collected by JS): >230
- No. of received applications (eMS): 89
- % of the approved applications out of all applications submitted (eMS): 45.6%
- No. of downloads of programme manuals from the website (Counter on website): 7920
- No. of participants of MA/JS staff to events/meetings of Interact or other Interreg programmes or other activities focused on exchange of experiences between programmes (Data collected by JS): 42
- No. of press releases or other media exposures of the projects (Project reporting): not available - estimation is approximately 44, 2 per approved projects
- No. of projects active in one or more social media platforms (Data collected by JS, Project reporting): 11 (mainly Facebook pages)
- No. of visitors to programme website (Counter on website): 43775





11 ADDITIONAL INFORMATION WHICH MAY BE ADDED DEPENDING ON THE CONTENT AND OBJECTIVES OF THE COOPERATION PROGRAMME

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

Not applicable for the programme.

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

Not applicable for the programme.

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

The programme pays due attention to the European Strategy for the Danube Region (EUSDR) during implementation. Various priority areas of EUSDR are reflected in the thematic objectives of the programme, as laid down in the CP.

Applicants indicate in their application if the project contributes to the EUSDR and describe in what way. The relevant section of the application is subject to evaluation in the quality assessment criteria "The project clearly contributes to a wider strategy on one or more policy levels (EU / national / regional)". Although a contribution by the project to the macro-regional strategies is not a requirement (clear correspondence to regional and/or national strategies is sufficient to reach maximum score at this criteria), most projects indicate their contribution to EUSDR, confirmed in the majority of cases in the RC contribution to the evaluation as well as in the final consolidated assessment.

Based on that, selected ATHU projects contribute to

- Priority Area 3 (Culture & Tourism), Priority Area 8 (Competitiveness of Enterprises), Priority Area 10 (Institutional Capacity & Cooperation) in 4 cases each
- Priority Area 6 (Biodiversity & Landscapes) in 3 cases
- Priority Areas 1B (Rail-Road-Air Mobility), 4 (Water Quality), 5 (Environmental Risk), 7 (Knowledge Society) and 9 (People & Skills) in 2 cases each
- Priority Area 2 (Sustainable Energy) in one case

Besides most projects being in line with one or the other of the EUSDR priority areas, a specific contribution is expected by the project SEDDON II, an EUSDR Priority Area 7 flagship project DREAM (Danube River Research and Management), which was selected for funding in the first decision round. The contracting of SEDDON II was long delayed as the overall financing of the project had to be ensured by several programmes, but it was finally contracted on 23rd February 2018. SEDDON II and 2 further water management related projects in the first decision round (Raab Flood 4cast and Platform) received a letter of recommendation by the Steering Group of the EUSDR Priority Area 5, stating that they contribute to the achievement of the targets and goals of the relevant actions in PA5. Raab Flood 4cast and Platform were contracted in 2017. SEDDON II and





Raab Flood 4cast are still being implemented, while Platform was the first project that closed its implementation by 31.12.2018. Even though its final report is still pending at the time when the AIR2018 is being prepared, according to its already submitted reports this project has contributed to the achievement of the performance framework milestone of OI29. Based on its known actual performance Platform has reached all of its planned main outputs.

11.4 Progress in the implementation of actions in the field of social innovation

The CP states that at priority axis 1 (mainly targeting the research and innovation capacities of SMEs) special attention will be given among others to social innovation. In line with this the MC has selected the projects femcoopPLUS, encouraging female entrepreneurship and women in traditionally male jobs. Although not specifically in priority axis 1, the project WomEn-Puls (priority axis 4, TO 11), has similar objectives, supporting women working in the public administration. While WomEn-Puls was approved in 2018 and contracted in January 2019 and it was not yet active in 2018, femcoopPlus is approaching its project closure in the second half of 2019. The beneficiaries of femcoopPLUS are among the most enthusiastic project holders of this programme, and their reported achievements are also exemplary. Project reports have caught up since initial delays, and reported main outputs have already reached target values both in terms of SMEs involved in cooperation projects (OI11) and Intermediate organisations involved in cooperation projects (OI12).





REPORTING SUBMITTED IN YEAR 2019 AND FINAL IMPLEMENTATION REPORT

13 SMART, SUSTAINABLE AND INCLUSIVE GROWTH

Information and assessment of the programme contribution to achieving the Union strategy for smart, sustainable and inclusive growth.

EUROPE 2020: A strategy for smart, sustainable and inclusive growth (hereinafter referred to as EU2020) is the EU's agenda for the period of 2010-2020. The EU2020 strategy is used as a reference framework for activities at EU and at national and regional levels when designing interventions. The main aim of the strategy is to turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion.

It puts forward three priorities:

- Smart growth: developing an economy based on knowledge and innovation.
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy.
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

EU2020 has the following indicator targets:

Employment

- 75% of people aged 20–64 to be in work

Research and development (R&D)

- 3% of the EU's GDP to be invested in R&D

Climate change and energy

- greenhouse gas emissions 20% lower than 1990 levels
- 20% of energy coming from renewables
- 20% increase in energy efficiency (equalling a reduction to 1 483 million tonnes of oil equivalent (Mtoe) of primary energy consumption

Education

- rates of early school leavers below 10%
- at least 40% of people aged 30–34 having completed higher education

Poverty and social exclusion

- at least 20 million fewer people in – or at risk of – poverty/social exclusion

In general, the link of the Cooperation Programme INTERREG V-A Austria-Hungary to the EU2020 main goals is ensured by the definition of thematic objectives (Article 9, CPR) and the requirement for thematic concentration (Art. 5 ETC).

Due to their compliance with the programme specific objectives, with the links between project main outputs and the programme output indicators, and through the contribution to the programme's result indicators, selected projects necessarily contribute to EU2020.

For more specific links the **selected projects** have been categorised according to their link to the **three main EU2020 priorities**. A link has been established, if the selected operation has any (even slight) component that is compliant with the EU2020 priority in





question.

The following selected projects have components that link them to **smart growth**:

- femcoop PLUS, REGIONET Competitive, EDLRIS, SEDDON II, SMART-Pannonia, City Cooperation II, CEPI, AgriNatur AT-HU, SMART-UP, InnoWood,
- representing all priority axes of the programme, but typically projects in the priority axis 1 (TO3) and priority axis 4 (TO11).

The following selected projects have components that link them to **sustainable growth**:

- Vogelwarte Madárvárta 2, PaNaNet+, Ökoachse, SEDDON II, CEPI, alpannonia plus, REBE II, Raab Flood 4cast, PLATFORM, AgriNatur AT-HU, Joint Ambrosia Action, REBEN, VELOREGIO, WeCon
- representing primarily priority axis 2 (TO6), but also some projects in priority axis 4 (TO11).

The following selected projects have components that link them to **inclusive growth**:

- BIG AT-HU, PaNaNet+, femcoop PLUS, EDLRIS, Age-friendly Region, CrossBorder Rail, City Cooperation II, REBE II, ConnReg AT-HU, Fairwork, Weinidylle AT-HU, VELOREGIO, Wrestling without borders
- representing all priority axes of the programme, but typically projects in the priority axis 4 (TO11).

Similarly, it has been examined, how the **specific objectives** of the programme are linked to the 5 **EU2020 targets** (employment, R&D, climate change and energy, education, poverty and social exclusion). For that, if one or more of the projects supported in the given specific objective have a link (even a slight one) through their activities and main outputs to the EU2020 target in question, the link was marked.

The following specific objectives of the programme are linked to the **employment** target:

- SO11, SO21, SO22, SO23, SO41, SO42

The following specific objectives of the programme are linked to the **R&D** target:

- SO11, SO22, SO23, SO41, SO42

The following specific objectives of the programme are linked to the **climate change and energy** target:

- SO21, SO22, SO31, SO32, SO41, SO42

The following specific objectives of the programme are linked to the **education** target:

- SO11, SO21, SO22, SO41, SO42

The following specific objectives of the programme are linked to the **poverty and social exclusion** target:

- SO11, SO41, SO42

It is prominent, that the priority axis 4 (SO41 and SO42) has a potential to contribute to all important EU2020 targets, while the impact of projects in priority axis 3 (SO31 and SO32) is expected only in the reduction of environmental burden (climate change and energy target). The other specific objectives have more mixed impacts: priority 1 (SO11) has a potential to contribute to all EU2020 targets except probably the climate change and energy target. The impact of priority 2 (SO21, SO22, SO23) varies in all targets, except poverty and social exclusion.

To sum up, the programme has visible strong impact in all EU2020 priorities and targets, with a focus on the sustainable growth priority – not neglecting the other two – and the climate change and energy target – while all specific objectives have a potential





to contribute to employment, and the R&D and education focus is also strong.

A more in depth analysis of the programme's contribution to smart, sustainable and inclusive growth could be available after the second part of the programme evaluation on its efficiency, effectiveness and impact is finalised.

14 ISSUES AFFECTING THE PERFORMANCE OF THE PROGRAMME AND MEASURES TAKEN – PERFORMANCE FRAMEWORK

Where the assessment of progress made with regard to the milestones and targets set out in the performance framework demonstrates that certain milestones and targets have not been achieved, Member States should outline the underlying reasons for failure to achieve these milestones in the report of 2019 (for milestones) and in the final implementation report (for targets).

None of the financial milestone values have been reached until the end of 2018. The total amount of eligible expenditure is in two of the four indicators (FI02 and FI03) seriously below 65% of the milestone target. With 81%, FI04 is closest to the milestone value, FI01 is at 66%.

The MC has recognised that the way the financial indicators milestone values were estimated for the cooperation program, they wouldn't be achieved. According to the MC, the financial milestones have been defined on the basis of wrong assumptions:

- the estimation of the indicator milestones in 2018 was based on the performance of the 2007-2013 programme in 2011, although 2011 was the fourth full year of implementation in the old programme, and 2018 was only the third full year in the actual one,
- the calculation of financial indicator milestones was supposed to be in line with the N+3 target for 2018, but advance payments were falsely taken into account in the calculation of the milestone to be achieved.

Therefore, in June 2018 the MC decided to submit a modification request to the EC to correct the financial indicator milestone values. The intention of the MC was clearly not to adjust milestones to the actual performance, but to correct the calculation that was -in the MC's opinion- based on false assumption.

The wrong assumption was not recognised by the EC, therefore the modification request was later withdrawn by the MA.

Even though it is acknowledged by the programme that the EC did not accept the assumption that the financial milestones were based on a false hypothesis (namely that 2018 is comparable in the actual period to 2011 in the previous one), and therefore did not take into consideration the proposed modification, it is observed that the actual financial performance of the programme and the delay in the financial achievement is comparable to the extent described earlier.

The actual total eligible expenditure incurred and paid by beneficiaries and certified to the Commission by 31.12.2018 would have been enough to achieve the financial milestones according to the modification proposal. The 15M€ of total expenditure that was declared by beneficiaries or declared and verified at the end of 2018 according to reports





in the pipeline, (or even a larger amount) is going to be certified to the Commission in 2019. As 2019 will be the fourth full year of the programme's implementation comparable to 2011 in the previous period, we can definitely say that with a correction of the assumed wrong hypothesis, the milestone values would have been correct and realistic, for 2019 (instead of 2018). Speaking of that, if project reporting wasn't delayed, at least a part of the underperformance in terms of financial indicators could have been corrected. Delayed reporting had therefore a negative impact on the achievement of 2018 milestones, but according to available time plans for project implementation, does not endanger the achievement of final indicator targets.

In summary to the financial indicators: The actual underperformance at the financial indicators is a result of overestimated milestones, but could have been corrected partly with accelerated reporting. Expenditures in the pipeline provide the potential to achieve the financial milestone during 2019, with little delay. As the MA confirmed at the MC meeting in February 2019, the final targets are being kept in mind and are not endangered.

Output indicator values show a better picture than the financial ones.

The value of two output performance indicators (OI11 of priority axis 1 and OI41 of priority axis 4) far exceed the performance framework milestone values.

In the priority axis 2, actual achievements reach the milestone in two of three output performance indicators, OI22 and OI29. According to the forecasted values and based on the progress of the projects, the achievement of the programme target is not in danger in any of them. Zero is reported for the third output indicator CO23, because partial achievements cannot be reported related to the indicator "surface area of habitats supported to attain a better conservation status". The target value of the indicator is expected to be achieved at the closure of the project Vogelwarte Madárvárta 2, in mid-2020, and further supported territories will be reported later in two other projects.

In priority axis 3, one of the output performance indicators (CO12) has been definitely achieved in 2018, as a major part of the investment to upgrade an existing railway line, 37.93 km reconstruction on the Austrian side, is finished. Unfortunately the other output performance indicator, OI32 depends on one single selected project (Smart Pannonia), where the achievement of targets is planned mostly by project end, originally targeted at the end of 2019. Some partial achievements are available, but reports are pending.

Concerning output performance values it can be stated, that the main outputs in project reports are generally in substantial delay compared to the actual performance of the projects. While the actual performance is mostly proportionate to the status of projects on the time line, it is rarely reflected in the indicator values. Nevertheless, final targets are not in danger, in case of some indicators their achievement is realistic even earlier than 2023. This is true also for the majority of other indicators outside the performance framework.





List of tables

Table 1: Result indicators (by priority axis and specific objective); applies also to technical assistance priority axis	10
Table 2: Common and programme specific output indicators (by priority axis, investment priority); applies also to technical assistance priority axes	11
Table 3: Information on the milestones and targets defined in the performance framework	21
Table 4: Financial information at priority axis and programme level	25
Table 5: Breakdown of the cumulative financial data by category of intervention	26
Table 6: Cumulative cost of all or part of an operation implemented outside the Union part of the programme area	27
Table 7: Major projects	36
Table 8: Joint action plans	37

