

# **INTERREG-IPA Cross-border Cooperation Programme Hungary-Serbia**

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## **Annual Implementation Report 2019**

*Approved by the Joint Monitoring Committee  
on 25.05.2020*

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## ANNEX X

### Model for the implementation reports for the European territorial co-operation goal

#### PART A

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

#### 1. IDENTIFICATION OF THE ANNUAL / FINAL IMPLEMENTATION REPORT

|  |                                 |
|--|---------------------------------|
| CCI  | 2014TC16I5CB001                 |
| Title  | Interreg-IPA CBC Hungary-Serbia |
| Version  | 1.0                             |
| Reporting year   | 2019                            |
| Date of approval of the report by the Monitoring Committee | xx/05/2020                      |

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

*Key information on the implementation of the Co-operation Programme for the year concerned, including on financial instruments, with relation to the financial and indicator data. [max: 7000ch]*

After a year of consolidation, 2019 was a year of peak activities and spending. This happened, because projects from 1<sup>st</sup> call and 2<sup>nd</sup> call for proposals (CfP) were in their peak of implementation and some of them were even concluding their activities. 2019 was also the year when the 3<sup>rd</sup> CfP was prepared, opened and closed with 121 applications submitted through our monitoring system.

Answering to the request for the 2<sup>nd</sup> modification of the cooperation programme (CP), prepared and submitted in 2018 that related to the reallocation of funds between priorities, changes in the performance framework and administrative changes, the European Commission approved the new version of the CP on 12 February 2019.

The 5<sup>th</sup> joint monitoring committee (JMC) meeting was held in Subotica on 20 May 2019, where the *Rules of Procedures* were updated due to the modified membership and other administrative changes, *the annual implementation report for year 2018* was approved, and so were *the annual communication report for 2018* and *the annual communication plan for 2019*. The joint secretariat (JS) presented the 2<sup>nd</sup> modification of the CP in more detail as the basis for the preparation of the 3<sup>rd</sup> CfP. The JS presented the application package of the 3<sup>rd</sup> CfP with special focus on the differences between the 2<sup>nd</sup> and 3<sup>rd</sup> calls, and the way the 3<sup>rd</sup> CfP is targeting the programme indicators at risk. The JMC adopted the 3<sup>rd</sup> CfP application package together with the assessment manual and the updated eligibility rules of expenditures.

In 2019 the JMC took 25 decisions (19 during a JMC meeting and 6 via written procedure) concerning:

- projects modification - mainly to extend project duration. The most frequent reasons were delays in works on infrastructure and problems with procurement procedures for crucial activities;
- amendment of the TA manual – to extended the list of eligible travel and accommodation expenditure;
- amendment of four TA datasheet - to reallocate funds or to make technical changes.

The JS coordinated the approval of 12 addenda of subsidy contracts, analysed and approved 70 other project changes.

Moreover the JS has approved 179 project reports (PRs) - 6 times more than in 2018 (when it was 30) of the value of 12 403 131,41 EUR (including 10 542 659,95 EUR) - 9 times more than in 2018 (1 361 839.60 EUR).

Breakdown of IPA funds per priority axis (PA):

PA1: 4 064 774,01

PA2: 2 308 678,16

PA3: 4 676 991,88

PA4: 1 352 687,36

As mentioned, the 3<sup>rd</sup> CfP attracted 121 applications. The JS and JS Antenna (JSA), in close coordination with the managing authority (MA) and national authorities (NAs), finalised the first assessment in December 2019. 98 applications went successfully through this eligibility check and will undergo the quality check in the first half of 2020

The breakdown of applications submitted in the 3<sup>rd</sup> CfP per actions, including expected number of projects to be supported is the following:

| PA | Available funding    | Action | formally compliant | formally non-compliant | Expected number |
|----|----------------------|--------|--------------------|------------------------|-----------------|
| 1  | 1 000 000,00         | 1.1    | 2                  | 0                      | 1               |
|    |                      | 1.2    | 1                  | 1                      | 1               |
| 2  | 2 000 000,00         | 2.1    | 4                  | 1                      | 2               |
|    |                      | 2.2    | 2                  | 0                      | 1               |
| 3  | 4 000 000,00         | 3.1    | 23                 | 6                      | 5               |
|    |                      | 3.3    | 21                 | 3                      | 7               |
|    |                      | 3.4    | 19                 | 4                      | 9               |
| 4  | 3 380 000,00         | 4.2    | 16                 | 4                      | 10              |
|    |                      | 4.3    | 10                 | 4                      | 4               |
|    | <b>10 380 000,00</b> |        | <b>98</b>          | <b>23</b>              | <b>40</b>       |

The IMIS office that is responsible for maintenance of the monitoring system, the JS, the MA, the NA and the two first level controllers (FLCs) continuously contributed to the development of the Monitoring System IMIS 2014-2020 by reporting malfunctioning and various errors as well as proposing new solutions.

The Programme's website [www.interreg-ipa-husrb.com](http://www.interreg-ipa-husrb.com) remained the main communication hub of the programme towards the general public, potential applicants, the beneficiaries and other programme's stakeholders. The website also featured articles related to the European Commission (EC) and its EU-level initiatives, as well as announcements of the projects' opening conferences and tender procedures. The JS distributed four quarterly issues of the programme's newsletter.

The programme's Facebook and LinkedIn pages also provided information about the programme, news relevant to the (or for the) border region, and updates on the related EU initiatives.

The annual programme's event in 2019 was the celebration of the European Cooperation Day. JS collaborated with nine projects and marked the occasion through 15 public project events. This JS initiative helped the projects to receive more visibility via programme's channels. When it comes to the project events, 54 projects organised over 360 events that contributed to the projects' and the programme's visibility. According to the estimates provided via projects reports, the events hosted approximately 39 900 attendees.

Some of the ongoing projects took part in the initiatives run by the European Commission such as the campaign "[EU in My Region](#)" (August 2019) intended for EU-funded projects, turning photos that best represent the projects into postcards for promotional use. The projects [ActiveGirls](#) and [CommonHeritage](#) were selected among the best and received postcards.

The JS and the JSA organised 4 Info Days seminars for potential beneficiaries of the 3<sup>rd</sup> CfP: in Hungary – in Kecskemét on 30 July (27 attendees) and Szeged on 27 August 2019 (56 attendees), and in Serbia – in Novi Sad on 14 August (111 attendees) and Subotica on 28 August 2019 (67 attendees). The JS invested time and resources for capacity building of the JS by enabling the JS employees to attend altogether 8 Interact seminars in 2019.

In 2019, the JS consisted of nine employees with the following roles: the head and the deputy head of the JS, four programme managers, one programme and financial manager, one communication manager and one office manager. The JSA in Subotica operated with two programme managers, one of them having also the role of the head of JSA. Horizontal units of the hosting institution (Széchenyi Program Office Nonprofit Llc.) helped the management of the programme.

The first phase evaluation “Evaluation of the efficiency and effectiveness of the programme” was conducted by the Central European Service for Cross-Border Initiatives (CESCI). The cut-off date of the processed data was 30 September 2018. The final evaluation report was approved on 07 October 2019 by the 16<sup>th</sup> Written procedure of the JMC

In conclusion, 2019 was a successful year where the implementation went smoothly and progressed significantly towards the achievement of programme’s goals.

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

#### 3.1. Overview of the implementation [max 1750ch per PA]

| ID   | Priority Axis   | Key information on the implementation of the Priority Axis<br>With reference to key developments,<br>significant problems and<br>steps taken to address these problems  |
|------|---|---|
| PA 1 | Improving cross-border water management and risk prevention systems | <p>The priority represents <b>28.94 % of the IPA funding</b> allocated for the programme (18 850 000 EUR).</p> <p>The specific objective of this PA is decreasing environmental risks (e.g. drought, flood...) and preventing negative effects on quality of water bodies and nature protected areas.</p> <p><b>The beneficiaries of the PA actions are:</b> water management organisations in partnership with the relevant public organisations, local governments, associations, NGOs, etc.</p> <ul style="list-style-type: none"> <li>- The 1<sup>st</sup> CfP targeted activities of strategic importance. The two projects of this priority with the total value of 13.328 M EUR of IPA funding are progressing well, both projects will conclude their activities in 2020 since one of the projects (HUSRB/1601/11/0004, WASIDCA) that was supposed to finish in 2019, was granted an extension of duration till 2020.</li> <li>- The 7 projects of PA1 of the 2<sup>nd</sup> CfP with a total value of 4.521 M EUR of IPA funding are progressing with some delays in infrastructural investments: <ul style="list-style-type: none"> <li>- 2 of them were granted a prolongation of duration till 2020;</li> <li>- 4 concluded their activities in late 2019 and their final reports will be analysed in early 2020;</li> <li>- 1 is going according to the plan.</li> </ul> </li> </ul> <p><b>Validated costs in 2019: 4 064 774.01 (3 455 057.59 IPA) EUR</b></p> <p>There were no significant problems with the implementation of this priority and we estimate that, once the above projects will finish, they will already reach all the targets for PA1.</p> |
| PA 2 | Decreasing the bottlenecks of cross-border traffic                  | <p>The priority represents <b>23.79 % of the IPA funding</b> allocated to the programme (15 492 100 EUR).</p> <p>The specific objective of this PA is increasing the capacities of border crossing and the connected transport lines through promoting development of road transport and use of sustainable transport modes</p> <p><b>The beneficiaries of the PA actions are:</b> national-, county- and regional level bodies and their organisations responsible for the development of the cross-border transport, railway management and development companies, border control and customs administrations, organisations which are maintaining the transport stations and operating public transport.</p> <ul style="list-style-type: none"> <li>- The 2 projects contracted under this priority for 1<sup>st</sup> CfP (strategic importance) with a total of 7.696 M EUR achieved significant progress</li> </ul>   |

|      |   |  |
|------|---|--|
|      |   | <p>in 2019.</p> <p>HUSRB/1601/21/0003, Kübekháza-Rabe, concluded in 2019, and the inauguration of the constructed roads and the new border-crossing point was held in October.</p> <p>HUSRB/1601/22/0002, Dream Railway, experienced delays in core activities, which may result in a short extension of project implementation</p> <p>- The 3 projects of the 2<sup>nd</sup> CfP with the total value of 5.796 M EUR of IPA funding are progressing well; both got an extension of duration.</p> <p>HUSRB/1602/21/0061, SO-BAJA2 concluded on 31.12.2019.</p> <p>All projects will submit their final reports in 2020.</p> <p><b>Validated costs in 2019: 2 308 678.16 (1 962 376.30 IPA) EUR</b></p> <p>The problem of this PA is the delay in reaching targets of two indicators (O/I 2.1 and 2.6). This issue was tackled during the 2<sup>nd</sup> CP modification. The JS and the MA are confident that, thanks to the modification and to the project submitted in the 3<sup>rd</sup> CfP, these targets will be met.</p>   |
| PA 3 | Encouraging tourism and cultural heritage cooperation | <p>The priority represents <b>25.65 % of the IPA funding</b> allocated to the programme (16 702 000 EUR).</p> <p>The specific objectives of this PA are creation of commonly coordinated cross-border tourism destinations based on the complementary local assets in order to ensure sustainable development of tourism potentials and promoting co-operation activities in the field of culture, leisure, sport, and nature protection.</p> <p><b>The beneficiaries of the PA actions are:</b> the regional tourism organisations with the involvement of the local tourism destination management associations, NGOs, the local- county- and the regional level authorities, the local governments, the county/ and the regional level bodies and their organisations, etc.</p> <p>- The only project of the 1<sup>st</sup> CfP (HUSRB/1601/31/0005 – Colourful Cooperation) with the value of 3.177 M EUR of IPA funding is facing some delays. Of the two cultural centres planned, one was constructed as planned, while the other, due to unforeseen additional works, needed time to be completed, resulting in a 4-month prolongation.</p> <p>- The 40 projects with the value of 9.6 M EUR of IPA funding are progressing slower than anticipated with 18 projects having prolongations of duration. Still, half of the projects concluded their implementation successfully in 2019 while half are due to finish in 2020 (5 beyond June 2020). Numerous project events with tourism and cultural heritage preservation activities were organised, making the cooperation widely visible in the programme area.</p> <p><b>Validated costs in 2019: 4 676 991.88 (3 975 442.20 IPA) EUR</b></p> <p>Other than the delays, there were no problems with the implementation of the priority. All targets of this PA will be met by a large margin.</p> |
| PA 4 | Enhancing SMEs' economic competitiveness              | <p>The priority represents <b>11.62 % of the IPA funding</b> allocated to the programme (6 512 400 EUR).</p>   |

|             |  |   |
|-------------|--|---|
|             | <p>through innovation driven development</p> | <p>The specific objective of this PA is enforcing the growth capabilities and employment potential of SMEs through the development and adaptation of new technologies, processes, products or services.</p> <p><b>The beneficiaries of the PA actions are:</b> economic clusters, business and innovation support organisations in cooperation with R&amp;D&amp;I and higher education institutions, vocational and adult training organisations, labour market organisations that coordinate labour flows in the cross-border area, chambers of commerce, public organisations or NGOs, etc.</p> <p>- The 17 projects with the value of 4 198 M EUR of IPA funding were all selected during the 2CfP. They are progressing according to plan and only 3 of them were prolonged in 2019. 5 concluded their activities in 2019 and 12 will conclude in 2020, only one beyond June 2020. The developments of social entrepreneurships are in progress as well as cooperation between SMEs and research institutions in the whole programme area.</p> <p><b>Validated costs in 2019: 1 352 687.36 (1 149 783.86 IPA) EUR</b></p> <p>The most significant problem of this priority is that one programme indicator (O/I 4.3) is not covered by the projects contracted so far. This problem was addressed by the 3<sup>rd</sup> CfP and the JS and the MA are confident that projects which will be selected in 2020 will fill the gap.</p>                       |
| <p>PA 5</p> | <p>Technical Assistance (TA)</p>             | <p>The priority represents <b>10% of the IPA funding</b> allocated to the programme (6 512 400 EUR).</p> <p><b>The main results in 2019 were the sound and timely execution of all necessary measures</b> that are the prerequisite for the programme's effectiveness.</p> <p>They were:</p> <ul style="list-style-type: none"> <li>• operations of the programme bodies,</li> <li>• financing of their personnel and external services,</li> <li>• preparing, launching and closing of the 3<sup>rd</sup> CfP,</li> <li>• eligibility check of the 3<sup>rd</sup> CfP applications</li> <li>• project monitoring, administrative and technical assistance to projects of the 1<sup>st</sup> and 2<sup>nd</sup> CfPs</li> <li>• programme evaluation,</li> <li>• information and communication activities,</li> <li>• audit and FLC measures,</li> <li>• further development and operation of an electronic monitoring system, etc.</li> </ul> <p>Out of 72 projects, the remaining 12 started their implementation in 2019. The lead beneficiaries (LBs) of projects submitted 167 PRs. The JS approved 161 PRs in the value of IPA 10.54 M EUR (10 542 659.96 EUR). 30 projects concluded their implementation in 2019.</p> <p>40 projects will complete their activities in 2020 and one project will last until 2021. After June 2020 we will have only 12 projects running of the first two calls, unless this number increases due to the pandemic.</p> |



|  |  |   |
|--|--|---|
|  |  | <p>Concerning the TA projects, there were 14 Project reports approved in 2019.</p> <p>The JS and JSA, in close coordination with MA and NA, concluded successfully the formal and eligibility assessment of 121 applications of the 3<sup>rd</sup> CfP in December 2019. 94 applications had to make completions in their applications. After notifications to the applicants, 10 applicants sent complaints to decisions, out of which the MA reconsidered and accepted 4 – that resulted in approval, leaving altogether only 23 applications as formally incompliant. In total, from 121 applications, the programme bodies found 98 to be eligible – decisions regarding the applications are expected in 2020.</p> |
|--|--|---|

### 3.2. Common and programme specific indicators (Article 50(2) of Regulation (EU) No 1303/2013)

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

Table 1

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

| ID        | Indicator  | Measurement Unit   | Automatic from SFC |               |                     | Annual value |           | Observations (if necessary)   |
|-----------|--|--|--------------------|---------------|---------------------|--------------|-----------|---|
|           |  |  | Baseline Value     | Baseline Year | Target Value (2023) | 2014-2018    | 2019      |   |
| PA 1, 1.1 | Water quality (good ecological status) of cross-border surface water bodies (rivers and water flows) in the eligible area                                | Weighted average ecological status (average, no unit) of cross-border surface water bodies (rivers) in the eligible area | 2.91               | 2012          | 2.7                 | N/a          | N/a       | The programme was unable to attain the values of the indicator with the measurement unit as it is. We were able to attain the state of the indicator that reflects the available data – the Explanatory note for Result indicator 1.1 attached to the report, contains details on the methodology of the provided data.<br>In the alternative type of measurement of this indicator the trend is still sadly negative. We hope that, by the time of conclusion, our projects can positively influence it. |
| PA 2, 2.1 | Share of border-crossing traffic at smaller border-crossing points within all border-crossing traffic  | % of persons crossing the border at smaller border-crossing points   | 35.4               | 2014          | 40                  | N/a          | 42.66     | Target value already surpassed  |
| PA 3, 3.1 | Number of overnight stays  | overnight stays  | 1 835 757          | 2013          | 1 964 000           | N/a          | 2 612 040 | Target value already surpassed  |
| PA 3, 3.2 | Level of cross-border cooperation intensity of the public and non-profit organisations dealing with cultural, leisure sport and nature protection issues | Rating   | 3.24               | 2015          | 3.73                | N/a          | 3.44      | Baseline, target values and rating are elaborated in Annex 5A of the CP. Good progress in the value of this indicator.  |
| PA 4, 4.1 | Rate of innovative SMEs in the cross-border region   | %  | 32.94              | 2015          | 33                  | N/a          | 37.06     | It must be acknowledged that the planned values are cautiously planned due to the unpredictability of the markets. Nevertheless, the target values are already surpassed in this period.  |

These values require statistical data and research in most cases. Previously, the programme considered that the influence of the programme was still not measurable because the programme was in the early phase of implementation last year. In order to give a more realistic picture of the impact of our programme on the given data we proposed reporting on these values for this AIR.

**Additional data requested by EC:**

**1. The amount received from the Commission**

The total funding of programme is 76 616 474.00, with 64 405 706.85 of IPA funding.

**The advance received by the programme by the end of 2019: 13 460 302.00 EUR.**

**The interim payments received by the programme by the end of 2019:**

**2. Transferred funding to the beneficiaries**

|                          | <b>advance payments*</b> | <b>interim payments*</b> |
|--------------------------|--------------------------|--------------------------|
| <b>2019</b>              | 10 257 216.60            | 10 307 935.24            |
| <b>Total (2017-2019)</b> | 11 303 739.15            | 18 538 606.83            |

*\* including TA projects*

**3. How much interest was accumulated, and were there any decisions made on their use; and if so, which bodies made those decisions**

There has been no interest accumulated on the programme account and no decisions were made regarding the interests that may accumulate in the future.

Table 2

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

|   | ID  | Indicator  | Measurement unit       | Target value (2023) | CUMULATIVE VALUE |      |      |         |         |           | Observations  |
|---|-----|--|------------------------|---------------------|------------------|------|------|---------|---------|-----------|---|
|   |     |  |                        |                     | 2014             | 2015 | 2016 | 2017    | 2018    | 2019      |   |
| Outputs to be delivered by selected operations [forecast provided by beneficiaries] | 1.1 | Population benefiting from flood protection measures                               | persons                | 100 000             | 0                | 0    | 0    | 949 123 | 949 123 | 949 123   | unexpectedly ambitious projects approved on 2 calls of this subject   |
| Outputs delivered by operations [actual achievement]                                |     |  |                        | 100 000             | 0                | 0    | 0    | 0       | 0       | 900 000   | target value surpassed by a huge margin, due to a single project: URBAN-PREX, HUSRB/1602/11/0097 that finished implementation in 2019   |
| Outputs to be delivered by selected operations                                      | 1.2 | Length of new or improved water management system                                  | metres                 | 6 000               | 0                | 0    | 0    | 180 608 | 180 608 | 180 608   | unexpectedly ambitious projects approved on 2 calls of this subject   |
| Outputs delivered by operations   |     |  |                        | 6 000               | 0                | 0    | 0    | 0       | 0       | 0         | no problems foreseen to reach the ultimate target value, several concluding projects expected to report in 2020 will significantly surpass the target value.  |
| Outputs to be delivered by selected operations                                      | 1.3 | Surface area of habitats supported in order to attain a better conservation status | hectares               | 500.00              | 0.00             | 0.00 | 0.00 | 17 408  | 17 408  | 17 408    | unexpectedly ambitious projects approved on 2 calls of this subject   |
| Outputs delivered by operations   |     |  |                        | 500.00              | 0.00             | 0.00 | 0.00 | 0.00    | 4 700   | 17 557.32 | ultimate target value is achieved based on reported values - the value of this indicator was planned too modestly, overachieved already   |
| Outputs to be delivered by selected operations                                      | 2.1 | Number of improved or newly built border crossing points                           | border crossing points | 3                   | 0                | 0    | 0    | 0       | 0       | 2         | No project has selected this indicator in 1 <sup>st</sup> and 2 <sup>nd</sup> CfPs, however, the JS determined that 2 projects do contribute to this indicator but they selected other programme level indicators as primary indicators. After Subsidy contract modifications, this has been rectified and now we expect 2 projects to contribute. We also expect projects of the 3 <sup>rd</sup> CfP under action 2.1 to contribute to this indicator. |
| Outputs delivered by operations   |     |  |                        | 3                   | 0                | 0    | 0    | 0       | 0       | 0         | 0   |
| Outputs to be delivered by selected operations                                      | 2.2 | Total length of newly built roads  | kilometres             | 3.21                | 0.00             | 0.00 | 0.00 | 4.52    | 4.52    | 4.52      |   |

|  |     |  |              |        |      |      |      |        |        |        |   |
|--|-----|--|--------------|--------|------|------|------|--------|--------|--------|---|
| Outputs delivered by operations                |     |  |              | 3.21   | 0.00 | 0.00 | 0.00 | 0.00   | 0.00   | 0.00   | no problems foreseen to reach the final target  |
| Outputs to be delivered by selected operations | 2.3 | Total length of reconstructed or upgraded roads  | kilometres   | 2.14   | 0.00 | 0.00 | 0.00 | 14.00  | 14.00  | 14.00  |   |
| Outputs delivered by operations                |     |  |              | 2.14   | 0.00 | 0.00 | 0.00 | 0.00   | 0.00   | 0.00   | 0.00  |
| Outputs to be delivered by selected operations | 2.4 | Total length of newly built bicycle paths  | kilometres   | 5.35   | 0.00 | 0.00 | 0.00 | 28.18  | 28.18  | 28.18  |   |
| Outputs delivered by operations                |     |  |              | 5.35   | 0.00 | 0.00 | 0.00 | 0.00   | 0.00   | 4.82   | great progress with indicator, final target almost fully met, but we expect a multi-fold over performance by the conclusion of running projects   |
| Outputs to be delivered by selected operations | 2.5 | Total length of the railway line directly affected by development plans                          | kilometres   | 53.43  | 0.00 | 0.00 | 0.00 | 58.00  | 58.00  | 58.00  | HUSRB/1601/22/0002- reported no progress  |
| Outputs delivered by operations                |     |  |              | 53.43  | 0.00 | 0.00 | 0.00 | 0.00   | 0.00   | 0.00   | only one project (HUSRB/1601/22/0002) contracted that chose this indicator, but so far no progress was reported on the activity   |
| Outputs to be delivered by selected operations | 2.6 | Number of improved public transport services   | services     | 3      | 0    | 0    | 0    | 0      | 0      | 0      | No projects contracted have chosen this indicator and therefore we do not expect results, only after 3 <sup>rd</sup> CfP — projects with this indicator will be given advantage – all projects under Action 2.2 must contribute to this indicator |
| Outputs delivered by operations                |     |  |              | 3      | 0    | 0    | 0    | 0      | 0      | 0      | No projects contracted have chosen this indicator and therefore we do not expect results, only after 3 <sup>rd</sup> CfP  |
| Outputs to be delivered by selected operations | 3.1 | Expected number of visits to supported sites of cultural and natural heritage and attractions    | visits/year  | 40 000 | 0    | 0    | 0    | 57 410 | 57 410 | 57 410 |   |
| Outputs delivered by operations                |     |  |              | 40 000 | 0    | 0    | 0    | 0      | 2 050  | 64 206 | Final target already reached, projects greatly over performed. However, it may also be due to cautious programming.   |
| Outputs to be delivered by selected operations | 3.2 | Number of joint cultural, recreational and other types of community events and actions organised | events       | 265    | 0    | 0    | 0    | 766    | 766    | 766    |   |
| Outputs delivered by operations                |     |  |              | 265    | 0    | 0    | 0    | 0      | 22     | 383    | Final target already reached, projects of the action over preformed, especially the strategic project Colourful Cooperation HUSRB/1601/31/0005  |
| Outputs to be delivered by selected operations | 3.3 | Average monthly user entries to online communication tools developed                             | user entries | 6 580  | 0    | 0    | 0    | 52 317 | 52 317 | 52 317 |   |
| Outputs delivered by operations                |     |  |              | 6 580  | 0    | 0    | 0    | 0      | 543    | 77 343 | Project of this action hugely over performed, especially PALMCULTURE,   |

|  |     |   |                  |       |      |      |      |      |       |         | HUSRB/1602/31/0026  |
|--|-----|---|------------------|-------|------|------|------|------|-------|---------|---|
| Outputs to be delivered by selected operations | 4.1 | Number of enterprises cooperating with research institutions  | enterprises      | 35    | 0    | 0    | 0    | 187  | 187   | 187     |   |
| Outputs delivered by operations                |     |   |                  | 35    | 0    | 0    | 0    | 0    | 0     | 62      | Great progress on this indicator, and already the final target is surpassed thanks to several project of action 4.1   |
| Outputs to be delivered by selected operations | 4.2 | Number of organisations actively participating in the work of the "knowledge platforms"                       | organisations    | 60    | 0    | 0    | 0    | 191  | 191   | 191     |   |
| Outputs delivered by operations                |     |   |                  | 60    | 0    | 0    | 0    | 0    | 0     | 52      | Good progress towards the indicator thanks to several projects of action 4.1  |
| Outputs to be delivered by selected operations | 4.3 | Number of months spent in the institutions and companies on the other side of the border through scholarships | months           | 200   | 0    | 0    | 0    | 2    | 2     | 2       | Projects under Action 4.3 of the 3 <sup>rd</sup> CfP must contribute to this indicator to be selected for financing!  |
| Outputs delivered by operations                |     |   |                  | 200   | 0    | 0    | 0    | 0    | 0     | 0       | Still no progress on this indicator and therefore projects under Action 4.3 of the 3 <sup>rd</sup> CfP must contribute to this indicator to be selected for financing!  |
| Outputs to be delivered by selected operations | 4.4 | Rate of persons from vulnerable groups involved in supported actions  | percentage       | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | n. a. | n. a.   | The reason why data is not available is because the goal is defined in %  |
| Outputs delivered by operations                |     |   |                  | 50.00 | 0.00 | 0.00 | 0.00 | 0.00 | n. a. | 36.54 * | * the accumulated total value of this indicator is 365,43, reported by 10 projects and therefore this indicator shows progress in comparison to the starting point of 10%. At the end of the programme, the values will be measured with a methodology yet to be determined as not all beneficiaries understood this indicator in the same way. |
| Outputs to be delivered by selected operations | 5.1 | Number of projects administered by the JS   | number           | 100   | 0    | 0    | 9    | 81   | 81    | 81      | signed 9 TA and 72 normal projects  |
| Outputs delivered by operations                |     |   |                  | 100   | 0    | 0    | 0    | 0    | 81    | 81      | JS was managing 81 projects in 2019 31 projects concluded implementation by the end of 2019   |
| Outputs to be delivered by selected operations | 5.2 | Number of publicity events  | number           | 5     | 0    | 0    | 5    | 6    | 8     | 13      | Indicator already met   |
| Outputs delivered by operations                |     |   |                  | 5     | 0    | 0    | 0    | 0    | 8     | 13      | Indicator met as the JS has organised altogether 13 events. In 2019 four Info days and the EC Day took place.   |
| Outputs to be delivered by selected operations | 5.3 | Number of employees   | employees in FTE | 8     | 0    | 0    | 8    | 8    | 8     | 8       | Indicator already met   |
| Outputs delivered by operations                |     |   |                  | 8     | 0    | 0    | 0    | 0    | 8     | 8       | 8 signed employment contracts   |

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

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

*Table 3*

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

| Indicator type          | ID      | Indicator or Key implementation step   | Measurement unit | Milestone target 2018 | Final target (2023) | 2014 | 2015 | 2016 | 2017 | 2018       | 2019         | Observations   |
|-------------------------|---------|--|------------------|-----------------------|---------------------|------|------|------|------|------------|--------------|--|
| Output indicator        | OI 1.2  | Length of new or improved water management system  | Metres           | 0                     | 6000                | 0    | 0    | 0    | 0    | 0          | 0            | This type of indicator cannot be partly achieved within a project, it is considered as performed only if the final permissions for works on water management systems are issued. Therefore, these will be reported by the relevant projects only in the final reports in 2020. However, based on projects' progress reports?, there is no problems expected in achieving the final target. |
| Key Implementation Step | KIS 1.2 | Number of projects contracted related to the improvement of the water management system's physical infrastructure in the cross border region | Pieces           | 4                     | 6                   | 0    | 0    | 0    | 4    | 4          | 4            | The 2018 milestone is already met in 2017<br>no new projects contracted in 2019  |
| Financial indicator     | FI 1    | Eligible certified expenditure of the priority axis 1<br>“Improving the cross-border water management and risk prevention systems”           | EUR              | 1 050 000             | 22 176 471          | 0    | 0    | 0    | 0    | 977 448.36 | 4 644 114.84 | Includes values from approved PRs by end of 2019 - no problems expected by the end of the programme as we see enough projects will be supported to fully commit the funding.   |

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

| Indicator type          | ID      | Indicator or Key implementation step   | Measurement unit | Milestone target 2018 | Final target (2023) | 2014-2016 | 2017   | 2018       | 2019         | Observations   |
|-------------------------|---------|--|------------------|-----------------------|---------------------|-----------|--------|------------|--------------|--|
| Output indicator        | OI 2.2  | Total length of newly built roads  | Km               | 0                     | 3.21                | 0         | 0      | 0          | 0            | This type of indicator cannot be partly achieved within a project, it is considered as performed only if the final permissions for road building conclusions are issued. Therefore, these will be reported by the relevant projects only in the final reports in 2020. However, based on recently submitted Beneficiary Reports it is already visible that 2.320 km is reported.                                 |
| Output indicator        | OI 2.3  | Total length of reconstructed or upgraded roads  | Km               | 0                     | 2.14                | 0         | 0      | 0          | 0            | This type of indicator cannot be partly achieved within a project, it is considered as performed only if the final reconstruction conclusions are issued. Therefore, these will be reported by the relevant projects only in the final reports in 2020. However, based on recently submitted Beneficiary Reports it is already visible that 2.609 km is reported, which means that the final target is achieved. |
| Key Implementation Step | KIS 2.2 | Number of projects contracted related to the improvement of physical infrastructure of border crossing roads | Pieces           | 1                     | 2                   | 0         | 4      | 4          | 4            | Milestone and final target already met in 2017 no new projects contracted in 2019  |
| Financial Indicator     | FI 2    | Eligible certified expenditure of the priority axis 2 “Decreasing the bottlenecks of cross-border traffic”   | EUR              | 794 000               | 18 226 000          | 0         | 450.21 | 513 091.68 | 2 666 945.02 | Includes values from approved PRs by end of 2019   |



**Priority axis 3: “Encouraging tourism and cultural heritage cooperation”**

| Indicator type      | ID     | Indicator or Key implementation step  | Measurement unit | Milestone target 2018 | Final target (2023) | 2014-2016 | 2017   | 2018         | 2019         | Observations   |
|---------------------|--------|---|------------------|-----------------------|---------------------|-----------|--------|--------------|--------------|--|
| Output indicator    | OI 3.2 | Number of joint cultural, recreational and other types of community events and actions organised              | Number           | 20                    | 265                 | 0         | 0      | 22           | 390          | Final target is achieved based on PRs  |
| Financial Indicator | FI 3   | Eligible certified expenditure of the priority axis 3 “Encouraging tourism and cultural heritage cooperation” | EUR              | 1 100 000             | 19 649 411.76       | 0         | 433.26 | 1 108 976.99 | 5 046 529.79 | Includes values from approved PRs by end of 2019 - no problems expected by the end of the programme as we see enough projects will be supported to fully commit the funding. |

**Priority axis 4: “Enhancing SMEs’ economic competitiveness through innovation driven development”**

| Indicator type      | ID     | Indicator or Key implementation step   | Measurement unit | Milestone target 2018 | Final target (2023) | 2014-2016 | 2017 | 2018       | 2019         | Observations  |
|---------------------|--------|--|------------------|-----------------------|---------------------|-----------|------|------------|--------------|---|
| Output indicator    | OI 4.1 | Number of enterprises cooperating with research institutions   | Number           | 10                    | 35                  | 0         | 0    | 10         | 95           | Final target is achieved based on PRs   |
| Financial indicator | FI 4   | Eligible certified expenditure of the priority axis 4 “Enhancing SMEs’ economic competitiveness through innovation driven development” | EUR              | 347 200               | 8 902 941.18        | 0         | 0    | 158 449.38 | 1 402 662.68 | Includes values from approved PRs by end of 2019- no problems expected by the end of the programme as we see enough projects will be supported to fully commit the funding. |

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

*Table 4*

**Financial information at Priority Axis and Programme level**

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

| 1.  | 2.         | 3.                 | 4.   | 5.                   | 6.                | 7.  | 8.  | 9.  | 10.  | 11.   | 12.                           | 13.  |
|---|------------|--------------------|--|----------------------|-------------------|---|---|---|--|---|-------------------------------|--|
| The financial allocation of the Priority Axis based on the Co-operation Programme |            |                    |  |                      |                   | Cumulative data on the financial progress of the Co-operation Programme |   |   |  |   |                               |  |
| PA  | Fund       | Category of region | Basis for the calculation of Union support | Total funding        | Co-financing rate | Total eligible cost of operations selected for support (EUR)            | Proportion of the total allocation covered with selected operations (%) (column 7/ column 5 *100) | Public eligible cost of operations selected for support (EUR) | Total eligible expenditure declared by beneficiaries to the Managing Authority | Proportion of the total allocation covered by eligible expenditure declared by beneficiaries (%) (column 10/ column 5 *100) | Number of operations selected | Total eligible expenditure incurred and paid by beneficiaries and certified to the Commission by 31/12/2019 (EUR)* |
| PA 1  | IPA        |                    | Total cost                                 | 22 176 471.00        | 85.00             | 20 999 651.33   | 94.69   | 20 999 651.33   | 4 644 114.84   | 20.94   | 9                             | 4 644 114.84   |
| PA 2  | IPA        |                    | Total cost                                 | 18 226 001.00        | 85.00             | 15 873 049.51   | 87.09   | 10 363 913.59   | 2 666 945.02   | 14.63   | 5                             | 2 666 945.02   |
| PA 3  | IPA        |                    | Total cost                                 | 19 649 412.00        | 85.00             | 14 932 953.98   | 76.00   | 11 192 188.29   | 5 046 529.79   | 25.68   | 41                            | 5 046 529.79   |
| PA 4  | IPA        |                    | Total cost                                 | 8 902 942.00         | 85.00             | 4 938 404.05  | 55.47   | 3 030 068.43  | 1 402 662.68   | 15.76   | 17                            | 1 402 662.68   |
| PA 5  | IPA        |                    | Total cost                                 | 7 661 648.00         | 85.00             | 7 661 648.00  | 100.00  | 7 661 648.00  | 301 488.16   | 3.94  | 9                             | 301 488.16   |
| <b>Total</b>  | <b>IPA</b> |                    | <b>Total cost</b>                          | <b>76 616 474.00</b> | <b>85.00</b>      | <b>64 405 706.87</b>  | <b>84.06</b>  | <b>53 247 469.64</b>  | <b>14 061 740.49</b>   | <b>18.35</b>  | <b>81</b>                     | <b>14 061 740.49</b>   |

\* The amounts of this column are referring to the progress reports for actions incurred in 2018 and paid in the last application for payment that concerns the reporting period

Table 5

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

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

| PA   | Characteristics of expenditure | Categorisation dimensions   |                        |  |                          |                                   |                                |                        |                       | Financial data        |  |   |   |
|------|--------------------------------|---|------------------------|--|--------------------------|-----------------------------------|--------------------------------|------------------------|-----------------------|-----------------------|--|---|---|
|      |                                | Fund  | 1. Intervention field  | 2. Form of finance   | 3. Territorial dimension | 4. Territorial delivery mechanism | 5. Thematic priority dimension | 6. ESF secondary theme | 7. Economic dimension | 8. Location dimension | Total eligible cost of operations selected for support (€) | Public eligible cost of operations selected for support (€) | The total eligible expenditure declared by beneficiaries to the managing authority (PR&AFRs verified until the end of 2019) |
| PA 1 | IPA                            | 087 Adaptation to climate change measures and prevention and management of climate related risks e.g. erosion, fires, flooding, storms and drought, including awareness raising, civil protection and disaster management systems and infrastructures | 01 Non-repayable grant | 02 Small Urban areas (intermediate density > 5 000 population) | 07 Not applicable        | 07 Not applicable                 | 07 Not applicable              | 07 Not applicable      | 07 Not applicable     | 0.00                  | 0.00   | 0,00  | 0   |
|      |                                |   |                        | 03 Rural areas (thinly populated)                              |                          |                                   |                                |                        |                       | 20 428 120.40         | 20 428 120.40  | 4 481 819.51  | 7   |
|      |                                | 085 Protection and enhancement of biodiversity, nature protection and green infrastructure  | 01 Non-repayable grant | 02 Small Urban areas (intermediate density > 5 000 population) | 07 Not applicable        | 07 Not applicable                 | 07 Not applicable              | 07 Not applicable      | 07 Not applicable     | 0.00                  | 0.00   | 0,00  | 0   |
|      |                                |   |                        | 03 Rural areas (thinly populated)                              |                          |                                   |                                |                        |                       | 571 530.93            | 571 530.93   | 162 295.33  | 2   |
| PA 2 | IPA                            | 026 Other Railways  | 01 Non-repayable grant | 03 Rural areas (thinly populated)                              | 07 Not applicable        | 07 Not applicable                 | 07 Not applicable              | 07 Not applicable      | 07 Not applicable     | 3 585 017.40          | 3 255 968.00   | 1 595 677.68  | 1   |
|      |                                | 032 Local access roads (newly built)  |                        |  |                          |                                   |                                |                        |                       | 8 591 386.52          | 3 411 300.00   | 902 845.02  | 3   |
|      |                                | 034 Other reconstructed or improved road (motorway, national, regional or local)  |                        |  |                          |                                   |                                |                        |                       | 0.00                  | 0.00   | 0,00  | 0   |
|      |                                | 044 Intelligent transport systems (including the introduction of demand management, tolling systems, IT monitoring, control and information systems)  |                        |  |                          |                                   |                                |                        |                       | 0.00                  | 0.00   | 0,00  | 0   |
|      |                                | 090 Cycle tracks and footpaths  |                        |  |                          |                                   |                                |                        |                       | 3 696 645.59          | 3 696 645.59   | 168 422.32  | 1   |
| PA 3 | IPA                            | 092 Protection, development and promotion of public tourism assets  | 01 Non-repayable       | 01 Large Urban areas (densely populated > 50 000 population)   | 07 Not applicable        | 07 Not applicable                 | 07 Not applicable              | 07 Not applicable      | 07 Not applicable     | 190 332.00            | 190 332.00   | 45 201.46   | 4   |
|      |                                |   |                        | 02 Small Urban areas (intermediate density > 5 000 population) |                          |                                   |                                |                        |                       | 1 684 246,36          | 1 629 947.11   | 301 823.42  | 7   |
|      |                                |   |                        | 03 Rural areas (thinly populated)                              |                          |                                   |                                |                        |                       | 0.00                  | 0.00   | 0,00  | 1   |

| PA  | Characteristics of expenditure                                 | Categorisation dimensions  |  |                        |  |                                   |                                |                        | Financial data        |                       |  |  |  |  |                   |                   |                   |                   |                   |            |            |             |   |
|---|--|--|--|------------------------|--|-----------------------------------|--------------------------------|------------------------|-----------------------|-----------------------|--|--|--|--|-------------------|-------------------|-------------------|-------------------|-------------------|------------|------------|-------------|---|
|   |  | Fund   | 1. Intervention field  | 2. Form of finance     | 3. Territorial dimension                                     | 4. Territorial delivery mechanism | 5. Thematic priority dimension | 6. ESF secondary theme | 7. Economic dimension | 8. Location dimension | Total eligible cost of operations selected for support (€)   | Public eligible cost of operations selected for support (€)    | The total eligible expenditure declared by beneficiaries to the managing authority<br>(PR&AFRs verified until the end of 2019) | Number of operations selected                                |                   |                   |                   |                   |                   |            |            |             |   |
|   |  | 093 Development and promotion of public tourism services                         | 01 Large Urban areas (densely populated > 50 000 population)   | 01 Non-repayable grant | 01 Large Urban areas (densely populated > 50 000 population) | 07 Not applicable                 | 07 Not applicable              | 07 Not applicable      | 07 Not applicable     | 07 Not applicable     | 640 502.90   | 467 591.30   | 50 060.96  | 1  |                   |                   |                   |                   |                   |            |            |             |   |
|   |  |  | 02 Small Urban areas (intermediate density > 5 000 population) |                        |  |                                   |                                |                        |                       |                       | 1 773 996.02   | 1 773 996.02   | 192 432.40   | 3  |                   |                   |                   |                   |                   |            |            |             |   |
|   |  |  | 03 Rural areas (thinly populated)                              |                        |  |                                   |                                |                        |                       |                       | 1 637 078.29   | 1 637 078.29   | 176 583.14   | 1  |                   |                   |                   |                   |                   |            |            |             |   |
|   |  | 094 Protection, development and promotion of public cultural and heritage assets | 01 Large Urban areas (densely populated > 50 000 population)   |                        |  |                                   |                                |                        |                       |                       | 1 044 570.60   | 743 186.35   | 427 946.31   | 4  |                   |                   |                   |                   |                   |            |            |             |   |
|   |  |  | 02 Small Urban areas (intermediate density > 5 000 population) |                        |  |                                   |                                |                        |                       |                       | 1 850 730.77   | 1 210 015.98   | 735 524.27   | 7  |                   |                   |                   |                   |                   |            |            |             |   |
|   |  |  | 03 Rural areas (thinly populated)                              |                        |  |                                   |                                |                        |                       |                       | 499 200.00   | 499 200.00   | 139 291.63   | 1  |                   |                   |                   |                   |                   |            |            |             |   |
|   |  | 095 Development and promotion of public cultural and heritage services           | 01 Large Urban areas (densely populated > 50 000 population)   |                        |  |                                   |                                |                        |                       |                       | 286 954.00   | 61 025.00  | 157 040.80   | 4  |                   |                   |                   |                   |                   |            |            |             |   |
|   |  |  | 02 Small Urban areas (intermediate density > 5 000 population) |                        |  |                                   |                                |                        |                       |                       | 4 960 771.04   | 2 376 247.39   | 2 715 632.16   | 7  |                   |                   |                   |                   |                   |            |            |             |   |
|   |  |  | 03 Rural areas (thinly populated)                              |                        |  |                                   |                                |                        |                       |                       | 364 572.00   | 150 429.00   | 104 993.14   | 1  |                   |                   |                   |                   |                   |            |            |             |   |
|   |  | PA 4   | IPA  |                        |  |                                   |                                |                        |                       |                       | 060 Research and innovation activities in public research centres and centres of competence including networking | 01 Large Urban areas (densely populated > 50 000 population)   | 01 Non-repayable grant   | 01 Large Urban areas (densely populated > 50 000 population) | 07 Not applicable | 07 Not applicable | 07 Not applicable | 07 Not applicable | 07 Not applicable | 718 598.57 | 560 236.57 | 205 577.92  | 1 |
|   |  |  |  |                        |  |                                   |                                |                        |                       |                       |  | 02 Small Urban areas (intermediate density > 5 000 population) |  |  |                   |                   |                   |                   |                   | 0.00       | 0.00       | 0,00        | 0 |
|   |  |  |  |                        |  |                                   |                                |                        |                       |                       |  | 03 Rural areas (thinly populated)                              |  |  |                   |                   |                   |                   |                   | 207 134.40 | 207 134.40 | 167.69 (!!) | 2 |
| 062 Technology transfer and university-enterprise cooperation prim  | 01 Large Urban areas (densely populated > 50 000 population)   |  |  | 658 114.77             | 658 114.77   | 224 208.45                        | 1                              |                        |                       |                       |  |  |  |  |                   |                   |                   |                   |                   |            |            |             |   |
|   | 02 Small Urban areas (intermediate density > 5 000 population) |  |  | 0.00                   | 0.00   | 0,00                              | 0                              |                        |                       |                       |  |  |  |  |                   |                   |                   |                   |                   |            |            |             |   |
|   | 03 Rural areas (thinly populated)                              |  |  | 0.00                   | 0.00   | 0,00                              | 0                              |                        |                       |                       |  |  |  |  |                   |                   |                   |                   |                   |            |            |             |   |
| 063 Cluster support and business networks primarily benefiting SMEs | 01 Large Urban areas (densely populated > 50 000 population)   |  |  | 1 221 431.40           | 407 312.50   | 214 524.59                        | 3                              |                        |                       |                       |  |  |  |  |                   |                   |                   |                   |                   |            |            |             |   |
|   | 02 Small Urban areas (intermediate density > 5 000 population) |  |  | 0.00                   | 0.00   | 0,00                              | 0                              |                        |                       |                       |  |  |  |  |                   |                   |                   |                   |                   |            |            |             |   |
|   |  |  |  |                        |  |                                   |                                |                        |                       |                       |  |  |  |  |                   |                   |                   |                   |                   |            |            |             |   |

| PA                 | Characteristics of expenditure | Categorisation dimensions   |                        |  |                                   |                                |                        |                       |                       | Financial data   |   |  |                               |                   |                   |                   |                   |              |              |            |   |
|--------------------|--------------------------------|---|------------------------|--|-----------------------------------|--------------------------------|------------------------|-----------------------|-----------------------|--|---|--|-------------------------------|-------------------|-------------------|-------------------|-------------------|--------------|--------------|------------|---|
|                    | Fund                           | 1. Intervention field   | 2. Form of finance     | 3. Territorial dimension                                       | 4. Territorial delivery mechanism | 5. Thematic priority dimension | 6. ESF secondary theme | 7. Economic dimension | 8. Location dimension | Total eligible cost of operations selected for support (€) | Public eligible cost of operations selected for support (€) | The total eligible expenditure declared by beneficiaries to the managing authority<br>(PR&AFRs verified until the end of 2019) | Number of operations selected |                   |                   |                   |                   |              |              |            |   |
|                    |                                | 066 Advanced support services for SMEs and groups of SMEs (including management, marketing and design services)         | 01 Non-repayable grant | 03 Rural areas (thinly populated)                              | 07 Not applicable                 | 07 Not applicable              | 07 Not applicable      | 07 Not applicable     | 07 Not applicable     | 0.00   | 0.00  | 0,00   | 0                             |                   |                   |                   |                   |              |              |            |   |
|                    |                                |   |                        | 01 Large Urban areas (densely populated > 50 000 population)   |                                   |                                |                        |                       |                       | 0.00   | 0.00  | 0,00   | 0                             |                   |                   |                   |                   |              |              |            |   |
|                    |                                |   |                        | 02 Small Urban areas (intermediate density > 5 000 population) |                                   |                                |                        |                       |                       | 234 584.84   | 234 584.84  | 3 524.14   | 2                             |                   |                   |                   |                   |              |              |            |   |
|                    |                                | 067 SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs) |                        | 03 Rural areas (thinly populated)                              |                                   |                                |                        |                       |                       | 623 651.85   | 518 302.35  | 196 891.85   | 3                             |                   |                   |                   |                   |              |              |            |   |
|                    |                                |   |                        | 01 Large Urban areas (densely populated > 50 000 population)   |                                   |                                |                        |                       |                       | 0.00   | 0.00  | 0,00   | 0                             |                   |                   |                   |                   |              |              |            |   |
|                    |                                |   |                        | 02 Small Urban areas (intermediate density > 5 000 population) |                                   |                                |                        |                       |                       | 717 925.00   | 390 283.00  | 331 932.47   | 3                             |                   |                   |                   |                   |              |              |            |   |
|                    |                                | 072 Business infrastructure for SMEs (including industrial parks and sites)   |                        | 03 Rural areas (thinly populated)                              |                                   |                                |                        |                       |                       | 556 963.22   | 54 100.00   | 225 835.57   | 2                             |                   |                   |                   |                   |              |              |            |   |
|                    |                                |   |                        | 01 Large Urban areas (densely populated > 50 000 population)   |                                   |                                |                        |                       |                       | 0.00   | 0.00  | 0,00   | 0                             |                   |                   |                   |                   |              |              |            |   |
|                    |                                |   |                        | 02 Small Urban areas (intermediate density > 5 000 population) |                                   |                                |                        |                       |                       | 0.00   | 0.00  | 0,00   | 0                             |                   |                   |                   |                   |              |              |            |   |
|                    |                                | PA 5  |                        | IPA  |                                   |                                |                        |                       |                       | 121 Preparation, implementation, monitoring and inspection | 01 Non-repayable grant                                      | Not applicable   | 07 Not applicable             | 07 Not applicable | 07 Not applicable | 07 Not applicable | 07 Not applicable | 6 129 318.00 | 6 129 318.00 | 241 190.52 | 9 |
|                    |                                |   |                        |  |                                   |                                |                        |                       |                       | 122 Evaluation and studies                                 |   |  |                               |                   |                   |                   |                   | 766 165.00   | 766 165.00   | 30 148.82  |   |
|                    |                                |   |                        |  |                                   |                                |                        |                       |                       | 123 Information and communication                          |   |  |                               |                   |                   |                   |                   | 766 165.00   | 766 165.00   | 30 148.82  |   |
| <b>Grand total</b> |                                |   |                        |  |                                   |                                |                        |                       |                       | <b>64 405 706.87</b>                                       | <b>53 247 469.64</b>  | <b>14 061 740.49</b>   | <b>81</b>                     |                   |                   |                   |                   |              |              |            |   |

Table 6

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

| 1  | 2   | 3   | 4   | 5   | 6  |
|--|---|---|---|---|--|
|  | The amount of IPA support(*) envisaged to be used for all or part of an operation implemented outside the Union part of the Programme area based on selected operations (EUR) | Share of the total financial allocation to all or part of an operation located outside the Union part of the Programme area (%) (column 2/total amount allocated to the support from the IPA at programme level *100) | Eligible expenditure of IPA support incurred in all or part of an operation implemented outside the Union part of the Programme area declared by the Beneficiary to the Managing Authority (EUR) (**) | Share of the total financial allocation to all or part of an operation located outside the Union part of the Programme area (%) (column 4/total amount allocated to the support from the IPA at programme level *100) | Total eligible expenditure incurred and paid by beneficiaries and certified to the Commission by 31/12/2018 Article 21(2) of Regulation (EU) No 1303/2013 (EUR) (**) |
| All or part of an operation outside the Union part of the Programme area (1) | -   | 0.00 %  | 0.00  | 0.00 %  | 0.00   |

I would take these two comments out because:

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

(\*\*) At this point this data is not available from the system

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

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

*Synthesis of the findings of all evaluations of the programme that have become available during the previous financial year, including the name and reference period of the evaluation reports used. [max: 10 500 ch]*

The programme evaluation plan foresees three phases of evaluations during the programming period: one operational and two impact evaluations.

The first evaluation, what we call First Phase Evaluation, is the evaluation of the programme's efficiency and effectiveness (in line with Article 56 (3) of the CPR), was planned to be performed in the last quarter of 2017. At the 4<sup>th</sup> JMC meeting, the evaluation plan was reviewed and updated. In order to better fit the programme implementation dynamics and provide more useful data, the timeframe for the Programme evaluations has been rescheduled and it was decided that the first Programme evaluation would be performed in 2018.

The First Phase Evaluation "Evaluation of the efficiency and effectiveness of the programme" is the operational evaluation of the Programme, which was conducted by the Central European Service for Cross-Border Initiatives (CESCI). The cut-off date of the processed data was 31/09/2018. The final evaluation report was approved on 07.10.2019 by the 16<sup>th</sup> Written procedure of the JMC.

The evaluation findings related to major Programme implementation risks have been grouped around the following four issues:

1. **Delayed performance** caused by: late start of the Programme due to delayed approval of relevant EU legislation; late introduction of the IMIS 2014-2020; changes at the ministerial level in Hungary and Serbia; shortage in human capacities and long designation procedure. The impact of the risk was estimated as medium.
2. **Problems** related to the **IMIS 2014-2020**: slow developments and unpredicted system errors slowing down processes of all system users. The impact of the risk was estimated as low.
3. **Shortages of human capacities** at the level of FLC in Serbia primarily. The impact of the risk was estimated as medium.
4. Complexity of **strategic projects**: The impact of the risk was estimated as high mainly based on shortage in human capacities at the time of the evaluation and significant budget allocation for strategic projects (30% of the total budget of the programme).

The first evaluation report defines main recommendations grouped at three levels:

1. **Designing of the next programme**: Recommendations addressing strategic frames of the programme, structural factors of programming and programme priorities and tools.
2. **Programme management**: Sets of recommendations regarding the communication and management procedures.
3. **Project implementation**: Two recommendations regarding better contribution to horizontal principles and sustainability of cross-border partnerships and project results.

As it was reported in the previous AIR for 2018, some actions have already been taken, for example regarding recommendations addressing horizontal principles and shortages in human capacities.

In the meantime, initial activities regarding the new programming period 2021-2027 have started taking into consideration recommendation to involve selected beneficiaries in the designing of the programme. All recommendations will be reviewed in the upcoming period. Recommendations that are applicable and within the scope of the programme will be applied.

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

**a) Issues which affect the performance of the Programme and the measures taken** [max: 7000 ch]

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

**1. IMIS monitoring system issues:**

During 2019 the limited functionality of the monitoring system is still affecting the performance of the programme. The quality of the system has continued to increase thanks to continuous developments; however, many issues remain. In some cases the JS reported errors that have blocked or slowed down the reporting process on both the beneficiary and on lead beneficiary levels. In addition, the lack of reporting tools within the system was detrimental to the speed by which the JS can answer to ad hoc reporting requests. To overcome these issues the programme bodies have continuously negotiated with the developers of the system to enable us to receive necessary data. On the other hand, the secretariat has put more effort into developing alternative solutions for gaining the data needed.

**2. Delays in progress of indicators**

Addressing the **overwhelming interest in PA 3** and **lag in indicators** for PA 4 with the **2<sup>nd</sup> CP modification** has proven to be justified. The PA 3 and PA 4 were, again, priorities generating the most interest with most applications received on those PAs in the 3<sup>rd</sup> call. Out of 121 applications submitted, 63 belong to PA 3, which is more than half, and 26 are of PA 4. This justifies the budget reallocations to PA 3, while the satisfactory number of applications for PA 4 allows us to think that we will have enough projects to reach planned values of indicators that were in delay. A crucial incoming challenge is to select such projects submitted in the 3<sup>rd</sup> call that will ensure the fulfilment of all the indicators, of which some are currently at risk. To have a thorough analysis of the applications which have passed the eligibility check, the JS will put extra effort in the preparation of the external assessors responsible for the quality check, bringing their attention in particular to the programme indicators.

**3. Frequent prolongation of projects' duration**

By the end of 2019, 25 projects asked for the prolongation of time to implement their activities. Most of the time, this request was a consequence of delays due to procurement related to infrastructural works or key equipment.

More requests for prolongation are foreseen in 2020 for the same reasons as in 2019, but we also expect prolongations resulted by the COVID-19 pandemic.



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

*An assessment of whether progress made towards targets is sufficient to ensure their fulfilment, indicating any remedial actions taken or planned, where appropriate [max: 3500 ch]*

Work has continued on the IMIS, the electronic monitoring system of the programme, in view of the e-Cohesion requirements. As it stands, it is still the case that the state of the monitoring system hinders reaching some of the targets. The possibility to gain summarised reports of the data regarding projects has improved but is still limited.

Other than the above-mentioned back-office issue, the system still shows weaknesses on the beneficiary level – the front office; we had to disable working functions or avoid them to minimise the damage which sometimes slowed down the reporting process. The programme bodies are working with the IMIS office (horizontal unit within the hosting institution helping with monitoring system issues) and the developers to find the best and fastest solutions when the lack of functionality becomes a problem for the reporting process. The programme bodies have also taken steps to alleviate these obstacles in the near future with alternative software solutions.

In terms of general status of the programme, the situation has improved much in 2019. The initial delays of our contracting process was one of the reasons that the progress of the programme was not as quick as expected. However, the spending rates and project activities have increased so much that we can trust that the programme will reach its goals by 2023.

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

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

**The annual implementation report (AIR) of the Interreg-IPA CBC Hungary-Serbia Programme** provides a brief overview of the activities undertaken in relation to the Programme in the year 2019.

*Provided as separate document.*

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

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

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

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

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

**8.1. Major projects**

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

*Not relevant for the Programme.*

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

*Not relevant for the Programme.*

**8.2. Joint action plans**

*Progress in the implementation of different stages of joint action plans*

*Not relevant for the Programme.*

## **PART B**

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

*Not relevant for AIR to be submitted in 2020*