

PROGRESS REPORT 2017 AUSTRIA ON THE IMPLEMENTATION OF STRAT.AT 2020

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convelop – cooperative knowledge design gmbh

(overall coordination & report, focus: ERDF)

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Foreword

BY THE ÖROK OFFICE

The EU programming period 2014–2020 created a common strategic framework for the European Structural and Investment Funds (ESI Funds) with the aim of achieving closer coordination and concerted actions to better attain the Europe 2020 targets. Like all other member states, Austria therefore developed a so-called “Partnership Agreement” (in Austria: “STRAT.AT 2020”) in cooperation with the European Commission. This Agreement sets out the strategic principles for the use of the ESI Funds from 2014 to 2020 in Austria and its contributions to the Europe 2020 targets.

In this context, Austria will have a volume of EUR 5.18 billion from the ESI Funds at its disposal for the period 2014 to 2020. The system of shared management means that the EU funds are co-financed by national funds (public and private) in order to leverage the effectiveness of the funding.

The individual funding programmes with their specific objectives, measures and budgets are embedded within this strategic framework. The following areas of competence are defined for their management:

The Federal Ministry of Agriculture, Forestry, Environment and Water Management is responsible for the implementation of the Austrian “Programme for the Development of Rural Regions (LE 14–20)” and the “Fisheries and Aquaculture Programme (EMFF)”.

The ERDF (European Regional Development Fund) features different objectives each with their own programming strands:

- For the goal “Investment in Growth and Jobs” (IGJ), an Austria-wide regional programme has been established with the ÖROK Office acting as managing authority.
- With respect to the goal “European Territorial Cooperation” (ETC/Interreg), Austria participates in seven cross-border, three transnational and four network programmes.

For the European Social Fund (ESF), the operational programme “Employment” for the entire territory of Austria has been established within the Federal Ministry of Labour, Social Affairs and Consumer Protection.

EU requirements state that the member states must present “Progress Reports” on the status of implementation of the ESI Fund programmes in 2017 and in 2019.

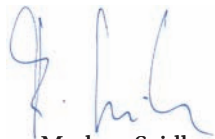
This (first) Progress Report 2017 on the implementation of the European Structural and Investment Funds in Austria was prepared within the scope of the monitoring process set up at ÖROK to support the “Partnership Agreement”, with the Subcommittee on Regional Economy established within ÖROK acting as leader and with the participation of a broader STRAT.AT 2020 partnership. The process was supported externally by the project team of “convelop GmbH” in cooperation with “Österreichisches Institut für Raumplanung” and “Lechner, Reiter und Riesenfelder Sozialforschung”.

The Report was adopted on 28 July 2017 by the ÖROK Commission of Deputies and officially submitted to the European Commission on 18 September 2017. Thus, Austria has fully complied with the special reporting obligations for the year 2017 as required by law.

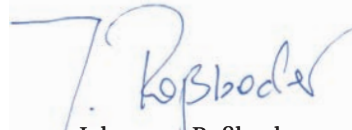
This structure of the Report is based on the provisions of the EU regulations as well as on the corresponding guidelines of the European Commission. Starting out with an analysis of socioeconomic developments, the

Report presents the implementation status of the programmes funded and the strategic outlook on future developments.

This publication mainly addresses an expert audience and apart from serving as a compilation of facts and information, the Progress Report also aims to raise awareness for EU funding policy within the EU Structural and Investment Funds in Austria. The Report is published in German and English to facilitate communication and make it easier for experts at the European level to share and discuss their views.



Markus Seidl



Johannes Roßbacher

Managing Directors

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Summary

ÖROK SERIES NO 200 – PROGRESS REPORT 2017 AUSTRIA ON THE IMPLEMENTATION OF STRAT.AT 2020

The fourth EU programming period 2014–2020 for Austria introduced a number of innovations. Apart from the more focused horizontal and vertical coordination of European and national programmes, the cohesion policy funds were brought together with the funds for rural development and for maritime and fisheries policy under the **umbrella of the European Structural and Investment Funds** (ESI Funds). The **Partnership Agreement** (PA) – in Austria STRAT.AT 2020 – is the strategic framework that forms the link to the Europe 2020 targets and programmes, and is embedded in the fund-specific objectives.

An amount of up to EUR 5 billion in EU funds will be disbursed until the year 2023 under the ESI Funds programmes for projects and territory-linked payments in agriculture. These funds are supplemented by national public funds and by private investments within the framework of shared management.

The ESI Funds address nine of the eleven thematic objectives defined in the Europe 2020 Strategy. In international comparison, the **focus** on environmental objectives (**climate, environment, resources**) as well as on the objective of “competitiveness of SME” is **stronger** than the **EU average**. As regards the allocation structure of the funds, it is dominated by the largest fund, the EAFRD.

After the first phase of implementation of the Partnership Agreement, Austria is within the range of the EU average with respect to the commitment rate of the funds. As of 31 December 2016, approximately EUR 1.6 billion or 33% of the EU funds were committed. In relation to total costs, Austria reported an approval rate of 28.3% at the end of 2016 (entire EU 27.7%).¹ Implementation is driven mainly by EAFRD, which – also internationally – shows a high commitment ratio and is in the top ranks in European comparison.

The programmes of the ESI funds are in widely divergent stages of **implementation** and **vary** regarding

the commitment of the funds from 9% (IGJ/ERDF) to 37% (EAFRD). In the area of ETC, the approval rates in the bilateral cross-border programmes reach an average of around 30 percent. However, the levels of commitment vary from programme to programme.

The reasons for the divergent developments are the fund-specific framework conditions. The high degree of fund commitments within the EAFRD is due, among other things, to the relatively stable structural framework conditions and to the possibility of territory-linked payments under the transitional rules as early as in 2014. Nonetheless, the project-linked funding has started out well.

The cohesion policy programmes by contrast were **late** in **starting implementation** throughout Europe compared to earlier programming periods. The main reasons for this were (i) overlapping funding programming periods, (ii) the closure of the programming period 2007–2013, and (iii) work to meet the new implementation requirements. Moreover, the official implementation figures of the monitoring do not fully reflect the **level of activity**. The reasons include technical-administrative issues and the delays in the designation process. When these factors cease to exist, a **sharp rise** in the use of the funds (approvals) is expected for the year 2017.

With regard to the Europe 2020 targets of intelligent, sustainable and inclusive growth, the following picture is revealed: The thematic objectives (TO) that support the Europe 2020 target “**Intelligent Growth**” – showed a low to medium-level degree of implementation at the end of 2016 according to the official monitoring data. Implementation rates range up to 26% according to the monitoring (TO 3). Furthermore, numerous projects from the European Territorial Cooperation programmes are of relevance for the objective of intelligent growth. By contrast, the thematic objectives assigned to “**Sustainable Growth**” are characterised by a high degree of use with commitment

1 See also DG Regio – Open Data Portal for the European Structural Investment Funds (data queried on 2 May 2017).

rates of around 40% (TO 5/TO 6). Three of the four ESI Funds contributed to the goal of “**Inclusive Growth**” with relatively good levels of fund commitment ranging up to 30% (TO 10).

Territorial development takes place on two levels: First, through the decentralized implementation of the programmes at the Länder level and the territorial strategies developed there. Second, through the specific measures of the programmes such as the LEADER approach in EAFRD, the measures of the “Städtische Dimension” in Vienna, Upper Austria and Styria (IGJ/ERDF) as well as the cross-border ETC programmes and the participation in the transnational cooperation regions. The **horizontal themes** of equality, non-discrimination and barrier-free access are also largely implemented according the Partnership Agreement plans.

The planning phase of the Partnership Agreement was overshadowed by difficult economic conditions and insecurity, with relatively low growth rates and a weak propensity to invest of the business sector. The after-effects of the major financial and economic crisis were still being felt. The forecasts for economic de-

velopment now indicate the situation is improving and point towards stabilization and recovery for the economy and labour market.

Considering the increasingly stable environment, what is needed now for the ESI Funds is a transition to the second **phase of implementation** of the Partnership Agreement. While under EAFRD, the challenges for the coming years will be to advance the new project types added to the programme, the tasks of the cohesion policy programmes will be to secure stable implementation. The years 2017 to 2019 are ultimately decisive for implementation also with respect to the attainment of the targets under the agreed performance framework.

At the European level, the aim is to prepare the framework conditions for designing the programming period after 2020. From Austria's perspective, it is necessary – considering the conclusions drawn by the Council on cohesion policy in which the “**one size fits all approach**” of the policy was questioned for the first time – to stress a policy approach adjusted for the volume and framework conditions at the EU level.

INTRODUCTION

The EU financing period 2014–2020 is the fourth programming period in which EU funds are used in Austria for financial assistance schemes. It introduces innovations with a special focus on improving the horizontal and vertical coordination of European and national programmes with the aim of making the results more visible and clearer.

For the first time, cohesion policy funds are being brought together under the umbrella of the European Structural and Investment Funds (ESI Funds) with the funds for rural development and for maritime and fisheries policy. The Partnership Agreement (PA) – in Austria STRAT.AT 2020 – is the strategic framework that creates the bridge to the Europe 2020 targets and the programmes. It is the common reference document for the ESI Funds at the national level.

The ESI Funds Common Provision Regulation (EU) 1303/2013 stipulates that Member States must report twice – 2017 and 2019 – on the progress achieved by the use of ESI funds at the level of the Partnership Agreement, and also defines the basic contents of the progress reports.²

This Progress Report 2017 presents a concise overview of the implementation of the ESI funds until the end of 2016. The data on the status of implementation are based on project approvals pursuant to the monitoring as at 31 December 2016. The projected figures are based on the Partnership Agreement effective as of the end of 2016 (Version 2). For the program-

mes of the IGJ³/ERDF and ESF as well as the EMFF, the projections for the programme data correspond to those of the Partnership Agreement. The situation is different for the EAFRD programme. In May 2016, the Commission approved the first amendment and in May 2017 the second amendment to the EAFRD programme. These amendments resulted in shifts between the thematic goals. These changes had not yet been adopted at the end of 2016 by a formal amendment to the Partnership Agreement. As the Partnership Agreement is the relevant document of reference for the Progress Report 2017, the implementation stages of the EAFRD programme refer to the projections of the currently valid version of the Partnership Agreement. For this reason, the implementation stages may diverge from the information given in the annual report 2016 of the EAFRD programme.

The preparation of the report was done under the lead of the Subcommittee on Regional Economy established within ÖROK and with the participation of the STRAT.AT 2020 Partnership. For the operational process of preparing the Progress Report, a steering group was set up. The preparation work for the report was accomplished with the external support of the project team of convelop gmbh (general coordination, IGJ/ERDF, ETC) in cooperation with ÖIR GmbH (EAFRD/EMFF) and Lechner, Reiter & Riesenfelder Sozialforschung (ESF).

The table below presents an overview of the drafting process:

² In (2) lit. a) to i) of the abovementioned Article 52 of the Common Provision Regulation (EU) 1303/2013. Additionally, Implementing Regulation 2015/207 of the Commission contains a concrete template for the progress reports.

³ IGJ is an Austrian national programme "Investment in Growth and Jobs".

Tab. 1: Key Data on the Preparation of the Progress Report (PR) 2017

Stages	Date	Content
Kick-off	17 January 2017	Summary of state of discussion
PR Steering Group	21 February 2017 March/April 2017	Coordination resp. discussion of multi-fund themes Data received and interviews conducted with managing authorities
Fund-specific processing	March/May 2017	Clarification of questions, data, etc. Preparation of fund-specific internal reports
STRAT.AT 2020 discourse	16 May 2017	Information and discussion of the contents of the Progress Report
PR Steering Group	24 May 2017	Discussion of the draft report
Sent to the Subcommittee on Regional Economy	2 June 2017	Draft report sent to the Subcommittee on Regional Economy
Subcommittee on Regional Economy	13 June 2017	Discussion of the full report, draft version
Decision by circular vote of the ÖROK Commission of Deputies	26 June 2017	Report sent out for decision by circular vote
Submitted to the EC	18 August 2017	Submitted via SFC
Response from the EC	18 Septembre 2017	Acceptance by the EC
STRAT.AT Forum	21 November 2017	Presentation of the report
Presentation of the Report	22 November 2017	Joint review meeting of the ESI Funds programming body with the EC pursuant to Art. 51 of the Common Provision Regulation
Publication	November 2017	Publication in the ÖROK Publication Series no. 200

1 THE ESI FUNDS PARTNERSHIP AGREEMENT – OVERVIEW⁴

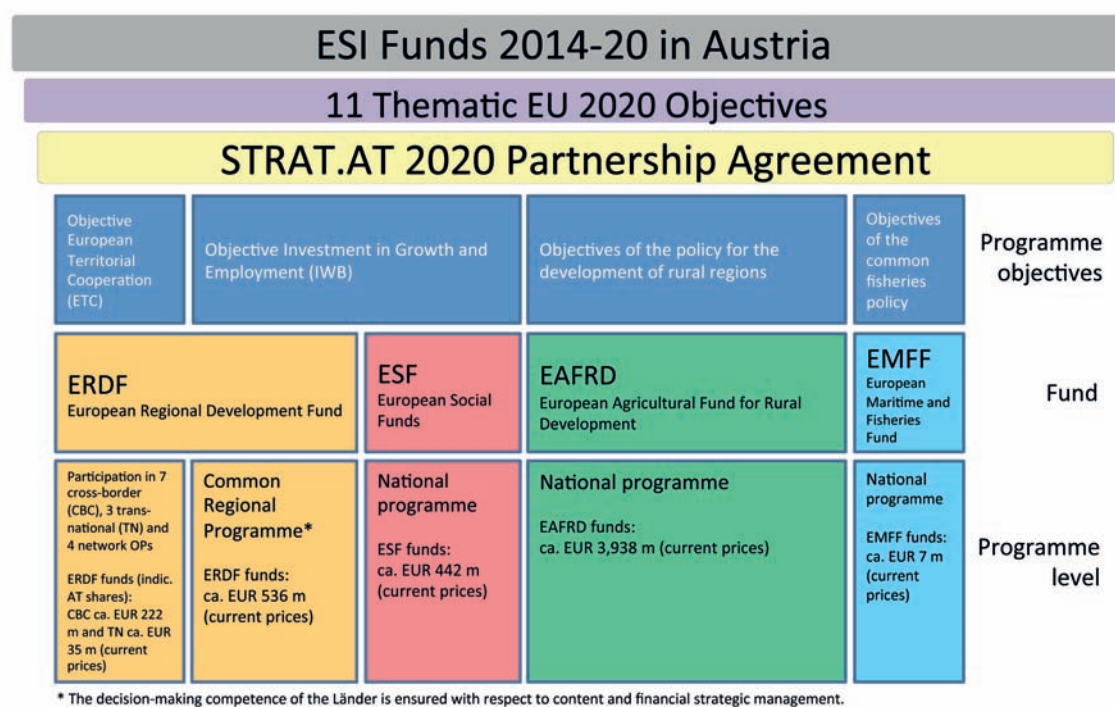
The ESI funds will contribute to the attainment of the Europe 2020 targets in the period 2014 to 2020. The interventions should be integrated into the national reform programmes and support the relevant reforms described in the country-specific recommendations within the scope of the European Semester. Under the European Structural and Investment Funds (ESI Funds) regarding the EU legal framework, a central reform issue being given more attention is the strategic orientation defined within a “Common Strategic Framework” (CSF). In line with the fund-specific rules, the interventions concentrate in strategic growth areas throughout Europe.

As a consequence of the increasing requirements of the European programmes for the implementing bodies, a reform was started within the ERDF that resulted in the bundling of the previously nine Län-

der programmes into one Austria-wide regional programme and the establishment of a central managing authority at the ÖROK Office. In the new programming period, the ESF is also being implemented for the first time within a programme. Therefore, there are four main programmes being implemented under the Partnership Agreement throughout Austria apart from programmes of the European Territorial Cooperation.

For the entire period 2014–2020, Austria has an indicative amount at its disposal of approximately EUR 5.18 billion from the European Structural and Investment Funds (incl. ETC), while throughout Europe, the funds deployed amount to around EUR 469 billion. The system of shared management requires co-financing of the EU Funds by national (public or private) funds, thus considerably increasing the leverage of the financial assistance.

Fig. 1: Structure of the ESI Funds in Austria



Source: Office of the Austrian Conference on Spatial Planning (Österreichische Raumordnungskonferenz, ÖROK), Octobre 2014

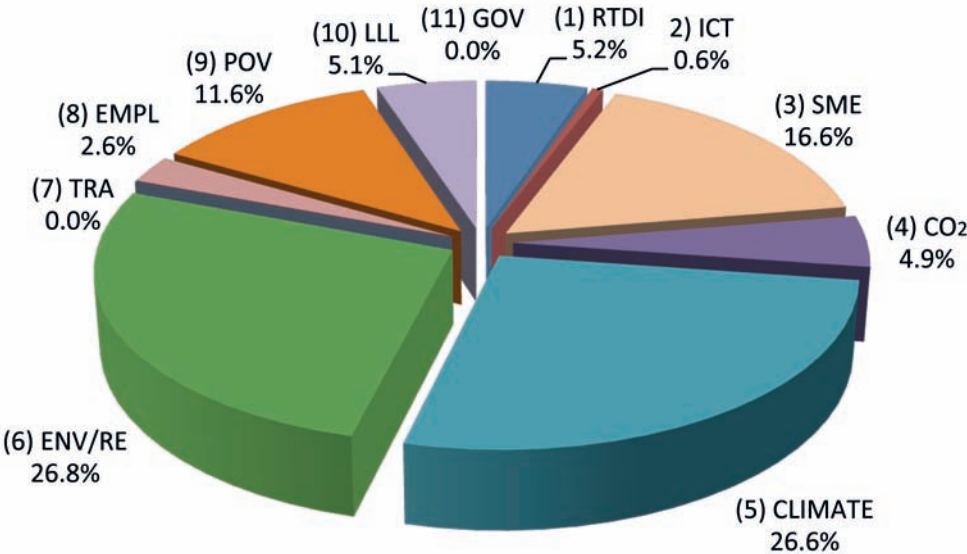
⁴ Besides other documents this chapter is also based on ÖROK (2014): STRAT.AT 2020. STRAT.AT 2020. Partnerschaftsvereinbarung Österreichs. Zur Umsetzung der Europäischen Struktur- und Investitionsfonds 2014–2020. Zahlen – Daten – Fakten.

Tab. 2: Europe 2020 and Thematic Objectives

Targets of Europe 2020	Thematic Objectives
Intelligent Growth	TO 1: Strengthening research, technological development and innovation (RTDI) TO 2: Enhancing access to, and use and quality of information and communication technologies (ICT) TO 3: Enhancing the competitiveness of SMEs, of the agricultural sector (for the EAFRD) and of the fishery and aquaculture sector (for the EMFF)(SME)
Sustainable Growth	TO 4: Supporting the shift towards a low-carbon economy in all sectors (CO ₂) TO 5: Promoting climate change adaptation, risk prevention and management (CLIMATE) TO 6: Preserving and protecting the environment and promoting resource efficiency (ENV/RE) TO 7: Promoting sustainable transport and removing bottlenecks in key network infrastructures (TRA)
Inclusive Growth	TO 8: Promoting sustainable and quality employment and supporting labour mobility (EMPL) TO 9: Promoting social inclusion, combatting poverty and any discrimination (POV) TO 10: Investing in education, training and vocational training for skills and lifelong learning (LLL) TO 11: Enhancing institutional capacity of public authorities and stakeholders and efficient public administration (GOV)

Source: EC (European Commission) 2015, European Structural and Investment Funds 2014–2020, official texts and commentaries

Fig. 2: Relative distribution of the financial assistance from ESI Funds to the Thematic Objectives 2014-2020 in Austria



Source: Data projections PA – Version 2, incl. performance reserve, excl. TA, as at 16 Oct. 2015

Eleven thematic objectives (TO) have been defined in the Common Provision Regulation for the ESI Funds for the current period and with respect to coordination with the Europe 2020 Strategy and its objectives of intelligent, sustainable and inclusive growth.

In Austria, nine thematic objectives were selected within the Partnership Agreement and allocated funding from the ESI Funds. The diagram below presents an overview of the indicative allocation on a pro rata basis (excluding ECT) to the thematic objectives.

The contributions of the Fund programmes to the respective thematic objectives break down as follows:

An international comparison⁵ reveals the specific situation of Austria with a heavy weighting of EAFRD within the ESI Funds. This is due to the fact that Austria places much more weight on Pillar 2 of the Common Agricultural Policy, “Rural Development”, in European comparison than on Pillar 1 (direct payments to farmers). Because of the high significance of EAFRD, the Partnership Agreement in Austria gives

5 The basis is the evaluation of the Open Data Platform of DG Regio (www.cohesiondata.ec.europa.eu/) that makes it possible to compare the Member States with respect to the use of the funds by thematic objective.

Tab. 3: Allocation of ESI Funds funding by Thematic Objective - Data Projections*

TZ	IGJ/ERDF	ESF	EAFRD	EMFF	ESI Funds	Share in %
(1) RTDI	206,235,238		42,159,568		248,394,806	5.2 %
(2) ICT			26,693,422		26,693,422	0.6 %
(3) SME	164,732,433		620,223,585	6,738,500	791,694,518	16.6 %
(4) CO ₂	118,156,167		112,807,608		230,963,775	4.9 %
(5) CLIMATE			1,268,518,799		1,268,518,799	26.6 %
(6) ENV/RE	4,850,000		1,270,884,049		1,275,734,049	26.8 %
(7) TRA**						
(8) EMPL	10,000,000	66,697,349	46,365,956		123,063,305	2.6 %
(9) POV	11,437,640	137,642,139	404,111,176		553,190,955	11.6 %
(10) LLL		211,448,374	31,606,356		243,054,730	5.1 %
(11) GOV						
Techn. Assist.	20,850,601	26,299,491	114,181,478	226,500	161,558,070	3.0 %
Total	536,262,079	442,087,353	3,937,551,997	6,965,000	4,922,866,429	100.0 %

Source: STRAT.AT 2020. Partnership Agreement Austria 2014–2020, Approved Version – Version 2. Information on current prices in € incl. performance reserve, as at 16 Oct. 2015, * Does not include ETC funds, as it is not directly part of the PA, ** Possible activities on sustainable transportation are defined under TO 1, 3, 4 and 6.

With regard to the content of the **priorities of the programmes of the Fund**, the following aspects are highlighted:

The **EAFRD** programme concentrated over EUR 3.9 billion in rural regions giving priority to the deployment of funds for environmental objectives, investments by companies, creation of infrastructure and the diversification of the rural economy.

The **EMFF** programme is the smallest of the ESI Funds programme (approx. EUR 7 million EU funds) and focuses on thematic objective 3 Competitiveness of SME in the fishery and aquaculture sector.

The **IGJ/ERDF** OP uses approx. EUR 536 million EU funds for regions with potential and invests in R&D and innovation, growth, competitiveness of SME and low carbon economy as well as in urban development and the territorial dimension.

The **IGJ/ESF** OP places the focus on approaches to achieving the social inclusion of persons at risk of exclusion and on the enlargement of financial assistance schemes for further education (guaranteed further education and offers for groups with educational disadvantages). Moreover, the focus is also on innovative ways of increasing the opportunities of gainful employment for women and older persons. The volume of EU funds in the programme is around EUR 442 million. The programme is being implemented throughout Austria and essentially pursues a target group-oriented approach. Differentiations by region play a minor role. It also has ERDF funds of EUR 257 million for the ETC programmes of the transnational and cross-border strands as well as further ERDF funds for the inter-regional strand (e.g. INTERREG Europe, URBACT III). The **ETC programmes** 2014–2020 are much more focused with priority being given to R&D and innovation, environment and resource efficiency as well as on the improvement of institutional capacities. Several programmes also address the issues of reducing carbon emissions and of transportation.

much more importance to the environmental objectives and the SME objectives in EU comparison.

The next chapter (Chapter 2), presents an overview of the first phase of implementation of the Partnership

Agreement (years 2015 and 2016) and its framework conditions, before giving a summary and presenting the conclusions of the first lessons learned in the final chapter (Chapter 3).

2 THE PROGRESS REPORT 2017

Note: The structure of the progress report follows the provisions of Commission Implementing Regulation (EU) 2015/207 of 20 January 2015. Given the fact that this report structure provides a comprehensible picture of the implementation of the ESI funds just at a limited scale, Chapter 3 "Summary and conclusions" offers a more readable summary for the reader.

2.1 Changes in development needs in the Member States since the adoption of the Partnership Agreement (Article 52 (2) a of Regulation (EU) No. 1303/2013 of the European Parliament and of the Council (Socio-economic Development and Trends)

2.1.1 General description and assessment of the changes in development needs including a description of the changes in development needs identified by new relevant country-specific recommendations adopted in accordance with Articles 121 (2) and Article 148 (4) of the Treaty

Economic development of the past few years

The ESI Funds programmes are targeted at structural adaptation, economic development, employment and the labour market. The preparation of the Partnership Agreement and the first phase of its implementation took place in a difficult, unstable and economically weak setting. The financial and economic crisis was still having some considerable after-effects.

- After a brief recovery, real growth rates failed to surpass the 1% mark in the period 2012–2015 and for the first time in over 15 years, growth dropped below the EU level (cf. Figure 3: growth rate of real GDP 2007–2016). Domestic demand was sluggish, with stagnating private consumption coming together with a very weak propensity to invest among companies.⁶
- Nonetheless, the weak economic growth made it possible for the number of wage and salary earners to increase, often in the form of part-time and atypical employment. Still, due to the substantial expansion of the pool of available labour it was not enough to stabilize the labour market: Contrary to

the trend in the EU, the unemployment rate in Austria rose from 2013 to 2016 (unemployment rate development 2013–2016 in EU28: -2.4 percentage points; in Austria: +0.3 percentage points).⁷

- Austria still has relatively moderate unemployment rates in international comparison, but has lost its top ranking in the EU. The widening of the pool of available labour was caused by migration within the EU and the rising labour participation rate of women and longer working life of persons in gainful employment.⁸

In 2016, the development dynamic improved. According to current estimates, real GDP rose by +1.5%. The upswing was driven by the domestic economy, which consisted of reviving investment activity as well as public sector and private consumption.⁹ Along with economic growth, employment also expanded more strongly than in the previous years (+1.5%), with men profiting to a similar degree (+1.6%) as women (+1.4%). Therefore, the unemployment rate stabilized in 2016 after years of being on the rise. In the first quarter of 2017, unemployment decreased again for the first time.¹⁰

This positive development of growth is expected to continue over the medium term according to WIFO forecasts (2017 +2.0%, 2018 +1.8%) accompanied by a perceptible rise in employment.¹¹ However, because of the sustained strong increase in the pool of available labour, the unemployment rate will decrease only slightly (forecasts for 2017 and 2018, respectively: 5.9% according to the EUROSTAT calculation and 8.9% according to the national accounting method).

Regionally, there is a west-east development disparity, with solid growth in the western Länder (especially Tyrol and Vorarlberg), an average position in predominantly industrial regions (e.g. Upper Austria, Sty-

6 Cf. WIFO (2015): Monthly Reports 7/2015, p. 582 and WIFO (2016): Monthly Reports 7/2016, p. 500. Although investment activity had returned to 2008 levels by 2015 adjusted for inflation it was still below the pre-crisis level.

7 According to the EUROSTAT, Labour Force Survey Method.

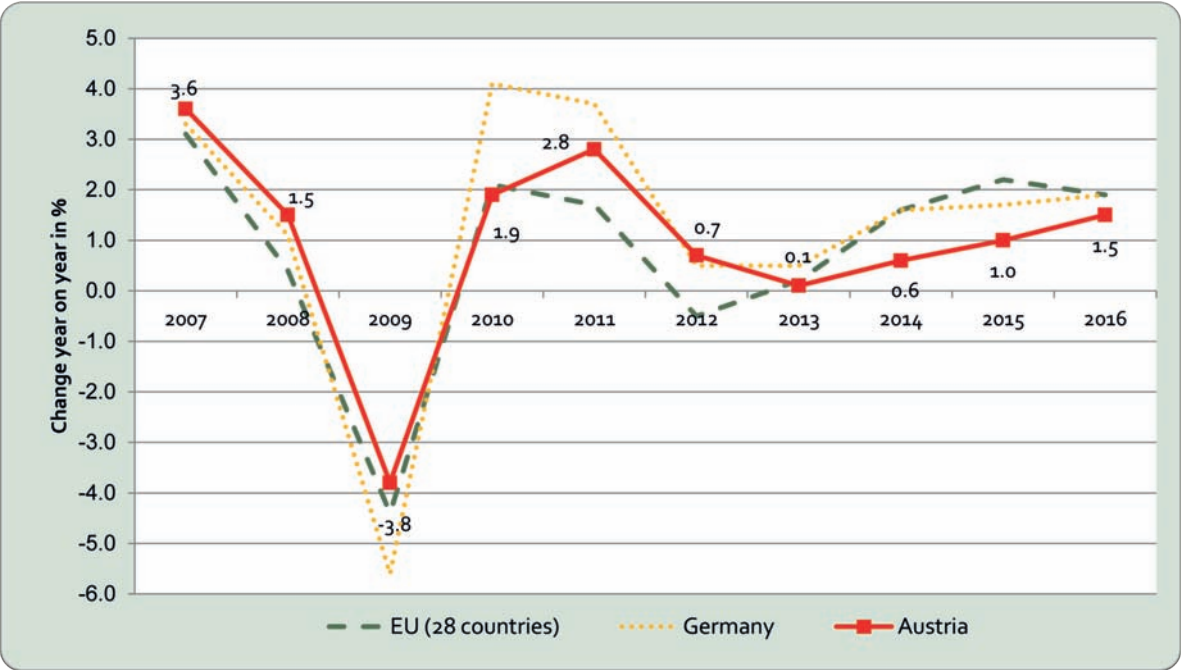
8 Cf. National Reform Programme 2016, p. 3.

9 Cf. WIFO (2017): Monthly Report 2/2017.

10 According to the national accounting method. Among men, the number of unemployed decreased in 2016 by 0.3% y/y, while the unemployment rate among women continued to rise (+2.4%).

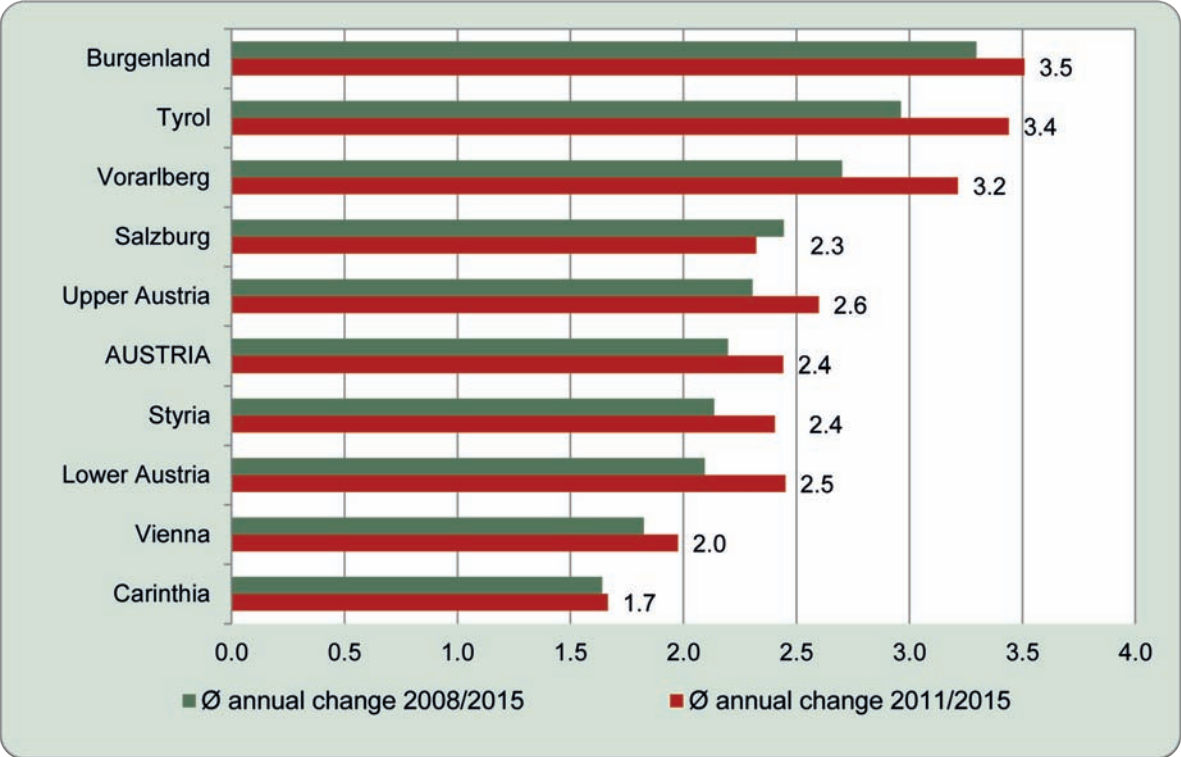
11 Cf. WIFO (March 2017): Forecast for 2017 and 2018: Economic upswing in Austria.

Fig. 3: Real GDP growth rates 2007-2016



Source: Statistik Austria, calculation convelop, 2017

Fig. 4: Average annual growth rate GRP (nom.) by Länder

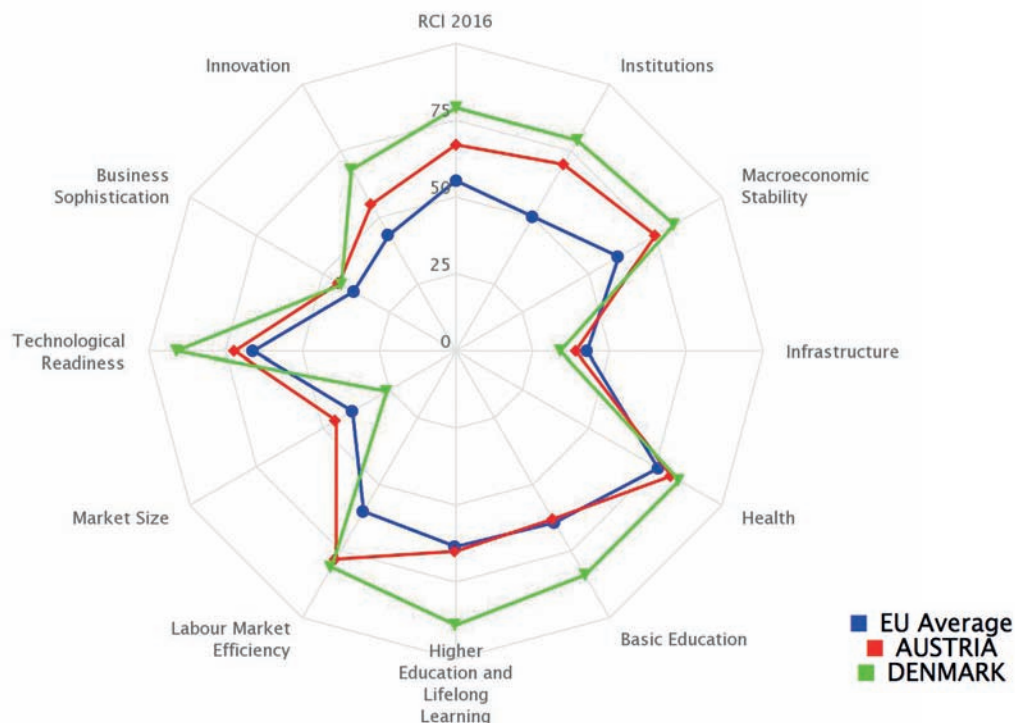


Source: Statistik Austria, calculation convelop, 2017

ria, Lower Austria) and a persistently weak position in the urban centre of Vienna, which is dominated by the service sector. The weakness is seen especially in the south of Austria (Carinthia). Burgenland in the east of Austria is an exception to this west-east decline and has similar high growth rates as the western part of Austria.

Developments in the regional labour markets correspond to the growth tendencies for all of Austria and regionally. In the period 2012–2016, the unemployment rate rose in all of Austria and in all Länder (cf. tables in the Annex). A relatively subdued development was observed in the west, while especially Vienna was confronted with the steepest increases –

Fig. 5: EU Regional Competitiveness Index (RCI), 2016



Source: http://ec.europa.eu/regional_policy/en/information/maps/regional_competitiveness/#3, 2017

due also to immigration and the larger pool of available labour.

The challenges in the areas of migration, integration and labour market increased due to the migration movements. The considerable rise in the number of asylum applications as of spring 2015 reached more than 88,000 applications in 2015 – an unheard of number in recent history.¹² This development slowed in 2016, when the number of applications dropped by half again, but it is still three times higher than in the years before 2014. This once again accelerated net immigration to Austria that had been on the rise for years. Migration movements also shifted the theme of borders in Europe back into the focus of attention.

There was a response within the ESF – in accordance with the document of the European Commission “Support to Asylum Seekers under the European Social Fund and the Fund for European Aid to the Most Deprived” – under Objective 9 (Reduction of Risk of Poverty) by enhancing support for integration into the labour market for the target group of persons entitled to asylum and persons entitled to subsidiary protection (see also Chapter 2.2).

Regional competitiveness in Austria & smart specialisation

In the past few years, a number of indicators have become established for assessing the international position of states. They are instruments for monitoring the performance of a country and for communicating this more easily. The best known of these international indicators for RTDI is the European Innovation Scoreboard and the Global Innovation Index. Despite differences in the details,¹³ the ranking positions Austria as a country with above-average performance, while at the same time showing a gap to the respective top-ranking states (mostly in Scandinavia, Germany and Switzerland).

Apart from the innovation-based index for the regional level, “Regional Innovation Index”, the EU Regional Competitiveness Index – RCI) has become established.

The overall RCI index 2016 (RCI 2016) shows that Austria's performance is above the EU average. The indicators far above the average in the RCI 2016 are those that address institutional framework conditions such as macro-economic and institutional stability (politi-

¹² Cf. Statistik Austria (2017) Statistische Nachrichten. April 2017, p. 268 et seq.

¹³ For a detailed discussion of Austria's status in international comparison and the development of the past few years, see Federal Ministry of Science, Research and Economy (BMWFW) and the Federal Ministry for Transport, Innovation, and Technology (BMVIT) (2015): Austrian Research and Technology Report 2015.

The method of the EU Regional Competitiveness Index (RCI):

The index is based on the concept of the Global Competitiveness Index of the Global Economic Forum (GCI-WEF) and enables a view of the competitiveness of EU regions from a European perspective. With regard to the methodology, the index consists of eleven pillars that reflect the different aspects of competitiveness: Institutions, macro-economic stability, infrastructure, health, basic education, higher education and life-long learning, labour market efficiency, market efficiency, technological readiness, business sophistication and innovation. Based on these pillars, the index ranks the strengths and weaknesses of a region.¹⁴

cal stability, law, corruption and similar). Likewise above average are economic, innovation and labour-market-related areas, and also health-related themes. In the area of education, however, Austria only achieves levels more or less in line with the EU average.

Overall, the RCI 2016 again confirmed the general picture, as also depicted in the Partnership Agreement (cf. ÖROK 2015, p. 17 et seq) – apart from the findings of a series of investigations on the performance of Austria. The Partnership Agreement generally assumes that Austria's performance is good, but with weaknesses in the education system and with respect to a few innovation-related indicators. These findings are especially relevant for the leading EU states, which, in fact, serve as a benchmark for competitiveness. Thus, for example, compared to Denmark, Austria lags behind in the subareas of education and human resources, as well as in innovation and technological readiness (broadband etc.). Similar differences are revealed in comparison to other leading states such as Sweden or Germany.

At the regional level, it is revealed that the Austrian Länder

- rank between place 49 (Vienna/Lower Austria) and place 125 (Burgenland), and are therefore all, without exception, above the EU average compared to the overall index;
- like Austria in general, are well-positioned, but in international comparison do not rank in any top positions;
- have the smallest disparities in regional competitiveness – measured by the gap in the ranking of the regions.

Compared to 2010¹⁵, the relative positions to other states have remained largely stable.

Before this backdrop, it is clear that the challenges in the context of the Europe 2020 targets defined in the Partnership Agreement and based on extensive ana-

lyses are still valid. These refer to structural problems that have built up over a longer time and can also only be solved over a long period.

About Smart Specialisation¹⁶

In the context of regional competitiveness and the Europe 2020 targets for intelligent growth, RTI strategies have been developed in the past few years at the national and regional levels. Austria therefore shifted to “Smart Specialisation Mode” which is also reflected in the RTI Strategy of the federal government “*Becoming an Innovation Leader*”. The strategy creates a consensus for the development vision aiming for a change from “catching-up” to “frontrunning”. The specific design of the location profile for Austria is done by the Länder where the strengths and promising areas are defined with a view to a knowledge-based economy based on endogenous location factors and their integration into the international value chain. This takes advantage of the diversified economic and location structure as well as the strong orientation on niches by companies. The Länder now all have the corresponding RTI strategies, promotion budgets and agencies to support the implementation of the strategies. Moreover, the federal government and the Länder communicate at regular meetings.

The STRAT.AT 2020 Partnership “Smart Specialisation” was established within the scope of the monitoring process for the implementation of the Partnership Agreement (see Chapter 2.8). The discussion within the scope of the Partnership shows that smart specialisation in Austria is viewed as a relevant long-term concept to support growth and competitiveness. From the perspective of the STRAT.AT 2020 Partnership “Smart Specialisation”, it is important to stress that this is less of a masterplan type of process, but rather the organisation of an ongoing development process. Smart specialisation must be understood as a process in which the relevant stakeholders work together on the development of a location ba-

14 For more on the methodology of the ranking, the indicators used and the index composition, see: http://ec.europa.eu/regional_policy/en/information/publications/working-papers/2017/the-eu-regional-competitiveness-index-2016

15 The EU Regional Competitiveness Index was published for the first time in 2010.

16 This Chapter is based on ÖROK (2016): Policy framework for smart specialisation in Austria.

sed on evidence and with a view to obtaining results. However, it is also clear that Austria has taken over the smart specialisation concept. In order to make use of its potentials, further and more far-reaching coordination processes are required between the federal government and the Länder. In this context, one should bear in mind that location policy geared towards knowledge is receiving greater attention throughout Europe and that the search for new areas of growth and ways out of the crisis require closer strategic coordination regarding policy areas and governance levels.¹⁷

Spatial-territorial development shows a continuation of the urbanisation trend. Urban regions have an enormous pull effect, in particular, the central areas of the capitals of the Länder and districts, while at the same time, we are seeing the related sub-urbanisation processes.¹⁸ Related to this are challenges regarding infrastructure management and also the creation of a sufficient number of jobs in cities. Mastering these challenges is by no means a task only for the urban regions, but can only be solved jointly by associations of urban regions (cooperation of cities and their catchment areas).¹⁹

Urbanisation processes are accompanied by out-migration tendencies in rural regions with poor accessibility such as in the inner-Alpine valleys. Pressure on agricultural prices caused by the repeal of the milk quotas especially in the inner-Alpine regions, is raising pressure for structural change in agriculture. The development of milk prices in the past few months was a special challenge for grassland regions.

In the autumn of 2016, the ÖREK Partnership started working on the theme of **Strategies for Regions with Shrinking Populations**. It is planned to run until the autumn of 2018. This ÖREK Partnership is headed by the Federal Ministry of Agriculture and Forestry, Environment and Water Management (BMLFUW), the Federal Chancellery and Tyrol and deals with regions that are affected by a declining population or where this could happen in the future. The aim of this ÖREK Partnership is to discuss the many different aspects and differentiations of the theme, to contribute to making the theme topical and to prepare coherent proposals for policies and practice. The focus of work is not only on analysis, but also on the drafting of communication strategies.

Climate change affects urban and rural areas equally. These include urban heat islands, severe weather events with frost damage to farming, uncertain snow conditions in winter tourism regions, especially in the lower-lying skiing areas of rural regions. Before this backdrop, Austria prepared a Green Paper in 2016 for an integrated energy and climate strategy with the intention to start a broad discussion process in Austria.²⁰

Work on the concept and planning within the Partnership Agreement began in a difficult economic environment – the aftereffects of the major financial and economic crisis and rising unemployment. The first few years of implementation of the Partnership Agreement were dominated by this setting. A recovery of the economy is expected for the coming years. The basic pattern of the problems is still there, however, even though some easing may be expected. Issues such as migration flows led to greater attention being given to this theme within the ESF programmes in the implementation. At the same time, national funds were spent on integration.

2.1.2 Other elements

Not applicable

2.2 Progress made towards achievement of the Union strategy for smart, sustainable and inclusive growth, as well as the Fund-specific missions through the contribution of the ESI Funds to the thematic objectives selected, and in particular, in respect to the milestones set out in the performance framework for each programme, and to the support used for climate change objectives (Article 52 (2) b of Regulation (EU) No. 1303/2013)

2.2.1 A description and assessment of the progress made in achieving the national Europe 2020 targets (3) and of the contribution of the ESI Funds to that end, with reference to the milestones set out in the performance framework, and to the support used for climate change objectives

Progress made by Austria in attaining the Europe 2020 targets

¹⁷ See also BMWWF/BMVIT (2016): The Austrian Research and Technology Report 2016, p. 81.

¹⁸ Cf. Statistik Austria (2017): Statistische Nachrichten. February 2017, p. 92–105.

¹⁹ Whether or not a countertrend will gradually start in the major urban regions due to increasing negative externalities from transportation and environmental burdens and also rising real estate prices – as already being observed in large German cities – will be seen in the coming years and decades.

²⁰ Cf. BMWWF/BMLFUW (2016): Green Paper for an integrated energy and climate strategy.

The ESI Funds contribute to the implementation of the Europe 2020 Strategy and to the objectives of intelligent, sustainable and inclusive economic growth. The derived national Europe 2020 targets are key benchmarks for Austria (see Table “Core targets of the Europe 2020 Strategy”). Austria is often far above the EU average with respect to the degree of attainment of the objectives in all leading indicators.²¹ The current data show that for some indicators good progress has been achieved in coming close to the targets for 2020, and in others, these have even been surpassed, for example, the indicators on the share of renewable energy in gross energy consumption, tertiary education completed and emissions targets.

Projections prepared by WIFO on behalf of the Federal Chancellery regarding the attainment of the objectives by 2020²² show that public spending on R&D, employment, education, greenhouse emissions and the share of renewable energy are all well on their way to attaining the objectives or have already reached these. By contrast, R&D spending by the private sector and energy consumption is not on the trajectory to attainment.

With regard to the objective areas that are still not in line with the objectives, WIFO refers to the comprehensive RTI Strategy (“Becoming an Innovation Leader”)²³ in the area of R&D in which these bottlenecks were correctly identified and considered. In this case, WIFO calls for rigorous implementation. Further measures are required in the area of energy efficiency, but these cannot be viewed independently of the further economic development. The efforts of the Austrian federal government to prepare an integrated energy and climate strategy should also be viewed bearing this in mind.

The actions taken under the ESI Funds can only contribute to these indicators along the basic lines of the individual Funds. The following aspects should be considered in this context:

1) The analyses of the growth bottlenecks²⁴ in Austria as well as the largely corresponding country-specific recommendations of the EC show that in many areas, the leverage for goal achievement in Austria addresses regulation, competition policy, social and pension insurance systems. These must be seen as outside the

Tab. 4: Core targets of the Europe 2020 Strategy

Theme	Leading Indicator	National Objective		EU Overall Objective	Target Projection 2020 for AT (WIFO)*
		2020	Curr. Status	2020	2020
Employment	Employment rate in %	77 %	74.8 % ⁽¹⁾	75 %	102
F&E	R&D-Investment in % of GDP	3.76 %	3.07 % ⁽²⁾	3.00 %	86
Climate change and energy	Reduction of emissions in the non-emission trade sectors (versus 2005)	-16 %	-15 % ⁽¹⁾	-10 %	112
	Share of renewable energy in gross energy consumption	34 %	33 % ⁽²⁾	20 %	104
	Energy efficiency and stabilisation of end energy consumption (in Mtoe**)	25.1	27.4 ⁽²⁾	1086	94
Education	Early school leavers	9.50 %	6.9 % ⁽¹⁾	<10 %	158
	Tertiary education completed	38 %	40.1 % ⁽¹⁾	min. 40 %	125
Poverty and social exclusion	Reduction in share of the population at risk of poverty/social exclusion in persons (base year 2008)	-235,000	-147,000 ⁽²⁾	-20,000,000	130

Comment: (1) 2016, (2) 2015, * Target projections: WIFO (2015), based on growth 2000–2014 vs. objective (objective = 100), **Mtoe = million tonnes of oil equivalent, Target projections refer to data as at May 2015, Source: EUROSTAT, as at 26 April 2017, WIFO (2015)

21 Regarding higher education graduates, Austria achieves an above-average level only because of the graduates from vocational upper secondary schools (BHS) that are counted as higher education for the Europe 2020 targets.

22 The assessments in this Chapter are from a WIFO report. WIFO (2015): Monitoring of Austria's Efforts. Within the Europe 2020 Strategy. Update 2014–15, Abbreviated German Version. The data given in this Chapter are updated figures versus the WIFO study (see Table: Core targets of the Europe 2020 Strategy). The forecasts made in the WIFO study have not been updated. The qualitative assessments of the WIFO study were also used as these are essentially still from today's perspective.

23 BKA/BMF/BMUKK/BMVIT/BMWFJ/BMWF (2011): Der Weg zum Innovation Leader. Potenziale ausschöpfen, Dynamik steigern, Zukunft schaffen. Strategie der Bundesregierung für Forschung, Technologie und Innovation.

24 Stefan Ederer/Jürgen Janger, Growth Bottlenecks (2010) – Engpässe für Wachstum und Beschäftigung in Österreich im Rahmen der Strategie “Europa 2020”.

scope of intervention of the ESI Funds that merely provide an incentive for positive investment decisions and projects.

2) The ERDF and ESF interventions cover only very specific, small sections of the policy fields, which, according to estimates, probably account for less than 5% of the national financial assistance employed.²⁵ The EU programmes encounter highly sophisticated national financial assistance systems in this context for supporting the labour market, employment, economy, research and innovation. Austria sets itself apart – just like other highly developed Member States – very clearly from countries that use large volumes of the funds for EU cohesion policy. By contrast, EAFRD is a key instrument for Austria's agricultural policy.

A look at the eleven thematic objectives of the Partnership Agreement and the degree of implementation in conjunction with the objective areas of the Europe 2020 targets presents the following picture: of the approximately EUR 1.5 billion in committed funds (end of 2016), more than 70% are earmarked for climate and energy-related objectives (TO 4 – CO₂, TO 5 – CLIMATE, TO 6 – ENV/RE), dominated by ÖPUL²⁶ (Austrian Programme for Environmentally Compatible Agriculture) and the compensation payments for disadvantaged regions under EAFRD. Around 15% of the funds approved address themes relating to employment (TO 3 – SME, TO 8 – EMPL). The prevention of poverty (TO 9) is targeted with 7% of the approved projects, education (TO 10) 5% and RTDI-related theme (TZ 1 – RTDI, TZ 2 – ICT) with 2% of approvals (all of the data refers to funds from the ESI Funds; for details, see Chapter 2.2.2 on the implementation of the ESI Funds). The programme data output – with the exception of the territory-linked payments and investment subsidies under EAFRD – is still not enough to make any substantial statements on the concrete impulses from the funding. This will be done in the Progress Report 2019.

2.2.2 A description and assessment, with reference to the milestones set out in the performance framework, and to the support used for climate change objectives, where appropriate, of how the ESI

Funds have contributed to delivering on the thematic objectives and of the progress made in achieving the expected main results for each of the thematic objectives as set out in the Partnership Agreement, including where appropriate, a description of the contribution of the ESI Funds in achieving economic, social and territorial cohesion, with reference to the milestones set out in the performance framework for each programme

Overview of implementation of the ESI Funds²⁷

By the end of 2016, the ESI Funds approved a volume of more than EUR 1.6 billion in funding was approved in the ESI Funds. This corresponds to an implementation level of around 33% measured by EU funds. Implementation in the four main programmes has progressed to varying degrees and ranges from 10% to 37%. The reasons for this divergent level of progress are the fund-specific framework conditions. The level of implementation is based on EAFRD, which – also in comparison to other Member States – has a large volume of funds committed and ranks at the top in European comparison. Among other things, this is due to relatively stable structural framework conditions and structures built up over years. Also, the possibility of approving territory-linked funding already in the year 2014 based on Regulation (EU) No 1310/2013 with transitional provisions helped to raise the degree of implementation of the EAFRD. Almost two thirds of approved funds under EAFRD are for territory-linked funding. Other measures are also well under way.

In total, the degree of implementation of the ESI Funds in Austria is in line with the EU average at present. If the committed funds are viewed in relation to the total costs (indicative data for a comparison are available only for this purpose), Austria had an approval ratio of 28.3% at the end of 2016 (EU: 27.7%).²⁸ The data recorded as at 31 December 2016 in the monitoring systems and officially reported to the European Commission are only a snapshot of a specific point in time. Some of the programmes are in a transition phase from building up structures to shifting the focus to the concrete implementation. For example, in

25 For the period 2007–2013, a share of 5% to 8% of EU funds are estimated to be used for cohesion policy programmes. The share will probably be at the lower end or even below it for the current period considering the fund cuts being made at present. Additionally, there was a change from the public cost to the total cost principle in ERDF so that the entire volume of public funds used in ERDF has declined substantially.

26 Austrian Programme for Environmentally Compatible Agriculture, Österreichische Programm zur Förderung einer umweltgerechten, extensiven und den natürlichen Lebensraum schützenden Landwirtschaft)

27 Unless indicated otherwise, the implementation data refer to the approval status pursuant to the Monitoring Authority of the ESI Funds, data as at 31 December 2016. Output and result indicators are not yet sufficient for a systematic evaluation due to the status of programme implementation and have therefore not been systematically taken into consideration (IGJ/ERDF OP).

28 Cf. DG Regio – Open Data Portal for the European Structural Investment Funds (Data queried on 2 May 2017).

Tab. 5: Overview of Implementation of ESI Funds (as at 31 December 2016)

	EU funds in EUR million – Projections*	Approved EU funds in EUR million	Degree of implementation in %
EAFRD	3,937.6	1,457.7**	37 %
EMFF	7.0	0.9	12 %
ERDF (IGJ)	536.3	50.5	9 %
ESF	442.1	115.5	26 %
ESI Funds, total	4,922.9	1,624.6	33 %

Source: ESI Funds Monitoring Authorities, as at 31 Dec. 2016, incl. TA,

* According to the approved version of the Partnership Agreement, Version 2, ** thereof approvals for territory-related payments: EUR 1,034

IGJ/ERDF a significant rise is expected for 2017. The exchange of information within the scope of the Partnership shows that the approval status should reach 25% by the summer of 2017.

Geographically, the entire territory of Austria is eligible for funding from the ESI Funds. The funding region of the EAFRD programme covers exclusively rural regions for several measures.²⁹ Eight of the nine Länder belong to the category “more developed region”, Burgenland is defined as a “transition region”. Due to the still not very advanced implementation, the transition region is reported separately only when specific details require this.

As the Austrian strategy is geared towards complementarity of the programmes with respect to target groups and regions, a brief overview is given below of the priorities and the implementation progress of each of the programmes per Fund. The description of the progress of implementation follows the lines of the Europe 2020 Growth Targets with a report by thematic objective.

The **Rural Development Programme** of the EAFRD concentrates on rural regions giving financial priority to environmental objectives, corporate spending, creation of infrastructure and the diversification of the rural economy.³⁰ “Innovation” is a cross-sectoral theme in the current programming period and enjoys heightened attention. The programme was approved in December 2014 (together with Poland and Denmark) as the first in the EU. In 2015, the focus was on creating the necessary structures (i.a. national legal framework, creation of LEADER structures, national

networking body, European Innovation Partnership).³¹

The programme pursues a broader and more innovative approach than in the previous period. For example, measures are planned in social areas and for small and medium-sized businesses. More funds were allocated to the measures for expanding the broadband infrastructure. Measures for agriculture and forestry are still central to the programme. A comprehensive bundle of measures was designed to ensure that agriculture and forestry become more innovative, professional and competitive.

The approval status of 37% is one of the highest-ranking in the EU. Implementation has been supported up to now by the large areas of territory-linked measures (ÖPUL and the compensation payments for disadvantaged regions, esp. mining regions) carried out already in 2014 parallel to the programming and approval process, as well as by investments by companies to improve the competitiveness in agriculture and forestry. Nonetheless, project-related financial assistance had gotten off to a good start and on the average of all measures, it achieves around 30% of funding commitments, backed mainly by company investment projects.

The **EMFF programme** concentrates on strengthening competitiveness of small-sized fishery operations and focuses on thematic objective 3 Competitiveness of SMEs in the Fishery and Aquaculture Sector. The programme focuses on measures in the areas of inland fishery, productive investment – aquaculture and processing and marketing. EMFF is by far the

29 For details on the regional demarcation lines, see Chapter 2 of the EAFRD programme.

30 In May 2016, the Commission approved the first amendment and in May 2017 the second amendment to the EAFRD programme. These amendments resulted in shifts between the thematic objectives that will be followed up in the next amendments to the Partnership Agreement. The evaluations of the implementation are based on the approved financial figures according to STRAT.AT 2020 Partnership Agreement Austria 2014–2020, Approved Version – Version 2 of 16 October 2015.

31 In 2015 and 2016, there were adaptations to the financial plan of the EAFRD programme due to the possibility at this time of better assessing the acceptance of the ÖPUL measures at this time. These entailed changes and switching within the programme funds to other priorities. Measures 01, 02, 04, 06, 07, 14 and 16 were allocated higher funding, while the financial framework of measures 08 and 10 were reduced. Measures 03, 11, 12, 13, 15 and 19 remained unchanged with respect to total funding.

Tab. 6: Implementation by ESI Fund and Thematic Objective

TO	ESI Funds Approval		EAFRD Approval		EMFF Approval		IGJ/ERDF Approval		ESF Approval	
	in EUR million*	in % of proj. fig.	in EUR million*	in % of proj. fig.	in EUR million*	in % of proj. fig.	in EUR million*	in % of proj. fig.	in EUR million*	in % of proj. fig.
(1) RTDI	30.1	12 %	7.7	3 %	-	-	22.4	11 %	-	-
(2) ICT	-	0%	-	0%	-	-	-	-	-	-
(3) SME	204.1	26 %	195.6	32 %	0.9	13 %	7.7	5 %	-	-
(4) CO ₂	19.8	9 %	10.6	9 %	-	-	9.3	8 %	-	-
(5) CLIMATE	518.0	41 %	518.0	41 %	-	-	-	-	-	-
(6) ENV/RE	520.6	41 %	520.1	41 %	-	-	0.5	10 %	-	-
(7) TRA**	-	-	-	-	-	-	-	-	-	-
(8) EMPL	24.7	20 %	20.3	44 %	-	-	-	0 %	4.4	7 %
(9) POV	99.3	18 %	63.7	16 %	-	-	0.7	6 %	34.9	25 %
(10) LLL	71.9	30 %	9.7	31 %	-	-	-	-	62.1	29 %
(11) GOV	-	-	-	-	-	-	-	-	-	-
Subtotal	1,488.5	31 %	1,345.8	35 %	0.9	13 %	40.5	8 %	101.4	24 %
Tech. Assistance	136.1	84 %	111.9	98 %	-	0 %	10.0	48 %	14.1	54 %
Total	1,624.6	33 %	1,457.7	37 %	0.9	12 %	50.5	9 %	115.5	26 %

Source: Monitoring data of the ESI Funds. calculations convelop.* EU funds. approvals. as at 31 Dec. 2016 ** possible activities for sustainable transport are planned under the TOs 1, 3, 4 and 6.

smallest ESI Fund in Austria with only EUR 7 million in funding from the ESI Funds. The approvals are around EUR 860,000 in EU funds (approx. 12% of total planned investments). In total, 43 projects were approved by the end of 2016, of which 14 projects that concern EMFF priorities 1, 2 and 5 have been completed. In 2016, payouts for approved projects were started. Within the scope of the annual progress reporting in 2016, the Commission broke down the priorities into individual measures in the financial plan. This restructuring of the financial plan enlarged the goals of the programme by thematic objectives 4, 6 and 8. Work is currently under way to change the programme.

The programme IGJ/ERDF is being implemented for the first time as one programme throughout Austria. It represents only one part of the funding options available in the field of economic and innovation-oriented development policy in Austria. The programme focuses on areas with potential and in this context on R&E and innovation, growth and competitiveness of SMEs, as well as a low carbon economy supplemented by the territorial dimension and urban development. The programme structure features a high concentration of funds in thematic objectives 1 (RTI), 3 (SME) and 4 (CO₂). These three areas account for more than 90% of planned IGJ/ERDF funding.

As of the end of 2016, implementation status according to the monitoring data stood at around 10%. A number of 83 projects were approved with EUR 50.6 million in ERDF funding. However, the status of im-

plementation according to the monitoring does not reflect the actual 'activity level' of the projects.

- A series of projects are still in the process of being approved, but were nonetheless able to start work. These projects will be added to the monitoring only after final approval and the signing of the contracts.
- Due to technical adjustments to the monitoring, it has not been possible to collect the data from all implementing bodies up to now.

The new programme structure called for preparatory structural work in advance to establish an adequate management and control system (MCS), especially a central managing authority set up at the ÖROK Office (for details, see Chapter 2.6 – Enhancing the Capacities of Authorities).

Moreover, the programming period is accompanied by a series of new requirements from the EC, for example, the designation of the programming authority, the introduction of e-cohesion and preventive measures to combat fraud. Together with late availability of the texts of the Regulation and the Guidance Notes, this phase was dominated by uncertainty among the involved parties and with the consequence of negative effects for the operational start of the programme. As the aforementioned delaying factors were successively resolved in the course of 2017, the implementation level increased substantially – also visible in the monitoring. At the end of June 2017, the approval rate reached the 20% mark.

Similar to the IGJ/ERDF programme, the ESF OP is only a small part of labour market policy in Austria. Bearing this in mind, it aims for an independent profile with a focus on combatting poverty, investment in education, skills and life-long learning as well as innovative approaches to labour market and employment policy. It focuses on three thematic objectives: Employment (TO 8 – EMPL), education (TO 10 – LLL) and combatting poverty (TO 9 – POV). The focus is on thematic objective 10 to which 48% of ESF funds are allocated. The interventions aim to reduce the number of early school leavers and to increase participation in further education of persons with formally low qualifications and low levels of education. Compared with the preceding period, the importance of the thematic areas of social inclusion of disadvantaged persons and/or persons at risk of poverty (TO 9) was substantially upgraded. A share of 31% was allocated to TO 9. Especially young people and young adults as well as Roma/Romnja should benefit from the integration measures designed specifically for the target groups. A share of 15% of the funds was allocated to TO 8. The focus is on innovative ways of increasing the opportunities of gainful employment for women and older persons.

As of the end of 2016, there were 293 projects in the ESF programme with a total approved project volume of EUR 229.4 million, which corresponds to an implementation status of 26.2%. At 26.5% in the more developed regions, it was higher than in the transition region of Burgenland (19.8%). After the Public Employment Service Austria (AMS) withdrew from the allocation of ESF funds, the Länder were integrated more strongly as actors for the implementation of the ESF programme. Due to this structural change, there were delays in the starting phase. These delays were aggravated because in contrast to the preceding periods, implementation now has a stronger orientation on niches and employment policy, and the relevant interventions had to be prepared first. In the first phase of implementation - apart from the expansion of financial assistance approaches for education and life-long learning (LLL) - there were new impulses for the area of combatting poverty. In accordance with a recommendation of the European Commission, persons entitled to asylum were successfully integrated as a target group into a series of calls. In total, the ESF programme defined new highlights (esp. for equality, active aging, working poor) as a contrast to mainstream employment policy.

The ETC programmes 2014–2020³² – the focus here is on CBC (Cross Border Cooperation) – have sharpened

their focus compared to the preceding period due to the EU requirements and are now concentrated on R&D and innovation, SME, environment and resource efficiency as well as on cross-border themes for the improvement of institutional capacities. Several programmes address the issue of reduction of carbon emissions and transportation. In the area of ETC, the approval rates in the bilateral cross-border programmes reach an average of around 30%. Individual programmes show a level of commitment of funds of up to 60%. Additionally, Austria participates in 78 projects of the transnational programmes as well as in projects under the network programme.

Contribution of the ESI Funds Austria to the Europe 2020 growth targets and to the implementation of their thematic objectives

Pursuant to Figure 6 “Europe 2020, thematic targets and ESI Funds in Austria”, the TO of the ESI Funds are allocated to the objectives of the Europe 2020 Strategy of intelligent, sustainable and inclusive growth. The funds therefore contribute to the attainment of the specific growth targets of the EU.

Contributions to implementation: Intelligent Growth

The objective “**Intelligent Growth**” is to be supported within the scope of the ESI Funds by TO 1–3. In TO 1, projects are supported that serve to improve research and transfer capacities, to embed existing high priority research organisations into the regional environment and also to broaden the innovation basis. Providing broadband infrastructure and access to broadband solutions is done within the scope of the EAFRD programme (TO 2). Moreover, measures to strengthen the competitiveness of SMEs under TO 3 are of relevance in this context. With regard to **implementation**, the thematic objectives that support the goal of intelligent growth have low to medium levels of implementation. The implementation rates are between 0% (TO 2) and 26% (TO 3) according to the monitoring. Additionally, many projects under the European Territorial Cooperation have a strong focus on thematic objective 1 in the current period. As already described, the data recorded by the official monitoring do not fully represent the level of activity due to the technical-administrative problems and the delays in the designation process. As soon as the delaying factors cease to exist in 2017, a sharp rise in the use of the funds is expected. In detail, thematic objectives relating to intelligent growth have the following implementation performance:

32 See Pucher J./Tödting-Schönhofer H./Gruber M./Resch A./Weiss J. (2017), Grenzüberschreitende Kooperation – Evaluierung und Perspektiven 2020+ – Impulspaper – Bestandsaufnahme, commissioned by the Federal Chancellery.

Fig. 6: Europe 2020, thematic targets and ESI Funds in Austria



Source: Presentation by convelop based on the Partnership Agreement and EC (European Commission) 2015, European Structural and Investment Funds 2014–2020, official texts and commentaries

TO1 – Strengthening research, technological development and innovation

The core aim of the ESI Funds in TO 1 is to contribute to the improvement of research and transfer capacities, and to embed existing high priority research organisations into the regional environment and to broaden the innovation basis.

TO 1 has an implementation degree of 12%. With regard to the content, up to now programme implementation follows the objectives defined in the Partnership Agreement and comprises the following areas of focus:

In IGJ/ERDF, 29 multi-company and company R&D projects were supported, thereby increasing the staff at companies by 61 FTE and newly hired scientific staff by 40 FTE. Projects in the area of innovation consulting and multi-company R&D infrastructure were in the process of being implemented at the end of 2016 or in the phase of approval, but are not yet recorded in the data.

In EAFRD, 16 projects were approved with a focus on pilot projects for new products, procedures and processes as well as information and consulting measures. The European Innovation Partnership (EIP-AGRI) was created as a new instrument for promoting innovation and brought to the stage of implementation as a pilot. Austria plays a leading role in the implementation of the EIP-AGRI. By the end of 2016, seven operational groups were selected within the scope of EIP-AGRI. Subsequently, more innovative projects are expected for programme implementation from the operational groups. Within the scope of the network “Zukunftsraum Land”, innovation brokers are employed.

TO 2 – Enhancing access to, and use and quality of ICT

The measure of TO 2 – ICT aimed for define in the Partnership Agreement is the provision of broadband infrastructure and access to broadband solutions within the scope of the EAFRD programme. The goal of

Tab. 7: Implementation TO 1 – RTDI (EU funding)

TO 1 – RTDI	EAFRD	EMFF	IGJ/ERDF	ESF	ESI Funds total
Projections in EUR*	42,159,568	0	206,235,238	0	248,394,806
Approvals in EUR*	7,675,656	0	22,375,403	0	30,051,059
Implementation in %	18 %	-	11 %	-	12 %

Source: Monitoring data, as at 31 Dec. 2016, calculation convelop, *EU funds

Tab. 8: Implementation TO 2 – ICT (EU funding)

TO 2 – ICT	EAFRD	EMFF	IGJ/ERDF	ESF	ESI Funds total
Projections in EUR*	26,693,422	0	0	0	26,693,422
Approvals in EUR*	0	0	0	0	0
Implementation in %	0 %	-	-	-	0 %

Source: Monitoring data, as at 31 Dec. 2016, calculation envelop, *EU funds

this action is to create high capacity transmission also in areas that have not been supplied up to now by telecommunication providers for economic reasons. The availability of fast internet is an important location factor for businesses and is becoming increasingly important for securing jobs.

To implement this measure, a first call was held from December 2016 to March 2017 with a tender volume of EUR 26 million in public funds (of which around 50% are EU funds). The project approval procedure is scheduled to be completed by the autumn of 2017, and the second call is planned for 2018.

TO 3 – Enhancing the competitiveness of small and medium-sized enterprises

In TO 3, ESI Funds are used to strengthen small and medium-sized enterprises (SME) in their competitiveness. At year-end 2016, the funds for this TO had been used by up to more than 25%. Implementation is supported by company investment projects under the EAFRD.

Under the **EAFRD programme alone**, some 35,000 projects were approved. Up to now, the approved projects concentrated in the areas “New Participation in Quality Regulations” with over 23,000 applications, investments in agricultural products with almost 9,000 projects, and in support for start-ups for young farmers with over 3,100 farm successions (EUR 18 million tied-up EU funds).

The **EMFF programme** focuses on measures in the areas of inland fishery, productive investment – aquaculture and processing and marketing. 12% of the EU funds earmarked for this purpose were committed by the end of 2016.

The **IGJ/ERDF programme** supports, among other things, growth potentials at SME, especially through the development of new products/procedures and services as well as technology and innovation-based start-ups. The focus up to now has been on growth-oriented projects (eleven approved projects). This includes, above all, company innovation-oriented investment activity (especially in Styria) apart from the establishment of a high-tech fund in Upper Austria. With the projects approved up to now, investments with a volume of around EUR 25 million and 28 new jobs (FTE) have been supported. A number of projects were in the process of being prepared or in the approval stage at the end of 2016.

Contributions to implementation: Sustainable Growth

TO 4 – TO 6 address “**Sustainable Growth**”. TO 4 comprises support for renewable energy, “Infrastruktur Wald” (Infrastructure Forest) and photovoltaic under the EAFRD programme. Within the IGJ/ERDF programme, the focus is on measures at companies to increase energy efficiency and to raise the share of renewable energy sources used. The much larger funding volumes of TO 5 and TO 6 address measures to reduce climate-relevant emissions and to secure biodiversity, especially within the framework of ÖPUL (EAFRD). After the first **implementation phase**, the TO 5 and TO 6 utilization figures reached over 40%. By contrast, the activity level of TO 4 is lower at a utilization rate of just 10%. Additionally, there are many projects under European Territorial Cooperation, which in the current programming period have a stronger orientation on TO 6. The following picture of implementation emerges in detail:

Tab. 9: Implementation TO 3 – SME (EU funding)

TO 3 – SME	EAFRD	EMFF	IGJ/ERDF	ESF	ESI Funds total
Projections in EUR*	620,223,585	6,738,500	164,732,433	0	791,694,518
Approvals in EUR*	195,645,805	833,329	7,660,105	0	204,139,238
Implementation in %	32 %	12 %	5 %	-	26 %

Source: Monitoring data, as at 31 Dec, 2016, calculation envelop, *EU funds

Tab. 10: Implementation TO 4 – Low-carbon economy (EU funding)

TO 4 – CO ₂	EAFRD	EMFF	IGJ/ERDF	ESF	ESI Funds total
Projections in EUR*	112,807,608	0	118,156,167	0	230,963,775
Approvals in EUR*	10,555,880	0	9,291,324	0	19,847,205
Implementation in %	9 %	-	8 %	-	9 %

Source: Monitoring data, as at 31 Dec, 2016, calculation envelop, *EU funds

TO 4 – Supporting the shift towards a low-carbon economy in all sectors

The implementing bodies of the TO 4 are – as measured by the projected and actual data – the two programmes EAFRD and IGJ/ERDF. The TO had a commitment ratio of funds at the end of 2016 of almost 10%, with implementation being supported by both programmes equally.

Implementation in EAFRD has concentrated up to now in 360 approved projects of the type “Infrastruktur Wald” (Infrastructure Forest). Lively funding activity is also seen in the area of photovoltaic in agriculture with 775 approved projects.

Within the IGJ/ERDF programme, the limelight has been placed on measures at companies to increase energy efficiency and to raise the share of renewable energy sources used. The focus will also be on expanding R&D competence in connection with energy technologies as well as energy efficiency solutions. Moreover, the programme aims to contribute to reducing carbon emissions by developing new, local and regional strategies in combination with implementation projects. As of the end of 2016, there were 25 approved projects. The implementation degree is 8%. Implementation up to now has been supported by 21 investment measures at companies such as thermal building refitting, energy saving measures at the companies as well as heat distribution, with these activities making some first contributions towards a low carbon economy. At the same time, in the area of R&D four carbon-related research projects were funded. Overall, greenhouse emissions were lowered by 36,645 t carbon equivalents. The Implementing Bodies believe there is potential to expand project funding, therefore, one may also expect a marked increase in funds committed in the year 2017.

TO 5 – Promoting climate change adaptation, risk prevention and management and TO 6 Preserving and protecting the environment and promoting resource efficiency

The two thematic objectives were programmed jointly in EAFRD as specified. The activities in the contributing priority areas are allocated half each to thematic objectives 5 and 6 for the Partnership Agreement.³³ The funding budget for the two thematic objectives amount to a total of more than EUR 2.5 billion in EU funds, and thus have the by far largest budgets. Almost EUR 1 billion in EAFRD funds are earmarked for territory-linked payments. The EAFRD programme in TO 5 addresses the measures to reduce emissions that damage the climate. In TO 6, contributions are made to securing biodiversity within the framework of ÖPUL). The two TOs have an approval status of around EUR 520 million. The degree of utilization is therefore 41%.

The utilization rate is largely due to the payments for commitments for multi-year environmental measures in agriculture that were implemented already in the year 2014 parallel to the programming work. Apart from the territory-linked measures, project funding is also developing well. A breakdown by approvals shows that TO 5 has been used by up to 93% for project-related measures and TO 6 by up to 72%. This corresponds to 1,076 approved projects. Under the IGJ/ERDF programme in the territorial/urban dimension pursuant to Art. 7 ERDF, one measure is planned for thematic objective 6 as a supplement. In this context, work has focused on setting up the necessary structures, but no investments in the thematic objective have been made as of yet.

Contributions to implementation: Inclusive Growth

Three of the four ESI Funds contribute to the **Inclusive Growth Objective**, even though the focus is on the ESF and EAFRD Programme. In the area of employment (TO 8), measures will be taken to improve opportunities of gainful employment through diversification and start-ups (EAFRD Programme), and also to improve employment opportunities, especially for women and older persons (ESF OP). Under the ESF, measures will also be taken for the themes of social

33 Only the project type of irrigation infrastructure is assigned to Thematic Objective 6. Therefore, Thematic Objective 6 has more funding than Thematic Objective 5.

Tab. 11: Implementation TO 5 - Climate and TO 6 - Environment/Resources (EU funding)

TO 5 – Climate	EAFRD	EMFF	IGJ/ERDF	ESF	ESI Funds total
Projections in EUR*	1,268,518,799	0	0	0	1,268,518,799
Approvals in EUR*	518,037,668	0	0	0	518,037,668
Implementation in %	4 %	-	-	-	41 %

TO 6 – Environment Resource Efficiency	EAFRD	EMFF	IGJ/ERDF	ESF	ESI Funds total
Projections in EUR*	1,270,884,049	0	4,850,000	0	1,275,734,049
Approvals in EUR*	520,100,555	0	462,083	0	520,562,638
Implementation in %	41 %	-	10 %	-	41 %

Source: Monitoring data, as at 31 Dec, 2016, calculation envelop, *EU funds **Prelim, data

inclusion and combatting poverty (TO 9). In basic services, the aim is to improve the quality of supply in rural areas (EAFRD). The ESF measures address mainly the target groups of disadvantaged persons and/or persons at risk of poverty. Smaller contributions to TO 9 are also expected from the IGJ/ERDF programme. In TO 10 , the target of inclusive growth is addressed by measures to reduce the number of early school leavers and to increase the participation in further education of persons with low levels of qualification or low levels of education (ESF OP). The EAFRD programme focuses on improving the business competence of company managers. The thematic objectives of the Partnership Agreement have good levels of fund commitments, at rates of 18% to 30%. The following description shows the implementation in detail.

TO 8 – Promotion of sustainable and quality employment and supporting labour mobility

Three of the four ESI Funds (ESF, EAFRD, ERDF) contribute to thematic objective 8 “employment”. At a project approval volume of EUR 24.7 million in EU funds, one fifth of the budgeted funds are committed in this TO. Implementation in the first funding phase was supported mainly by the EAFRD programme, which is utilized in this TO up to 44%.

Under the EAFRD programme, the aim is to achieve contributions to increase opportunities of gainful

employment through diversification and the founding of new businesses. With regard to the content, implementation up to now has been based on projects in the areas of diversification, establishment and operation of clusters and networks as well as tourism services, especially in the agricultural sector.

The ESF programme focuses on raising job opportunities, especially for women and older persons. The focus of implementation is on preparing innovative, company-related approaches to promoting equality and adapting jobs and workplaces to be suitable for older persons. In order to be able to create innovative highlights in these areas under the ESF, relevant financial assistance concepts were designed within the preparatory work. In this process, the partnership principle played a key role, because all major stakeholders (e.g. social partners, ministries, experts, etc.) were involved. Based on the financial assistance concepts, the assignment of pilot projects in the area of equality (including an accompanying evaluation) as well as of a project on demography consulting will have been completed by the summer of 2017. These measures will also commit accordingly high volumes of funding. Up to now, consulting provided for companies under the initiative fit2work has been completed; the aim of consulting for businesses was to support them in promoting the health and working capacity of their employees. Generally, it has to be stressed that the low degree of implementation in this TO under the ESF does not sufficiently reflect the im-

Tab. 12: Implementation TO 8 - Employment (EU funding)

TO 8 – Employment	EAFRD	EMFF	IGJ/ERDF	ESF	ESI Funds total
Projections in EUR*	46,365,956	0	10,000,000	66,697,349	123,063,305
Approvals in EUR*	20,341,190	0	0	4,364,175	24,705,365
Implementation in %	44 %	-	0 %	7 %	20 %

Source: Monitoring data, as at 31 Dec, 2016, calculation envelop, *EU funds

Tab. 13: Implementation TO 9 – Combatting Poverty and Social Inclusion (EU funding)

TO 9 – Combatting Poverty	EAFRD	EMFF	IGJ/ERDF	ESF	ESI Funds total
Projections in EUR*	404,111,176	0	11,437,640	137,642,139	553,190,955
Approvals in EUR*	63,711,952	0	670,095	34,904,458	99,286,505
Implementation in %	16 %	-	6 %	25 %	18 %

Source: Monitoring data, as at 31 Dec, 2016, calculation envelop, * EU funds

plementation work actually prepared. As of the year 2017, a sharp increase in the level of implementation is expected.

The IGJ/ERDF in turn targets growth impulses that advance employment in a regionally focused manner by intensifying cooperation between cities and their catchment areas. Projects to develop locations and promote employment opportunities by increasing mobility are in the approval phase; therefore, to see the first project approvals and a clear surge in implementation are expected for 2017.

TO 9 – Promotion of social inclusion, combatting poverty and any of discrimination

The EAFRD and ESF Funds are the primary contributors to the attainment of the objectives of social inclusion and combatting poverty (TO 9) in Austria. Lower contribution targets for TO 9 are also expected from the IGJ/ERDF programme.

TO 9 had almost EUR 100 million in approved funding from the ESI Funds at the end of 2016, which is an implementation status of 18%.

Implementation is supported by the EAFRD programme (EUR 64 million EU funds or 16% utilization) under which almost 1,000 projects were approved as of the end of 2016. Contributions are being made to the creation and further development of basic services in rural regions in order to raise the quality of supply and life (EU funds of EUR 404 million are planned). The funds committed are sourced largely from the successful measures under the LEADER programme, and also from projects under the Alpine Convention and for rural infrastructure.

Compared with the preceding period, the importance of the thematic areas of social inclusion of disadvantaged persons and/or persons at risk of poverty (TO 9) was substantially upgraded. Especially young people and young adults as well as Roma/Romnja should benefit from the integration measures designed specifically for the target groups

(EU funds of EUR 138 million are planned). The utilization rate is 25%. Implementation within the ESF programme in TO 9 has been dominated up to now by calls of the Länder in the fields of consulting, support, qualification and employment (35 projects), but also measures like target-group specific employment projects (22 projects) and offers for excluded youths and young adults (18 projects). These measures also take into consideration the latest developments regarding the recent refugee flows, as in some Länder persons entitled to asylum and persons who have subsidiary protection, and in exceptional cases, also asylum applicants in ongoing asylum procedures have been added as target group. Furthermore, persons who receive welfare payments (Bedarfsorientierte Mindestsicherung, BMS) are a central target group. Generally, the calls completed reveal that the ESF programme gives the Länder as Implementing Bodies a broad range of opportunities to formulate specific priorities with respect to social inclusion.

The funds reserved within the IGJ/ERDF programme will be used in Vienna to upgrade disadvantaged city districts. In Tyrol, the CLLD is being tested as a pilot project under a multi-fund approach. The degree of implementation was 6% at the end of 2016. However, this figure does not reflect the actual level of activity, but is caused by the technical delays.³⁴

TO 10 – Investing in education, training and vocational training for skills and lifelong learning

Around 85% of the EUR 243 million of the funds from the ESI Funds reserved for this TO are to be used within the scope of the ESF programme. The remaining 15% will be used for the EAFRD programme. This TO reported an approval ratio at the end of 2016 of almost one third of the ESI funds budgeted pursuant to the Partnership Agreement.

The EAFRD programme has a focus on vocational training and the acquisition of vocational skills for agriculture and forestry in accordance with EU legal provisions.

34 The CLLD measure has been assigned to TO 9 for formal reasons rather than for content-related ones.

Tab. 14: Implementation TO 10 – Investing in education, training and vocational training for skills and lifelong learning (EU funding)

TO 10 – LLL	EAFRD**	EMFF	IGJ/ERDF	ESF	ESI Funds total
Projections in EUR*	31,606,356	0	0	211,448,374	243,054,730
Approvals in EUR*	9,736,517	0	0	62,117,819	71,854,336
Implementation in %	31 %	-	-	29 %	30 %

Source: Monitoring data, as at 31 Dec. 2016, calculation envelop, *EU funds **Prelim. data

The ESF goal is to reduce the number of early school leavers and increase participation in further education of persons with formally low-skills as well as of persons with low levels of education. Until the end of 2016, a total of 29% of the EU funds budgeted were approved for 171 projects. These were mainly projects in the areas of adult education and prevention of early school leaving through measures in the area of education and under the guaranteed education scheme of the Ministry of Labour, Social Affairs and Consumer Protection (BMASK).

Funding used for climate protection objectives

According to the version of the Partnership Agreement submitted, the indicative amount of the Austrian ESI funds for climate protection as automatically computed in the SFC2014 database from the aggregated data of the programme is EUR 2,915,559,523,80 (Source: SFC2014 database, queried 29 August 2017). This corresponds to 59,2% of the total of the ESI funds available for Austria for 2014–2020 with an absolute

amount of EUR 4,922,866,429. Therefore, the 20% mark defined in recital 14 of the Common Provision Regulation is clearly surpassed.

2.2.3 A description of the contribution of the ESI Funds to new relevant country-specific recommendations

The Länder-specific recommendations mentioned in the national reform programmes 2015-17 concern, on the one hand, themes that cannot be addressed under the ESI Funds, such as government budget, pensions, taxes/charges, business code/competition policy or financial sector. On the other hand, the Länder-specific recommendations address themes that are already addressed within the scope of the ESI Funds and therefore do not need to be reclassified. These include especially themes with respect to employment and the labour market such as the labour participation rate of older persons and women and the improvement of achievements in education for disadvantaged young persons.

Tab. 15: Funding used for climate protection objectives

Funds	A. Funding used for climate change objectives purs. to the Partnership Agreement	B. Funding used for climate change objectives ⁽¹⁾	Percentage of funding used versus the Partnership Agreement (Percent (B/A))
ERDF	€ 124,911,107,00	€ 0,00*	0,00 %
Cohesion Fund	€ 0,00	€ 0,00	0,00 %
ESF ⁽²⁾	€ 7,068,394,00	€ 0,00	0,00 %
EAFRD	€ 2,783,375,022,80	€ 931,745,498,79	33,48 %
EMFF	€ 205,000,00	€ 0,00	0,00 %
TOTAL	€ 2,915,559,523,80	€ 931,745,498,79	32,00 %

(1) Cumulated, in euro, based on eligible spending submitted to the Commission, cut-off date: 31. December of the preceding year.

(2) Including the YEI resources (special funding allocation in favour of YEI and the corresponding ESF funding).

The projected figures in column A “Funding used for climate change objectives purs. to the Partnership Agreement” use the latest data (EAFRD: see Chapter 10.1, p. 843, of the Rural Development Programme 2014–2020, Version 2nd programme amendment; EMFF: automatically computed projected figure by SFC (EU funds) pursuant to the current ongoing 1st EMFF programme amendment [after the change to the intervention logic by EC]; EFRE: the projected figure automatically computed by SFC [EU funds] purs. to the current 1st ERDF programme amendment corresponds to the projected figure of the valid OP version)

[*Note: As regards column B “Funding used for climate change objectives”, it contains an automatically computed figure in the SFC2014 database for the ERDF that cannot be changed. As this figure must be reported pursuant to Annex I, Part 1, Table 1 of Implementing Regulation (EU) 2015/207 as well as to the footnote in the table based on “the eligible spending submitted to the Commission, cut-off date: 31 Dec. 2016”, a nil report must be made for the ERDF]

2.2.4 A description of the contribution of the ESI Funds to new relevant country-specific recommendations

While the changes in development needs described in Chapter 2.1 for the EAFRD and in the IGJ/ERDF did not entail any adaptations to implementation, in the ESF programme a stronger explicit consideration of the target groups affected by migration movements was apparent. Already in September 2015, the European Commission responded to the migration flows with the document “Support to asylum seekers under the European Social Fund”. This document presents the framework conditions for support for asylum-seekers, persons entitled to asylum and to subsidiary protection from ESF funds. Subsequently, in a communication of 2 October 2015 the Austrian administrative authority pointed out to the intermediary bodies the possibility of obtaining ESF support for persons entitled to asylum and to subsidiary protection in Austria. In order to reduce the risk of poverty and to support the integration into the labour market of the target group of persons entitled to asylum and to subsidiary protection, numerous calls were subsequently held by the Länder. Before this backdrop, the challenges defined in the Partnership Agreement based on extensive analyses are still valid. These refer to structural problems that have accumulated over a longer time and can only be solved over a longer period.

2.3 Actions taken to fulfil the ex ante conditionalities set out in the Partnership Agreement

Not applicable

2.4 Implementation of mechanisms to ensure coordination between the ESI Funds and other Union and national funding instruments and with the European Investment Bank (EIB) (Article 52(2)(d) of Regulation (EU) No 1303/2013)

2.4.1 An assessment of the implementation of the coordination mechanisms laid down in the Partnership Agreement and, if applicable, of any problems encountered in their implementation

Coordination between ESI Funds

In the area of regional policy as a spatially relevant theme, a Subcommittee for Regional Economy was set up at the Austrian Conference on Spatial Planning (ÖROK) for coordination between the federal government, the Länder, the cities and the association of

municipalities as well as interest group representatives. Under the lead of this Committee as competent body, work is coordinated with the involvement of all partners. Additionally, there are several further formats for relevant thematic and sectoral areas, e.g., science and research.

The **Partnership Agreement** is the central coordination mechanism between the ESI Funds in Austria. The agreements reached in the PA ensure that all funding activities of the individual funds complement each other and do not overlap. Generally, the individual funds pursue the strategy of concentrating fund interventions in their respective investment priorities and areas of focus. This approach generally reduces the potential for overlapping. The remaining overlapping areas are discussed in detail within the scope of the preparation and monitoring process for the STRAT.AT 2020.

The interfaces between the funds were carefully defined in the respective programmes and linked to the other programmes concerned. The coordination of the national and regional strategies that form the framework for the individual funding measures was carried out using the reliable mechanisms of the competent bodies at the relevant levels. By defining the areas of competence in the Partnership Agreement and in the **programme documents**, it was possible to avoid the lack of clarity in the demarcation of competencies in implementation practice up to now and to rule out the risk of double funding.

There is a regular mutual **exchange** at the strategy and implementation level within the scope of the **ÖROK bodies** and the **monitoring committees** (cf. also Chapter 2.8 on the role of the Partnership pursuant to Article 5 of the Common Provision Regulation). The central body for the regular exchange of information and for coordination is the Subcommittee for Regional Economy in which the administrative bodies regularly meet to discuss the status of implementation of the programmes. Furthermore, the administrative bodies of the respective funds are represented in the monitoring committees of the other funds (without voting rights) in order to guarantee proper coordination.

The coordination of the ESI Funds by the **programming authorities** guarantees that there are no overlaps in funding activities. The guidelines include provisions to avoid any prohibited multiple funding. Furthermore, all ESI Funds have implemented clearly defined funding guidelines and funding criteria to ascertain the facts that make it possible to clearly differentiate between the programmes.

To implement the ETC, a working group has been set up within ÖROK for cross-border ETC programmes to support coordination between strategic and opera-

tional issues. With respect to implementation of the ETC, the pragmatic approach to coordination in cross-border ETC programmes is based on the fact that the key competent bodies at the federal level and the relevant Länder are members of the Monitoring Committee. Therefore, this guarantees the coordination and also the clear separation from the funding of other projects under the ESI Funds. In this context, there are good examples for the coordination between the main programmes and the ETC at the regional level based on the underlying development strategies. Also with respect to the transnational and interregional programmes, coordination is done within the framework of the National Committee (an ÖROK working group), which also serves as interface to the macro-regional strategies.

Coordination with national funding schemes

In Austria, the ESI Funds are well established and embedded in a highly differentiated system of funding programmes of the federal government and the Länder. With regard to their significance in the context of the national funding schemes, the funds differ, because the funding shares in the national measures vary widely in the respective policy fields:

- The EAFRD programme is a key instrument of Austrian agricultural policy. The programme is coordinated completely by the Ministry of Agriculture and Forestry, Environment and Water Management and involves the Länder in the implementation. Thus, coordination within the country is fully guaranteed.
- Implementation of the IGJ/ERDF is accomplished by using established agencies and institutions, and is well anchored in national regulations and guidelines through the co-financing. From a pool of projects that meet the guidelines, projects are selected which are highly supportive of the objectives of the programme and meet the administrative ESI Funds requirements. This ensures the close interaction between EU cohesion policy and national policy fields. In this context, one may assume the relevant complementarity of the national and regional measures.
- The ESF Funds cover only a small part of the funds used in Austria for employment and labour market policy, and considering this fact, also pursue a clearly separate profile. Coordination with national employment and labour market policy is ensured, among other things, by involving the Public Employment Service Austria through the national co-financing regime. With respect to measures in which the Ministry of Labour, Social Affairs and Consumer Protection is actively involved (e.g. equality, etc.), coordination is ensured by an ex ante evaluation of the market and needs.

The funds from the Technical Assistance are used to support coordination structures that enable harmonisation within the ESF and with the Public Employment Service Austria as well as with other institutions in the Länder in the field of combatting poverty.

Coordination in the regions and Länder

Implementation in Austria is done mostly decentralized by the Länder which implement the respective programmes along the lines of the territorial strategies. In many cases, the competent departments of the Länder are responsible for the measures in several programmes and in this function also act as regional coordination bodies (e.g. Tyrol, Carinthia, Salzburg, Vorarlberg). This is the basis on which the contextual and thematic areas of competence in several programmes supplement the strategies and projects.

2.4.2 A description of adjusted and new coordination mechanisms

Not applicable for Austria

2.4.3 Other elements

No other elements

2.5 Implementation of the integrated approach to territorial development, or a summary of the implementation of the integrated approaches that are based on the programmes, including progress towards achievement of priority areas established for cooperation (Article 52(2)(e) of Regulation (EU) No 1303/2013)

2.5.1 General commentary and assessment

The approach to territorial development in Austria (i) viewed from a strategic perspective that is closely related to the federal structure of Austria and thus also with the role of the Länder-specific and regional development strategies and (ii) the concrete fields of measures planned within the Partnership Agreement and the ESI Funds. There is no spatial concentration of funds in Austria on certain types of regions, but rather priorities are defined for regions among the programmes and implementation is coordinated along the lines of the regional strategies of the Länder and regions. Moreover, the territorial aspects are addressed directly.

Strategic approach to the territorial and regional dimension

The ESI Funds are being implemented in the current period across four Austria-wide programmes with the involvement of the Länder. This makes it possible to embed the implementation of the measures into the development strategies that encompass entire regions and Länder (e.g. smart specialisation strategies).

In the past, intermediate structures were also built up for entire regions such as regional management bodies and regional development agencies. These develop projects designed specifically to meet the respective territorial-regional requirements and in this manner pursue an integrated territorial development approach. This also applies to the implementation of the transnational and cross-border ECT programmes.

Spatial Priorities of the Programmes of the ESI Funds

While the EAFRD programme is geared towards rural regions, agriculture and forestry, the IGJ/ERDF OP concentrates on “regions with potential” which refer to regions with a more urban character and agglomerations, their catchment areas, and in the case of specific themes, also further regions. This results from the general orientation of the programme on R&D and innovation, and is supplemented by programming highlights for cities and their catchment areas. The themes of the ESF programme address primarily specific target groups and not specific regions. Moreover, the measures to combat poverty are directed mainly at sectoral and not at territorial aspects.

Concrete measures for integrated territorial development

Urban dimension

Urban development measures within the scope of **Art. 7 of the ERDF Regulation (sustainable urban development)** are implemented in Vienna and Upper Austria in priority axis 4.

The **Smart City Strategy Vienna** supports projects with a high contribution to the attainment of the objectives. In all of the measures planned, implementation steps were taken and some projects were approved.³⁵

→ With regard to the research infrastructure, approval for a water laboratory project is expected for 2017. The project is being implemented using ETC

funds and is part of the macro-regional Danube region strategy.

- To improve the quality of innovation and cooperation in Vienna's urban economy, an inter-sectoral platform for technology development was established.
- In the development of resource and energy efficiency, some first projects are being implemented or prepared in the field of renewable energy (e.g. monitoring of the smart city framework strategy), and projects to upgrade public space (especially squares) through participative processes are being developed or have already been approved.

It is expected that all of the measures mentioned will receive concrete co-financing commitments in 2017, and thus the implementation status for integrated, sustainable development in Vienna pursuant to Art. 7 will have achieved around one third of the projected volume of funding.

The **urban regions of Upper Austria** are growth regions and the motors of economic development. The need for space for residential construction, businesses and transportation is expected to create substantial pressure on the current catchment areas of urban regions. With the help of the ERDF programme, the objective is being pursued of reducing negative environmental effects by optimising settlement structures and the use of space in urban areas.

With regard to implementation in this field up to now, in 6 districts and 15 urban regions, the initial project phase (screening) including the corresponding resolutions of the town councils (Phase 1) have been completed. The finalization of this phase is delayed slightly versus the original plan for cyclical political reasons (municipal elections in 2015). By the first quarter of 2017, 10 urban regional forums will have been established in accordance with the OP requirements (Phase 2), which will serve as a cooperation platform as well as a coordination and decision-making body. Phase 3 of strategy development will concentrate in most urban regions mainly in the year 2017, and will probably be completed in 2018. The large part of the strategy-based implementation of projects may be expected for the second half of the programming period.

In addition to the measures carried out within the scope of Article 7 of the ERDF Regulation, in **Styria** an integrated approach under thematic objective 8 will be implemented. Based on the new approaches to cooperation between cities and their catchment areas,

³⁵ For administrative-technical reasons, these projects were not entered into the monitoring system as of the end of 2016.

a more effective regional and spatial development is to be achieved oriented on employment. In the late autumn of 2016, a call was held in which 18 projects were approved for location and mobility development across several municipalities at the beginning of the year 2017. This measure thus achieves an implementation degree of 25%. Within the scope of smart city strategies, energy efficiency measures for buildings and for the use of renewable energy sources may additionally be implemented in Styrian cities and urban regions.

European Territorial Cooperation – Focus on cross-border programmes³⁶

The INTERREG programmes are important for Austria as a traditional “border country”. These programmes pursue a territorial approach to both the cross-border and the transnational aspects. The agglomeration of Vienna and almost all larger cities are less than 60 km from the national border. The percentage of the Austrian population living in these catchment areas is accordingly high at 94% (status 2011). Cross-border cooperation is therefore essential for socio-economic development in Austria.

On a large geographical scale, Austria belongs to the Alpine region, the Danube region and the Central European central region. In each of these regions, important transnational cooperation themes are dealt with. Austria currently participates in seven cross-border programmes and three transnational programmes.

The focus of the programmes has been sharpened due to the criteria of the European Commission. The thematic concentration is linked to an upgrading of the themes of research, innovation, SME and environmental and climate change. Development shows a certain degree of ambivalence. The share of funds for research and innovation increased sharply (from 8% to 15%), as well as for the economy and employment (from 21% to 25%). To date, some 230 projects with Austria's participation were approved. While a sharper focus is desirable from the perspective of effectiveness, the issue remains of whether such a uniform thematic orientation is contrary to the widely divergent needs in the border regions. On the average of all programmes, around 30% of the funds are already committed, with the progress of the programmes varying widely.

2.5.2 In relation to Article 15(2)(a)(i) of Regulation (EU) No 1303/2013 – Overview of implementation of Community-led local development

LEADER

LEADER enables the broad implementation of innovative approaches and the traditionally widespread method in Austria of endogenous, autonomous regional development: It is considered an important instrument for strengthening regional governance. Participation of the local population and the locally

Fig. 7: Leader Implementation: Lokale Action Groups (2014-2020) in Austria



Map: www.zukunftsraumland.at

36 See Pucher J./Tödting Schönhofer H./Gruber M./Resch A./Weiss J. (2017), Grenzüberschreitende Kooperation – Evaluierung und Perspektiven 2020+ – Impulspaper – Bestandsaufnahme, commissioned by the Federal Chancellery.

established decision-making competence strengthens regional autonomy. The bottom-up processes make it possible to recognize the strengths and weaknesses of a region and take advantage of opportunities to increase the quality of life. The allocation of a framework budget makes the financial planning for the region possible. The LEADER measure is open to all EAFRD programme objectives with respect to the content of the projects. In any case, the measure aims to improve the quality of life and economic conditions for the population in rural regions and to implement multi-regional projects through cooperation.

In June 2015, 77 local action groups (LAG) were selected which is two LAGs more than the defined target. More than 4.5 million people live in the LEADER regions; this is more than half of the Austrian population. The members of the selection body for the local development strategies came from various funds (EAFRD, IGJ/ERDF and ETC).

Overall, implementation of LEADER has started out well. Projects with a volume of EUR 53 million were approved, which corresponds to an implementation rate of 21.6%. Thematically, the projects relate to the themes “increasing value added” (economic development) and the “common good”.

Pilot projects to implement Community-led Local Developments (CLLD)

New additions to territorial development are being tested as **pilot projects** in Austria under the multi-fund approach CLLD (Community-Led Local Developments) in **Tyrol and Carinthia**. CLLD is being operationally implemented in Tyrol together with IGJ/EFRE. The combination of CLLD with the bilateral ETC programme Italy-Austria is being done in Carinthia and in Tyrol.

In Tyrol, the first phase was carried out in a coordinated process between EAFRD and IGJ/ERDF in which **the main structures** were established. These include the call for tenders and the selection of eight CLLD regions as well as the definition of uniform standards for the preparation of the eligibility rules. Members of the LAGs are mainly private actors, with SME are being represented.

Moreover, **project implementation** has an approval rate of around 10% (IGJ/ERDF funds) and is on schedule – before the backdrop of extensive structural preparations. Implementation is characterized by the one-stop-shop principle for IGJ/ERDF and EAFRD/LEADER and for national funding. There are projects for five of the six themes, which are all listed in IGJ/ERDF OP. There are no projects yet approved for the theme of management of the natural environment/climate change.

Initial **assessments** of programme management in Tyrol within the scope of the Partnership show that the CLLD approach and the related structures are well established and that the new groups of actors and themes are included in regional development. Collaboration between the funds IGJ/ERDF and EAFRD is highly valuable. The inclusion of SME and the realization of optimization potentials posed a challenge for the administrative and control system. With the creation of a uniform basis for processing and the implementation of the one-stop-shop principle in Tyrol, a solid foundation has been laid to cope with existing challenges.

Furthermore, in **Carinthia** cooperation within a LAG between LEADER/EAFRD and ETC/ERDF has been established. Due to the administrative challenges in creating cross-border structures, no projects had been implemented by the end of 2016. In January 2017, the first call for project implementation was made.

2.5.3 In relation to Article 15(2)(a)(i) of Regulation (EU) No 1303/2013 — Overview of implementation of integrated territorial investments

Not relevant for Austria

2.5.4 In relation to Article 15(2)(a)(ii) of Regulation (EU) No 1303/2013, where appropriate, overview of implementation of macro-regional strategies and sea basin strategies

Under the ESI Funds, the possibility of interregional and transnational actions is used only to a limited extent in Austria. As also set out in the PA, there are overlaps in content and strategy between the ESI Funds and the macro-regional strategies of relevance for Austria for the “Danube region” and the “Alpine region”. However, the issue of how macro-regional strategies can be turned into operational projects remains a challenge. The core difficulty is the divergent spatial orientation of the approaches. While the ESI Funds support regional funding approaches with the corresponding funding structures and logics, macro-regional strategies are by definition interregional and cross-border in nature. As a consequence, in the Partnership Agreement (and in the programming documents of the ESI Funds), it has been defined that the ETC programmes are to be operationally interconnected with the macro-regional strategies primarily by interregional projects, especially under the transnational programmes.

In the context of the ESI Funds, a large operational implementation project is highlighted within the framework of the EU Strategy for the Danube Region. The wa-

ter management laboratory planned in Vienna on the Danube will be implemented as a cross-border RTDI-project. The participants in Austria include the Länder of Vienna and Lower Austria, with project funding coming from national funds as well as from the ETC and the IGJ/ERDF. The activities within the scope of the EU Strategy for the Alpine Region concentrated on structural and strategic areas until the end of 2016. Operational projects will start to be implemented only as of 2017.

At the strategic level, ÖROK is responsible for the exchange of information in the currently operational coordination formats between the various programmes and strategies. The exchange of information is also facilitated at the programming level.

2.5.5 In relation to Article 15(2)(a)(iii) of Regulation (EU) No 1303/2013, where appropriate, overview of the implementation of the integrated approach to address needs of geographical area most affected by poverty or of target groups at highest risk of discrimination or social exclusion

The aspect of geographical areas most affected by poverty plays a minor role in Austria, because measures to combat poverty are taken mainly at the sectoral level and are funded solely by national funds (see also Partnership Agreement, p. 164).

As regards the improvement of the situation of target groups at the highest risk of discrimination or social exclusion, the ESF OP plays an important role. The programme under thematic objective 9 focuses mainly on these target groups and concentrates activities and content primarily on support for the inclusion of marginalised groups of persons in the labour market, and second, on the improvement of the situation of the “working poor” (for implementation, see TO 9 Chapter 2.2).

Within the scope of the national EAFRD network bodies, a working group has been set up that is dedicated to the theme of “support and integration of refugees in regions and municipalities”. The participating representatives of the municipalities and regions received immediate support from experts and colleagues on current integration measures in their municipalities and region. The key questions regarding support for refugees and integration were dealt with in depth. The working group also contributed to raising awareness for the significance of the active support for refugees and their integration.

Additionally, it is pointed out that under the IGJ/ERDF programme within the scope of integrated urban development pursuant to Art. 7 ERDF Regulation for Vienna,

measures were implemented for disadvantaged urban areas thus directly addressing socially marginalised target groups (see also “sustainable urban development” pursuant to Art. 7, investment priority 9b).

2.5.6 In relation to Article 15(2)(a)(iv) of Regulation (EU) No 1303/2013, where appropriate, overview of implementation to address demographic challenges of areas which suffer from severe and permanent natural or demographic handicaps

Pursuant to the Partnership Agreement, in Austria there are no integrated approaches at the national or regional level that address demographic challenges in the meaning of Article 15 (2). However, the ESI Funds make a stabilizing contribution in rural regions. The high percentage of mountainous areas in the west and south of Austria creates adverse conditions for accessibility in some places and promotes an economic structure that is strongly oriented on tourism, commercial businesses and isolated large industrial plants. Out-migration from the rural regions of the inner-Alpine valleys to central places that are more easily accessible is an issue here.

Moreover, Austria has a large number of neighbouring countries in relation to its size. Historically, this resulted in socio-economic disadvantaged areas insofar as parts of the national border were also the former outer borders of the EU. This adverse effect was significantly reduced by the EU enlargement in 2004, and under the ETC programmes efforts this trend will continue.

The EAFRD programme has a strong focus on the elimination of natural discrimination. It aims to secure multi-functional, sustainable and competitive agriculture and forestry also in less advantaged regions. This is of key importance for Austria, because mountain farming is characteristic of Austria's agricultural landscape and creates added value and jobs in rural areas. There are no direct measures or spatial demarcations of regions under the IGJ/ERDF programme. Additionally, it is pointed out that funding for SMEs in tourism has a stabilising effect.

2.6 Actions taken to reinforce the capacity of the Member State authorities and beneficiaries to administer and use the ESI Funds (Article 52(2)(f) of Regulation (EU) No 1303/2013)

Before the backdrop of the varying dimensions of the programmes and the structures of the actors in the Austrian ESI Funds programmes, a differentiation must be made between **multi-fund and fund-specific measures** to strengthen the capacity of the authorities.

Multi-fund measures

A multi-fund measure is the establishment of the **ESI Funds as part of the curriculum** of the Verwaltungsakademie (Austrian Federal Academy of Public Administration). This measure initiated by the Federal Chancellery and ÖROK launched multi-fund further education courses (e.g. fraud prevention, financial assistance and tender law, first level control). The curriculum is open to all administrative bodies of all Funds and thus serves to enhance capacities of the authorities across all Funds. By the end of 2016, 181 half-day to five-day courses on the different themes of relevance for implementation were held. The courses offered were all well attended and the attendees gave the courses good ratings.

In the current programming period, monitoring of the IGJ/ERDF programmes is done in one organisation. This move is expected to create synergy effects and consequently lower costs. The adjustments to the monitoring required the use of considerable resources. Apart from the standardization for the two Funds, their different thematic orientations made it necessary for monitoring – especially regarding indicators – to guarantee the specific aspects of each Fund. The changeover of the system resulted in a situation at the end of 2016 in which some implementing bodies had not yet entered their activities into the monitoring system. These initial hindrances were eliminated in the first half of 2017, and now one may assume the largely smooth operation of the monitoring in the IGJ Funds.

Fund-specific measures

Apart from these multi-fund measures, further **fund-specific measures** were taken in all funds.

In EAFRD, a plan of action was implemented to reduce the number of errors and enhance the capacities of the authorities. Synergies were created by bundling EAFRD and EMFF into one department of the Ministry of Agriculture, Forestry, Environment and Water Management. The network “Zukunftsraum Land” was set up to bring together the programming actors and to support programme implementation by providing information and consulting services.

Within IGJ/ERDF a “**Reform Agenda**” was defined based on the experience from the period 2007–2013 and the requirements of the current programming period. Furthermore, the objective ‘Investment in Growth and Employment/ERDF’ is now no longer being implemented through nine Länder programmes, but under one **common regional programme for all of Austria** with a central managing authority (MA) and a much lower number of implementing bodies involved. The central

managing authority makes it possible to employ experts with higher specialization compared to the preceding programming period. The bundling of the managing authorities also makes it easier to communicate and coordinate with the implementing bodies and with the certifying authority (CA).

With respect to the **certifying authority**, provisions have been made to increase the staff as soon as the level of programme implementation requires more staff. The bundling of the managing authorities into one body creates synergies and improvements for the certifying authority, because communication between the CA and MA is now more direct and simpler.

Work was done on standardization within IGJ/ESF. Central processing structures were set up. These include the centralization of first level control (FLC) and of the certifying authority as well as the creation of a common monitoring agency. Moreover, evaluation is now also centrally organized as well as coordination with the intermediary bodies involved in implementation (INTERM).

→ Despite the increased workload, it was not necessary to add staff to the MA. However, in order to be able to meet the requirements, external services are procured as needed (e.g. legal expertise for tenders, IT services, FLC, external supportive evaluation). However, this outsourcing of services also has disadvantages: MA-internal personnel resources are tied up with the contract handling for procurement and it is not possible to build up knowledge within the MA when services are performed externally. Nonetheless, without these externally procured resources, it would not have been possible to cope with the administrative workload. Therefore, when procuring external services, an effort was made to pursue a uniform, centralized approach such as centralized FLC for the entire ESF or a common monitoring agency.

→ A technical working group was set up for the exchange of information between the managing authority and the intermediary bodies, and after the initial positive experience gathered, it will meet six times a year in future. Within the Partnership, the new intermediary bodies of the Länder involved expressed their desire to process the new funding largely without any new personnel resources.

→ In the transition region of Burgenland, Regional Management Burgenland acts as the competent programming body for the Land and assumes important coordination tasks between BMASK, the Land government and the departments of the Land government.

→ The certifying authority, which in the preceding period still had more than ten intermediary bodies, was set up centrally within the Ministry of Labour, Social Affairs and Consumer Protection.

In summary, the outcome for all ESI Funds is that the measures are implemented across programmes and on a programme-specific basis. However, the assessment within the Partnership shows that in comparison to the previous period, the **additional requirements** for implementation of the ESI Funds have increased further, without reducing the existing uncertainties in the system. These include, among other things, the designation, fraud prevention, risk management, communication requirements, tighter evaluation rules and monitoring. The increase in regulations meets the aim of improving transparency, but at the same time creates a higher degree of complexity. The consequence is that the uncertainties in the system regarding management and processing of the programmes have not been reduced. Therefore, the conclusions drawn are still divided in that the gains in efficiency are being offset by the new requirements.

2.7 Actions taken to reinforce the capacity of the Member State authorities and beneficiaries to administer and use the ESI Funds (Article 52(2)(f) of Regulation (EU) No 1303/2013)

In the first implementation phase, extensive measures were taken by the ESI Funds to lower the administrative burden on beneficiaries. In this context, the clarification of eligibility rules must be mentioned as well as the handling of the simplified cost options (SCO) and the implementation of e-cohesion. These measures were carried out on a fund-specific basis and only in few cases on a multi-fund basis, because the implementation rules of the individual funds diverge widely. The following themes are of special relevance:

National eligibility rules (NFFR)

The options opened up by the European Commission under the **IGJ/ERDF programme** were used. These include the application of simplified cost options and the simplification of handling procedures, especially in the process of preparing the eligibility subsidiary national rules for projects co-financed from the European Regional Development Fund (ERDF) in Austria (NFFR 2014–2020).

The national eligibility rules 2014–2020 were adopted by the ERDF certifying authority in agreement with the managing authority in July 2016. The core of the simplification is the inclusion and concrete definition of “Simplified Cost Options” (SCO) which are set out in Articles 67 and 68 of the Common Provision Regulation (RE (EU) No. 1303/2013 of the European Parliament and of the Council). These also define in clearer terms issues such as per diem rates and minimum receipt amounts.

Under Article 67, it is possible to approve grants (partly parallel to the “traditional” method of furnishing proof of the actual costs incurred) within the IGJ/ERDF programme on the basis of standardized unit costs, in the form of flat rate financing or based on lump sums rates for defined types of costs. How to apply the lump sums rates for indirect costs and personnel costs (purs. to Art. 68) is also defined more specifically in the NFFR 2014–2020.

The NFFR 2014–2020 integrates two methods approved by the GD REGIO that were developed in the Structural Funds Period 2007–2013 in the nine Austrian ERDF programmes for the objectives regional competitiveness and employment as well as convergence phasing-out. These methods concern the standardised unit costs for personnel costs and the lump sum option for indirect costs.

Another option of the “Simplified Cost Options” that may be used in the IGJ/ERDF programme concerns financing for so-called ‘producers’ income’ which is based on Article 69 of the Common Provision Regulation.

A major step in the ESF taken in the first phase of implementation was the creation of a uniform legal framework for the granting of ESF funds. In this context, the Special Guidelines issued in October 2016 by the Federal Ministry of Labour, Social Affairs and Consumer Protection play a key role for the implementation of projects under the European Social Funds (ESF) 2014–2020 as these increase legal certainty for the beneficiaries. In this context, the FLC Manual must be mentioned that was prepared by the managing authority.

The ESF managing authority submitted an application in 2016 for a Delegated Act with the European Commission for a lump sum option for teachers’ salaries. In May 2017, the EC sent a notification stating that the approval of the Delegated Act could be expected by the end of September 2017. A second simplification for all intermediary bodies consists of the option of applying a uniform lump sum for residual costs, which is currently being used mainly by Section IV of the Ministry of Social Affairs. Further intermediary bodies do not use the lump sum option for residual costs to any material extent at present.

The simplification efforts under the **EAFRD programme** refer to the application of simplified costs (e.g. standardized reimbursement of personnel costs) and an easing in the plausibility check for costs relating to the application process (e.g. introduction of lists of reference costs). Further simplifications based on the current ones are planned. In the area of education, for example, there are plans to introduce standardized unit costs for different educational products. Furthermore, there are plans to enlarge the lists of reference costs.

e-cohesion

To facilitate e-cohesion, the technical installations needed were set up at the start of the programme in IGJ/ERDF and in the ESF to enable beneficiaries to process projects electronically. While project handling is done exclusively electronically in the ESF programme, in the IGJ/ERDF programme it is an option for project organizers who had only restricted access up to now. However, we assume that the use of e-cohesion will become more frequent in the course of the implementation period. E-cohesion is not mandatory for the EAFRD and EMFF programmes.

Whether or not this new system will actually make it easier for beneficiaries cannot yet be answered clearly with a “yes”. There are probably varying assessments among the user groups depending, among other things, on how regularly they are already using any electronic project processing system. It is too early to reach a final assessment.

2.8 The role of the partners referred to in Article 5 of Regulation (EU) No 1303/2013 in the implementation of the Partnership Agreement (Article 52(2)(h) of Regulation (EU) No 1303/2013)

2.8.1 A description and assessment of the role of the selected partners in the preparation of the progress report, with reference to the Partnership Agreement

Drafting of the Progress Report is done jointly in the spirit of partnership. The process was started in the summer of 2016 within the scope of the Subcommittee on Regional Economy, which set up an operational support team. The tasks of the support team were to prepare and execute the processes required for the Progress Report. At the end of 2016, an external contract was awarded to support the reporting process. The report was drafted in the first half of the year 2017 with the broad involvement of the STRAT.AT 2020 Partnership. The contents of the report were presented and discussed in May 2017 at an information event with a broad audience within the scope of the STRAT.AT 2020 discourse events and also in the Subcommittee on Regional Economy and in the steering group. The approval of the report by Austria took place in June 2017 by a circular decision of the ÖROK Commission of Deputies.

2.8.2 A description and assessment of the involvement of the selected partners in the implementation of programmes, including participation in the monitoring committees of the programmes

The implementation of the partnership principle is common practice in Austria and also mandatory pursuant to Art. 5 of the Common Provision Regulation. Therefore, for the programming period 2014–2020, a concept for the monitoring process STRAT.AT 2020 was prepared with the following main points.

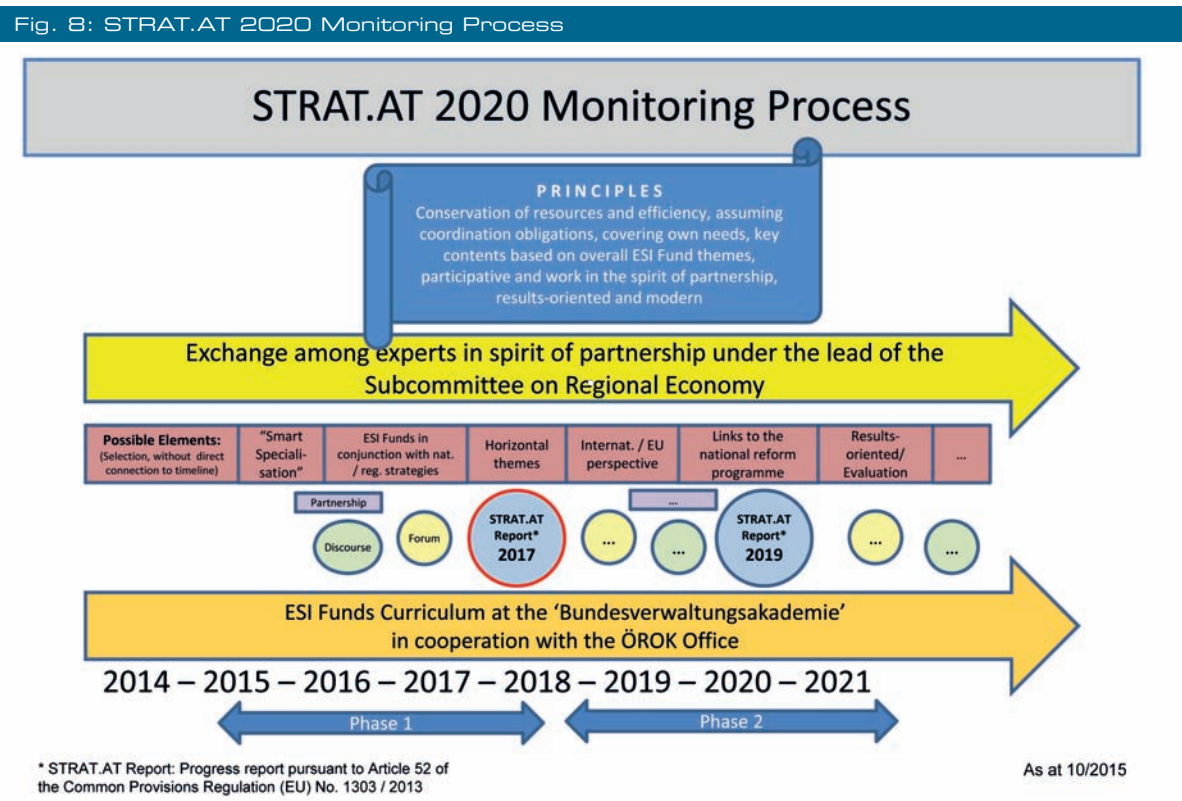
- The focus was on the coordination of the content and methodology as well as the communication between the different programmes, levels and actors. Based on the agenda and areas of responsibility up to now, the Subcommittee on Regional Economy serves as leading organisation responsible for the management and as organizer.
- The partnership processes are implemented in such a manner so as to guarantee the participation of the stakeholders and ensure cooperative working. Operationally, the ÖROK Office supports the process, with a lean process management being the guiding principle. When necessary, the services of external experts for specific themes are used.

The support process for the current period is divided into two working phases: The first working phase ended with the first STRAT.AT 2020 Progress Report to the EC. The second working phase runs from January 2018 to December 2019 and ends with the second STRAT.AT 2020 Progress Report to the EC.

In accordance with the principles defined in the Partnership Agreement regarding the cooperative implementation of the ESI Funds, in the **first working phase** a number of processes were put into practice and discussions of importance for Austria were initiated. In detail, the following points must be highlighted:

The start of the STRAT.AT 2020 monitoring process began with the meeting of the ÖROK Commission of Deputies in November 2014. Subsequently, in the period from 2015 to mid-2017, the Subcommittee on Regional Economy held five meetings. The following processes were implemented in the first working phase:

In the area of the “**STRAT.AT Partnerships**”, a discussion process was initiated at the start of 2015 on “Smart Specialisation” in Austria. For the implementation of the Europe 2020 Strategy at the national and regional level, the EU developed the concept of *Smart Specialisation* as the relevant frame of reference for the long term. With the initiation of the STRAT.AT 2020 Partnership *Smart Specialisation*, a common understanding was achieved of the interaction of the national RTI strategy and the economic and innovation strategies of the Länder, and the support was provided for the exchange between the federal government and Länder regarding RTI policy issues. The results were published in the issue no. 199 of the ÖROK Publication Series “Policy Framework for Smart Specialisation in Austria”. Explanations on the *Policy Framework for Smart Specialisation in Austria*



Source: ÖROK (2015)

were drafted in the context of the ex ante conditionalities of EU cohesion policy 2014–2020. Apart from the two Steering Group meetings and strategy meetings on the subject, the interim results were presented and discussed at the IGJ/ERDF Monitoring Committee in April 2016. In February 2017, the final results on “Smart Specialisation” were presented at the Länder dialogue of the Federal Ministry of Science, Research and Economy.

In the summer of 2016, the “STRAT.AT 2020 Partnership for the Preparation of the Progress Report 2017” and a steering group were set up at the Subcommittee on Regional Economy; a total of four meetings were held for the drafting of the Progress Report (see also the Chapter on the drafting of ESI Progress Report 2017).

Within the scope of the “STRAT.AT 2020 Discourse”, the “current developments of the framework conditions for the processing and development of funding instruments” were presented and discussed at the

Subcommittee on Regional Economy at the end of 2016. The discourse series was continued in May 2017 with two events on the theme of “cooperation” as well as on the “ESI Funds Progress Report 2017”.

Apart from these multi-fund processes, the partnership principle was also observed and implemented at the level of individual funds. In this context, the monitoring committees established in the spirit of partnership for the ESI Funds deserve special mention (see Table at the end of this Chapter for an overview of the organisations included).

Furthermore, there are fund-specific and programme-specific processes and preparations to fulfil the partnership principle defined in the Regulation. These include, for example, Netzwerk Land and in the ESF OP, the practice of involving the relevant partners in the drafting of the calls and the assessment of the projects at the ZWIST level.

2.8.3 Other elements

Not applicable

2.9 A description and assessment of the involvement of the selected partners in the implementation of programmes, including participation in the monitoring committees of the programmes

2.9.1 A summary of the actions taken in relation to the application of horizontal principles to ensure the promotion and monitoring of these principles in the different types of programme, with reference to the content of the Partnership Agreement

The Partnership Agreement describes the horizontal themes implementation of the partnership principle, gender equality, non-discrimination, barrier-free access for persons with disabilities and sustainable development as relevant areas for the ESI Funds. These themes were specified in more detail in the programming processes of the individual funds. Horizontal principles are taken into consideration at the different levels of the measures for the implementation of the ESI Funds.

- Generally, adherence with the framework conditions that are specified in the respective horizontal themes must be guaranteed (also for the fulfilment of the horizontal ex ante conditionalities). In this context, the Federal Act on the Equal Treatment of Disabled Persons must be mentioned as well as the prohibition of discrimination pursuant to § 7b of the Act on the Employment of Persons with Disabilities (BEinstG).
- Furthermore, supportive measures were implemented in all ESI Funds to account for the horizontal principles such as awareness questionnaires for beneficiaries and the inclusion of horizontal principles in the project selection criteria. Moreover, the multi-fund ESI Funds curriculum includes a separate module that deals with the multi-sector principles.
- The themes addressed the most directly are those that include one of the horizontal principles as the content of a project such as, for example, investing measures to reduce carbon emissions for the cross-sectoral theme of sustainable development (IGJ/ERDF) or measures to achieve equality and for the target group of persons with disabilities (IGJ/ESF).

The measures taken within the scope of the horizontal principle “Partnership” are presented in Chapter

2.8. As regards the further horizontal themes, the following implementation measures deserve special mention due to the orientation and complementarity of the ESI Funds programmes:

Gender equality, non-discrimination and barrier-free access for persons with disabilities

In the area of **equality of women and men**, a number of measures are being implemented in the ESF OP:

- For operational programmes, conditions are defined that require a 50% share of women as participants as a minimum and the dedication of 50% of the budgets for women. Applicants for funding - insofar as they are companies - must adhere to the Act on Equal Treatment.
- In addition to equality as a cross-sectoral theme, measures to support equal treatment are funded in the various investment priorities. Thus, to prepare a funding concept for the IP equal treatment, external consulting services were procured. Based on these, a call for tenders was held for pilot projects (plus accompanying research) at the beginning of 2017. The content of the tender was for business-related consulting services to promote equality.
- Furthermore, a special analysis of the implementation of the equality principle was conducted within the scope of the accompanying evaluation.

Themes of **non-discrimination and barrier-free access**

- A mandatory question in the electronic application refers to barrier-free access.
- In addition to the cross-sectoral theme, there is also special funding for persons with disabilities. Thus, around 80 projects with a volume of EUR 60 million were approved for persons with disabilities by Section IV (Ministry of Social Affairs) within the scope of investment priority 3.1. Moreover, persons with disabilities are represented on the monitoring committee by two associations (Österreichischer Behindertenrat and dabei-austria).
- Furthermore, a special analysis of the implementation of the non-discrimination principle was conducted within the scope of the accompanying evaluation.

In the IGJ/ERDF, the horizontal themes of **equality and non-discrimination** are taken into account primarily by accompanying measures. In the first implementation phase, concrete steps were taken in almost all areas that were defined in the PA and in the operational programme:

- The aspects of equal treatment and non-discrimination were added as **selection criteria** for the project assessment; these are considered in the overall assessment of projects (based on points).
- In the programme-starting phase, questionnaires were developed to raise **awareness** for the themes

Tab. 16: Relevant conferences, meetings, milestones for the STRAT.AT 2020 monitoring process 10/2014-06/2017 (Selection)

Meetings/Milestones	When
2014	
Approval of the Partnership Agreement	17 October
Meeting of the ÖROK Subcommittee of Deputies (Start of the STRAT.AT 2020 monitoring process)	6 November
2015	
94th meeting of the Subcommittee on Regional Economy (incl. the establishment of the STRAT.AT 2020 Partnership “Smart Specialisation”)	11 June
1st Steering Group meeting STRAT.AT 2020 Partnership “Smart Specialisation”	7 September
1st Amendment to the Partnership Agreement approved	16 October
Meeting ÖROK Commission of Deputies (decision on start of drafting process for the Progress Report).	29 October
2016	
95th meeting of the Subcommittee on Regional Economy	26 January
1st strategy meeting (STRAT.AT 2020 Partnership “Smart Specialisation”)	8 March
2nd strategy meeting (STRAT.AT 2020 Partnership “Smart Specialisation”)	20 April
Presentation of interim report of the STRAT.AT 2020 Partnership “Smart Specialisation”	27 April
96th meeting of the Subcommittee on Regional Economy (incl. establishment of the STRAT.AT 2020 Partnership for the drafting of the Progress Report 2017)	28 June
1st meeting of the Progress Report steering group (STRAT.AT 2020 Partnership PA Progress Report 2017)	22 September
2nd Steering Group meeting “Smart Specialisation”	25 October
97th meeting Subcommittee on Regional Economy (incl. STRAT.AT 2020 discourse: “Current developments in the framework conditions for the processing and design of funding instruments”)	30 November
2nd meeting of the Progress Report steering group (STRAT.AT 2020 Partnership PA Progress Report 2017)	16 December
2017	
3rd meeting of the Progress Report steering group (STRAT.AT 2020 Partnership PA Progress Report 2017)	17 January
4th meeting of the Progress Report steering group (STRAT.AT 2020 Partnership PA Progress Report 2017)	21 February
Länder Dialogue of the Federal Ministry of Science, Research and Economy (presentation of the findings of STRAT.AT 2020 Partnership “Smart Specialisation”)	28 February
STRAT.AT 2020 Discourse – Information event on the drafting of the Progress Report 2017	16 May
STRAT.AT 2020 Discourse on the topic of cooperation	19 May
5th meeting of the Progress Report steering group (STRAT.AT 2020 Partnership PA Progress Report 2017)	24 May
98th meeting of the Subcommittee on Regional Economy (incl. discussion of the Progress Report 2017)	13 June
Meeting of the ÖROK Commission of Deputies (Resolution on the Progress Report 2017)	26 June

Source: ÖROK Office

- of equality and non-discrimination. These are now used as standard procedure in project implementation.

→ The measures are implemented at events and when providing consulting services in order to take gender and cultural aspects into consideration. Therefore, for example, in Vienna, childcare services are provided at events and multilingual offers have been developed for the various target groups. Other partial measures still need to be implemented.
- Gender-sensitive indicators have been added to the **monitoring**. These include gender-based indicators with a reference to jobs.

The implementation of these elements, especially also the questionnaire to raise awareness within the project organizers, were positively highlighted at the information workshops of the Partnership by representatives from the fields of equal treatment and non-discrimination. Parallel to these supportive measures, projects were implemented in selected areas with

core themes that refer to equal opportunities and non-discrimination such as, for example, the establishment of a multi-enterprise kindergarten under the CLLD.

A working group was set up within the monitoring committee in the spring of 2017 under the **EAFRD programme** for the theme of equal treatment of women and men and equal opportunities in rural regions. The purpose of the working committee is to promote the equal treatment of women and men, and equal opportunities for all population groups in rural regions with the aim of promoting sustainable development; these measures defined in consultation of experts, especially for preparing concrete proposals for actions to raise awareness and for providing information. The proposals should be implemented in the current programming period.

Within the scope of the LEADER programme, issues of equal treatment are addressed by clear specifications regarding the composition of the LAG (women's quota of 1/3) and by concrete projects relating to the themes of gender equality, the promotion of children and youths, integration of migrants and the reduction of barriers. The current high share of women on the management of LEADER of 48% is a noteworthy fact.

Sustainable development (environmental protection, resource efficiency, climate protection and adaptation to climate change, biological diversity and risk prevention)

Sustainable development is a fundamental principle in EAFRD insofar as the conservation of resources is a main goal of the programme. In this programme, activities are carried out within the framework of the Austrian environmental agricultural programme ÖPUL, by compensation payments for disadvantaged regions (esp. mountainous areas), the use of photovoltaic in agriculture as well as the reduction of carbon emissions through the promotion of bio-energy support for climate and energy model regions. In total, two thirds of the EAFRD funds are earmarked for the sustainability-related thematic objectives TO 4, 5, and 6. The implementation rate is currently 71%.

The thematic area of sustainable development is implemented in the IGJ/ERDF programme through three channels:

→ **Sustainability as project theme:** Priority 3 with a funding share of around 20% pursues the goal of increasing resource and energy efficiency to directly promote the sustainability goal of lowering carbon emissions. Moreover, sustainability aspects are also

contained in other measures, especially in R&D ("sustainable construction") or cluster-related measures (Bauenergie-Umweltcluster in Lower Austria).

→ **Resource-saving project implementation:** Above all, when planning infrastructure projects, attention is paid to the use of existing building zones instead of building on new undeveloped areas. Additionally, attention is paid to ensuring accessibility without the need for motorized individual transportation when new R&D infrastructure is being developed.

→ **Project selection and awareness:** Further programme features are developed that are similar to those in the area of equal opportunities. Sustainability aspects are considered in project selection and the project organizers must complete awareness questionnaires on the theme of sustainability. First experiences regarding the questionnaires include some critical feedback regarding the time and effort required to complete these.

Sustainable development is not directly addressed in the IGJ/ESF programme, because no investment measures of environmental relevance are planned.

2.9.2 A summary of arrangements implemented to ensure mainstreaming of horizontal policy objectives, with reference to the content of the Partnership Agreement

Aspects of this report are included in Chapter 2.9.1

2.9.3 Other elements

No use was made of the option to describe other aspects.

2.10 Implementation of the Youth Employment Initiative (YEI) (Article 19(5) of Regulation (EU) No 1304/2013)

Not applicable

2.11 Additional information and assessment which may be added depending on the content and objectives of the operational programme (Article 111(4) of Regulation (EU) No 1303/2013, included where necessary to complement the other sections of the progress report)

See annual implementation reports 2016 of the IGJ OPs AT 2014–2020

2.12 Additional information and assessment which may be added depending on the content and objectives of the operational programme (Article 111(4) of Regulation (EU) No 1303/2013, included where necessary to complement the other sections of the progress report)

Not applicable

2.13 Additional information and assessment which may be added depending on the content and objectives of the operational programme (Article 111(4) of Regulation (EU) No 1303/2013, included where necessary to complement the other sections of the progress report)

Not applicable

3 SUMMARY AND CONCLUSIONS

3.1 Objectives of the Partnership Agreement

The Austrian **Partnership Agreement** is embedded in fund-specific objectives such as in the Europe 2020 targets of intelligent, sustainable and inclusive growth. It addresses nine of the eleven thematic targets of the ESI Funds. In international comparison,³⁷ the share of environmental objectives in Austria (“climate change/risk prevention” and “environment/resource efficiency”) and the share of the objective “competitiveness of SME” are clearly above the EU average. The structure of funds allocation is influenced by the EAFRD, which accounts for 72% of the total budget of the ESI Funds (EU average: 23%).³⁸ This is due to the strong focus in Austria on pillar 2 “rural development” of the Common Agricultural Policy in international comparison, rather than on direct payments and market organisation expenditure.

3.2 Implementation of the Partnership Agreement to date

As regards overall implementation of the Partnership Agreement, Austria is within the **EU average**. With respect to overall costs, Austria reported an approval rate of 28.3% at the end of 2016 and is thus more or less in line with the EU average (27.7%).³⁹ By the end of 2016, approximately EUR 1.6 billion in funds had been approved, which is one third of the volume of the ESI Funds. Implementation is supported mainly by EAFRD, which – also in international comparison – shows a high commitment ratio and is in the top ranks in European comparison. The programmes of the ESI Funds are in different stages of implementation, and vary with respect to funding commitments from 9% (IGJ/ERDF) to 37% (EAFRD). The reasons for the divergent developments are the fund-specific framework conditions. The good start of the EAFRD programme is based on the structures built up over the years and the relatively sta-

ble framework conditions as well as on the possibility of having been able to approve territory-linked payments already in 2014. The implementation of the ESI Funds programmes is done in conformity with the requirements of the Partnership Agreement.

Up to now, the predominant **implementation measures** were territory-linked measures under EAFRD as well as investment-oriented measures at individual companies (EAFRD, ERDF). Under the ESF programme, innovative approaches to implementing measures to combat poverty are applied that are carried out in the form of Länder calls to initiate projects relating to asylum, migration and integration themes.

3.3 Implementation status of the ESI Funds programme

As regards the implementation progress of the ESI Funds programmes, the following may be stated:

→ The Rural Development Programme of the EAFRD concentrates on agriculture, forestry and rural regions giving financial priority to environmental objectives, investments by companies, creation of infrastructure and the diversification of the rural economy.⁴⁰ The programme was approved in December 2014 (together with Poland and Denmark) as the first in the EU. The year 2015 was dominated by the work to establish structures (incl. the LEADER structures, Netzwerk Land, EIP). As of 2016, programme implementation was the main priority. The approval status is 37% and therefore one of the highest-ranking in the EU. To date, it has been supported by the large areas of territory-linked payments such as ÖPUL, compensation payments for disadvantaged regions (esp. mountainous areas) that were implemented parallel to the programming and approved already in 2014, as well as by investments by companies to improve competitiveness of farming and forestry enterprises.

37 The basis is the evaluation of the Open Data Platform of DG Regio (www.cohesiondata.ec.europa.eu/) that makes it possible to compare the Member States with respect to the planned use of the funds by thematic objective.

38 In relation to EU funds, the share of the EAFRD is 80% of ESI Funds.

39 Cf. DG Regio – Open Data Portal for the European Structural Investment Funds (data queried on 2 May 2017).

40 In the year 2016, one amendment to the EAFRD programme was approved by the Commission. This caused some slight shifts in the thematic objectives, but these have not yet been incorporated into the Partnership Agreement. The evaluation of implementation is based on approved financial figures of the STRAT.AT 2020 Partnership Agreement. Austria 2014–2020

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- The **EMFF programme** concentrates on strengthening the competitiveness of small fishing enterprises. The programme focuses on measures in the area of inland fishery, productive investment – aquaculture and processing and marketing, and contributes to strengthening the competitiveness of SME as set out in TO 3 (SME). At a volume of approximately EUR 7 million from the ESI Funds, the EMFF is by far the smallest ESI Fund in Austria. Approvals are around EUR 860,000 in EU funds (approx. 12% of total planned funds).
- The **IGJ/ERDF programme** is being implemented for the first time as a joint Austria-wide programme. The first phase of the period was dominated by the implementation of the new requirements such as the designation processes, e-cohesion and preparation of measures to combat fraud. At the end of 2016, the implementation level according to the monitoring data was around 10%. The implementation level according to the monitoring does not yet fully reflect the “activity level” of the projects. It may be expected that when the delaying factors cease to exist in the course of the year 2017, we will see a sharp increase in implementation rates – also in the monitoring data. The discussions within the partnership process indicate that we may expect implementation dynamic to pick up 2017, thus guaranteeing the use of the funds.
- The **ESF programme** aims for an independent profile with a focus on the prevention of poverty, lifelong learning and innovative approaches to labour market and employment policy. As of the end of 2016, 293 projects were approved in the ESF programme (26.2% commitment rate). After the Public Employment Service Austria withdrew from the ESF funding schemes, the Länder were increasingly integrated as actors for the implementation of the ESF programme. Due to this structural change, but especially on account of the implementation of requirements such as the designation process there were delays in the starting phase.
- **European Territorial Cooperation (ETC) programmes 2014–2020:** The ETC programmes 2014–2020 (CBC – Cross-border Cooperation) have sharpened their thematic focus compared to the preceding period due to the EU requirements and are now concentrated on R&D and innovation, SME, environment and resource efficiency as well as the improvement of institutional capacities. A number of programmes also address the issue of reduction of carbon emissions and transportation. In the area of ETC, the approval rates in the bilateral cross-border programmes reach an average of around 30 percent. Individual programmes show a level of fund commitment of up to 60%. Additionally, Austria participates in 78 projects of the transnational programmes as well as in projects within the scope of the network programmes.

3.4 The contribution of the ESI Funds to the Europe 2020 growth objectives and to the implementation of its thematic objectives

The objective “**Intelligent Growth**” will be supported within the scope of the ESI Funds by TO 1 to TO 3. In TO 1, projects are supported that serve to improve research and transfer capacities, to embed existing high priority research organisations into the regional environment and to broaden the innovation basis. Providing broadband infrastructure and access to broadband solutions is done within the scope of the EAFRD programme (TO 2). Moreover, measures to strengthen the competitiveness of SME under TO 3 are of relevance in this context (IGJ/ERDF and EMFF). With regard to **implementation**, the thematic objectives that support the goal of intelligent growth have low to medium levels of implementation. The implementation rates are between 0% (TO 2) and 26% (TO 3) according to the monitoring. As stated in the report, the data gathered in the official monitoring does not fully represent the level of activity due to the technical-administrative problems and the delays in the designation processes. As soon as the delaying factors cease to exist in 2017, a sharp rise in the use of the funds is expected.

TO 4 to TO 6 address “**Sustainable Growth**”. To support this growth objective, in Austria the EAFRD programme supports renewable energy, “Infrastruktur Wald” (Infrastructure Forest) and photovoltaic. Within the IGJ/ERDF programme, the focus is on measures at companies to increase energy efficiency and to raise the share of renewable energy (TO 4). The much larger funding volumes of TO 5 and TO 6 address measures to reduce climate-damaging emissions and to secure biodiversity (EAFRD). Overall, **implementation** in those areas that support sustainable growth is **far advanced**. TO 5 and TO 6 have utilization rates of over 40%. By contrast, the activity level of TO 4 has a utilization rate of almost 10%.

Three of the four ESI Funds contribute to the objective of “**Inclusive Growth**”, although the greatest impulses may be expected from the ESF and EAFRD programmes. Relevant areas are TO 8–TO 10. In the area of employment (TO 8), measures will be taken to improve opportunities of gainful employment through diversification and start-ups (EAFRD programme) and to improve employment opportunities, especially for women and older persons (ESF OP). Under the ESF, measures will also be taken in the themes of social inclusion and combatting poverty (TO 9). In basic services, the aim is to improve the quality of supply in rural areas (EAFRD). The ESF measures address mainly the target groups of disadvantaged persons and/or persons at risk of poverty. Lower con-

tributions to TO 9 are also expected from the IGJ/ERDF programme. In TO 10 life-long learning, the target of inclusive growth is addressed by measures to reduce the number of early school leavers and to increase participation in further education of persons with low levels of qualification or low levels of education (ESF OP). The EAFRD programme focuses on improving the business competence of company managers. The thematic objectives that support inclusive growth have **good levels of fund commitments** (from 18% to 32%).

3.5 The framework conditions in the first phase of implementation of the Partnership Agreement

In the current period, cohesion policy programmes started implementation with (substantial) delays compared to previous periods. This is closely related to the framework conditions on EU side.

- **Overlapping programming periods** meant that there were still substantial volumes of funds left to be granted from the previous period in order to ensure the absorption of the funds for the period 2007–2013. Furthermore, the finalization of the programming period 2007–2013 tied up a lot of personnel resources.
- Moreover, the transition to the programming period introduced a number of **new** requirements on the part of the EC that required resource-intensive work. These include, apart from the designation of the programming authorities, the introduction of e-cohesion and measures to prevent fraud. Together with the late availability of the texts of the Regulation and the Guidance Notes, this phase was dominated by uncertainty among the involved parties and the entailing negative effects for the operational start of the programmes.

While the EAFRD programme exhibits a structurally higher continuity in comparison with the other ESI Funds and it has been possible to integrate the ESI Funds requirements quite well, the IGJ/ERDF and ESF programmes are confronted with substantially **changed framework conditions**. The merger of the programmes and the establishment of a central managing authority must be mentioned for the IGJ/ERDF. In the ESF programme, the composition of the institutional partners has changed, because of the stronger integration of the offices of the Länder, while at the same time, one of the largest organizers of measures withdrew (Public Employment Service Austria). Therefore, the structural adaptations for the implementation phase of the cohesion policy programmes were challenging. Substantial investments were made to increase the performance capacity of the programme authorities and to increase efficiency. The assessment within the Partnership shows, however, that in comparison to the previous

period, the additional requirements for the implementation of the ESI Funds have increased to such an extent that the efficiency gains are offset by the work involved to meet the new requirements.

3.6 Socio-economic framework conditions

The **planning and initial implementation** phase of the Partnership Agreement took place within the context of difficult and **unsecure economic framework conditions**. The aftereffects of the major financial and economic crisis were still being felt and caused weak economic growth and rising unemployment. Austria lost its lead in economic growth rates versus the EU average, a position that had lasted more than 15 years. It also lost its leading position as regards employment. Despite the gains in the number of salary and wage earners, this was not enough to offset the widening pool of available labour. Only in 2016, did a recovery and a turnaround set in. The forecasts for the period until 2018 point to an improvement and stabilization, and the economy may be expected to develop more smoothly in the future. The basic pattern of the problems still exists, even though some easing may be expected due to the economic recovery.

The **challenges** defined in the Partnership Agreement based on extensive analyses are still valid in the context of the Europe 2020 targets. The ESF has responded to the issues of migration, integration and asylum, which are becoming highly topical, by dedicating more attention to the theme in implementation. Moreover, these refer to structural problems that have been accumulated over a longer time, and therefore, can only be solved over a longer term. The agreements reached within the Partnership are generally robust regarding the areas of innovation, labour market and education, reduction of carbon emissions and resource efficiency.

3.7 Further implementation of the Partnership Agreement and the ESI Funds in Austria

After a delayed start due to organisational difficulties, what is needed now is a transition to the **second phase** of implementation of the Partnership Agreement. This should – also in line with the improved economic prospects for the coming years – lead to a more stable implementation phase. The years 2017 to 2019 will be ultimately decisive for implementation with respect to the attainment of the objectives for the agreed performance framework, although, of course, the actual period for implementation runs until 2023. As regards these framework conditions and challenges, the following applies: There are differences between the ESI Funds.

In the **EAFRD programme**, the challenges of implementation are the project-related measures and the new project types added to the programme such as “social services”, which are to be promoted in the coming years. New measures with new project organizers need – as revealed by the deliberations within the Partnership – a special focus in programme implementation, and also time in order to become well integrated into the programme. After the start of the programme, the focus will gradually shift to the implementation of these areas and efforts will concentrate on the activities of new project organizers.

In the **cohesion policy programmes** under the objective “**investment in growth and employment**” (ERDF, ESF), the issue is to complete the necessary system adaptations and the designation process, and in this context, to process the backlog of projects under ERDF. The challenges here – as in the EMFF – are therefore in increasing and stabilizing the pace of implementation. The discussions within the scope of the Partnership process show that a surge in the level of implementation may be expected in the first half-year 2017 and thus guarantee the use of the programme funds. In the **ESF programme**, the issue is mainly about guaranteeing continuity in the implementation of the measures as well as the promotion of measures, which up to now had not enjoyed that much attention, especially in the area of the programming axis 1 “employment”.

The implementation of the **ETC programmes** is well under way with a large diversification among the programmes (from 0% to over 17% and up to 60% of fund commitments at the end of 2016). In the case of programmes with high levels of fund commitment, it remains to be seen if the approved projects will consequently achieve a capitalization of the project results. As regards those programmes that are not in such an advanced stage, the focus is on the realization of the next calls and the final start of implementation.

The **simplified cost options** were addressed in the programmes to varying degrees. In all programmes, their potentials must continue to be investigated. At the Partnership events, a topic frequently discussed was that the lump sum option and standardized unit costs are effective mechanisms to simplify and create legal certainty, especially for SME. This concerns mainly interventions in connection with personnel costs that are a source of problems. The question of transferability to investment-oriented measures still needs to be investigated.

3.8 EU framework conditions and long-term conception of the ESI Funds and EU cohesion policy

The orientation on a Europe-wide **mission statement** with the Europe 2020 targets was assessed as positive at a STRAT.AT 2020 event on the Progress Report⁴¹ and viewed as guidance, with the inclusive approach being stressed. In addition, the medium to long-term orientation of the mission statement, the objectives and the programmes were positively assessed with respect to guidance and stability. However, the lacking flexibility and adaptability to current challenges and the lack of territorial objectives were criticised.

The objective of the **Common Agricultural Policy** (CAP) is to establish a sustainable model of agriculture for the entire territory of the European Union in order to achieve food security and guarantee farming services. It was important for Austria's agriculture that in the course of the reform for the period 2014–2020 the system of direct payments and rural development remained intact as reliable planning instruments. A key element of the reform was the mandatory changeover of the payments of the first pillar to the regional model with uniform hectare premiums. Moreover, greening was introduced, which ties the retention of part of the payments to compliance with higher environmental obligations. As regards rural development, it was possible to achieve a large degree of continuity regarding measures.

The **reform of EU cohesion policy** in 2014 brought progress in policy coherence, concentration in the context of Europe 2020, and a results-oriented approach. At the same time, new requirements were introduced for the programmes with the reform that increased the complexity of the ESI Funds and their processing. This ultimately counteracts the considerable efforts invested in increasing the capacities of authorities. Many new elements mean additional steps without any contribution to simplification or the reduction of system insecurity. Therefore, opinions are still divided in that the gains in efficiency are being offset by the work required to meet the new requirements.

The situation of a **high degree of system insecurity** combined with the experience of the preceding period regarding complexity, and the imbalance between implementation flexibility and necessary controls remains not only unchanged, but is perceived as having become worse. How should one deal with a total of 4,000 pages of legal texts and “gray legal areas” with very limited administrative capacities? Every ad-

41 From the STRAT.AT 2020 discourse, Vienna 16 May 2017.

ditionally defined detail seemingly creates security, but at the same time raises interpretation questions.

There is a strong **contradiction** between the expectation that the programmes will generate impulses and innovations, and the structural requirements relating to the detailed planning, expenditure documentation and results-orientation. This discrepancy and the threshold for error of only 2% massively promote risk aversion and a tendency towards standardization. Under such conditions, it is not possible to create incentives for innovation, but rather only to support a solid mainstream development.

The ESI Funds programmes under the umbrella of the **Partnership Agreement** are an important intervention instrument for Austria with a volume of EU funds of approximately EUR 5 billion until 2023. Implementation in the first phase took place under specific framework conditions: These included (i) overlapping programming periods and the related administrative resources, (ii) the development work on solutions for the new requirements of the period 2014-2020 and (iii) inner Austrian structural adjustments in ERDF and ESE.

However, what should be considered is that **there are differences between ESI Funds**: Under the ESI Funds one will find programmes of different sizes, structures, target groups and roles in the respective policy fields. While EAFRD in Austria has sufficient funds and has developed into a stable structure over the years with the services of an external agency, the cohesion policy programmes in Austria (EFRE, ESE) as well as the EMFF have relatively little funds. Nonetheless, they have to deal with the EU requirements designed for large programmes requiring them to justify the cost-benefit relations. The necessary structures and processes require extremely high set-up costs that are not reasonable considering the volume of the funding; this situation results in a parallel system at the participating programming bodies. What is called for are substantial changes at the EU and national levels.

Implementation has been supported up to now by the **EAFRD programme**. The administrative structures built up over the years were able to integrate the new requirements more quickly. It was also possible to use the option of continuous implementation of territory-linked funding.

In the smaller **cohesion policy programmes**, there is still high interest, and good examples for additionality and innovation. However, the framework conditions

are no longer suitable for creating impulses and inspiring innovation. A fundamental discourse is needed on the conceptual principles (simplification, policy goals, logic of the interventions, shared management, differentiation commensurate with the framework conditions in the Member States). This is particularly true considering that in Austria the share of EU funds in public investments is less than 5%. Therefore, the situation is not comparable with Member States in which the EU funds have a share of 60% and more. Furthermore, Austria has a highly developed national system of financial assistance, and the attempt is made to integrate the EU funds into this funding system. The requirements have – considering the relatively low level of funding – reached a level of complexity that can hardly be administered by the bodies involved in the programmes or by the project organizers, and which is not at all commensurate with the effects.

However, there is an awareness that **part of the complexity** is due to the structures in Austria. Due to the shared management principle, not only is it necessary to observe the European framework conditions, but also the national ones. The regionally established cohesion policy programmes contrast with the EU framework conditions and create the resulting implementation complexity.

At the European level, the aim now is to prepare the framework conditions for planning the programming period after 2020. The core problem areas identified include the themes of **“shared management”** with the divergent levels of responsibility and control as well as the **“one-size-fits-all approach”** of the policies in which no differentiation is made between large programmes – where it is justified to set up the corresponding uniform structures – and small volumes of funds that encounter elaborate national systems. Thus, the perception is increasing that there is a “policy misfit” resulting from the fact that the European and national framework conditions are not harmonized. The two thematic areas were therefore included in the conclusions of the Council.⁴²

Starting out from these Council conclusions, from an Austrian perspective it is necessary to stress the differentiated policy approach that takes into account the volume and framework conditions of the programmes. A differentiation does not only mean recognizing different framework conditions in the Member States, but also a differentiated treatment based on the objectives of European policy such as the European Territorial Cooperation and related requirements.

42 For example, the Council mentions in the conclusions drawn from its deliberations of 16 November 2016 (14542/16) the necessity to install a “simple, clear and light set of rules for the ESI Funds” with “facilitation of the take-up[...]of [...] simplified cost options” and ESI Funds of proportionality and the introduction of differentiation into the implementation of the programmes”. See <http://www.consilium.europa.eu/en/press/press-releases/2016/11/16-cohesion-policy-conclusions/queried on 3 August 2017>

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ANNEX

A.1 Socioeconomic data

Tab. 17: Indicators Employment and Labour Market, Austria, 2008-2016

Total									
Status	2008	2009	2010	2011	2012	2013	2014	2015	2016
Pool of available labour	3,600,870	3,599,360	3,611,020	3,668,450	3,726,097	3,770,202	3,822,757	3,889,185	3,944,184
Wage and salary earners	3,388,617	3,339,051	3,360,238	3,421,748	3,465,454	3,482,996	3,503,400	3,534,854	3,586,872
Unemployment rate in %	5.9 %	7.2 %	6.9 %	6.7 %	7.0 %	7.6 %	8.4 %	9.1 %	9.1 %
Unemployed	212,253	260,309	250,782	246,702	260,643	287,207	319,357	354,332	357,313
Change year on year in %									
	2009	2010	2011	2012	2013	2014	2015	2016	
Pool of available labour	0.0 %	0.3 %	1.6 %	1.6 %	1.2 %	1.4 %	1.7 %	1.4 %	
Wage and salary earners	-1.5 %	0.6 %	1.8 %	1.3 %	0.5 %	0.6 %	0.9 %	1.5 %	
Unemployed	22.6 %	-3.7 %	-1.6 %	5.7 %	10.2 %	11.2 %	11.0 %	0.8 %	
Men									
Status	2008	2009	2010	2011	2012	2013	2014	2015	2016
Pool of available labour	1,943,523	1,930,091	1,931,312	1,962,065	1,994,891	2,018,339	2,046,568	2,083,229	2,113,480
Wage and salary earners	1,824,712	1,776,508	1,786,206	1,822,970	1,846,535	1,853,144	1,863,039	1,878,158	1,909,022
Unemployment rate in %	6.1 %	8.0 %	7.5 %	7.1 %	7.4 %	8.2 %	9.0 %	9.8 %	9.7 %
Unemployed	118,811	153,583	145,106	139,095	148,355	165,195	183,530	205,071	204,458
Change year on year in %									
	2009	2010	2011	2012	2013	2014	2015	2016	
Pool of available labour	-0.7 %	0.1 %	1.6 %	1.7 %	1.2 %	1.4 %	1.8 %	1.5 %	
Wage and salary earners	-2.6 %	0.5 %	2.1 %	1.3 %	0.4 %	0.5 %	0.8 %	1.6 %	
Unemployed	29.3 %	-5.5 %	-4.1 %	6.7 %	11.4 %	11.1 %	11.7 %	-0.3 %	
Women									
Status	2008	2009	2010	2011	2012	2013	2014	2015	2016
Pool of available labour	1,657,347	1,669,269	1,679,708	1,706,385	1,731,206	1,751,863	1,776,189	1,805,957	1,830,704
Wage and salary earners	1,563,905	1,562,543	1,574,032	1,598,778	1,618,918	1,629,852	1,640,361	1,656,696	1,677,849
Unemployment rate in %	5.6 %	6.4 %	6.3 %	6.3 %	6.5 %	7.0 %	7.6 %	8.3 %	8.3 %
Unemployed	93,442	106,726	105,676	107,607	112,288	122,012	135,828	149,261	152,855
Change year on year in %									
	2009	2010	2011	2012	2013	2014	2015	2016	
Pool of available labour	0.7 %	0.6 %	1.6 %	1.5 %	1.2 %	1.4 %	1.7 %	1.4 %	
Wage and salary earners	-0.1 %	0.7 %	1.6 %	1.3 %	0.7 %	0.6 %	1.0 %	1.3 %	
Unemployed	14.2 %	-1.0 %	1.8 %	4.4 %	8.7 %	11.3 %	9.9 %	2.4 %	

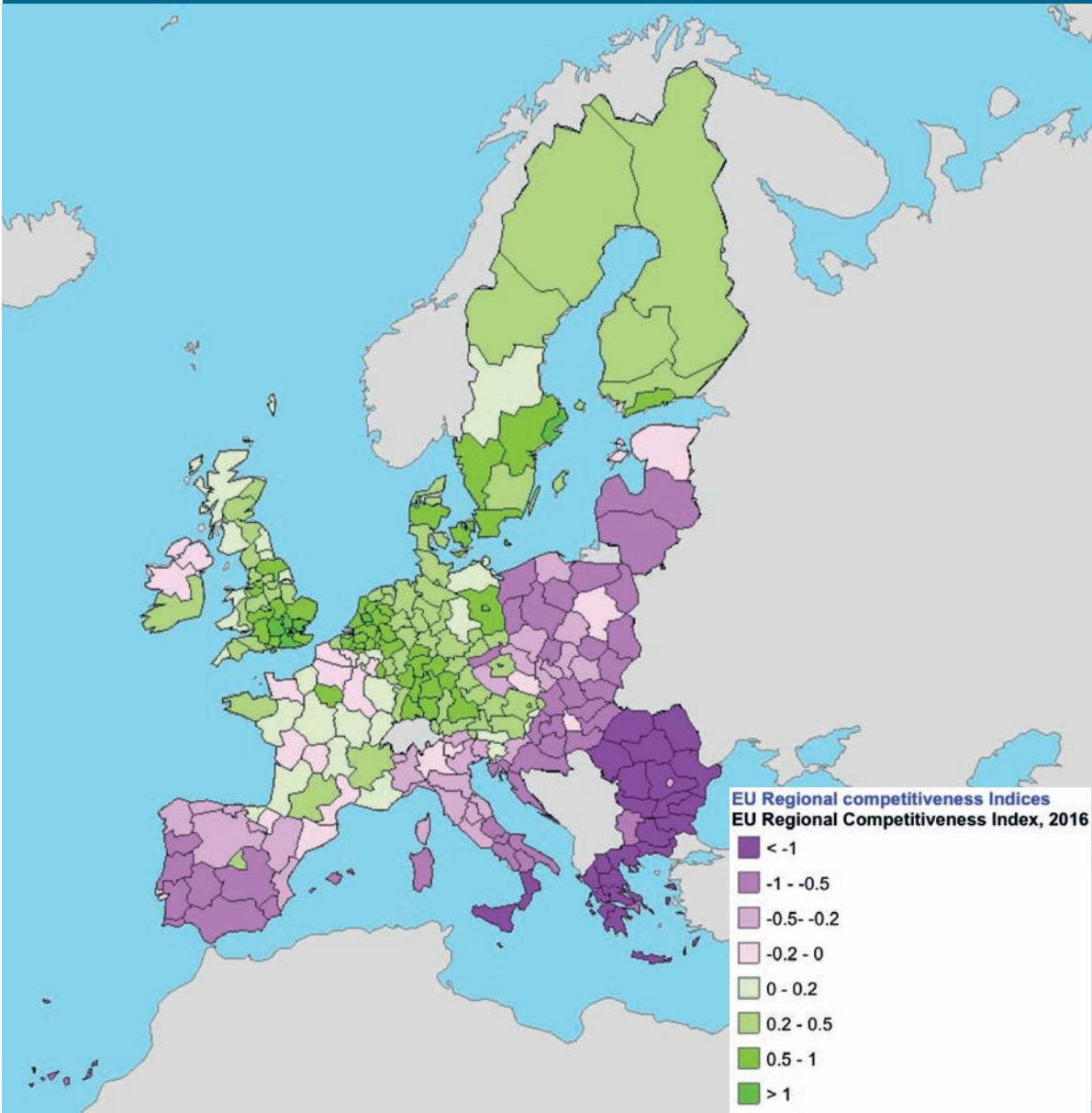
Source: AMS, calculation envelop, 2017

Tab. 18: Unemployment rate (in %) in the Länder, total and by gender, 2012-2016

Total					
	2012	2013	2014	2015	2016
Burgenland	7.8	8.5	8.9	9.3	9.3
Carinthia	9.1	10.2	10.8	11.1	10.9
Lower Austria	7.1	7.8	8.4	9.1	9.1
Upper Austria	4.5	5.1	5.7	6.1	6.1
Salzburg	4.7	5.1	5.7	5.9	5.6
Styria	6.8	7.4	7.9	8.3	8.2
Tyrol	5.9	6.4	6.9	7.0	6.4
Vorarlberg	5.6	5.8	6.0	6.1	5.9
Vienna	9.5	10.2	11.6	13.5	13.6
Austria	7.0	7.6	8.4	9.1	9.1
Men					
	2012	2013	2014	2015	2016
Burgenland	8.2	9.1	9.4	9.9	9.6
Carinthia	9.6	11.0	11.5	11.8	11.4
Lower Austria	7.4	8.2	8.8	9.5	9.4
Upper Austria	4.6	5.3	5.9	6.4	6.3
Salzburg	4.9	5.5	6.1	6.4	6.1
Styria	7.2	7.9	8.5	9.0	8.8
Tyrol	6.0	6.4	7.0	7.1	6.5
Vorarlberg	5.4	5.6	5.9	6.2	6.0
Vienna	10.9	11.7	13.2	15.4	15.5
Austria	7.4	8.2	9.0	9.8	9.7
Women					
	2012	2013	2014	2015	2016
Burgenland	7.3	7.9	8.3	8.7	8.9
Carinthia	8.7	9.3	9.9	10.4	10.4
Lower Austria	6.8	7.3	8.0	8.6	8.7
Upper Austria	4.4	4.9	5.4	5.8	5.9
Salzburg	4.4	4.7	5.2	5.3	5.1
Styria	6.4	6.9	7.3	7.5	7.5
Tyrol	5.9	6.3	6.7	6.8	6.4
Vorarlberg	5.8	6.0	6.1	6.1	5.9
Vienna	8.1	8.6	9.8	11.3	11.7
Austria	6.5	7.0	7.6	8.3	8.3

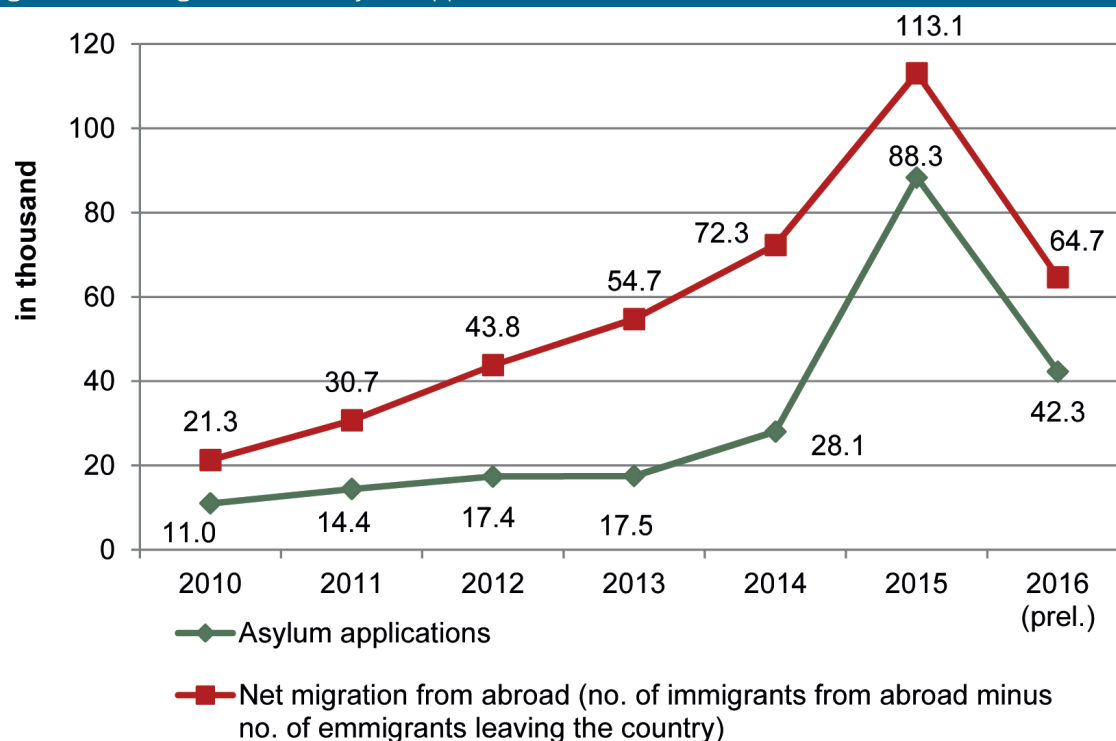
Source: AMS Österreich (Public Employment Service Austria), 2017

Fig. 9: EU Regional Competitiveness Index (RCI), 2016



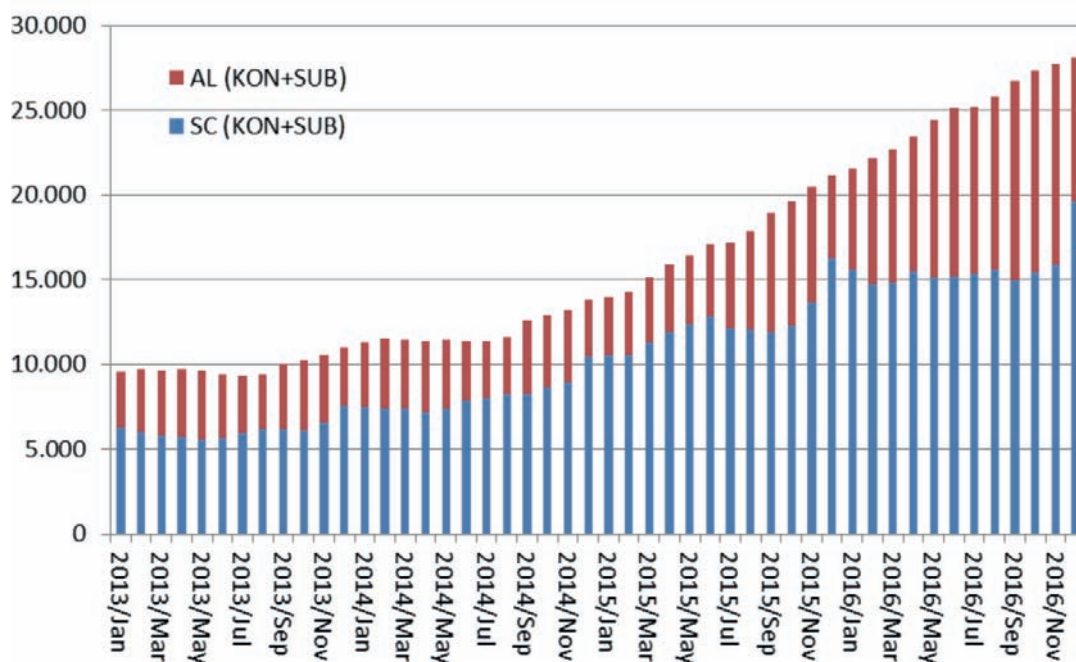
Source: http://ec.europa.eu/regional_policy/mapapps/regional_comp/rci_2016.html, retrieved 1 June 2017

Fig. 10: Net migration and asylum applications in Austria 2011-2016



Source: Statistik Austria, 2016

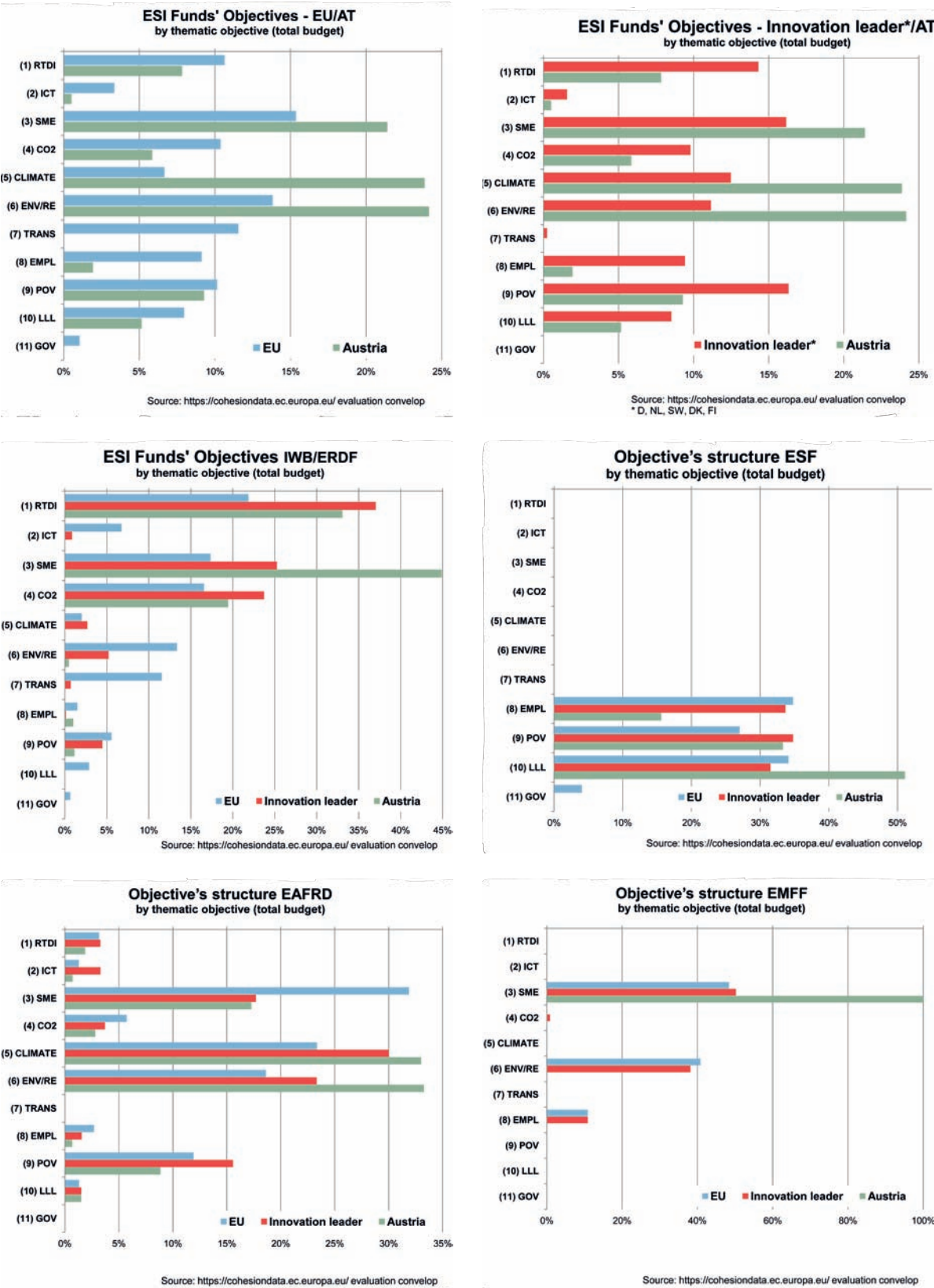
Fig. 11: Number of recognized refugees and persons entitled to subsidiary protection, registered with AMS or in training



Explanation: KON = Asylum approved/Convention refugees; SUB = persons entitled to subsidiary protection; SC = in training; AL = registered as unemployed, Source: AMS Österreich (Public Employment Service Austria), 29 March 2017

A.2 Objectives of the Partnership Agreement in European comparison: ESI Funds

Fig. 12: ESI Funds' Objectives (2014-2020) - EU/AT, by thematic objectives (total budget)



Source: <https://cohesiondata.ec.europa.eu/Auswertung:convolop>, * Innovation leader: D, NL, SW, DK, FI

A.3 Implementation status of ESI Funds

Tab. 19: Overview of Implementation of ESF Programme (as at 31 Dec. 2016)

TO, IP and Measures	Implementation ESF Approved Projects as at 31 Dec. 2016					Degree of implementation in % (Actual vs. Projected)			
	NoP	ESF Funds in €	NPF in €	PF in €	TF (p+p) in €	ESF Funds	NPF	PF	TF (p+p)
TA	24	14.133.760	14.133.760	0	28.267.519	54%	55%	0%	54,3%
Technical Assistance - more developed regions (MdR)	24	14.133.760	14.133.760	0	28.267.519	57%	57%	0%	57,0%
Technical assistance - transition regions (TR)	0	0	0			0%	0%	0%	0,0%
TO8 - Support for sustainable and high quality employment and for labour mobility	6	4.364.175	3.322.135	0	7.686.310	7%	5%	0%	6,0%
<i>PA 1 - Employment</i>	4	1.238.056	1.238.056	0	2.476.112	2%	2%	0%	2,4%
<i>PA 1 - IP 1.1 Equality of women and men (MdR)</i>	1	53.784	53.784	0	107.568	0,2%	0,2%	0%	0,2%
M 1.1.1. Enterprise-related approaches for measures to promote equal opportunities in gainful employment and the professional development of women (MdR)	1	53.784	53.784	0	107.568	0,3%	0,30%	0%	0,3%
M 1.1.2. Development and promotion of specific educational offers for women with educational disadvantages (MdR)	0	0	0	0	-	0	0	0	0,0%
M 1.1.3. Technical-commercial colleges for women (MdR)	0	0	0	0	-	0	0	0	0,0%
<i>PA 1 - IP 1.2 Active aging (MdR)</i>	3	1.184.272	1.184.272	0	2.368.544	11%	11%	0%	11,0%
M 1.2.1. Pilot projects for the promotion of age-specific and healthy working environments	1	34.272	34.272	0	68.544	0,2%	0,2%	0%	0,2%
M 1.2.2. Advisory services for companies in establishing internal structures for achieving sustainable succession management and health management	2	1.150.000	1.150.000	0	2.300.000	23%	23%	0%	23,0%
<i>PA 4 - IP 4.1 Access to employment for job-seekers and unemployed persons (TR)</i>	2	3.126.119	2.084.079	0	5.210.198	26%	26%	0%	26,0%
<i>PA 4 - IP 4.2 Equality of women and men (MdR)</i>	0	0	0	0	-	0%	0%	0%	0,0%
<i>PA 4 - IP 4.3 Adaptation to change by labour, companies and entrepreneurs (TR)</i>	0	0	0	0	-	0%	0%	0%	0,0%
<i>PA 4 - IP 4.4 Active and healthy aging (TR)</i>	0	0	0	0	-	0%	0%	0%	0,0%
TO9 - Support for social inclusion, and for combatting poverty and all types of discrimination	92	34.904.458	34.788.350	0	69.692.807	25%	25%	0%	25,0%
<i>PA 2 - IP 2.1 Active aging (MdR)</i>	87	34.556.133	34.556.133	0	69.112.266	26%	26%	0%	26,0%
M 2.1.1.1. Stabilisation through advice, counselling, qualification and employment	35	16.962.372	16.962.372	0	33.924.743				**)
M 2.1.1.2. Target-group specific employment projects	22	7.593.430	7.593.430	0	15.186.860				**)
M 2.1.1.3. ROMA Empowerment for the labour market	6	1.296.151	1.296.151	0	2.592.302	32%	32%	0%	32,0%
M 2.1.1.4. Offers for marginalized youths and young adults	18	6.270.619	6.270.619		12.541.237				**)
M 2.1.1.5. Pilot projects for early child development	0	0	0	0	0				**)
M 2.1.2. Measures to improve the employment situation of the working poor: Development and implementation of advisory and support services specific to needs of the WP	4	520.562	520.562	0	1.041.124				**)
M 2.1.3. Measures for the prevention of WP: Information, awareness and support for gainfully employed persons with formally low skills to encourage further vocational training	2	1.913.000	1.913.000	0	3.826.000				**)
<i>PA 4 - IP 4.5 Active inclusion (TR)</i>	5	348.325	232.216	0	580.541	13%	13%	0%	13,0%
M 4.5.1. Measures for socially disadvantaged persons marginalised from the labour market, i.a. immigrants	0	0	0	0	-				*)
M 4.5.2. Measures for employees earning less than the minimum threshold for social insurance coverage	0	0	0	0	-				*)
M 4.5.3. Measures to combat poverty among women	5	348.325	232.216		580.541				*)
TO10 - Investments in education, further education and vocational training to acquire skills and in life-long learning	171	62.117.819	61.605.370	0	123.723.189	29%	29%	0%	29,0%
<i>PA 3 - IP 3.1 Reduction and prevention of early school leavers (MdR)</i>	143	32.042.908	32.042.908		64.085.816	23%	23%	0%	23,0%
M 3.1.1. Measures to lastingly achieve the transitions school-further education-occupation: Regional networks for transition	0	0	0	0	0	10%	10%	0%	10,0%
M 3.1.2. Measures to reduce early school leavers	68	2.496.715	2.496.715	0	4.993.430				
M 3.1.3. Measures taken by BMASK/SMS (guaranteed further education)	75	29.546.193	29.546.193	0	59.092.386	26%	26%	0%	26,0%
<i>PA 4 - IP 4.6 Reduction and prevention of early school leavers (TR)</i>	2	966.148	644.099	0	1.610.247	35%	35%	0%	35,0%
<i>PA 3 - IP 3.2 Promotion of simultaneous access to LLL, increase knowledge, skills and competencies of labour, and promotion of more flexible educational paths (MdR)</i>	23	28.537.563	28.537.563	0	57.075.127	44%	44%	0%	44,0%
M 3.2.1. Target-group specific further development of educational offers by neutral providers	9	9.194.596	9.194.596	0	18.389.192				***)
M 3.2.2. Further development and enlargement of educational offers in the area of basic education	13	18.204.688	18.204.688	0	36.409.376				***)
M 3.2.3. Improvement of permeability of the educational system and access to higher education	1	1.138.279	1.138.279	0	2.276.558				***)
<i>PA 4 - IP 4.7 Promotion of equal access to LLL, increase knowledge, skills and competencies of labour, and promotion of more flexible educational paths (MdR)</i>	3	571.200	380.800	0	952.000	16%	16%	0%	16,0%
M 4.7. Adult education and LLL	3	571.200	380.800	0	952.000	16%	16%	0%	16,0%
Total results	293	115.520.211	113.849.614	0	229.369.825	26%	26%	0%	26,2%

Legend: NoP = Number of projects NPF= National public funds PF = Private funds TF (P+P) = Total funds (public and private)

*) = Budget breakdown not available by measure

**) = Budget breakdown not available by measure. Länder as the implementing bodies may define their own priorities when selecting measures.

***) = Budget breakdown not available by measure

Source: ESF-Monitoring, evaluation L& R, August 2017

Tab. 20: Overview of implementation of ETC programmes (as at 31 Dec. 2016)

Program	Available ERDF Funds (in € million)	ERDF Funds granted (in € million)	ERDF Funds granted (in %)	Number of approved projects*
AT-CZ	97.8	16.5	17 %	23
AT-HU	78.8	23.7	30 %	30
SK-AT	75.9	-	-	-
SI-AT	48.0	12.6	26 %	16
AT-DE	54.5	33.4	61 %	32
ABH	39.4	20.7	53 %	17
Total CBC	476.7	136.9	29 %	162
ASP	116.6	-**	-**	11 (10)
CE	246.6	70.5	29 %	35 (23)
DTP	202.1	101.0	50 %	54 (45)
Total transnational	565.3	171.5	30 %	100 (78)
Interreg Europe	359.0	175.4	50 %	130 (12)
Urbact III	74.0	-**	-	35 (2)
ESPON 2020	-**	-	-	-**
Interact III	36.6	-**	-	-**
TOTAL NETWORK	469.6	175.4	-	35
SUM TOTAL	1,511.6	483.8	-	197

* The number of projects with Austria's participation are in parentheses. ** No data available

Source: METIS based on BKA. Websites of the Programme

Tab. 21 : Overview of Implementation of IGJ/ERDF Programme (as at 31 Dec. 2016)

Implementation – approved project as at 31 Dec. 2016			
Thematic Objectives and Measures	No. of projects	ERDF Funds in €	National public funds in €
TH	4	10,049,735	10,049,735
M23 – Technical Assistance	4	10,049,735	10,049,735
TZ1 – Strengthening of Research, Technology Development and Innovation	29	22,375,403	6,977,874
M01 – Research and Technology Infrastructure	1	584,000	146,000
M02 – Multi-enterprise R&D Projects, joint projects and transfer competencies	15	14,913,627	5,111,654
M03 – Company R&D projects and technology transfer projects	12	4,320,800	1,080,976
M04 – Innovation consulting and financial assistance	-	-	-
M05 – R&D and technology-linked investments	1	2,556,976	639,244
M06 – Cluster/Networks, Location Management	-	-	-
M16 – Research and Technology Infrastructure	-	-	-
M17 – Innovation Services	-	-	-
TO3 – Strengthening the Competitiveness of SMEs	11	7,660,105	4,558,776
M07 – Support measures for start-ups	-	-	-
M08 – Support for knowledge-intensive start-ups	-	-	-
M09 – Support for Growth at Enterprises	10	7,135,105	4,033,776
M10 – Advisory services for SME	1	525,000	525,000
TO4 – Promotion of efforts to reduce carbon emissions in all sectors of the economy	25	9,291,324	136,929
M11 – Investments by companies in renewable energy and energy efficiency	21	8,743,607	-
M12 – Advisory services for companies from the renewable energy/energy efficiency industries	-	-	-
M13 – Local and regional strategies for energy efficiency and sustainable mobility	-	-	-
M14 – Smart City Styria: Investments in renewable energy and energy efficiency	-	-	-
M15 – R&D&I projects in CO ₂ -relevant areas	4	547,717	136,929
M18 – Resources and energy efficiency development within the scope of sustainable urban development	-	-	-
TO6 – Preserving and protecting the environment and promoting resource efficiency	1	462,083	462,083
M19 – Optimisation of location and settlement structures in the context of urban regions in Upper Austria	1	462,083	462,083
TO8 – Promotion of sustainable and high quality employment and support for mobility of labour	-	-	-
M21 – Initiation of von endogenous growth impulses for employment in urban regions	-	-	-
TO9 – Promotion of social inclusion, combatting poverty and all types of discrimination	13	670,095	257,267
M20 – Upgrading of disadvantaged urban regions	-	-	-
M22 – CLLD Tyrol: Pilot project for the use of forward-looking “Community-led local development”	13	670,095	257,267
Total results	83	50,508,745	22,442,664

Source: IGJ/ERDF Monitoring, calculations by convelop

Degree of implementation in % (Actual vs. Projected)					
Private funds in €	Total Funds in € (public + priv)	ERDF Funds	Nation. public funds	Private funds	Total funds (public + priv)
-	20,099,470	48 %	48 %	-	48 %
-	20,099,470	48 %	48 %	-	48 %
36,845,604	66,198,881	11 %	13 %	9 %	10 %
-	730,000	1 %	1 %	0 %	1 %
252,051	20,277,332	43 %	61 %	2 %	36 %
7,827,577	13,229,353	9 %	9 %	9 %	9 %
		0 %	0 %	0 %	0 %
28,765,976	31,962,196	6 %	7 %	10 %	9 %
-	-	0 %	-	0 %	0 %
-	-	0 %	0 %	0 %	0 %
-	-	0 %	0 %	0 %	0 %
25,432,603	37,651,484	5 %	11 %	4 %	4 %
-	-	0 %	0 %	0 %	0 %
-	-	0 %	0 %	0 %	0 %
25,432,603	36,601,484	5 %	11 %	4 %	4 %
-	1,050,000	27 %	58 %	0 %	32 %
26,112,295	35,540,549	8 %	1 %	10 %	9 %
24,800,450	33,544,057	12 %	0 %	12 %	12 %
-	-	0 %	0 %	0 %	0 %
-	-	0 %	0 %	-	0 %
-	-	0 %	0 %	0 %	0 %
1,311,845	1,996,492	3 %	3 %	5 %	4 %
-	-	0 %	0 %	0 %	0 %
-	924,166	10 %	10 %	0 %	10 %
-	924,166	10 %	10 %	0 %	10 %
-	-	0 %	0 %	0 %	0 %
-	-	0 %	0 %	0 %	0 %
730,647	1,658,009	6 %	3 %	19 %	7 %
-	-	0 %	0 %	0 %	0 %
730,647	1,658,009	12 %	12 %	22 %	15 %
89,121,150	162,072,560	9 %	15 %	6 %	8 %

Tab. 22: Overview of Implementation of EAFRD Programme (as at 31 Dec. 2016)

TO	Finance plan for the progr. LE 14–20		Implementation – approved projects as at 31 Dec. 2016			Degree of implement in % (act. vs proj.)
	EAFRD funds in €	No. of projects	Total funds in €	EAFRD funds in €	National public funds €	EAFRD funds
1	42,159,568	16*	15,306,816	7,675,656	7,631,160	18.21 %
2	26,693,422	0	0	0	0	0.00 %
3	620,223,585	141,549	394,314,437	195,645,805	198,668,631	31.54 %
4	112,807,608	1,334	21,296,250	10,555,880	10,740,370	9.36 %
5	1,268,518,799	984**	1,030,733,416	518,037,668	512,695,748	40.84 %
6	1,270,884,049	992**	1,034,906,766	520,100,555	514,806,211	40.92 %
8	46,365,956	210	40,849,610	20,341,190	20,508,419	43.87 %
9	404,111,176	996	97,669,758	63,711,952	33,957,806	15.77 %
10	31,606,356	417*	19,532,365	9,736,517	9,795,848	30.81 %
Technical Assistance	114,181,478	69	226,367,453	111,893,432	114,474,021	98.00 %
Total results	3,937,551,997	146,567	2,880,976,871	1,457,698,656	1,423,278,215	37.02 %

Source: EAFRD Monitoring, calculations ÖIR, *The current status of the data does not permit allocating those projects to the thematic objective 1 that were approved under Measure 1, These were all allocated to the thematic objective 10, ** In the thematic objectives 5 and 6, in addition to 984 and 992 approved projects, 991,126 applications were filed for area measurements,

Tab. 23: Overview of Implementation of EMFF Programme (as at 31 Dec. 2016)

Total financial assistance		Approved projects EMFF 1/1/2014 to 31/12/2016				Degree of implementation in % (Actual vs. Projected)	
EMFF participation	National contribution	Number of projects	Approved total costs(€)	EU funds in €	Nat. funds in €	EU funds	Nat. funds
6,965,000	6,965,000	44	7,471,964	833,329	1,002,432	12 %	14 %

Source: Monitoring, calculations ÖIR, * including performance-linked reserve

A.4 Monitoring Committee Members of the ESI Funds

Table 24: List of voting members of the Monitoring Committee of EAFRD

Group	Institutions
Federal Ministries	Federal Ministry of Agriculture, Forestry, Environment and Water Management (managing authority) Federal Ministry of Science, Research and the Economy Federal Ministry for Transport, Innovation and Technology Federal Ministry of Finance Federal Ministry of Health and Women (administrative area: Women's Affairs & Equality)
Competent Implementing Bodies of the Federal Government and Länder	Office of the Burgenland Land Government Office of the Carinthian Land Government Office of the Lower Austrian Land Government Office of the Upper Austrian Land Government Office of the Salzburg Land Government Office of the Styrian Land Government Office of the Tyrol Land Government Office of the Vorarlberg Land Government Vienna city administration
Economic and social partners	Bundesarbeiterkammer (Federal Chamber of Labour) Wirtschaftskammer Österreich (Austrian Chamber of Commerce and Industries) Landwirtschaftskammer Österreich (Austrian Chamber of Agriculture) Österreichischer Städtebund (Austrian Association of Cities and Towns)
Non-governmental organizations (NGOs)	Umweltdachverband (Umbrella organisation of Austrian environmental NGOs) Ökobüro Bio Austria Almwirtschaft Österreich Österreichische Berg- und KleinbäuerInnen Vereinigung Österreichischer Landarbeiterkammertag (Austrian National Assembly of the Association of Forestry and Agricultural Workers) Österreichischer Frauenring (umbrella organisation of Austrian women's associations) Landjugend Österreich (Association of Rural Youths) Dachorganisation der Behindertenverbände Österreich (umbrella organisation of the disabled associations of Austria) National parks
Cities and municipalities	Österreichischer Gemeindebund (Austrian Association of Municipalities) Österreichischer Städtebund (Austrian Association of Cities and Towns)
Local Action Groups	Local Action Groups

Tab. 25: List of consulting members of the Monitoring Committee of EAFRD

Group	Institutions
European Commission	European Commission, GD AGRI, Dept. E.3 – Germany Austria
Paying agency	Agrarmarkt Austria
Federal Ministries	Federal Ministry of Labour, Social Affairs and Consumer Protection Federal Ministry of Health and Women's Affairs, Administrative Dept. for Health) Federal Chancellery
Representatives of the other ESI funds	Office of the Austrian Conference on Spatial Planning (European Regional Development Fund, Partnership Agreement) Federal Ministry of Labour, Social Affairs and Consumer Protection (European Social Fund) Federal Ministry of Agriculture and Forestry, Environment and Water Management (European Maritime and Fisheries Fund)
Federal Länder	Competent Länder bodies for nature protection
National rural network LE 14–20	Netzwerk Zukunftsraum Land LE 2014–2020

Tab. 26: List of voting members of the Monitoring Committee of ESF

Group	Institutions
Federal Ministries	Federal Ministry of Labour, Social Affairs and Consumer Protection, Dept. VI/A/9) (Managing Authority)
Competent Implementing Bodies of the Federal Government and Länder	Federal Ministry of Labour, Social Affairs and Consumer Protection, Dept. IV/A/6, Dept. VI/A/ST Federal Ministry of Education Office of the Burgenland Land Government, Departments 3, 6, 7, Regionalmanagement Burgenland GmbH Office of the Carinthian State Government Office of the Lower Austrian Land Government Office of the Upper Austrian Land Government Office of the Salzburg Land Government Office of the Styrian Land Government Office of the Tyrol Land Government Office of the Vorarlberg Land Government Wiener ArbeitnehmerInnen Förderungsfonds (waff) Wirtschaft Burgenland GmbH
Economic and social partners	Chamber of Labour for Vienna, Österreichischer Gewerkschaftsbund ÖGB (Austrian Trade Union Federation), Chamber of Commerce for Austria WKÖ, Federation of Austrian Industries, Conference of the Presidents of the Chambers of Agriculture of Austria, Dept. II/2 Legal, Social, Tax & Environmental Policy
Non-governmental organizations (NGOs)	Arbeit plus Soziale Unternehmen Österreich, Österreichische Arbeitsgemeinschaft für Rehabilitation (ÖAR)

Tab. 27: List of consulting members of the Monitoring Committee of the ESF

Group	Institutions
European Commission	European Commission, DG EMPL E2
Auditing authority	Federal Ministry of Labour, Social Affairs and Consumer Protection, Dept. I/B/10
Certifying authority	Federal Ministry of Labour, Social Affairs and Consumer Protection, Dept. VI/A/6
Federal ministries	Federal Ministry of Labour, Social Affairs and Consumer Protection, Dept. V/A/1 Federal Ministry of Finance Sozialministeriumservice (Ministry of Social Affairs - Services)
Representatives of ESI funds	Federal Ministry of Agriculture and Forestry, Environment and Water Management other (representatives of EU programmes for the development of rural regions, European Agricultural Fund for Rural Development, EAFRD) Österreichische Raumordnungskonferenz (Austrian Conference on Spatial Planning; Managing Authority for the European Regional Development Fund, ERDF)
Cities and municipalities	Austrian Association of Cities and Towns
Non-governmental organizations (NGOs)	Bundesarbeitsgemeinschaft freie Wohlfahrt Network of Austrian advisory services for women and young girls Die Armutskonferenz – Netzwerk gegen Armut (Poverty Conference - Network Against Poverty) Dachverband berufliche Integration Österreich – dabei-austria (umbrella organisation for vocational integration in Austria)

Tab. 28: List of voting members of the Monitoring Committee of IGJ/ERDF

Group	Institutions
Managing authority	Office of the Austrian Conference on Spatial Planning
Federal ministries	Federal Ministry for Transport, Innovation and Technology, Dept. II/10 - Transport, Innovation and Technology, Economy, Agriculture Federal Ministry of Agriculture and Forestry, Environment and Water Management, Dept. I/3 Environmental Development Policy, Sustainability, Biodiversity Federal Ministry of Science, Research and the Economy (Administrative area: Economy; Administrative area: Science Federal Chancellery Dept. IV/4, Coordination Spatial Planning and Regional Policy
Responsible Programme Bodies of the Länder	Regionalmanagement Burgenland GmbH Kärntner Wirtschaftsförderungs Fonds KWF (Carinthian Economic Promotion Fund) Office of the Land Government of Lower Austria, Dept. Spatial Planning and Regional Policy (RU2) Office of the Land Government of Upper Austria, Dept. Economy Office of the Land Government of Salzburg, Dept. 1, Economy, Tourism and Municipalities Office of the Styrian Land Government, Dept. 12 Office of the Tyrol Land Government, Dept. Land Development and Strategy for the Future, EU regional policy Office of the Vorarlberg Land Government Vienna City Administration, Dept. 27 European Affairs
Competent Implementing Bodies of the Federal Government and Länder (intermediate bodies)	Austria Wirtschaftsservice Gesellschaft mbH FFG – Österr. Forschungsförderungsgesellschaft mbH Österreichische Hotel- u. Tourismusbank Ges.m.b.H. Kommunalkredit Public Consulting GmbH Federal Ministry of Science, Research and Economy Federal Ministry for Transport, Innovation and Technology Federal Ministry of Agriculture and Forestry, Environment and Water Management Office of the Burgenland Land Government, Dept. 7 Office of the Land Government of Lower Austria, Dept. Economy, Tourism and Technology Office of the Land Government of Upper Austria, Dept. Spatial Planning – Coordination Office for EU Regional Policy Office of the Land Government of Upper Austria, Dept. Economy Office of the Styrian Land Government, Dept. 17 Land and Regional Development Office of the Tyrol Land Government, Dept. Land Development and Strategy for the Future, EU regional policy Office of the Vorarlberg Land Government, Dept. VIa – General Economic Affairs Kärntner Wirtschaftsförderungs Fonds KWF (Carinthian Economic Promotion Fund) Vienna City Administration, Dept. 27 European Affairs Standortagentur Tirol Steirische Wirtschaftsförderungsges.m.b.H. SFG Wirtschaft Burgenland GmbH
Economic and social partners	Bundesarbeiterkammer (Federal Chamber of Labour) Wirtschaftskammer Österreich (Austrian Chamber of Commerce and Industries) Landwirtschaftskammer Österreich (Austrian Chamber of Agriculture) Österreichischer Städtebund (Austrian Association of Cities and Towns) Federal of Austrian Industries, Dept. Resource & Infrastructure Innovation & Technology (RIIT)
Non-governmental organizations (NGO)	Österreichischer Frauenring (umbrella organisation of Austrian women's associations) Dachorganisation der Behindertenverbände Österreich, ÖAR (umbrella organisation of the disabled associations of Austria) Umweltdachverband (Umbrella organisation of Austrian environmental NGOs)
Cities and municipalities	Österreichischer Gemeindebund (Austrian Association of Municipalities) Österreichischer Städtebund (Austrian Association of Cities and Towns)
Local Action Groups	Regional management Tyrol Office of the Tyrol Land Government, Dept. Land Development and Strategy for the Future, EU regional policy
Other	Joint representation body of the Länder for interregional principles

Tab. 29: List of consulting members of the Monitoring Committee of the IGJ/ERDF

Group	Institutions
European Commission	Directorate General Regional Policy and Urban Development, Dept. F2, Germany, Austria and the Netherlands
Certifying authority	Federal Chancellery Dept. IV/4, Coordination Spatial Planning and Regional Policy
Auditing authority	Federal Chancellery Dept. IV/3, Financial Controlling of the European Fund for Regional Development (EFRD)
Monitoring body	Austria Wirtschaftsservice Gesellschaft mbH
Representatives of other ESI funds	Federal Ministry of Labour, Social Affairs and Consumer Protection Federal Ministry of Agriculture and Forestry, Environment and Water Management, Dept. II/2 - Coordination Rural Development and Fisheries Fund
Other	Office of the Austrian Conference on Spatial Planning as representative for the Partnership Agreement Austria "STRAT.AT 2020"

Tab. 30: List of voting members of the Monitoring Committee of EMFF

Group	Institutions
Federal Ministries	Federal Ministry of Agriculture, Forestry, Environment and Water Management (managing authority) Federal Ministry of Finance Federal Ministry of Health and Women's Affairs
Responsible Programme Bodies of the Länder	Offices of the Burgenland State Government Office of the Carinthian State Government Office of the Lower Austrian Land Government Office of the Upper Austrian Land Government Office of the Salzburg Land Government Office of the Styrian Land Government Office of the Tyrol Land Government Office of the Vorarlberg Land Government Vienna city administration
Economic and social partners	Landwirtschaftskammer Österreich (Austrian Chamber of Agriculture) Wirtschaftskammer Österreich (Austrian Chamber of Commerce and Industries)
Non-governmental organizations (NGO)	Arbeitsgemeinschaft Österr. Bäuerinnen (Working Partnership of Austrian Farming Women) Umweltdachverband (Umbrella organisation of Austrian environmental NGOs) Landjugend Österreich (Rural Youths Austria)
Other	Bundesamt für Wasserwirtschaft (Federal Office for Water Management)

Tab. 31: List of consulting members of the Monitoring Committee of EMFF

Group	Institutions
European Commission	Europäische Kommission, GD MARE, Dept D.2
Paying authority	Agrarmarkt Austria (AMA)
Federal ministries	Federal Ministry of Agriculture and Forestry, Environment and Water Management
Non-governmental organizations (NGO)	Greenpeace Austria WWF Austria Dachorganisation der Behindertenverbände Österreich (ÖAR, umbrella organisation of the disabled associations of Austria)
Other	Wirtschaftsagentur Wien (Vienna Business Agency) Federal Office for Water Management Austrian Chamber of Agriculture

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A.7 List of abbreviations

BAKA	Bundeskanzleramt (Federal Chancellery)
BMASK	Bundesministerium für Arbeit, Soziales und Konsumentenschutz (Federal Ministry of Labour, Social Affairs and Consumer Protection)
BMLFUW	Bundesministerium für Land- und Forstwirtschaft, Umwelt und Wasserwirtschaft (Federal Ministry of Agriculture and Forestry, Environment and Water Management)
BMWF	Bundesministerium für Wissenschaft, Forschung und Wirtschaft (Federal Ministry of Science, Research and the Economy)
CA	Certifying authority
CBC	Cross-border cooperation
CLLD	Community-led local developments
CSF	Common Strategy Framework
ERDF	European Agricultural Fund for Rural Development
EC	European Commission
EMFF	European Maritime and Fisheries Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
ESI Funds	European Structure and Investment Funds
ETC	European Territorial Cooperation
EU	European Union
FLC	First Level Control
GD	Directorate General
GDP	Gross Domestic Product
IGJ	Investment in Growth and Jobs
LEADER	Initiative of the European Community for the Development of Rural Areas
LLL	Life-long learning
NFFR	Nationale Förderfähigkeitsregeln (national financial assistance eligibility rules)
ÖPUL	Austrian Agri-Environmental Programme (Österreichisches Programm zur Förderung einer umweltgerechten, extensiven und den natürlichen Lebensraum schützenden Landwirtschaft)
ÖREK	Österreichisches Raumentwicklungskonzept (Austrian Spatial Development Concept)
ÖROK	Österreichische Raumordnungskonferenz (Austrian Conference on Spatial Planning)
PA	Partnership Agreement
PR	Progress Report 2017
RCI	EU Regional Competitiveness Index
RE	Regulation
RTI	Research, Technology, Innovation
SCO	Simplified Cost Options
SC RegEc	Subcommittee on Regional Economy
STRAT.AT 2020	Partnership Agreement between Austria and the European Commission
STVK	Stellvertreterkommission der ÖROK (Commission of Deputies of ÖROK)
TO	Thematic Objective
WIFO	Österreichisches Institut für Wirtschaftsforschung (Austrian Institute for Family Studies)
ZWIST	Zwischengeschaltete Stelle (intermediate body)

