

**EXPERT EVALUATION NETWORK  
DELIVERING POLICY ANALYSIS ON THE  
PERFORMANCE OF COHESION POLICY 2007–2013**

**YEAR 1 – 2011**

**TASK 2: COUNTRY REPORT ON ACHIEVEMENTS OF  
COHESION POLICY**

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**A report to the European Commission  
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## LIST OF ABBREVIATIONS

- AIRs Annual Implementation Reports
- CTOP Central Transdanubia OP
- DE Division of Evaluation
- EDOP Economic Development Operational Program
- EDOP Economic Development Operational Programme OP
- EMIR Electronic Monitoring System
- ERDF European Regional Development Fund
- EU European Union
- IB Intermediate Body
- ICT Information Communication Technology
- JEREMIE Joint European Resources for Micro to Medium Enterprises
- KOR IH Managing Authority dedicated to co-ordination
- MA Managing Authorities
- NDA single government agency
- NDP National Development Plan
- NGOP North Great Plain OP
- NHDP – New Hungary Development Plan Hungarian
- NMSs, New Member States
- NSP New Széchenyi Plan
- NSRF National Strategic Reference Framework
- OP CHOP Central Hungary OP
- OP EAOP Electronic Public Administration OP
- OP ECOP Economic Competitiveness
- OP EEOP Environment and Energy OP
- OP HRDOP Human Resources Development
- OP SIOP Social Infrastructure OP
- OPs Operational Programmes
- ROPs Regional Operational Programmes
- RTDI Research, Technological Development and Innovation
- SLA Service Level Agreements
- SME Small and Medium Enterprise
- SSS Single Support System
- STOP South Transdanubia OP
- TISZKs Regional Integrated Vocational Training Centers
- TOP Transport OP
- WTOP West Transdanubia OP

## 1. EXECUTIVE SUMMARY

After a short converging period in the late 90s, territorial disparities have continuously increased in the last decade. The crisis fostered this trend by regional differences due to the different adaptation mechanisms of the local economies. The overall objective of the fiscal consolidation (together with a financial contraction in the banking sector) raised the importance of European Regional Development Fund (ERDF), which became almost the only available resource for development policy.

Three main shocks affected development policy in 2010. The first was the economic crisis, in which development policy started to play a mitigating role. Despite the fact that most of the decisions were announced in early 2009, their effects influenced the policy mainly in 2010. These changes affected especially the Economic Development Operational Program (EDOP), where considerable resources were allocated to Small and Medium Enterprise (SME)-support in this year. A more important influence of the crisis on development policy was the required fiscal consolidation, which reinforced the role of European Union (EU) funds as the only resource for development. The second “shock” originates from an internal feedback mechanism. The implementation of programmes in Hungary is organized in two-year action plans. The revision of the first action plans took place in 2009. This revision led to new calls for proposals and announcements of priority projects mainly in the first quarter of 2010. This mechanism caused a significant rush of decisions and contracting on projects just before the elections in April 2010. The third important event occurred in 2010, when the new government started designing a long-term strategic document on development. The government change influenced not only the strategic background of development policy, but led to institutional changes, as well. These included the change in regulation of procedures, change of institutional responsibility of some Intermediate Body (IB) and also the change of Managing Authorities (MA) and IBs staff in the second half of 2010. Even though the changes are expected to produce benefits in the long run, as a short term consequence the programme management slowed down significantly in the second half of 2010.

As it was pointed out by many evaluations last year, the Hungarian implementation system is among the fastest with a relatively good compliance of regulations among the systems of the new member states. This implementation system is derived from the 2004–2006 programmes, but several modifications in procedures and institutional incentives were introduced to increase the efficiency of implementation. The implementation of the programmes of the New Hungary Development Plan (NHDP, the name of the Hungarian National Strategic Reference Framework) is generally in accordance with the plans. The commitments cover 51.5% of total ERDF allocated funds in the convergence areas and 70.1% in the competitiveness and employment region. Contracts were signed in the case of 86% of the commitments made by late 2010. Thanks to the above-mentioned institutional changes, payments sped up significantly in 2011.

The two Operational Programmes (OPs) financed by the Cohesion Fund are the most problematic in implementation, even though they are implemented following two different strategies. The Transport OP (TOP) chose to minimise the preparation phase and speed up contracting in the early years. By contrast, the MA of the Environment and Energy OP (EEOP) was characterised by a long project preparation phase, expecting a fast and relatively trouble-free implementation. It currently seems that despite the concerns with EEOP in previous years, the EEOP strategy will prove to be the right one.

The monitoring system of the NHDP has improved significantly in recent years; however, it is still unable to provide information about important features of the programme. The weakness of the indicator system reflects the fact that the management does not use and does not demand to use indicators in their decisions. There was a positive change in this respect last year, as the results of the evaluations attracted more decision making attention than before. This produced a positive impact on the managerial demand for an indication system; thus, a significant improvement is expected in the near future.

The Synthesis Report of mid-term evaluations summarizes the main findings concerning the effectiveness, institutional efficiency, and allocation efficiency (efficient focus of resources) of the programme. Regarding institutional efficiency, the Report lists several pros and cons, reflects almost the same criticism the previous evaluations raised in the 2004–2006 programming period. The most striking criticism is that there are lots of shortcomings in the co-ordination of programmes and projects, which limit the effectiveness of the system, despite the fact that an informal co-ordination mechanism has emerged to supplement the failures of formal co-ordination procedures.

As regards allocation efficiency, the mid-term review found that the programmes were able to reach project beneficiaries indicated in the action plans. Also, the project beneficiaries considered the calls in line with their demands, although usually there had been no demand analyses before the calls. The report highlights that these calls are more absorption-focused than innovative. The report also underlines that two Programmes (EEOP and TOP) focused only on specific groups of beneficiaries, who are more frequently from the central regions, and state-related organizations are overrepresented. Due to the state of implementation, there is very little information available on results and almost no information on effects. Not surprisingly, evaluations of effectiveness and impacts from last year focused on the previous programming period (National Development Plan –NDP) and not on the current ones (NHDP). Moreover, they made projections for the current period with different techniques on the basis of existing data, rather than estimating the effects. These projections are usually based on the assumption that the working mechanisms of the NHDP are very similar to the previous NDP. Looking back to the evaluation of effects and results of the NDP interventions, the main findings include the relatively low level of efficiency and effectiveness, and the risk of unsustainability in the case of successful interventions. These results are usually explained by the lack of co-ordination between national sectoral policies and development

policy. While there are no robust evaluations of the effects and results of the NHDP, these criticisms on implementation were repeated by the Synthesis Report.

As it was pointed out earlier, the main challenge of development policy in Hungary is the lack of co-ordination between development and sectoral policies as well as within development policy itself. Although the lack of coordination helps to speed up implementation, it eroded the strategic mission of the policy and made it much more similar to a bureaucratic, financial management of funds. The new government started to solve the problems in the right manner: at the strategic level and by means of institutional incentives. Although many changes have been introduced in 2011 to tackle these problems, it is expected that these will have significant effect only in the next programming period because the problems are deeply rooted in the institutional culture of the Hungarian public administration.

## 2. THE SOCIO-ECONOMIC CONTEXT

- After a short converging period in the late 90s, regional (and lower-level) disparities have continuously increased in the last decade – a trend exasperated by the crisis.
- The mismanagement of economic governance of the last decade led to an indebtedness of the state and private actors in Hungary. Moreover, most of the private debts are denominated in Swiss franc (which strengthened tremendously in the last 3 years due to the changes in the HUF/EURO and SF/EURO exchange rates). This high level of public and private debt as well as its currency structure strongly limits monetary and fiscal policy.
- The overall objective of fiscal consolidation (together with a financial contraction in the bank sector) made ERDF sources in development issues more relevant. ERDF policy became almost the only available source of development for all sectoral and territorial actors.
- As Hungary is a unitary state, with formal but insignificant decentralized authorities, sectoral governance has a stronger effect on ERDF sources than local authorities. This effect was strengthened in the crisis.
- 2010 was an election year in Hungary, when government policy, including regional policy, ran its typical political cycle. The year was characterised by an increase in contracting of grants before the election and an effort for reduction and changing the policy in the second half of the year. Although the results of the effort to revise regional policy came into effect only in the 2011, it significantly slowed down the publishing of and decision about new grants in the second half of 2010.

### 1.1 Macroeconomic background of the recent past

Hungarian economy significantly slowed down in the second half of the last decade. The convergence of the country's GDP per head towards the EU level has slowed down in recent years. The performance of the Hungarian economy is especially bad in comparison with other CEE countries, inasmuch as the Hungarian GDP did not converge to the average level of EU27 since 2002, while other Visegrad-countries have improved 10–20 percentage point in this period (See Annex Figure 1). This slowing down process occurred in a period of fiscal easing, leading to an increasing public debt from 55% of GDP (2002) to 80% of GDP (2010) and went parallel with an increase of private debts. The indebtedness of the private actors took place mainly in foreign currencies, especially in Swiss francs. Both the private and the public debt financed consumption rather than investment. Not surprisingly, after this mismanagement of economic governance, the crisis strongly hit the Hungarian economy, and Hungary was the first country that needed the help of the IMF and the EU.

As the increasing debt of the first decade of the new millennium is not used to finance structural changes, the problems are the same as before. The long-term structural problem of Hungary originates from the transition: namely, the lowest level of employment (55.5% in 15–64 generation) in the EU. The low employment rate is combined with a high level of

inactivity. The inactivity strongly hits the large 55–64-year-old baby boom generation. The FDI-led convergence model of the Hungarian economy in the 90s was unable to attract the inactive people to the job market. It was partly because of the generous social welfare system, partly because their socialism-based competences were not compatible with the demand of the new economy, and partly because of the lack of mobility of Hungarian people. The latter factor is the main reason why this structural problem has a significant territorial dimension in Hungary.

As pointed out in detail in last year's country report, the economic transition led to a significant disparity between regions in all economic terms. In the second half of the 90s western regions of the country were able to catch up with the central region due to an FDI-led industrial growth, but this impetus slowed down in the last decade. Furthermore, regional disparity, especially the distance from central regional growths, increased significantly. This increasing disparity, similarly and even to a more striking extent, appears at the lower level of jurisdiction at NUTS3 level. (See Annex Table A)

Hungary is a centralised unitary state, where regional (NUTS2) and county levels (NUTS3) have no significant power, resource and political legitimacy. Although regional policy defines individual regional operational programmes, the content of these programmes is strongly limited and influenced by the ministries. As the macroeconomic situation continued to deteriorate from year to year in the last decade, the position of EU grants in development goals became more and more important for ministries. With the significance of EU sources growing, the regional programmes increasingly financed the projects of sector policies, rather than the projects of the regional development priority needs.

## 1.2 Effect of the crisis on regional development and development policy

Contrary to what was stated in last year's report, recent research (e.g. Lócsei 2011; Fazekas–Molnár 2011) shows that the crisis affected the regions differently and the recovery was different in its territorial dimensions, as well. As the main channel of the crisis on the open Hungarian economy was the decrease in export demand, the credit crisis had less impact on the enterprises. The central and western regions with their stronger export-oriented economies adapted more quickly to the crisis in 2009, and also recovered faster in 2010. This adaptation mainly entailed a significant job reduction for companies in these regions and less job reduction in others. The reason for different adaptation techniques can mainly be attributed to the differences in local labour markets. In regions with a traditionally higher level of activity and lower level of unemployment (e.g. western and central region), companies have fewer long-term risks when using the employment channel as an adoption strategy to the crisis. Although the fragile recovery of 2010 led to a decrease of regional disparities (See Annex Figure 2 and 3), the main reason behind this fact was the strong public employment programme in the less-developed eastern and southern regions, which had run its course by the end of 2010.



Due to the large-scale indebtedness of the state as well as the private actors, Hungary needed to introduce a procyclical crisis management in 2009. Fiscal consolidation went hand in hand with the decreasing private consumption and investment. Private savings were needed to cope with the expected decrease in wages, the increase in unemployment and also the increasing debt services. As pointed out last year, “during the crisis, development policy was mainly funded by EU sources”. As shown by other research (e.g. Czibik et al. 2010), this statement was also true for the industrial sector in the crisis period. As a consequence, the crisis led to an even larger demand for the central government to influence the allocation of ERDF resources towards crisis management objectives. This change in objectives further decreased the influence of regional governance over regional policy sources.

### 1.3 Main external macroeconomic shock to the development policy in 2010

In addition to the fragile recovery from the economic crisis since the second quarter of 2010, this year was also a year of double elections (central and local) in Hungary, with its typical political influence on governance. Fiscal policy, including regional policy, eases up significantly before the election, while the new government tries to introduce fiscal consolidation steps afterwards. Due to the overall economic crisis of the Hungarian economy and public finances as well as the country’s highly centralized cohesion policy, the easing and the fiscal consolidation steps display no significant regional differences in 2010.

The new government programme focuses on the main structural problem of Hungary, the low level of employment. However, the revision of development policy took longer than expected, and the new ten-year development policy was published only in 2011. Although the new policy has no significant effect on development policy in 2010, the expected change and the revision of the previous programme significantly slows down programme management.

## **3. THE REGIONAL DEVELOPMENT POLICY PURSUED, THE EU CONTRIBUTION TO THIS AND POLICY ACHIEVEMENTS OVER THE PERIOD**

### **THE REGIONAL DEVELOPMENT POLICY PURSUED**

As some issues concerning the nature of development policy in Hungary remained undisclosed in last year’s country report, in these sections we did not only point out the changes in 2010, but also introduced new aspects of these issues. The changes partly originate from new evidence of evaluations published recently, and partly occur as a result of different evaluations of the same facts, as usually happens in the case of a replacement of the expert.

Regional development policy pursued according to the country report of 2010:

- The two major goals of the Hungarian National Strategic Reference Framework (NSRF, called the New Hungary Development Plan – NHDP) for 2007–2013 are the support of economic growth together with a substantial improvement in employment.

- The two most strongly supported programmes are the Transport OP and the Environment and Energy OP, which absorb more than 40% of the Structural Funds. In order to respond to the effects of the recession, the Government initiated reallocation of funding between the different OPs in 2009, with a higher amount earmarked for the Economic Development OP. In this OP most of the funds were allocated to the support of SMEs and a smaller part to the Joint European Resources for Micro to Medium Enterprises (JEREMIE)-type interventions.
- The share of ERDF funding allocated to Territorial Co-operation and cross-border activities is relatively small, around EUR 483 million, or less than 2% of total funding. The resources of ERDF support bilateral cross-border operational programmes with neighbouring EU countries.

### **Structure and problems of development policy in Hungary**

Despite the fact that there were important institutional and regulatory changes of development policy compared to the 2004–2006 NDP, many analyses and evaluations showed that **current development policy is very similar to the one developed since the beginning of the last decade** with PHARE projects.

**The structural fund policy since 2007 has not just become a complementary source to development policy in Hungary, but the mainstream policy source of any development.** The increasing importance of EU sources in development policy originates in the consolidation measures of the Hungarian fiscal policy since 2006 and the 3.5 times increase of structural fund sources since 2007. Thus, when we speak about development policy in Hungary, it means mainly – and as time goes on more and more exclusively – the allocation of structural fund resources.

**Hungarian development policy is traditionally a strongly centralized one** with lots of fragmentation. The fragmentation entails the lack of coordination inside the central bodies (see later). The centralized nature of the implementation system originates in three facts. First, the Hungarian local government system has lost the middle tier since the transition. During the transition the counties (NUTS3) were weakened and the actors of territorial development did not have enough power to strengthen either the counties or any other middle-level government (e.g. NUTS2 regions). Since its birth in 1996, territorial policy has never been important enough to influence sectoral policies and has been allocated only minor resources (e.g. PHARE and other pre-accession funds). Third, current development policy originates in the previous policy of 2004 and 2006, in which the whole country fell under the same objective 1 category with a nation-wide development policy, rather than a regionalized one. This nation-wide feature of the implementation system was also coherent with the expectation of the European Commission that time. The path-dependence of the implementation system development led to the centralized development policy of the 2007–2013 period, when development goals and measures were mainly influenced by sector policies, even at the level of regional OPs. Here, the tasks of the priorities of the OPs were derived from the residual tasks of the sector policies (the projects of the sector development

goals were put under the responsibility of the regional OPs, which needed to be implemented by local governments). Only tourism and urban development were defined as purely regional competences. However, as the seven regional OPs have the same Managing Authority, a unification of measures in these fields has emerged since 2009, as well. Regional Operational Programmes (ROPs) have received only a small share of the funding: the largest ROP (Central Hungary) receives less than 7 % of the total funding, while the smallest is allocated less than 2 %. The great number and share (58.8% for the first two years) of priority projects also indicates that the distribution of funds is centralised, as these projects are chosen by individual government decisions.

**One of the most important feature, and according to many evaluations the main institutional problem, of Hungarian development policy is the lack of co-ordination.** This, on the one hand, stands for co-ordination between other public policies and the development policy, and on the other hand, between the institutions of the programmes itself. (See for example PPH-HBF 2009, Perger 2009.) Despite the fact that development policy is organized by sectoral goals and priorities, the competent ministries had little possibility to influence the content of the measures. Neither the bureaucratic hierarchy nor the inter-sectoral reconciliatory mechanisms applied. It is worth noting that this lack of co-ordination with the sector policy mainly originates from the lack of strategic planning at sector level, as long-term policy planning has no tradition in Hungarian governance. Due to the lack of strategic planning, the sector policies changed faster than development policy could follow. In the case of policies, where a long-term and more or less stable sector policy exists (e.g. in the case of water and sewage sector), development policy integration to sector policy is much better than the average. Whatever the reasons might be, the lack of co-ordination from sector policy led to a development policy in Hungary, which follows its own, independent development goals (as presented in last year's report) rather than aiming to support national strategic development decisions. The isolation of development policy from other government policies causes significant problems in effectiveness and even more in terms of the sustainability of developments, as shown by almost all of the evaluations in recent years.

An even more surprising co-ordination problem arises inside development policy, when Managing Authorities function independently from one another. The Managing Authority dedicated to co-ordination (KOR IH) hardly had enough power to enhance the harmonisation of selection rules, project contents or organisational aspects. In some cases, evaluations showed that there was no co-ordination even among the priorities of OPs; thus, there was no co-ordination inside managing authorities. The reasons behind this fact – according to some evaluations (e.g. PPH-HBF 2009, Perger 2009, PPH 2010) – could either be the institutional culture of the PHARE project-based origins of national development policy or the wrong incentive structure of national regulation. Due to this fragmentation of development policy, the capacity to manage complex measures (solving complex problems) is considered very weak in Hungary. Moreover, taking into account that sector developments

are split between sector OP and ROP priorities, this lack of co-ordination weakened the effectiveness of development policy in relation to its sectoral dimension.

**The lack of co-ordination of development with sector policies and also inside development policy itself erode the strategic nature of developments and made the policy much more similar to a bureaucratic, financial management of funds.** The bureaucratic nature of policy (including its compliance cost to project holders, estimated 4–9 % of the total amount of support by HBF–PPH 2008) were criticised by almost every beneficiary, expert and evaluation dealing with development policy in recent years.

**Hungarian regulation introduces two-year internal revision periods in development policy** in order to increase its flexibility in terms of the feedback generated by monitoring and evaluation as well as the national policy changes. These two-year plans are called action plans. They are considered strategic plans that define the most important parameters of measures and calls for the next two years, with the additional purpose of orienting private actors' expectations and business planning. Due to institutional problems described above the strategic nature of these plans has remained only a dream of the regulator.

### **Changes in the policy pursued**

**Three main shocks affected development policy in the last year**, two of which occurred before 2010, while their effects appeared in 2010. The **first was the economic crisis**, as described above. As the effects of the crisis seemed to unfold, development policy started to play a crisis-management role. The government started to communicate the previously planned measures on the deregulation of SME support as a measure to reduce the effects of the economic downturn. At the same time, decisions were made to bring forward funds and re-allocate sums to the EDOP. Despite the fact that these decisions were announced in early 2009, their effects influenced the policy first mainly in 2010. At the same time, as shown by the analyses of PPH 2010, these **changes had no significant effect on any other program other than the EDOP, which however was allocated considerable resources for SME support in this year.** The sources of this increase were financed from the minor reduction of other OP resources. The required fiscal consolidation was a more important implication of the crisis on development policy. This reinforced the opinion that the only way of supporting necessary development was using EU funds.

**The second "shock" originates from an internal feedback mechanism, the revision of action plans** in 2009. Due to the government crisis of 2009, the second generation of action plans were late in their adoptions. Therefore, the deadlines of the call for proposals and announcement of priority projects were mainly published in the first quarter of 2010. This procedure **resulted in a rush of decision making and contracting on projects just before the election in April 2010.**

**The third most important event occurred in 2010 with the change of government** following the elections. The change of government **brought about the start of designing** the New Széchenyi Plan (NSP). The NSP is **a long-term strategic document on development** with the

central aim of creating 1 million new jobs in 10 years. The government change **influenced not only the strategic background of development policy, but led to institutional changes as well. These included the change in regulation of procedures, change of institutional responsibility in the case of some IBs and also the change of leaders of MAs and IBs** in the second half of 2010. The changes in the short run had a necessary negative effects, slowing down the implementation until the decision on the new structure came into effect. The slowdown period encompassed the entire second half of 2010, as the announcement of the new structure occurred on January 14<sup>th</sup> 2011.

## POLICY IMPLEMENTATION

The main findings of the 2010 country report on policy implementation were:

- The implementation of policy was in line with the initial plan. Commitments resulted in substantial progress by the end of 2009, with large differences between the different OPs. Commitments increased further in 2010. Expenditure, on the other hand, was slow, but accelerated during 2010.
- By the end of 2009, 358 priority projects were approved by the Government. However, the physical implementation was only launched in transport, ESF funding and some regional programmes.
- Projects contracted as a result of calls for proposal showed the most progress, especially in the last quarter of 2009. Almost half of the contracted funding was allocated to projects supported under the EDOP, the Social Infrastructure OP (SIOP) and the EEOP.

### Main characteristics of policy implementation

The current Hungarian implementation system is derived from the previous 2004–2006 programmes in an organic way, although many modifications in procedures and institutional incentives were introduced to increase the efficiency of implementation.

As pointed out by many evaluations last year (e.g. Ernst and Young 2010, KPMG 2010, PPH–HÉTFA 2010,), the Hungarian implementation system is one of the fastest among the NMSs, with a tolerable amount of irregularities. At the same time, some noted that this success is due to the fact that the implementation system is optimized for the two objectives of speed and compliance. The optimization is based on a costly but irregularity–proof bureaucratic procedure with no “time–consuming” coordination between different stakeholders (other MAs or ministries responsible for related policies). This implementation system is considered a financial allocation mechanism rather than a strategy–led policy implementation system. The cost of good performance in absorption and compliance is the bad performance in results and impacts.

As this relative success and criticism had appeared even before 2007, new selection procedures were introduced to implementation in 2007. The first of the two most important procedures is an automatic selection, in which the projects should meet a defined minimum

level of quality in order to get financed. This was used for small-scale SME and NGO projects, where the costs of a quality-based selection procedure were considered to exceed its benefits.

The other new procedure was a two-round selection procedure, which was originally proposed to help strengthen the strategic focus of selection as well as reduce costs for applicants. Despite the fact that this procedure was proposed for the selection of small-scale innovative projects, the regulation devised it for large-scale infrastructure projects, usually run by local governments or enterprises 100%-owned by local governments. The IBs controlling project development became a consolidated procedure for second-round selections. However, there was no real competition in the second phase in fact. In addition to the two new procedures, the usual one-round call and procedure for priority projects have remained in use. Automatic procedure is considered a success story by stakeholders, as it makes application cheaper and speeds up commitments. The actual version of the two-round selection procedure was widely used only by the EEOP MA for large-scale infrastructure projects, e.g. sewage developments. However, it was rejected by all the other MAs as well as the project holders, as it was thought to slow down the management of projects and make it expensive (Ernst and Young 2010). Not surprisingly, the new government broadened the use of automatic procedure in its 2011 new regulation, but discontinued the two-round procedure.

It is worth noting that although many changes have occurred in the selection procedure in recent years, and a variety of procedures were introduced, no variation exists at all for procedures after the contracting act. Furthermore, less emphasis was placed on the streamlining of project management after the contracting phase.

Institutional changes also occurred in the programme management after 2007. They included the introduction of Service Level Agreements (SLA) between MAs and IBs, and the centralization of all MAs to a single government agency (NDA). The changes significantly strengthened the independence and responsibility of MAs, but could not introduce more efficient co-ordination mechanism among the MAs. The centralization and strengthening of individual MAs increased the above-mentioned lack of co-ordination in development policy.

### **Trends and issues in the implementation of policy in 2010**

The implementation of the programmes of the New Hungary Development plan is generally in accordance with the plans; however, there are differences between programmes and priorities within the given programme. The commitments cover 51.5% of total allocation in the convergence areas and 70.1% in the competitiveness and employment region with regard to ERDF funds. Contracts were concluded in the case of 86% of the commitments made by late 2010, and payments sped up significantly in 2011, see Annex Table B.

The relatively good management results concealed the two-faced nature of year 2010. The scale of commitments and contracting, as pointed out in last year's report, significantly increased in the first half of the year before the election, but almost stopped in the second

half. There are three main explanations for the increasing commitments in the first half of the year. First, the previous government explained them a consequence of its crisis management decision concerning development policies, which sped up implementation to balance the negative effect of crisis on the economy. However, as analysed in a report last year (PPH-HÉTFA 2010), most of the announced measures (e.g. raised payments in advance (40%) and more favourable undertakings, or the increased use of automatic procedure for measures) had been decided or intended as an evaluation or monitoring feedback even before the crisis hit Hungary. The other explanation from the other side of the political sphere considered this trend as a typical run-up of fund allocation before the election. Although this political support can oil the traditionally slow and bureaucratic decision making procedures of development policy, a third bureaucratic explanation is more probable due to its influence in fund management procedure. The third explanation is that as the government crisis in 2009 delayed the acceptance of the second generation of action plans, call for proposals were also hindered moving submission deadlines to the turn of year 2009–2010. These new calls for proposals, on the other hand, include the agreed procedural changes that go back to the feedback mechanism. That is, the increase in commitments and contracts in early 2010 is rooted in the policy cycle of the Hungarian development policy. It is clear from the analyses of PPH-HÉTFA 2010 and Ernst and Young 2010 that the fluctuation and cycles of the programme of NHDP and those of the NDP 2004–2006 are very similar.

After the election, the government has decided to re-shape development policy, which meant a re-evaluation of existing measures, suspending existing calls for proposals or postponing their submission deadlines. It planned a new long-term development strategy, the New Széchenyi Plan. It also designed some regulatory and institutional changes, mainly simplifying procedures and institutions (together with the change of the management). As the planning and the regulatory and institutional changes proceeded slower than expected, the increase in commitment and contracting significantly slowed down in the second half of 2010. Also, the payments were postponed to 2011. What was lost in the second half of 2010 was abundantly gained in the first three quarter of 2011, as can be seen in Annex Table B. A new and important feature of 2011 is the fast increase in payments, as more and more projects are close to completion from the first calls in 2007–9.

Although the crisis has no impact on the contracting and payment profile of development policy, the Annual Implementation Reports (AIRs) reported that many project holders needed to terminate contracts or cancel applications. This happened especially among SMEs and local governments, and because their financial position worsened. These withdrawal problems were tackled with over-commitments and reserve lists.

The most critical part of implementation seemed to be the two OPs financed from the Cohesion Fund. The extension of “N+2” rule to Cohesion Fund developments was early recognised as one of the main challenges of the two OPs, taking into account the slow implementation of the previous cohesion fund projects. The two Managing Authorities chose different strategies to tackle this risk. The Transport OP sped up contracting in the early

years, hoping to meet this criterion even with the changes and losses during the project implementation phases. Its strategy was mirrored in the fast contracting data. However, many irregularities disclosed in recent years were due to the lack of preparation, which slowed down payment in the TOP even more than anticipated. It is not surprising that many irregularity issues concerning e.g. public procurement appeared in the TOP last year. The MA of the Environment and Energy OP chose the opposite strategy, with a long preparation phase of the projects (organized in a two-round procedure), expecting a fast and relatively trouble-free implementation phase. This strategy led to an extremely slow increase in commitments in the first 3 years, hoping for a faster implementation and payment trajectory in the forthcoming years. Although the EEOP looks worse in terms of the data of the years 2007–2010, the latest data from 2011 show that the risk of losing funds because of the “N+2” rule seems limited.

The monitoring system of the NHDP has improved significantly in recent years, but it is still unable to provide information about important features of the programme. The problem is not with the information system, the Electronic Monitoring System (EMIR), which is among the most advanced in an EU-wide comparison (KPMG 2010). Rather, it is the information in it that is problematic. The indicator system is rather weak to inform management on the strategic outcomes of the programmes. The weakness of the indicator system is based on the weak strategic nature of development policy. As the management does not use and does not insist on using indicators in their decisions, there is very little incentive to improve the quality of indicators in this dimension.

There was a positive change in this position last year, as the results of the evaluation attracted more decision making attention as before. This had a positive impact on the managerial demand for indication system; thus, significant improvement is expected in the near future.

### **Steps taken to solve problems**

Since the most recognized problems of implementation stem from the slowness of selection procedures, the last 1.5 years saw changes in this field. They included the abolition of the two-round procedure and the introduction of automatic (normative) procedures in new schemes. As an answer to the problems and infringements related to the lack of information, the Intermediate Bodies improved co-operation with project owners. In the cases where problems occurred due to authorisations and licenses (e.g. when the project was to be implemented on public property), they tried to contribute to the acceleration of processes and extended deadlines (e.g. sewage projects). In order to help financing, the institutional system accelerated the phases of contracting and implementation, and introduced advance reclaim of VAT and post-financing.

In order to ensure faster implementation and absorption, a review of procedures started in 2010, followed by a NDA chairman recommendation concerning Technical Assistance in February 2011. The most important result of the review was the modification of the decree regulating the supervision of public procurements. The modification incorporated the various



proposals for changes made by audit authorities, such as the State Audit Office of Hungary and the EUTAF, the directorate responsible for auditing EU supports from 1<sup>st</sup> July 2010.

## ACHIEVEMENTS OF THE PROGRAMMES SO FAR

The main findings of the 2010 country report on achievements were as follows:

- Indicators suggest that the programmes have achieved only moderate goals.
- The consequences of the recession in 2008–2009 have affected implementation and achievements.
  - Interventions will probably have more positive effects on growth than on the employment situation, which has worsened during the past two years.
  - Some funding was reallocated by the Government with the aim of encouraging development and supporting SMEs under the Economic Development OP. Funds were reduced in areas, where the demand for funding was lower than expected, where possible risks in implementation might occur and where problems with eligibility criteria are most likely.
- According to a model simulation, as a result of interventions, economic growth might be up to 0.5% higher than without interventions over the 2007–2015 period. However, the effect on employment might be smaller than anticipated. While there may be positive effects from intervention during the period of support, there may also be problems of sustainability afterwards. According to projections, therefore, the largest effect on employment is forecast for 2015 (a growth in the number of employees of up to 2% higher than it would be without intervention), but subsequently this effect will diminish. The effect on investment may be similar.
- Uncertainties relating to regional effects are greater. Absorption in more developed regions, and consequently the effect on growth and employment, is likely to be greater. This is also indicated by the regional distribution of commitments as of the end of 2009.

### General findings regarding achievements

In addition to other issues (relevance, consistency, coherence, absorption, cost efficiency, horizontal issues), the Synthesis Report on mid-term evaluations summarizes the main findings concerning effectiveness, institutional efficiency, and the allocation efficiency (efficient focusing of resources) of the programme.

Regarding effectiveness the Report relies on the evaluation of the indicators. Apart from the introduction of some OP-specific indicators, the Report states that the system of indicators is in general not appropriate to evaluate the effects at the moment. This deficiency is due to the lack of information on the system and the confusing understanding of different indicators by those submitting the data (the project holders).

Regarding institutional efficiency the Synthesis Report lists several pros and cons:

- The institutional system can be considered as workable according to the last four years' experience.
- The accessibility of programme documents is adequate, but the participation of stakeholders in the decision making procedures is usually only formal.
- The average speed of implementation is in line with the regulation, but in general the implementation is slower than expected.
- While the automatic procedure corresponds to expectations, the two-round procedure is considered too slow and inadequate to achieve the goals.
- The separation of the financial and the content controlling system make project monitoring difficult.
- The lack of sufficient manpower in some cases created bottlenecks in implementation.
- The many shortcomings in the co-ordination of programmes and projects limit the effectiveness of the system, although an informal channel of co-ordination has emerged to supplement the failures of formal co-ordination procedures.

According to the Synthesis Report, as regards allocation efficiency, the mid-term reviews find that the programmes were able to reach project beneficiaries. Also, they consider the conditions of the calls predominantly in line with their demands, although usually there had been no demand analyses before the calls. The Report states that only two Programme, (EEOP and TOP) focus on specific groups of project holders. Here, the nature of the programmes makes it necessary, but other programmes lack focusing on relevant beneficiaries. Although there is no intended focusing, concentration of the projects to some type of beneficiaries appear. The majority of project holders come from the central regions and state-related organizations are overrepresented. With regard to project focus, the Report summarized that calls are more "absorption-focused" than innovative. Frequently a call is considered successful and receives more resources from the MA if it is successful in terms of absorption.

### **Achievements on policy areas**

The achievements below are organized according to policy areas; it must be considered that the measures aiming at policy goals are spread across several operational programmes. Measures in the 6 Regional Operational Programmes (ROPs) in convergence regions are similar in content and procedures due to the centralised planning by a single Managing Authority. Therefore, they are considered together if not indicated otherwise. This "one-size-fits-all" approach leads to a significant difference in outcomes among regions. The Central Hungary OP (CHOP) is the only programme for Competitiveness and Employment; therefore, it greatly differs from other ROPs. The measures of the programme mirror the sectoral and regional programmes of the convergence regions with slightly different parameters.

## **Enterprise support and RTDI**

Besides the Economic Development Operational Programme (EDOP), which is dedicated to the aim of enterprise support and Research, Technological Development and Innovation (RTDI), all seven Regional Operational Programmes (ROP) include priorities (one in each ROP) focusing on these topics. They mostly support small and medium enterprises through tender procedure. Priority projects or major projects are not characteristic of them. The role of regional OPs in enterprise support is primarily to finance business infrastructure, e.g. industrial and innovation parks with regional interest. EDOP also has some role in financing business infrastructure projects focusing mainly on logistic centres and broadband network developments. However, the main purpose of EDOP is to directly support the projects of SMEs for technological developments, RDTI projects or job creation.

Most OP level indicators of the EDOP were still not available in the 2010 AIRs, as the duration of project completion was 24 months for the 2007 projects. The reports from beneficiaries on year 2010 are due in 2011. This applies for e.g. “induced investment” and the indicators measuring “research jobs created” and the “increase of registration of given EPO patents”. The availability of EU core indicators is also limited in this field. On the other hand, in a new publication in November 2011 the NDA reported two indicators appearing in all priorities connected to the enterprise support and RDTI. These indicators are the “number of created new jobs” and “the volume of investment induced” (NDA, 2011). According to this study, the projects already contracted until mid-2011 will generate 56,807 new jobs (9,136 of which are generated by the CHOP). According to interviews, already finalised projects generated around 15 thousand new jobs. These data do not take into account the indicator of jobs maintained. The indicator of induced investments reported HUF 820.4 billion induced by the NSRF of Hungary. 145.7 billion out of this were reported for the central region. The estimate is based on the contracting commitments. Actual data on indicator are reported only after the projects entered to the maintenance phase of their lifecycle. Thus, information on completed projects will be available in 2011.

Several AIRs of ROPs were expecting a large increase in the jobs created in 2011. However, more outcomes and achievements were identified regarding enterprise support and RTDI in ROP AIRs than in that of EDOP. According to the AIRs, most ROP projects containing development of industry parks and cluster showed great progress. Also, the targets (e.g. the number of companies in clusters, the built-in area of industry parks etc.) have already been achieved or are expected to be achieved. The various indicators measuring outcomes also developed properly in most regions according to AIRs, which took project progress reports and on-the-spot monitoring into consideration, as well. The AIRs of South Great Plain and West Transdanubia OPs provided less information about outcomes and achievements. Moreover, fewer projects were finished in these OPs, but the progress regarding indicators was noteworthy. Altogether 538 RTDI projects were completed and 174 cases of co-operation were induced between enterprises and research centres between 2007 and 2010.

As the Central Hungary region has the greatest innovation capacity and the largest number of enterprises, its performance was expected to be better than that of other regions. The outcomes only partly confirm this. In contrast to EDOP and other ROPs, the CHOP had a relatively high number finished RTDI projects (37). However, schemes containing the development of business environment, economic co-operation and networks were much less successful, as only few projects were completed in these fields.

The implementation of the priority project EDOP 3.3.1 containing the support for the external trade through ITD Hungary Zrt. continued in 2010, and outcomes were identified in the AIR. 267 professional conferences and seminars were organised, and ITD contacted 7,400 potential participants. It started 5 marketing campaigns and issued 24 promotional brochures. The implementation encompassed 1100 communication activities altogether.

Within Priority 4 of EDOP that contains JEREMIE type interventions, the goal was to increase the access to financial intermediation by SMEs. This limits the interpretation of achievements within the priority to the two result indicators connected to the volume of intermediation. According to the data from 2009, the programme is far from achieving its target, as only one third of the 10 % target of SMEs had access to financial mediation. The AIR itself indicates more up-to-date results: there were 2,698 transactions with final beneficiaries (enterprises) as of 31 December 2010. At the same time, the outstanding loan refinanced by the OP was only 17.2 billion HUF, which is only 8.5% of the available sources of the OP for this purpose. Payments in the Micro-credit Programme were about EUR 4 million higher in 2010 than in the previous year, which roughly doubled the sum of payments so far. The amount guaranteed by the Guarantee Programme tripled. The “mirror JEREMIE programmes” in CHOP started in 2007 (Micro-credit, Portfolio Guarantee) were continued in 2010. Also, this year intermediaries could apply for participation in the Current Assets Programme. 13 intermediaries concluded the contract in 2010. The JEREMIE type programmes to be financed by the ROPs in the convergence regions had not started in 2010, but there was some progress in so far as the Regional Capital Investment Fund was set up.

### **Human Resources (only ERDF)**

The human resources development programmes are financed by the SIOP and the respective priorities of ROPs. The latter supports the elementary human public service infrastructure, run by all local governments. The SIOP supports secondary or higher level of human public service infrastructure with regional or national scope of authority. Although the access to high quality human infrastructure differs significantly between regions, the emphasis on this field is not remarkably larger in the ROPs of less developed regions. This means that regional disparities in relation to infrastructure cannot be reduced in these policy areas.

The indicators of SIOP showing the regional inequalities of human infrastructure regarding Information Communication Technology (ICT) equipment for elementary schools, out-patient specialist care and social services are far from the target, and their development has been slow since 2007. The indicators focusing on the efficiency of social and healthcare services

are much closer to reaching their targets. The first greenfield micro-regional and brownfield higher-level outpatient care centres were completed (SIOP 2.1) last year. According to the AIR, this indicates that the aim of making outpatient specialist care accessible in 25 minutes in every micro-region is achievable. It must be noted, however, that according to the respective priority level indicators, only small, if any results were achieved in the field of healthcare in 2010. Most result indicators concerning educational projects at a priority level have shown progress during the last year, but many of them are far from their targets. The number of elementary schools equipped with appropriate ICT increased by 1,365, the actual value (6,411) is low compared to the target (35,000). The rate of pupils using computers in schools increased only by 0.6 % in 2010, and its current value of 70.6% is far from the target (95%). Important SIOP achievements in the field of social services included the creation of 1,577 social and child protection rooms and 126 accessible (barrier-free) services in 63 central institutions.

In the convergence regions, the implementation of projects in the Development of Human Infrastructure priorities of ROPs, related to the schemes announced in 2007–2008, were in the final phase. At the same time, schemes from the second period of action planning were in the selection, contracting or early implementation phase. This means that there were few results and achievements. The number of projects completed in the field of education, healthcare and social institutions is similar within the various ROPs, including CHOP – about 5–15 projects in each of the fields mentioned. This means that indicators, such as the number of students, the “number of disadvantaged students learning in developed schools” or the “Increase in the number of population covered by social services” grew in 2010 to a large extent, but are far from the targets. The value of the indicator related to the population reached by high quality outpatient care is also low in most regions. The exception for this is the Central Transdanubia region, where the building and renewing of 27 clinics was completed. Furthermore, the number of patients receiving high standard outpatient care as a result of the programme has almost reached its 2015 target. Nevertheless, regional differences regarding targets and actual achievements are great: the more developed regions have set targets that are much higher. Moreover, their corresponding achievements are greater than in regions lagging behind. For example, the target in the Central Transdanubia OP is about twice that of the North Hungary OP. A large number of projects in ROPs in the field of human infrastructure focused on barrier-free accessibility. The majority of the projects started in 2007 were finished in 2010, which means that many public institutions became accessible to disabled persons in every region.

### **Transport and telecommunications**

Transport projects are to be found in the TOP financed by the Cohesion Fund and the ROPs, while telecommunication-related measures are included in EDOP and the Electronic Public Administration OP (EAOP). Only the latter is considered here, as the relevant schemes in the former were cancelled by the government in 2010. The achievements of transport projects are mainly measured through output indicators. Moreover, programme implementation is

rather slow, as it contains mainly major projects (see above). Therefore, it is reasonable to expect a very limited number of achievements. While this can be verified by the AIRs, as most projects have not been completed yet, other factors also contributed to the low number of outcomes.<sup>1</sup> In the absence of completed projects the AIR commented on the impact indicator “Growth of the volume of goods transported on the Hungarian railway network”. It showed a decline because the crisis affected railway transport. After the great fall in the indicator between 2008 and 2009, it began to increase at a slower pace.

As TOP contains a relatively large number of major projects, it is reasonable to comment on them briefly even in the absence of measurable achievements. In the case of major projects there were no great problems concerning implementation. However, there were occasional delays, mainly in connection with public procurements. The greatest problems arose in Metro 4, as 30 of its contracts turned out to be irregular. 11 of them were not accountable, and the Subsidy Contract was modified according to the resolution by the European Commission. This modification was signed on 26<sup>th</sup> April 2010 and contains the reduction of the amount of support.

Transport projects in ROPs showed much greater progress in terms of outputs, as many projects were completed in 2010. Most of these included the building and renewing of municipal roads, bicycle paths and public transport. The funding also addresses the inferior quality of the roads in the less developed regions. As a result of the high number of projects finished, the length of new and renewed roads (including bicycle paths) is considerably higher in less developed regions. The indicator measuring the accessibility of micro-regional centres increased to a great extent in all regions, exceeding the target in many cases.<sup>2</sup> Another important indicator is the number of people using public transport, but according to the AIRs, it depends on the reduction of transport use rather than the support. The creation of information and traffic control systems was one of the outputs related to public transport. An example is the development of Szabolcs Volán Zrt. in the North Great Plain Region.

The ICT projects featured in the EAOP ensure a better performance of the public administration; therefore, it does not “purely” focus on telecommunications. Its main indicator measuring the use of electronic public administration services by the population and enterprises showed minor progress in 2009 but a noteworthy increase in 2010. As the growth of the indicator must be preceded by actual project completion and outputs, conclusions can be based on these outputs. The majority of the projects focused on increasing efficiency within the public administration and lowering the administrative costs of enterprises. Therefore, a greater increase regarding the usage by enterprises is expected. Most EAOP indicators measuring the use of various public administration services appear to have developed well; some are not available.

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<sup>1</sup> For example, the output indicator in Priority 1 was set to 0 as the M7 project (motorway between Nagykanizsa and Balatonkeresztúr) left TOP. The reason for this was that the public procurement procedure was considered irregular.

<sup>2</sup> This must be handled with reservations since there can be differences in calculation, according to the AIR of WTOP.

A number of important outputs in 2010 can be quoted. Project EAOP 1.2.5 “Mutual alignment system of agricultural subsidies” set up a Single Support System (SSS). The project was completed on 31 December 2010.

The physical implementation of project 2.1.2 “Extension of the central electronic services system and the development of public utility” was completed on 01.12.2009, the final project report was filed and approved in early 2010.

The goal of EAOP 2.1.3 development was to reduce the administrative burdens of businesses in the procedures covered by Service Directive 2006/123/EC through electronic liaising and one-stop-shop administration points. The physical completion of the project took place on 30.11.2010.

Project EAOP 2.1.6 “Realisation of a central register of offence” was closed in 2010. As a result of the project, the national central electronic database was set up to aggregate the data recorded by the various authorities.

### **Environment and Energy**

The Environment and Energy Operational Programme includes most of the measures focusing on this field. A two-round project selection procedure is applied within this priority, which improves project preparation but slows down implementation. Therefore, only partial (but positive) achievements can be reported here. The environmental aspects seem to be much less considered in ROPs. They are mostly gathered in a single priority together with transport measures, which receive the bulk of the funding in the 4 less developed regions.

There is only one result indicator available in EEOP measuring the “Number of people reached by campaigns and model Projects according to the types of activity”. Other indicators will become available next year. Their values are being measured at present, because none of the projects were completed by the end of 2010. The main reason for this delay is the two-round selection procedure within the OP, but according to AIRs, assumptions can be made regarding the fulfilment of indicators. 20 waste management projects were contracted in the 2<sup>nd</sup> round, and this implies that the 2015 target (60 projects in all) is achievable. The indicator “Additional population served by sewage projects” also seems achievable given the commitments by project owners. The projects under preparation cover the whole country.

Three new contracts were signed by the end of 2010, and the solid waste management project in Győr was finished. Funds were regrouped from scheme 1.2.3 (Improving the quality of drinking water) to a new one-round scheme 1.2.0/B (Disposal and cleaning of sewage). The reason for this was that although both schemes aim at fulfilling derogatory obligations, the obligations targeted by the former scheme would still be met even with re-allocated funds.

On the basis of the number of first round applicants, the indicator “Number of re-cultivated landfills” would achieve 67% of its target. However, the indicator “Volume of contaminated

geological medium that has been re-cultivated (including underground water)” is expected to exceed its target. The indicators “Number of people benefiting from flood protection measures” and “Number of risk prevention projects” (floods) also seem to proceed appropriately. Two complex water protection investments were contracted, and public procurements were in progress in 2010. The completion of the Watershed Management Plans by the deadline set by the Water Framework Directive is a further achievement of the programme. 38 projects had been completed in Priority 4 by late 2010, 84% of the projects supported were in the phase of execution. In the case of two indicators of Priority 5, assumptions indicated that the targets would not be met, and with regard to “Energy resources saved through energy efficiency” targets may not be realistic. The indicators of ROPs in this field are not promising, either. The indicators measuring the number of residents with adequate waste water treatment fall short of the target, although the opinions in AIRs differ with regard to their capacity to achieve them.

Progress regarding environmental projects was much greater within the Central Hungary OP. The environmental indicator differs from that of other ROPs.<sup>3</sup> It increased to a great extent in 2010 achieving more than 1/3 of the target in one year. The cause of this was that 14 projects dealing with environmental issues closed in 2010, while the closure of 17 was in progress. Out of 10 nature protection projects started in 2007–2008, 9 were completed physically and 4 were completed financially.

### **Territorial development**

Territorial development projects are financed by Regional Operational Programmes only. Measures included focus mainly on urban development, rehabilitation and tourism development. The two-round selection procedure was used in the corresponding Priority Axes of ROPs as in EOP, which explains the sometimes scarce progress and the meagre outputs.

The indicators referring to number of people affected by urban rehabilitation projects exceeded the target values by 2010 with the exception of Central Transdanubia OP (CTOP). The reason for this is that the calculations were based on the whole populations, as these developments are supposed to have an effect on every inhabitant. Therefore, this indicator seems to be less relevant in assessing the achievements of urban rehabilitation. The indicators measuring the activity of the affected areas and number of new enterprises did not improve, probably as a result of the crisis. The number of projects completed was small. It may be due to the above-mentioned selection procedure as well as other factors, such as the problems with public procurements and additional costs in the case of the 3 key priority projects<sup>4</sup> related to the European Capital of Culture Pécs, which were not completed in 2010. The reallocation of funds to additional building costs resulted in a lower level of communication and inclusion of the population regarding the projects.

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<sup>3</sup> Area of restored habitats.

<sup>4</sup> Kodály Centre, South Transdanubian Regional Library and Knowledge Centre, Grand Exhibition Space



The indicators measuring the results of tourism-related projects on the one hand focus on the number of visitors<sup>5</sup>, and on the other hand, on the profitability of the commercial accommodation facilities<sup>6</sup>. The number of finished projects was also low in this field; therefore, it did not affect the level of result indicators. The indicators related to West Transdanubia OP (WTOP) are expected to improve significantly. It must be noted that their values have increased constantly over the past few years, and considerable progress was recorded in 2010 with regard to most ROPs<sup>7</sup>. The individual projects are very diverse in their content; spas and accommodation were developed within North Great Plain OP (NGOP); museums, visitor centres, monuments etc. were developed within SGOP. Many projects in CTOP and South Transdanubia OP (STOP) concentrated on commercial accommodation and the development of tourist attractions near Lake Balaton. However, only CTOP finished projects, as many applicants had cancelled their applications for SDOP funding due to the crisis. Other important tourism-related projects, such as the priority projects of the Budapest Zoo and the Royal Castle in Gödöllő, were in the implementation phase in CHOP.

### **Cross-border Operational Programmes managed by Hungarian authorities**

#### **Hungary Romania Cross-border Co-operation Programme**

The fourth Call for Proposals was launched with a submission deadline of 1 March 2011. The projects contracted in the First Call for Proposals (84) were either in the implementation phase or already closed by the end of the year 2010. No final progress reports and applications for reimbursement were submitted to the Joint Technical Secretariat until the end of the year. Therefore, financial information and the advancement of the physical indicators is based only on the number of contracted projects within both Priority 1 and 2. The implementation of several projects came to an end in 2010.

#### **Hungary Slovakia Cross-Border Co-operation Programme**

Fostering the implementation system by introducing and operating the project reporting tool was an important achievement. This system helps the MA to provide support in due time for beneficiaries, in case of any risk, during the implementation of the project. Changes in terms of the Programme Authorities were made on both sides of the border, resulting in a temporary setback for the selected projects in Hungary.

Programme indicators and figures aimed to monitor the progress of programme implementation according to the approved operational programme are contained in the progress reports. Evidently, it is not realistic to monitor output indicators at this stage, since most of the projects are still in their implementation phase. Only some of the short-term, soft projects have been finalised so far. Result indicators are available in the final and follow-up reports accompanying the completed projects.

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<sup>5</sup> E.g. the number of guest nights spent in commercial accommodation facilities.

<sup>6</sup> For example, increase in their gross added value, usage of capacities

<sup>7</sup> Most projects were closed in the North Great Plain OP (6).

**Indicators**

As stated in the Synthesis Report on Mid-Term Reviews: the indicator system cannot really provide an adequate picture of the results of the whole strategy because of its incoherence.

The main indicators with regard to 4 fields of policy are listed in Table A for convergence regions. Only 3 of the indicators in the field of territorial development are used, as the others could not be aggregated in their present form. The reason for this is that territorial development funds are allocated to 7 ROPs, which use similar but slightly different methods and units. Also, other indicators measure rates which cannot be summed up. The indicators for convergence ROPs and territorial development, such as urban development and tourism aspects, are shown in Annex Table C.

Table B contains main indicators for the only region (Central Hungary) under the Competitiveness and Employment Objective. In most cases (except for e.g. core indicators) there can be no comparison with convergence regions because the content and units of indicators are different in this ROP.

**Table A – List of main indicators in convergence regions**

| Policy Area                      | Main indicators   | Outcomes | Notes  |
|----------------------------------|---|----------|--|
| Enterprise support and RTDI      | Jobs created  | 5,304    | Presumed job creation is much higher according to the AIR      |
|                                  | Investment induced (EUR million)  | 1,176.7  | Core indicator, no target value was given                      |
|                                  | Number of information society projects  | 1,585    | Core indicator, no target value was given                      |
|                                  | Number of RTD projects  | 576      | Core indicator, no target value was given                      |
|                                  | Number of co-operation project enterprises–research institutions  | 174      | Core indicator, no target value was given                      |
|                                  | Number of direct investment aid projects to SME   | 11,791   | Core indicator, no target value was given                      |
|                                  | Number of start-ups supported   | 538      | Core indicator, no target value was given                      |
| Human Resources (only ERDF)      | Number of classrooms equipped with modern ICT devices   | 2,435    | The indicator is from 2009, the target is 35,000               |
|                                  | Amount of modern complex spaces (renewed and reconstructed) suitable for higher education activity and research | 3,972    | The indicator is from 2009, the target is 300,000              |
|                                  | Capacity of social and child protection services institutions   | 262      | The indicator is from 2009, the target is 9,000                |
| Transport and telecommunications | Length of newly built main roads  | 24       | The target is 409 kilometres.                                  |
|                                  | Length of main roads upgraded to resist an axis load of 115 kN  | 113.5    | The target is 983.1 kilometres                                 |
|                                  | Number of transport projects  | 144      | Core indicator, no target value was given                      |
|                                  | Value for timesavings in Euro / year stemming from new and reconstructed roads                                  | 3,756    | Core indicator, no target value was given                      |
|                                  | Number of online public administration services offered as a result of the programme                            | 11       | The target is 80   |
|                                  | Daily number of transactions of the client gate   | 320,000  | The target of 63,000 was exceeded                              |
|                                  | Use of electronic public administration services by the population as a result of the programme                 | 28       | The target value is 50.  |
|                                  | Average weekly usage of the government portal (number of single visitors)                                       | 657,000  | The target is 1,000,000  |
|                                  | Number of information society projects  | 33       | Core indicator, no target value was given                      |
|                                  | Number of additional population covered by broadband access   | 22,891   | Core indicator, no target value was given                      |
| Environment and Energy           | Number of people reached by campaigns and model projects according to types of activity                         | 0        | Values for the sub-indicators are already available, see below |

|                         |  |             |   |
|-------------------------|--|-------------|---|
|                         | Short term / Passive participation                                     | 4,611,289   | Sub-indicator   |
|                         | Long term / Passive participation                                      | 429,879,501 | Sub-indicator   |
|                         | Short term / Active participation                                      | 227,145     | Sub-indicator   |
|                         | Long term / Active participation                                       | 40,744      | Sub-indicator   |
|                         | Size of area affected by habitat restoration and improvement (ha)      | 428.9       | The target value is 30200 ha  |
| Territorial development | Number of jobs created by the programme in disadvantaged micro-regions | 1,194       | The target is 1924 jobs concerning the 4 ROP's (NHOP, NGOP, SGOP, STOP) |
|                         | Number of guest nights (per 1000 inhabitants)**                        | 8,623       | The target value for the 5 ROP's is 7,122                               |
|                         | Number of inhabitants affected by urban rehabilitation projects        | 696,766     | The target for the 6 ROP's is 1,086,000.                                |

*Note: The indicators above are those already having values achieved and core indicators. The remaining main indicators are not measured yet, as in most of the cases no projects were completed in their field last year (e.g. EDOP, TOP and EEOP). Due to their importance, every core indicator is shown.*

*\*When adding effects of different OPs, we used exchange rate 275 Ft/Euro.*

*\*\* Without NHOP, as the indicator was not available in this form within this ROP. This OP receives about one fifth of the funding for the 6 ROP's.*

**Table B – List of main indicators in the competitiveness and employment region**

| Policy area                      | Main indicators   | Outcomes  | Notes  |
|----------------------------------|---|-----------|--|
| Enterprise support and RTDI      | Increase in enterprises' R&D expenditure as a result of the programme (million forints)   | 83,767    | No final target was given.                   |
|                                  | Jobs created  | 122       | 5,000  |
| Human resources (only ERDF)      | Number of students in developed educational and training institutions   | 11,007    | The target is 14,000.                        |
|                                  | The population of the service provision area, or the number of people using the services, which is/are directly covered by the developments | 113,433   | The target of 100,000 persons was exceeded   |
|                                  | Jobs created  | 366       | Core indicator with a target value of 100    |
| Transport and telecommunications | Change in the number of passengers of public transport in the towns of the Region   | 71.9%     | 100%   |
|                                  | Decrease of transit traffic on main city centre roads   | 0         | Not available yet.                           |
| Environment and energy           | Total area covered by habitat rehabilitation and development (ha)   | 2,279.4   | The target is 6,500 of the result indicator. |
|                                  | The saved energy as the outcome of the supported projects (TJ)  | 0.0438    | The target is 130 TJ.                        |
| Territorial development          | Population directly covered by the developments (Tourism)   | 1,955,089 | The target is 100,000.                       |
|                                  | Number of new jobs created through tourism-related projects   | 78        | The target value is 300                      |
|                                  | Number of sites of enterprises opening units in the regenerated urban areas   | 169       | The target value is 100, which was exceeded  |
|                                  | Population directly covered by the developments (Urban development)   | 157,729   | The target is 350,000                        |

#### 4. EFFECTS OF INTERVENTION

As shown before, due to the state of implementation, there is very little information available on results and almost no information on effects. Not only the direct effects on beneficiaries (results) but also indirect and spill-over effects should be considered. Consequently, measuring effects and impacts needs sophisticated econometric models with large databases on projects as well as a large set of potential beneficiaries over a long time span. As these databases are usually available one to two years after the event, measuring the effects of interventions empirically is possible only after a critical mass of projects has been completed in the area of interest. Given the state of the implementation, currently this is not the case (especially regarding interventions financed from Cohesion Fund) and only projections exist. Not surprisingly, last year's evaluations dealing with the issue of effectiveness and impacts focused on the previous programming period (NDP) and not on the current ones (NHDP).

Practically there are three ways of estimating effects and impacts. Macro-models use model descriptions of the national economy and, on the basis of the distribution of commitments, project the expected effects of interventions. Benchmarking techniques use the effectiveness of other programmes to project the expected impacts and effects of current programmes. The aggregation of indicator commitments of the contracted project holder provides an ex-ante estimation of effects and impacts with two limitations. The first is that it does not take into account indirect effects, such as spill-over and crowding out effects. The second is that this estimation is distorted by the pressures on applicants to comply with the conditions of the call for proposals, and to commit to certain results. In the following section all three currently existing estimations of effects and impacts of the NHDP are presented.

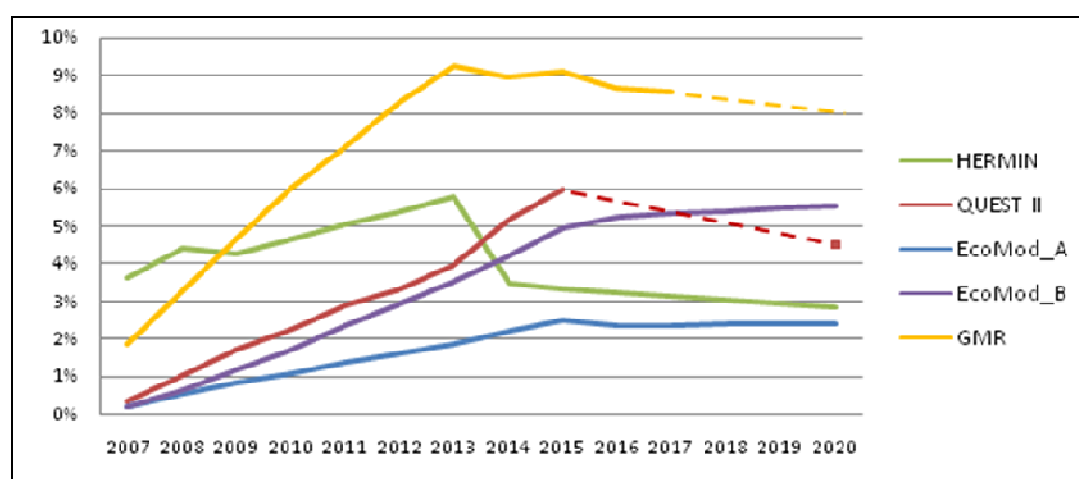
The expected effects of NHDP were analysed by 4 macroeconomic models: HERMIN, QUESTII, EcoMod and GMR (PPH-HÉTFA, 2010). The HERMIN model was elaborated by the DG Regio. According to its framework, the support for the production sector and development of human capital affects the growth of GDP through the Keynesian multiplier. Therefore, its estimates are based on higher demand side effects.

The QUEST II model was developed by DG ECFIN and also builds on expectations. This model differs from HERMIN because it does not include multiplier effects (thus emphasizing the supply side effects). Also, the interest rate is endogenous.

EcoMod is the other simulation model used by DG Regio; it incorporates the structure of the economy in a more detailed way and is therefore able to estimate structural changes, trade effects and dynamic supply side growth, but not short-term changes.

The GMR model made for the NDA includes the territorial structure of Hungary and emphasises the longer-term supply side effects. It estimates the short-run demand effects, as well.

**Figure 1 – Effects of NHDP on GDP level according to the macroeconomic models.**



The model estimates display a great variation in GDP growth (see Figure 1). The huge shorter-term effects in the case of HERMIN will diminish after 2013 for both GDP and employment. At the same time, QUEST II shows lower values due to the crowding out effect of the increasing endogenous interest rate and the higher exchange rate in the longer term.

Interestingly, it is estimated that NHDP is going to have no effects on employment at all. The EcoMod integrates the dynamic results in the longer term. GMR provides the most optimistic outlook, as it estimates higher growth effect on the supply side in the longer term with employment effects diminishing after 2013.<sup>8</sup>

The last available estimation based on indicator aggregation shows the state of affairs as of June 2011. It focuses on the only indicator that is relevant to almost all of the programmes; that is, job creation or jobs maintained. This aggregation shows that according to the commitments of project holders in the contracts so far, the economic development interventions will generate 56,807 new jobs, out of which 9,136 will be generated in the Central Region. This data is in line with the model estimation of GMR on employment indicating an almost 2% point additional employment effects by the end of 2015, which is around 70 thousand. According to interviews, the aggregated jobs-created indicator is around 15 thousand in the case of completed projects at the end of the III quarter of 2011.

The latest evaluations focus on the effects of the I. National Development Plan; the evaluations available regarding NHDP focus on the indicator system of OPs and the operation of the system. The logic and driving forces of the NHDP are very similar to the NDP. Thus, using NDP as a benchmark, assumptions on the future effects of NHDP can be made based on the effects of the I. National Development Plan (NDP).

There are some evaluations that estimate the effects of interventions with counterfactual impact assessments. These evaluations report either no effects due to the high rate of dead-weight effects (evaluations of GVA and employment effects of SME support for technological developments) or some positive effects (evaluation of a pilot programme on integrated school or on the improvements of business infrastructure, e.g. industrial parks). Evaluations not using a counterfactual basis usually present a more positive picture of effects; however, this methodology estimates outputs or results rather than effects. Some examples of interesting evaluation findings on NDP measures are described below.

An evaluation carried out last year deals with the employment effects of all NDP OPs (Kopint-Tárki, PPH, Tárki, 2010). The effects of support on employment was analysed by the methods of OLS regression and difference in differences model combined with propensity score matching on two different databases. According to the results, the growth of employment in supported companies was 10–17%, depending on the database. According to estimates, the total number of jobs created amounted to 20,200, triggered by a 250 billion Forint subsidy. When comparing supported and not supported applicants (i.e. excluding those who did not apply), the employment effect disappears. This means that those applying for the development supports are the more growth-oriented companies; nevertheless, the support does not affect their employment. The labour intensity of a given company does not influence the employment effect, either. The Economic Competitiveness OP (ECOP) and Human Resources Development OP (HRDOP) had approximately the same effect. Based on the evaluation we can give only a pessimistic forecast regarding the employment effect of the most

<sup>8</sup> A new estimation of the GMR model was presented at a conference on November 10 2011, in which GMR estimates a more modest path for GDP using a current estimate of the payment profile. In the new calibration of the model, the NHDP effect on the GDP level will peak in 2015 at around 3.3% point.

cohesion policy measures in ERDF, as the content of the most popular schemes did not change significantly in EDOP compared to its predecessor. The effects of new types of measures, such as financial assets, cannot be assessed based on past programmes.

According to the evaluation of business infrastructure projects (MÉRTÉK, 2009), the measures supporting industrial parks and business incubators had significant positive effects. The number of customers grew by 9 on average and the projects contributed to the creation of 500 jobs. The developments had intensive positive effects on the growth of investment and technology, where they satisfied concrete demands and investors' needs.

The regional human resources development programmes were evaluated for the 2004–2006 period, as well (MÉRTÉK, 2010). According to the study, employment pacts and social economy programmes become viable in a 6–10-year period. Their effect is strongest when they operate as a part of the local system and are connected to other projects. However, the employment of the Roma people did not reach the planned level.

While macro modelling provides a comprehensive estimation of effects with a very limited scope and rather in an ex-ante manner, the indicator estimation and the benchmarking of NDP for the NHDP is a more empirically-based solution: Nevertheless, both estimate only the direct effect of the measures, and are based-on the questionable assumption of similarity of the different programmes.

Some people believe that structural fund interventions play a positive role in producing a cultural change both in the government and the private sectors. Those believing in this effect think that previous estimations underestimate the effects of the NHDP. It is worth investigating what evaluations say on the NHDP capacity to improve the strategic culture of Hungarians. As this issue is about the implementation system, we can rely on many evaluation findings from recent years.

Many evaluations appreciate that – apart from their teething troubles – new public management techniques appeared in Hungary with structural fund management, e.g. written strategies with countable targets, existing and open monitoring systems, indicators and evaluations, policy making partnerships. On the other hand, evaluations equivocally show that development policy is increasingly isolated from national policy making; thus, the possibility of spreading these techniques to the governance looks very limited.

On the beneficiary side the picture is even worse. A research report (HBF 2008) showed how in recent years project management and application expertise have emerged as an industry in the Hungarian market to serve the demand of the project holders to meet the bureaucratic obligation of development policy. Evaluations showed that the majority of private actors (e.g. over 60% for enterprises in 2008 by HBF–PPH 2008) buy the application design service from the market rather than improve their internal capacity to deal with the required project management obligation of the grants. A similar result was shown in 2010 in relation to the integrated urban development plans for the local governments (Földi 2010). It is not a surprising result of the Synthesis Report of the Mid-Term Reviews on the effects of



horizontal obligations that “the intended educational effect was achieved, while the awareness raising effect was less realized”.

Finally, as regards the effect of interventions on regional disparity, it is worth noting that only the existing divergence among the regions was measured. It means that there is no estimation of how this divergence would look without the support of the structural funds.

## **5. EVALUATIONS AND GOOD PRACTICE IN EVALUATION**

### **Actors participating in evaluation<sup>9</sup>**

The evaluation activity of the NHDP was co-ordinated by the Division of Evaluation (DE) under the Managing Authority of Implementation OP. This unit also provides technical and methodological support to evaluation activities. Managing authorities do not have their own evaluation management capacities. At the same time, they do play a crucial role in the evaluation process as the final beneficiaries of the evaluation and as the co-ordinators of information support for external evaluators. The NDA has concentrated evaluative resources into the horizontal unit of DE, which is the main reason why the evaluative capacities of MAs are limited.

The client commissioning evaluations is either the DE or a Managing Authority. The DE initiates strategic, comprehensive evaluations and the evaluation of innovative or interconnected measures. MAs' initiatives focus on ex-ante evaluations, interim evaluations, ex-post evaluations and ad-hoc urgent evaluations that were not included in the evaluation plan. In practice, the DE finances all evaluations on the basis of the evaluation plan of the OP, while MAs can finance urgent “extra-plan” evaluations with the Technical Assistance resources of their OPs.

Evaluation is normally led by the DE in co-operation with the Project Steering Committee, which is made up of all the relevant stakeholders. The DE, the MAs, the evaluators and other interested parties are also members of this body, which discusses problematic issues of the evaluation and decides whether to accept the inception and final report.

Until the end of 2008, external evaluators were selected through individual public procurements. From 2009 until mid-2010, external evaluation was organised in a framework contract system. A procurement process was used to select six evaluators for four different lots, with 14 evaluators altogether (there are consortia that won in more lots that is why the number of winners is less than 24). These lots are: 1) Environment, 2) Network infrastructures, 3) Economic, Social affairs; 4) Institutional, operational issues.

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<sup>9</sup> It is worth noting that evaluation type studies were also produced by other institutions (e.g. IB, National Audit Office, Academic Research Institute) outside the official evaluation system. This increases our knowledge on the effects and implementation mechanism of development policy. However these studies are not directly linked to the decision making procedure; thus, we will focus on them in this chapter.

The 14 consortia involved in the framework were selected on the basis of skills, expertise, and the elaboration of evaluation methodology. Leading scientific research institutes, larger consultancy companies and middle-size companies specialised in EU-related issues have a pool of methodological experts, ex public servants with issue-specific knowledge, social scientists, business advisors, etc. The jury assesses the daily fee and quality of the methodology used by the tenderer, as well as the professional background of the evaluators.

The NDA started to launch evaluations within this framework in the spring of 2009. The focus of the first project was the system of Service Level Agreements of IBs and MAs. It drew attention to the pitfalls of the system: the NDA should have terminated the contract because the inception report proved that the first evaluator – selected purely on a price basis – could not guarantee the quality of the evaluation. Therefore, a new evaluator had to be selected from the framework. This framework contract was used to organise evaluation activity until May 2010. The price-based selection method repeatedly gave rise to problems, and the DE made significant efforts with various techniques (mainly with strong quality assurance from the DE side) to tackle the low quality of the evaluations.

Altogether 19 evaluations were launched in this framework until May 2010, when government change froze the framework system. During the second half of the year some evaluations were launched by means of individual procedures. Finally, the framework contract was officially terminated in May 2011 to make room for a new framework that was launched in November 2011.

Most of the evaluations are publicly available, as evaluation reports are published on the website of the NDA. In their contracts evaluators are obliged to publish the results on other sites, and they also have to present their results in a public conference.

Despite the fact that the system of evaluation technically became more difficult with the freezing of the framework contract after the government change, this change has had several positive effects. In fact, the evaluation gained stronger support than ever before at the NDA, as its function at decision making level changed significantly. From a bureaucratic EU-obligation it transformed into a practical tool supporting decisions or policy analysis with evidence.

Despite this increasing attention from politics, evaluations are mainly used to anchor the MAs decisions to evaluation findings. In the past evaluations were primarily used by the co-ordination unit, which was responsible for the general regulation of the implementation system (e.g. many of the regulatory changes that were announced as crisis mitigation measures were based on the evaluation of HBF-PPH 2008 evaluation recommendations). The first tangible recommendations dealt primarily with the incentives and results of the implementation. As the number of evaluations increased, and it became clear to the MAs that these documents contained useful information, they became more active in commissioning evaluations. Recent calls for proposals for evaluations focus on the detailed analysis of evaluation facts that were revealed by the overall mid-term evaluations of last

year. This evaluation is closer to a consultancy activity, as it aims to provide detailed answers and recommendations for the MAs. It seems that evaluation culture, at least the demand for it, improved significantly at the MA level.

### **Evaluations completed in 2010**

In this section we summarize evaluations that were completed last year and whose reports are publicly available on the website of the NDA. In addition to these evaluations, 7 OP reviews (mid-term evaluation) on the priority axes of the NSRF were carried out. These reviews are not public; however, their summary reports (based on the 7 reviews) are available on the website, including the evaluation findings on all OPs.

The bulk of evaluations carried out last year is concerned with the result of the I. NDP. Two evaluations focus on the effects of certain NDP programmes on employment. Both studies are equipped with a broad range of evaluation tools and methods, such as interviews, document and data analysis. They offer robust results, on which future policy can be based. The creation of TISZKs (Regional Integrated Vocational Training Centres) is assessed mainly with qualitative methods. The respective evaluation highlights the main problems of the programme and provides useful answers to many evaluation questions, though some of the data used seem unreliable. One evaluation focuses on the human resource development of ROPs with a somewhat broader, but mainly qualitative methodology. The usefulness of this evaluation lies in its analysis of best practices and the clear policy implications.

Economic development programmes are examined in 4 evaluations, each of which covers different measures. All of the analyses used econometric methods to evaluate the effects of the programmes. The evaluations of business infrastructure and SME technological development programmes offer clear policy implications based on the data. The latter includes qualitative tools, as well. The analysis of R&D and innovation measures uses qualitative techniques and econometrics to answer evaluative questions. The evaluation of ECOP 1.1.3 (clusters and supplier affiliations) used qualitative and various statistical methods.

Two evaluations were completed on environmental issues. One deals with the results of waste water projects in Environment and Infrastructure OP (2004–2006) and ISPA (2000–2006), while the other deals with the environmental sustainability of the I. NDA. The former examines the physical indicators of the projects and applies qualitative techniques, such as interviews. The comprehensive evaluation of the aspect of sustainability used data analysis and qualitative techniques (surveys, case studies, interviews etc.).

The measures aimed at the development of electronic public administration used qualitative tools to get “soft” data (e.g. opinions) and econometric analysis of effects on employment and costs of improvements. The analysis of NHDP selection procedures were based on case studies amended by statistical analysis and interviews.

A summary of evaluations published in 2010 can be found in the table below.

**Table C – List and content of evaluations**

| Title and date of completion   | Policy area and scope  | Main objectives   | Main findings  | Full reference or link to publication   |
|--|--|---|--|---|
| A kohéziós politika hatása a visegrádi országok foglalkoztatási szintjére és minőségére (the effects of cohesion policy on the levels and quality of employment in Visegrad countries)<br><br>November 2010.           | Employment policy in the Visegrád countries as a result of cohesion policy             | To evaluate the effects and quality of measures related to job creation and retention between 2004 and 2006                                       | 20200 jobs were created directly as a result of the measures.<br><br>The number of employees grew by 10–17% at the enterprises supported.<br><br>The effects of economic and HR type developments were similar.<br><br>The difference in employment between winning and not winning companies was not significant. | <a href="http://www.nfu.hu/hefop_ertekeles_ek">http://www.nfu.hu/hefop_ertekeles_ek</a> |
| Az Állami Foglalkoztatási Szolgálat Modernizációjának értékelése (Evaluation of the Modernisation of the National Employment Service)<br><br>05 July 2010  | Development of the employment institution “National employment service”                | Evaluation of the results, achievements and effects of the programme (HEFOP 1.2) focusing on the modernisation of the National Employment Service | Positive effects of the program could be shown with regard to the Service and its beneficiaries.<br><br>Strategic co-ordination was not always adequate.<br><br>Indicators collected were not detailed enough to identify the effects of sub-measures.   | <a href="http://www.nfu.hu/hefop_ertekeles_ek">http://www.nfu.hu/hefop_ertekeles_ek</a> |
| A Térségi Integrált Szakképző Központok létrehozása intézkedés értékelése<br><br>Utólagos értékelés<br><br>(Ex-post evaluation of the creation of regional integrated vocational training centres)<br><br>23 July 2010 | Development of regional integrated vocational training centres (TISZK's) in the I. NDP | Assessment whether the objectives of the programme were achieved in order to make measures in SROP more effective                                 | The programme was accomplished according to the plans, but its sustainability and efficiency was not ensured.<br><br>New capacities were poorly integrated.<br><br>Regulations were not supportive.  | <a href="http://www.nfu.hu/hefop_ertekeles_ek">http://www.nfu.hu/hefop_ertekeles_ek</a> |
| A humán erőforrás- fejlesztés regionális dimenziójának erősítését célzó beavatkozások értékelése (Evaluation of measures   | Human resource development measures of ROP 3 in the National                           | A qualitative analysis of the extent to which the measures contributed to the development of human  | The effect of employment pacts and social economy programmes is the strongest when they operate as a part of the local system and are connected to other projects more or less.  | <a href="http://www.nfu.hu/rop_ertekeles_ek">http://www.nfu.hu/rop_ertekeles_ek</a>     |

| Title and date of completion  | Policy area and scope   | Main objectives   | Main findings   | Full reference or link to publication   |
|---|---|---|---|---|
| focusing on the regional dimension of human resources development)<br><br>11 October 2010   | Development Plan 2004–2006  | resources and social economy.   | Permanent affiliations were formed between higher education and local businesses.<br><br>Trainings according to local demands served as a good example.<br><br>The implementation was immature.   |   |
| Az Üzleti infrastruktúra-fejlesztés értékelése<br><br>Utólagos értékelés (Ex-post evaluation of business infrastructure development)<br><br>21 December 2010                    | Development of business infrastructure in Economic Competitiveness OP (1.2), I. NDP | Ex-post evaluation of the efficiency and effectiveness and validity of measures and projects  | In average, nine more businesses settled in supported industrial parks.<br><br>500 new jobs were created, jobs retained remained the same in number.<br><br>A large proportion of developments would not have been carried out without support.<br><br>Applicants are mainly industrial parks near Budapest, which are better provided with innovative services and greater and more efficient logistics companies.   | <a href="http://www.nfu.hu/gvop_ertekeles_ek">http://www.nfu.hu/gvop_ertekeles_ek</a> |
| A klaszteresedés és a beszállítóvá válás támogatásának értékelése<br><br>Utólagos értékelés (Ex-post evaluation of support for clusters and suppliers)<br><br>14 September 2010 | Supports for business affiliations (clusters and suppliers) in ECOP 1.1.3, I. NDP   | The question was whether the support enabled enterprises to be suppliers of large companies and whether supporting clusters strengthened their services | Support for suppliers is reasonable and it contributes to knowledge transfer from larger companies.<br><br>Programmes must be complex and longer-term.<br><br>Efficiency is largely dependent on the policy of foreign investors.<br><br>The measure did not differ significantly from other support for SMEs.<br><br>If formed before the support, clusters were more successful.<br><br>Success is influenced mainly by the management's intentions and preparedness. | <a href="http://www.nfu.hu/gvop_ertekeles_ek">http://www.nfu.hu/gvop_ertekeles_ek</a> |

| Title and date of completion  | Policy area and scope  | Main objectives   | Main findings   | Full reference or link to publication  |
|---|--|---|---|--|
|   |  |   | Not more than 20–30 clusters are needed in Hungary.   |  |
| <p>A Kis és Középvállalkozások technológia- fejlesztési beruházás támogatásának értékelése</p> <p>Utólagos értékelés</p> <p>(Ex-post evaluation of support for technology development investments of SMEs)</p> <p>31 March 2010</p>   | <p>Supports for technological development of SMEs – ECOP 2.1.1 in I.NDP</p>                        | <p>Assessment of results and effects along with the institutional system and the beneficiaries</p>  | <p>Supported companies increased their investment activities significantly.</p> <p>It did not contribute to the growth of companies having much greater revenue and added value than the average.</p> <p>As result, businesses brought their investments forward.</p> <p>The budget of the support was not so high as to crowd out SME credits.</p> | <p><a href="http://www.nfu.hu/gvop_ertekeles_ek">http://www.nfu.hu/gvop_ertekeles_ek</a></p> |
| <p>A vállalati Kutatás- fejlesztési kapacitások és innovációs képességek erősítése intézkedés értékelése</p> <p>Utólagos értékelés</p> <p>(Ex-post evaluation of support for enhancing business research and development capacities and innovation capabilities)</p> <p>17 May 2010</p> | <p>Supports for enhancing R&amp;D and innovation capacities of businesses – ECOP 3.3 in I. NDP</p> | <p>Evaluation of results and effects based on databases and surveys, making proposals</p>   | <p>The objectives of schemes are in accord with the need of applicants and the indicators were accomplished.</p> <p>Supported companies remained viable and their employment increased.</p> <p>Application system was rather slow and not transparent enough.</p>   | <p><a href="http://www.nfu.hu/gvop_ertekeles_ek">http://www.nfu.hu/gvop_ertekeles_ek</a></p> |
| <p>Szennyvízberuházások technológiai rendszerválasztásának értékelése</p> <p>(Evaluation of the choice of technology system of waste water investments)</p>   | <p>15 waste water investments in Environment and Infrastructure OP (I.NDP) and ISPA</p>            | <p>Evaluation of cost-effectiveness and economies of scale regarding the investment and technology with document analysis and interviews.</p> | <p>Sewage farms built contributed to the EU and national objectives, although there were deficiencies.</p> <p>The system of EIOP was much more sophisticated than ISPA.</p>   | <p><a href="http://www.nfu.hu/kiop_ertekeles_k">http://www.nfu.hu/kiop_ertekeles_k</a></p>   |

| Title and date of completion   | Policy area and scope  | Main objectives   | Main findings  | Full reference or link to publication   |
|--|--|---|--|---|
| August 2010  |  |   |  |   |
| <p>Az I. Nemzeti Fejlesztési Terv környezeti fenntarthatósági értékelése</p> <p>Utólagos értékelés</p> <p>(Ex-post evaluation of the environmental sustainability of the I. NDP)</p> <p>18 August 2010</p>               | Environmental sustainability of the I. NDP                       | Provision of a comprehensive picture about environmental sustainability of the Programme, advises for the 2007–2013 period  | A significant share of applicants could not interpret the concept 'environmental sustainability' and these aspects were not emphasised, they appeared only on a general level.   | <a href="http://www.nfu.hu/az_i_nft_fenntarthatosagi_ertekelese">http://www.nfu.hu/az_i_nft_fenntarthatosagi_ertekelese</a> |
| <p>Az E-közigazgatás fejlesztésének fenntarthatósági értékelése</p> <p>Utólagos értékelés</p> <p>(Ex-post evaluation of the sustainability of electronic public administration developments)</p> <p>17 December 2010</p> | Electronic public administration measures in I. NDP (ECOP 4.3.1) | Evaluation of the sustainability and improvability of measures, satisfaction with the developments and their accessibility by residents; their effects on digital culture of officials and external users | <p>The projects solved the problems of safe storage at local governments.</p> <p>Users were satisfied with the developments.</p> <p>Longer-term maintenance and improvement is not solved.</p> <p>Financial planning was not appropriate.</p>  | <a href="http://www.nfu.hu/gvop_ertekeles_ek">http://www.nfu.hu/gvop_ertekeles_ek</a>                                       |
| <p>A projekt kiválasztási eljárásainak értékelése</p> <p>Utólagos értékelés</p> <p>(Ex-post evaluation of project selection procedures)</p> <p>19 August 2010</p>  | Selection procedures of NHDP 2007–2013                           | Assessment of experience concerning the efficiency and effectiveness of projects selection, making proposals on improvements  | <p>The MAs improved the selection procedures constantly and they managed to rectify errors.</p> <p>The choice of selection procedure had little effect on the efficiency and the efficacy regarding contribution to OP objectives.</p> <p>Co-operation and exchange of experience between MAs was very limited.</p> <p>The change of procedures is suggested only for the next period, although pilot projects could be started.</p> | <a href="http://www.nfu.hu/intezmenyfejlesztesi_ertekelesek">http://www.nfu.hu/intezmenyfejlesztesi_ertekelesek</a>         |

### **Upcoming evaluations**

The Evaluation Plan for 2011–2013 is available on the website of NDA. The evaluations planned for EDOP in the coming years are mainly concerned with economic development measures (innovation, investment support), indicators and the financial engineering programmes (e.g. Venture Capital). Another evaluation is going to concentrate on financial assets programmes, on which future proposals can be based to change regulations.

An on-going evaluation is planned to assess the developments supporting employment and is financed by several OPs. Two evaluations will focus on EAOP, one on the efficiency aspects, and the other on results and effects. An evaluation of the results and efficiency of transport development measures in TOP and ROP is also planned.

An ex-post evaluation of environmental technology development measures in various OPs is planned for 2011, so is an evaluation of the climate aspects of the institutional system. NHDP level evaluations are also scheduled with regard to financial and environmental sustainability of the programme results. An evaluation dealing with the horizontal aspect of equal opportunities is planned for 2012–2013. A prospective evaluation is also in the pipeline focusing on programmes aimed at the integration of the Roma people. An ex-post study is planned for 2011 to assess the effects of cohesion policy in 2004–2010 on territorial cohesion.

The plans for 2011–2012 concerning ROPs include evaluations focusing on tourism development, public education and one dealing with measures for barrier-free access. An on-going/ex-post evaluation covering 3 OPs aims at assessing the effects, efficiency and other aspects of logistics developments.

An “on-going” evaluation is concerned with the integrated approach of development policy in the form of case studies. Another evaluation covering all OPs will focus on the institutional aspects of integrated developments, such as the MDM Programme. The entire institutional system of NHDP is to be evaluated in 2012–2013. The ex-ante evaluations for the next programming period and the assessment of strategic environments of future OPs are also in the pipeline.

Table D below is an evaluation grid for examples of good practices in evaluation.



**Table D – Evaluation grid for examples of good practice in evaluation:**

| BASIC INFORMATION   |     |    |
|---|-----|----|
| Country: Hungary  |     |    |
| Policy area: Human Resources  |     |    |
| Title of evaluation and full reference: Cseres-Gergely Zsombor and Scharle Ágota, 2010: Az Állami Foglalkoztatási Szolgálat Modernizációjának értékelése, Budapest Intézet, Ifua Horváth & Partners. <a href="http://www.nfu.hu/hefop_ertekelesek">http://www.nfu.hu/hefop_ertekelesek</a>  |     |    |
| Intervention period covered: 2004–2008  |     |    |
| Timing of the evaluation: 2010  |     |    |
| Budget (if known): unknown  |     |    |
| Evaluator: External evaluator   |     |    |
| Methods: document analysis, interviews, surveys, focus group, multivariable difference in differences estimates (DiD)   |     |    |
| Main objectives and main findings: The evaluation focused on the I. NDP measure focusing on the modernisation of the National Employment Service. The implementation of the project was more rapid compared to others, there were delays only in the informatics component. The results of the research activities were not built in later in the case of some components. According to the interviews, the co-workers at offices were satisfied with the improvements and the quality management component was successful in enhancing awareness of procedures. The results of the research component were late and their elements were not built in. Some elements were not completed or need to be modified to harmonize with the skills of the final beneficiaries. According to the DiD estimates, the developments in HRDOP 1.2 significantly improved the chance of registered unemployed to enter the open labour market. |     |    |
| Appraisal: The range of methods used by the evaluators is broad, therefore it covered a wide range of questions. It analyses the measure in its embedding into the national employment policies and takes antecedents and continuation into consideration. Its proposals are based on robust results.   |     |    |
| CHECK LIST  | YES | NO |
| UTILITY   |     |    |
| Report Clarity and Balance  |     |    |
| Are the objectives, methods and findings of the evaluation clearly described?   | x   |    |
| Are the conclusions and recommendations clearly supported by the analysis?  | x   |    |
| Are the strengths and weaknesses of the intervention being evaluated fairly assessed and reported?  | x   |    |
| Is the outcome of the intervention clearly reported?  | x   |    |
| RELIABILITY OF FINDINGS   |     |    |
| Evaluation design   |     |    |
| Is the approach adopted by the evaluation and method used clearly set out?  | x   |    |
| Is the approach and methods suitable given the objectives of the valuation and the intervention being assessed?   | x   |    |
| Are the details of the operation of the intervention clearly described?   | x   |    |
| Are the mechanisms through which the intervention is intended to achieve its objectives clearly identified?   | x   |    |
| Context   |     |    |
| Is the socio-economic and policy context clearly set out?   | x   |    |
| Are the effects of the economic and/or policy context on the outcome of the intervention clearly described?   | x   |    |
| Information Sources   |     |    |
| Are the quantitative and/or qualitative data used suitable for the purpose for which they are used?   | x   |    |
| Is the reliability of the data fairly assessed and described?   | x   |    |
| Analysis  |     |    |
| Are appropriate procedures/techniques used to analyse the data and/or qualitative information?  | x   |    |
| Are suitable procedures used to check the validity of findings?   | x   |    |
| Is the validity of the findings reached clearly demonstrated?   | x   |    |
| Do the policy recommendations follow clearly from the findings of the analysis?   | x   |    |

## 6. CONCLUDING REMARKS – FUTURE CHALLENGES

We pointed out before that structural fund policy is considered the only development tool of the Hungarian government and in many fields for other actors of development, as well. Despite this fact, it does not seem to be able to bring about any substantial changes in the divergence of regional development due to the burdens of the “mis-governance” of the last decade as well as the crisis.

Although the policy is relatively successful in terms of speed and modesty of irregularities, there are lots of inefficiencies in implementation. These are based on the longstanding features of the policy since the first PHARE developments. The most important defects are as follows: the isolation of the development policy, the lack of co-ordination within the policy and the administrative rather than strategic governance of intervention. All of these stem from the lack of clear goals and the role of development in government policy.

The new government started to tackle the problems in the right way, starting from the strategic context and institutional incentives.

One of the most important steps of the new government was the introduction of the 10-year development strategy (New Széchenyi Plan). It provides guidelines for the improvement of current measures and the forthcoming development programmes after 2014.

It is still too early to evaluate other steps from the beginning of 2011 aiming to change the wrong incentive structure of the institutional system. The absorption figures show significant improvement in 2011, but they are not the right indicators to evaluate the changes. It seems that in this programming period only smaller modifications are to be implemented, and the significant institutional change will occur only during the next programming period.

What is promising in this context is the increasing legitimacy and strengthening role of evaluations in the decision making process. They serve first and foremost as an information tool for decision makers, and then as a tool that provides useful recommendations.

The evaluation of the changes in 2011, which is practically the impact of the new government on development policy, as well as the first results of the evaluations of the current period should be the main focus of next year's report.

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PPH Értékelő Kft.– HÉTFA Kutatóintézet [2010]: Félidőben – Az Új Magyarország Fejlesztési Terv három és fél éve

### **Annual Implementation Reports**

Jelentés a Gazdaságfejlesztési Operatív Program 2011. évi megvalósításáról (Economic Development Operational Programme. Annual Implementation Report, 2011)

Jelentés a Dél-alföldi Operatív Program 2010. évi megvalósításáról, 2011. június (Southern Great Plain Operational Programme. Annual Implementation Report, June 2011)

Jelentés a Dél-dunántúli Operatív Program 2010. évi megvalósításáról, 2011. június (Southern Transdanubia Operational Programme. Annual Implementation Report, June 2011)

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Jelentés a Nyugat-dunántúli Operatív Program 2010. évi megvalósításáról, 2010. június (Western Transdanubia Operational Programme. Annual Implementation Report, June 2011)

Jelentés a Társadalmi Infrastruktúra Operatív Program 2010. évi megvalósításáról, 2011. június (Social Infrastructure Operational Programme. Annual Implementation Report, June 2011)

Jelentés az Észak-alföldi Operatív Program 2010. évi megvalósításáról, 2011. június (Northern Great Plain Operational Programme. Annual Implementation Report, June 2011)

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Jelentés a Végrehajtás Operatív Program 2010. évi megvalósításáról, 2011. június

Report on the implementation of the Electronic Public Administration Operational Programme in 2010. June 2011

### **Nation-wide evaluations across Operational Programmes**

COWI Magyarország [2010]: Az I. Nemzeti Fejlesztési Terv környezeti fenntarthatósági értékelése. On the website of NDA: [http://www.nfu.hu/az\\_i\\_nft\\_fenntarthatosagi\\_ertekelese](http://www.nfu.hu/az_i_nft_fenntarthatosagi_ertekelese)

The evaluation is concerned about the sustainability aspects of the I. NHDP. The methods used were data analysis and qualitative techniques (surveys, case studies, interviews etc.)

Deloitte [2010]: A szennyvízberuházások technológiai rendszerválasztásának értékelése. On the website of NDA: [http://www.nfu.hu/kiop\\_ertekelesok](http://www.nfu.hu/kiop_ertekelesok)

The study focuses on the technological aspects of wastewater investments in ISPA and I. NDP by using indicator and document analysis and interviews

Ernst & Young [2010]: Az ÚMFT projekt kiválasztási eljárásainak értékelése. On the website of NDA: [http://www.nfu.hu/intezmenyfejlesztési\\_ertekelesok](http://www.nfu.hu/intezmenyfejlesztési_ertekelesok)

The evaluation deals with the selection procedures of NHDP. The analysis is mainly based on case studies which are complemented by statistical analysis and interviews.

Kopint-Tárki – PPH Értékelő Kft.– Tárki [2010] A kohéziós politika hatása a visegrádi országok foglalkoztatási szintjére és minőségére. On the website of NDA: [http://www.nfu.hu/hefop\\_ertekelesok](http://www.nfu.hu/hefop_ertekelesok)

It concentrates on the employment effect of various OP's in I. NDP. Its tools are econometrics, focus groups, surveys and a case study.

KPMG [2011]: Az Operatív Programok félidei értékeléseinek szintézise. On the website of NDA: [http://www.nfu.hu/a\\_felidei\\_ertekelesok\\_szintezise\\_2007\\_2013](http://www.nfu.hu/a_felidei_ertekelesok_szintezise_2007_2013) As a synthesis of all mid-term evaluations it uses document analysis.

### **Evaluations of measures within Operational Programmes**

AAM Consulting [2010]: A klaszteresedés és a beszállítóvá válás támogatásának értékelése. On the website of NDA: [http://www.nfu.hu/gvop\\_ertekelesok](http://www.nfu.hu/gvop_ertekelesok)

The evaluation focuses on the ECOP 1.1.3 measure of NDP which aimed at supporting clusters and supplier affiliations. The methods used are document analysis, interviews, case studies, surveys, econometrics.

Agenda Consulting, Expanzió Humán Tanácsadó, KTI [2010]: A Kis és Középvállalkozások technológia- fejlesztési beruházás támogatásának értékelése. On the website of NDA: [http://www.nfu.hu/gvop\\_ertekelesok](http://www.nfu.hu/gvop_ertekelesok)

It deals with the SME technological development measure of ECOP in I. NDP. Its methods are interviews, document analysis, surveys, data analysis and econometrics.

Agenda Consulting, Expanzió Humán Tanácsadó, KTI [2010]: A Térségi Integrált Szakképző Központok létrehozása intézkedés értékelése. On the website of NDA:

[http://www.nfu.hu/gvop\\_ertekelesek](http://www.nfu.hu/gvop_ertekelesek)

The evaluation assesses measure HRDOP 3.2.2 (I. NDP) set to create Vocational Training Centres. Its methodology comprised document analysis, data collection, analysis of public data and interviews

Cseres–Gergely Zsombor – Scharle Ágota [2010]: Az Állami Foglalkoztatási Szolgálat Modernizációjának értékelése, Budapest Intézet, Ifua Horváth & Partners. On the website of NDA: [http://www.nfu.hu/hefop\\_ertekelesek](http://www.nfu.hu/hefop_ertekelesek)

The evaluation focused on the modernisation of the National Employment Service within HRDOP 1.2. The methodology consisted of document analysis, interviews (telephone, focus group, personal), multivariable difference in differences estimates (DiD).

Hydea Tanácsadó Kft. [2010]: Az E-közigazgatás fejlesztésének fenntarthatósági értékelése. On the website of NDA: [http://www.nfu.hu/gvop\\_ertekelesek](http://www.nfu.hu/gvop_ertekelesek)

The evaluation of measures aimed at the development of electronic public administration (within ECOP 4.3.1 and 4.3.2) used qualitative tools to get “soft” data (e.g. opinions) and econometric analysis of effects on employment and costs of improvements.

KPMG [2010]: A GVOP 3.3. intézkedés értékelése. On the website of NDA: [http://www.nfu.hu/gvop\\_ertekelesek](http://www.nfu.hu/gvop_ertekelesek)

It analyses the ECOP 3.3 measure aiming at the strengthening of R&D and innovation capacities of businesses. Its methodological tools were document analysis, database analysis, interviews, survey and econometric analysis.

Magyar Értékelő Konzorcium (Mérték) [2010]: A humán erőforrás– fejlesztés regionális dimenziójának erősítését célzó beavatkozások értékelése. On the website of NDA: [http://www.nfu.hu/rop\\_ertekelesek](http://www.nfu.hu/rop_ertekelesek)

The study examines the various human resource development measures within the Regional Operational Programme in I. NDP. Its methodology consisted of document analysis, interviews, prime data collection, and econometric analysis.

Magyar Értékelő Konzorcium (Mérték) [2009]: Az Üzleti infrastruktúra–fejlesztés értékelése. Utólagos (ex post ) értékelés. On the website of NDA: [http://www.nfu.hu/gvop\\_ertekelesek](http://www.nfu.hu/gvop_ertekelesek)

The evaluation analyses the ECOP 1.2 measure aiming at the development of business incubators, industrial parks and logistics centres. The methodology consisted of document analysis, data collection and econometric analysis.

## TABLES

See Excel file for Tables 1–4:

Table 1 – Regional disparities and trends

Table 2 – Macro-economic developments

Table 3 – Financial allocation by main policy area

Table 3 CBC – Financial allocation by main policy area

Table 4 – Commitments by main policy area (by end-2010)

Table 4 CBC – Commitments by main policy area (by end-2010)

**Annex Table A – Regional economic disparities in Hungary, 1975–2007.**

(GDP per capita, Hungary = 100)

| <b>Regions (NUTS2),<br/>Counties (NUTS3)</b> | <b>1975</b> | <b>1994</b> | <b>1995</b> | <b>1996</b> | <b>1997</b> | <b>1998</b> | <b>1999</b> | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Budapest                                     | 139         | 180         | 178         | 184         | 187         | 188         | 193         | 200         | 203         | 212         | 205         | 207         | 214         | 221         | 217         | 222         | 230         |
| Pest   | 61          | 76          | 75          | 75          | 79          | 78          | 81          | 78          | 87          | 87          | 89          | 89          | 89          | 86          | 88          | 87          | 83          |
| <b>Közép–Magyarország</b>                    | <b>114</b>  | <b>146</b>  | <b>143</b>  | <b>146</b>  | <b>149</b>  | <b>149</b>  | <b>152</b>  | <b>154</b>  | <b>159</b>  | <b>163</b>  | <b>159</b>  | <b>160</b>  | <b>164</b>  | <b>166</b>  | <b>164</b>  | <b>166</b>  | <b>169</b>  |
| Fejér  | 106         | 96          | 100         | 104         | 117         | 124         | 115         | 117         | 104         | 94          | 95          | 98          | 96          | 96          | 96          | 93          | 88          |
| Komárom–Esztergom                            | 131         | 80          | 88          | 90          | 87          | 84          | 82          | 83          | 93          | 91          | 105         | 111         | 114         | 103         | 108         | 105         | 101         |
| Veszprém                                     | 116         | 80          | 85          | 81          | 81          | 81          | 82          | 84          | 84          | 79          | 79          | 78          | 75          | 72          | 76          | 73          | 71          |
| <b>Közép–Dunántúl</b>                        | <b>117</b>  | <b>86</b>   | <b>92</b>   | <b>92</b>   | <b>96</b>   | <b>98</b>   | <b>95</b>   | <b>96</b>   | <b>94</b>   | <b>88</b>   | <b>92</b>   | <b>95</b>   | <b>94</b>   | <b>90</b>   | <b>93</b>   | <b>90</b>   | <b>86</b>   |
| Győr–Moson–Sopron                            | 111         | 103         | 110         | 111         | 110         | 120         | 131         | 133         | 120         | 117         | 119         | 115         | 111         | 114         | 112         | 113         | 109         |
| Vas  | 82          | 103         | 107         | 109         | 114         | 116         | 118         | 114         | 101         | 99          | 105         | 100         | 94          | 98          | 94          | 87          | 85          |
| Zala   | 88          | 94          | 92          | 93          | 91          | 90          | 89          | 84          | 87          | 86          | 94          | 92          | 86          | 80          | 80          | 83          | 75          |
| <b>Nyugat–Dunántúl</b>                       | <b>96</b>   | <b>101</b>  | <b>104</b>  | <b>105</b>  | <b>105</b>  | <b>110</b>  | <b>115</b>  | <b>113</b>  | <b>105</b>  | <b>103</b>  | <b>108</b>  | <b>104</b>  | <b>99</b>   | <b>100</b>  | <b>98</b>   | <b>97</b>   | <b>93</b>   |
| Baranya                                      | 108         | 84          | 81          | 78          | 81          | 79          | 79          | 76          | 75          | 74          | 75          | 74          | 72          | 72          | 73          | 72          | 70          |
| Somogy                                       | 71          | 76          | 77          | 75          | 70          | 69          | 69          | 69          | 70          | 69          | 70          | 69          | 66          | 62          | 62          | 62          | 63          |
| Tolna  | 77          | 94          | 93          | 91          | 84          | 86          | 89          | 82          | 80          | 78          | 71          | 70          | 69          | 67          | 70          | 72          | 73          |
| <b>Dél–Dunántúl</b>                          | <b>88</b>   | <b>84</b>   | <b>83</b>   | <b>80</b>   | <b>78</b>   | <b>77</b>   | <b>78</b>   | <b>75</b>   | <b>74</b>   | <b>73</b>   | <b>73</b>   | <b>71</b>   | <b>69</b>   | <b>67</b>   | <b>68</b>   | <b>68</b>   | <b>69</b>   |
| Borsod–Abaúj–Zemplén                         | 111         | 70          | 75          | 70          | 69          | 68          | 66          | 64          | 63          | 62          | 63          | 66          | 68          | 66          | 66          | 63          | 61          |
| Heves  | 100         | 73          | 76          | 75          | 73          | 73          | 73          | 71          | 74          | 73          | 74          | 73          | 70          | 68          | 72          | 69          | 69          |
| Nógrád                                       | 77          | 62          | 60          | 58          | 53          | 57          | 55          | 55          | 56          | 55          | 55          | 54          | 50          | 49          | 46          | 45          | 45          |
| <b>Észak–Magyarország</b>                    | <b>102</b>  | <b>69</b>   | <b>73</b>   | <b>69</b>   | <b>67</b>   | <b>68</b>   | <b>66</b>   | <b>64</b>   | <b>65</b>   | <b>64</b>   | <b>65</b>   | <b>66</b>   | <b>66</b>   | <b>64</b>   | <b>64</b>   | <b>62</b>   | <b>60</b>   |
| Hajdú–Bihar                                  | 83          | 83          | 79          | 80          | 78          | 77          | 73          | 72          | 74          | 74          | 76          | 76          | 74          | 72          | 71          | 71          | 70          |
| Jász–Nagykun–Szolnok                         | 93          | 79          | 79          | 76          | 76          | 73          | 68          | 67          | 70          | 67          | 66          | 64          | 62          | 66          | 65          | 65          | 67          |
| Szabolcs–Szatmár–<br>Bereg                   | 59          | 62          | 62          | 60          | 58          | 57          | 55          | 56          | 57          | 55          | 58          | 56          | 55          | 53          | 54          | 52          | 51          |
| <b>Észak Alföld</b>                          | <b>77</b>   | <b>74</b>   | <b>73</b>   | <b>71</b>   | <b>70</b>   | <b>68</b>   | <b>65</b>   | <b>65</b>   | <b>67</b>   | <b>65</b>   | <b>67</b>   | <b>65</b>   | <b>64</b>   | <b>63</b>   | <b>63</b>   | <b>62</b>   | <b>62</b>   |
| Bács–Kiskun                                  | 79          | 77          | 81          | 78          | 74          | 72          | 71          | 69          | 68          | 69          | 68          | 69          | 67          | 66          | 67          | 67          | 66          |



| Regions (NUTS2),<br>Counties (NUTS3)              | 1975       | 1994       | 1995       | 1996       | 1997       | 1998       | 1999       | 2000       | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       | 2007       | 2008       | 2009       |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Békés   | 89         | 80         | 80         | 78         | 73         | 70         | 69         | 68         | 66         | 63         | 62         | 61         | 60         | 58         | 58         | 58         | 55         |
| Csongrád  | 109        | 94         | 95         | 94         | 91         | 90         | 87         | 84         | 79         | 78         | 78         | 78         | 77         | 74         | 75         | 74         | 76         |
| <b>Dél-Alföld</b>                                 | <b>91</b>  | <b>83</b>  | <b>85</b>  | <b>83</b>  | <b>79</b>  | <b>77</b>  | <b>75</b>  | <b>73</b>  | <b>71</b>  | <b>70</b>  | <b>69</b>  | <b>70</b>  | <b>68</b>  | <b>66</b>  | <b>67</b>  | <b>67</b>  | <b>66</b>  |
| <i>Maximum/minimum<br/>ratio</i>                  | <i>2.4</i> | <i>2.9</i> | <i>3.0</i> | <i>3.2</i> | <i>3.6</i> | <i>3.3</i> | <i>3.5</i> | <i>3.6</i> | <i>3.6</i> | <i>3.9</i> | <i>3.7</i> | <i>3.9</i> | <i>4.2</i> | <i>4.5</i> | <i>4.7</i> | <i>4.9</i> | <i>5.2</i> |
| <i>Maximum/minimum<br/>ratio without Budapest</i> | <i>2.2</i> | <i>1.7</i> | <i>1.8</i> | <i>1.9</i> | <i>2.2</i> | <i>2.2</i> | <i>2.4</i> | <i>2.4</i> | <i>2.2</i> | <i>2.1</i> | <i>2.2</i> | <i>2.1</i> | <i>2.3</i> | <i>2.3</i> | <i>2.4</i> | <i>2.5</i> | <i>2.4</i> |

Source: 1975: estimated by József Nemes Nagy; 1994–2007: Central Statistical Office. The maximum value of each area is underlined.

**Annex Table B – Commitments, contracts, payments**

| Year/OP                             | Total                    | Commitments      |                      | Contracted       |                      |  | Payments         |                      |  |
|-------------------------------------|--------------------------|------------------|----------------------|------------------|----------------------|--|------------------|----------------------|--|
|                                     | 2007–2013<br>EUR million | 2007–2010<br>(%) | of which 2010<br>(%) | 2007–2010<br>(%) | of which 2010<br>(%) | further<br>improvement<br>till<br>30.09.2011*<br>(%) | 2007–2010<br>(%) | of which<br>2010 (%) | further<br>improvement<br>till<br>30.09.2011*<br>(%) |
| Economic Development OP             | 3,363.3                  | 56.8             | 8.4                  | 52.9             | 10.2                 | 14.8   | 21.7             | 8.9                  | 7.2  |
| Social Infrastructure OP            | 2,096.5                  | 65.8             | 24.8                 | 55.9             | 22.2                 | 11.1   | 12.4             | 8.9                  | 10.6   |
| Implementation OP                   | 370.8                    | 51.7             | 12.7                 | 51.7             | 12.7                 | 21.0   | 36.0             | 11.9                 | 10.6   |
| West Transdanubia OP                | 545.6                    | 53.6             | 23.1                 | 45.9             | 21.4                 | 12.5   | 22.6             | 14.5                 | 12.6   |
| Electronic Public Administration OP | 421.7                    | 44.2             | 32.8                 | 44.1             | 2.8                  | 1.0  | 21.2             | 9.5                  | 4.5  |
| Central Hungary OP                  | 1,726.1                  | 71.1             | 15.0                 | 69.3             | 18.3                 | 1.4  | 28.1             | 11.3                 | 12.9   |
| South Great Plain OP                | 880.8                    | 59.5             | 38.1                 | 45.0             | 19.0                 | 10.0   | 22.6             | 12.3                 | 12.3   |
| South Transdanubia OP               | 829.6                    | 56.2             | 14.5                 | 50.9             | 17.9                 | 6.7  | 25.2             | 15.7                 | 13.8   |
| North Great Plain OP                | 1,147.1                  | 47.1             | 19.7                 | 43.1             | 19.9                 | 7.4  | 20.2             | 12.5                 | 7.5  |
| North Hungary OP                    | 1,063.2                  | 52.4             | 22.4                 | 42.4             | 21.1                 | 8.8  | 10.9             | 18.5                 | 19.2   |
| Environment and Energy OP           | 4,916.0                  | 38.7             | 13.8                 | 32.2             | 15.5                 | 13.2   | 3.0              | 3.0                  | 5.4  |
| Transport OP                        | 7,090.9                  | 77.3             | 0.1                  | 50.9             | 10.1                 | 22.0   | 12.4             | 7.2                  | 11.9   |
| Central Transdanubia OP             | 597.6                    | 52.4             | 22.7                 | 44.2             | 22.0                 | 13.2   | 20.8             | 14.1                 | 9.7  |

\*[http://emir.nfu.hu/nd/kozvel/?link=umft\\_1\\_1](http://emir.nfu.hu/nd/kozvel/?link=umft_1_1)

The exchange rate used is 275.41 HUF/EURO, but the actual value (292.1 as of 30.09.2011) induces that total funding in forints increased, and thus the reserves as well

**Annex Table C – List of all indicators in convergence regions**

| Policy Area                 | Main indicators  | 2010 | Final Target<br>2015 | Type   |
|-----------------------------|--|------|----------------------|--------|
| Enterprise support and RTDI | Change of e-business index (percentage value of best scoring EU member state)  | 0.0  | 70.0                 | Impact |
|                             | Private investments related to the interventions of the programme (induced investment) (%)   | 0.0  | 170.0                | Impact |
|                             | Growth of Gross Value Added (GVA) created by the corporate sector as a result of the programme (%)   | 0.0  | 4.0                  | Result |
|                             | The increase of enterprise R&D expenditures as a result of priority axis 1   | 0.0  | 15.5                 | Result |
|                             | The increase of registration of given EPO patents, utilization and design patents as a result of the programme (%)   | 0.0  | 30.0                 | Result |
|                             | The increase of calculated research workforce as a result of the programme (%)   | 0.0  | 8.0                  | Result |
|                             | The increase of the gross value added produced by the enterprise sector as a result of priority axis 2 – micro&small enterprises (%)                         | 0.0  | 1.5                  | Result |
|                             | The increase of the gross value added produced by the enterprise sector as a result of priority axis 2 – mid. Enterprises (%)                                | 0.0  | 1.5                  | Result |
|                             | The increase of the gross value added produced by the enterprise sector as a result of priority axis 2 – large enterprises (%)                               | 0.0  | 0.5                  | Result |
|                             | The increase of net income of the entrepreneurial sector as a result of priority axis 2 (%)  | 0.0  | 3.0                  | Result |
|                             | The increase of gross value added produced by economics, ICT and logistics services as a result of priority axis 3 (%)                                       | 0.0  | 8.0                  | Result |
|                             | Growth of service revenue of logistics centres as a result of the programme (%)  | 0.0  | 25.0                 | Result |
|                             | The decrease of the number of micro, small and medium sized enterprises without access to financing resources (loan) as a result of Priority 4 (%)           | 1.1  | 12.8                 | Result |
|                             | Access of financial mediation in the SME sector (loans outstanding/GVA) (%)  | 3.3  | 10.0                 | Result |
|                             | The outlaid capital outstanding by institutional investors operating fully or partly with private capital in the ratio of GVA produced by the SME sector (%) | 0.0  | 1.4                  | Result |
|                             | Rate of realisation of supported projects  | 57.0 | 90.0                 | Result |
|                             | The rate of outstanding equalization target group members (women, disabled people and of Roma origin) at workplaces created by the programme                 | 43.0 | 40.0                 | Result |
|                             | Growth of GVA for units of used energy at companies supported by relevant EDOP measures  | 0.0  | 80.0                 | Result |

| Policy Area                 | Main indicators   | 2010     | Final Target 2015 | Type   |
|-----------------------------|---|----------|-------------------|--------|
|                             | Jobs created  | 216.0    |                   | Core   |
|                             | Investment induced (EUR million)  | 1,008.7  |                   | Core   |
|                             | Number of information society projects  | 1,585.0  |                   | Core   |
|                             | Jobs created for men  | 123.0    |                   | Core   |
|                             | Jobs created for women  | 93.0     |                   | Core   |
|                             | Number of RTD projects  | 576.0    |                   | Core   |
|                             | Number of co-operation project enterprises-research institutions  | 174.0    |                   | Core   |
|                             | Research jobs created   | 0.0      |                   | Core   |
|                             | Number of direct investment aid projects to SME   | 11,791.0 |                   | Core   |
|                             | Number of start-ups supported   | 538.0    |                   | Core   |
|                             | Jobs created (gross, full time equivalent)  | 0.0      |                   | Core   |
| Human Resources (only ERDF) | Number of classrooms equipped with modern ICT devices   | 2,435.0  | 35,000.0          | Output |
|                             | Amount of modern complex spaces (renewed and reconstructed) suitable for higher education activity and research   | 3,972.0  | 300,000.0         | Output |
|                             | Capacity of social and child protection services institutions   | 262.0    | 9,000.0           | Output |
|                             | Implementation rate of supported projects   | 0.0      | 100.0             | Output |
|                             | The activity rate of the working age (15-64) population   | 61.6     | 65.7              | Impact |
|                             | The rate of employment of the working age (15-64) population  | 55.4     | 61.1              | Impact |
|                             | Decrease of regional disparities in the rate of capacity utilisation of out-patient specialist care   | 9.2      | 50.0              | Impact |
|                             | Increase in the percentage of people using labour market services in micro regions lagging behind   | 12.0     | 15.0              | Impact |
|                             | Decrease of micro-regional disparities in the rate of capacity utilisation of out-patient specialist care   | 16.2     | 50.0              | Impact |
|                             | Average time required for satisfying the job vacancies reported by enterprises  | 30.6     | 25.0              | Impact |
|                             | Average length of period without being a registered employee paying social security contribution within the working age population (15-64 ages) – spent 12 month or less being unemployed | 206.0    | 130.0             | Impact |

| Policy Area | Main indicators  | 2010     | Final Target 2015 | Type   |
|-------------|--|----------|-------------------|--------|
|             | Decrease in the number of hospital discharge (hospitalization index)   | 20,771.9 | 20,790.1          | Impact |
|             | Average length of period without being a registered employee paying social security contribution within the working age population (15–64 ages) – spent more than 12 months being unemployed | 587.0    | 651.0             | Impact |
|             | Increase in the number of classrooms per 100 pupils equipped with internet and ICT devices and decrease of regional disparities  | 1.9      |                   | Result |
|             | Ratio of pupils attending schools run in partnership of local authorities (in small settlements)   | 23.4     |                   | Result |
|             | Proportion of computer-user students at school   | 76.7     | 95.0              | Result |
|             | Number of participants of non-formal and informal learning activities offered by public cultural institutions  | 9.4      | 13.5              | Result |
|             | Number of library remote uses  | 60.4     | 60.0              | Result |
|             | Number of tertiary graduates in MST per 1.000 inhabitants aged 20–29   | 6.1      | 6.5               | Result |
|             | School and programme-based segregation index – grade 6   | 25.0     | 20.0              | Result |
|             | School and programme-based segregation index – grade 8   | 27.0     | 20.0              | Result |
|             | School and programme-based segregation index – grade 10  | 47.0     | 30.0              | Result |
|             | Increase in the ratio of population accessible within 15 minutes by ambulance  | 78.9     | 90.0              | Result |
|             | Number of settlements which do not reach acute in-patient and out-patient care within national standards   | 357.0    | 253.0             | Result |
|             | Proportion of population accessing specialized in-patient services of high care level hospitals within national standards  | 80.0     | 95.0              | Result |
|             | Number of health care providers involved in inter-institutional IT communication system  | 39.0     | 120.0             | Result |
|             | Proportion of digital imaging methods in diagnostics   | 38.7     | 50.0              | Result |
|             | Standardized death rate of malignant neoplasma   | 241.7    | 30,882.0          | Result |
|             | NEW START' combined indicator – Age less than 25 years   | 28.6     | 19.0              | Result |
|             | NEW START' combined indicator – Age 25 years or more   | 16.7     | 15.0              | Result |
|             | Ratio of pupils receiving vocational training in Regional Integrated Vocational Training Centres to all pupils in vocational training  | 90.5     | 50.0              | Result |
|             | Ratio of accessible (barrier-free) public services by central institutions   | 40.0     | 100.0             | Result |

| Policy Area                      | Main indicators   | 2010     | Final Target 2015 | Type   |
|----------------------------------|---|----------|-------------------|--------|
|                                  | The increase of households with broadband accessibility   | 6.0      | 10.0              | Result |
| Transport and telecommunications | The length of newly built TEN-T expressways   | 0.0      | 271.1             | Output |
|                                  | Length of the TEN-T railway network improved to have double tracks  | 0.0      | 52.0              | Output |
|                                  | Length of TEN-T railway lines developed to resist an axis load of 225 kN (with a minimum speed of 120 km/h)   | 0.0      | 456.0             | Output |
|                                  | Length of newly built main roads (resisting an axis load of 115 kN) (including non TEN-T expressways)   | 24.0     | 409.0             | Output |
|                                  | Length of main roads upgraded to resist an axis load of 115 kN (including non TEN-T expressways)  | 113.5    | 983.1             | Output |
|                                  | Improvement of the average grade of the condition of the pavement of the main road network (values evaluated by the Hungarian Public Roads Co.)                   | 1.0      |                   | Output |
|                                  | Length of the newly built metro network   | 0.0      | 7.3               | Output |
|                                  | Length of the newly built urban railway network of Budapest (without the metro)   | 0.0      | 8.3               | Output |
|                                  | Length of newly built suburban railway network of Budapest (2. track)   | 0.0      | 15.3              | Output |
|                                  | Length of upgraded urban railway network in Budapest (without the metro)  | 0.0      | 11.1              | Output |
|                                  | Length of upgraded suburban railway network of Budapest   | 0.0      | 38.7              | Output |
|                                  | Length of newly built urban railway network in cities other than Budapest   | 0.0      | 11.5              | Output |
|                                  | Length of upgraded urban railway network in cities other than Budapest  | 0.0      | 27.9              | Output |
|                                  | Growth of the volume of goods transported on the Hungarian railway network  | -1,458.0 | 1,863.0           | Impact |
|                                  | The priority's impact on the change of green-house gas (CO <sub>2</sub> , N <sub>2</sub> O, CH <sub>4</sub> ) emission  | 0.0      | -85.0             | Impact |
|                                  | The priority's impact on PM <sub>10</sub> emission in Budapest  | 0.0      | -30.0             | Impact |
|                                  | Reduction of the travelling time of the entire TEN-T network (car)  | 0.0      | 127.0             | Result |
|                                  | Reduction of the travelling time of the entire TEN-T network (truck)  | 0.0      | 87.0              | Result |
|                                  | Reduction of the travelling time of the entire TEN-T network calculated by the timetables of international express trains   | 0.0      | 98.0              | Result |
|                                  | Change in the number of people of working age, within 30 minutes' access to a town of county rank by car, projected at base annual population data (1000 persons) | 1.0      | 34.0              | Result |
|                                  | Number of people of working age, within 30 minutes' access to a town of county rank by bus,   | 0.0      | 29.0              | Result |

| Policy Area | Main indicators   | 2010  | Final Target 2015 | Type   |
|-------------|---|-------|-------------------|--------|
|             | projected at base annual population data (1 000 persons)  |       |                   |        |
|             | Change in the number of fatalities in road accidents on the road sections affected (in 10 years' average)   | -16.0 | -63.0             | Result |
|             | Growth of the volume of goods arriving at the supported centres   | 0.0   | 10,750.0          | Result |
|             | Growth of intermodal flow of goods arriving at the supported centres  | 0.0   | 2,600.0           | Result |
|             | Growth in the volume of the flow of goods transported by railway in the Záhony region   | -43.0 | 104.0             | Result |
|             | Total savings in journey time at the transport infrastructure established within the framework of the priority (aggregate of the values of 0521, 0522, 0523, 0524 indicators)                                 | 0.0   | 18,000.0          | Result |
|             | Savings in journey time in connection with the improved sections of the metro   | 0.0   | 8,600.0           | Result |
|             | Savings in journey time in connection with the improved sections of the urban railway lines in Budapest   | 0.0   | 3,300.0           | Result |
|             | Savings in journey time in connection with the improved sections of the urban railway lines in cities other than Budapest   | 0.0   | 4,200.0           | Result |
|             | Savings in journey time in connection with the improved sections of the suburban railway lines  | 0.0   | 1,900.0           | Result |
|             | Number of people with access to better transport services as a result of using the infrastructure established in the framework of the priority (aggregate of the values of 0531, 0532, 0533, 0534 indicators) | 0.0   | 1,260.0           | Result |
|             | Number of people with access to better transport services due to the development of Metro 4 in Budapest   | 0.0   | 360.0             | Result |
|             | Number of people with access to better transport services due to the development of urban railway transport in Budapest   | 0.0   | 500.0             | Result |
|             | Number of people with access to better transport services due to the development of the suburban railway transport of Budapest  | 0.0   | 150.0             | Result |
|             | Number of people with access to better transport services due to the development of urban railway transport in cities other than Budapest   | 0.0   | 250.0             | Result |
|             | Realisation ratio of supported projects (ratio of supported and implemented (concluded) projects)   |       | 100.0             | Result |
|             | Number of transport projects  | 144.0 |                   | Core   |
|             | km of new roads   | 24.0  |                   | Core   |

| Policy Area            | Main indicators   | 2010      | Final Target 2015 | Type   |
|------------------------|---|-----------|-------------------|--------|
|                        | km of new TEN roads   | 40,669.0  |                   | Core   |
|                        | km of reconstructed roads   | 113.5     |                   | Core   |
|                        | km of new railroads   | 0.0       |                   | Core   |
|                        | km of TEN railroads   | 0.0       |                   | Core   |
|                        | km of reconstructed railroads   | 0.0       |                   | Core   |
|                        | Value for timesavings in Euro / year stemming from new and reconstructed roads                        | 3,756.0   |                   | Core   |
|                        | Value for timesavings in Euro / year stemming from new and reconstructed railroads                    | 0.0       |                   | Core   |
|                        | Additional population served with improved urban transport  | 0.0       |                   | Core   |
|                        | Number of on-line public administration services offered as a result of the programme                 | 11.0      | 80.0              | Output |
|                        | Daily number of transactions of the client gate   | 320,000.0 | 63,000.0          | Output |
|                        | Use of electronic public administration services by the population as a result of the programme       | 28.0      | 50.0              | Result |
|                        | Use of electronic public administration services by the businesses as a result of the programme       |           | 90.0              | Result |
|                        | Average weekly usage of the government portal (number of single visitors)                             | 657,000.0 | 1,000,000.0       | Result |
|                        | Ratio of residential/business clients using electronic payments at the public administration agencies | 0.0       | 30.0              | Result |
|                        | Number of information society projects  | 33.0      |                   | Core   |
|                        | Number of additional population covered by broadband access   | 22,891.0  |                   | Core   |
| Environment and Energy | Municipal solid waste quantity by method of management  | 0.0       | 512.0             | Output |
|                        | Reused and recovered (also composted)   | 0.0       | 159.0             | Output |
|                        | Energy recovery   | 0.0       | 22.0              | Output |
|                        | Incinerated   | 0.0       | 42.0              | Output |
|                        | Landfill  | 0.0       | 289.0             | Output |
|                        | Volume of contaminated geological medium that has been recultivated                                   | 0.0       | 3,305.0           | Output |
|                        | Number of prepared projects   | 0.0       | 350.0             | Output |
|                        | Proportion of households supplied with public sewerage  | 0.0       | 80.0              | Result |
|                        | Proportion of wastewater connected to public sewerage treated biologically                            | 0.0       | 100.0             | Result |



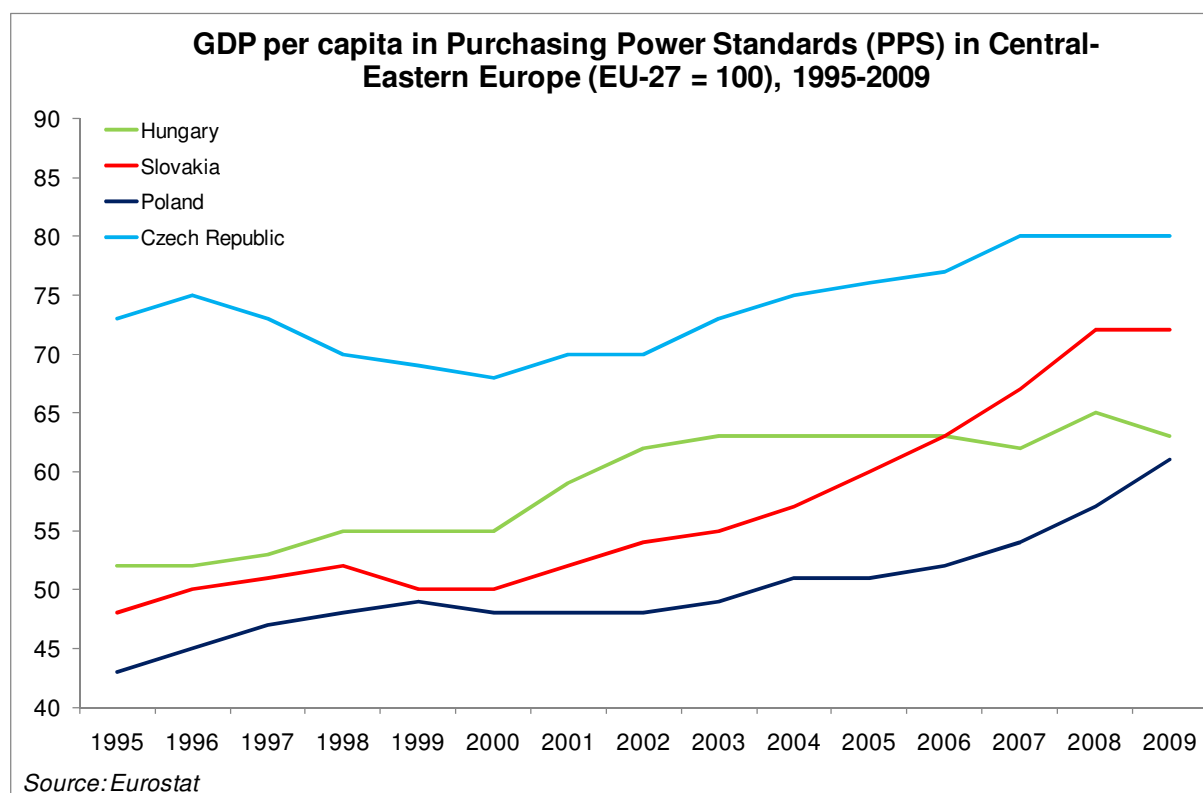
| Policy Area | Main indicators   | 2010          | Final Target<br>2015 | Type   |
|-------------|---|---------------|----------------------|--------|
|             | Number of inhabitants supplied with satisfactory quality drinking water   | 0.0           | 9,380,000.0          | Result |
|             | Proportion of ecologically adequate surface water and good quality subsurface water   | 0.0           |                      | Result |
|             | Surface waters based on hydro-morphological risk  | 0.0           | 65.0                 | Result |
|             | Surface waters based on chemical risk   | 0.0           | 62.0                 | Result |
|             | Underground waters based on chemical risk   | 0.0           | 59.0                 | Result |
|             | Underground waters based on biological risk   | 0.0           | 98.0                 | Result |
|             | Changes in the ecological state of water bodies requiring priority treatment  | 0.0           | 50.0                 | Result |
|             | Number of re-cultivated landfills   | 0.0           | 1,500.0              | Result |
|             | Aggregate change of nature conservation situation of habitats and species in the annexes of the habitat directive             | 0.0           | 110.0                | Result |
|             | Extension of areas (with infrastructural development) satisfying the conditions of natural forest and agricultural management | 0.0           | 180,000.0            | Result |
|             | Proportion of renewable energy within total electricity consumption   | 0.0           | 6.5                  | Result |
|             | Energy intensity  | 0.0           | 350.0                | Result |
|             | Energy resources saved through energy efficiency  | 0.0           | 11.0                 | Result |
|             | Percentage of "committed" environmentalists according to Eurobarometer  | 0.0           | 22.0                 | Result |
|             | Number of people reached by campaigns and model projects according to types of activity                                       | 0.0           | 90,130.0             | Result |
|             | Short term / Passive participation  | 4,611,289.0   | 70,000.0             | Result |
|             | Long term / Passive participation   | 429,879,501.0 | 20,000.0             | Result |
|             | Short term / Active participation   | 227,145.0     | 120.0                | Result |
|             | Long term / Active participation  | 40,744.0      | 10.0                 | Result |
|             | Number of renewable energy projects   | 0.0           | 600.0                | Core   |
|             | Additional capacity of renewable energy production  | 0.0           | 41.0                 | Core   |
|             | Additional population served by waste water projects  | 0.0           | 1,300,000.0          | Core   |
|             | Number of waste projects  | 0.0           | 60.0                 | Core   |
|             | Area rehabilitated (km2)  | 0.0           | 302.0                | Core   |
|             | Reduction greenhouse emissions (CO2 and equivalents, kt)  | 0.0           | 3,134.0              | Core   |

| Policy Area | Main indicators   | 2010  | Final Target<br>2015 | Type   |
|-------------|---|-------|----------------------|--------|
|             | Number of risk prevention projects  | 0.0   | 40.0                 | Core   |
|             | Number of people benefiting from flood protection measures  | 0.0   | 1,630,000.0          | Core   |
|             | Transport OP's impact on change of greenhouse gas (GHG) emission (CO <sub>2</sub> , N <sub>2</sub> O, CH <sub>4</sub> ) | 1.0   | -10.0                | Impact |
|             | Size of area affected by habitat restoration and improvement (ha)   | 428.9 | 30,200.0             | Core   |

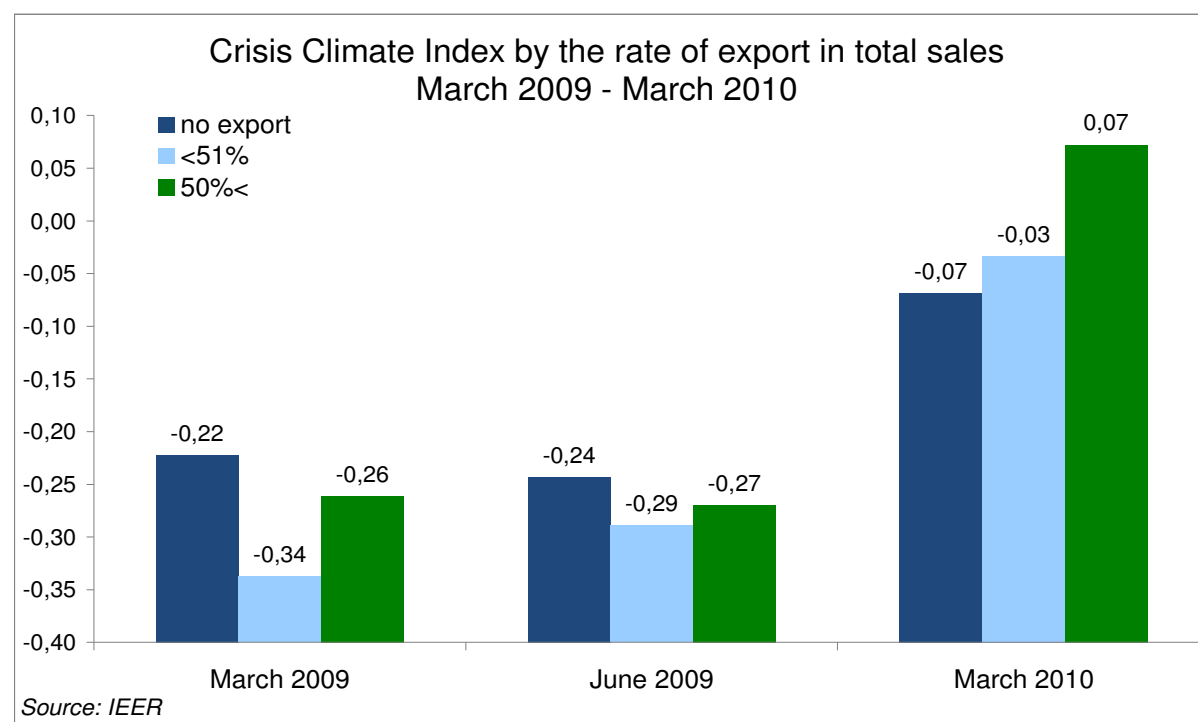
\* Note: Data marked with yellow are from 2009

## ANNEX

**Annex Figure 1 – GDP per capita in Purchasing Power Standards in Central-Eastern Europe (EU-27 = 100), 1995-2009**



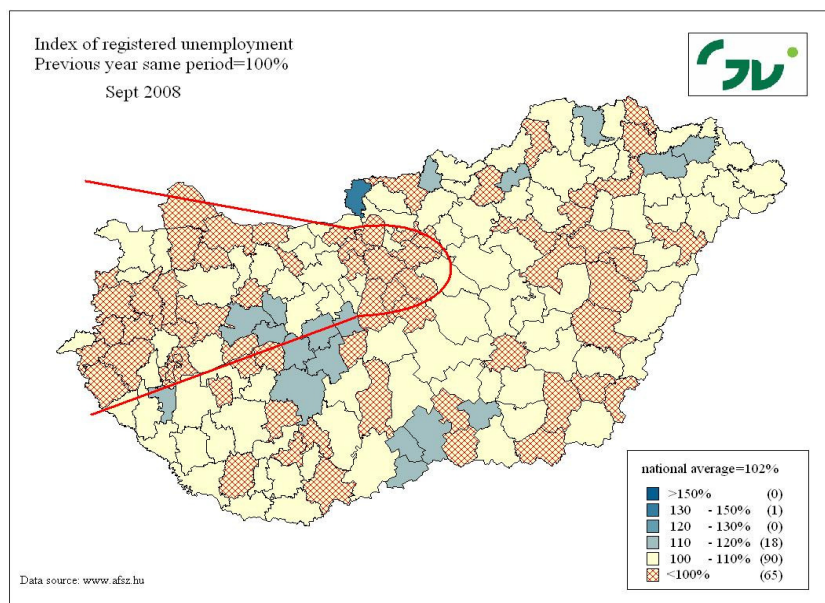
**Annex Figure 2 – Effect of crisis on export-oriented companies**



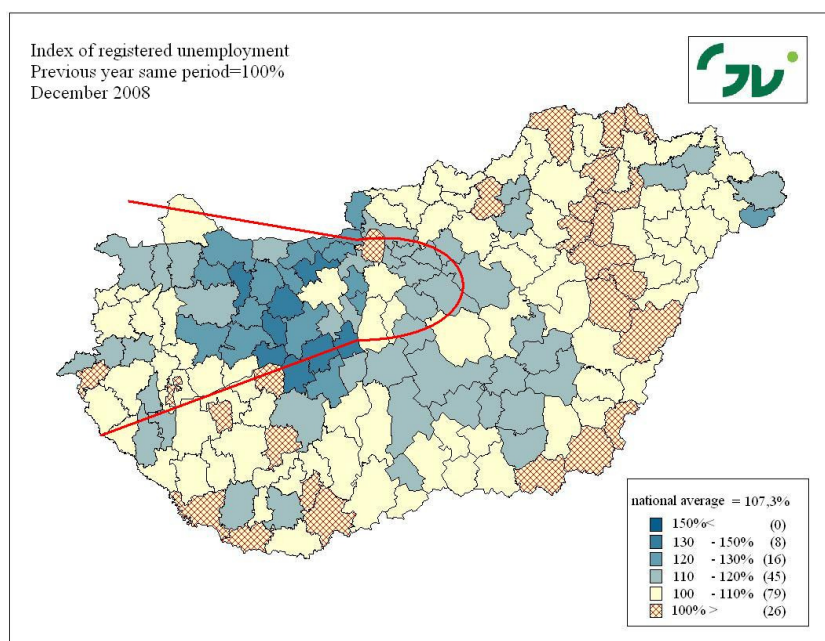
Source: Czibik et al (2010)

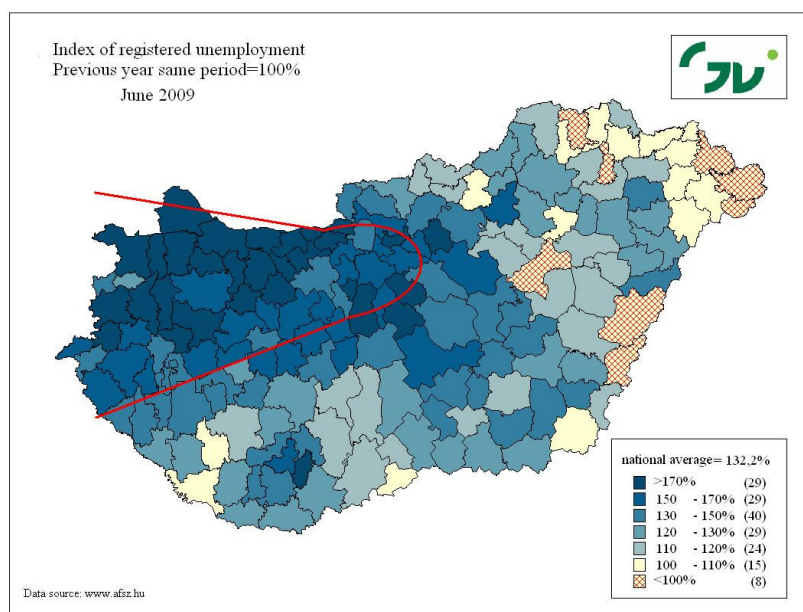
### Annex Figure 3–6: Territorial effect of crisis on unemployment – Source: Czibik et al (2010)

#### Annex Figure 3 – Unemployment in September 2008



#### Annex Figure 4 – Unemployment in December 2008



**Annex Figure 5 – Unemployment in June 2009****Annex Figure 6 – Unemployment in March 2010**