

**Position of the Commission Services
on the development of Partnership Agreement and programmes in
AUSTRIA for the period 2014-2020**

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INTRODUCTION

The European Union faces the daunting challenge of emerging from the crisis and putting economies back on a sustainable growth path. The exit strategy entails restoring sound public finances, growth-enhancing structural reforms and targeted investments for growth and jobs. For the latter, the CSF funds¹ can make an important contribution to sustainable growth, employment and competitiveness and increase the convergence of less developed Member States and regions with the rest of the Union.

In order to ensure that CSF funds deliver long-lasting economic and social impacts, the Commission has proposed a new approach to the use of the funds in its proposal for the **2014-2020 Multiannual Financial Framework**². Strong alignment with policy priorities of the Europe 2020 agenda, macroeconomic and ex-ante conditionalities, thematic concentration and performance incentives are expected to result in more effective spending. It is an approach that underlines the need for strong prioritisation and results, away from a culture of entitlement. The CSF funds will thus provide an important source of public investment and serve as a catalyst for growth and jobs by leveraging physical and human capital investment while they serve as an effective means to support the implementation of the **Country-Specific Recommendations** issued in the context of the European Semester which address in particular labour market issues, including the employment of older people and women, the provision of care services, education outcomes and drop-outs from higher education. This approach is also in line with the European Council's call of 29 June 2012 regarding the use of the Union's budget³.

CSF funds should aim at jointly fostering **competitiveness, convergence and cooperation**, by setting the right country-specific investment priorities. A general refocus of spending towards research and innovation, support to SMEs, quality education and training, inclusive labour markets fostering quality employment and social cohesion, delivering the highest productivity gains, mainstreaming of climate change objectives and shifting to a resource-efficient low carbon economy is necessary. In order to do so, planning and implementation of CSF funds have to break through artificial bureaucratic boundaries in the next programming period and develop a strong **integrated approach** for mobilizing synergies and achieving optimal impact both within countries and across borders. The Europe 2020 objectives must be mainstreamed across the different CSF funds, each of them bringing their contribution to smart, sustainable and inclusive growth. Moreover, CSF funds have a key role to play in supporting financial instruments that can **leverage private investment** and thus multiply the effects of public finance. In short, we need a carefully targeted and results oriented use of CSF funds that maximises their combined impact.

The purpose of this position paper is to set out **the framework for** dialogue between the Commission services and Austria on **the preparation of the Partnership Agreement and Operational Programmes** which will start in autumn 2012. The paper sets out the key country specific challenges and presents the Commission Services' preliminary views on the main funding priorities in Austria for growth-enhancing public expenditure. It calls for optimizing the use of CSF funds by establishing a strong link to innovation,

¹ The EU funds covered by the Common Strategic Framework (CSF), i.e. the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

² COM (2011) 500 final, COM (2011) 398 final and COM (2012) 388 final.

³ Conclusions of the European Council of 29th June 2012 (EUCO 76/12), look at: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/131388.pdf

leveraging private industry resources and promoting potential high growth sectors, to better exploit the potentials of the labour market, while ensuring the sustainable use of natural resources for future generations. There is also a need to concentrate future EU spending on priority areas to maximise the results to be obtained, rather than spreading funding too thinly. Therefore the Commission proposes to group and limit EU funding to the main challenges outlined in this position paper. National public spending should not only be used to co-finance projects but also to finance investments which are complementary and linked to EU funded projects in particular at regional and local level.

The starting point of the Commission's considerations are the assessment of Austria's progress towards its Europe 2020 targets in its Staff Working Document on the 2012 National Reform Programme and the stability programme⁴, underpinned by the Country-Specific Recommendations addressed by the Council last 10 July 2012. The position paper takes account of the lessons learnt during the 2007-2013 programming period and the Commission's legislative proposals for 2014-2020.

In a context of fiscal discipline, this position paper encourages Austria and its Bundesländer to develop and implement medium-term strategies capable of facing the challenges ahead, notably globalisation, while helping preserve the European social model. Moreover, it provides for a flexible framework for Austria and its regions to react and refocus European, national and local resources on creating growth and employment so that fiscal sustainability and growth-friendly policies go hand-in-hand and across its national borders in its territorial and geographical context, including the EU Strategy for the Danube Region, in order to have maximum impact. It invites Austria to exploit to the maximum potential synergies between the CSF funds and with other sources of EU funding in a strategic and integrated approach. This includes developing cooperation perspectives with neighbouring countries and regions as much as possible.

1. MAIN CHALLENGES

In 2011, Austria attained a level of 129% of GDP per capita of the EU average. Its Bundesländer with the exception of Burgenland are ranking above the EU average and are therefore considered as more developed regions of the Union. Due to the economic crisis, Austria suffered in 2009 from a GDP reduction of 3.8%, but recovered in 2010 and 2011 with growth rates of 2.1% and 2.7% respectively. However there are important risks ahead: as an innovation follower, Austria depends on economic progress of its main trade partners, above all Germany. Austria ranks within the top five member states as concerns research and development investments although since 2009 the share has almost been unchanged. Private sector's participation in research and development is in general low, in particular by small and medium-sized enterprises. The share of human resources employed in science and technology is below EU-27 average. Given the desired structural shift towards a more skilled-oriented economy, the potential contribution of better skills to innovation and competitiveness of the economy has to be fully exploited.

The labour market in Austria is overall very stable, with a traditionally low unemployment rate of 4.2% in 2011. However, labour market participation, especially of older people, women, youth and people with a migration background is still underdeveloped and the increasing number of young people not in employment, education or training is a matter of concern. In spite of Austria's rather favourable position regarding the main social inclusion indicators, the active inclusion of vulnerable groups appear not to be sufficient for achieving a further and long-term reduction of the

⁴ Relevant documents are available on Europe2020 website: http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm

number of people at risk of poverty and social exclusion. Furthermore, education outcomes in Austria are not at a satisfactory level yet, and there are still high achievement gaps for young people with a migration background. The share of people having completed tertiary education, especially in science, mathematics and technology, is well below EU-27 average.

Europe 2020 targets, national targets and current situation

Europe 2020 headline targets	Current situation in Austria	National 2020 target in the NRP
3% of on the EU's GDP to be invested in research and development	2.8%	3.76%
20% greenhouse gas emissions reduction compared to 1990 levels	-5.2% (2020 projected emissions compared to 2005) ⁵ -9% (2010 emissions compared to 2005) ⁵	-16% (national binding target for non-ETS sectors compared to 2005)
20% of energy from renewables	30%	34%
20% increase in energy efficiency – reduction of energy consumption in MToe*		7.16MToe
75% of the population aged 20-64 should be employed	75.2%	77-78%
Reducing early school leaving to less than 10%	8.3%	9.5%
At least 40% of 30-34 years old completing tertiary or equivalent education	23.5% (est. 33.5 % incl. ISCED 4a)	38 %
Reducing the number of people in or at risk of poverty or exclusion by at least 20 million (as compared to EU SILC data of 2008)	159,000	235,000

* Monitoring the 20% energy efficiency target in a harmonised format will follow the implementation of the Energy Efficiency Directive in April 2013.

Another challenge for Austria results from the fact that its Europe 2020 target of reducing its greenhouse gas emissions in sectors not subject to emission trading by at least 16% relative to the emissions of the year 2005, will most probably not be achieved. Austria therefore belongs to those Member States whose projections imply that they would not achieve their target in 2020 based on existing measures alone, but are expected to achieve the target if they implement additional measures that are planned, but not yet put in place. Further challenges for Austria result from the need to improve energy efficiency and from the sub-optimal use of natural resources.

Therefore, Austria's main challenges are related to innovation, the labour market, the reduction of CO2 emissions and resource efficiency.

Inefficiencies in the research and development and innovation systems and weaknesses of the business environment

According to the Innovation Union Scoreboard 2011, Austria ranks among the most innovative countries in the EU (8th member state in the ranking). However, this

⁵ Based on existing measures. Commission report *Progress towards achieving the Kyoto Objectives* COM(2012) 626, 24.10.2012

scoreboard also shows that the country has lost, within the group of "**innovation followers**", two places (from number 6 to number 8). The pressure of losing even more ranks is pertinent while the gap to countries ranked immediately above Austria is still quite big. This puts Austria at risk of failing to become a member of the innovation leader group which is one of the goals of the national Research and Technological Development Strategy adopted in 2011. In agricultural and forestry research Austria belongs to the ten weakest member states.

Research and development activities are unevenly distributed among Austrian regions: they are particularly high in Styria and Vienna but rather weak in Burgenland. This is mainly due to a concentration of universities and research institutes in certain regions, as well as important industrial clusters which also contribute to private research expenditure which also holds true for Carinthia though to a lesser extent.

The share of the Government sector in financing research and development is largely above the EU-27 average. There is leeway to increase private sector's participation in research and development, and to **increase efficiency** in the support to innovation. The **venture capital** market suffers from an unfavourable legal framework and certain disincentives for venture capital funds and investment vehicles, and conditions and financial support (risk capital and equity financing) for start-ups are not sufficiently developed.

An innovation-driven economy needs adequately skilled **human capital** and to promote **entrepreneurship** in particular in the early stage. There are **weaknesses in the transfer of innovation** and technology from research institutes to businesses, and in financing and support of enterprises, which result in relatively **low research and development** investments by small and medium-sized enterprises. Human resources in science and technology, employment in high-technology sectors and employment in knowledge-intensive services are below the EU-27 average. There is a challenge of raising tertiary attainment rates and employment in these sectors, as well as to improve the transfer of innovation into industry and services, with a view to improving the innovative capacity of the Austrian economy.

Underutilised employment potential and need to improve educational attainments

In order to reach its national employment target, Austria will have to improve labour market participation of older workers, women, migrants, young people as well as other vulnerable groups. The employment rate of **older workers** is still below EU-27 average, as is the effective retirement age. The promotion of active ageing within companies is not sufficiently developed and lifelong learning policies for older workers are not effective enough. Enhancing women's employment opportunities and reducing **gender segmentation** on the labour market is another challenge. The gap in work intensity (share of part-time work) between women and men is one of the highest in the EU, which is mainly due to an unequal distribution of care obligations and a limited availability of childcare facilities and long-term care services. Women are highly concentrated in low-wage employment, while being under-represented in decision-making and management positions. These patterns contribute to a very high gender pay gap, which is one of the factors leading to a relatively higher poverty risk for women. Youth unemployment is among the lowest in the EU, but the number of **young people** not in employment, education or training increased due to the financial and economic crisis. This situation is a matter of concern, given its negative long-term economic and social consequences.

In the context of the poverty reduction target it is a challenge to integrate **vulnerable groups** into quality employment and improve their access to social services, both in rural and urban areas. **People with a migration background**, including the Roma, constitute

an important share of Austria's workforce. However, there are high gaps in labour market performance compared to Austrian nationals, and their poverty risk is twice as high. Low education outcomes often prevent them from starting on an equal footing on the labour market, and they often face structural barriers, such as discrimination or difficulties with the recognition of qualifications and experience acquired abroad. Migrants tend to live clustered in certain areas of the larger cities (in particular Vienna and Graz) where problems are often accumulating: social and health problems, lack of employment, low quality housing or otherwise unattractive surroundings. Other groups with considerably higher-than-average poverty risks include notably people with disabilities, the low-skilled, who constitute almost half of the unemployed persons, and single women with children.

Despite high spending on education, the education system shows **low education outcomes** with below-average PISA results. Furthermore, in Austria the influence of socio-economic background on educational achievement is particularly high and achievement gaps between young people with a migration background and their native peers are among the highest in the EU. **Tertiary attainment is low** and shortages in tertiary graduates in mathematics, science and technology risk representing an obstacle to future growth. A key problem of Austrian tertiary education is **high drop-out rates** (about 40%) in universities, an issue aggravated by overcrowded programmes and limited guidance on appropriate study choices for students.

Training, information and life-long learning are also basic challenges in **rural areas**. In the farming community there is lack of awareness of new farming techniques, of European and national standards and of environmental challenges. Targeted training is not sufficiently available in the fields of research and innovation, resource and energy efficiency. In Austrian agriculture about 60% of farmers work part-time and have additional employment outside agriculture. **Employment in processing and marketing in agriculture** is well developed, while it is lagging behind in the forestry sector.

Sub-optimal use of resources and non-achieved CO₂ emission targets

Austria has committed itself to reducing its greenhouse gas emissions in non-ETS sectors by 16% compared to 2005 by 2020. According to the latest projections based on existing measures, emissions are expected to be reduced by 5.2% (compared to 2005) by 2020, leading to a substantial shortfall of the target by 10.8 percentage points. Austria has also exceeded the 2010 NEC for nitrogen oxides by about 40%. The excessive health damage cost of non-compliance is estimated at €500 million. Moreover, challenges exist in the area of recycling and waste treatment, the development of methods designed to reduce the use of materials, and the optimum consideration of mineral raw materials in the land use management. **Resource efficiency** could be improved by taking inspiration from **good practices from elsewhere**.

About 70% of utilized agricultural area is classified as less-favoured area, and mountain areas represent 57% of the utilized agricultural area. Biodiversity in forest areas is not sufficiently developed as Austrian forests are still mainly monocultures. 88% of all grasslands habitat and 91% of all forest habitat types of Community importance are in an unfavourable status. Every day, 30 ha of agricultural land are lost to non-agricultural purposes caused by new settlements and other infrastructural development and 13% of agricultural soils are threatened by water erosion. Austria has the highest EU-27 share of organic farming in agriculture (about 18%). Its agriculture is generally characterized by extensive and low-input management. However, diffuse pollution from agriculture and pressure on the hydro morphology due to agriculture are significant in all river basins. Some agricultural areas in the eastern and south-eastern parts of Austria with predominantly arable land and low precipitation face nitrate problems. Austria hosts

priority habitat types linked to extensive agriculture with many dependent bird species. At least 40% of Austria's farmland is high nature value farmland where agriculture should be managed by extensive methods. Land abandonment can trigger environmental risks. Therefore, **limiting environmental damages, both in the national and cross border context**, in agriculture and aquaculture is a main challenge.

2. PRIORITIES FOR FUNDING

The CSF funds will be an important instrument to tackle some of the main development challenges for Austria and to help implementing the Europe 2020 strategy. Each fund should give priority, when relevant, to policy areas addressed in the Country-Specific Recommendations and in the National Reform Programme. It should also ensure that the planning and implementation takes account of the cross border links and transnational coordination. For rural development and fisheries, priorities for funding will also contribute to the Common Agricultural and Common Maritime and Fisheries Policies. To this end the intervention from the CSF funds needs to be concentrated on a limited number of priorities. Experience shows that thematic concentration and prioritisation allow for an increase in effectiveness of public interventions especially when resources are scarce.

Three complementary and mutually reinforcing funding priorities are proposed hereunder in line with country-specific challenges⁶. They reflect the importance of funding needs and potential contribution to smart, sustainable and inclusive growth and jobs. There is no ranking in the presentation of the funding priorities.

These are the priorities the Commission would like to co-finance in Austria for the next programming period 2014-2020. Sufficient flexibility is built into the new programming architecture to respond to new challenges and unexpected events, which allow for reprogramming on justified grounds.

2.1 Supporting innovation, smart specialisation and the business environment for SMEs

Promoting private business investment for innovation and in research and development activities

Austria should promote private business investment for innovation and research and development activities. It should improve the availability of direct investment capital and risk (venture) capital, including private equity. Seed and start-up capital represent a major tool for establishing innovative start-ups.

With a view to its global competitive position, Austria should raise the share of technology and knowledge-intensive products and services in export revenues, by reinforcing the innovative strength of its business sector, both in the national and broader regional context, and the efficiency of the governance. The leverage effect of the funds used on research and development expenditure and the efficiency of direct and indirect support of firms should be increased.

Measures should be taken to adequately address weaknesses and bottlenecks in the transfer of innovation from research institutes to businesses, in particular small and medium-sized enterprises.

⁶ The thematic objectives in the proposed regulations and their link to the funding areas are outlined in Annex I.

Promoting entrepreneurship and commercialisation of innovation in technology and knowledge-intensive sectors

Austria's innovation performance could be fostered by promoting entrepreneurship and innovation in technology and knowledge-intensive sectors, e.g. by early-stage financing in innovative sectors, and by supporting (international) co-operation between science and economy, also within the European Strategy for the Danube Region. Austria should promote co-operation between research centres and enterprises, and international cooperation in research and development. It is crucial to attract competent and motivated researchers and fund research activities (including by private investors) as well as organise the transfer of technologies. Funds should also foster knowledge transfer and innovation in agriculture, forestry, aquaculture and rural areas.

Enhancing business innovation and competitiveness in agriculture, forestry and aquaculture, and diversifying economic activities in rural territories and supporting small infrastructures in sparsely populated areas

Austria should enhance business innovation and competitiveness in agriculture, forestry and aquaculture. It is essential to improve agricultural productivity through research, knowledge transfer, cooperation and innovation (e.g. through the European Innovation Partnership on agricultural productivity and sustainability). Furthermore, in rural areas economic diversification should be addressed in order to contribute their competitiveness and innovative capacity, e.g. via a Community-led local development by local action groups in order to involve people in local activities and to identify themselves with their regions.

2.2 Fully tap the labour market potential of older people, women, migrants and people at risk of social exclusion, and improving education outcomes

Employment, social inclusion and education should remain core concerns for Austria. CSF funds should fully tapping Austria's labour market potential by promoting active ageing in companies, enhancing gender equality and facilitating the reconciliation of work and private life. Fighting the discrimination of migrants, enhancing social inclusion of vulnerable groups, and improving education outcomes are also important fields. Thus, the relative share of CSF funds' investments dedicated to this priority should increase in comparison to the programming period 2007-2013.

Enhancing labour market participation of older workers, women and young people not in employment, education or training

In view of the relatively low employment rate of older workers and widespread early retirement, Austria should allocate more resources from the CSF funds to support **active and healthy ageing**. The employability of elderly persons needs to be enhanced through participation in effective lifelong learning measures. Active ageing has to be promoted within companies also through innovative, accessible and elderly-friendly forms of work organization. Healthier working lives should be supported through measures aimed at promoting healthy lifestyles and tackling health damaging behaviours.

With one of the highest gender pay gaps in the EU and a very high percentage of part-time work of women often linked to lack of care facilities, Austria should give a higher priority in CSF funding to **enhancing gender equality** and reducing labour market segmentation. This includes raising awareness, combating gender stereotypes in education in order to promote less gender-biased career choices, facilitating women's reintegration into high quality employment after career breaks, promoting innovative ways of work organization and improving the availability of child care and long-term care services.

While Austria has an overall relatively low youth unemployment rate, CSF funds should support the labour market integration of **young people not in employment, education or training**, who have proven a particularly vulnerable group in the context of the current crisis.

Promoting social inclusion of vulnerable groups

Although Austria is generally performing well in EU comparison regarding the main social inclusion indicators, substantial efforts are still needed to sustainably reduce the number of **people at risk of poverty or social exclusion**. It should therefore remain a priority of the CSF funds in Austria to enhance active inclusion by supporting vulnerable groups to upgrade their skills and integrate into quality employment. This is particularly important for **people with a migration background**, including the Roma, who constitute an important share of Austria's workforce and show high achievement gaps in education and on the labour market as compared to Austrian nationals. CSF funds should also implement actions to dismantle structural barriers, such as discrimination or difficulties with the recognition of qualifications and experience acquired abroad. Special focus should also be on other groups facing higher poverty risks, including people with disabilities, the low-skilled and single women with children. Local basic services, social farming and social and health infrastructure should also be strengthened. The framework of the EU Strategy for the Danube Region should be fully exploited to develop common cooperative approaches and to learn from good practices from elsewhere.

Increasing educational attainments of disadvantaged young people and raising tertiary education rates, especially in science, mathematics and technology

Given the particularly high influence of socio-economic background on education achievements in Austria, CSF funds need to enhance the focus on **reducing early school leaving of vulnerable young people**, in particular of those with a migration background and the Roma.

In view of the low **tertiary attainment** rate in Austria, CSF funds should contribute to increasing participation and attainment levels, in particular in science, mathematics and technology.

2.3 Promoting resource efficiency and reducing CO2 intensity

The rationale management of resources is one of the most important environmental and economic challenges. Resource and energy efficiency improve competitiveness and provides opportunities for new jobs while protecting natural resources. It is therefore recommended that investments into this priority receive more funding in future, in absolute and relative terms as compared to the programming period 2007-2013.

Supporting energy efficiency

Austria should support energy management systems in industry and services, small and medium-sized enterprises and in public buildings, in order to promote energy efficiency.

Promoting low-carbon strategies for urban and rural areas, in transport and industry, and the shift towards a climate resilient economy in agriculture, food and forestry

Austria should invest more in sustainable energy technologies and climate research, with a view to promote a resource-efficient and low carbon-economy. This requires the promotion of innovation in eco-technologies and renewable energy technologies, of energy efficiency in all sectors in order to reduce CO2 emissions, and of the de-

carbonisation of urban and rural transport as well as supporting innovative traffic management policies.

Promoting resource efficiency, enhancing risk prevention, risk management and environmental protection

Austria should enhance risk prevention, risk management and environmental protection (including enhancement of biodiversity, NATURA 2000 areas, and water, soil and air) in all its territories. In order to achieve the national Europe 2020 target which itself will have a positive impact on the environment, and also to promote overall resource efficiency, measures have to be intensified in a number of areas, such as research and development and innovation, traffic and transport, energy management, and general awareness. Cross border and transnational cooperation, especially in the overall context of the EU Strategy for the Danube Region, should be fully exploited.

3. SUCCESS FACTORS FOR EFFECTIVE DELIVERY

Together with financial consolidation **structural reforms** play a key role in enhancing the overall efficiency thereby the growth potential of the Austrian economy. They are a **key condition** for the successful implementation of the CSF funds which can only have optimal impact, if an appropriate policy, legal and administrative framework is in place. Therefore, the new Common Provisions Regulation will set out **ex-ante conditionalities** which are **preconditions relating to the effective and efficient use of EU Funds** which should be fulfilled by the time a programme is approved. The Commission will formally examine the consistency and adequacy of the information provided by Austria in the framework of its assessment of the Partnership Agreement and programmes. Based on experience from the current programming period and the CSRs the Commission Services have identified the following **ex-ante conditionalities as critical for the successful implementation of the above funding priorities**. The Austrian authorities need to take actions to fulfil the pre-conditions for successful spending in these areas before the start of the next programming period. Where ex-ante conditionalities are not fulfilled by the time of submitting the Partnership Agreement to the Commission, Austria will need to lay down a series of actions to be taken at national and regional level and a timetable for implementing them. All ex-ante conditionalities need to be fulfilled by the deadline agreed and at the latest within two years of the adoption of the Partnership Agreement or by 31 December 2016:

- The existence of a national or regional research and innovation strategies for smart specialisation
- The existence of a mechanism which ensures effective implementation and application of EU State aid law
- Active ageing policies are designed and delivered in accordance with the Employment Guidelines
- A comprehensive strategy is in place to Active ageing policies in accordance with the Council Recommendation of 28 June 2011
- National or regional strategies are in place for increasing tertiary education attainment, quality and efficiency in accordance with the Communication of the Commission of 10 May 2006 on delivering on the modernisation agenda for universities: education, research and innovation
- Further ex-ante conditionalities refer to administrative capacity for data collection for fisheries management and the implementation of a Union control, inspection

and enforcement system. Given the lack of experience of Austria with the implementation of the Data Collection Framework in the past, efforts need be made for full compliance with the data collection requirements under shared management. Austria is expected to draw a national strategic plan for aquaculture.

4. PRIORITIES FOR EUROPEAN TERRITORIAL COOPERATION

European Territorial Cooperation programmes should follow a strategic and ambitious approach, based on the major challenges of the border regions and programme areas, taking into account the experiences from previous programming periods, links with national policies and other Community-funded programmes, and an increased sense of partnership. Within the EU Strategy for the Danube Region, and other cooperation frameworks, Austria should promote greater coherence and transfer of good practice in relation to transport issues in transnational contexts. Austria should in particular seek to increase cargo transport on the Danube and other inland waterways, especially as Austria is coordinating the "inland navigation" priority of the Strategy. In relation to the environment, Austria should contribute to reducing the nutrient levels in the Danube, as well as addressing flood risks taking into account potential impacts of climate change. The interaction between the Strategy and projects funded by the CSF funds should be increased in order to reach a better synergy. Austria should continue its strong participation in all Priority Areas of the Strategy in order to facilitate exchange of experiences of other countries. This includes research and innovation, investing in people and skills (where Austria is co-coordinator), as well as devoting sufficient resources and attention to the role of Priority Area Coordinators and Steering Groups overall. In the cross border co-operation programmes, Austria should draw up with each of its neighbouring countries approaches addressing specific needs, including the involvement of private partners. The use of the European Groupings for Territorial Cooperation should be strongly considered when planning and implementing cooperation approaches.

ANNEX

The annex contains the arrangements for effective programming and delivery, assessment of funding needs in relation to thematic objectives and assessment of specific aspects of administrative capacities.

A. ARRANGEMENTS FOR EFFECTIVE PROGRAMMING AND DELIVERY

Structure of the programmes

The proposed 2014-2020 legislation for the CSF-funds offers flexibility to set up programmes to best match member states' institutional set-up. The balance of funding, the final number of programmes and the most suitable programme architecture will have to be developed in partnership with stakeholders in Austria and in negotiations with the Commission. Annex I of the Commission's amended proposal for the Common Provisions Regulation⁷ includes elements of the Common Strategic Framework and sets out different options for integrated approaches to programming, to achieve coordination and synergies during implementation, which Austria is encouraged to explore.

Partnership

Co-operation and an efficient partnership at all levels is the key to achieving quality of spending. Implementation arrangements such as joint monitoring committees for the CSF-funds and co-ordinated selection criteria should be explored. For rural development, the option to draw up thematic sub-programmes within a rural development programme provides the opportunity to devote closer attention to particular needs.

Given the high number of actors involved in the implementation of the different policies relevant for the CSF-funds, and the federal structure in Austria, it should be ensured that there is a proper and wide consultation of all decisional levels and relevant bodies in the preparation and implementation of the future programmes. Particular attention should be given to the involvement of social partners and non-governmental organisations and bodies specialized in non-discrimination in all phases of the process. For example, partnership in the implementation and monitoring of the European Fisheries Fund Operational Programme 2007-2013 is extensive, and involves a wide variety of stakeholders and organisations, covering both national and regional levels (aquaculture sector, environmental non-governmental organisations and regional bodies). Partnership has also been a feature of the operational programmes' development from an early stage, and some good partnership arrangements have continued during their implementation.

For the ESF, Austria has developed "Territorial Employment Pacts" on regional or local level between actors relevant for the implementation of employment and social policies, leading to innovative projects aiming at supporting people furthest from the labour market. This successful cooperation on regional or local level should be continued and possibly extended in the future also to other thematic areas, such as improving education outcomes of vulnerable youth, supporting young people not in education and training, reducing gender segmentation, improving the reconciliation of family and work, and promoting active ageing.

⁷ COM (2012) 496 final of 11.9.2012.

Financial management and control

Experience from the previous programming periods shows that strategic programming and implementation could still become more effective. The key principle of sound financial management remains the basis for the development of management and control systems. The management and control systems for 2014-2020 should build on the improvements attained in the 2007-2013 period. Austria is encouraged to reflect on how sound financial management could be further enhanced by the application of simplification, better coordination of funds and programmes and by cutting administrative costs and burden for the beneficiaries, by the wider use of e-Cohesion instruments. For rural development, Austria should ensure that the verifiability and controllability of the measures proposed are confirmed in advance by the services responsible for implementation and controls. Support needs to be granted in accordance with EU State aid rules. Financing should address real market failures and be limited to the minimum necessary, with the aim of using CSF funds efficiently, of avoiding overcompensation and limiting distortions of competition.

Co-ordination, complementarity and synergies

In the programming period 2007-2013 the coordination of the funds and their complementarity has not been exploited to their full extent. For 2014-2020, areas of intervention should be identified where the funds can be used in a complementary manner, demarcation lines between the funds should be defined; and effective coordination mechanisms between the services involved should be established by making full use of the options offered by the legislative framework to support integrated approaches (e.g. via "Integrated Territorial Investments", "Community-led Local Development", "Integrated Operations", "Joint Action Plans").

In setting up the programmes, synergies should be sought not only between the CSF-funds but also with other EU instruments such as "Erasmus for All", the "Asylum and Migration Fund", the "Programme for Social Change and Innovation", the "LIFE" programme, the "Creative Europe" Programme and the antidiscrimination strand of "PROGRESS", which will be integrated in the "Fundamental Rights and Citizens programme" as of 2014, as well as with the "Energy Challenge of the Horizon 2020 programme" for all activities contributing to the EU 2020 energy policy targets. Synergies with the "Connecting Europe Facility" can be explored establishing the interfaces and interconnection with the "TEN-T Core Network Corridors" in Austria (Helsinki-Valletta through the Brenner, Baltic-Adriatic and Danube). It is important to ensure co-ordination at national and/or regional level, in order to avoid duplication of efforts and to identify areas where additional financial support is needed from different funds and/or instruments, and make use of good practices and/or innovative actions identified at EU or national and/or regional level.

"Integrated Territorial Investments" (ITI) for cohesion policy allow the implementation of parts of programmes in a cross-cutting manner and can provide flexibility below programme level to implement integrated actions. Where this mechanism is selected, Austria should define for each ITI an appropriate governance structure and in particular designate a management body. Allocations to the ITI should be defined in the programmes (for example, on the basis of integrated strategies for sustainable urban development).

The Partnership Agreement should set out the contribution to the integrated approach for **territorial development**; including - where appropriate - a planned integrated approach for sustainable **urban development**. It should identify either the cities where sustainable

urban development strategies would be implemented or the principles established for their identification.

Community-led Local Development offers an integrated bottom-up approach in response to complex territorial and local challenges through the involvement of local communities. Austria is invited to explain its approach as regards this instrument across the CSF-funds by indicating the main challenges, objectives and priorities, the type of territories, the role of local action groups and of different CSF-funds and co-ordination mechanisms. Austria should also indicate the way in which the preparatory support will be made available for local actors.

B. ASSESSMENT OF FUNDING NEEDS IN RELATION TO THEMATIC OBJECTIVES

The following sections present the Commission Services' view on priorities for CSF funds for Austria. They have been developed on the basis of the Commission services in depth country analysis⁸ and selected from the 11 thematic objectives, which stem from the Common Provisions Regulation⁹ for CSF funds adopted by the Commission on 6 October 2011. These 11 thematic objectives translate the Europe 2020 strategy into operational objectives to be supported by the CSF funds. Annex I of the Commission's amended proposal for the Common Provisions Regulation includes elements of the Common Strategic Framework and sets out different options.

The 11 thematic objectives are common for cohesion, rural development and the maritime and fisheries policies; they ensure that interventions under these policies are aligned towards the achievement of joint objectives, those of Europe 2020. They provide a menu of possible funding objectives for the whole of the EU. According to each member state's specific situation a more focussed selection is then made in agreement with the national authorities. The challenges and funding areas for Austria correspond to the following thematic objectives:

Funding priorities	Related thematic objectives
Supporting innovation, smart specialisation and the business environment for small and medium-sized enterprises	<ul style="list-style-type: none"> • Strengthening research, technological development and innovation • Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector and fisheries and the aquaculture sector
Fully tap the labour market potential of older people, women, migrants and people at risk of social exclusion, and improving education outcomes	<ul style="list-style-type: none"> • Promoting employment and supporting labour mobility • Promoting social inclusion and combating poverty • Investing in education, skills and lifelong learning
Promoting resource efficiency and reducing CO2 intensity	<ul style="list-style-type: none"> • Supporting the shift towards a low-carbon economy in all sectors • Protecting the environment and promoting resource efficiency

⁸ SWD(2012) 323 final; look at: http://ec.europa.eu/europe2020/pdf/nd/swd2012_austria_en.pdf

⁹ COM(2012) 496 final, 11.9.2012, 2011/0276 (COD); look at:

http://ec.europa.eu/regional_policy/what/future/proposals_2014_2020_en.cfm#1

**FUNDING PRIORITY: SUPPORTING INNOVATION, SMART SPECIALISATION AND THE
BUSINESS ENVIRONMENT FOR SMALL AND MEDIUM-SIZED ENTERPRISES**

The objectives of the funding priority "**Supporting innovation, smart specialisation and the business environment for small and medium-sized enterprises**" will be achieved primarily by the thematic objectives "Strengthening research, technological development and innovation" and "Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector and fisheries and the aquaculture sector".

Thematic objective: Strengthening research, technological development and innovation

For this thematic objective the funding priority translates into the following sub-priorities and specific objectives reflecting country specific challenges to be supported by the CSF-funds, and by an appropriate smart specialisation or innovation strategy:

1. Promoting private business investment in research and development activities
 - Promoting business investment in research and innovation, technology transfer, social innovation, clusters and open innovation in small and medium-sized enterprises through smart specialisation.
 - Adequately address weaknesses and bottlenecks in the transfer of innovation and technology from research institutes to businesses, in particular small and medium-sized enterprises. Special attention needs to be paid to the synergetic management of issues (innovation and ageing, innovation and environment).
2. Promoting entrepreneurship and innovation in technology and knowledge-intensive sectors
 - Promote a considerable increase of the number of enterprises in the private sector systematically engaged in research and development.
 - Intensifying direct investment capital and risk (venture) capital support including private equity as seed and start-up capital when financing innovative enterprises, especially in service sectors, and for certain clusters.
 - The availability of early stage risk capital (i.e. seed and start-up private equity) should increase and be co-financed with CSF funds.
3. Strengthening (international) co-operation to strengthen research, technological development and innovation
 - In the framework of the EU Strategy for the Danube Region, Austria needs to promote innovation, e.g. through centres for technology transfer, education on innovation (e.g. through joint university degree programmes and joint lectures), innovation vouchers, exchange of experience etc.
 - In the context of territorial cooperation, Austria needs to attract competent and motivated researchers and fund research activities (including by private investors) as well as organise the transfer of technologies.
 - Promote (international) co-operation between research centres and enterprises.

4. Enhancing innovative use of eco-system services and eco-innovation

- Improve implementation of the results of research and development into marketable innovations, especially with a view to measures compatible with the environment and the climate change, for example support of activities leading to a better efficiency in the waste water treatment processes as well as treatment of waste products and micro-pollutants.
- In view of linking growth with sustainable use of resources, make best use of the potential for improving the innovation climate and for changing the understanding of businesses in relation to the environment, compliance and eco-innovation.

Assuring performance of investments by CSF funds under this thematic objective requires meeting the relevant ex-ante conditionality. In addition the following success factors would improve governance and delivery: in the context of the EU Strategy for the Danube Region, and other cooperation frameworks, Austria needs to draw for example on experience from elsewhere to provide business start-up permissions within four weeks by 2015 and to establish a cluster network for the Strategy by 2013.

Actions under this thematic objective may contribute, if relevant, to related interventions identified under thematic objective 3, 4 and 6.

Thematic objective: Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector and fisheries and the aquaculture sector

For this thematic objective the funding priority translates into the following sub-priority and specific objectives:

1. Enhancing business innovation and competitiveness in agriculture, forestry and aquaculture
 - Fostering knowledge transfer, research and innovation in agriculture, forestry, aquaculture and rural areas
 - Strengthen research, advisory services and training in the fields of new environmental-friendly efficient production methods, water and soil management, processing and marketing, renewable energies and innovation in general.
 - Foster innovation in the intensive aquaculture production; increase consumers' awareness about the fisheries and aquaculture food produced from sustainable sources; foster innovation in the maritime equipment sector and emerging maritime economic sectors.
2. Diversifying economic activities in rural territories and supporting small infrastructures in sparsely populated areas
 - Enhancing competitiveness in rural areas for example by increased use of information and communication technologies. For promoting competitiveness of small and medium-sized enterprises, certain weaknesses and bottlenecks in human resources should be adequately addressed.

- Facilitating restructuring of farms facing major structural problems, notably farms with a low degree of market participation. Support farms in need of agricultural and non-agricultural diversification.
- Facilitating generational renewal in the agricultural sector.
- Facilitating new or improved products, processes, technologies, and management and organisation systems across all levels of the supply chain in the agriculture and aquaculture sectors to drive competitiveness and value-adding capacity.
 - Support the set-up of producer groups and the improvement of processing and marketing and the development of new agricultural and forestry products.
 - Support investments in physical assets which are targeted to the analysis of needs, taking into account the restructuring of sectors, food quality, animal-friendly husbandry, energy efficiency and add value to agricultural and forestry products.
 - Provide strengthened support for business development, business skills and entrepreneurship in aquaculture to enhance its competitiveness, viability and sustainability.

Actions under this thematic objective may contribute, if relevant, to related interventions identified under thematic objectives 1, 4 and 6.

FUNDING PRIORITY: EXPLOITING THE LABOUR MARKET POTENTIAL OF OLDER PEOPLE, WOMEN, MIGRANTS AND PEOPLE AT RISK OF SOCIAL EXCLUSION; AND IMPROVING EDUCATION OUTCOMES

The objectives of the funding priority "**Exploiting the labour market potential of older people, women, migrants and people at risk of social exclusion, and improving education outcomes**" will be achieved primarily by thematic objectives "Promoting employment and supporting labour mobility", "Promoting social inclusion and combating poverty" and "Investing in education, skills and lifelong learning".

Thematic objective: Promoting employment and supporting labour mobility

Europe 2020 headline target	Current situation	National 2020 target in the NRP
75% of the population aged 20-64 should be employed	75.2%	77-78%
<p>Country Specific Recommendation:</p> <p>Bring forward the harmonisation of the statutory retirement age between men and women; enhance older workers' employability and monitor closely the implementation of the recent reforms restricting access to early exit channels in order to ensure that the effective retirement age is rising including through linking the statutory retirement age to life expectancy.</p> <p>Take steps to reduce the effective tax and social security burden on labour especially for low income earners with a view to increasing employment rates for older persons and women given the need to counteract the impact of demographic change on the working population. Shift the tax burden in a budgetary neutral way, towards real estate taxes, and environmental taxes. Reduce the high gender pay gap and enhance full-time employment opportunities for women, notably through the provision of additional care services for dependants.</p>		

For this thematic objective the funding priority translates into the following priorities and specific objectives reflecting country specific challenges to be supported by the CSF funds:

1. Active and healthy ageing
 - Enhance older workers' employability and participation in effective lifelong learning measures tailored to their needs.
 - Develop innovative, accessible and elderly-friendly forms of work organization and promote active ageing cultures within companies to maintain older workers longer in employment
 - Support healthier working lives through the development and implementation of measures aimed at promoting healthy lifestyles and tackling health damaging behaviours, and reduce early retirement due to ill health.
 - Improve the effectiveness of measures to keep older workers longer in employment, and use ICT to improve their professional digital skills
2. Equality between men and women and reconciliation between work and private life
 - Reduce labour market segmentation, enhance gender equality on the labour market and facilitate the reconciliation of work and private life.
 - Further raise awareness and mobilize economic and social partners to address gender segmentation, the gender pay and pension gap, as well as unequal distribution of unpaid care work.
 - Tackle gender stereotypes in education and training systems, promote less gender-biased career choices, and facilitate women's promotion into management positions.
 - Promote innovative ways of work organization, including teleworking and flexible working arrangements allowing people to combine informal care duties with work and develop innovative solutions for the provision of child care and long-term care services.
3. Sustainable integration of young people not in employment, education or training (NEET) into the labour market
 - Ensure the smooth transition from school to work through measures effectively targeted to the needs of disadvantaged young people, in particular for those with a migration background, including through non-formal measures.
 - Promote integrated measures outside the remit of the school administration and the employment service to reach out to young people not in employment or education.

Actions under this thematic objective may contribute, if relevant, to related interventions identified under thematic objective 1, 3, 4, 6, 9 and 10.

Thematic objective: Promoting social inclusion and combating poverty

Europe 2020 headline target	Current situation	National 2020 target in the NRP
Reducing the number of people at risk of poverty or exclusion by 20 million in the EU (as compared to EU SILC data of 2008)	159,000	235,000
Country Specific Recommendation:		
Take further steps to strengthen the national budgetary framework by aligning responsibilities across the federal, regional and local levels of government, in particular by implementing concrete reforms aimed at improving the organisation, financing and efficiency of healthcare and education.		

For this thematic objective the funding priority translates into the following priorities and specific objectives reflecting country specific challenges to be supported by the CSF funds:

1. Active inclusion
 - Support vulnerable groups and those furthest from the labour market to upgrade their skills and integrate them into quality employment, including people with a migration background, Roma, people with disabilities, the low-skilled and single women with children.
 - Support initiatives in the social economy and social entrepreneurship.
 - Reduce health inequalities by raising awareness and promoting prevention among disadvantaged groups.
 - Contribute to overcoming structural barriers which migrants, including the Roma, are facing on the labour market, in particular the recognition of qualifications and experience acquired abroad, as well as discrimination
2. Support for physical and economic regeneration of deprived urban areas. Address challenges faced by people with a migration background, including the Roma, living clustered in certain areas of larger cities through sustainable and integrated urban actions funded by Integrated Territorial Investments.
3. Invest in health and social infrastructure which contribute to national, regional and local development, reducing inequalities in terms of health status and transition from institutional to Community-based services
 - Strengthen local basic services and social and health infrastructure, in particular child care and long-term care services.
4. Promoting social inclusion, poverty reduction and economic development in rural areas, with a focus on the following fields:
 - Support local development strategies implemented via a Community-led local Development by local action groups in order to contribute to social inclusion in rural areas, to involve people in local activities and to identify themselves with their regions
 - Promoting social farming in order to improve social inclusion

Actions under this thematic objective may contribute, if relevant, to related interventions identified under thematic objectives 3, 8 and 10.

Thematic objective: Investing in education, skills and lifelong learning

Europe 2020 headline target	Current situation	National 2020 target in the NRP
The share of early school leavers should be under 10%	8.3%	9.5%
At least 40% of 30-34 years old should have completed a tertiary education	23.5% (est. 33.5 % incl. ISCED 4a)	38 %
Country Specific Recommendation:		
Continue to implement measures to improve educational outcomes, especially of disadvantaged young people. Take measures to reduce drop-outs from higher education.		

For this thematic objective the funding priority translates into the following priorities and specific objectives reflecting country specific challenges to be supported by the CSF funds:

1. Reducing early school leaving and promoting equal access to good quality early-childhood, primary and secondary education
 - Provide targeted support for vulnerable young people, in particular those with a migration background including the Roma, to reduce early school leaving among this group.
 - Increase participation in early-childhood education, in particular of children with a migration background, including the Roma, and tackle deficits in the German language at an early age.
 - Focus support on school types and/or schools which accommodate most of the disadvantaged pupils.

2. Improving the quality, efficiency and capacity of tertiary and equivalent education with a view to increasing participation and attainment levels.
 - Reduce drop-outs from higher education and enhance tertiary attainment rates, especially in science, mathematics and technology, through innovative projects.
 - Increase higher education participation and attainment rates among under-represented groups.

3. Investing in education, relevant skills and lifelong learning by developing education and training infrastructures.
 - Improve infrastructure in support of investments in education and training particularly with a view to reducing territorial disparities and fostering non-segregated education and increasing the responsiveness of education and training systems to evolving patterns of skills needs and demands.
 - Invest in universities including those for applied sciences ('Fachhochschulen') to enhance their capacities to meet future demand of workforce skills.

Actions under this thematic objective may contribute, if relevant, to related interventions identified under thematic objectives 1, 3, 4, 6, 8 and 9.

FUNDING PRIORITY: PROMOTING RESOURCE EFFICIENCY AND REDUCING CO2 INTENSITY

The objectives of the funding priority "Promoting resource efficiency and reducing CO2 intensity" will be achieved primarily by thematic objectives "Supporting the shift towards a low-carbon economy in all sectors" and "Protecting the environment and promoting resource efficiency".

Thematic objective: Supporting the shift towards a low-carbon economy in all sectors

Europe 2020 headline target	Current situation	National 2020 target in the NRP
20% greenhouse gas emissions reduction compared to 1990 levels ¹⁰	-5.2% (2020 projected emissions compared to 2005) ¹¹ -9% (2010 emissions compared to 2005) ¹¹	-16% (national binding target for non-ETS sectors compared to 2005)
20% of energy from renewables	30%	34%
20% increase in energy efficiency – reduction of energy consumption in MToe		7.16MToe***

* Monitoring the 20% energy efficiency target in a harmonised format will follow the implementation of the Energy Efficiency Directive in April 2013.

For this thematic objective the funding priority translates into the following priorities and specific objectives related to renewable energy and energy efficiency:

1. Supporting energy management systems in industry and services, small and medium-sized enterprises and public buildings
 - Regarding energy management, accelerate programmes in the production and manufacturing sectors and put emphasis on the utilisation of energy saving potential in companies as well as on a regional level, and reinforce the promotion of the use of energy efficient technologies and processes.
 - Via the "master plan green jobs", promote both the creation of "green jobs" and the training of "energy managers". Energy audits and energy counselling for households, municipalities, and companies have to be supported, and for raising the awareness of energy efficient behaviour, relevant information campaigns have to be carried out.
 - Orient public support schemes towards a long-term cost-effective renewable energy mix and their adaptation to cost reductions as technology develops.
 - Integrated urban actions could comprise the use of CO2-free energy forms and technologies to store energy; rehabilitation of public buildings to low energy standards, including conversion to CO2-free energy sources; and within a "smart cities" approach, a delimited urban area in which inhabitants should, through

¹⁰ 30% if the conditions are right

¹¹ Based on existing measures, Commission report *Progress towards achieving the Kyoto Objectives* COM(2012) 626, 24.10.2012

appropriate measures, save a maximum of CO₂. Technological measures in urban areas could include photovoltaic and geothermal energy, energy efficiency of public buildings, smart energy systems, and the increase of energy efficiency in enterprises.

- For buildings, three pillars should be prioritised: nearly-zero energy for existing buildings, nearly-zero energy for new buildings in a wider area (e.g. neighbourhood), and use of renewable energy sources.
2. Promoting low-carbon strategies for urban and rural areas, in transport and in certain industries.
 - Develop, implement or extend urban mobility plans and mobility infrastructure, with a view to a shift of transport and traffic to sustainability, including the management of the traffic volume. This may include the promotion of alternative fuels, battery-powered vehicles and a higher attractiveness of public transport and pilot projects for innovative environmental measures in urban areas.
 - Engage in developing environment-friendly and low carbon multimodal transport solutions through ITC and innovative procedures.
 - Implement and/or extend sustainable urban mobility plans including innovative infrastructures for mobility, and support pilot projects in this context.
 3. Promoting resource efficiency and the shift towards low-carbon and climate resilient economy in agriculture, food and forestry.
 - Promote production of renewable energy with limited impacts on environment such as indirect land use change and deterioration of water, soil and biodiversity.
 - Promote eco-system-based approaches to conserve and enhance natural carbon sequestration (forests, soils, peat lands, grasslands).

Actions under this thematic objective should make use of adequate financial engineering instruments.

Actions under this thematic objective may contribute, if relevant, to related interventions identified under thematic objective 1, 3 and 6.

Thematic objective: Protecting the environment and promoting resource efficiency

For this thematic objective the funding priority translates into the following priorities and specific objectives reflecting country specific challenges to be supported by the CSF funds:

1. Restoring, preserving and enhancing ecosystems dependent on agriculture, aquaculture and forestry
 - Promote organic farming and support farming in less-favoured areas like mountain areas and areas with specific handicaps.
 - Improve resource efficiency on all levels of the agricultural holdings.
 - Promote actions to exploit re-growing CO₂ storing raw materials such as wood, and to enhance recycling of existing substances and waste, the development of

methods designed to reduce the use of materials, and the optimum consideration of mineral raw materials in the land use management.

- Support active management of agricultural, forest and aquaculture habitats and restoration of rivers.
- Promote sustainable forest management (diversification of stand composition - more broadleaves, increase biodiversity; game density regulation; reducing storm damage by adapting stand structures and fragmentation of ownership).
- Support should also be given to improve the drinking water quality and to tackle diffuse pollution from agriculture in certain rural areas.

2. Enhancing risk prevention, risk management and environmental protection

- Promoting investment to address specific risks, ensure disaster resilience and develop disaster management systems
 - Maintain support for less-favoured mountain areas and areas with specific handicaps in order to preserve environmentally sensitive areas including the prevention of erosion.
 - Develop risk prevention and risk management plans nationally and in cooperation with neighbouring countries.
- Preserving biodiversity and improving soil, air and water management
 - Promote targeted agro-environmental schemes which help to reach the targets of relevant EU strategies like the Biodiversity Strategy, and directives, such as the Water Framework Directive, and deliver results for conservation objectives for the NATURA 2000 sites in compliance with the Prioritised Action Frameworks.
 - Targeted agro-environmental measures with clarity are needed to preserve the High Nature Value farming areas.
 - Support measures to reduce emissions of ammonia to air from agriculture.
 - Focus on agro-environment climate actions which are well targeted to specific problems (soil, water, wetlands) in specific areas.
 - Promote closer co-operations between farmers, foresters and researchers.
 - Support measures to tackle certain soil pressures, such as soil sealing, erosion, loss of organic carbon recorded in agricultural soils especially in order to protect the environment and scarce forest and agricultural land.

Actions under this thematic objective may contribute, if relevant, to related interventions identified under thematic objectives 1, 3 and 4.

C. ADMINISTRATIVE ARRANGEMENTS

General assessment of administrative capacities

The Austrian administration has demonstrated its ability to manage the CSF funds. The level of assurance obtained concerning the effectiveness of the current systems in place can be classified as adequate in terms of monitoring and control. However it will be a challenge for Austria to adapt the current administrative structures in order to be in line with the Common Provisions for the new programming period. A possible issue of concern might be the provision of adequate the resources to run the programmes, given budgetary constraints for public administration, in particular with the high number of very small programmes (for example, for the EMFF) and budgets and limited numbers of staff. Resources should be pooled in the most efficient way.

For the CSF funds, the administrative burden can be reduced both at federal and regional level and for the final beneficiaries while still ensuring sound management. Managing authorities should design programmes where measures are clearly set up and tailored to the regions' needs. Measures should not be too complicated with respect to controls and in order to avoid high error rates. For rural development, Austria should ensure an effective and efficient control environment and be able to conform in advance the operability of its control system. Training should be ensured where appropriate, thus facilitating the understanding of new legal provisions on national and EU level. Coordination between the federal and regional levels should be improved.

The administrative structure for the ERDF is currently open. Certain weaknesses and bottlenecks have been discovered for the audit and certifying authorities, and also for certain managing authorities. The audit authority is well placed in the Federal Chancellery but insufficiently staffed. The certifying authority must have a better understanding of its role in the Management and Control System, and its location in the same directorate as the audit authority should be reconsidered.

Regarding the ESF, simplified cost options should be used more widely in 2014-2020 to reduce administrative burden. The current ESF OPs are implemented within a rather complex administrative set-up, involving delegation of functions to a number of intermediary/implementing bodies. In future, the administrative set-up should take into consideration the following: a) the delegation of audit and certifying functions has been a matter of concern in the current phase and could therefore be reconsidered. One central audit body and one central certifying authority would be the preferable option. The delegation of functions of the management authority needs to be carefully designed and implemented with the necessary control mechanisms to ensure the final overall responsibility of the management authority; b) it will be important to create a common understanding of financial eligibility rules between all actors concerned, in particular the managing authority and intermediary bodies, and between audit authority and beneficiaries; c) the involvement of the Bundesländer as ESF implementing bodies within the Territorial Employment Pacts has been important to identify and implement integrated solutions to regional development needs in the fields of employment, education and social inclusion. It could be considered to enhance their role in the future.

For a future EMFF programme, important changes will be required in the administrative set-up of the Managing Authority in view of the fact the future EMFF is aligned with the Common provisions and harmonised through the new Financial Regulation.

For the current Rural Development Programme 2007-2013, the administrative performance is of high quality despite the limited administrative capacities of the managing authority. There might be a need to increase the capacities, taking into account

additional tasks (e.g. extended monitoring and evaluation, reporting). Coordination mechanisms between the Rural Development Programme and programmes supported by other EU funds should be clearly outlined in all programmes concerned.

Horizontal principles

The horizontal principles of gender equality, equal opportunities, non-discrimination including accessibility for disabled persons, social innovation, transnational cooperation and sustainable development have to be taken into account when designing and implementing the programmes. In particular, sustainable development considerations should be integrated in the preparation of the future operational programmes, in particular those promoting energy issues and competitiveness, while taking into account resource efficiency considerations with the selection and implementation of projects. The impacts of programmes on biodiversity should be evaluated, and green public procurement should be applied in a systematic manner. The impact of horizontal principles has not always been clearly evident in the current programming period, and should be enhanced in the new programming period by providing better and more precise guidance on those principles' objectives and their implementation. Special attention should be paid to including vulnerable groups at risk of discrimination, in particular people with a migration background and ethnic minorities, in all ESF key actions. The ERDF could in particular contribute to implementing the horizontal principle of ensuring equal opportunities by supporting specific actions to improve accessibility of infrastructure. The environment should continue as a cross-cutting theme in accordance with Article 8 of the proposed General Provisions Regulation. In this respect legal requirements of the environmental "acquis", in particular as regards environmental infrastructure and actions required, as well as commitments in key environmental policies should be respected, and environmental requirements are to be mainstreamed in all policy areas. Austria can exploit synergies with non-shared management funds and use the LIFE-Programme to promote integrated projects to be co-financed under the CSF funds. In order to reach the above targets Austria is encouraged to develop eco-conditionality criteria, introduce resource-efficiency approaches and introduce green public procurement.