



Objective 3 – European Territorial Cooperation

Operational Programme

**CROSS-BORDER COOPERATION
SLOVENIA – AUSTRIA 2007–2013**

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1. INTRODUCTION

1.1 Relevant background

The European Union cohesion policy intends to strengthen the Community's economic and social cohesion in order to promote a harmonious, balanced and sustainable development of the Community, while at the same time reducing the economic, social and territorial disparities arisen especially in countries and regions lagging behind, and speeding up their economic and social restructuring, in line with Article 158-161 of the Treaty.

The current INTERREG Community Initiative supports cross-border, transnational and interregional cooperation. Its aim is to promote cooperation between the regions at EU borders, to strengthen economic and social cohesion, as well as balanced and sustainable development of the European territory, to strengthen territorial integration between the Member States, and the candidate and applicant countries.

For the next programming period new objectives have been defined in the field of cohesion policy:

- The convergence objective
- The regional competitiveness and employment objective
- The European territorial cooperation objective

One of the major changes to be introduced within the framework of reforms on regional policy is that more emphasis will be put on the INTERREG Community Initiative, based on its success and the justification for its development. It will be transformed to one of the objectives of the cohesion policy under the name "European Territorial Development". Regarding the scope of assistance, the European territorial cooperation objective of the 2007-2013 programming period focuses its assistance provided by the ERDF on three main cooperation fields:

- The development of cross-border economic, social and environmental activities through joint strategies for sustainable territorial development
- Strengthening of transnational cooperation through actions related to the Community priorities, and promoting integrated territorial development
- Reinforcement of effectiveness of regional policies by promoting inter-regional cooperation through exchange of experience at appropriate territorial level

The cross-border cooperation strand of the European territorial cooperation objective comprises the operational programmes to be implemented at the internal borders of the European Union. The European territorial cooperation objective provides assistance in border regions mainly for the development of cross-border economic, social and environmental activities through joint strategies for sustainable territorial development, primarily focused on:

- Encouraging entrepreneurship, in particular the development of SMEs, tourism, culture and cross-border trade
- Encouraging and improving joint protection and management of the environment, as well as the prevention of natural and technological risks
- Supporting links between urban and rural areas
- Reducing isolation through improved access to transport, information and communication networks and services, as well as cross-border water and energy systems and facilities
- Developing collaboration, capacities and joint use of infrastructures, in particular in sectors such as health, culture, tourism and education

In addition, the ERDF may contribute to the promotion of legal and administrative cooperation, integration of cross-border labour markets, local employment initiatives, gender mainstreaming and equal opportunities, trainings, social inclusion, sharing of human resources as well as facilities for research and development.

1.2 Rules and regulations on European territorial cooperation

The rules for the programmes to be implemented under the European territorial cooperation objective are defined in regulations, which have direct effect and direct applicability. Regarding the fact that the special rules on territorial cooperation are laid down in a higher legislative provision, i.e. in a regulation adopted by the Council, the programmes will have a more concrete form in respect to the management, providing assistance in implementation and the cooperation areas as well.

The changes that are to be introduced are in line with the view of the Commission, according to which programmes should become more transparent and simpler regarding programme management and implementation, with a more concentrated definition of cooperation areas, so that available funds can be used in a more efficient way.

The operational programmes for the 2007-2013 programming period have been elaborated in accordance with the following regulations:

- Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund (EC) No 1083/2006 of 11 July 2006
- Regulation of the European Parliament and the Council on the European Regional Development Fund (EC) No 1080/2006 of 5 July 2006

The orientation and the (financial) structure of the programme are in line with the legal basis (guidelines, regulations, working papers ...) and the objectives of the European Union, particularly with the principles of the Lisbon and Gothenburg process. Gender mainstreaming as a cross cutting issue is integrated in the respective fields.

1.3 The programming process

For the purpose of preparing the operational programme, a cross-border programming group was formed including members from the managing and national authorities, intermediate bodies of the current INTERREG IIIA programme, support institutions and experts.

The programming process was very intensive. The programming group held 18 meetings devoted to the development of fields of cooperation, as well as to the management and implementation structures and processes.

Table 1: Programming process

No	Date	Place	Content / Milestone
1	4 Jul 2005	Maribor	Exchange on EU and national policy frameworks, discussion of the approach to external support
2	15 Sep 2005	Celovec / Klagenfurt	Discussion of open questions and on the new future approach regarding strategic themes and projects
3	28 Oct 2005	Maribor	Exchange of future administrative options and preparation of the 4 th PG
4	12/13 Dec 2005	Seggauberg/Sekova	Future challenges in the light of evaluation results and discussion of strategic themes
5	18 Jan 2006	Maribor	Implementation structures and processes
6	16 Feb 2006	Grosspetersdorf	Implementation structures and processes
	17 Feb 2006	Grosspetersdorf	Key themes – challenges and opportunities
7	30 Mar 2006	Feistritz	Implementation structures and processes
8	18 Apr 2006	Maribor	Discussion of the 1 st draft of the Operational Programme
9	19 May 2006	Klagenfurt	Discussion of the 2 nd draft OP
10	29 Jun 2006	Grosspetersdorf	Discussion of the 3 rd draft OP, ex ante, SEA planning
11	7/8 Sep 2006	Bleiburg / Pliberk	Implementation structures and processes
12	03 Oct 2006	Graz	Discussion on the 5 th draft OP, ex ante, SEA report, schedules for finalisation
13	19 Oct 2006	Maribor	Implementation structures and processes
14	30 Oct 2006	St. Paul i. Lavanttal	Programme budget, categorisation, indicators
15	17 Nov 2006	Ljubljana	Discussion on the 6 th draft OP, further programming process, ex ante, indicators, procedures for finalisation

16	17 Jan 2007	Graz	Discussion on the 8 th draft OP, implementation processes and other open issues, ex-ante evaluation
17	13 Feb 2007	Radovljica	Discussion on the 9 th draft OP, implementation processes and other open issues, ex-ante evaluation, further steps
18	22 Oct 2007	Ljubljana	Discussion on draft comments of the Commission on the proposed OP SI-AT 2007-2013

Beside the programming group, a wide range of stakeholders from regions, national and Länder levels have been involved in the programming process.

In Slovenia, an invitation for submission of project ideas and potential projects was published on the internet by the INTERREG IIIA National Authority in order to get an overview of potential applicants in the border regions.

In the process of preparing the strategic part of the programme, a meeting with the representatives of ministries and government institutions was held in Ljubljana on 18 October 2005 with the objective to exchange the first opinions and interest on the possible themes of cross-border cooperation.

Based on the results of the national-level workshop and the collected project ideas, a regional workshop was held with regional and national representatives on 3 November 2005. The purpose of the workshop was to prepare the draft SWOT analysis of the cross-border area and to identify the main fields of cooperation and potential joint projects.

As the draft OP was prepared in June 2006, the regional and national stakeholders were again invited to express their views and suggestions, which were discussed later on in the programming group.

In Austria, a wide consultation process on the Länder and regional level has been coordinated by the competent authorities or semi-public bodies.

In Steiermark, the department 16 of the Land Government entrusted the Euregio Steiermark to involve regional partners in discussion and define the key topics for the future cross-border cooperation programmes. The collected ideas were the basis for the bilateral regional discussion.

The stakeholders were also consulted while preparing the draft OP in June 2006.

In Kärnten, an Integrated Regional Development Strategy (IRS) was elaborated in 2005 and 2006, covering all strategic issues for the European programmes. The IRS was adopted by the Land Government in October 2005. During the elaboration all relevant stakeholders at Land level, including those responsible for territorial cooperation, were integrated and participated in the process.

In Burgenland, a working group for the preparation of the period 2007–2013 has been established, covering the programming of the “phasing-out programme of Burgenland” and the objective 3 programmes. Meetings with different experts were held on a regular basis in order to build up an integrated strategy for the region. The members of the working group were being informed regularly about the programming process of the Austria – Slovenia objective 3 programme.

The first draft of the Operational Programme Slovenia-Austria 2007-2013 was submitted to the European Commission on 22 June 2007 following an approval of all programme partners: Government Decision of the Republic of Slovenia No. 91-4/2007-5 of 18 April 2007, consent of Steiermark of 19 March 2007, consent of Kärnten of 8 May 2007 and consent of Burgenland of 12 June 2007. The second draft encompassing the comments provided by the European Commission was sent to the Commission on 15 November 2007.

2. SOCIAL AND ECONOMIC ANALYSIS OF THE PROGRAMME AREA

2.1 Eligible area and regional structure

The core programme area includes the eligible NUTS III regions Oststeiermark, West- and Südsteiermark, Klagenfurt – Villach, Unterkärnten and Südburgenland on the Austrian side, and the NUTS III regions of Gorenjsko, Koroško, Savinjsko, Podravsko and Pomursko on the Slovene side. The NUTS III areas Graz, Obersteiermark Ost, Obersteiermark West and Oberkärnten in Austria and Osrednjeslovensko in Slovenia are included in the programme on the basis of Art 21 (1) of the Regulation No 1080/2006 on the European Regional Development Fund, whereby expenditure incurred by implementing operations or parts of operations in the adjacent NUTS III areas may be financed from the ERDF up to a limit of 20% of the amount of its contribution to the operational programme.

Referring again to Article 21 (1) *“at project level, expenditure incurred by partners located outside the programme area may be eligible, if the project would have difficulty in achieving its objectives without that partner’s participation.”* This option may be used by project partners from Vienna or other regions outside the programme area (e.g. adjacent regions of Italy or Hungary).

The experience from the past has shown that multilateral projects are of rising importance for regional development and territorial cohesion in the programme area comprising Austrian, Hungarian, Slovenian, Italian and Croatian border regions. Therefore the programme partners consider it important for the programme design and implementation to widen the scope of the cross-border programmes and to take care of the needs and opportunities of multilateral projects.

The law on balanced regional development that Slovenia introduced in 2005 gives foundation to the establishment of development regions and cohesion regions. A proposal of two cohesion regions is being negotiated. In view of the current programme area, the Gorenjsko and Osrednjeslovensko are to become part of the more developed West Slovenia, while Podravsko, Pomursko, Koroško and Savinjsko are to be included in the cohesion region East Slovenia.

Compared to the previous INTERREG IIIA period, the programme area as a whole has increased with the inclusion of the NUTS III regions Südburgenland, Obersteiermark Ost, Obersteiermark West and Osrednjeslovensko. Through the extension of the eligible territories, added value and higher level of cross-border cooperation will be achieved with the activities, which will have a broader impact on the development of the overall territory. It will be easier to fulfil the objectives related to the Lisbon strategy (research institutions, universities, etc., additional regional resources and competences). Because of the wider area more institutions will be able to act as lead partner; some of them have already declared interest to take part in the programme.

In the previous period, it was the municipality of Kamnik only that was included as an eligible area in Osrednjeslovensko, while in this period we have decided to include the whole Osrednjeslovensko region (under 20 %), which has until now already been involved in the cross-border cooperation with Austria to some extent through particular institutions (universities, research institutions, etc.), by creating networks and bringing experiences and knowledge to the cross-border stakeholders. The new period will thus assure a more efficient implementation of the programme strategy.

The participation of the NUTS III region Oberkärnten in the upcoming objective 3 programme is necessary because this area was also eligible (under 20%) in the running period, and therefore several projects took the opportunity and established first contacts with partners in Slovenia. The continuation of these partnerships is necessary from the point of view of sustainability. In addition, due to geographical reasons it is essential for Oberkärnten to encourage trilateral projects with Friuli-Venezia Giulia and Veneto, and in this case some key actors have their seat in the NUTS III region Oberkärnten.

There is also a clear need for the Styrian regions (Graz, Obersteiermark Ost, Obersteiermark West) to be included in those areas. In Steiermark, the need to extend the programme area is evident so as to secure the needed institutional resources for project development and implementation. With

participations of the above mentioned regions in the programme, it will be easier to fulfil objectives related to Lisbon strategy because of cooperation of the research institutions, universities and additional regional resources and competences.

The current overall population of the programme area is more than 3,240,000 people, covering the area of 35,523 km². In Slovenia, which is characterised as a “border country”, the programme covers around 57 % of its territory and 73 % of the entire population. On the Austrian side, 100 % of the population of Kärnten and 93% of Steiermark is included, with additional 35 % of the population of Burgenland.

Table 2: List of eligible regions

NUTS III area	Area in km2
Oststeiermark	3,351
West- and Südsteiermark	2,223
Graz	1,228
Obersteiermark Ost	3,255
Obersteiermark West	3,059
Unterkärnten	3,374
Klagenfurt-Villach	2,028
Oberkärnten	4,130
Südburgenland	1,251
AUSTRIA	23,899
Gorenjsko	2,137
Koroško	1,041
Savinjsko	2,384
Podravske	2,170
Pomursko	1,338
Osrednjeslovensko	2,555
SLOVENIA	11,624
TOTAL	35,523

Source: AT: Statistik Austria; SI: Statistical Office of the Republic of Slovenia (SORS), calculations of the Institute for Macroeconomic Analysis and Development (IMAD).



The length of the Slovene-Austrian border is 330 km, 170 km of which on the Austrian side belong to Kärnten, 145 km to Steiermark, and only 15 km to Burgenland. With the accession of Slovenia to the EU on 1 May 2004, the border became an internal border, thus providing a new impulse for the regions' cooperation.

General map of the programme area






Objective 3 Austria - Slovenia



Programme area

-  Core programme area in line with article 7(1) of the general Structural Funds regulation
-  Extended programme area in line with article 21(1) ERDF regulation

Administrative boundaries

-  NUTS 0
-  NUTS 1
-  NUTS 2
-  NUTS 3
-  Cities

Draft:
OIR-Managementdienste GmbH

Spatial structure

The programme area stretches from the Alpine mountain regions in the west and north to the hilly country with chains of long-drawn hills in the Burgenland-Styrian-Slovene border at the east. The most part of the region Pomursko, a part of Podravsko, and the region of Südburgenland form the Pannonian plain.

The area encompasses two cross-border river systems, the Mura/Mur and Drava/Drau, while on the Slovene side the Sava river is an important river basin. The programme area, in particular the Alpine regions, is also characterised by numerous lakes. The eastern part of the area is rich with thermal springs and the land is most intensively cultivated.

The programme area is characterised by high density of woods, especially in the western part, with the forest-overgrown territory even increasing due to the decrease in agricultural production; the wood coverage in the eastern part is much lower and the share of agricultural land is higher.

The core areas are represented by the capitals of the partner regions and the agglomerations along the high-ranged transport routes:

- Kranj – Ljubljana – Celje – Maribor in Slovenia,
- the area of Graz with the Upper Styrian industrial towns Kapfenberg and Leoben in Steiermark,
- the Carinthian core area between the pole cities of Villach and Klagenfurt.

These core areas cover the majority of population, industry and SMEs, administration and services, centres of education, research and knowledge, as well as the major capacities for transport and logistics.

Around the transport routes a series of rural and/or Alpine regions are located, which are, however, rather characterised by their predominant agricultural, forestry or tourism structures.

2.2 Social and economic framework conditions

The structure and development of the programme area is fully embedded in a wider context, both at the European and even global level.

The expansion of the EU territory in 2004 has led to a dramatic increase of economic disparities in the Community. From a historical perspective, this constitutes a major challenge for the EU regional policy. The growing competition for business investments between regions inside and outside the EU is an indicator for the importance of this policy field, with strong implications to the regarded programme area.

Key developments beyond the EU borders also have a strong impact on the cooperation area. They intensify the process of competition of enterprises and regions, and represent a major framework for the development strategies applied within the EU:

- The circle of industrialised countries in the world has increased. Additionally to the triad Europe–North America–Japan that dominated the world economy for four decades in the past, new dominating economies are emerging, among them China, India and Brazil, which are rapidly catching up to the big players. On the one hand, this represents new market opportunities, but on the other hand it also introduces new competitors on the global market.
- The strong economic growth of the Asiatic threshold countries additionally caused a significant shortage and rise in prices of resources and energy.

The globalisation as such represents a far reaching extension of business interactions and networks for the enterprise sector. Even SMEs are forced to take the international economic space into consideration and are thus permanently faced with pressure of growth and innovation, with international networking and competition. In addition, the public sector has to reorganise in order to facilitate the competitiveness of enterprises and upgrade the attractiveness of locations and regions.

Other related factors will also strongly influence the future development in the cooperation area of Austria and Slovenia.

- A growing share of old-aged population and a reducing number of young people will have consequences not only for the patterns of consumption and public service needs, but also for the behavioural aspects within the labour force, such as readiness for mobility and innovation.
- Population growth will increasingly depend on international migration, particularly focused on cities, which will intensify the challenges of integrating a multi-ethnic society.
- Technological innovations and growing complexities of the economy and of the society as a whole contribute to the critical importance of information processing, communication skills

and knowledge management. These skills will increasingly become decisive for economic opportunities and social participation.

A large number of people and companies, but also the education system, the public administration and the regional policy are not yet sufficiently prepared to meet these challenges.

2.3 Demography

The overall population of the programme area is 3,250,000 inhabitants. The population structure among the participating regions differs.

In Slovenia, the population change in the period 1991-2002 is negative in all programme NUTS III regions with the exception of the Osrednjeslovensko and Gorenjsko. The reason is the decrease in natural increase and immigration. The population decreased mostly in the least developed Pomursko region. Osrednjeslovensko, on the other hand, has the highest share of net migration, as people move to the region in search of better job opportunities. In Austria, the negative change in the same period has been recorded in Südburgenland and Oststeiermark and strongly in Obersteiermark West and Obersteiermark Ost, while the highest increase was in Graz and in Klagenfurt-Villach.

Table 3: Population of the programme area

NUTS III area	Inhabitants	Population density	Ageing index
	AT: 1.1.2005 SI: 30.6.2006	AT: 1.1. 2005 SI: 30.06.2006	AT: 2006 SI: 30.6.2006
Oststeiermark	268,627	80	108.26
West and Südsteiermark	190,966	86	112.09
Graz	376,512	307	113.30
Obersteiermark Ost	172,267	53	167.25
Obersteiermark West	107,492	35	128.71
Unterkärnten	157,277	47	116.71
Klagenfurt-Villach	271,435	134	121.68
Oberkärnten	131,179	32	114.44
Südburgenland	97,514	70	146.23
AUSTRIA	1,773,269	74	121.17
Gorenjsko	199,626	93.4	104.9
Koroško	73,729	70.9	101.6
Savinjsko	258,684	10.5	101.4
Podravsko	319,530	147.2	121.0
Pomursko	122,198	91.4	117.0
Osrednjeslovensko	502,100	196.5	108.4
SLOVENIA	1,475,876	99.1	112.4
TOTAL	3,249,136		

Source: AT: Statistik Austria 2006, Update of OEROK Population Forecast 2001-2031, own calculations; SI: Statistical Office of the Republic of Slovenia (SORS), own calculations; calculations of the Institute of Macroeconomic Analysis and Development (IMAD).

Ageing of the population (increase of the population aged 64+) and a decrease in young population (age 0-14) is another characteristic of the Slovene programme area. In 2006, the ageing index for Slovenia and all named regions exceeded 100, while in Gorenjsko, Savinjsko and Koroško it was still below 100. In Austria, in particular in the industrial regions of Obersteiermark Ost and Obersteiermark West, as well as in Südburgenland, the ageing process has been developing rapidly. In the long run, the ageing process will represent a decrease in the birth rate and number of inhabitants, resulting in shortage of work force and consumers, thus effecting the regions' economic growth and potential on both sides.

Moreover, the population density differs noticeably. Osrednjeslovensko with the capital city of Ljubljana has the highest density, which is two times the Slovene average; the regions of Savinjsko and Podravsko are above average as well, while the lowest population density has been recorded in

the Koroško region. In Austria, the highest density is characteristic of the region Klagenfurt-Villach and Graz, while the lowest has been calculated for Oberkärnten. Except for Klagenfurt-Villach and Graz, all other regions are below the Austrian average.

2.4 Economy

The cooperation area is highly industrialised with prospering urban areas and dynamic core regions (Ljubljana, Celje, Kranj, Maribor, Graz, Klagenfurt, and Villach), however, it also has a series of rural and peripheral sub-regions with a significantly lower level of economic development. Tourism plays an important role as well; however, it is only strongly focused on specific geographic points. Thus, on the one hand there is a lot of economic potential, while on the other hand considerable disparities have to be considered.

There are substantial differences in the economic structure of the participating regions.

Table 4: Basic economic sectors and employment

NUTS III area	No of persons in employment 2004	% of employment in industry	% of employment in services	% of employment in agriculture
Oststeiermark	56,844	29.1	54.0	1.9
West and Südsteiermark	34,639	33.7	49.3	2.3
Graz	207,472	16.2	78.3	0.5
Obersteiermark Ost	38,665	42.5	45.0	1.3
Obersteiermark West	21,578	36.6	50.5	2.1
Unterkärnten	33,947	35.6	47.7	2.0
Klagenfurt-Villach	127,405	13.4	77.7	0.7
Oberkärnten	26,811	22.3	56.3	1.2
Südburgenland	21,367	25.7	58.4	1.9
AUSTRIA	568,728			
Gorenjsko	72,579	47.6	49.3	3.1
Koroško	26,348	53.7	40.4	5.9
Savinjsko	104,244	46.3	47.3	6.4
Podravsko	118,164	38.2	55.3	6.5
Pomursko	42,724	44.8	41.2	14.0
Osrednjeslovensko	245,505	28.1	69.7	2.2
SLOVENIA	609,564			
TOTAL	1,178,292			

Source: AT: WIBIS-Kärnten, WIBIS-Steiermark, HVOSV; SI: SORS, Slovene regions in figures, 2006.

For the interpretation of the structure on the Austrian side, it must be taken into account that the figures representing the key sectors do not cover all economic sectors (for e.g. construction, mining and trade sectors are not included). As the data refer to the employees in the selected sectors, the entrepreneurs and farmers in the agricultural sector are not included.

Regarding employment of the population in type of sectors in Slovenia, Koroško still has the highest share of population employed in industry, the above-average share of employment in agriculture is characteristic of Pomursko, while the majority of population in Osrednjeslovensko is employed in services. In Austria the core agglomerations of Graz and Klagenfurt-Villach are also clearly dominated by services, nearly 80 % of the employees are working in various service sectors. The region represented significantly by a high industrial employment is Obersteiermark, particularly Obersteiermark Ost. The employment shares in agriculture are represented here without the farmers.

In Slovenia, the Osrednjeslovensko region contributes one third of the gross value added of the whole Slovenia, while Podravsko, Savinjsko and Gorenjsko together are producing another third. In 2002, the main contribution of Osrednjeslovensko to the gross value added was due to the service sector; Koroško is on the other hand still characterised by a strong industrial sector (42.2 %), and Pomursko by the above-average share in agriculture (10 %). In general, growth of the service sector is noticeable (especially in the Osrednjeslovensko, but also in the Pomursko region); however, the growth of the industrial sector is still one of the main characteristics of these regions.

On the Austrian side, the economically strongest regions are the areas of Graz (including the axis of the South and the Upper Styrian core area), and the Carinthian core region (Klagenfurt and Villach). In general, the industrial production is still the core of the economy; however, there is also a high rate of services, in particular industry-oriented services. The internationally embedded industries are particularly characterised by a high level of technology, export rate and a high level of research activities. In the more rural or peripheral regions, there is a significantly lower level of industrial production, but many of the local and regional SMEs can make use of the involvement in industrial cluster structures driven by the big industrial players (for e.g. in the automotive sector or in electronics).

The shares of the gross value added of the agriculture sector in the Austrian regions are 3.2 % in Kärnten, 3.1 % in Steiermark and 5.8 % in Burgenland (data from 2002). In the immediate Styrian border regions at NUTS III level agriculture contributes to 4.3 % (West/Südsteiermark) and 6.2% (Oststeiermark) of the regional gross value added.

In terms of GDP per capita, there are disparities not only between the two countries, but also when comparing the regions nationally. Compared to the EU-25 in 2003, the only Slovene region above the European average was Osrednjeslovensko. In Austria, Klagenfurt-Villach, Graz and Obersteiermark Ost were above average, while other participating regions were below the EU average, though still higher than Slovene regions.

Table 5: GDP per capita in the programme regions

GDP per capita by regions NUTS 3 to EU-25 average, 1995-2002									
<i>NUTS 3</i>	1995	1996	1997	1998	1999	2000	2001	2002	2003
EU 25	100	100	100	100	100	100	100	100	100
Austria	129	130	127	125	127	128	124	123	121
Südburgenland	67	68	69	67	70	70	70	71	70
Klagenfurt-Villach	138	139	134	134	136	134	129	126	124
Unterkärnten	77	79	79	78	79	79	78	78	81
Oberkärnten	84	83	83	78	81	81	79	82	83
Oststeiermark	81	82	81	80	83	84	83	78	83
West and Südsteiermark	81	81	81	79	81	82	80	78	84
Graz	175	172	167	162	162	159	157	148	152
Obersteiermark Ost	104	100	96	98	99	97	102	99	102
Obersteiermark West	113	108	104	103	103	100	101	99	98
Slovenia	68	70	71	72	74	73	75	75	76
Pomursko	52	53	54	54	53	52	53	52	52
Podravsko	56	57	58	59	61	61	62	63	63
Koroško	54	56	57	57	59	60	61	60	59
Savinjsko	64	64	65	66	67	66	66	67	68
Gorenjsko	62	63	65	64	65	64	66	66	66
Osrednjeslovensko	94	96	98	99	104	102	105	107	110

Source: Eurostat, New Cronos, Regions, March 2005; SORS – Slovene regions in figures, 2006.

2.4.1 Industry and SMEs

As the previous period was still under the influence of the restructuring of Slovene industry, nowadays this process has mostly been completed. Nevertheless, dynamic changes in global economy are still to have an important impact in certain branches (e.g. textile, automotive industry, electronics). On the other hand, insufficient enterprise restructuring towards higher added value and intensive technology production is still a major challenge for the Slovene regions. The cooperation between R&D institutions and the enterprise sector is rather weak, though in recent years a highly dynamic development has been observed in the field of establishment of technology centres, centres of excellence, networks and clusters. Due to the inclusion of the Osrednjeslovensko region in the

cross-border cooperation programme, another impulse to business support development and research in the participating regions may be expected.

Table 6: Business subjects by NUTS III regions and sectors

NUTS III	No. of business subjects	Industry*	Hotels and restaurants	Services**
Oststeiermark	13,184	4,178	2,410	6,596
West- und Südsteiermark	9,895	3,198	1,832	4,865
Graz	22,515	6,342	3,275	12,898
Obersteiermark Ost	7,911	2,331	1,717	3,863
Obersteiermark West	4,917	1,567	1,008	2,343
Unterkärnten	8,837	2,790	1,785	4,035
Klagenfurt-Villach	19,343	5,331	3,576	10,436
Oberkärnten	8,349	2,363	2,319	3,667
Südburgenland	4,843	1,566	832	2,445
AUSTRIA				
Gorenjsko	14,287	2,171	1,213	8,106
Koroško	4,606	751	271	2,804
Savinjsko	16,837	2,318	848	10,767
Podravsko	19,790	2,305	1,160	13,169
Pomursko	6,911	771	594	4,151
Osrednjeslovensko	48,775	5,660	1,943	33,789
SLOVENIA				
TOTAL				

*SI: manufacturing **SI: trade, transport, storage and communications, financial intermediation, real estates, education, other private, joint and public services

Source: AT: Chamber of Commerce, statistics, 2005, SI: AJPES, 31.12.2005

Most of the enterprises in all regions are represented by SMEs, while the number of big enterprises is rather small. However, big industrial enterprises usually play a key role as economic drivers providing a lot of value added, employment and businesses for many of the local and regional SMEs.

Spoken in terms of sectors, the industry is focusing on metal and mechanical engineering (including automotive industry), electronics and micro-electronics, wood processing and paper, tool making and plastics. Additional smaller sectors, but partially fast growing ones, are registered in food industry, software and eco-technologies.

In most of these sectors industrial clusters and networks have been established as a result of the cooperation process between the enterprises. Such **industrial clusters** have been created on both sides of the border; the major ones include automotive, wood and material clusters in Steiermark, and microelectronic and software clusters in Kärnten. In Burgenland, there are cluster initiatives, but they focus more on handicraft or construction activities with low participation of industrial companies. In Slovenia, the automotive, toolmakers, energy, ecology and plastic clusters are among the biggest established clusters.

Besides industrial clusters, there are also **networks**, defined as SMEs or industrial companies of the same sector, cooperating primarily at the horizontal level (common marketing, qualification, representation, use of synergies), but with low involvement of universities and research institutions. These networks have been created in the fields of eco-technology, food trade and agriculture, and technology partners in Steiermark. In Kärnten, there are networks in environmental sectors, as well as in the timber and plastics industry.

The activities of these cooperations (clusters and networks) are usually focused on the geographical area of the home base. The more advanced clusters already involve partners from neighbouring areas, and in some cases (automotive, microelectronic cluster) also those from trans-border regions. Generally speaking, however, the frequency of cross-border cooperation is low.

Many of the local or regional SMEs are integrated in cluster activities. The companies make significant benefits from such involvement in terms of growth, technology upgrade, increase of market access and information basis.

In general the **SMEs sector is characterised by:**

- High flexibility in business and technology operations
- Prevaillingly direct and individual customer orientation
- Low rate of internationalisation
- Low rate of research activities
- Limited geographical area of actions (partners, customers)
- Low export rates
- Low level of integration in trans-national production chains or networks
- Qualification level of employees below industrial average
- Few contacts to universities and research institutes

Addressing SMEs and young businesses, the cooperation area offers remarkable business support and technology transfer and infrastructure, as well as provides them with a series of education and training facilities.

In Slovenia, the network of local and regional business development centres provides key **business support** at local levels. Some of the centres have also become one of the 29 so-called one-stop-shops established in Slovenia (13 of which are operating in the programme area). They enable entrepreneurs to register and receive relevant information and counselling, especially in the start-up phase, and play an important role in promoting entrepreneurship.

During the last programming period, the municipalities invested substantially in the development of **business locations**. The start-up support has also partly improved due to the development of **incubators** (eg. Gorenjsko, Podravsko – university incubator, Pomursko – network of incubators).

The business support infrastructure comprises of business centres, innovation centres, incubators and technology parks, and additional, more commercially oriented types of infrastructure. This infrastructure is available in all involved regions. Altogether, 31 units have been identified, the majority (16) of which are situated in Steiermark, 6 in Kärnten, 2 in Südburgenland, and 7 in Slovenia (plus the 13 one-stop-shops). These institutions offer tailor-made infrastructure for business start-ups and in particular for innovation oriented young technology businesses. Usually, additional services, such as consulting, education, integration in networks or access to financial funding, are offered by the parks and centres.

Nevertheless, cross-border connection and integration into trans-national networks both from the parks and their tenants has not yet been highly developed, though there have been some single initiatives.

There is a great potential for cross-border cooperation in this field and in the last period the latter was indeed strongly supported through development of business links, networks, development of a joint model of business location management, digitalisation of the SMEs sector, etc. However, achieving a truly significant success and sustainability of the cooperation and networking activities will first require an intensification of cooperation and activities as well as more in-depth strategies.

Summarising this section, in most of the mentioned regions, industry and industrial SMEs act as the key economic sector, which is, together with industrially oriented services, responsible for the economic growth in the regions. Moreover, advanced business and technology-oriented infrastructure has been established and proper organisations of industrial clusters and thematic networks have been created. Nevertheless, many of the SMEs are active in a rather limited geographical area and do not avail themselves of existing opportunities to connect with new partners, new value added chains and markets across the border.

2.4.2 Tourism

The tourism sector is of significant importance for the whole cross-border area, as it provides a lot of employment potential. Whereas the western part of the programme area is more focused on recreation (biking, skiing, adrenalin sport, mountaineering) and rural tourism, the eastern part is characterised by numerous spas, which have recently invested significantly in the development of

wellness facilities and services. Cultural and congress tourism has also gained on importance. Furthermore, wine-related offer is an important part of tourism for the wine growing regions. Overnight stays indicate that the regions have relevant tourism potential and relevant value added. Areas with a full-year tourist season are especially successful – these include alpine regions and regions covering thermal spa resorts (Oberkärnten, Klagenfurt-Villach and Oststeiermark). The latter and Südburgenland became especially successful tourism regions due to their thermal spa infrastructure and changed their rural agricultural structure significantly.

Table 7: Overnight stays in the programme area

NUTS III area	Overnight stays in 2004	Share of overnight stays of domestic tourists in 2004	Share of overnight stays of tourist from abroad in 2004
Oststeiermark	2,768,000	89.9	10.1
West and Südsteiermark	598,000	69.3	30.7
Graz	1,069,000	54.8	45.2
Obersteiermark Ost	726,000	70.3	29.7
Obersteiermark West	918,000	52.9	47.1
Unterkärnten	1,747,000	63.4	36.6
Klagenfurt-Villach	4,497,000	38.7	61.3
Oberkärnten	6,656,000	27.3	72.7
Südburgenland	882,000	88.7	11.3
AUSTRIA	19,861,000	26.7	73.3
		(as a whole country)	(as a whole country)
Gorenjsko	1,488,957	21.4	78.6
Koroško	32,713	66.7	33.3
Savinjsko	1,137,345	61.5	38.5
Podravsko	294,385	46.6	53.4
Pomursko	754,976	51.1	48.9
Osrednjeslovensko	602,245	10.0	90.0
SLOVENIA	4,310,621	42.5	57.7
		(as a whole country)	(as a whole country)
TOTAL	24,171,621		

Source: AT WIBIS Kärnten, WIBIS Steiermark, Statistik Austria; SI: SORS, Slovene regions in figures, 2006.

The area of Graz contributes an additional million of overnight stays due to the cultural and congress activities in the city.

Other regions with lower rates of overnight stays, such as the rural areas of West and Südsteiermark or the industrial Upper Styrian regions, are lagging behind in tourism value added.

In the Austrian regions of the cooperation area the share of overnight stays of foreign tourists is below Austrian average, but in most of the regions the share has been increasing. The thermal spa resorts in Oststeiermark and Südburgenland are mostly visited by domestic guests. In Austria, Slovene guests represent a rather low rate in the section of foreign tourists. The Slovene guests in Austria mostly prefer Alpine skiing resorts.

In Slovenia, the majority of overnight stays is recorded in the Gorenjsko region, more specifically in the Zgornje Savsko subregion including the town of Bled, where most of overnight stays (around 78.6 %) are made by foreign tourists. The capital of Ljubljana with around half a million of overnight stays also hosts mostly foreign tourists (91.5 %). A significant number of overnight stays is also recorded in the Savinjsko region, where half of the overnight stays are made in the city of Celje and its surroundings, and in the subregion of Dravinjsko. In Pomursko - the spa region - almost half of the overnight stays are on the part of foreign tourists, 68.4 % of which are tourists from Austria. In this respect, the Pomursko with the spas seems to be the most attractive destination in the programme area for guests coming from Austria. The tourism potential of the Koroško region seems yet unexploited. In Podravsko, the most attractive destination is Maribor with the Pohorje plateau, which also attracts many foreign tourists (53.4 % of all overnight stays, most of them by tourists from Germany and Croatia).

In general, the tourism offer is still mostly dependant on the season. Comparing the occupancy by various types of tourist resorts, it is evident that the highest rates are recorded in health resorts, where seasonal aspects are less evident. The average occupancy is 48 %, reaching 72 % in August.

In the mountain resorts, the average occupancy is 24 %, while the highest rates are recorded in the winter (ca. 30 %) and summer time (ca. 40 %).

In many Slovene regions, in particular in those with spa tourism (Pomursko, Savinjsko), the guests from Austria represent a very high or at least significant share of foreign tourists. This indicates a certain element of competition between Austria and Slovenia, particularly regarding prices. In order to overcome this, it would make sense to focus joint efforts on addressing third markets.

In the whole programme area, a range of local and regional tourism products and brands have been developed. Tourism has also become one of the primary areas of cross-border cooperation, especially regarding the creation of supporting infrastructures (biking routes), training, and promotion. There have also been some initiatives in the field of joint marketing (information systems, wellness, farm tourism).

Nevertheless, the tourism sector, too, is facing growing competition and global challenges: the economic framework in the international tourism markets has significantly changed due to reduced transport costs, increased mobility and changes in the customer behaviour. Thus it is also the well-established, traditional local tourism destinations that face growing competition.

Many regions and tourism companies face pressure (loss of guests, increasing demand of quality at relatively low prices), in particular those destinations operating in one-season areas only.

It has become clear that only internationally competitive tourism destinations (based on high quality, international standards and involvement in international marketing structures) will be able to keep on growing.

The structural basis for sufficient value added seems to lie particularly in the winter destinations in the Alps (ski resorts in Kärnten, Steiermark, Slovenia) and the thermal spa regions of Oststeiermark, Südburgenland and Eastern Slovenia. The basis is necessary for prospering tourism companies, creation of qualified jobs and income for municipalities and inhabitants of these rural areas.

Cross-border cooperation in joint product development and development of common internationally visible destinations could be an opportunity for growth of the sector in the cooperation area.

As a summary, particularly in many of the rural areas tourism represents a relevant economic sector or at least an important complementary source of income – based on the areas' specific attractiveness and infrastructure. Many local and regional tourism products and brands have been created, and the sector has gained an important role in cross-border cooperation. In the long run, however, it will be crucial to meet the challenges of growing competition by upgrading international visibility and competitiveness on international markets.

2.4.3 Agriculture, forestry and rural development

Agriculture and forestry still represent an important part of the economic basis in the rural areas, thus the rural development is strongly linked to the agricultural sector.

The natural preconditions for agriculture are similar on both sides of the border. The Alpine part (primarily the western regions) is characteristic for its mountains and valleys with poor opportunities for intensive agriculture. Forestry is an important activity in this area, while farmers are also involved in milk production, stock breeding and upkeep of alpine pastures. The eastern part is characterised by large surfaces of cultivated land, fruit and vegetable production, and vineyards. The production is intensive, especially in the Pomursko and Podravsko regions, in Süd/Oststeiermark and in Südburgenland. Through various agriculture policies the share of bio farming is increasing, both in the number of producers and the share of the land.

The production capacities of individual farms are overwhelmingly rather small; many farmers need different types of income for their economic stability. In order to survive, the agrarian sector as such needs both innovation and cooperation. In the entire programme area, diversification of the

agriculture production has been supported. Food processing and branding, product quality improvement, support in development of new marketing paths, improvement of business and marketing skills have gained on importance and support in the cross-border initiatives as well. In Slovenia, this potential is still not exploited enough due to two reasons: high standards and conditions that an individual producer has to meet to enter the market, and smaller production capacities.

Diversification in the field of rural tourism still has a lot of potential, especially regarding tourist farms, local cuisine, wine, traditions. On the other hand, development of new products and services to improve the quality of life in rural areas is to be supported, as these services can likewise provide job opportunities for the local people.

By 2013 significant changes in the European agrarian policy will take place (expiring of market regulations, expiring of the given structure of the EU agricultural budget, downsized future agricultural budget, expiring export grants). Thus the whole agrarian sector could then be faced with a highly liberalised market with strong impact on viability of the farms, the employment capacity, the level of income, and finally on the rural area as such.

In this view it would be relevant for the agrarian sector to use all opportunities to gain or keep competitiveness of the farms and their products, among others the opportunity of cross-border cooperation. The potential for cross-border cooperation will be favoured by similar structures and a similar natural production basis in the neighbouring regions.

To summarise the chapter, agriculture represents a relevant pillar of rural structures in wider parts of the cooperation area, mostly under favourite natural conditions. However, small-size farming is a structural risk and represents a permanent challenge regarding competitiveness. A lot of good practices in the field of product innovation, food processing and marketing indicate promising ways.

2.5 Research and innovation

The partner regions offer a highly developed research and innovation infrastructure on both sides of the border.

There are **8 universities** in the cooperation area (see also chapter Education and Training). There is a wide spectrum of knowledge and infrastructure regarding many scientific disciplines, including, among many others, natural sciences, different sectors of technologies, mechanical engineering, life sciences, material sciences, architecture and construction, economics and management. Many of them are operating with intensive industrial orientation, projects and contacts.

There is a lot of highly interesting cooperation potential in these facilities, which has not yet been used, although there are some cross-border initiatives and single cooperation activities.

It must be taken into regard that these qualified institutions are connected with a transport infrastructure which facilitates interaction and meetings, and enables fast access as one-way trip only takes a maximum of two hours.

Advanced technical colleges and higher education schools (see table in chapter Education and training) are part of the research facilities in both countries. Many of their activities focus on the same fields or represent complementary ones.

In the area outside the universities there are at least two major state-owned **research institutions** established in the cooperation area, namely the Jožef Štefan Institute (JSI) in Ljubljana and the Joanneum Research Company in Graz. Both are based on great tradition, many scientific sectors and clear mission regarding technology transfer. Together, more than 800 scientists and researchers are operating in these non-university institutions. Recently, in early 2006 both companies concluded a bilateral cooperation contract, which promises a series of concrete joint projects. A big opportunity for territorial cooperation can also be observed by involvement of local and regional stakeholders with their specific tasks.

In Kärnten, a remarkable initiative focusing on the strategic use of industrial and scientific synergies at the level of applied research has been carried out by the establishment of the **Lake Side Park** in

Klagenfurt. This semi-public institution aims at the cooperation of R&D departments of large international companies with the University of Klagenfurt and the advanced technical colleges in the fields of software and communication technology. The Lake Side Park is to become internationally linked and represents a great potential for cross-border cooperation.

In order to stimulate the business start-up activities in the framework of universities and the academic sphere, a series of university spin-off incubators and science parks has been created; most of them are located in the border region:

- University spin-off incubator of the University of Maribor
- Styrian Technology Park, Pesnica near Maribor
- University spin-off incubator, established by the Regional Development Agency Celje
- University spin-off incubator of the University of Ljubljana
- Science Park in Graz (jointly for all universities in Graz)
- ZAT in Leoben / Steiermark
- BUILD in Klagenfurt / Kärnten

Recently, a cross-border cooperation project regarding spin-off centres has been started, called INNOVIN.

In the Savinjsko region there has been an initiative to build Tehnopolis (a centre which would offer complete support to newly established or young SMEs, an educational centre etc). After laying down the foundations, the construction work had to be stopped due to unpredicted construction problems. According to the initial plan, Technopolis should become functional within 2 years (during the period 2007-2013).

Additionally, in the last six years a series of **competence centres** have been established in Austria, which are clearly industry-oriented and deal with different fields of advanced technologies: new materials, plastics and polymers, electronics, acoustics, vehicle engineering, industrial design and many more (Steiermark: 17).

In Güssing, Südburgenland, the **European Centre for Renewable Energy** has been established as a special institution representing high competence by applied research activities and a series of good practices carried out in the region.

In Slovenia, **8 centres of excellence** have been established recently in order to promote cooperation of the researchers in the academic and enterprise sector in the fields of supercritical fluids, biotechnology and pharmacy, electronic materials, nanotechnology and nanoscience, environment, ICT, modern automation technology.

The enterprises and research institutions have established four **technology platforms**, namely in ICT, polymers, biotechnology and pharmacy, and automation technology. Especially the enterprises acting in the ICT and polymers platforms are located mostly in the programme area.

These institutions are part of the knowledge-based infrastructure in the cooperation area.

The research centres are strongly concentrated in major urban areas. In Slovenia, R&D in general is still predominantly focused on basic research, though measures have been introduced at the national level to strengthen research capacities of the enterprise sector. On the Austrian side, the industrial key players represent the main clients or partners of the research institutions. In this respect, Steiermark represents one of the most research-active regions of entire Austria and is one of the leading EU regions in this field.

Moreover, cooperation between Austria and Slovenia in the field of research and technology development has been supported by a special bilateral agreement signed by both countries.

To summarise the chapter, one of the key assets that the cooperation area provides is high-ranked infrastructure in the fields of science, technology and research, which is made available to its stakeholders – entrepreneurs, researchers and employees. The specific potential based on the infrastructure offers an excellent opportunity to succeed in creation and further development of a sustainable, knowledge-based economy.

2.6 Human resources

2.6.1 Labour market

In 2003, the unemployment rate of the participating regions in general was below the EU-25 average (9.1 % - ILO); the rate was exceeded only in the Slovene regions of Pomursko and Podravsko.

In Slovenia, the registered unemployment rate has been decreasing since 1998, with Podravsko being the most and Koroško the least successful. A decrease in the number of unemployed people was a result of the increase of job offers, as well as of the fact that a number of the unemployed had been deleted from the register for various reasons not related to employment. In 2004, the highest unemployment rate was still recorded in the Pomursko region, while the unemployment rates in Podravsko, Savinjsko and Koroško were still above national average.

The Slovene regions are characterised by structural unemployment. Around one half of the unemployed are long-term unemployed. On average, one fifth of the unemployed comprises of young people. Another handicap for the border areas is the brain drain, especially in the sense that university graduates often find jobs in the dynamic urban centres and do not return to their home regions (Koroško, Pomursko). The share of women in unemployment in 2004 was above 50 % in all Slovene regions except Pomursko. Particularly in Pomursko, there is a high share of semi-skilled and unskilled workers in unemployment; on the other hand, the number of highly skilled workers in unemployment is growing in the Osrednjeslovensko region.

In comparison to Slovenia, the situation in the Austrian regions is better, especially regarding the unemployment of youth and the long-term unemployed. The region Südburgenland shows the highest rate of long-term unemployed people among the Austrian regions. Many of the long-term unemployed are engaged in training courses, and are thus not registered as unemployed as such.

There is also clear evidence that people with low qualifications represent the majority of the unemployed, particularly so among the long-term unemployed.

One of the rising problems linked to structural changes is the increase of flexible working contracts, which very often fail to offer security to workers, and a large amount of part-time jobs. These jobs are mainly accepted by women.

Table 8: Unemployment rate (2004)

NUTS III area	Registered unemployment rate 2004	% of women in unemployment	% of youth in unemployment	% of long-term unemployed
Oststeiermark	6.8	39.4	15.5	2.2
West and Südsteiermark	6.9	41.6	17.9	3.2
Graz	7.0	41.7	15.1	4.5
Obersteiermark Ost	7.4	47.8	18.1	3.9
Obersteiermark West	7.2	45.4	20.3	2.3
Unterkärnten	7.3	41.7	14.0	2.0
Klagenfurt-Villach	7.5	43.9	16.8	4.3
Oberkärnten	8.8	43.1	17.7	3.0
Südburgenland	8.7	42.5	16.8	6.4
AUSTRIA				
Gorenjsko	7.8	53.5	20.6	46.1
Koroško	11.7	53.9	22.5	49.4
Savinjsko	12.9	54.7	25.4	49.8
Podravsko	14.6	55.2	22.9	49.9
Pomursko	16.8	47.0	25.4	49.4
Osrednjeslovensko	7.8	51.7	19.1	47.4
SLOVENIA	10.6	53.1	22.5	48.9

Source: AT:WIBIS-Kärnten, WIBIS-Steiermark, AMS-Austria, OP-Draft; SI: SORS/IMAD.

In the period from 2000 to 2004 the number of jobs increased in the Osrednjeslovensko, Gorenjsko and Podravsko regions, while it decreased in Koroško, Savinjsko and Pomursko. There is high daily commuting to work in Osrednjeslovensko (Ljubljana), which accounts for approximately 30 % of all jobs in Slovenia. Regions with a high share of jobs also include Podravsko (Maribor) with 15 % and Savinjsko with 13 % of the total amount of jobs in the country.

The biggest employment centres on the Austrian side are Graz, Leoben and Kapfenberg in Steiermark, and Klagenfurt and Villach in Kärnten. Südburgenland does not have major job centres at a comparable level due to the rural structure of the region. In Slovenia, the biggest employment centres are Ljubljana, Maribor, Celje and Kranj.

Table 9: Gender aspects in Steiermark

	Men	%	Women	%	Total	%
Employees (2005)	248,726	56	194,401	44	443,127	100
Blue-collar workers 2005	140,000	69	62,891	31	203,212	100
White-collar workers 2005	108,405	45	131,510	55	239,915	100
Sector of marginal part-time workers	9,145	27	24,407	73	33,552	100

In particular, these figures represents a clear indicator for the specific, often disadvantaged situation of many women in economy and employment.

The rates of female participation in the labour market in Burgenland and Kärnten are quite similar:

Burgenland: women 43.5 % (of total employees)
Kärnten: women 44.6 %

Only in the core areas of capital cities and centres (Graz, Klagenfurt and Villach in Austria, and Ljubljana in Slovenia), which exhibit a higher share of services, is the rate of employed women significantly higher.

Additionally, the figures regarding the gross income of the employees provide another evidence regarding significant differences in payment and pay gap between women and men:

Table 10: Average gross income of employees in 2004 (per month in €):

	Men	Women	w/m in %	Total
Steiermark	2,268	1,443	64	1,947
Kärnten	2,206	1,473	67	1,888
Burgenland	1,992	1,347	68	1,729

Source: Austrian social security (umbrella organisation), median-income of employees; Own calculations.

Since the income of women in employment comes up to only about two thirds of the male income, this indicator also shows the different gender positions on the labour market.

The pay gap is an important source of gender inequality. Women earn less due to several reasons. One of the reasons is that women not only have babies, but are also responsible for the main part of child care and care of elderly people. Their labour contracts thus appear less continuous, and women are not able to make up for the lost time by the time of retirement.

In Slovenia, women represent almost a half of all employed persons and mostly work full time, as do their male colleagues. On average, women reach a higher level of education, but nevertheless face more difficulties in finding employment and are thus less likely to self-employ. Moreover, they are employed in lower paid positions and often have poorer career opportunities than men. In regard to the level of education and professional skills, they are paid less than men for the same job positions.

Table 11: Employed according to gender (2005)

	Women	%	Men	%	Total	%
Gorenjsko	36,192	45	44,656	55	80,848	100
Koroško	12,807	44	16,213	56	29,020	100
Savinjsko	44,510	44	57,215	56	101,725	100
Podravsko	52,112	44	66,867	56	118,979	100
Pomursko	19,068	45	23,655	55	42,723	100
Osrednjeslovensko	97,369	46	113,196	54	210,565	100
Slovenia	354,477	45	441,914	55	796,391	100

Source: SORS, 2005.

The data on surplus/deficit of jobs in regions relative to the labour force as percentage of the domestic labour force in 2004 show that Osrednjeslovensko has a surplus of 8.6 %, while all other regions have a deficit ranging from 14 % to 17 % in Savinjsko, Gorenjsko and Podravsko, and even over 20 % in Pomursko and Koroško.

Cross-border commuting has not changed significantly since the previous programming period. Mostly, it has been directed from Slovenia to Austria. Moreover, after Slovenia's accession to the EU, Austria imposed restrictions on the free movement of workers.

The cross-border cooperation in the field of labour market has so far not been very intensive in the sense of collaboration of the labour market institutions (except for the projects of Steiermark in cooperation with the regional ESS as partner). Especially in the light of the expected liberation of the labour market (at least in 2011), this should be improved in order to identify new problems that may emerge and work jointly on proper solutions.

2.6.2 Education and training

The elementary and secondary school system is well developed in both countries, the density of schools in the area is also suitable, whereby most of the secondary schools are located in bigger urban centres.

In particular, higher education and university offer is good. There are 8 universities in the programme area offering various programmes:

- University of Technology in Graz,
- Karl Franzens University in Graz,
- Medical University in Graz,
- University of Music and advanced arts in Graz,
- University of Leoben (Upper Steiermark),
- University of Klagenfurt,
- University of Ljubljana, and
- University of Maribor.

Beside university programmes, there is also a rich offer of higher education colleges. New programmes are being developed in some perspective areas. The availability of higher education programmes is rather weak in Koroško and partly Pomursko region, Slovenia. In general, the range of thematic fields covered by the higher education colleges is very diverse.

In Austria, the main fields are

- industrial engineering,
- infrastructure management,
- industrial design,
- electronics,
- information technology,
- energy and environmental management,

- health management and health promotion,
- tourism management.

In Slovenia, higher education programmes cover fields like

- mechanical engineering,
- electrical engineering,
- construction,
- textile,
- electronics,
- information technology,
- logistics,
- health,
- tourism,
- business and commerce, entrepreneurship,
- organisational sciences,
- agriculture.

In Slovenia, scholarship schemes have been introduced to strengthen links between the enterprise sector and students from a certain region. The major imbalance identified was a lower interest of students for nature and technical sciences; therefore a strong promotion has been launched so as to increase the number of students in this field.

The availability of education and training institutions in the regions has improved, especially in the part of vocational training and lifelong learning. There are a number of public and private organisations providing training for groups of the employed and unemployed.

The qualification structure of the population and employees reflects the education infrastructure and the structure of the jobs offered in the involved regions.

The qualification of the employees in the Austrian regions (2004) shows the following structure:

Highly qualified employees:	21.5 %
Semi-qualified employees:	55.4 %
Low qualified employees:	23.2 %

However, there are significant disparities between the involved regions of the cooperation area. Taking into account the criteria of the employees with university or higher education degrees, the core areas of Graz, Klagenfurt and Villach offer shares between 13 % and 18 % (Graz), while the rural or industrial regions offer shares of the highly qualified employees between 2.2 % (Oststeiermark) and 3.7 % (Östliche Obersteiermark).

The share of population aged 15 and over in Südburgenland (2001) with a university or higher education degree represents the value of 4.8 %. Compared to the Austrian share of 8 %, this indicates a rather low qualification structure of both the population and economic structure. As a consequence, 40 % of the unemployed people in the region are low qualified.

It has been shown that women in Austria attend shorter and cheaper vocational qualification programmes than their male colleagues. Companies mainly invest in highly qualified male employees and workers. Women have fewer opportunities for vocational qualification due to less working time, horizontal segregation and less flexibility and mobility.

Based on the data of the Labour force survey (SORS) for 2004, the education structure of the population aged 15 and over in the Slovene programme area also differs noticeably.

The share of population with higher education, university and post university degrees is above the Slovene average (14.6 %) in Osrednjeslovensko (19.9 %), while Gorenjsko (14.4 %) and Podravsko (14.5 %) are close to the average. In Pomursko, the share is 8.5 %, while Koroško has 12.7 % and Savinjsko 11.5 %. On the other hand, compared to the Slovene average of 54.7 %, the share of population with basic and low level education is above average in Pomursko (70.7 %), Koroško (63.5

%) and Savinjsko (60.1 %), while in Podravsko (52.9 %), Gorenjsko (52.1 %) and Osrednjeslovensko (44.1 %) these shares are lower. It can be said that the educational structure is less favourable in Pomursko, Koroško and also Savinjsko, while the situation is better in the regions of Gorenjsko, Podravsko and Osrednjeslovensko. These data also partly reflect the economies of these regions (eg. agriculture in Pomursko, traditional industries in Koroško, also partly Savinjsko).

Regarding the EU strategy to become a successful part of the future knowledge-based society, the analysis of the qualification structure reveals high potential in population and employees in the core areas on both sides, in Graz, Ljubljana, Klagenfurt – Villach and Maribor. It would thus make sense to use such key potential of human resources for joint strategies and for the integration of rural and industrial areas in the development of the entire region.

2.7 Culture

The culture of the programme cooperation area is very rich and diverse. The area is attractive for its varied cultural landscape and architecture. The cultural **heritage**, both movable and immovable, represents one of the important potentials in regional cross-border development from the social, economic and environmental aspect. Cultural heritage as such is understood as one of the key elements of building the region's identity and its valorisation through cultural tourism development, which has generally become one of the fastest growing industries. It can also provide employment possibilities in various fields, such as ICT, traditional handicrafts and trade, though special focus should be placed on the development of market oriented products and services to ensure sustainability of such initiatives.

The programme area is located at the crossroads of **languages**; Italian in the west and Hungarian and Croatian in the east. There is a Slovene minority in Kärnten, Croatian and Roma minority in Burgenland, and Hungarian minority in Pomursko. The awareness about the importance of knowing the culture of one's neighbour is growing and can lead to a more intensive cultural diversity exchange.

The programme has a great importance for the cooperation area because of the **traditional historical, ethnic relations** of the people living on both sides of the border. Both Slovenia and Austria have ratified the Council of Europe Framework Convention for the Protection of National Minorities and the European Charter for Regional or Minority Languages, as well as other relevant legislative and regulatory framework on national minorities and ethnic groups.

The potential for cooperation also lies in the field of **arts and creative industries** (including services related to cultural heritage, theatre and dance, music and opera, production of CDs, publishing, visual arts, cultural tourism, education in the field of arts, design, architecture etc.). Moreover, the use of modern technologies provides potential for the creation of innovative products and services.

Both sides regularly hold important and partly famous **culture festivals**, organised in a wide range of different cultural fields, such as music, literature, film or theatre. Among others, there are the Steirischer Herbst festival, Styriarte, the Carinthian Summer, music weeks at the Millstätter See, comedies at the Porcia castle in Spittal, games at the castle arena Finkenstein, the historic castle games in Güssing, Festival Lent, Ljubljana Summer Festival, Ljubljana Jazz Festival, the theatre festival Borštnikov prstan in Maribor, the festival of youth culture Kunigunda in Velenje, the film festival LIFFE, the medieval festival Venerina pot in Škofja Loka, Carniola, and many more.

It is thus proved that the area indeed has a lot of cultural potential, which can consequently offer a great number of opportunities regarding cross-border cooperation.

The **institutional base** for cooperation in the field of culture is very strong in the whole programme area. To mention the key aspects:

In 2003, Graz was the European cultural capital, which brought a lot of additional cultural infrastructure, such as the Kunsthaus. In 2012, the European cultural capital will be a Slovenian city. Should the ECC be in the programme area, the exchange of knowledge and experience could take place in the field of event development and management, institutional cooperation, etc.

In Austria, there are theatres as well as opera houses in major towns. Cultural centres were also established in regional centres, offering a wide range of cultural activities mostly to the regional people. There are more than 300 museums in the entire programme area, together covering a wide range of themes (history, arts, technology, nature, music, local traditions and mining), some of them at higher or even national levels.

In Slovenia, there are 9 public theatres (including 2 opera houses) and a wide range of amateur theatre groups, 121 major galleries, as well as a great number of museums. There is a widespread network of 153 libraries, which are visited most frequently and are likewise active in organising various exhibitions and cultural events. On the other hand, the network of libraries presents an important potential for informing the public.

Cross-border cooperation in the field of **media** (radio, TV, other audio-visual media, including printed media and electronic media), which has so far only partly exploited its cooperation potential, can contribute to broadening perspectives for cross-border cooperation, to better understanding of cultural differences and similarities in the programme area, and to presenting the diverse cultural richness to the wider European audiences.

Moreover, in Slovenia there is a large number of organisations in the non-government sector. The cultural offer is best developed in the Osrednjeslovensko and Podravsko regions, especially in the field of opera, theatre and galleries. In addition, the share of active population employed in culture in the Osrednjeslovensko region is far above average.

A great potential is on the part of **cultural associations**. Numerous organisation and individuals have already established cross-border linkages and started joint initiatives, such as forming mixed ensembles and introducing joint film co-productions. The implementation of the Small Project Fund contributed to diminishing cultural differences and overcoming fears and reservations in the previous programme period. The cooperation of youth is one of the aspects of the cultural exchange that deserves special attention.

Culture thus presents an important potential of the programme area, which can contribute to the development of the areas' identity and to fostering good neighbourhood relations. On the other hand, culture should also be understood as a potential generator of new products and employment possibilities in connection to other sectors.

2.8 Social affairs and healthcare

The infrastructure is well-established on both sides of the border, particularly so in the fields of medicine and public healthcare (hospitals, experts, organisations, administration, etc.). These experts, personnel staff and facilities offer good preconditions for cooperation in dealing with joint problems in the field of cross-border health protection, pest protection, control of epidemics and public healthcare.

2.9 Local and regional development

On the Austrian side, there exists a strong network of regional management structures. Similarly, in Slovenia, through the implementation of the Law on balanced regional development, the regional development agencies were established in the past programming period, and those operating in the programme area became one of the key actors in the cross-border regional development.

The collaboration also improved as a result of the establishment of the two cross-border partnerships assembling the regional development structures acting in the programme border area: Cross-border partnership Karavanke/Karawanken and EUREGIO Styria – North East Slovenia. Cross-border development strategies were developed at regional level by both partnerships. They acted as contact points for matching cross-border partners and assisted in project development. The effectiveness of those partnerships was partly limited by the obstacles imposed by imbalances in resources and functions of the partners on both sides of the border. Furthermore, it was noted that cooperation in

the previous period had a strong east – west divide on the Austrian side, mostly due to the Länder system, while PHARE-CBC projects with a volume of over 1 mio euro proposed by Slovene applicants had more focus on covering the whole border area. However, the mentioned partnerships contributed strongly to the development of the existing cross-border linkages and transfer of good practices.

Beside regional development structures of RDAs in Slovenia, a potential for strengthening of cross-border collaboration on local levels exists in the network of local business support centres. Moreover, a network of so-called rural development cores is active in the field of entrepreneurial development of rural regions.

On the other hand, a strong tradition of cross-border collaboration is to be mentioned on the part of chambers. As in Slovenia a proposal is made to introduce voluntary membership to the Chamber of Economy, the organisation structure might change, which can also influence the potential for cross-border cooperation. The cooperation among chambers of agriculture and forestry has also been quite intense.

The implementation of the Small Project Fund on the part of the cross-border partnerships as well as through Phare contributed a lot to strengthening the non-government sector and establishing links by supporting different cross-border initiatives.

The need for strong and sustainable partnerships is of great importance for the future project development and implementation, and for the development of cross-border cooperation in many fields.

2.10 Environment

A strong focus on preservation of the environment is an important part of the development strategies of both countries.

Slovenia has largely extended the **areas which are subject to protection and nature conservation**.

A large share of the territory belongs to the NATURA 2000 areas. An important protected area is the Triglav National Park. In the eastern part the trilateral nature park Goričko-Raab-Örseg was established, while the Kozjanski park was established in the Savinjsko region. There are several initiatives for establishment of regional and nature park areas along the whole border: regional park Kamniško – Savinjske Alps, regional park Pohorje, the Drava and Mura parks, nature park Ljubljansko barje.

On the other hand, attention should be paid to considering development potentials and interest of the people living in those areas.

In Austria some nature parks should be expressively highlighted at this point: Naturpark Dobratsch, Naturpark Grebenzen, Naturpark Südsteirisches Weinland, Naturpark Pöllauer Tal and the Weindylle Südburgenland. Additionally, the initiatives along the Ramsar-area Lafnitztal regarding a European model of a river-region should be mentioned.

Biodiversity of the programme area is rich. Initiatives for the preservation of biodiversity have also been supported in the last programming period. The concerned Austrian provinces have established quite a wide area of nature and landscape protection, including specific protection programmes for species and biotopes. Steiermark has already nominated 39 Natura 2000 sites, Kärnten 29 sites and Burgenland 15 sites.

On the other hand, there is a constant process of land take by housing, industrial and commercial zones and transport infrastructure both in Austria and in Slovenia, while the area used as pasture land is rather decreasing. Additionally, the ongoing fragmentation of landscapes and habitats as an associated problem could be observed. Suburbanisation is a problem in Slovenia, which results in inefficient infrastructure and unsustainable transport system. An additional problem lies in the fact

that cultivation land and pastures are being overgrown by the forest, which leads to the altering of landscape.

Joint management of protected areas, improvement of the systems of nature protection, joint water management and risk prevention are the areas of common interest for cooperation.

In the Eastern and South Eastern border areas of Steiermark and Burgenland, close to the Slovenian border, there is a significantly higher rate of soil erosion, compared to the other areas within Austria. The dominant reason must be seen in agriculture.

The programme area is rich with **water**. In Southern Austria, the karst groundwater of the Southern Limestone Alps and the groundwater in basin landscapes represent the most important groundwater resources. The problems with quality of surface waters (running and standing waters) have largely been dissolved. However, the problems with nitrate contamination of the groundwater caused by intensive agricultural production must be stated in particular in the regions along the Southern Mur and the Feistritz valley.

In the period between 1992 – 2000 an improvement of the water quality was achieved in Slovenia, especially as far as the waters of lower quality levels are concerned.

Moreover, in Slovenia a number of the water treatment plants are in construction, therefore an improvement of the sewage treatment can also be expected.

Noise in the nature, in the living environment and at work is, however, growing. In Steiermark and Kärnten nearly one third of the population feels disturbed by noise, in Burgenland one out of four. The most important factor is road traffic, especially in the urban areas and along the transport routes.

In Austria, a separate collection of **waste** contributed to reducing the waste streams from households and similar establishments. Nonetheless, the more recent years saw an increase in the level of waste.

The share of population included in the system of regular **waste collection** in Slovenia increased from 76% in 1995 to 94% in 2001. Separate waste collection has been introduced by 70 % of the public companies. There is an ongoing trend of increasing the amount of waste per capita. Further processing of the separately collected waste has become a problem, while another burning issue is illegal waste dumping, which often presents a great threat to underground water.

There is an ongoing decoupling process of economic growth and **material consumption** – in line with the movement to the tertiary sector, with increased trade and outsourcing of material intensive production processes. However, so far we have not been able to consider an absolute reduction of material consumption.

In terms of sustainability, there still exist high challenges and many opportunities for an innovative and resource oriented economic and technology sector.

The quality of **air** has also improved partly, in particular, the pollution by suspended particles and SO₂ has been decreased. The SO₂ emission in Slovenia decreased by 47 % from 1990, the most in the energy sector.

On the other hand, the **problem of fine dust** (PM₁₀-pollution) has emerged and started to be tackled. Due to specific climate and topographic conditions, the problem is particularly focused on the agglomeration and along the major transport roads in the plains of the cooperation area. Thus, a high rate of the total population is affected in terms of health and quality of life. Additionally, the framework regarding the permissions for location development, (industrial and energy) investments and major events could also be influenced.

Though the European institutions are dealing with the fine dust problem, there are also cross-border aspects to be tackled jointly, in particular regarding the co-ordination of measurement, the exchange of data and the co-ordination of measures.

At a more local level, in particular in the area of Klagenfurt, relevant know-how was generated regarding the PM10 problem. In the framework of the European LIFE III, cooperation with neighbouring regions was also carried out. This practice could thus be applied to a wider region in the cooperation area.

Furthermore, the GHG emissions increased particularly in the Austrian regions, in Kärnten and Burgenland mostly due to the transport sector, in Steiermark primarily due to the industrial sector. The share of CO₂ in the total of the GHG emissions is constantly increasing up to a share of 82 %.

Due to increased traffic, the CO₂, Nox and dust emissions have increased in Slovenia, too, additionally, other sources of pollution are emerging as well.

In the field of natural hazards, the risk of flooding remains the major risk in the considered regions, however, attention must also be paid to avalanches and mudslides (in the Alpine regions) and droughts in the South-Eastern areas with intensive agricultural production.

Many challenges and initiatives exist in the field of preserving the natural resources and improvement of the environment, which can be supported through the programme. Moreover, innovation and technology development support will be required in this field.

2.11 Energy

The energy consumption has increased significantly in the involved regions, both in absolute and relative terms (per capita). The consumption of electric power is rising continually, but most of the increase is due to the transport sector and the industry.

Fossil fuels still cover most of the energy use. In Kärnten with its high rate of water power, the rate of renewable energy exceeds the 40 % of gross regional energy consumption.

The use of renewable energy sources is increasing in the entire cooperation area (water power, solar and photovoltaic, bio-gene energy), but the share has been quite stable, since the absolute amount of energy consumption is steadily growing.

In Austrian regions in particular, there is a relatively long tradition of good practices, an advanced level of competence and a developed sector of specialised companies, often organised in networks. Among others, the European centre of renewable energy in Güssing/Südburgenland must be highlighted at this point. This can be considered as an opportunity for cross-border cooperation, especially referring to the exchange of experiences and to research & technology cooperation.

Due to the high share of energy intensive industries (metal, paper and chemicals), Slovenia is one of the countries with high levels of electricity consumption. The consumption decreased in the period of 1992 – 2001, but on the other hand, the share of the energy consumption in transport and household is increasing. Slovenia has great problems with energy efficiency; great energy losses are caused by obsolete technology.

The use of renewable energy sources increased in the last years. The share of the energy produced from renewable energy sources (Austria 2004: 21 %, Slovenia 12 %) is quite advanced compared to the European level (EU 25, 2004: share of 6 %), mostly because of the production of hydropower plants. The use of biomass has also increased in the last period.

Local energy agencies were established recently on the Slovene side, providing impulse to the institutional base for the cross-border cooperation.

In general, the awareness of the wider population on the possibilities of renewable energy use and efficient energy use is not yet sufficient.

The efficient use of energy and increase of the renewable energy sources shall be part of national programmes, which shall cover major investments. In Austria, several programmes regarding energy

efficiency (also covering enterprises) are financed in the framework of the klima:aktiv - programme. The extension to cross-border cooperation aspects could also be an option within this objective 3 programme.

To summarise, there is a lot of potential, competence and interest in the field of sustainable energy and energy efficiency, which can contribute a lot to the sustainability of the area.

2.12 Transport

The entire cooperation area is characterised by rather short distances, generally a good transport infrastructure is given, and therefore we could call it an **area with manageable distances**.

2.12.1 Road

Regarding the capitals and major centres of the area, these centres are entirely connected by an almost gapless motorway system. Within one day the route from Graz – Maribor – Celje – Ljubljana – Kranj – Villach – Klagenfurt – (Leoben) – Graz is manageable. Along these points, the major development potential is allocated. Additionally, the railway system offers a public connection for the same chain. Thus, comfortable infrastructure preconditions for frequent personal cross-border interaction, meetings, events, delivery of goods and services, cultural and tourism offer are given.

As regards the main road connections, in the Austrian part, nearly all regions have good access to the highway network. Südburgenland has not been directly linked with the highway system yet, but a big road project – the S 7 as part of the Austrian road construction programme (connecting the Austrian A2 with Western Hungary) – will upgrade the transport links of the region significantly. At the moment this project is at the beginning of the implementation procedure, but the finalisation can be expected within the lifetime of the upcoming ERDF period.

From the environmental point of view, the dramatic increase in road transport, both in car transport and in freight traffic, must be observed. This growth goes hand in hand with a significant raise of the fuel energy consumption, of CO₂ emissions and, in particular in Austria, with NO_x and particulates due to the high rate of diesel-powered cars. This leads to a modal split in the transport, which increases the air and noise pollution, the drain of energy, and contributes highly to the greenhouse effect.

In Slovenia, the last few years were marked by an intensive investment to finalise the highway network. In the programme area, Ljubljana, Celje and Maribor are now linked, while the connections from Maribor to Murska Sobota and Kranj – Jesenice are not yet finished. The Koroško region remains excluded from this network. The plans to build the so-called 3rd development axis - the motorway connecting the 5th and 10th corridor from A2 Griffen – Holmec – Celje – Karlovac (Croatia) - are being prepared. The construction is to be feasible at the second half of the programming period. The connection is promising a lot of impulses to the regions concerned.

In recent years, heavy growth of passenger car transportation has been noted. On the other hand, the use of public transport is in decline in Slovenia. Furthermore, freight transport by road is growing rapidly and is higher than the rail transport.

2.12.2 Rail

The Austrian railway system at its main routes is in the process of upgrading to a high-level railroad-system. In the concerned cooperation area this refers to the Tauernbahn (Salzburg – Villach – Ljubljana) and the Südbahn (Vienna – Villach – Tarvisio) and Graz – Maribor. In the longer run, these investments will contribute to the upgrade of the transnational links of the entire region within Europe. There are 3 cross-border railway connections between the Austrian and Slovenian regions: 2 main routes (Villach / Rosenbach – Jesenice, Spielfeld – Šentilj) and one at a significantly lower level (Holmec – Loibach connecting Ravne and Bleiburg).

The core areas are linked by public transport systems, but even in the case of short distances as between Graz and Maribor and between Villach / Klagenfurt and Ljubljana, the attractiveness of the public transport keeps limited due to regular stops at the border.

The rail network in Slovenia has not been modernised much due to priority investments in the highway infrastructure.

The regions have connection to the main rail axes. Freight transport is increasing, while passenger transport in Slovenia is also in decline.

A general remark to the public transport sector: although the relations and interactions across the border have increased significantly (daily commuters, consumers, students, visitors and business contacts), the rate of public transport has not gone in parallel. There is still a lack of attractiveness of the public transport supply in general, even regarding the transport links between the major towns (Graz - Maribor, Klagenfurt - Ljubljana).

2.12.3 Air

The programme area has relatively good accessibility by air. There are four internationally linked airports in the region: Ljubljana, Graz, Klagenfurt and Maribor. Nearly 90 % of the population in the cooperation area have access to an airport within one hour by car. This has to be regarded as a crucial asset in the competition of regions in Europe: it offers excellent opportunities for business contacts, for scientific and research networking, for long-distance tourism and for cultural, congress and event activities.

In the last years, the arrival of low cost airlines has been characteristic for the airports of Ljubljana, Graz and Klagenfurt, which increased the passenger inflow and outflow. The Maribor airport has been privatised and is still in the process of market positioning.

The airports are acting in a highly competitive market, however, they are going to find their specific regional profile and strategic role. It can be assumed that besides the fields of competition, specific fields of cooperation among the airports with mutual benefits, as, for instance, the goods transport or specific tourism transport opportunities, may emerge.

2.12.4 Border Crossings

Along the 330 km of the common border, there are altogether 37 border crossings of different statuses. 17 border crossings are intended for international traffic, 4 for the interstate traffic and 16 border crossings for the local traffic. Austria and Slovenia also signed agreements regulating trespassing of the border for mountaineering and tourism purposes in certain areas.

With the movement of the Schengen regime from the Austrian – Slovene border to the Slovene – Croatian border, a number of cross-border facilities will no longer serve its basic purpose. Consequently, a lot of infrastructure will be free for alternative use and follow-up activities. The border crossings are located in a very diverse geographical and functional context: from Alpine border crossings over to main routes on motorways and crossings on rivers and in the city. This offers a great variety of deliberations for useful and suitable follow-up activities.

To summarise, preconditions for economic development are favourable with the exception of a few regions, which still have rather poor access to the main transport routes. On the other hand, the immediate border connections of the public transport are less developed.

2.13 ICT and information society

The information society continues to be a key driver of growth and employment and remains at the heart of the Lisbon strategy. So far it has not been possible to gather regional statistics on this sector, though for the overall picture the data gathered on the national level shall give enough insight in the

situation and expected trends, especially for the Slovene part, where almost three quarters of the territory is part of the cooperation programme.

According to the Information Society Benchmarking Report, European Commission, 2005, the percentage of households with the access to the internet by a PC in 2004 was 44 % in Austria and 41 % in Slovenia, while the mobile device access is much higher in Slovenia, 28 %, while in Austria it amounts to 2 %.

Based on the SORS data, the access to and use of the internet in Slovenia is increasing. In the first quarter of 2005, 48 % of Slovene households had access to the internet. The internet was used regularly by 50 % of the citizens in the age group of 10-74. 61 % of households possessed at least one PC, and 71 % of households had at least one mobile phone.

The broadband infrastructure has been rolled out in all member states, and there has been a rapid growth in the number of users. In Austria, the number of subscribers per 100 population in January 2005 was above 10, while in Slovenia it is around 6. In Slovenia, the majority of subscribers use DSL, whereas in Austria approximately half of the users make use of other technologies, too.

Broadband connectivity of enterprises in both countries is quite similar: In the first quarter of 2004, 91 % of large enterprises with 250+ employed had broadband access both in Slovenia and Austria, while on the part of SMEs (10–249 employed) 60 % of the enterprises in Slovenia and 54 % in Austria were connected.

Based on the SORS data, in the first quarter of 2005, 94 % of small enterprises (5-10 employees) as well as 96% of enterprises with 10 or more employees were using the internet.

Compared to a relatively high level of internet usage, e-commerce in Slovenia is underdeveloped. 94 % of Slovene enterprises have internet access. 76 % of enterprises that use the internet use it for banking and financial services; a small percentage (6 %) is using the internet to collect orders.

The strengths of Slovenia lie in the high level of the PC and internet use, ICT usage in enterprises and widespread online education. The weaknesses are evident in a relatively low number of computers with internet access at schools and in a low level of e-commerce.

On the other hand, the threats are in the growing digital divide within the EU. All member states are confronted with the challenge of extending the information society to the people with low or no formal education, the unemployed and older people.

In Kärnten, a big broadband initiative covering the entire country will soon be launched: in priority one, it aims to connect all relevant business locations, scientific and research actors and industrial companies, while in priority two all settlements in the country should be integrated. The programme should be implemented in a few years' time, therefore a high level of broadband infrastructure will have been established by then.

However, gaps between the partner regions seem to exist at the border. The next step could be the interconnection of various networks across the border. In this phase, further analyses and co-ordination activities would be necessary in order to obtain a high level of connections with the neighbouring partner areas as well.

To summarise, the general infrastructure is quite favourable, though some gaps can be identified. On the other hand, the opportunities provided by such infrastructure are still not exploited enough.

2.14 Cooperation potential in the wider area

The cross-border programme area is a part of a major trans-national cooperation area, which also comprises of the North-Eastern Italian regions as Veneto and Friuli-Venezia-Giulia, the entire Slovenia, the sub-regions of Croatia (Rijeka, Zagreb) and the West-Pannonian region in Hungary. This greater area includes more than 14 million people.

One of the roots of the wider cooperation is the Alpe-Adria initiative, which was established more than 20 years ago. A series of bilateral and trans-national projects have been carried out in the recent years, in particular also under the EU-CI INTERREG IIIB – CADSES. The content of these trans-national cooperations covers a wide range of key topics, such as spatial development, regional development strategies, co-ordination in location development, technology networks, science and technology park cooperation, logistic cooperation and many others.

The cooperation area along the Austrian-Slovenian border has a population of 3.2 million people, but represents the embedded geographic heart of the greater region. The links to neighbouring areas, both in infrastructure as well as in current cooperation projects, exist also in a wider geographical context. This can be regarded as a promising situation: the initiatives and activities of the Austrian-Slovenian cooperation area will be rooted in a wider market and in wider networks of key actors. In this greater area, different potential, different skills and different natural resources are given. The access to this variety of knowledge, different partners and fast growing markets can contribute to the quality of the projects and to the rate of dissemination and growth, finally to their sustainability and long-term success.

The more the core area will be able to take an active role, the more it will benefit from its embedded position in the wider area within Southern Central Europe.

3. STRENGTHS AND WEAKNESSES

The key strengths and weaknesses of the cross-border cooperation area have been identified through the analysis of the statistical data, existing regional and national development plans and strategies, and by active participation of the key stakeholders at local, regional, Länder (Austria) and national levels. Moreover, regional studies and recent direct information of relevant authorities have been taken into regard, as well as the assessment of the involved parties. Thus, the strengths and weaknesses offer a wider view than the statistics and analyses of the programme area description.

In order to give a clear and complete overview, the strengths and weaknesses identified are presented in the table below for the main sectors/fields of cooperation, also highlighting specific issues of individual NUTS III areas where appropriate.

Table 12: Strengths and weaknesses

Sector	Strengths	Weaknesses
General	<ul style="list-style-type: none"> - strategic position as a link between the EU (Germany, Italy, Hungary and the Western Balkans) - Slovene-Austrian border became an internal border with the accession of Slovenia to the EU - introduction of euro in Slovenia in 2007 - increase of the programme area, inclusion of capital cities and major agglomerations 	<ul style="list-style-type: none"> - substantial differences at the level of development among participating regions; Podravsko , Pomursko and Koroško are among the least developed - the programme area as a whole is not sufficiently visible and promoted as an attractive functional area
Demography	<ul style="list-style-type: none"> - population of more than 3.2 million people represents a remarkable potential both for labour market and economy - growth of population in attractive, dynamic urban areas - opportunity of growth by integration of immigrants into attractive destinations in the cooperation area 	<ul style="list-style-type: none"> - ageing of population, esp. in the Podravsko and Pomursko regions - decline of population particularly in the rural regions or regions with industrial decline (regions Pomursko, Podravsko , Koroško, and in Südburgenland and Obersteiermark) - migration of young people from rural to urban centres due to the lack of employment possibilities
Economy	<ul style="list-style-type: none"> - high economic growth driven by a strong industrial sector and its key players - industrial clusters established in specific fields of strong industries (automotive, wood processing, tool making, plastics, electronics, new materials ...) - remarkable number of successful SMEs based on high flexibility and customer orientation - many dynamic SMEs integrated in industrial clusters - newly emerging strong industries, such as human technologies, environmental technologies, renewable energy, ICT ...) - rich business & technology transfer infrastructure, including rural areas: technology parks, impulse centres, incubators, technology transfer institutes - strong tradition of cross-border cooperation of chambers 	<ul style="list-style-type: none"> - rather low integration of (Southern Austrian + Slovenian) companies in trans-border value added chains or production networks - addressed to SMEs in border regions: low rate of internationalisation, exports and research activities - mutual problems in identifying suitable partners - limited geographical area of actions (partners, market) - level of qualification below average of industrial manufacturing sector - risk of expiration of the upgrading or restructuring process - few cross-border cooperations of industrial clusters and networks - few cross-border cooperations of technology parks (management and tenants) - innovation systems restricted within the regional or national borders - lower involvement of the population in entrepreneurial activity - lack of critical mass for economic development, in particular in rural areas

Tourism	<ul style="list-style-type: none"> - high importance of the tourism sector, in particular in rural areas - local/regional brands, cross-border cooperation activities - internationally competitive destinations (Alpine resorts, spa resorts, city tourism) in selected areas - local initiatives in joint development of tourism infrastructure - variety of the landscape (Alpine region, wine growing regions, nature protection areas, thermal springs) as a potential for development of attractive tourism products - existing cross-border transport facilities (road, railway, airports) could facilitate the joint tourism development 	<ul style="list-style-type: none"> - tourism in many rural areas not at a competitive level (offer, quality, organisation) - risk of decline in value-added, employment and regional income - low level of cross-border destination development with international visibility - seasonal tourism offers
Agriculture	<ul style="list-style-type: none"> - partly good natural conditions for specialised agricultural production (fruits, vegetables, wine ...) in the eastern part of the area - a lot of good practises in the field of organic farming, new products, food processing, innovative marketing (new brands, direct marketing, agro-tourism) - experienced and well developed structures for cooperation and advice 	<ul style="list-style-type: none"> - small-sized farming structures represent a permanent risk regarding competition - high dependence from income-combinations (trade, industry, tourism) - high pressure regarding upgrading of quality, innovation and new marketing perspective of highly liberalised European markets after 2013 represent a fundamental challenge for the majority of the farmers and – in a wider view – also for the entire rural areas - high requirements for food processing as supplementary activity on farms in Slovenia
Research and innovation	<ul style="list-style-type: none"> - high density of scientific, research and innovation infrastructure - 8 universities, non-university research centres, competence centres, centres of excellence - newly emerging competencies in life sciences, new materials, nanotechnology, sustainability technologies, specific fields of communication software 	<ul style="list-style-type: none"> - low level of cross-border cooperation in the fields of research and innovation - low participation of regional SMEs in innovation and technology transfer activities - weak cooperation between R&D-institutions and business sector
Human resources and labour market	<ul style="list-style-type: none"> - gradual decline of unemployment rates in Slovene regions - relatively high skills of the labour force in the region of Graz, relatively high industrial skills of the labour force in the Slovene industrial regions, specific skills in agriculture production and processing - growth of the educational level of the employed - a range of training and education institutions, especially in urban centres (universities, high school colleges, research organisations, training organisations) - development of new programmes at the university levels, introduction of the credit schemes - existence of certain measures, networks and organisations supporting employment of vulnerable target groups (women, young people, rural population) - growth in the inclusion of people in lifelong learning 	<ul style="list-style-type: none"> - still high unemployment in the Podravsko, Pomursko, Savinjsko and Koroško regions - structural unemployment, higher shares of unemployed women, young people and older population, low-qualified employees - danger of further job shedding in certain branches - population facing social exclusion - lack of job opportunities, especially in the immediate border areas, low level of the work force mobility and flexibility - lack of human resources in natural science and technology - low level of cooperation of labour market institutions, restrictions of Austria in the field of free movement of labour - the offer of education and training organisations not sufficiently oriented to market needs - low level of use of ICT in the field of lifelong learning
Culture	<ul style="list-style-type: none"> - variety of cultural heritage (movable and immovable) and arts - variety of public and non-government institutions in the field of culture, sport, education, media, some with already well-established cross-border links and cooperation activities 	<ul style="list-style-type: none"> - insufficient market oriented revitalisation of the cultural heritage, weak sustainability of certain initiatives - poor condition of certain culture heritage objects

	<ul style="list-style-type: none"> - variety of cultural programmes, festivals and events - minorities as a potential promoter of the neighbours' cultural cooperation and language variety - some good examples of cross-border cultural, sport and educational cooperation - modern technologies provide potential to develop innovative products and services in culture 	<ul style="list-style-type: none"> - opportunities for job creation in the culture connected to tourism and creative industries not exploited enough - not fully exploited potential for cross-border cooperation of media - reservations and prejudices rooted in history partly still exist - language barriers sometimes hinder the information flow and a more intensive use of cooperation potentials
Local and regional development institutions	<ul style="list-style-type: none"> - established cross-border links and cooperation among key actors - established regional and local development structures (regional development agencies in Slovenia, regional management structures in Austria) - establishment and functioning of the working group Cross-border regional partnership Karavanke/Karawanken and Euregio Styria – North East Slovenia - cross-border strategies developed at regional levels - improved capacities for project preparation and implementation on the part of RDAs 	<ul style="list-style-type: none"> - tendency for cross-border cooperation among actors divided to east – west - need of further development of the Euregio structures and adopting to a larger geographical scope of actions - tendency of cross-border contacts and cooperation being based on individuals within institutions and not institutions as such, which can hinder cooperation when these individuals move to other jobs - insufficient project management capacities, in particular in smaller municipalities and other actors at the local levels
Environment and natural resources	<ul style="list-style-type: none"> - in general high quality of environment and serious measures of protection instruments, high awareness regarding nature protection (high number of Natura 2000 sites) - natural assets of high attractiveness and quality, rich biodiversity - existence of institutional framework in the field of nature resources and park management - existence of good practice examples in the area of renewable energy and efficient use of energy - in general, high and increasing water quality 	<ul style="list-style-type: none"> - areas at risk of nature hazards (flooding, avalanches, mudslides, drought) - problem of fine dust (PM10): low level of cross-border co-ordination regarding measures and management plans - raising levels of noise esp. in urban areas and along major transport routes - open questions in the joint use of water supply - increasing energy consumption, but a rather constant share of renewable energy - increasing emissions of greenhouse gases - areas with nitrate contamination of soil and groundwater by intensive agricultural production
Transport and communication infrastructure	<ul style="list-style-type: none"> - good transport infrastructure between Ljubljana-Celje-Maribor-Graz (motorway, railway) as well as between Ljubljana – Gorenjsko – Klagenfurt - area of manageable distances offers comfortable preconditions for cross-border interactions (cooperation, meetings, delivery) - good accessibility among Austrian regions - good accessibility to the programme regions by air (airports Ljubljana, Maribor, Klagenfurt, Graz) - as a whole, there is good international linkage and accessibility of the programme area - ICT-infrastructure in the Austrian regions and core regions in Slovenia available 	<ul style="list-style-type: none"> - cross-border links between the regions on the western part of the programme area are poor due to natural barriers (the Alps and the Karavanke mountains) - poor use of public transport in Slovene regions - significant deterioration of the modal split in transport systems: increase of car traffic and road (freight) transport - poor condition of the rail system in Slovenia - poor cross-border public transport links between Slovene and Austrian regions - poor access from the Koroško region to the Slovene highway and to other Slovene regions - the programme area is insufficiently covered by broadband infrastructure - lacks in cross-border ICT-infrastructure - elderly people, children and women use the public transport system to a high extent

4. EXPERIENCES WITH THE IMPLEMENTATION OF THE CROSS-BORDER PROGRAMMES

The cross-border cooperation between Austria and Slovenia started in 1995. In the first programming period (1995–1999), the key objective was “learning and identification” (about the partners, their potential, their structures and objectives).

The current INTERREG IIIA Programme Austria – Slovenia is based on the JPD INTERREG IIIA/PHARE CBC 2000–2006. With the accession of Slovenia to the EU, the programming document has been amended due to the need for establishment of the programme management and implementation structures in Slovenia for the use of the ERDF funds, which replaced the Phare funding in the period 2004-2006.

This second period of cross-border cooperation is characterised by “accession and integration” as their key strategic targets.

The programming document clearly states that the main goal is to prepare the common border regions for the most effective utilization of new opportunities brought by the accession of Slovenia to the EU. The key objective of this strategy is to enhance the border regions in adopting their structures for their new role as neighbouring partners within an integrated European market.

Within this integrated programme, the basic strategy was to consider the economic development as the field offering the most relevant potential for integration on both sides. Additionally, the programme clearly stipulated the cross-border effects and perspectives of measures and projects as key criteria, otherwise existing enlargement opportunities and opportunities for integration cannot be exploited and unfavourable impacts would remain.

The evaluation of the implementation process has so far revealed a high rate of committed funds and a high number of projects already carried out or going to be implemented. Many project owners are participating in the programme implementation on both sides; additionally, relevant structures for project creation and project support have also been established.

However, deficiencies in the coherence of the projects have been identified. In Austria, due to the federal system, most of the projects are focused on the Länder level, only five projects covered the entire border region. This is significantly different from the Slovenian approach, where approximately half of the projects intended to have impacts on the entire border region. Therefore, it must be assumed that the potential of cooperation on both sides in terms of project content and involvement of relevant partners has not yet been sufficiently exploited.

This is also in line with a rather low rate of participation of relevant actors on both sides. Moreover, a direct involvement of companies within the implementation projects of the period 2000–2006 was not foreseen in the Slovenian project applications.

The case studies carried out at project level in 2003 under the conditions of different rules of PHARE CBC and INTERREG IIIA also show a rather low level of achievement of the impact indicators, especially so in the key area of the economic development. In particular, the build-up of sustainable working structures between the project partners is lacking in many cases, as the partnerships often relate to individuals involved rather than the institutions or organisations behind.

Particularly on one side, a limited number of organisations is involved in a wide range of projects (10 organisations in at least 4 projects each), which represents a kind of concentration.

There are clear indicators of unbalanced project partnership in many cases:

- A rather low rate of mirror projects with proven work-links across the border, direct interest in the project is often missing on both sides, therefore a low level of bilateral project contacts between the formal partners is revealed as a result.

- Significant deficits in information flow during the project implementation and the follow-up phase of approved projects.

Among others, the reasons may be found in different systems of project generation, the disproportionate funding system of the two programmes, as well as in the still-existing problems in identifying suitable partners.

5. STRATEGY OF THE OPERATIONAL PROGRAMME

5.1 Strategic premises

As already shown in the previous analytic chapters, the European regions will have to meet a series of fundamental changes:

- A change of the European agriculture policy from 2013 onwards (expiring of market regulations, downsizing of agricultural budgets and grants) with the consequence of liberation of the sector and a huge impact on the competitiveness of the farms and their products in a liberalised market.
- Changes caused by the liberation of the labour markets (at least in 2011) with a different impact on the competitiveness of companies, but also of employees and their qualification and flexibility.
- Challenges in context with globalisation and pro-active strategies as the new European research policy:

The European Union agreed on the ambitious goal of making the EU *"the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion"*.

The **regions** will have to take an **active role** in the transition of the Union to a **knowledge-based and sustainable economy** in order to become the most competent area within 10 years.

Thus, the route from Lisbon and Barcelona to Gothenburg is going also through the regional path.

What is more, the respective cross-border cooperation area of Austria and Slovenia will be **faced with the globalisation** impact, the deregulation mechanism, the enlargement process, fundamental changes in technology and increasing competition both at the level of **companies** and of **regions**.

New regions in Europe are emerging and competing in the fields of investments and attracting value-added and employment projects – additionally to the long-term key challenge of the economic dynamics in China and India.

At the level of industrial production and technology, global competition has been taking place for a number years. The industrial key players try to adopt their strategies and investments in order to keep their businesses prospering. In a few years at the latest the regions and public institutions will also be faced with the impact of global competition on their structures.

Thus, regions - which are not part of the main dynamic economic zones with top-level infrastructure or of the great European development bananas - will do wisely for future perspective to **create strong, sustainable and effective partnerships** in order to enhance common strengths for keeping or improving their competitiveness.

One of the key challenges of the Lisbon strategy will be to "bridge the technology and innovation gap" existing at the European level, as well as at the level of the regions, industries, companies and clusters.

Competitiveness and **innovation** will also be the key factors for regional development.

- There are essential links between successful innovation strategies and promising development of the territory. Regional innovation systems become increasingly important in an international networking economy.

- National boundaries, states and national economies are declining in their importance – on the other hand, regions, agglomerations, industries, clusters and networks become the decisive units.

Consequently, more and more activities and institutions supporting cooperation are necessary in order to take mutual advantage of key competencies and skills of local people and companies.

To set a proper framework for this innovation process using and integrating the cross-border potential is a key task of this operative programme.

Therefore this programme should pay attention to the creation of effective partnerships in order to facilitate the sustainability of cross-border cooperation.

The development of endogenous potential and activation of regions resources in terms of nature resource, social and human capital shall also be at the focus of the programme to support **sustainable and balanced regional and local development and improvement of the quality of life.**

Economic development should go hand in hand with the sustainable use of natural resources, the maintenance of biodiversity and the preservation of ecosystems. Therefore the regions will have to consider and further support and promote the use of renewable materials and energy sources, developing environmentally sustainable production methods.

Attention should also be put on increasing the employment potential in rural areas and improving links to urban areas.

Going ahead in this process of networking and involvement of key actors in the partner regions will be above all the task of semi-public and public institutions.

In the elaboration of this programme gender mainstreaming will be dealt with as a cross-cutting issue. Gender sensible aspects will be integrated where applicable.

5.2 Principles of the programme focus

Following the European challenges regarding competitiveness, innovation and sustainability, the operational programme should put the decisive efforts on **fostering the strengths** and **use the potential** given in the regions by cross-border strategies and measures. In operative terms, the programme would prefer to **deal with opportunities of relevance** (tangible contributions to competitiveness, enlargement of knowledge basis, visibility and sustainability).

The programme takes into account the great variety of the cooperation area and the different types of regions (rural, urban, industrial, tourist ones) and intends to offer proper opportunities, suitable to their potential.

On the other hand, the programme will not put too much attention on weaknesses and disparities in the regions, in particular those not in context with cross-border situations or problem solutions. This should be primarily regarded as a matter of national policies and programmes.

Spoken in operative terms, the programme intends to **complement** the strategies and measures at the **cross-border level** with matters and measures allocated to the **national homework** or **other EU-programmes**.

Given the strengths and weaknesses of the programme area, the **key potential** for successful cross-border cooperation and significant impact on increase of competitiveness was identified in the following sectors:

- opportunities for development are strong at least in the field of manufacturing industry, SME sector, business oriented services, research and innovation, in tourism sector and in the use of renewable energy sources
- infrastructure enabling or facilitating joint cross-border development such as transport, communication infrastructure
- regional development including location development
- human resources in particular with special focus on qualification upgrade
- highly diversified natural potential, resources and attractive natural assets
- a wide range of cultural heritage, enriched by the potential promotion by involved minorities
- environmental tasks to tackle jointly esp. the quality of the air, the increasing energy consumption, the increase of the greenhouse gases with significant challenges in raising the contribution of renewable energy sources
- advanced transport system on the road side, but the cross-border public transport is lagging behind and the modal split deteriorates significantly
- advanced social and health-care infrastructure, which shows potential for cross-border synergy use, thus the level of service could be maintained or even improved for the rural population, particularly in the immediate border area.

Cross-border cooperation is of significant importance for both countries. The main **challenges** for the future cross-border cooperation of Austria and Slovenia lie in:

- contributing to sustainable development and economic integration of the cooperation area, whereby taking into account differences in the level of development of the individual NUTS III regions
- increasing the profile of the programme area and its international competitiveness by taking advantages of its strategic location, endogenous development potentials and innovation capacities
- taking advantage of the development impulses emerged by Slovenia's accession to the EU on the one hand and preparing for the suspension of the transitional provisions regarding the labour market by Austria on the other.

Moreover, the **integrated regional development** as a strategic principle has to be **further developed**. Not only should the cross-sector integration be the intention, but the link to innovation and research activities should also be strengthened. The cross-border regional partnerships should be reinforced by cooperation with research institutes as their partners or external scientific experts. Doing so, they will be able to tackle challenging, innovation oriented activity fields. In case of success, the regional partners will raise their competitiveness.

The cross-border cooperation of clusters should also have an innovative approach with integration of joint RTD – projects and cooperation with research institutions of the cooperation area. The addressing of new tourism target groups of third, in particular international markets should be carried out by the development of innovative new tourism packages and innovative organisation.

5.3 Strategic Objective

The **strategy** to address the above mentioned challenges and opportunities is to contribute to:

- providing conditions for strengthening cross-border economic links and regions competitiveness and decreasing the regional gaps
- supporting improvement of the human resource potential and innovation capacities to support economic development
- facilitating the integration of the cross-border labour market
- providing a platform to promote regional identity, cultural and social cooperation
- supporting the preservation of natural resources, environment protection and the increase in the use of renewable energy sources
- building on the past experiences and further improving the institutional base, structures and processes to support cooperation at a high level of quality, and providing space for a further support of small scale cross-border (local) initiatives
- supporting synergies to other programmes being implemented in the programming area

- ensuring an efficient programme management and implementation.

It is essential to agree on a limited set of priorities and actions for which one can assume to have positive impact on the cross-border cooperation area and its key objectives. However, the strategy and the programme itself should at the same time provide sufficient flexibility for adapting and incorporating possible new development opportunities, which may emerge in the course of the programme implementation.

The overall aims of the programme are to contribute efficiently

- **to extensively fostering the international competitiveness and visibility as well as the quality of the cooperation**
- **by joint development, sustainable and innovative use of**
- **the common potential and opportunities in the regions.**

More in operative terms:

- increasing competitiveness in economic key sectors including tourism and agriculture, improving the research & knowledge base, and upgrade the infrastructure, qualification and employment opportunities
- increasing the quality of life in the programme area by promoting cooperation in the field of culture, health and social affairs
- promoting sustainable cross-border projects to facilitate cooperation, particularly in the field of environment, sustainable energy and management of the area's natural resources
- strengthening and improving the quality of cross-border cooperation at local and regional levels.

Indicators at programme level:

Indicators reflecting the **degree of cooperation**

Code	Indicator	Quantification ¹
42	Number of projects respecting two of the following criteria: joint development, joint implementation , joint staffing, joint financing	40
43	Number of projects respecting three of the following criteria: joint development, joint implementation , joint staffing, joint financing	130
44	Number of projects respecting four of the following criteria: joint development, joint implementation, joint staffing, joint financing	4

Joint staffing is achieved when, after the end of the project, there is one common institution with staff from both countries (long term vision).

Indicators reflecting **cross-border cooperation**

¹ No baseline has been set because the indicators reflecting the degree of cooperation are intended to be measured on the level of this programme.

Code	Indicator: Number of projects	Quantification ²
46	developing joint use of infrastructure	5
47	developing collaboration in the field of public services	10
48	reducing isolation through improved access to transport, ICT networks and services	8
49	encouraging and improving the joint protection and management of the environment	15
50	Number of people participating in joint education or training activities:	300
-	female	at least 50%
	Projects involving SMEs	70
	Number of projects with bilingual products	50

5.4 Justification of the priorities

The implementation of the basic programme strategy should be carried out within two strategic priorities:

Priority 1 focuses on the raise of competitiveness with cross-border cooperation and intends to tackle the various challenges in the transition to a knowledge-based economy.

Priority 2 deals with a sustainable and well-balanced development, in particular regarding the natural, social and infrastructure potential within the cooperation area.

PRIORITY 1:

The analysis shows relevant potential in various fields of the economy as well as in the fields of research and innovation:

The industrial and SME sector offers many opportunities for joint development of competitiveness and use of joint growth potential. In particular, the industrial clusters including many dynamic SME can take a driving role in using mutual advantages across the border, in facilitating the access to markets, resources and partners. In selected sectors cross-border production chains may be developed and put into practice.

The cooperation area has a developed infrastructure in the field of business locations, technology parks, incubators and science parks. Cooperation regarding further development would make sense particularly in creating networks and cross-border cooperation in order to facilitate the access to information, to new partners and to new markets for their clients and tenants. However, in order to reinforce the SME-sector in the border regions, additional strategies, especially those with innovative aspects, should be put into practice jointly.

The analysis shows rich potential of scientific, research and innovation oriented infrastructure in the cooperation area. The high density represents a specific asset of the joint region. This field and its actors should play a key role in an innovation and competitiveness oriented development strategy. In particular, two major sub-strategies for the regional development should be taken into regard:

² The baseline for all indicators is 0.

There are opportunities to create internationally high competence in the newly emerging fields of technologies such as new materials, electronics, human technologies, life sciences, nanotechnologies and others by establishing new research coalitions. The excellence of knowledge, high experienced staff and technical apparatus and facilities should be bundled jointly on selected themes and research projects.

The science and research sector should be intensively involved in the increase of competitiveness of the industrial and rural areas by dealing with regional projects, themes and actors. This coalition should facilitate the ability of the rural and industrial areas to meet the fundamental trends and challenges in economy and technology.

The cooperation area reveals specific fields of strengths in various sectors:

In industry and the SME sector these are particularly the fields of automotive industry, wood processing, environmental technologies, electronics, tool making and many others. These sectors may make use of cooperation in order to increase their competitiveness and growth potential, in particular by addressing jointly third markets.

In some parts of the cooperation area it is especially the agriculture that still represents a pillar of the structure and offers relevant development potential for the rural areas. In many fields of production high specialization, new products, processes and brands have been developed. The potential of the rural regions, in particular that of agriculture, should be developed further by means of cross-border cooperation, using especially cross-sector cooperation, such as handicraft, trade, tourism or food-processing industry, etc.

Based on the existing attractive potential, cross-border tourism activities should be oriented primarily on the creation of joint internationally visible packages and, moreover, on suitable cases in international destinations. These new packages should be addressed to third and international markets. Many of the rural areas as well as the cities of the cooperation area could contribute to such packages and make benefits regarding value-added, employment and income.

PRIORITY 2:

The rationale for the proposed strategy of sustainable and balanced development evolves from the regions potentials that could be (further) activated in a sustainable and responsible way to improve the quality of life for present and future generations.

The programme area has a relatively well preserved environment, rich biodiversity and valuable nature resources. In order to preserve this richness, sustainable and responsible ways of use should be promoted. In doing so, the existing knowledge and competences of the relevant actors in the cross-border area should be integrated to further support the protection of biodiversity and preserving of ecosystems. The cooperation potential is expected in particular in nature parks management and promotion, joint water management, etc. Since the cooperation area consist also of some rather sensitive areas, joint solutions and actions in the field of risk prevention should be considered.

To meet the decrease of number of species and habitats, which are permanently under pressure, joint solutions have to be found in order to stop the loss of biodiversity.

The area has much potential to further increase the use of sustainable energy/ renewable energy sources (e.g. solar, biomass, water, wind, etc.). The existence of the relevant knowledge and expertise within the programme area, which could be joined and upgraded, is also in favour of such strategy.

On the other hand, opportunities to develop joint strategies and solutions for tackling problems of air pollution, fine dust and noise should be considered. Supporting development of new technologies and research in the field of environmental management is of great importance for the entire area, since in the long run it can also create new employment and contribute to sustainability. Such actions should go in hand with the potentials described under research and innovation under P1.

To exploit the cooperation opportunities in various fields identified, a proper promotion and support shall still be necessary to bring the relevant partners together. A lot of potential exists in the already established regional structures and networks acting in various regional fields. With the inclusion of new potential actors and new programme areas, adapting existing and developing new or upgraded structures may be necessary to support high quality project development and implementation. In this respect, improvement of links between urban and rural areas should be strengthened. Development of services and support infrastructure to facilitate employment creation and better quality of life is an important aspect of regional development.

Culture is an important potential which can support and foster cross-border relationships and contribute to the improvement of the programme areas identity and international visibility. In the long run, culture can also create an employment potential in connection to other sectors. The possibilities in this field are many.

A functioning cross-border public transport system is a key element of facilitating an intensive interaction across the border. Thus, the existing lack of attractiveness in the cross-border public transport system should be overcome. An upgrade of the public transport offer could contribute to intensify the cross-border contacts and interactions of daily commuters, of consumers, students, tourism visitors and businesses. In addition, the external transport links at the level of railway and air transport of the cooperation area can also be upgraded in order to increase the accessibility of the entire region.

The foreseeable removal of the Schengen regime from the joint border will offer a considerable amount of high value infrastructure at the immediate premises of the border crossings, which may be used alternatively for regional and economic purposes. Therefore this potential should be tackled jointly.

To contribute not only to the economic, environmental, but also to social sustainability, potential has been identified primarily in the field of health protection, pest protection, cooperation in medicine, control of epidemics, hazard/risk prevention, emergency management, water and waste management.

Addressing the horizontal themes and principles:

The implementation of a competitiveness and innovation oriented approach and promotion of a sustainable and balanced development on the other hand also represents a challenge for human resources, in particular a permanent upgrading of the qualification structures. This request is valid for all actions within the programme, so the human resources development is regarded as a horizontal theme in order to create the suitable solution for each individual action.

Networking should improve sustainable cooperation structures and contribute to the quality of cross-border cooperation. Moreover, this is regarded as a horizontal activity field and should thus be part of every single action.

Innovation in the framework of this programme should be understood as a permanent task to work on new competitive and/or sustainable solutions. Therefore it is seen as a horizontal principle within the programme.

6. PRIORITIES – OBJECTIVES AND TARGETS

The following table illustrates an overview of the proposed priorities and their specific contents:

Horizontal themes, tools and principles:
Human resource development, Networking, Innovation

Information and communication technology

Sustainable development, Equal opportunities

<u>Priority 1:</u>	<u>Priority 2:</u>
COMPETITIVENESS, KNOWLEDGE AND ECONOMIC COOPERATION	SUSTAINABLE AND BALANCED DEVELOPMENT
SME development	Management of natural resources
Tourism	Environment and energy
Framework for knowledge-based economy	Urban and regional development
Thematic fields of strengths	Social and cultural development

Priority 3:
TECHNICAL ASSISTANCE

Both content priorities include actions to promote the **development of human resources, networking and innovation** as horizontal themes, which form an essential part of the development of all the above presented areas of support.

6.1 Description of horizontal themes

Human resources development

In this programme, human resources development is regarded as a key element for the entire strategy and is of high relevance for the selected priorities. The successful implementation of most of the measures directly depends on the involvement of well-educated people at several levels – in project development, in management, in production, in research, in marketing and in a wide range of services.

The horizontal principle of innovation is strongly linked to human resources and the current upgrade of their qualification.

In order to meet the objective of achieving progress in the development of a knowledge-based economy and increasing the competitiveness, many efforts have to be directed to the development of human resources. In general, there are rather favourable preconditions in the cooperation area: a high level of educational & training facilities already exists and can be used for specific tasks, in many cases also jointly across the border.

Human resources development is therefore not regarded as a strategic activity field as such, but rather as a strategic tool, which should strengthen and give support to the other activity fields described in the programme priorities. The ambitious targets regarding competitiveness and sustainability will particularly require a lot of accompanying education and training activities in the preparation and implementation phase. Many actors will be involved in these actions. Actions addressing the human resource potential of a project should be tailor-made for the specific requests

of the respective projects, which may emerge. The concrete targets of the human resource oriented actions will be defined and carried out within the individual projects.

As a result, the upgrading of human resources at project level will have a useful impact on the labour market, too, and in particular on the tendency to reduce unemployment in the participating regions.

Networking

While human resources development is aiming at the project orientated upgrade of qualification and skills of the project actors, networking is addressing the establishment of efficient and sustainable cooperation structures of different project actors.

A regular exchange of information, mutual exchange of experiences, involvement into cross-border events, co-ordination of joint strategies and actions should be targeted in these cooperation structures. In order to create a sufficient number of sustainable networks, a pro-active approach in project development will be implemented, and therefore sufficient project- and network development capacities have to be provided.

In context of this, programme networking is not regarded as a strategic activity field as such, but rather as an operative tool, which should be tailor-made for the specific requests of the respective projects, which may emerge. The concrete targets of the networking actions will thus be defined and carried out within the individual projects.

This will contribute to the improvement of the quality of cooperation, while the sustainability of the cooperation should exceed the life-time of the co-financed projects. Thus, networking activities shall increase the efficiency and intensity of the partnership. Networking actions as part of a project expressively need a clear link to the concrete project content, and should also contribute to the aims of the project.

The establishment of thematic, sector and cross sector networks and partnerships shall be supported to improve cross-border project development and implementation in various fields, such as urban and municipality cooperation, labour market, education and training, health protection, promotion of healthy life style, and others.

Innovation

In this programme, innovation in a wider sense will be regarded as a horizontal principle. Being faced with and aware of the European and global challenges, there is a clear need to find a lot of new ways, new instruments and tools, new products, processes and even new partners. It is intended to gain innovative aspects in all proposed activity fields and particularly at the project level.

Innovation must be understood as a permanent task, a change of standard solutions should be encouraged by this programme. In many cases its implementation will be linked to research and development activities. Therefore, the involvement of research institutions in different, suitable roles (as project owner, project partner or external expert) is needed. Moreover, other ways of renovation, upgrading of existing solutions and making use of best practices should also be addressed, in particular in the fields of marketing, development and cooperation processes, as well as the increase in quality. Thus, the common understanding of innovation within this programme is that of an innovative approach, applicable to all measures and actions in their respective suitable manner.

As already mentioned above, innovation will often go hand in hand with human resource oriented project actions. Networking with involvement of research and innovation oriented partners could also favour innovative results.

Information and communication technology

Is to be understood as a horizontal tool to support achievement of priority objectives, too.

The respect of **equal opportunities and sustainable development** (social, economic and environmental) represents the overall programme principles. They shall be respected accordingly throughout the programme, especially in the process of project development (part of the application sheet), in the project selection process (part of the assessment and selection criteria), in the implementation process, as well as through monitoring the implementation of the approved projects.

Sustainable development

The safeguarding of quality of life, as well as quality of the natural, social and cultural resources is one of the main principles within the cooperation area. Thus, within a specific priority – P 2 sustainable and balanced development – many actions address sustainable objectives, in particular measures regarding protection of natural resources (water, clean air, preservation of biodiversity), improvement of public transport across the border, co-ordination of environmental protection measures (emergency management, risk prevention measures, promotion of renewable energy sources), actions in the fields of healthcare and treatment of medicinal waste, revitalisation of villages and urban centres in the cross-border context.

Moreover, the principle of sustainability is crucial also for other activities within priority 1. Many opportunities to raise competitiveness are based on or linked with sustainable technologies, efficient use of resources and energy and avoiding industrial waste and risks (cleaner production principles). In practical implementation, issues of sustainability could play an important role in the field of joint research projects, new technologies, in particular the application of renewable energy, in industrial and SME projects, in agriculture and food processing and also in tourism projects.

At the level of project generation and project selection many specific environmentally oriented criteria as proposed within the Strategic Environmental Assessment will be adopted, thus projects with a higher coherence with principles of sustainability will be implemented.

Gender equality and equal opportunities

The participation of women in social and economic life is still smaller than that of men. The implementation of the measures according to the specific needs of women and men will be based on the EU- and national regulations aiming at equal opportunities.

In the framework of the OP, an equal status of men and women will be observed and persons regarding to sex, race and origin³ will not be discriminated against. The observance of the principle of equal opportunities for both sexes will be ensured during various stages of the programme implementation as well as the realization of the financial support from the funds. The principle will also be observed in the phase of defining the criteria for the selection of projects. The policy aimed at the promotion of equality of sex and prevention of discrimination will be screened throughout all stages of the programme and the realization of the project.

Programmes like Objective 3 Territorial Cooperation have limited impact on the situation of equal opportunities in general. Nevertheless, the possibilities it offers will be realised. Synergies with specific programmes have to be used.

Equal gender opportunities are not a separate topic, in fact, this is one of the basic principles for each single activity. By including equal opportunities in all the concepts and activities, balance and fairness for men and women should be achieved. It should not be oriented only on specific activities for women, since equal opportunities are necessary for the entire society.

³ Article 16 of the Council Regulation 1083/2006 (11/07/2006).

The analysis shows that there still exist significant imbalances referring to gender equality and equal opportunities, in particular at the level of labour market and relating to qualification structures.

Hand in hand with the human resources development measures tailor-made for each single project requirements, especially women should be motivated to upgrade their qualification and increase their participation in the regional labour markets.

In addition, the improvement of the public transport offer will facilitate the access to mobility, in particular of female and young population or even handicapped persons.

6.2 Priority 1: Competitiveness, knowledge and economic cooperation

Objectives

To raise the **competitiveness** of Europe and its regions is the crucial request from Lisbon and **innovation** is the core strategy to reach it.

The extension of the cooperation area and the increase of funds offer good opportunities to tackle relevant potential in mid-term strategies and project chains, as well as to involve relevant actors on both sides.

This means it is also necessary to involve strategically selected key institutions from the core areas, which should involve and motivate actors from the regional level, respectively.

The overall objective of the priority is to contribute to the increase of competitiveness and economic growth as the basis for employment in the participating regions, reducing development disparities and thus contributing to the economic and social integration of the cross-border area. Therefore, a strategic and operative link between the objective 3 programme AT-SI and other programmes (objective 2 respectively phasing out in Austria, objective 1 in Slovenia) and other activities will be necessary.

Specific objectives:

- to support CB-development of the industrial and SME sector, improvement of its competitiveness and internationalisation of its activities
- to contribute to the increase of the level of CB-technology development, innovation and research focusing to fields of competencies
- to improve the level of skills and qualification of employees and the mobility, in particular with regard to cross-border cooperation
- to foster CB-tourism by improving international visibility and developing CB-packages and destinations in order to facilitate attraction of visitors from third markets
- to improve the competitiveness of business locations and the use of synergies in the trans-border context
- to strengthen the cross-border integrated approach in particular in rural areas and their potential in the field of manufacturing industry, tourism, agriculture, food processing and others

Description of priority

Strategy of the priority:

The strategy intends to use and mobilise relevant sectors in the field of economy, science and research for CB-cooperation.

To raise competitiveness of the regions involved the SME and industry in particular are to be addressed in order to enlarge their activity fields, to increase their markets and to create new strong partnerships of mutual benefits. The business oriented infrastructure in the cooperation area should be mobilised for cross-border SME and innovation oriented actions.

Specific fields of strengths particularly in industry and technology should be further developed to strongly competitive regional competencies. Thus, new paths of economic growth could be created jointly and both sides can draw out long-term benefits. Rural areas with key potential in agricultural production and food processing shall improve their competitiveness by developing innovative solutions in branding, marketing and creation of new products of high quality.

Research and development should play a key role in the cross-border development of the cooperation area. There is a big potential for the involvement and cooperation (directly and indirectly) of universities and research centres, in particular in the newly emerging fields of technology. Generally, the research sector should be strongly involved in the tackling of regional themes, development of new processes and quality improvement both in the SME and agricultural sector.

The opportunities in the tourism sector shall be used by increasing international competitiveness and visibility of new attractive packages and destinations.

The scope of activity fields to be supported within the priority is divided into key themes/ areas of assistance presented below.

SME development

In particular, the following actions are proposed to be tackled:

- Establishment of cross-border production chains and networks, including regional manufacturing industry, SMEs, services and their projects are to be supported.
- Building up of demanding business support services in order to prepare and facilitate cross-border cooperation of the SMEs, which may range from intercultural training to technology transfer services.
- Cooperation of business parks and centres across the border should be motivated and deepened primarily to offer information services, access to partners and markets for clients and tenants.
- The joint development and upgrading of business locations (in particular technology parks, start-up centres) with cross-border impact should be tackled at the level of planning, co-ordination of thematic focus, feasibility concepts and creation of cross-border implementation structures. If suitability is given, such projects should also be implemented in rural areas.
- Establishment of a cross-border company and cluster oriented innovation system (such as technology transfer, consulting services, B2B-activities, cleaner production centres...)

Tourism development

In particular, the following actions are proposed to be tackled:

- The key strategic objective is to work jointly on the development of cross-border internationally visible tourism destinations or innovative packages.

Rich potential is given in the cooperation area for the development of new destinations, which could be offered successfully on the third, in particular international markets. In order to exploit this potential fully and to develop internationally visible tourism destinations and innovative packages, all partners of the tourism sector should be integrated, including tourism organisations, municipalities and companies.

Many specific target group oriented and thematic destination-packages could be produced, such as:

- city packages: in particular based on the cooperation of the 4 big cities of Ljubljana, Maribor, Graz, Klagenfurt / Villach, but also others

- cultural packages - music, theatre, events, history, ethnology, religion, etc.
- historic cities and architecture.

Packages putting more focus on the surrounding regions or rural areas and based on their specific supply and resources, in particular such as:

- thermal spa resorts
- wine and culinary tourism
- caves, rivers
- mountains, lakes, mountaineering, trekking, mountain biking, cycling
- nature parks and national parks, such as Triglav, Nockberge
- health, sports.

Naturally, a great number of attractive and target-group-oriented combined packages are feasible and helpful in order to gain competitiveness and visibility. In particular, sustainable tourism and leisure economy products should be developed.

The development of tourism packages should also pay special attention to the use of cross-border (public) transport means, including the development of innovative mobility solutions.

Airport infrastructure is given sufficient attention in the cooperation area, thus the international transport links also referring to long-distant markets are available. Furthermore, co-ordination activities regarding the airport infrastructure and services as foreseen within the transport section of priority 2 should also improve the quality offered for the tourism sector.

- In order to exploit the given potential, the focus should be placed on supporting product development, marketing activities, joint services, as well as investments in infrastructure and package offerings by tourism organisations and businesses aiming at cross-border destination development, including the potential of the entire area and thus contributing to accessing third markets (including additional necessary activities like matters of qualification, quality standards and so on).

Framework for knowledge-based economy

In these types of activities, the common basis for knowledge-oriented regional economy and regional innovation should be improved.

Facing the rich potential, the research and innovation sector represents one of the key fields for future oriented potential. It can be expected that the research sector will bring up a series of relevant contributions to the competition oriented strategy.

It comprises cooperation of universities, cooperation of non-university institutions, involvement of companies in the cross-border research and innovation process, involvement of regional partners, themes and projects of other institutions. The support comprises both the process of building cooperation and the implementation of joint projects which are in common interest of the cooperation partners.

The activities should focus on the common work on themes of joint interest, in particular those with innovative character, to raise knowledge and to foster competitiveness.

In particular, the following actions should be supported:

- Innovative technology fields, such as nanotech, ICT, software, life sciences, human technologies, medicine, etc.
- Sustainable technologies and processes (such as clean and resource efficient technologies, renewable energy, new materials, and others).
- Quality insurance, testing of new products and processes.

The institutions of both sides shall use their comparative advantages regarding knowledge, facilities and even costs.

Finally, the knowledge base will increase. The companies (industrial, SMEs, services – involved directly or by technology transfer measures) will benefit from this and improve their competitiveness.

The key focus is to involve regional actors, regional themes and projects (in particular those of the rural areas). A more active dissemination regarding knowledge, innovative technologies and processes into these sectors and themes will also upgrade the knowledge base in rural regions, which will be decisive for their long-term competitiveness as well.

Development of joint thematic fields of strengths

In particular, the following actions are proposed to be tackled:

- Cross-border cooperation of industrial clusters and thematic networks in order to increase competitiveness on third markets and, in particular, in order to offer cross-border access for local and regional SMEs (e.g. new markets, partners) in various sectors, such as automotive, wood processing, tool & tie making, plastics, material, ecology and others. Particularly the existing eco-technology networks should be extended across the border.
- Fostering specific regional strengths, such as agricultural production and marketing, creation of new regional brands, food processing technologies, wood processing or innovative wood construction, renewable energy technologies, etc.

Beneficiaries/Key actors

-
- private and public business support institutions (incubators, technology parks, science parks, competence centres, business support centres)
 - enterprises, clusters and networks
 - national, local and regional authorities
 - research institutions
 - universities and technology and business oriented high schools
 - tourism institutions, associations and agencies
 - local and regional development organisations
 - training and education organisations and institutions
 - institutions and organisations representing economic and social interests of employees, employers, cities and/or municipalities
-

Specific targets and indicators

Indicators reflecting priority 1	Quantification⁴
“Competitiveness, knowledge and economic cooperation”	
Improved competitiveness and internationalisation of industrial sector and SMEs	60
AF “SME development”	
Number of projects under SME development	22

⁴ The baseline for all indicators is 0.

AF “Tourism development”

Number of investment projects in the tourism sector (e.g. information systems)	10
Number of soft-aid measures in tourism development	21

AF “ Framework for knowledge-based economy”

Number of RTD – projects	20
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AF “Development of thematic fields of strengths”

Number of projects	13
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6.3 Priority 2: Sustainable and balanced development

The scope of activity fields to be supported within the priority is divided into key themes/areas of assistance presented below.

Objectives

The aim of the priority is to contribute to the sustainable and balanced development of the programme area by securing and activating its regional resources in the field of environmental, social and cultural matters and by improving the quality of cross-border cooperation at local and regional levels.

Strategy of the priority:

To contribute to the preservation of natural resources and preservation of the environment, the relevant actors existing in the region should be encouraged to find joint solutions and apply environment friendly approaches in all fields. Special attention is also to be put on increasing awareness of the wider population.

Specific fields of strengths are identified in the field of renewable energy sources use. Sharing best practices and joint technology development as well as promoting sustainable energy use should be further encouraged in order to achieve the overall aim of the programme. Know-how transfer and implementation of demo projects could be promoted, special attention is to be put on the potential of the rural areas.

Increasing levels of noise, fine dust and the need for sustainable solutions in the field of waste and waste water management are of common interest. Moreover, in this field the transfer of knowledge and technological solutions are important for the programme area, especially in urban and industrial centres and along the main transport routes.

Since there is much cooperation potential identified in several fields affecting the development of regions (e.g. municipality cooperation, health issues, labour market, education and training, culture, tourism, location development, social affairs and many more), one of the key approaches is to ensure the development of partnerships and networks in the enlarged programme area and to create synergies that would lead to high quality project development and implementation.

The strong potential in the field of culture should be activated to support cross-border relationships and to increase the identity of the programme area in a wider territory. In this way, the development of the tourism potential can be complemented and new fields of employment potential can be facilitated.

Another important factor in ensuring sustainable development and quality of life is the activation of social and human potential and the promotion of links between urban and rural areas by facilitating service development and infrastructural support.

Specific objectives:

- to contribute to CB-preservation of natural resources and promotion of their sustainable use
- to promote energy efficiency and increase in the use of renewable energy sources
- to contribute to efficient CB-environmental management
- to support improvement of accessibility of the border regions and to promote sustainable and balanced spatial and regional development, including social aspects
- to strengthen cross-border cooperation at local and regional levels
- to strengthen cultural identity and exploit the cultural potential of border regions
- to contribute to improving the quality of life and links between urban and rural areas

Description of priority

Management of natural resources

In particular, the following actions are proposed to be tackled:

The objective is to contribute to the preservation of natural resources and the biodiversity of the programme area.

The programme area has a substantial share of nature protected areas, some of them organised as nature parks and national parks.

The actions to be supported include cooperation in the field of joint management of natural resources, especially in the areas along the border (e.g. mountain range Karavanke/Karawanken, the Drava and Mura rivers), where individual actions can have a direct cross-border effect.

There is quite a number of initiatives for the establishment of nature parks. The cooperation among the existing and the coming ones is to be supported in the sense of finding joint solutions to particular common issues, e.g. public awareness raising, joint park promotion, organising and using joint cross-border transport systems, the development of measures to exploit employment and development potential under the limitations imposed by protected areas, the transfer of know-how, etc.

The actions to preserve biodiversity should also be supported both through direct activities connected to preservation, as well as through the increase of awareness of the wider population and visitors and promotion of cooperation with other land users.

The implementation of these activities shall promote and improve the ground for using the existing resources in a responsible and sustainable way.

Environment and energy

In particular, the following actions are proposed to be tackled:

The objective of the actions presented is to contribute to safeguarding the environment against natural hazards, diminishing environmental pollution and increasing the use of renewable energy sources, etc.

The programme territory includes some tangible areas where natural hazards may occur (rivers, mountain areas). CB-cooperation in the development of joint strategies and plans related to risk prevention, emergency management, environment protection and actions in the case of natural hazards are to be supported in the cross-border area.

In the field of environmental management, joint development of solutions, know-how transfer and technology development in the field of noise, fine dust, waste and sewage management (including sewage infrastructure) and other fields of common cross-border interest can be supported. In particular, the cross-border concept for the proper use of waste as secondary material after full opening of the borders could be prepared. Furthermore, to co-ordinate measurement technologies and measure plans regarding the cross-border aspects e.g. of the fine-dust problem should be tackled.

CB-water management – cooperation in protection and management activities concerning the protection of joint water resources shall be supported.

A great amount of CB-cooperation potential lies in the field of renewable energy sources and efficient energy use. In the first place, the cooperation among institutions and organisations in this field, some of which already possess remarkable competences, is to be supported in order to enable know-how transfer, data exchange and joint cross-border project development.

Joint technology development for CB-exploitation of various renewable energy sources in cooperation with the research and enterprise sector. The development and implementation of demo projects in various fields is to be supported in order to promote the use of renewable energy sources.

In this respect, the transfer of best practices and concepts should be encouraged, e.g. the use of renewable energy sources in public transport, at local levels, etc. Use of innovative approaches in the sense of development of new concepts, such as energy tourism, energy self-sufficient local communities, etc.

The actions to raise awareness of the wider public on the possibilities and benefits of the use should be supported.

In the field of efficient energy use, cross-border cooperation in technology development, development of measures for reducing energy consumption in households and enterprise sector, implementation of demonstration projects, awareness raising, training and promotion activities can be supported.

Urban and regional development

In particular, the following actions are proposed to be tackled:

This complex topic comprises a series of actions covering the development of cross-border cooperation structures, support in location development and the necessary communication infrastructure of a cross-border context that would contribute to the development of regions and improving the socioeconomic linkages between urban and rural areas. In this respect, actions in the field of public transport and spatial planning can also be supported.

New cross-border partnership structures should be stimulated, and at the same time the existing effective and experienced cross-border partnership structures (for example Euregio Styria - North East Slovenia, Carinthian cross-border organizations) should be developed further in order to increase the use of the joint integrated and synergetic potential of the entire cooperation area. Key projects will be identified jointly as a part of proactive project development. In particular, the geographical restriction of their orientation to the immediate neighbourhood areas should be removed. By adopting these structures to new requirements, cross-border cooperation along the whole border should be facilitated, and the development of new models for project development suitable to new requirements could be supported.

With regard to the development of a CB-labour market and increasing mobility of worker, CB-cooperation representing the interests of employees and employers should be supported in creating organisational structures for their CB-activities.

Moreover, municipality cooperation in the development of cross-border services and infrastructure contributing to the improvement of the quality of life or the improvement of linkages to urban areas shall be supported. For this purpose, the revitalisation of village and urban centres for new offer development can be supported, including infrastructure investments, if embedded in cross-border projects.

Improvement of cross-border connection of broadband ICT-infrastructure should be targeted, in particular to facilitate cross-border cooperation in business and RTD-fields and to allow the necessary support to actions aimed at rural areas.

Improvement of public transport system across the border should be targeted; particularly between the major towns of neighbouring areas, where relevant potential and high cross-border frequency exist. This should offer a better access to cross-border opportunities to employees, students, customers and tourists, while at the same time contributing to reducing emissions from individual vehicles. The major potential could be expected at the links between Graz and Maribor, Villach / Klagenfurt and Ljubljana, or also between Bad Radkersburg and Murska Sobota, Gornja Radgona, respectively.

CB-transport planning for the improvement of the cross-border links and level of service, joint market research, feasibility studies, organisational concepts, marketing and promotion of public transport and inter-modality supporting facilities could be eligible activities. As a specific matter, cooperation and coordination activities regarding the airport infrastructure and strategies can be supported, especially at the level of joint feasibility and marketing studies.

Schengen facilities at the border crossings could be used for the development of new cross-border services and infrastructure: the evaluation of the potential of this existing infrastructure in the respective regional context and the development of the alternative use or follow-up activities should be carried out jointly. There is a clear cross-border context of the potential and of the impact on the local and regional structure of any option.

Due to the various locations, a series of alternative opportunities are possible and could make sense:

- Transport-logistic related opportunities at the main highway border crossings (international truck-service stations including catering and accommodation)
- Commercial and business zones at the border crossings with high frequency
- Tourism opportunities at the border crossings in the Alpine zones
- Integration into the respective city and local infrastructure in case of inner-city border crossings (potential for town renovation)

Joint working groups could tackle the task jointly and elaborate a series of proposals and alternatives by integrating suitable experts and scrutinising good practises.

Detailed implementation should be based on concrete feasibility studies. In any case, the potential, the interests and the impact of both sides should be the basis of these joint deliberations and decisions. Furthermore, implementation projects could also be part of the programme up to certain limits.

Support for small scale cross-border local and regional initiatives could be implemented through the programme's Micro Projects Funds, specific implementing modalities will be stated at the level of the JMC.

The proposed activity fields will help to achieve one of the main programme objectives – the improvement of the quality of project development and implementation of the programme and the improvement of the locations and support infrastructure.

Social and cultural development

In particular, the following actions are proposed to be tackled:

The objective of the proposed activity fields is to foster cross-border cooperation in culture and social affairs, and thus contribute to the improvement of the programme area identity, visibility and quality of life.

CB-collaboration of cultural institutions and organisations in the programme area with the aim of developing long-term cross-border cooperation in various fields, such as cultural heritage, arts, creative industries, etc., should be supported.

Actions related to cross-border cooperation in the field of cultural heritage (movable and immovable) should contribute to its valorisation and sustainability, whereby support in development of the new cultural products/offer is the key focus.

Promotion of the CB-cooperation of culture organisations and the creative industries with an aim to develop new innovative cross-border products and services, which can, in the long run, also contribute to creating employment potential in culture.

CB-culture cooperation should also be supported through the development of new joint (coming to be) traditional events, festivals, and exhibitions, which provide place for the introduction of the creative potential of the programme area and strengthening of the cultural identity of the participating regions. To ensure sustainability of such actions, involvement of the business sector should also be considered. In this respect, joint actions to present and promote the cultural offer on the third markets are also included.

Promotion of cross-border cooperation of artists and other groups, such as youth, children, students, people working in culture and education by means of cultural exchanges and events that can contribute to learning more about cultural diversity, language promotion, education, arts. In this context, the cooperation of the media also presents an important factor.

In relation to the mentioned fields, innovative approaches, use of modern technologies and digitalisation in cross-border development of cultural offer, products and services should be encouraged.

The quality of life in the programme area is to be enhanced by promoting CB-cooperation, especially in terms of social development, in particular focusing on promotion of health protection and a healthy life style, promotion of healthy food, cooperation of hospitals, pest protection, and establishment of joint monitoring, data exchange and control of epidemics, as well as joint emergency planning for natural disasters or ecological accidents. Joint use of infrastructure, exchange of best practices and improvement of service quality could be supported. This could also include the exchange of experiences or joint actions in medicinal waste management, in particular for hospitals.

Beneficiaries

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- local, regional and national authorities and organisations
 - enterprises, clusters and networks
 - institutions and organisations in the field of nature protection and conservation, environment and risk prevention, emergency management, spatial planning, public transport
 - institutions and organisations in the field of renewable energy and energy efficiency
 - institutions and organisations in the field of culture, health, medicine, education and training, rural development, tourism, social affairs, labour market
 - associations and NGO in the field of nature protection, environment, culture, education, social issues, rural development, tourism, sports and leisure
 - institutions and organisations representing economic and social interests of employees, employers, cities and/or municipalities
 - research institutions
 - universities and high schools
 - associations and agencies
 - local and regional development organisations
 - training and education organisations and institutions
-

Specific targets and indicators

**Indicators reflecting priority 2 -
“Sustainable and balanced development”**

Quantification⁵

Strengthening cooperation on regional and national level, in particular in aspects of sustainability **50**

⁵ The baseline for all indicators is 0.

AF “Management of nature resources”

Number of projects 17

AF “Environment and energy”

Number of environmental projects 10

Number of energy projects 12

Number of risk prevention projects 5

AF “Urban and regional development”

Number of projects in urban and regional development 20

Number of public transport projects 4

AF “Social and cultural development”

Number of cultural cooperation projects 13

Number of cooperation projects in the area of health 3

6.4 Priority 3: Technical assistance

In order to ensure an effective programme management and information flow, the technical assistance goal is to improve the quality of cross-border cooperation and management tools. According to the ERDF Regulation, the following activity fields are supported:

- Assistance for project preparation and appraisal
- Feasibility studies and project preparation capacities, coaching and accompanying measures
- Evaluations, expert reports, statistics and studies, including those of a general nature concerning the operation of the Funds
- Measures aimed at the partners, the beneficiaries of assistance from the Funds and the general public, including information measures;
- Measures to disseminate information, networking, raise awareness, promote cooperation and exchange experiences throughout the Community
- Measures necessary for monitoring, controlling and the tasks of the accompanying committees, including the installation, operation and interconnection of computerised systems for management, monitoring, inspection (first-level control) and evaluation;
- Improvements in evaluation methods and the exchange of information on practices in this field.

Special attention shall be given to the services provided by the INTERACT II programme. This EU-wide programme focuses on the good governance of territorial cooperation and provides needs-based support to stakeholders involved in implementing programmes under the European Territorial Co-operation objective. The target groups for INTERACT are primarily the authorities to be established according to Council Regulations 1083/2006 and 1080/2006 as well as other bodies involved in programme implementation. In order to ensure maximum benefit from the INTERACT programme for the implementing bodies of this programme, the use of INTERACT services and documentation as well as the participation in INTERACT seminars will be encouraged. Related costs are eligible under Technical Assistance.

Indicator on Technical Assistance

Quantification⁶

Number of projects (pilot actions, concepts, studies, evaluations)

4

⁶ The baseline for the indicator is 0.

7. EXTERNAL COHERENCE WITH OTHER POLICIES

7.1 Coherence with EU policies

The current draft of the OP is coherent with the provisions laid down in the General Structural Fund Regulation and the ERDF Regulation. The proposed Priorities and Activity Fields are in line with Article 6 (1) of the ERDF regulation, and therefore all activities which are envisaged for support can be funded by the ERDF. Due to the thematic and strategic focus of the OP, the following thematic options foreseen in this Article were not - or only partly - included in the OP:

- Cross-border trade has not been considered as a (joint) problem in the cooperation area, which would cause the need of a public intervention.
- There were no expressive technological risks with potential cross-border impact to identify within the joint region, or such risks are covered by national strategies and prevention measures, thus this strategy does not deal with them.
- The big transport infrastructure, in particular the TEN routes, is part of the respective national competence, thus no cross-border aspects are included within this programme.

The OP is equally coherent with the Cohesion Guidelines, notably section 5.4. The OP - and notably Priority 1 - is in line with the general recommendation of this section to “concentrate the assistance on the main priorities in support of growth and job creation”, “focus on strengthening the competitiveness of the border region” and “contribute to economic and social integration”. Since in this border region the basic conditions for cooperation are already in place, assistance is focused on actions that bring added value to cross-border activities by, for example, increasing cross-border competitiveness through innovation, research and development or by connecting intangible or physical networks.

The OP is equally in line with the Renewed Sustainable Development Strategy adopted by the EU Commission (COM 10917/06). The programme strategy corresponds to the RSDS Guiding Principle “to make use of synergies between the SDS and the Lisbon Strategy for Growth and Jobs”. Moreover, the Activity Fields of Priority 2 in particular respond to some of the RSDS’s key challenges and objectives (climate change and clean energy, conservation and management of natural resources, public health).

Gender Mainstreaming

By the Amsterdam Treaty 1999, Gender Mainstreaming has been adopted as one of the main tasks of the Community – imbalances should be abolished and equal opportunities for men and women supported.

In Article 11 of the general provisions on the structural funds (11/07/2006) it is laid down that the member state and the Commission have to take care of equal opportunities for men and women by implementing Structural Funds activities.

In Article 16 of the Common Regulation of the Structural Funds it is laid down that the member states and the Commission have to support equal opportunity at every level of the implementation of SF.

EU-regulation concerning public expenses: the impact of all expenditures on equality of women and men has to be evaluated and the measures have to be adapted to meet the aim of equality (Gender Budgeting).

STRAT.AT integrates gender mainstreaming in a comprehensive way. It also hereby refers to the immense demographical changes and structural changes on the job market, which have a specific impact on the know-how of women and men for the regional development.

Cross cutting issues, e.g. sustainability as well as equal opportunities for men and women – Gender Mainstreaming, which will be treated in this programming process as a cross sector fact with a gender sensible view where possible.

7.2 Coherence with national policies

The OP is coherent with the respective National Strategic Reference Frameworks:

- The Austrian NSRF (strat.at) contains a separate Priority for “Territorial Cooperation”. The basic strategy of the OP and its horizontal themes are in line with the superordinate objectives contained therein, and the Priorities and Activity Fields correspond with the objectives defined for cross-border cooperation in the NSRF.
- The Slovene NSRF does not expose territorial cooperation as an individual priority, but it includes territorial cooperation as one of the sections of the NSRF Priority 5 (Interaction of the measures for achievement of the long-term spatial development). The OP addresses all the potential activities foreseen in this section. In addition, a National Development Programme (NDP) has been drawn up, which in chapter 7.6 presents the priorities and activities that are of Slovenia's interest and should be included in cross-border cooperation programmes. The OP entirely reflects those activities and also contains the two strategic projects which are mentioned in the NDP (the establishment of Euroregion on the north-eastern part of the cross-border area, cross-border networks on the western part of the cross-border area).

Transnational cooperation projects

Under the framework of INTERREG IIIB – CADSES, the cooperation area is involved by representing partners and actors in several trans-national projects, such as

TEC PARK NET
TECNOMAN perspectives
CONSPACE
MATRIOSCA

More or less all these 4 projects, organised in a wider geographical area, deal with the development of joint strategies in order to meet the future common challenges in Europe.

Under the framework of INTERREG IIIC, the project CORINNA was developed to stimulate cross-border cooperation in technology development in the core Alpe-Adria regions (Slovenia, Friuli-Venezia-Giulia, Kärnten, Steiermark and West-Hungarian region). It intends to inform companies and research institutions about the technological capabilities available in that regions and assist public administrations in finding best practices of promoting the regional innovation systems.

Regions for Economic Change

A new Regions for Economic Change (RfEC) initiative was adopted by the European Commission under the Territorial Cooperation objective. It introduces new ways in order to give new dynamics to regional and urban networks to help them work closely with the Commission and have innovative ideas tested and rapidly disseminated into the mainstream programmes.

To some extent, the ideas emerging from REC may be considered for the implementation of this programme. Through this innovation, environmental issues and experiences will be more widely known.

8. COMPLEMENTARITY WITH OTHER PROGRAMMES

In order to ensure that EU funding is channelled and used in an optimum way to promote sustainable development, Member States and the Commission should co-ordinate to enhance complementarities and synergies between various strands of Community and other co-financing mechanisms, such as cohesion policy, rural development, LIFE+, research and development (RTD), the Competitiveness and Innovation Program (CIP). The OP Slovenia - Austria will focus its funding activities on genuine cross-border projects, which differ from the applications under other EU programmes in terms of content and project ownership during the selection process done by the JMC.

Due to its wide-spread content, the Territorial Cooperation Austria – Slovenia programme contains some theme overlapping with other EU co-financed programmes. Following the differences and needs for co-ordination in the available drafts could be identified.

Employment (ESF)

The programme offers qualification and employment measures, addressed to specific target groups on the labour market, in particular to women and elder employees. Additionally to the qualification of jobless people, the qualification of the actually employed is also enabled. In these cases, special focus is placed on elder employees and low-qualified employees. The concentration on labour market target groups should prevent the exclusion of certain groups of the employed population from the labour market.

In addition, a fair and balanced access to the labour market should be promoted. These qualification oriented measures have to be seen complementary to innovation oriented measures.

In the European Territorial cooperation Austria – Slovenia programme, the promotion of qualification aspects is foreseen as a horizontal theme, but addressed to the needs of projects of project owners in a clear cross-border context, not to individuals.

Rural Development (EAFRD)

The cross-border cooperation region also overlaps with the target area of the EAFRD-financed Rural Development Programme 2007-2013. This implies that coordination is necessary. Generally, double funding, even in the project areas in which the basic objectives of the ERDF and EAFRD are relatively similar, is prevented by the fact that the same authorities are involved in the consultation and project approval procedures of projects potentially eligible under cross-border cooperation or the Rural Development Programme. Due to different funding regulations between the European EAFRD and the EFRE, it should be ensured that completion but not overlapping of promotional activities will occur in the implementation process.

Austrian Rural Development Programme 2007-2013

A key focus is set on raising the competitiveness of farms. In Austria, special attention will be put on the incentives for investment in innovative farms, the promotion of human resources and the promotion of education, training and knowledge management. Additionally, forestry is seen as a main topic. Furthermore, the promotion of mountain areas is of great importance, as is the ÖPUL (Austrian programme for environment and agriculture). Moreover, several widespread measures beyond agriculture, cross-sector initiatives for branches and regions are foreseen in order to diversify the rural economy. On the other hand, the LEADER-strand will support cross-sector development initiatives in selected smaller regions, in particular the reinforcement of tourism offer of rural areas outside the tourism core regions.

Austria will bundle its efforts and set priorities in the Programme for Rural Development. One of them will be to spur the competitiveness of agricultural holdings.

- In axis 1 Austria's priorities are the incentives for investment aids in innovative farms, priority aids for human resources and the promotion of education, training, and know-how management. Another priority is forestry;

- In axis 2, the subsidies for mountain areas are to be ensured also in the new programme. ÖPUL will remain a priority;
- Measures in axis 3 are manifold and go far beyond agriculture, cross-sectoral initiatives for branches;
- Axis 4 is dedicated to the integration of the LEADER+ programme.

Slovenian Rural Development Programme 2007-2013

The draft National Strategic Plan for Rural Development for Slovenia specifically points to the urgent need for restructuring in the field of agriculture and food industry, as well as for the strengthening of a competitive agriculture and food chain. The draft strategic plan builds on the principles of sustainable management of renewable natural resources, and places special attention on the sustenance of cultural landscape, environment protection and the preservation of the populated countryside and its identity. The activities in the framework of the first three priorities will particularly be aimed at a better use of production factors, the introduction of new technologies, an increased quality and efficient marketing. The activities of the fourth priority focus on investments into human resources and knowledge transfer through the support of vocational training and information activities. Moreover, the priorities will contribute to the economic and social strengthening of the countryside, and implement new approaches for increasing the level of employment in rural areas – not only in the agriculture sector.

Within the Rural Development Programme 2007-2013, Slovenia makes the following efforts:

- Axis 1: Increase of agricultural and forestry competitiveness
- Axis 2: Improvement of environment and countryside (sustainable use of agricultural and forestry land)
- Axis 3: Quality of life in the countryside and diversion of agriculture activities
- Axis 4: LEADER+ programme

Austrian Programmes for the Regional Competitiveness Objective

At present three draft OPs, which will be implemented at the Länder level, have been elaborated: One for the Objective “Phasing Out” (Burgenland) and two for the Objective “Regional Competitiveness” (Kärnten, Steiermark). All of these programmes are based on regional strategy documents, which have been drawn up beforehand, either in a sectoral or a comprehensive manner. In general, a high degree of coherence - notably in Priority 1 of the current draft OP - can be stated, as all of the three programmes focus on regional competitiveness, innovation and SME support. On the other hand, this means that the complementarities of these programmes have to be defined in more detail and should also be monitored during implementation in order to avoid overlaps and rule out any double funding.

Phasing Out Objective 1 Burgenland (ERDF)

The Phasing Out Programme in Burgenland consists of three thematic priorities – the support of structural change, R &D, innovation and infrastructure, plus human resources.

High coherence is provided particularly by the SME-orientation, the addressing of cooperation, networking and internationalisation aspects, as well as also by the tourism oriented approach. Moreover, the content of priority 2, which addresses R&D activities, cluster development, location development, as well as innovative measures in transport and ICT infrastructure, also indicates a high degree of coherence. Thus, a lot of synergetic potential and opportunities for cross-border extension and strengthening of the regional aims could be expected.

The key difference of the OP AT-SI is the exclusive cross-border orientation and targeting of the Objective 3 programme, but, even more importantly, the cross-border and internationalisation aspects of the Phasing out programme has to be co-ordinated in detail with the OP AT-SI in order to avoid overlapping funding.

Regional Competitiveness Kärnten (ERDF)

The Carinthian Objective 2 Programme concentrates all actions foreseen in one priority called Innovation and Knowledge-based Economy. The programme stresses a clear orientation to both innovation and enterprises. It comprises a wide range of measures covering information, consultation, training and qualification, as well as innovation oriented services.

The reinforcement of R&D activities in order to strengthen upcoming fields of competences, a further development of business oriented infrastructure and innovation centres are expressively addressed. Innovative investment projects, the promotion of business start-ups and R&D activities of companies prove the significant enterprise orientation of the programme.

In the field of tourism, the cooperation of companies, the development of destinations and tourism value-added chains, as well as the innovative upgrade of the tourism enterprises are addressed by the programme aims.

It is especially the priority 1 of the OP Austria-Slovenia that indicates a high degree of coherence and opportunities for mutual completion. The content must be co-ordinated in detail, in particular regarding internationalisation activities and tourism. The key difference will be the clear cross-border orientation of the objective 3 programme on the one side and the main orientation on enterprises on the other side.

Regional Competitiveness Steiermark (ERDF)

The Styrian Regional Competitiveness Programme foresees two major priorities:

“Strengthening of the innovation and knowledge-based economy” (priority 1) and “strengthening of the attractiveness of the regions and locations” (priority 2). In both priorities, innovation represents a core strategy, based on selected regional fields of strengths in Steiermark, in particular industrial clusters, scientific potential, but also innovation oriented tourism potential. At the activity level of priority 1, the measures are addressed to SME-development, knowledge-based economy, and the development of fields of strengths.

Since the Territorial Cooperation Austria – Slovenia programme is also strongly oriented on the Lisbon and Gothenburg objectives in many aspects, there is a series of overlappings at the level of targets and strategies. Among others the objective 3 programme expressively aims at the cross-border extension of the competitiveness oriented strategies, but with clearly based measures in the cooperation with Slovenia and Slovenian partners.

Moreover, the priority 2 of the Regional Competitiveness Programme also contains some overlapping aspects regarding efficient resource input, attractive regional locations, sustainable and environmental management and tourism.

The implementation of the programmes will require taking these overlapping aspects into regard and finding clear ways of demarcation or separation. The basic line for the competitiveness programme will be focusing on the Styrian part of the activities, while the territorial cooperation programme will focus on the cross-border aspects. This also requires some detailed co-ordination work at project level.

Slovene Operational Programme for the Convergence Objective 2007-2013 (ERDF)

The OP for ERDF foresees the realisation of the identified priorities mainly through investments. In its first priority - Development Network of Slovenia - the OP for ERDF supports increasing R&D activities in Slovenia through the stimulation of R&D projects implemented jointly by research-academic and business spheres, as well as through investments into modernisation and purchase of research and development equipment and technological equipment in companies. The innovativeness resulting in new products, technologies, processes, etc. is emphasised. The actions aiming at the development of supportive environment for entrepreneurship will focus on co-financing the construction of economy-research-logistic centres, such as technology parks, networks of regional business

incubators, centres of excellence, university spin-offs, office for technology transfer and inter-entrepreneurship educational centres.

By focusing mainly on soft activities such as the establishment of cooperation networks and structures among different actors in order to exchange experiences and knowledge on both sides of the border, the OP Austria-Slovenia 2007-2013 complements actions foreseen under the OP for ERDF. The horizontal themes of the OP Austria-Slovenia 2007-2013 are relevant to the priorities of the OP for ERDF.

As regards the ICT within the OP for ERDF, in order to provide broadband internet access, alternative solutions will be taken, which will be based on the open networks concept with the access for all service providers. The project will be running on the national level, with the emphasis on accelerated construction of broadband networks in less developed regions and in particular in rural areas.

Projects and programmes in the area of information society will be concerned with the development and establishment of information systems and e-services. Their aim will be to develop and create e-content, in particular in the area of digitalization of culture, cultural heritage and media.

9. FINANCING PLAN

9.1 Breakdown by categories

Table 13: Financing plan of the programme giving the annual commitment of ERDF in the programme

ERDF	
2007	9,515,924.00
2008	9,112,854.00
2009	9,219,581.00
2010	9,457,826.00
2011	9,701,916.00
2012	9,933,304.00
2013	10,170,072.00
Total	67,111,477.00

Table 14: Financial plan of the operational programme giving, for the whole programming period, the amount of the allocation of ERDF in the programme, the national public and private contributions and the rate of reimbursement by priority

Priority axes by source of funding (in euros)						For information	
	Community funding (a)	National public funding (b)	National private funding (c)	Total funding (d) = (a) + (b) + (c)	Co-financing rate (e) = (a)/(d)	EIB contributions	Other funding
1st Priority Axis - Competitiveness, knowledge and economic cooperation	28,293,931.00	4,993,047.00	0	33,286,978.00	0.85		
2nd Priority Axis - Sustainable and balanced development	34,790,857.00	6,139,563.00	0	40,930,420.00	0.85		
3rd Priority Axis – Technical assistance	4,026,689.00	710,593.00	0	4,737,282.00	0.85		
Total	67,111,477.00	11,843,203.00	0.00	78,954,680,00	0.85		

10. SYNTHESIS OF THE ACCOMPANYING PROCESSES

10.1 Ex ante Evaluation

10.1.1 Process and content of ex-ante evaluation

ÖAR Regionalberatung and Pitija were commissioned by the Austrian Federal Chancellery as the Managing Authority of the current INTERREG IIIA Austria - Slovenia Programme to carry out the ex-ante evaluation of the future Cross-Border Cooperation Programme. This contract also includes the preparation of the Strategic Environmental Assessment (SEA). SEA and ex-ante evaluation were carried out in close co-ordination both in terms of timing and content.

The components of the ex-ante evaluation correspond with those contained in the relevant Working Paper of the EU-Commission:

- Appraisal of the Socio-economic Analysis, Relevance of Strategy
- Rationale and Consistency of the Strategy
- External Coherence with other policies (national levels, EU)
- Expected results and impacts
- Implementation systems

Neither the Managing Authority nor the Programming Group put forth additional evaluation questions or specific requirements to the ex-ante evaluators. The ex-ante evaluation was carried out in parallel to the elaboration of the Operational Programme, i.e. the assessments were done in an iterative process, based on interim results of the programming process and in close co-ordination with the programming team. This process can be subdivided into five phases or assessment stages:

- The assessment of the first three components was done on the basis of the 3rd Draft of the OP (Version June 2006). The work was documented in a paper containing detailed comments, that were discussed with the programming team. The main findings were also presented and discussed with the Programming Group (June 29, 2006).
- During the summer the ex-ante evaluators provided periodic feed-back for the programming team on the elaboration of the 4th Draft (July 2006) and recommendations on specific issues (indicator system, clarification of programme logic).
- The next assessment was carried out on the basis of the 5th Draft (September 2006). On one hand the incorporation of recommendations expressed earlier was assessed and an initial appraisal of the likely achievement of expected results / impacts was made. The evaluators prepared impact diagrams on the basis of the OP strategy. Diagrams were presented and discussed with the Programming Group (October 3, 2006).
- Following this meeting impact diagrams were revised on the basis of the feed-back received from members of the Programming Group. Based on the 6th Draft (November 2006), which already contained indicative financial allocations, indicators and categorisation of expenditure, the likeliness of impacts and the appropriateness of the indicator system was appraised. These issues were discussed with the Programming Group (November 17, 2006).
- The final steps - assessment of the implementation systems and the quantification of indicators - were carried out in close collaboration with the programming team.

The main methods which were used during the ex-ante evaluation were document analysis as well as interviews with programme authorities and the programming team. In addition the findings from the evaluations of the current programme were also taken into consideration. For the assessment of impacts the "Process Monitoring of Impacts" approach was used.

10.1.2 Reflection and value added of the Ex-ante Evaluation

Appraisal of socio-economic analysis, Relevance of Strategy

The analysis presents an accurate overview of the current situation in the cooperation area. Generally the analysis contains recent and relevant information on the economic and social situation of the programme area. The main disparities, deficits and development potential, relevant to the programme's strategy are presented in a concise manner, and extensive stakeholder consultation has taken place on both sides to identify needs or collect development ideas. The recommendations of the ex-ante evaluators have largely been integrated, eliminating initial inconsistencies between SWOT analysis and area description.

Rationale and Consistency of the Strategy

The programme objectives and the selected priorities appropriately address the needs, identified in the socio-economic analysis. The OP displays a high degree of strategic rationale: the strategic objectives are in line with the strategic premises and principles of the programme focus, and the selected priorities address the defined objectives. The programme is well focused and displays a rather high level of ambition in comparison to the current INTERREG IIIA programme. The experience gained with the implementation of this programme as well as the findings of the mid-term and on-going evaluations have been taken into account.

Recommended amendments have been carried out, which lead to improved justifications of priorities as well as to a clearer description of the links between Priority Objectives and Activity Fields. Also the intended implementation of horizontal priorities was made more visible.

- However, the implementation of the strategy - in particular the intended focus and level of ambition – is still associated with some risks that should be taken into account during the programme's implementation:
- Translating programme strategy into action: This will notably require pro-active development of projects in line with defined objectives, which can only be achieved if there is a joint understanding of all programme partners. If this transformation process cannot be carried out swiftly there is a risk of slow programme start, delays in implementation and even de-commitments.
- Need to identify / address new actors: The realisation of the strategy requires involvement of key actors for the respective themes on both sides, including the national level in Slovenia and Austria, if appropriate or needed. In particular the responsible institutions for business and innovation policy need to be addressed, whereby split (or unclear/shifting) responsibilities must also be taken into account.
- Overcome deficiencies of past: Some actors, crucial for the realisation of OP's strategy, are hardly involved in the implementation of the current programme (e.g. cluster organisations, R&D sector, private businesses) and should therefore be adequately informed and motivated for participation in the new programme. Also many of the current projects rely too much on individuals, and should be gradually transformed into partnerships of institutions or organisations.

External coherence with other policies

The current Draft OP is coherent with both, the General Structural Fund Regulation and the ERDF Regulation, notably Article 6 (1). With some minor exceptions all of the topics contained in the Activity Fields appear to be fundable by the ERDF. It is equally coherent with the Cohesion Guidelines, Priority 1 corresponds highly with the objectives for cross-border cooperation formulated in section 5.4. Priority 2 on the other hand is in line with Renewed Strategy for Sustainable Development (COM 10917/06).

The Draft OP also corresponds with relevant national policies, at least at the level of objectives and Activity Fields. Concerning Slovenia, it is coherent with the National Development Plan and the National Strategic Reference Framework (NSRF). The same applies for the Austrian NSRF (strat.at), but in this case coherence is even more profound, as it encloses the objectives for "Territorial Cooperation" and the strategies for cross-border cooperation contained therein. However, it must be noted that these strategies are mainly procedural, therefore it is too early to assess whether these conditions are likely to be met.

The Draft OP can also be regarded complementary with other Structural Funds programmes in the programme area. There is a considerable degree of thematic overlap with these programmes (especially Objective Convergence in Slovenia and the three programmes to be implemented at Länder level in Austria), therefore close co-ordination must be assured, e.g. through representatives of these programmes in the Monitoring Committee, and thus prevent duplications and make use of potential synergies.

Complementarities with other national programmes (employment, rural development) seem equally assured, but here thematic overlap is less prominent and the differentiation described in the Draft OP seems satisfactory.

Assessment of expected results and impacts

In order to assess the likeliness of results and impacts, impact diagrams were prepared by the evaluators at the level of Priorities and validated in collaboration with the Programming Group. These diagrams allow to identify the core impact mechanisms, i.e. the expected contributions of Activity Fields and Project types towards the achievement of results and impacts.

These impact diagrams show that all expected effects show clear and plausible relations with project types to be supported. Therefore the Programme displays a consistent set of impact mechanisms and a clear „theory of action“. All of the expected results and impacts can be achieved with the foreseen Activity Fields.

However, this positive assessment must be revised when taking into account indicative financial allocations. Due to the comparatively low financial allocation for the Priority 1 there is a risk of ambitious objectives not being achieved - or achieved only at a rather low degree. This tendency is even more aggravated by the categorisation of expenditure. The categories which receive by far the highest allocations are tourism and urban / regional development and the categories which are used for the Lisbon – earmarking only represent approx. 40 % of total expenditure. Therefore the financial allocations could considerably reduce the OP's expected contribution towards the objectives of the Lisbon strategy.

In comparison to the 2000-2006 period there is a marked increase of EU funds and - due to the co-financing rate of 85% - a sharp decrease of national public funding. ERDF funds will be nearly doubled and the overall amount of public funding will increase by 38 %. But as has been explained above, this increase in EU funds will predominantly not be used for actions which correspond with the Lisbon strategy or the Commission objectives for cross-border cooperation as expressed in the Cohesion Guidelines.

With one exception, the proposed indicators at programme and priority level will only capture outputs. Therefore it will not be possible to monitor results based on these quantified indicators. But the impact diagrams would allow to observe the likely achievement of effects via (qualitative) process indicators, provided they will be incorporated in project applications and reports.

The quantification of indicators shows approximately the same pattern as the categorisation of expenditure, whereby projects in tourism and urban / regional development represent nearly half of all projects to be supported. The target figures display a rather modest level of ambition, despite the substantial increase of funds the number of projects will roughly remain the same as in the 2000-2006 financial period. This could also mean that in comparison with the current programme the average project size will increase considerably and/or the "umbrella project" approach will be used

more widely. Most targets will likely be met with the envisaged financial expenditure, except for the Activity Fields “SME development” and “knowledge based economy”, which will be difficult to achieve.

Therefore the programme is based on a sound theory of action, as expressed by the Activity Fields and the intended impact mechanisms, but the allocation of financial resources seriously jeopardizes the implementation of the strategies and the achievement of some strategic objectives, in particular those of Priority 1. With the exception of some targets set within Priority 1 the quantification of indicators is plausible and achievable. Since the proposed indicators will only allow to capture outputs additional information will be needed to effectively steer the implementation of the programme and to monitor the achievement of results.

Implementation systems

The Draft OP contains a concise overview of the structures and procedures for programme implementation, including descriptions of the administrative structures (JMC, MA, JTS, CA, AA), the project life cycle, publicity and communication. The roles and tasks of the various structures are clearly described with figures illustrating their relations. Descriptions of evaluation, monitoring system and electronic data exchange are only rudimentary at present.

The implementation system is in line with the requirements of the ERDF regulation and will also allow to implement the „Lead-Partner“ principle. It is also based on previous experience and foresees the continuation of a collaborative and decentralised implementation system. These will have a strong role in project generation in order to facilitate the integration of procedures in the administrative and funding systems of the partner regions.

However, the transfer of key programme structures (MA, CA, AA, CMS) to Slovenia will pose a major challenge, which is aggravated by the recent fluctuation of staff within the new MA. New staff must be recruited and trained not only for the tasks of the MA, but also for the JTS and CA, and steps must be taken to establish functioning Monitoring as well as Evaluation Systems. It is therefore crucial that responsible Slovene authorities act swiftly and that they will be supported in their tasks by Austrian partners (especially the former MA and JTS, but also RBs), otherwise there is a risk of delays in implementation and even de-commitments.

Furthermore, it is recommended to adapt the implementation system in the following manner:

- Foresee an additional RB for the western part of the Slovene border area, in order to obtain at a more balanced structure of RBs, which will assure equal treatment and support for potential applicants in the entire programme area.
- Assure a clearer division of tasks and curb potential conflict of interests between JTS and RBs: RBs should support potential applicants, take care of regional interests and assure regional / national co-finance. And the JTS should organise the assessment of applications, in terms of eligibility, content and coherence with programme objectives.
- Include representatives of the ERDF programmes on both sides (Objectives 1 and 2) in the Monitoring Committee, in order to assure co-ordination, prevent duplications and make use of potential synergies at project level.

Table 15: Integration of core recommendations of the ex-ante evaluation during programming

Ex-Ante Recommendations	Integration in the OP
Additional data / information in SWOT and area description to argue specific aspects of the programme	Firstly the comparability of the Austrian and Slovenian data has been improved; Secondly a series of additional data and information has been provided regarding particularly the following chapters: SME/Industry: number of business support objects in Slovenia; clarification regarding figures in agricultural employment R&D: Tehnopolis initiative in Savinjsko region additionally mentioned

	<p>Tourism: distinction of overnight stays between domestic and abroad</p> <p>Human resources: unemployment rate of EU 25</p> <p>Figures regarding educational structure of the population added</p> <p>Environment & energy: EU-average share of renewable energy; analysis of environmental situation on Austrian side completed</p>
Increase internal Coherence of the OP (Analysis – SWOT – Strategies - Priorities)	Inconsistencies between SW-analysis and area description were eliminated by additional information and completing of missing areas in the description
Better justification of priorities and description of strategy to reach Objectives	<p>Justification of priorities based on the area description and SW-analysis has been improved;</p> <p>Some arguments have been provided, why certain areas (eg. TEN –transport routes) are not included;</p> <p>Links between priorities and strategy for implementation (description of the contribution to the priority objectives) have been improved</p>
Improved description of the implementation of horizontal priorities	<p>The horizontal priorities have been made more visible (human resources development, ICT);</p> <p>Descriptions of the EU-principles “sustainable development” and “gender equality” have been provided</p>
Policy risk of poorly translating programme strategy into action	Programme partners are aware of the more challenging approach of this program comparing the current one; they have already started actions to inform new target groups and encourage them for project generation
Need to identify new actors and overcome deficiencies of the past.	<p>The program offers a list of identified beneficiaries, where new actors are expressly addressed in particular in the fields of R&D, innovation, clusters and networks:</p> <p>The new implementation structure provides new elements to improve the implementation procedures</p>

11. ORGANISATIONAL STRUCTURES AND PROCEDURES FOR THE IMPLEMENTATION OF THE OPERATIONAL PROGRAMME

The organisation of the programme management responds both to the EU-requirement for the period 2007-2013 and the experience in cross-border cooperation in this specific area so far.

For the period 2007-2013, the implementation structures as described in the following chapter have been agreed in partnership between the participating authorities in Slovenia and in Austria.

The structure and relationship of the programme bodies is based on the following overall principles:

- Respect of the partnership principle;
- Efficient and effective structures;
- Clear definition of tasks and responsibilities;
- Balance between structures on national and cross-border level.

According to Article 70 of Council Regulation No 1083/2006, the Member States are responsible that management and control systems are set up, as specified for the Territorial Cooperation programmes in Article 13 to 17 of Council Regulation No 1080/2006, and function effectively. They lay down the rules governing its relations with authorities located on their territory and being involved in the programme implementation.

In the Cross-Border Cooperation Programme Austria-Slovenia 2007-2013, the Member States are represented by the following authorities:

AUSTRIA:

Federal Chancellery
Division IV/4, Coordination – Spatial
Planning and Regional Policy
Ballhausplatz 2
A-1014 Wien

SLOVENIA:

Government Office for Local Self-Government
and Regional Policy
Kotnikova 28
SI-1000 Ljubljana

Appropriate management arrangements shall ensure at all levels of programme implementation, that - beyond the legally required absolute minimum standards - possible effects which are unsustainable or unfavourable to environment, especially as concerns impacts on climate change, the maintaining of biodiversity and ecosystems, and the drawing on natural resources, are avoided or kept as low as possible, so that the environmental charges of the OP in total will in the end be climate- and resource-neutral. The OP's positive effects and potentials for synergies in the sense of optimising its contribution to an environmentally sustainable development shall be exploited at best and, wherever possible, be strengthened.

Partnership

The objectives of the programme shall be pursued in the framework of close cooperation between both Member States and the Commission. Each Member state organises where appropriate and in accordance with current national rules and practises a partnership with authorities and bodies such as:

- the competent regional, local, urban and other public authorities;
- the economic and social partners;
- any other appropriate body representing civil society, environmental partners, non-governmental organisations, and bodies responsible for promoting equality between men and women.

11.1 Organisational structures for the programme implementation

Managing Authority (MA)

The Slovenian and Austrian programme partners agree that the responsibility of the Managing Authority (MA) within the meaning of Article 12 lit. 8 Regulation (EC) No 1080/2006 of the European Parliament and of the Council and Article 59 lit. 1a Council Regulation (EC) No. 1083/2006 will be given to: Government Office for Local Self-Government and Regional Policy (Slovenia), represented by the Unit for Managing of Cross-border Programmes Maribor.

According to Article 60 of Council Regulation (EC) No. 1083/2006, the Managing Authority is responsible for managing and implementing the operational programme in accordance with the principle of sound financial management, and in particular for:

- *Ensuring that operations are selected for funding in accordance with the criteria applicable to the operational programme and that they comply with applicable Community and national rules for the whole of their implementation period;*
- *Verifying that co-financed products and services are delivered and that the expenditure declared by the beneficiaries for operations has actually been incurred and complies with Community and national rules; verifications on-the-spot of individual operations may be carried out on a sample basis in accordance with the detailed rules to be adopted by the Commission in accordance with the procedure referred to in Article 103(3);*
- *Ensuring that there is a system for recording and storing in computerised form accounting records for each operation under the operational programme and that the data on implementation necessary for financial management, monitoring, verifications, audits and evaluation are collected;*
- *Ensuring that beneficiaries and other bodies involved in the implementation of operations maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation without prejudice to national accounting rules;*
- *Ensuring that the evaluations of operational programmes referred to in Article 48(3) are carried out in accordance with Article 47;*
- *Setting up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of Article 90;*
- *Ensuring that the certifying authority receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;*
- *Guiding the work of the monitoring committee and providing it with the documents required to permit the quality of the implementation of the operational programme to be monitored in the light of its specific goals;*
- *Drawing up and, after approval by the monitoring committee, submitting to the Commission the annual and final reports on implementation;*
- *Ensuring compliance with the information and publicity requirements laid down in Article 69;*
- *Providing the Commission with the information to allow it to appraise major projects.*

Beside the responsibilities mentioned in the Council Regulation, the MA is responsible for:

- Contracting ERDF with the lead partners with a standard frame contract on the basis of a partnership agreement between the project partners and the formal performing of all relevant project changes;
- Preparing all relevant standardized forms for project application, evaluation and decision following the decisions of the JMC;
- Collection of the final reports from the lead partners and submission of the cost statement to the CA regarding all EU-regulations.

Joint Technical Secretariat (JTS)

The Managing Authority sets up a Joint Technical Secretariat. According to Article 14 Regulation (EC) No 1080/2006 of the European Parliament and of the Council, it assists the Managing Authority and the Joint Monitoring Committee in carrying out respective duties. The JTS is placed within the MA:

Government Office for Local Self-Government and Regional Policy (Slovenia), represented by the Unit for Managing of Cross-border Programmes Maribor.

The JTS is in particular responsible for the following joint tasks:

- Providing information on the programme to all interested parties;
- Carrying out publicity and information actions;
- Drafting of standardised forms for project applications and for project assessments, etc.;
- Receiving project outlines and submit those to programme partners;
- Receiving project applications and register them into the CMS;
- Formal check of project applications in terms of administrative compliance and eligibility;
- Preparation of the quality assessment in cooperation with the MA and programme partners;
- Delivery of project information and summarised information on submitted projects as well as programme budget information to the JMC;
- Preparation of all official bilateral meetings;
- Preparation of the agreements based on a Memorandum of Understanding between the MA and the programme partners;
- Safeguarding the coherence between the ERDF-contract and the contract for national/regional co-financing;
- Collection of progress project reports from the Lead partners in terms of content and costs;
- Preparing changes of ERDF-contracts based on project changes applied from the lead partners in accordance with the regional and national funding authorities;
- Monitoring of project and programme implementation.

Certifying Authority (CA)

The Slovene and Austrian programme partners agree that the responsibility of the Certifying Authority (CA) within the meaning of Article 59 lit. 1b Council Regulation (EC) No 1083/2006 is given to the Public Fund for Regional Development (Slovenia).

In accordance with Article 61 of Council Regulation (EC) No 1083/2006, the Certifying Authority is responsible for:

- *Drawing up and submitting to the Commission certified statements of expenditure and applications for payment;*
- *Certifying that: the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents and that the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with Community and national rules;*
- *Ensuring for the purposes of certification that it has received adequate information from the managing authority on the procedures and verifications carried out in relation to expenditure included in statements of expenditure; Taking account for certification purposes of the results of all audits carried out by or under the responsibility of the audit authority;*
- *Maintaining accounting records in computerised form of expenditure declared to the Commission;*
- *Keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation. Amounts recovered shall be repaid to the general budget of the EU prior to the closure of the operational programme by deducting them from the next statement of expenditure.*

Beside the responsibilities mentioned in the Council Regulation, the CA is responsible for:

- Collection of the cost statements submitted by the MA;
- Checking requests and releasing funds;
- Receiving the ERDF funds from the EC and transferring the co-financing to the lead partner through the paying unit.

Audit Authority (AA)

The function of the Audit Authority responsible for verifying the effective functioning of the management and control system within the meaning of Article 59 lit. 1c and Article 62 of Council Regulation (EC) No 1083/2006 will be performed by the Ministry of Finance (Slovenia), represented by Budget Supervision Office, Ministry of Finance.

The Audit Authority will be assisted by a representative of the Federal Chancellery (Austria), Division IV/3. Together they create a group of auditors. The details of the system will be described in the Audit Strategy.

In accordance with Article 62 of Council Regulation (EC) No 1083/2006, the Audit Authority is responsible for:

- *Ensuring that audits are carried out to verify the effective functioning of the management and control system of the operational programme;*
- *Ensuring that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared;*
- *Presenting to the Commission within nine months of the approval of the operational programme an audit strategy covering the bodies which will perform the audits referred to under subparagraphs a) and b), the method to be used, the sampling method for audits on operations and the indicative planning of audits to ensure that the main bodies are audited and that audits are spread evenly throughout the programming period;*
- *By 31 December each year from 2008 to 2015 submitting to the Commission an annual control report setting out the findings of the audits carried out during the previous 12 months period ending on 30 June of the year concerned in accordance with the audit strategy of the operational programme and reporting any shortcomings found in the systems for the management and control of the programme.*
- *By 31 December each year from 2008 to 2015 issuing an opinion, on the basis of the controls and audits that have been carried out under the responsibility of the Audit Authority, as to whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of expenditure presented to the Commission are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular;*
- *By 31 December each year from 2008 to 2015 submitting, where applicable under Article 88, a declaration for partial closure assessing the legality and regularity of the expenditure concerned;*
- *Submitting to the Commission at the latest by 31 March 2017 a closure declaration assessing the validity of the application for payment of the final balance and the legality and regularity of the underlying transactions covered by the final statement of expenditure, which shall be supported by a final control report.*

The Audit Authority ensures that the audit work takes account of internationally accepted audit standards. The Audit Authority is functionally independent of the MA.

Central Monitoring System (CMS)

In line with the meaning of Article 60 lit. (c) of Council Regulation 1083/2006, the MA will ensure a system for recording and storing accounting records for each operation under the operational programme in computerised form and that the data on implementation necessary for financial management, monitoring, verifications, audits and evaluations are collected. On behalf of the MA a Central Monitoring System for the collection of data according to Article 12 of Regulation (EC) No 1080/2006 of the European Parliament and of the Council will be established. The technical framework as well as the structure and content of reporting to the CMS will be agreed by the programme partners on the basis of given EU standards.

The JTS will immediately report all the necessary data to the CMS and confirm the correctness of data. The data sent to the CMS shall be considered as official data. The information that deviates from the official data in the programme implementation may be used for controlling purposes, but shall not be valid for official reports.

The monitoring data shall be available to the MA, programme partners, JTS, EC, as well to the financial control authorities on a regular basis.

Regional Bodies (RB)

Regional bodies contribute to the programme by:

- Publicity and information tasks as well as guidance to potential applicants
- Advice on application procedures together with the JTS

After registration of the application in the Central Monitoring System by JTS, Regional Bodies will support the JTS concerning:

- Compliance with regional policy strategies and fulfilment of organisational, legal, technical and economic requirements and expected outputs of operations.
- Quality, cross border cooperation and cross border impact.

Neighbouring Regional Bodies will elaborate these comments jointly.

Slovenia

Government Office for Local Self-Government and Regional Policy, Unit for Objective 3, IPA, INTERREG III and PHARE, with representatives in Ljubljana, Kotnikova 28, and in Maribor, Svetozarevska 6.

Austria

R M B - Regionalmanagement Bgld GmbH
Marktstraße 3, Technologiezentrum Eisenstadt, A-7000 Eisenstadt

Amt der Steiermärkischen Landesregierung
Abt. 16 - Landes- und Gemeindeentwicklung
Stempfergasse 7, A-8010 Graz

KWF Kärntner Wirtschaftsförderungsfonds
Heuplatz 2, 9020 Klagenfurt

In cooperation with

Amt der Kärntner Landesregierung
Abt. 20 – Landesplanung

Joint Monitoring Committee (JMC)

The composition of the Monitoring Committee is determined in accordance with the provision of Article 11 and 63 of Council Regulation (EC) No 1083/2006, provision in cooperation with the social partners and the regional authorities responsible for labour market, equal treatment and environmental issues.

The Monitoring Committee shall satisfy itself as to the effectiveness and quality of the implementation of the operational programme, in accordance with the following provisions:

- *It shall consider and approve the criteria for selecting the operations financed within six months of the approval of the operational programme and approve any revision of those criteria in accordance with programming needs;*
- *It shall periodically review progress made towards achieving the specific targets of the operational programme on the basis of documents submitted by the managing authority;*
- *It shall examine the results of implementation, particularly the achievement of the targets set for each priority axis and the evaluations referred to in Article 48(3);*
- *It shall consider and approve the annual and final reports on implementation referred to in Article 67;*
- *It shall be informed of the annual control report, or of the part of the report referring to the operational programme concerned, and of any relevant comments the Commission may make after examining that report or relating to that part of the report;*
- *It may propose to the managing authority any revision or examination of the operational programme likely to make possible the attainment of the Funds objectives referred to in Article 3 or to improve its management, including its financial management;*
- *It shall consider and approve any proposal to amend the content of the Commission decision on the contribution from the Funds.*

The JMC is regarded as the bilateral platform for steering and monitoring the programme implementation. Modalities of the JMC work will be defined in the Rules of Procedure. The Monitoring Committee adopts its Rules of Procedure in agreement with the Managing Authority in order to exercise its missions in accordance to the present Regulation.

The constitution of the JMC and the distribution of voting rights shall be agreed on by mutual consent by the programme partners. Decisions will be taken in consensus; one vote for each country.

- Receives summarised information on submitted projects and programme budget information from the MA, prepared by the JTS;
- Decides on the ERDF contribution for each project and relevant project changes; (the JMC serves as the only decision-making body in respect to ERDF commitments - the decision cannot be delegated);
- Decides on common publicity measures on the programme level;
- Is allowed to invite external experts to get inputs for improving the programme implementation;
- Coordination with other relevant regional and national programmes;
- Organises an ongoing evaluation of the programme implementation.

The JMC consists of:

Permanent members
Observers
Advisors

Meetings will be held alternatively in both member states.

11.2 Procedural regulations governing the programme implementation (procedural organisation)

11.2.1 Lead beneficiary (Lead partner principle)

In compliance with Article 20 of Regulation (EC) No 1080/2006 of the European Parliament and of the Council, the responsibilities of the lead beneficiary and the other beneficiaries are as follows.

The beneficiaries appoint a lead beneficiary for each operation among themselves. The lead beneficiary assumes the following responsibilities:

- *It shall lay down the arrangements for its relations with the beneficiaries participating in the operation in an agreement comprising, inter alia, provisions guaranteeing the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid;*
- *It shall be responsible for ensuring the implementation of the entire operation;*
- *It shall ensure that the expenditure presented by the beneficiaries participating in the operation has been incurred for the purpose of implementing the operation and corresponds to the activities agreed between those beneficiaries;*
- *It shall verify that the expenditure presented by the beneficiaries participating in the operation has been validated by the controllers;*
- *It shall be responsible for transferring the ERDF contribution to the beneficiaries participating in the operation.*

Beside the responsibilities mentioned in the Regulation, the Lead beneficiary is responsible for:

- Collecting the information from the project partners, cross-checking the certified activities with the progress of the project and submitting the reports to the JTS;
- Signing the ERDF contract;
- Harmonizing the project changes with the RB and formally submitting those via the JTS to the MA for approval.

Each project partner participating in a project needs to:

- *Assume responsibility in the event of any irregularity in the expenditure which it has declared;*
- *Inform the Member State in which it is located about its participation in an operation in the case that this Member State as such is not participating in the operational programme concerned.*

- Send the statement of costs and content report to the CU-unit;
- Submit the certification of costs and information to the lead beneficiary.

11.2.2 Project life cycle

The administrative work involved in the procedures for granting assistance to the individual projects under the Objective 3 Operational Programme Austria-Slovenia will be managed according to the following rules, which may be further specified by the agreement between the MA, the RBs and the JTS.

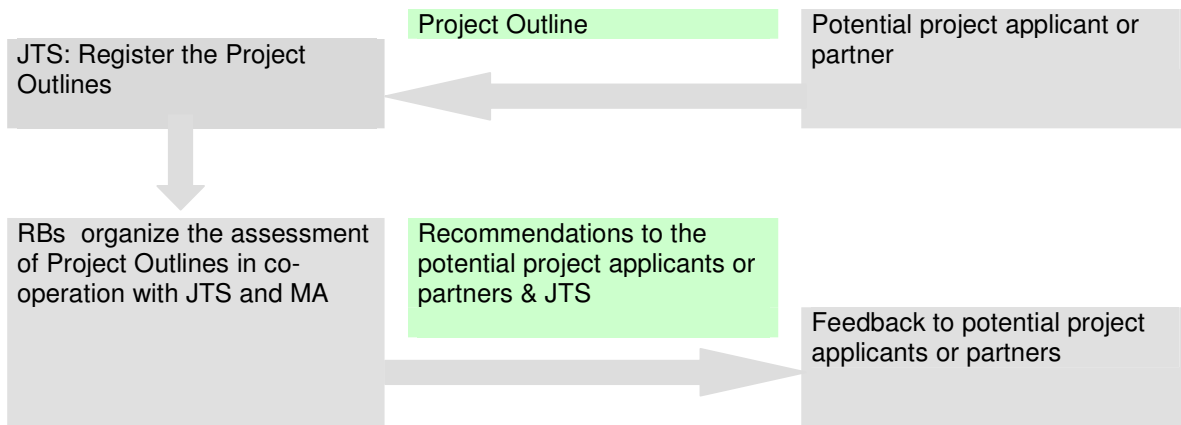
Information and advice

Potential project applicants will be adequately informed by the Managing Authority, JTS and RBs about the programme objectives, the prerequisites for obtaining ERDF funds and the individual procedures to be followed. Active public relations work will be implemented in agreement between the Managing Authority, JTS and the RBs, and, if appropriate, also with the participation of existing regional consulting and project management institutions and the national assistance authorities. A communication and information plan shall be drafted and approved by the JMC.

In order to receive advice, the project applicants have the possibility to send a project outline to the JTS, which will check the coherence of the submitted project outlines and will meet regularly in a common joint RB group to discuss joint ideas and partners. The RBs are organising the support of

potential project applicants in finding cross-border project partners and clarifying of requirements for the first check for regional/national co-financing in co-operation with the JTS and MA.

The RBs will provide through the JTS a written feedback about the achievements of this discussion to the applicant. This feedback is a recommendation and not a binding decision.

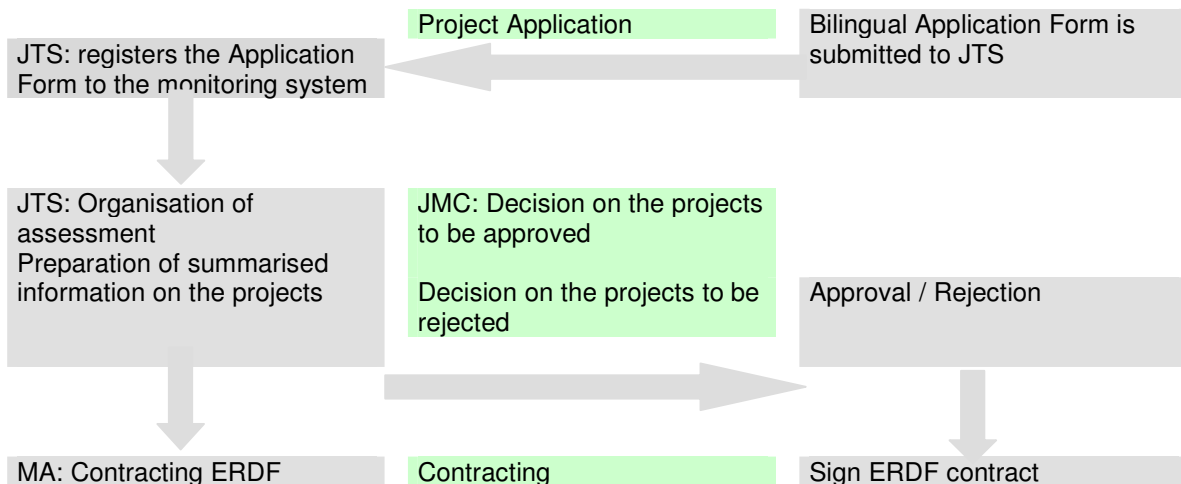


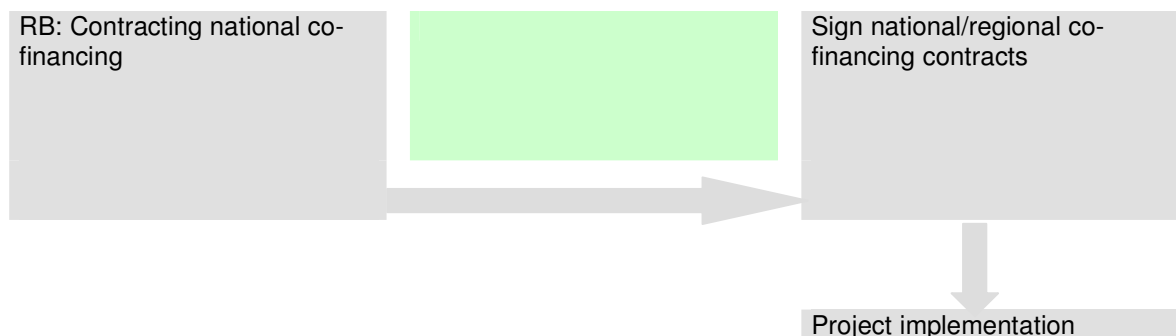
Project application

Project applications (also in electronic form) shall be submitted via bilingual Application Form to the JTS, including all required annexes .

Each complete application which fulfils the necessary formal requirements for ERDF-funding (cross-border impact, administrative compliance, eligibility, etc.) will be reported by the JTS to the CMS. Thus, the information on and the changes of all applications are available to the programme partners via the CMS.

JTS prepares a final list of recommended projects for submission to the JMC.





Assessment of project applications

The output of this second step shall be recommendations for ERDF-funding given to the JMC. Methodology for project assessment will be defined and confirmed by the JMC.

The Joint Monitoring Committee will set up common standards for the eligibility and selection criteria.

If there are too many recommended applications in comparison to the available budget, the involvement of public experts to do a specific ranking between these applications can be foreseen.

The results of the assessment in a form of a report and a list of recommended projects are presented by the JTS/MA to the JMC for a formal decision.

This report will cover all the project applications which were received by the JTS, and will justify recommendations for decision – consistently taking reference to the selection criteria given by the programme documents and confirmed by the JMC.

Project decision for ERDF-funding

The JMC formally decides on the approval of the project and on the ERDF contribution. The decision can only be taken by the voting members. The JMC meets at least twice a year; in urgent cases a programme partner can ask for an additional JMC or a written procedure for project decisions.

After the formal decision is made, the applicant is informed about the approval/rejection of the project application with an official letter by the MA. Moreover, further information about the next steps for contracting as well as about the main regional/national contact authority for the implementing phase is provided within this letter.

Project contracting

The ERDF contract is issued by the MA on the basis of a bilingual standard ERDF frame contract, which is identical to the regional/national co-financing contract in all main chapters. Furthermore, partnership agreements and all relevant parts of the agreement between the MA and the programme partners/RBs should be part of the contract.

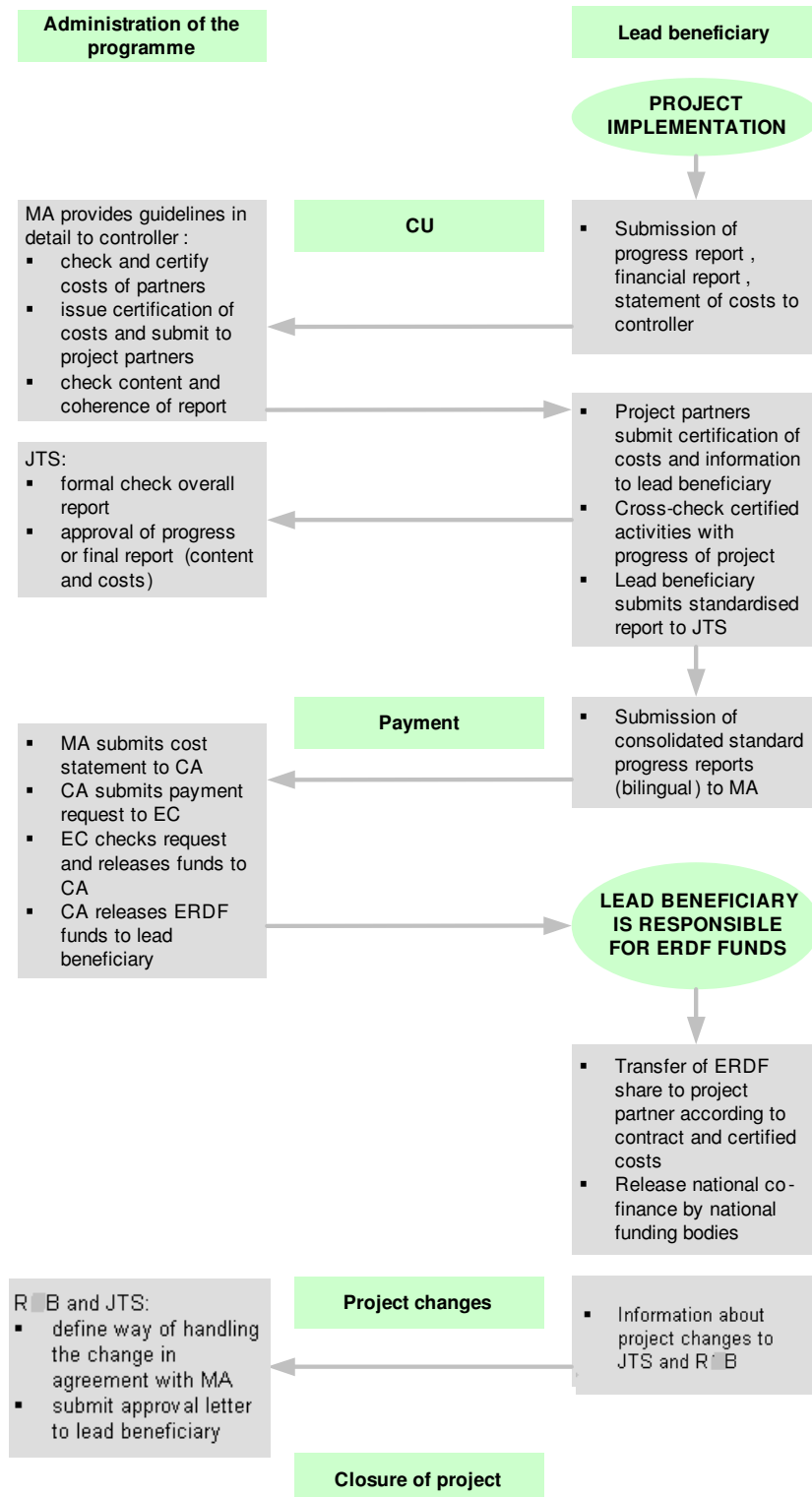
The national/regional funding bodies issue the national/regional co-financing contracts linked to the ERDF-contract to the project partners.

Finally, before signing the ERDF contract, the MA will assure the correctness of the Controllers for each project partner by asking for confirmation by the Art. 16 authorities which are mentioned in the OP.

After completing the regional/national contracting of co-financing, the RBs provide the information to the JTS.

In case of funding which falls under the EU-competition rules, guidelines which are notified by the EU-Commission have to be used. No major projects are foreseen.

Contracting and financial flow



Financial controls according to Article 16 (EC) 1083/2006 (»Control Unit - CU«)

To ensure validation of expenditure in terms of delivery of products and services co-financed, soundness of expenditure declared, compliance of such expenditure with Community and national rules as set out in Article 16 (1) (EC) 1080/2006, each Member State will designate Controllers responsible for verifying the legality and regularity of the expenditure declared by each beneficiary in the operation.

A detailed description of the control system will be provided through the description of the management & control system as requested by Article 71 (EC) 1083/2006.

Common rules for eligibility of expenditure for the applicants will be developed and described in the Guide for Applicants, which will also be a part of the description of the management and control system.

The responsibility is given to:

In Slovenia:

Government Office for Local Self-Government and Regional Policy
Department for controls
Kotnikova 28, 1000 Ljubljana

In Austria:

In general, the responsibility for control according to Article 16 (1) (EC) 1080/2006 will be – according to a Federal Constitutional Act - taken over by the following authorities in the Länder (for project partners coming from the respective Land):

BURGENLAND:

R M B - Regionalmanagement Bgld GmbH, Control department
Marktstraße 3, Technologiezentrum Eisenstadt, A-7000 Eisenstadt

CARINTHIA:

KWF Kärntner Wirtschaftsförderungsfonds
Department Controlling
Heuplatz 2, 9020 Klagenfurt

In cooperation with

Amt der Kärntner Landesregierung
Abt. 20 – Landesplanung

STYRIA:

AMT DER STEIERMÄRKISCHEN LANDESREGIERUNG
Abteilung 16 - Landes- und Gemeindeentwicklung
Referat für grenzüberschreitende Zusammenarbeit
Stempfergasse 7, A-8010 Graz

In cooperation with

Fachabteilung 4B Landesbuchhaltung
Burggasse 13, A-8010 Graz

In exceptional cases, the control according to Article 16 (1) (EC) 1080/2006 can be delegated to another experienced authority – based on the provisions of the Federal Constitutional Act.

The Controller of each project partner will be fixed in the ERDF contract.

Detailed guidelines for invoicing and a guideline / handbook for a common understanding of the eligibility of costs will be provided by the MA for project partners and Controllers. The reporting periods depend on project duration; in general, every six months a progress report should be elaborated.

For each accounting period, a report package (consisting of a progress report, a financial report and a statement of costs in national language) will be submitted by each project partner to its responsible Controller for assessment and to the LP for information.

After this check the Controller issues a certification about all eligible expenditures per partner (*Certification of Expenditure*) after submission and remits it to the presenter. Project partners will forward their Certificate of Expenditure to the LP, who is in charge of collecting all certifications for the joint report.

The lead partner includes the reports from his partners into his own and elaborates one common bilingual report, which he submits to the JTS for a final check. This report also includes the progress on the project implementation and has to be in line with the expenses. The common bilingual progress report thus includes information on the actual cooperation, activities, results, impacts and eventual changes of the project plan. The JTS has to cross-check the report in terms of certified activities and project progress.

According to Art. 15 (1) (EC) 1080/2006, the MA satisfies itself that the expenditure of each beneficiary participating in the operation has been validated by a Controller referred to in Art. 16 (EC) 1080/2006.

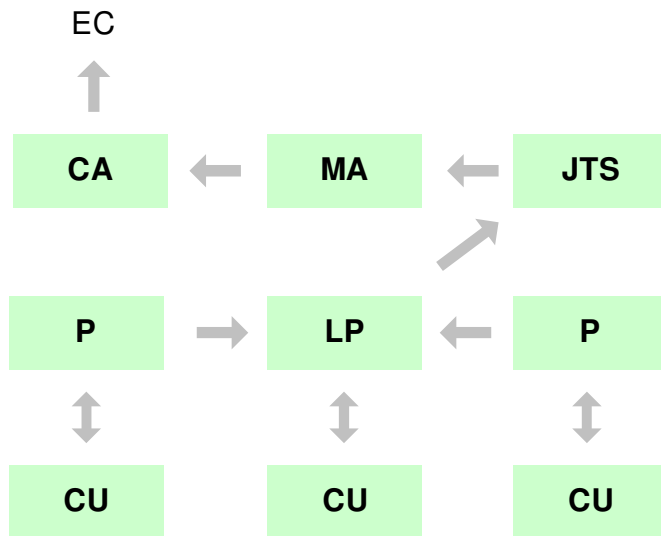
Irregularities

With reference to Article 28 of Council Regulation (EC) 1828/2006, within two months following the end of each quarter, Member States shall report to the Commission any irregularities which have been the subject of a primary administrative or judicial finding, as defined by Article 27 of the same Regulation.

As specified under point 4 of Article 28, irregularities relating to operational programmes under the European territorial cooperation objective will be reported by the Member State in which the expenditure is paid by the beneficiary in implementing the operation and the Member State will inform, at the same time, the Managing Authority, the Certifying Authority and the Audit Authority.

The Member States will set up a formalised procedure to deal with irregularities in compliance with the provisions of Council Regulation (EC) 1828/2006. This procedure will – amongst others – set out detailed rules and responsibilities for reporting obligations, joint controlling standards, recovery of unduly paid funds, liabilities and coordination between responsible authorities on either side.

Flow of progress reports



Payment

In general, the first payments are not possible until after all contracts are signed. After having checked the overall report, the MA issues the cost statement and submits it to the CA. On the payment request of the CA, the EC checks the request and releases the funds to the CA. The paying unit of the CA transfers the ERDF funds to the lead partner. The whole process will be pictured into the CMS. The lead partner is responsible for transferring the ERDF share to the project partners according to the contract and certified costs. On behalf of the lead partner direct transfers from the CA to the project partners are also possible.

The national/regional funding bodies will release the national co-financing to the project partners/lead partner.

The transfer of the ERDF money has to be linked with the transfer of regional/national co-financing; the detailed procedure has to be fixed within both contracts - ERDF and public co-financing.

Project changes

The JMC defines the rules for project changes. In certain cases, the MA can delegate the responsibility for approval of project changes.

12. PUBLICITY AND COMMUNICATION

The information and publicity measures for the interventions of the Structural Funds are aimed at publicising the role of the Community and ensure that assistance from the Structural Funds is transparent (see Article 69 of Council Regulation (EC) No. 1083/2006). The Managing Authority is responsible for carrying out the information and publicity measures.

The information and publicity measures are presented in the form of a communication plan. Their implementation shall be the responsibility of the respective administrative body responsible for the interventions. The Managing authority is responsible for submitting a communication plan to the Commission within four months from the date of adoption of the OP, in accordance with Article 3 in Commission Regulation No 1828/2006.

The information and publicity measures within the scope of the Cross-border Programme Austria-Slovenia are designed:

- to target potential and final beneficiaries as well as regional and local authorities and other public bodies, professional associations and business communities, economic and social partners, non-governmental organisations, especially bodies promoting equality between men and women and bodies working for the protection and improvement of the environment, project operators and promoters, and serve the purpose of providing information on the possibilities offered by the European Union, Slovenia and Austria and guaranteeing the transparency of the joint interventions;
- to inform the general public of the role that the European Union plays together with Slovenia and Austria in the respective interventions and of their results;
- to guarantee transparency vis-à-vis potential and final beneficiaries with general information on the Cross-border Programme Austria-Slovenia. Furthermore, to give an overview of competencies, organisation and project selection procedures as well as an standardised information on project applications (application authority, contacts at the national, regional and local levels). Moreover, the selection criteria and valuation mechanisms for tenders and project applications will also be published. All the information is available for download on the respective programme websites.
- to inform the public about announcements on the start of the programme in the media, giving an appropriate presentation of the participation of the European Union. Ongoing communication on the stages of a project's implementation throughout the entire programme planning period and the presentation of the final results of the Cross-border Programme Austria-Slovenia 2007-2013.

The general strategic goal of the information and publicity measures within the scope of the Cross-border Programme Austria-Slovenia is to create a uniform public image which should achieve the status of a brand name or a "corporate identity" with time. To this end, a common logo is used on printed matter, publications, in the printed and electronic media. For the strategic implementation of the contents listed above, the following shall be used:

- A programme-specific website providing ongoing information to the general public, potential and final beneficiaries, as well as structured networks on the internet, which are to be prepared by the Technical Secretariat in close cooperation with all Programme partners;
- Information material in the form of leaflets, information binders and brochures;
- Ad hoc press releases, press conferences to inform the national, regional and local media (e. g. on the start of the programme, best practices, project completions, Monitoring Committee meetings, annual implementation reports, enlargement);
- Regional and local information events and networking of project organisers, financing institutions and funding bodies (kick-off event at the start of the programme at the regional level as well as information events at the regional level);
- Contributions to special-interest events, articles in special-interest magazines.

The application of the above-mentioned information and publicity measures are differentiated within the programme planning period (2007 to 2013) by three phases, each of which have different requirements:

- Information on the start and the announcement of the Cross-border Programme Austria-Slovenia: The objective of this phase is to spread the information as widely as possible (potential and final beneficiaries as well as the general public) and in general provide information about the programme, contact partners, info points, procedures and decision-making structures, etc. Communication means: Kick-off events in both member states; leaflets, press conferences, press releases on the start of the programme.
- Ongoing information, communication and presentation: In this phase, the public is regularly informed on the current status of the implementation of the programme and on the completion of successful projects. Furthermore, clear information (homogenous) at the regional and local level covering the administrative procedures, as well as information about the selection criteria and valuation mechanisms are provided. Regular information and networking events by project organisers, financing institutions and funding bodies are crucial in this phase for the implementation of the Operational Programme. Communication means: Brochures, information events, organisation of events to share experiences among projects, press releases on the status of the implementation.
- Presentation of results and review: As of the end of the programming planning period, a presentation of the completed projects and a review of the cooperation projects created is given. Communication means: Brochures, final events, etc.

ANNEX: CATEGORISATION OF FUNDS

		Total ERDF	In % of ERDF
01	R&TD activities in research centres	1,500,000	2.24 %
02	R&TD infrastructure and centres of competence in a specific technology	1,850,000	2.76 %
03	Technology transfer and improvement of cooperation networks between SMEs	2,643,181	3.94 %
04	Assistance to R&TD, particularly in SMEs	570,000	0.85 %
05	Advanced support services for companies and groups of companies	2,853,000	4.25 %
06	Assistance to SMEs for environmentally-friendly products and processes	710,000	1.06 %
07	Investment in companies directly linked to research and innovation	770,000	1.15 %
08	Other investments in companies	7,045,375	10.50 %
09	Other investments to stimulate research & innovation and entrepreneurship in SMEs	870,000	1.30 %
13	Services and applications for citizens (e-health, e-government, e-learning, e-inclusion ...)	804,244	1.20 %
24	Cycle tracks	477,984	0.71 %
28	Intelligent transport systems	901,416	1.34 %
43	Energy efficiency, co-generation, energy management	3,588,142	5.35 %
45	Management and distribution of water	1,458,761	2.17 %
48	Integrated prevention and pollution control	1,422,761	2.12 %
51	Promotion of biodiversity and nature protection (including Natura 2000)	1,311,981	1.95 %
54	Other measures to preserve the environment and prevent risks	1,588,142	2.37 %
55	Promotion of natural assets	1,481,981	2.21 %
56	Protection and development of natural heritage	3,689,982	5.50 %
57	Other assistance to improve tourist services	5,809,375	8.66 %
58	Protection and preservation of cultural heritage	1,469,659	2.19 %
59	Development of cultural infrastructure	1,145,727	1.71 %
60	Other assistance to improve cultural services	1,145,659	1.71 %
61	Integrated projects for urban and rural regeneration	3,993,566	5.95 %
64	Development of specific services for employment, training and support in connection with restructuring of sectors and firms, and development of systems for anticipating economic changes and future requirements in terms of jobs and skills	1,154,244	1.72 %
72	Design, introduction and implementation of reforms in education and training systems in order to develop employability, improving the labour market relevance of initial and vocational education and training, updating skills of training personnel with a view to innovation and a knowledge-based economy	450,000	0.67 %
74	Developing human potential in the field of research and innovation, esp. through post graduate studies and training of researchers, networking activities btw. universities, centres and businesses	782,000	1.17 %
80	Promoting partnerships, pacts and initiatives through the networking of relevant stakeholders	3,488,992	5.20 %
81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes	8,108,616	12.08 %
85	Preparation, implementation, monitoring and inspection	3,038,318	4.53 %
86	Evaluation and studies; information and communication	988,371	1.47 %

	TOTAL	67,111,477	
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	Form of finance dimension		
01	Non-repayable aid	67,111,477	100 %
	Territorial dimension		
08	Cross-border cooperation area	67,111,477	100 %