

AUSTRIA-SLOVAKIA

INTERREG III A

Community Initiative Programme 2000-2006

Based on the decision of the Commission C(2001) 2108 of 14th September 2001,
revised by a decision of the Commission C(2002) 1703 of 26th July 2002,
revised by a decision of the Commission C(2004)4457 and
revised by a decision of the Commission K (2005) 5781 of 19th December 2005

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1. INTRODUCTION

1.1 From an external to an internal INTERREG IIIA programme

Since 1989, the overall aim of the Interreg Initiative has been to ensure that national borders do not remain a barrier to the balanced development and integration of the European territory. In 1995 – based on a decision by the European Parliament – the Interreg initiative was complemented by the Phare cross-border programmes in order to extend the cross-border co-operation approach to the external borders of the European Union.

1.1.1 Previous cooperation process – building the bridge

Austria and the Slovak Republic participated in the Interreg IIA – Phare CBC Programmes 1995 – 1999 which helped to improve and intensify cross-border co-operation in the joint border region. The present programme period 2000-2006 is even more challenging in the light of enlargement of the European Union.

At the starting point of the programme cycle 2000-2006, it was crucial to focus efforts as far as possible on Structural Funds and the Interreg rules as well as on procedures of the Phare CBC programme. This was particularly important as part of the pre-accession learning process for the local and regional authorities in Slovak Republic, which in the future will be closely involved in the Structural Funds' programmes.

On the basis of the common experiences and co-operation structures of the programme period 1995-1999 in Austria and in Slovakia the preparation work for the Joint Programming Document (JPD) Interreg IIIA – Phare CBC Austria-Slovakia started in autumn 1999. The administrative bodies responsible for the programme (in Austria the Länder Burgenland, Vienna and Lower Austria and the Federal Chancellery, in Slovakia the Office of Government) started the discussion about strategies for cross border cooperation. The most important for funding responsible bodies were involved in this discussion process as well as regional key persons, regional managements, regional development councils and agencies and the Euregio. This preparation work was the basis for the joint programming process. The joint work on the JPD has to be characterised as a continuous and committed joint discussion.

The preparatory work in Slovakia has started in February 2000 with the organisation of 8 regional workshops in Bratislava, Trnava, Nitra, Banská Bystrica, Košice, Prešov, Žilina, Trenčín. The regional workshops organised by the PIU CBC in co-operation with all involved Regional Offices in Slovakia were focused on the collection of useful material and documentation such as the Regional Operational Plans a. o. to serve as a basis in the process of JPD preparation on the Slovak side. Besides these activities informations on the JPD process have been spread on several meetings in crossborder regions with local actors and representatives of NGO's.

Amongst several workshops and meetings a lot of discussions have taken place on the level of experts and programme coordinators as well as information and coordination work on the inter-ministerial level. The social partners and representatives for gender equality were also involved in the programming process.

The following table gives an overview of the most important meetings of this joint process.

22 June 1999, Wr. Neustadt	Meeting of the Länder-Co-ordinators Lower Austria, Burgenland, Vienna
23 September 1999, Vienna	First information meeting (BKA) on Interreg III A and report on the status of preparatory work
28 October 1999, Vienna	Meeting of the programme-co-ordinators (implementation of the Steering Group)
17 November 1999, Vienna	Multilateral INTERREG III – PHARE CBC meeting, information and discussion on the structure and process of the joint programming
16 December 1999, Bratislava	First bilateral workshop (experts)
25 January 2000, Bratislava	First bilateral workshop programme-co-ordinators
17 February 2000, Bratislava	Expert meeting
7 March 2000, Vienna	Second bilateral workshop of programme co-ordinators
22 March continued on 5 April 2000, Vienna	Third bilateral workshop
2 May 2000, Bratislava	Fifth bilateral workshop

1.1.2 Establishing the framework for the ongoing period

In March 1998 the European Union formally launched the process that makes enlargement possible.

On 9th October 2002, the European Commission recommended that the negotiations on accession to the European Union have to be concluded by the end of 2002 with 10 countries including the Czech Republic, the Slovak Republic, Hungary and Slovenia. The negotiations with these 10 best-prepared candidates were concluded on the basis of their progress in implementing the *acquis communautaire* up to now, and on their commitment to continue doing so until their accession.

After the conclusion of accession negotiations, and the approval of the European Parliament, the Treaty of Accession with the 10 first candidates was signed by the member states and the applicant countries in Athens on April 16th 2003; it will then need to be ratified by all the countries concerned.

In the Slovak Republic the referendum on accession was held on 15th of May 2003 resulting in 92% votes for accession.

This legal framework builds the basis for the **Managing Transition process** that was launched by the programme partners of the Slovak Republic and Austria in order to change the former Interreg IIIA/Phare CBC programme on the current external EU border into a full Interreg IIIA programme at the future internal EU border.

Already in October 2002 the Federal Chancellery took initiative as Managing Authority to launch the process of Managing Transition for the four external border programmes of Austria (future internal borders) and organised two events in Vienna:

- an International Seminar on „Interreg III and EU Enlargement Managing Transition 2004 – 2006“ on 1st of October 2002 focused on strategic and operational questions with regard to the transformation of Phare CBC into Interreg and the new challenges for Interreg after Accession. The event served as a platform for exploring different possible scenarios for the transition phase and it supported an exchange of views between the European Commission, the Member States and Candidate Countries concerned in this co-operation area.
- a Working meeting on the 2nd of October 2002 to reconsider the main results of the seminar held the day before in the context of the Interreg programmes Austria-Czech Republic, Austria-Slovak Republic, Austria-Hungary and Austria-Slovenia and to prepare the next steps.

As a main result of this working meeting the Joint Monitoring Committee nominated the members of a **Task Force** and gave them the mandate to launch the Managing Transition process. The Task Force consisted of representatives of the following institutions: Federal Chancellery as Managing Authority, Ministry of Construction and Regional Development of the Slovak Republic as National Authority, Vienna, Lower Austria

and Burgenland as Austrian regional representatives and the VUCs¹ Bratislava and Trnava as Slovak regional representatives and finally the JTS. Furthermore representatives of the European Commission, DG Regio and the Delegation of the European Commission to the Slovak Republic were invited to participate as observers.

The Task Force held seven meetings:

24 January 2003, Vienna	main changes in the technical and legal framework of the cooperation, identification of revision needs for the Joint Programming Document, preparation of workshop on strategic project development, coordination with the mid-term evaluation, fix an indicative timetable for 2003
15 April 2003, Bratislava	Discussion of first draft of Memorandum of Understanding, review on the outcomes of the Workshop on strategic project development, preparation of the common seminar on Programme Structures and Monitoring in May
9 July 2003, Vienna	Open issues of the Memorandum of Understanding, revision of CIP, internal organisation of Joint Technical Secretariat, financial management and control
26 August 2003, Bratislava	Discussion of project development, control at project level, role of the regions
13 November, Bratislava	Discussion of the ratification procedure of the MoU, draft findings of the mid-term evaluation
12 December 2003, Zistersdorf	Discussion of EC's position paper for the programme, draft indicative financial table at measure level for the PC, final consultation on the mid-term evaluation
16 March 2004, Bratislava	Finalisation of the Memorandum of Understanding, First draft of Programme Complement

Additionally, a workshop on strategic project development was held on 27th of March 2003 in Vienna defining key projects and identifying key issues for the transition period 2004 – 2006 to be supported from both sides as well as discussing the availability of financial resources in the Slovak Republic and in Austria from 2004 onwards and the harmonising of the project selection procedures in both partner countries under Interreg.

Two cross-programme seminars have been organised in Vienna by the Managing Authority to discuss crucial issues for the phasing in of Interreg:

- Seminar on Project Implementation Structures and Monitoring on 27th of May 2003 and
- Seminar on Financial Control and Monitoring on 5th of November 2003

The programme partners still agree that it is essential to focus on projects which will lead to a continuous process of cross-border exchange of views, experience and visions of highest number of participants. This process shall lead to pilot projects which will have an impact on other projects and thus influence the mainstream of regional economic development on both sides of the border. Consequently, the given Programme shall be

- Visionary and forward oriented, following a pro-active approach towards regional economic and social integration,
- Pioneering and innovative, with projects ranging from strategy development to physical investments,
- Focused on networking and institution-building across borders.

The common objective remains to **develop an economically, socially, environmentally and spiritually integrated border region** throughout the seven years programming period. There will be, however, two distinct phases in this process. The years before and the years after accession have brought different tasks, challenges and opportunities for both sides on the border. The institutional and economic framework will change markedly upon accession.

¹ Official Slovak abbreviation for the regional self-government units at NUTS-III level

1.2 The revised CIP

Consequently, the approved Joint Programming Document (JPD) for the Interreg IIIA/Phare CBC Programme had to be reviewed in the light of enlargement and the results of the mid-term evaluation and converted into a Community Initiative Programme (CIP).

This amendment implied the establishment of relevant programme management and implementation structures in the Slovak Republic assuring harmonised procedures with the existing structures in Austria. By overcoming the weaknesses imposed by different procedures of the Interreg IIIA and Phare CBC before accession, a new impulse was given to strengthen the border regions cooperation.

In the preparation of this CIP, the practical guide for preparing new and amending existing INTERREG III Community Initiative Programmes has been respected besides all other regulations relevant for the Interreg III A Initiative. The Commission's proposal to minimise the need for amendment has been taken into account. The structure of the document has not been subject to major revision. A special focus has been devoted to description of the structures and procedures for programme management and implementation and to provide the necessary amendments taking into account key developments of the period 2000-2003.

Thus the main changes in the given Document are found in the following sections:

- Chapter 5.5.2: Correspondence with other EU-Programmes for the Slovak Republic
- Chapter 6: Inclusion of new priority 6: Special Support for Border Regions
- Chapter 7: Programme Indicators
- Chapter 9: Indicative Financing Plan
- Chapter 10: Programme Implementation Structures
- The former Chapter 11 "The Joint Programming Process" has been included into this introductory chapter
- Chapter 12 has been omitted as the Ex-ante Evaluation relates to the JPD (and still can be found there) and not to the CIP

All Phare CBC related information has been omitted. But as the implementation of the Phare CBC Programme will continue after 2004 all relevant regulations remain valid and are documented in the JPD. Thus the JPD still builds the legal basis for the implementation of the Phare CBC Programme Slovak Republic – Austria whereas the CIP is valid for the implementation of the Interreg IIIA Programme Austria – Slovak Republic.

The present Interreg IIIA Community Initiative Programme is therefore a revision of the Joint Programming Document Interreg IIIA / Phare CBC Austria – Slovak Republic and was developed through participatory approach and active involvement of all stakeholders.

While the differences between Phare and Interreg have been a handicap to the co-ordinated implementation of the Interreg and Phare CBC programmes in the past, the new phase sets a solid foundation to achieve a real cross-border impact.

Thus the programme partners agree that the implementation of genuine cross-border projects is one of the key objectives to be achieved in the Interreg IIIA programme Austria-Slovak Republic.

The Slovak Republic and Austria will continue the established cross border cooperation set out in this programme. Further details concerning the set of priorities and measures are part of the Programme Complement. In order to support efficient and effective management and implementation of the programme, the parties have agreed relations in a Memorandum of Understanding.

2. THE AUSTRIAN-SLOVAK BORDER REGION

On the Austrian side, the Austrian-Slovak programme area includes the three Lower Austrian NUTS III regions of Weinviertel, Wiener Umland Nord, Wiener Umland Süd, Nordburgenland and the capital of Vienna. According to Article 10 of INTERREG Guidelines (20% flexibility clause) the following regions are considered to belong to the border area: in Lower Austria the NUTS III regions Niederösterreich Süd, Waldviertel and Sankt Pölten, in Burgenland the NUTS III region Mittelburgenland. On the Slovak side, it includes the counties of Bratislava (with the urban districts I-V and the districts of Malacky, Pezinok and Senec) and Trnava.

The Austrian-Slovak border region is divided into three distinct spatial-functional areas:

- The northern part of the region (northern Wiener Umland, Weinviertel, Trnava) is predominantly agricultural and lacks cross-border transportation links due to the natural barrier of the river March/Morava.
- The agglomeration axis Vienna-Bratislava is the core of the entire border region. Vienna and Bratislava jointly have a population of over 2 million inhabitants and are the major centres of the region with respect to the number of inhabitants, jobs and infrastructure.
- The southern parts of the region (Wiener Umland Süd, Nordburgenland and parts of the region of Bratislava) belong to the development triangle Vienna-Bratislava-Győr and have a well-developed cross-border transportation infrastructure and are attractive as business locations. This is the most dynamic region along the Austrian external border.

Approximately 3.5 million inhabitants lived in the Austrian-Slovak border region in 2001. These are the regions in which the population is concentrated in both countries: due to the fact that both capitals are included in the joint region one-third of Austrians and nearly one-fifth of Slovaks live on only about 10% (Austria) and 11 % (Slovakia) of the respective country's territory.

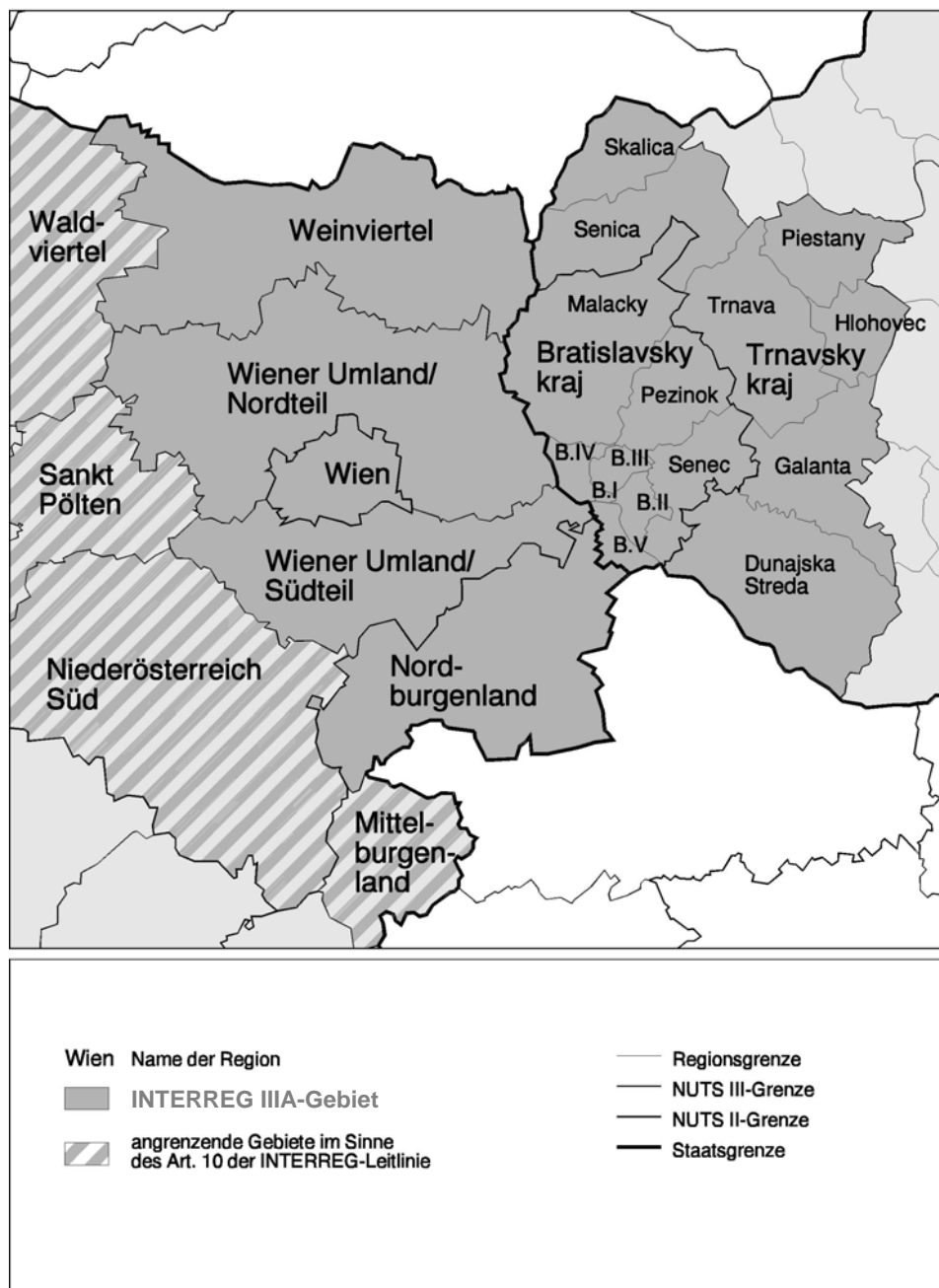
The border region is characterised by a large urban-rural disparities. Both capital regions, Vienna and Bratislava are close to areas at extreme peripheral locations (e.g. Weinviertel, northern parts of the districts of Bratislava and Trnava).

Table 1: **Area, inhabitants and population density**

Regional unit Nuts III region	Area in km ²	Inhabitants 2001	Density (inh./km ²)
Weinviertel	2,391	123,766	52
Wiener Umland Nord	2,722	278,246	100
Wiener Umland Süd	1,475	293,333	196
Vienna	415	1,550,123	3,735
Nordburgenland	1,793	140,976	79
Adjoining regions according to Art. 10 of INTERREG Guidelines			
Waldviertel	4,614	224,402	49
Sankt Pölten	1,230	142,430	115
Niederösterreich-Süd	3,366	246,144	73
Mittelburgenland	702	38,096	54
Bratislava	2,053	599,015	292
Trnava	4,148	551,003	133
TOTAL (excl. Art. 10 –regions)	12,197	3,536,448	235

Source: Census, ÖSTAT, Štatistická ročenka Slovenskej republiky

Map 1: The Austrian-Slovak border region



2.1 Landscape features

On a large-scale perspective, the Austrian-Slovak border area is where three large European landscapes merge. The Alps converge in this region with the Leitha Mountains and curve in a great arc to the Carpathians (Hundsheimer Berg, Malé Karpaty). Both mountain ranges converge here with the lowlands of the Little Hungarian Plain. These factors make for a highly varied landscape that is characterised on the Austrian side by:

- Plains and hilly country (heights of up to a max. of 400 m) to the north of the Vienna basin (consisting of the nature landscapes of Marchfeld and Weinviertel);
- The southern part of the Vienna basin, along with the section on the northern banks of the river Danube, form a low-lying plain between the Alps and the Carpathians and is bordered on the West by the Vienna Woods;
- The eastern foothills of the Central Alps are the Leitha (480 m) and Rosalien Mountain Ranges (774 m);
- The low-lying areas of northern Burgenland (Parndorfer Steppe, Seewinkel) are the eastern outliers of the Little Hungarian Plain.

On the Slovak side there are several important geo-morphological areas: Západné Karpaty (West Carpathians), Západopanónska panva and the flatlands flanking the Carpathians. The western part is characterised by the Záhorská nížina (plain), consisting of mostly flatlands, in some areas with extensions of the sandy terrace system. The Morava Valley with its typical forest landscape forms the border to Austria along its entire length. The northern part of the region is characterised by the range of hills of Chvojnická and Myjavská and the Biele Karpaty mountains.

The border region is divided by the mountains Malé Karpaty into two parts running from northeast to southwest. This mountain range belongs to the western foothills of the Carpathians. In the southern part of the border region, Podunajská pahorkatina and Podunajská nížina shape the landscape. The range of hills Podunajská pahorkatina are characterised by a vegetation typical of forest steppe, while the Podunajská nížina is a plain with numerous (often regulated) river landscapes, loess soil and low-lying forests. This region is crossed by major rivers running from north to the south (e.g. Váh), which also flow into the Danube river system that runs from west to east.

2.2 Demography

The immediate vicinity of the two capitals of Vienna and Bratislava have an enormous population potential within a rather "confined" space. The population trends are very dynamic, especially in the Austrian part (with the exception of Weinviertel). Growth rates have been far above the national average in the period from 1991 to 1998. In the Slovak part of the border region, the growth rates have also also positive, but not as high as in Austria. The subsequent period until 2001 marked a sharp reverse of this trend. In this period the Austrian part of the region has reported a slight loss of its population, the Slovak part remained more or less stable. In particular the capitals count among the losers in recent demographic developments.

Table 2: **Population structure in 2001 and population trend 1991-2001**

Regional unit Nuts III region	Population trend 1998-2001 in %	Population trend 1991-1998 in %	Share of population under the age of 15 in % (2001)	Share of over 60- year-olds in % (2001)
Weinviertel	-1.1	1.9	16.3	24.5
Wiener Umland Nord	4.6	8.5	17.1	21.1
Wiener Umland Süd	2.0	6.6	16.3	21.4
Vienna	-7.0	4.4	14.7	21.7
Nordburgenland	0.5	5.7	15.6	23.3
Adjoining regions according to Art. 10 of INTERREG Guidelines				
Waldviertel	-1.3	0.8	16.8	24.3
Sankt Pölten	1.1	3.0	17.1	21.6
Niederösterreich-Süd	0.1	3.9	16.7	22.5
Mittelburgenland	-5.1	1.7	14.9	26.0
AUSTRIA	-1.5	3.8	16.8	21.0
Region Bratislava	-3.0	1.9	15.4	19.5
Trnava	0.0	1.6	17.8	18.3
SLOVAKIA	-0.3	2.3	19.0	18.1

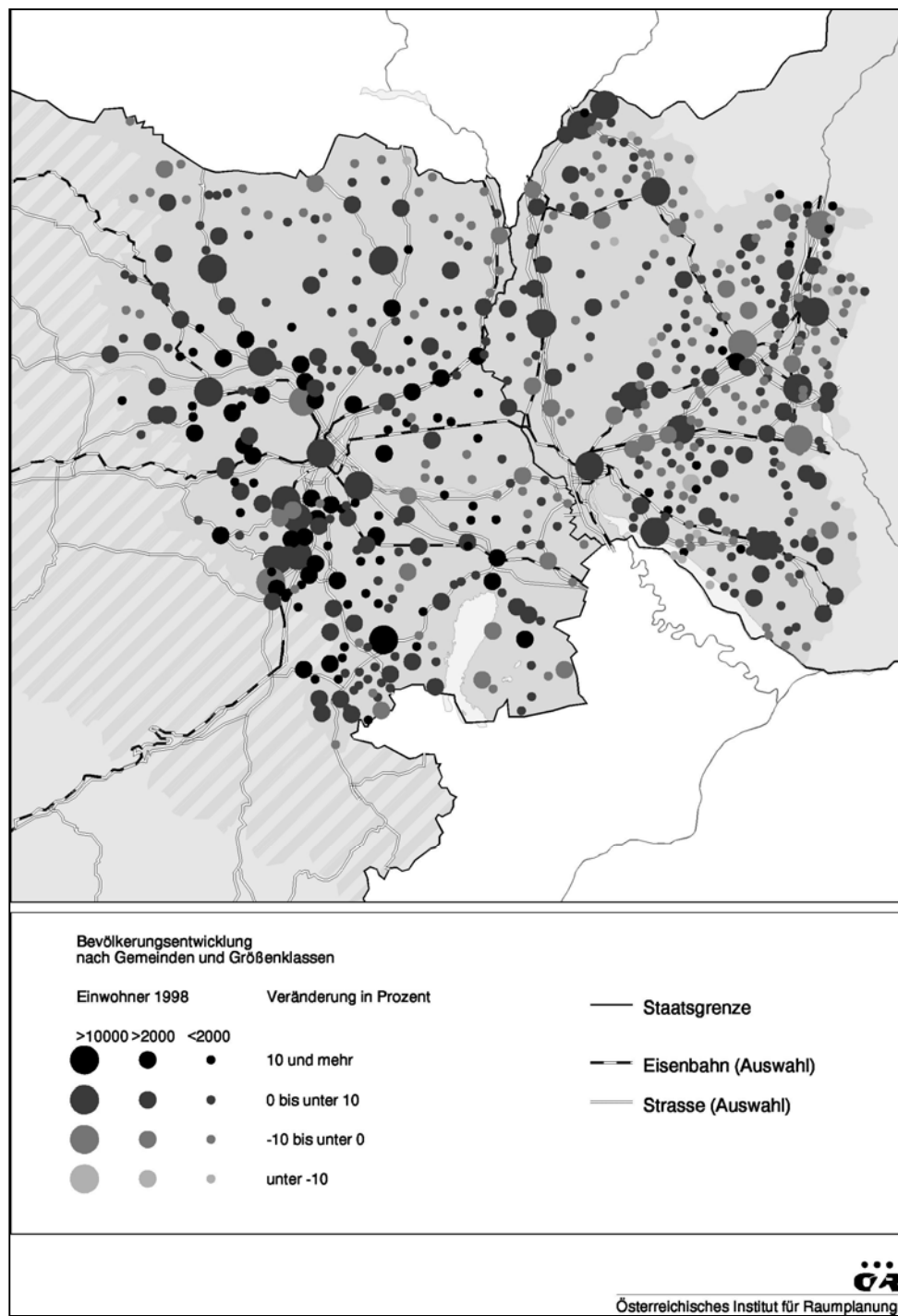
Source: Census, ÖSTAT, Štatistická ročenka Slovenskej republiky

The demographic trends of the past few decades have been divergent, especially between the two cities. While the population in Vienna stagnated in the decades following the Second World War or even declined slightly, the city of Bratislava and its surroundings have seen very dynamic population growth.

The population in Vienna started to grow only in the middle of the 1980s due to the immigration of foreign citizens. Since the 1970s, the suburbanisation tendencies have been on the rise in Wiener Umland within the Austrian border region. Initially, only the southern districts of Wiener Umland were affected by the extraordinary increase in population figures, but over the past few years this trend has spread to the northern surroundings of Vienna, especially to those regions where the links to the public transportation system have been improved. In Nordburgenland, the population has been increasing due to in-migration, while parts of Weinviertel are still losing inhabitants and are faced with the problem of an aging population.

The number of inhabitants of Bratislava grew between the censuses of 1980 and 1991 by approximately 16%. However, since 1991, population growth has slowed down due to a negative natural growth trend (changes in the reproductive behaviour of the population) in the city of Bratislava, but also due to a decline in the mobility of the population. The capital, Bratislava is a point of attraction for in-migrants from all regions of the country despite its "peripheral" location in the extreme west of Slovakia. These in-migrants come mainly from the immediately adjacent regions, which account for approx. 20% of in-migrants. However, the net migration gains have not adequately compensated the negative natural demographic trends of the past few years.

As regards the age structure of the population in the Austrian-Slovak border region, it is slightly better on the Slovak side than in Austria. In comparison to Vienna, Bratislava may be called a relatively "young" capital. However, the share of persons below the age of 15 is the same as in all other regions of the Slovak border region and slightly below the national average. On the whole, the trend in the Slovak part of the border is towards an aging population thus creating a pattern similar to the Austrian age structure of the population. The share of under 15-year-olds between 1991 and 1998 declined nation-wide from 24.9% to 20.4%, and within the PHARE-CBC region from 23.8 to 20.4%.

Map 2: **Population trends in the border region**

2.3 Economic structure and economic development

2.3.1 Level of economic development

The economic structure and development of the Austrian/Slovak border region is characterised by pronounced regional differences in prosperity that become manifest in significant urban-rural disparities and in the steep prosperity slope from the Austrian to the Slovak border region.

While the gross regional product per inhabitant is between 61.1% and 135.3% of the EU average on the Austrian side of the border, in the Slovak border region it attains rates of between 50.3% and 92.1%.

In an overall Austrian comparison, the Austrian border region with its predominantly rural structure is one of the country's economically weaker regions. In terms of GDP per inhabitant, Weinviertel attains a rate of just over 60% of the Austrian average, while Nordburgenland attains about 74% and the region Wiener Umland Nord 75% of the Austrian average. Vienna and the NUTS III region Wiener Umland Süd, by contrast, attain much higher values. The latter two regions actually feature among the economically most powerful regions both on the national and on the European level.

Table 3: Level of economic development (GDP/inhabitant)

Regional unit Nuts III region	GDP/per capita 2000 National=100	Index EU=100
Weinviertel	61.1	68.9
Wiener Umland Nord	74.8	84.3
Wiener Umland Süd	125.3	141.2
Vienna	135.3	152.4
Nordburgenland	73.7	83.1
Adjoining regions according to Art. 10 of INTERREG Guidelines		
Waldviertel	77.8	87.7
Sankt Pölten	82.6	93.0
Niederösterreich-Süd	78.7	88.7
Mittelburgenland	53.9	60.8
AUSTRIA	100.0	112.7
Bratislava	198.4	92.1
Trnava	108.4	50.3
SLOVAKIA	100.0	46.4
EU15		100.0

Source: EUROSTAT

Together, the regions Bratislava (24.9 %) and Trnava (10 %) produce more than one third of the entire Slovak GDP. A national comparison shows the Bratislava region with a GDP per inhabitant of 198%, placing it in a clearly leading position within the Republic of Slovakia. This rate corresponds to roughly 92% of the EU average, making the Bratislava region one of the most promising regions within Central and Eastern Europe in general. The Trnava region exhibits a very different level of development. While by national standards the per capita regional product is relatively high, this region attains 50% of the EU average.

2.3.2 Economic structure

The heterogeneous economic structure of the Austrian/Slovak border regions is basically dominated by the urban agglomerations of Vienna and Bratislava, which constitute the centres of economic activity and employment in the entire region. The tertiary sector plays the predominant role both in Vienna (about 72%) and in Bratislava (about 73%).

Table 4: **Economic structure of the Austrian part of the region**

	Employees by Sectors 2001					
	Total	Agriculture	Production of physical goods		Services	
			Total	Construction	Total	Tourism
Weinviertel	22,379	5.5	36.5	14.9	57.3	5.3
Wiener Umland Nord	64,261	6.0	34.4	10.9	57.2	5.7
Wiener Umland Süd	120,259	1.4	30.0	6.4	68.3	5.7
Vienna	779,048	0.4	24.8	12.1	74.7	5.8
Nordburgenland	44,543	5.0	28.8	11.4	65.8	7.7
Adjoining regions according to Art. 10 of INTERREG Guidelines						
Waldviertel	58,312	4.1	41.8	11.9	53.8	7.2
Sankt Pölten	48,404	1.3	36.2	11.9	62.4	4.2
Niederösterreich-Süd	67,368	1.5	47.6	11.9	50.6	6.3
Mittelburgenland	8,542	3.5	47.1	24.4	49.3	5.8
AUSTRIA	3,017,042	1.3	31.1	9.1	67.2	7.2

Source: Hauptverband der Österreichischen Sozialversicherungsträger

Being the national capitals, both cities also serve as the administrative centres of the two countries. Consequently, the share of public services is relatively high in both of these cities. As to public sector services, a change for the worse has already been observed (Bratislava) or imminent in both cities as a result of a restrictive budget policy course pursued by the respective governments. However, in the field of services for the economy and the low-skill service segments such as the retail and hospitality industries, both cities are still reporting employment gains.

The secondary sector assumes a relatively important role in both of these urban regions. Whereas the consumer goods industry plays a predominant role in Vienna, materials processing sectors such as the chemical industry, food and machine industry account for a relatively large share in Bratislava. Some parts of the surrounding regions also boast a high share of industrial and commercial activity. Moreover, the construction industry has been playing a relatively important role in this region. An important development is also the increasing role of automotive industries in Bratislava and Trnava regions.

Table 5: **Economic structure of the Slovak part of the region**

	Employees by sectors 2001*				
	Total employment	Agriculture and forestry	Industry	Construction	Services
	absolute	Share in %			
Bratislava	220,192	1.6	20.3	4.5	73.6
Trnava	123,329	10.5	36.0	3.6	49.9
SLOVAKIA	1,271,879	6.4	33.0	3.6	57.0

* Annotation: employees with 20 and more employees

Source: Štatistická ročenka and own calculations

In large parts of the border region, agriculture constitutes an important pillar of the regional economic structure. The share of agriculture is well above the average in Weinviertel, Nordburgenland and Marchfeld, sub-regions that figure as major agricultural areas also on an overall national scale. On the Slovak side, employment in agriculture is quite high, above all, in the districts of Senica and Dunajská Streda (Trnava region). In these areas, almost 30% of the entire working population is employed in agriculture.

2.3.3 Economic development by sectors

▪ Industry and trades

Vienna and Bratislava are the industrial centres of the Austrian/Slovak border region. Of about 13,000 production enterprises on the Austrian side of the border, 62.5% are seated in Vienna. Employment is equally concentrated on Vienna, which accounts for almost 66% of a total of about 230,000 people employed in industry. In terms of gross value added, the Bratislava and Trnava regions accounted for one third of the Slovak total industrial production in 2001.

A large part of Vienna's industrial enterprises are long-established companies pursuing activities in a wide range of different sectors (electrical engineering, electronics, metal working, mechanical engineering, food processing, etc.). Although standardised activities have increasingly been relocated to peripheral regions in the past few years, production lines with a low technological content still play a predominant role in the urban economic structure. For years, this has been giving rise to structural problems and steadily declining employment.

Small and medium-sized enterprises predominate in the rural areas of the Austrian border region. Industry is concentrated in a few locations. The food and beverages industry, the mineral oil and chemical industry, electronics and metal working as well as wood working and processing are the dominant sectors. Printing also plays an important role in some areas.

Based on a broad production-oriented service industry, the authorities have been promoting the establishment and expansion of commercial and industrial centres, as well as innovation and technology centres in a number of locations. These initiatives aim at enhancing the region's appeal as a commercial and industrial location, and at promoting the expansion of existing enterprises as well as the establishment of new enterprises in the respective areas.

The Bratislava region exhibits the highest concentration of industry within the Republic of Slovakia. The automotive industry, in particular, has grown markedly in this area over the past few years. The Trnava region is the third-largest industrial area within the Slovak border region, whereas industrial goods production features low in the districts of Senec and Malacky and Bratislava V. This fact illustrates the unequal distribution of industrial production and the general concentration trend in a few locations. In the wake of restructuring and modernisation measures, industrial employment has been decreased substantially in the Slovak border region since the beginning of the 1990s. Unlike Austria, the Slovak secondary sector is characterised by a predominance of medium-sized and large enterprises. SMEs have only just started to emerge.

▪ Construction industry

The construction industry has been playing a key role in the economic development of the entire border region. Its share in employment is above the national average, above all, on the Austrian side of the border. In the Slovak border region, the construction sector's share in GDP contracted significantly from 9.1% to 4.9% in the period 1989 to 1998, a fact that is mainly due to the difficult environment of the transition period. By comparison to 1989, construction output has declined to just below 50%. Generally, employment in large enterprises (transport and technological infrastructure) has been dropping considerably since the mid-1990s, whereas employment in SMEs has been on the rise.

▪ Tourism

The tourist infrastructure and the range of products and services offered have evolved along differing lines in the Austrian border region. Areas with a high share of tourism, as for example Vienna and parts of Nordburgenland, differ from the less developed regions such as the NUTS III region Wiener Umland Nord and Weinviertel, a fact that is also reflected by the number of overnight stays recorded in the different areas.

In the reporting year 1997-98, the Austrian border region recorded a total of roughly 10.8 million overnight stays, of which Vienna accounted for 71%. The remainder of 3.2 million overnight stays was for the most part distributed between Nordburgenland and the region Wien Süd. Domestic tourism, with a strong focus on recreation, excursion and health tourism, plays a major role in the rural regions. In Vienna, foreign tourism prevails (85.5% share of overnight stays).

The Slovak border area also exhibits two differing trends, both in terms of the level to which the area is developed for tourism and in terms of attractiveness. Thus, in the past few years, tourism increased markedly, above all, in the city of Bratislava. Apart from mass tourism, the authorities have been making an increasing effort to promote quality tourism (e.g. culture tourism, vacations on farms, etc.). The main tourist centres in this region are the city of Bratislava, Záhorie, Malé Karpaty, Podunajská nížina and the area along the Danube. Svatý Jur, Limbach, Modra and Hamuliakovo have developed into regional centres attracting, in particular, a high share of excursion tourism.

In the Trnava region, the major tourist destinations include the spa Piešťany, the city of Trnava with its historical city centre, the national cultural monument Šaštín, a number of castles and country manors and the Gabčíkovo reservoir. A few areas, all in the north of the region, qualify for mountaineering (Malé Karpaty, Považský Inovec), though only to a limited extent. A good infrastructure for bathing holidays is found along the rivers Váh and Danube (above all Malý Dunaj); moreover, the international Danube cycling path also crosses this area. The region's thermal and mineral water springs, which already form the basis for the two spas Piešťany and Smrdáky, are to be developed for tourist purposes also in the areas around Dunajská Streda, Galanta, Hlohovec, Záhorie and Piešťany.

▪ **Agriculture**

The concentration on agriculture on both sides of the border is more pronounced than the respective national averages. On the Austrian side, the NUTS III region Wiener Umland Nord and Weinviertel as well as parts of Nordburgenland feature among Austria's agricultural production centres. The main crops on both sides of the border include cereals, corn and animal feed. Growing vegetables and wine also has a long tradition in this area.

Production conditions on the two sides of the border diverge. While the size of enterprises is much larger on the Slovak side than in Austria, productivity rates are much lower. In Slovakia, small private farms still account for a relatively low share of the overall agricultural area. Due to the delayed adjustment to the new European framework conditions and the massive structural changes since 1989, structural problems have cropped up on both sides of the border. Forestry plays a minor role in this border region

2.4 Labour market

In the Austrian-Slovak border region, Vienna and Bratislava are the centres of employment. Of the approx. 692,000 persons employed in the Austrian border region in the production and services sectors, about 73% work in Vienna. About 55% of the employees in the border region and 14.6% of all workers employed in Slovakia are concentrated in Bratislava. The dominating positions of these two cities are also reflected in their strong influence on the labour markets of the surrounding regions. Weinviertel, for example, has a commuter share of 34%. In Slovakia, the corresponding figures are even higher, exceeding 50% in the districts of Senec, Pezinok, Malacky.

2.4.1 Employment: structure and trends

Since the early nineties, the labour market in the Austrian border region has registered a very dynamic development, albeit with substantial differences within the border region. With the exception of Vienna, the number of dependently employed persons rose at an above-average rate between 1990 and 1998. Particularly striking is the development in Nordburgenland (+28.4%) and in the northern regions around Vienna. In the period from 1995 to 1998 the trend slowed down somewhat compared to the preceding years. The most recent period from 1998 to 2001 was marked by rather reluctant employment growth. The most dynamic growth was reported for the southern part of Vienna surroundings (+6%).

Above-average expansion of employment in this region was clearly attributable to the tertiary sector. New jobs were created in tourism (e.g. Vienna airport) and in trade (shopping malls, warehouses). In public services, trends in rural and urban regions differed remarkably. Especially in the regional centres, job growth in the health sector (hospitals, social care institutions) has led to a rise in employment since the late eighties.

This positive trend in services also had a positive impact on female employment. Between 1996 and 1998, the number of dependently employed women rose from 3.7 to 10.7%. This expansion, however, was due largely to the creation of additional part-time jobs. This trend seemed to have continued also until 2001 (see table below).

In manufacturing, highly divergent trends were recorded. The largest number of jobs was lost in industries that underwent restructuring, such as the food, beverages and tobacco industries (e.g. Eskimo-Iglo, Sugana, etc.), while additional jobs were created in the chemical industry, in the construction industry and related industries (wood processing and wood working). The positive development in the secondary sector benefited mostly men.

Table 6: Employment trends in the Austrian part of the region

	Absolute	Women In %	Dependent employees			
			1990-1998		% change	
	1998	1998	Total	Total	1998-2001 Women	Men
Weinviertel	22,618	42.4	14.4	-1.1	-0.8	-1.2
Wiener Umland Nord	65,382	38.2	14.5	-1.7	-0.9	-2.2
Wiener Umland Süd	113,431	36.5	8.0	6.0	8.0	4.9
Vienna	767,598	45.0	4.4	1.5	2.9	0.3
Nordburgenland	43,181	44.4	28.4	3.2	6.7	0.3
Adjoining regions according to Art. 10 of INTERREG Guidelines						
Waldviertel	56,733	41.0	4.3	2.8	4.9	1.3
Sankt Pölten	46,391	43.2	11.9	4.3	7.6	1.9
Niederösterreich- Süd	66,973	40.9	-0.9	0.6	2.5	-0.8
Mittelburgenland	8,078	38.1	15.2	5.7	2.7	7.6
AUSTRIA	2,916,855	44.8	3.6	3.4	5.3	1.9

Source: Hauptverband der Österreichischen Sozialversicherungsträger

In Slovakia, the political transition was soon followed by a rapid reform of the labour market structures that prevailed under state socialism, which meant above all a drastic decline in primary and secondary sector employment. The Bratislava region, however, was affected by this process only to a relatively minor extent.

Table 7: The labour market situation in the Slovak part of the region

	Employed persons		
	Total	Women In %	% change 1998-2002
	2002	1998	Total
Bratislava (region)	386,937	41.3	+9.0
Bratislava (city)	333,999	41.7	+8.7
Trnava	201,471	41.6	+4.3
Rest of Slovakia	1,076,860	42.3	-9.4
SLOVAKIA	1,999,267	41.9	-2.2

Source: Štatistický úrad Slovenskej republiky, Zamestnanosť v SR, krajoch a okresoch, 1998, 2002

While the decline in employment since the early nineties amounted to about 20% for all of Slovakia, job losses in the Bratislava region were clearly below the national average as less dramatic layoffs of employees in the production sector were compensated by rapidly expanding employment in the tertiary sector. In the Trnava region, however, the process of de-industrialisation was less successful.

In 1998, women accounted for 41.9% of employed persons in Slovakia. While the respective rates for the Bratislava and Trnava regions are very close to this level, differences at the district level are partly considerable (Bratislava I 49.1%; Hlohovec 29.8%).

2.4.2 Unemployment

In line with the national trend, the number of unemployed rose in all Austrian sub-regions of the border region between 1990 and 1998. Striking in this regard is the massive increase in unemployment in Weinviertel and the relatively minor rise in Nordburgenland. The structure of unemployment in the rural areas of the INTERREG III A region is characterised by a large share of women, low-skilled workers and a disproportionate share of persons previously employed in production jobs. For most parts of the programme region the unfavourable trend has continued from 1998 to 2002. With the exception of a slight decrease in Weinviertel all Austrian subregions have reported further increases in unemployment. Remarkable differences by sex have to be noted: Female unemployment has been declining in this period, although this trend could not compensate the general worsening of the labour market situation.

Table 8: Unemployment in the Austrian part of the region

	Number of unemployed in 2002		Unemployment rate 2002 In %		Change in the number of unemployed 1998-2002 In %		
	Total	Women	Total	Women	Total	Women	Men
Weinviertel	2,780	1,272	5.9	5.8	-2.0	-13.2	7.1
Wiener Umland Nord	5,684	2,498	4.7	4.3	4.3	-5.8	12.8
Wiener Umland Süd	7,830	3,497	5.8	5.3	1.3	-7.6	8.7
Nordburgenland	3,393	30,953	5.8	6.0	2.6	-2.8	7.2
Vienna	74,894	1,510	10.0	8.1	2.1	-3.3	6.1
Adjoining regions according to Art. 10 of INTERREG Guidelines							
Waldviertel	5,973	3,149	7.0	7.1	-5.8	-19.2	7.4
Sankt Pölten	4,124	1,849	6.8	6.7	5.1	-4.1	13.4
Niederösterreich-Süd	7,375	3,105	7.0	6.5	4.4	-4.2	11.2
Mittelburgenland	1,070	545	7.4	8.2	-2.5	-17.2	12.1
AUSTRIA	232,418	108,366	6.8	6.5	-2.3	-9.5	3.8

Source: Arbeitsmarktservice Österreich

A special problem is the labour market in Vienna. In the city, the level of unemployment is at 10.0% clearly above the Austrian average and among the highest rates registered in Austria. Also where unemployment patterns are concerned, the differences to the other regions are evident. In Vienna, men are affected by unemployment more strongly than women. Almost half of all unemployed persons are long-term unemployed (Austrian average: 27 %; Vienna: 46%). A large share of the unemployed belong to labour market problem groups and are affected by social or geographical mobility restrictions. They generally have only low skills.

Table 9: **Unemployment in the Slovak part of the region**

	Number of unemployed 2002	% of women	Unemployment rate 2002 In %	Change in the number of unemployed 1997-2002	Change of unemployment rate 1998-2002
Bratislava	19,951	51.7%	5.7	+4,545	+1.2
Trnava	43,731	46.5%	14.4	+12,559	+3.0
SLOVAKIA	513,167	45.3	17.8	+175,757	+4.0

Source: Regionálne porovnania v Slovenskej republike 2002, Štatistický úrad Slovenskej republiky, Národný úrad práce

Compared with the Slovak average (17.8% in 2002) the unemployment rate in the border region is low. In December 2002, the unemployment rate in Bratislava stood at 5.7%. In other sub-regions of the border region, the unemployment rate remained below the national average (2002) although the unemployment raises with the highest levels reported by Galanta (16.9 % in 2002). Even though unemployment is low one has to consider the fact that the rise in unemployment since the early nineties has been extremely steep and, as a result of restructuring measures, has affected even large parts of the skilled workforce.

A large share of the unemployed comes from production jobs. The share of skilled workers is above the average.

2.4.3 Assessment of the Cross-Border Labour Market

When the iron curtain came down, cross-border labour market relations with Slovakia gained an entirely new quality. Workers from Slovakia, mostly from the area around Bratislava, used the opportunity to find employment in nearby Niederösterreich, Burgenland and Vienna. The new structure of the Austrian-Slovak labour market relationship has evolved into cross-border labour migration or commuting and has taken place in two phases to date:

The actual take-off phase started immediately after the opening of the borders and continued until 1993. In 1991, about 7,300 workers from former Czechoslovakia were employed in Austria. This was the equivalent of about 2.4% of all foreign workers. Until 1993 both their absolute number and relative share rose to about 11,100 or 4.0%. In 1994, a phase of decline or stagnation was initiated by restrictive regulations imposed connection with Foreign Workers Employment Act. Parallel to labour migration, the number of daily and weekly commuters from Slovakia to Austria increased. In July 1995, the official number of commuters from Slovakia stood at 951 persons (Source: Arbeitsmarktservice Österreich). Workers from Slovakia are employed in just a few segments of the Austrian labour market, primarily in hotels and restaurants, in social and public services, and in agriculture and forestry.

2.5 Infrastructure

2.5.1 Traffic and Transportation

The traffic and transportation infrastructure in the Austrian/Slovak border region is determined by:

- the degree to which the entire border region is connected to the European high-speed network,
- the area's accessibility in inter- and intra-regional terms,
- inner-urban traffic problems.

Generally, the Austrian/Slovak border region boasts relatively well-developed links to the international and inter-regional transportation network, even though the limits of the existing infrastructure have become evident in the wake of the increasing traffic flows along the east-west and north-south axes.

However, there are large differences in terms of inter- and intra-regional accessibility within the border region. Whereas the Vienna/ Bratislava area and the trilateral border area of Slovakia/Austria/Hungary are internally linked both by roads and railways, though with qualitative shortcomings in infrastructure and

transport organisation, these links are inadequately developed in large parts of the area along the border further to the north, which is mainly due to the peripheral location of this area and the barrier formed by the river March/Morava.

In an interregional and intra-regional context, the two large cities are each a central national hub within the transport network (railway, road, air and water transport). If viewed from an overall cross-border perspective, the main traffic axes of the two countries are symmetrical, because both Vienna and Bratislava are at an extreme peripheral position within their respective national territories, whereas within the border region they hold a central position and the intra-regional traffic flows are directed towards these centres.

Up to now, the development of the cross-border transportation network has failed to keep pace with the dynamic development of the region. Among other things, the road connecting Vienna and Bratislava are a bottleneck for the flow of west/east traffic (detour for road freight traffic, road travels through Hainburg, low capacity of the border crossing Berg/Petržalka). This gap is planned to be closed only in longer term (2007), when the highway connecting the A4 motorway (linking Vienna and Budapest) to the southern bypass of Kittsee and the highway border crossing Kittsee/Jarovce will open for traffic.

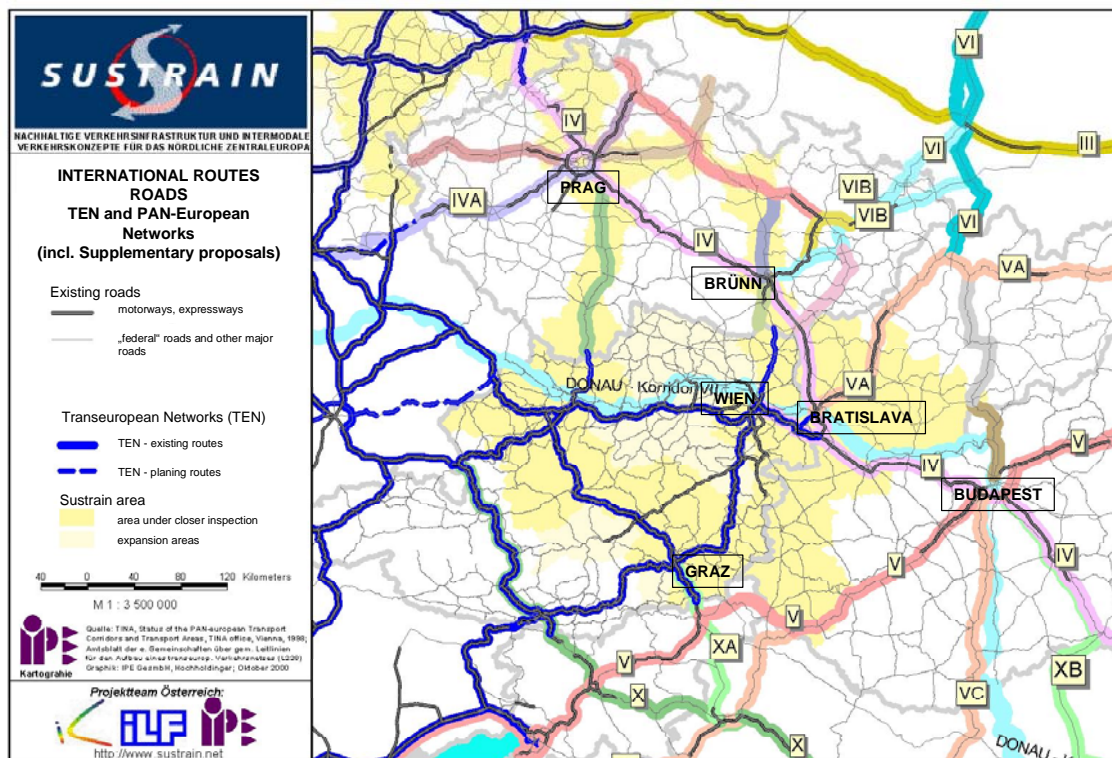
Within the agglomerations on both sides of the border, the high degree of integration of the cities and their surroundings causes traffic congestion on the roads that have to cope with regional as well as national and international traffic flows.

Of the European transport corridors defined in the Helsinki Agreement, corridors IV and VA have direct links to the region. In the future, the regional transport routes must be oriented on the major international routes in order to achieve a harmonised transport network.

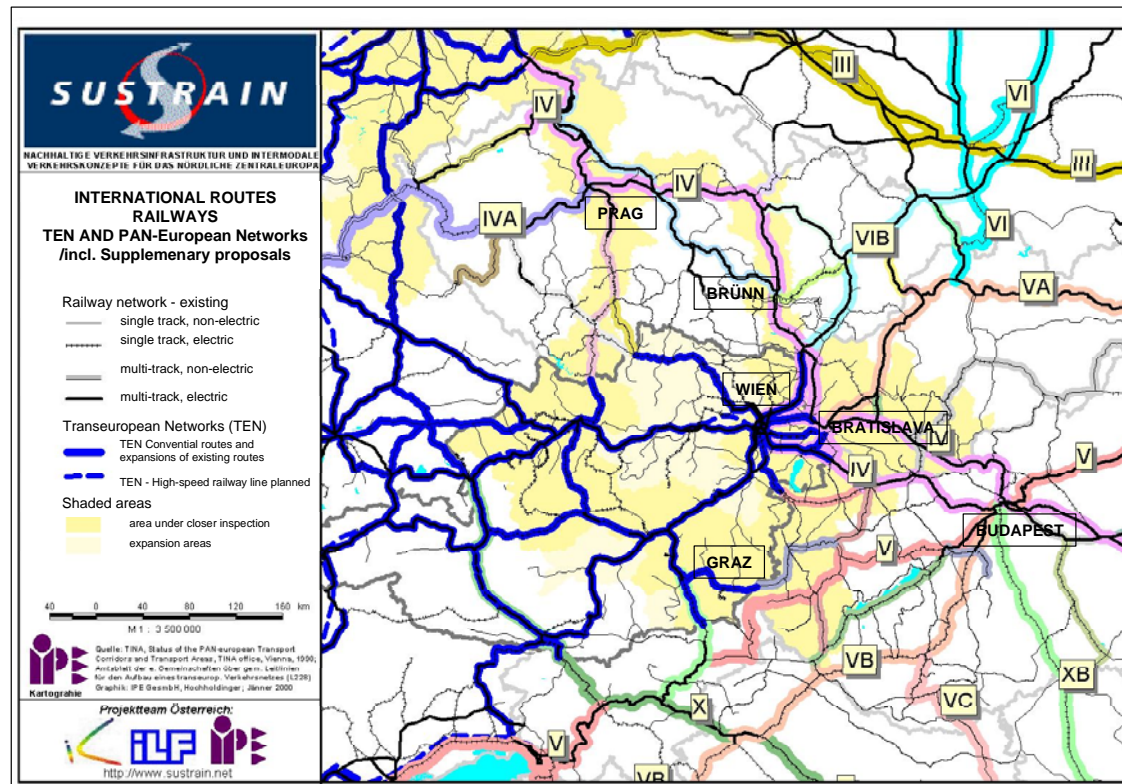
Map 3: Infrastructure of the border regions



Map 4: TEN & PAN, Roads



Map 5: TEN & PAN, Railways



▪ Roadways

The Vienna central region, Wiener Umland Süd and Nordburgenland have an extensive, well-developed roadway system. The major roads in the area are the A2 (Südbahn), A3 (Südostautobahn) and A4 (Ostautobahn) motorways, and the S4 and S31 expressways on the territory of Burgenland. The northern part of the Austrian border region, however, is largely undeveloped as regards motorway infrastructure. The main roads between Vienna and this area (northern Weinviertel) are the B7 (Brünner Straße) and B2 (Znaimer Straße) national roads.

Being the capital of the country, Bratislava has a central position in Slovakia's transport system. It is the starting point of all major Slovak roads which go to Malacky and Brno (D2 (motorway), I/2, II/501, II/590, II/503, II/505), to Pezinok/Senec, Trnava and Žilina (D61 (motorway), I/61, I/62, II/502) and to Šamorín, Dunajská Streda and Komárno (I/63, II/503, II/506, II/572, II/510).

The D2 and I/2 lead to the Hungarian border at Rusovce-Rajka. Compared to other parts of the country, southern Slovakia (Šamorín, Dunajská Streda) is still somewhat behind in terms of road infrastructure, but there are plans to build a "Southern Road Line". Transport capacities on the road network outside of Bratislava are sufficient. The access roads into and the passage roads through Bratislava, however, pose certain problems, which are to be alleviated by the extension of the D61 (as a bypass road). The main points of cross-border transport are Jarovce/Kittsee (D61) and Petržalka/Wolfsthal (I/61), by road, and Devínska Nová Ves, Petržalka (by rail), all of which are situated in the immediate vicinity of Bratislava and Vienna. In the northern part of the border region there is no border crossing possibility for the international traffic.

▪ Railway network

The metropolitan area of Vienna has a very well-structured railway network. The railway lines to the east, however, were largely neglected – and sometimes even dismantled – as a result of the re-orientation of transport needs after the dissolution of the Austro-Hungarian monarchy (Parndorf-Kittsee-Bratislava, Hainburg-Berg-Bratislava). Given the expected increase in importance, the Parndorf-Kittsee-Bratislava line has been restored, and a restoration of the former Bratislava line (Vienna-Hainburg-Bratislava) appears to be an interesting option for the future.

The central point of the railway network in the Slovak border region is Bratislava. From here, railway lines go to Malacky and Brno (line 110), to Pezinok, Trnava and Žilina (120), to Senec, Nové Zámky and Stúrovo (130) and to Šamorín, Dunajská Streda and Komárno (131). International railway lines run into Austria via Devínska Nová Ves (111/300) and Petržalka (301), and to Hungary via Rusovce-Rajka (132/332). Railway capacities, in general, may be considered sufficient. Still, certain modernisation measures are necessary and planned.

▪ Waterways

As an international route of transport, too, the Danube plays an important role in the border region. The geographical potential for transport was increased considerably with the opening of the Rhine-Main-Danube Canal and the extension of the Gabčíkovo storage lake. The ports of both Vienna and Bratislava are designed to fulfil vital functions in handling cross-border freight traffic and in removing freight traffic from roads in the process of encouraging and expanding combined modes of transport. The waterway Danube is still important for touristic use.

▪ Air traffic

Two international airports are situated in immediate vicinity of each other in the border region. The Vienna-Schwechat airport has become one of the major traffic hubs between Western and Eastern Europe as well as for destinations to the Middle East. Passenger frequency at the Bratislava-Ivanka airport, by comparison, is much lower. Recent trends, however, indicate that there is a considerable potential for synergy between these two airports and that Bratislava-Ivanka is already taking on a certain relief function for Vienna-Schwechat. An expansion of public feeding lines, such as the gradual expansion of the Bratislava line (express line from Vienna's city centre to the airport, enhancing existing services to Wolfsthal and establishing a connection to the Kittsee-Bratislava route), is also being discussed in this context. Furthermore, the Ivanka international airport in Bratislava is to be modernised and better integrated into the inner-regional public transport system.

▪ **Combined transport and logistics centres**

Given the mounting levels of freight transport, expanding the combined modes of transport and intensifying cooperation of the different transport operators (road, railway and water-borne transport, in particular) is going to be of vital importance in the region. The extension of freight terminals and the handling of logistical tasks by the ports are main activities in this context.

The logistics centre of the port of Bratislava (Pálenisko) is of central importance for the turnover of goods in Slovakia. Combined transport is to be facilitated by terminals which are planned to be set up in Gabčíkovo and the port of Komárno and, in the long term, on the Váh river in Šalo, Sered' and Hlohovec as well as on the March/Morava in Kúty. Implementation of these projects depends on the interaction between waterways and railway/road transport. The present inland terminal is at Nové Zámky. Combined transport (AGTC) is currently offered on the following lines in the Slovak border region: Kúty-Bratislava-Nové Zámky-Komárno (C-E 61), Bratislava-Rusovce (C-E 62), (Kittsee-)Bratislava-Žilina (C-E 63) and Devínska Nová Ves-Bratislava-Nové Zámky-Štúrovo (C-E 52).

▪ **Cycling routes**

As a result of long-standing cooperation, a number of cross-border cycling routes were established in the trilateral region between Austria, Slovakia and Hungary. The cycling route along the March/Morava and the international Danube cycling route are of particular importance for tourism in the Austro-Slovak border region. Both on the Austrian and the Slovak side of the border, various side routes were established (e.g., in Slovakia, a route to the Carpathians) to add to the Danube route and make it even more attractive for tourists. Plans for a further expansion of the cycling routes network (in co-operation with Hungary) are under way; these also include a further integration of national nature protection areas (the Danube wetlands, Neusiedlersee, the March/Morava wetlands, Malé Karpaty, etc.).

2.5.2 Public utilities infrastructure

The public utilities infrastructure in the region is marked by a considerable difference in quality on the two sides of the border. While a high infrastructure level in the fields of water supply, wastewater management and waste management has been observed throughout the Austrian part of the region, there is still a lot to be done on the Slovak side to ensure and improve the quality of these services. These basic facilities, as well as qualitative improvements in this sector are among the fundamental prerequisites for enhancing the appeal of the location and for initiating successful strategies to attract companies to the region.

Availability and treatment of groundwater are considered major problem areas. Long-term solutions have to be found here to counter pollution and drops in groundwater levels both on the Austrian side (especially in Marchfeld region along the March/Morava) and on the Slovak side (in the area between Trnava, Bratislava and the Danube).

In the past few years, Vienna has established itself as a leading city in the development and transfer of know-how concerning progressive environmental technologies. The city opted for a sustainable, ecologically oriented expansion of its technical services at quite an early stage and is considered an "environmental model city" in Europe today. Vienna was one of the first European cities, for example, to recognise the importance of well-managed, efficient wastewater disposal and a secure water supply. Today, almost 100% of the city's drinking-water comes from high-quality alpine springs. Ecological aspects are also gaining importance in the field of waste management, and specific attention is given to developing schemes for sustainable waste management.

2.5.3 Power supply

The border region between Austria and Slovakia is rich in watercourses, and these ample water supplies are used extensively for power generation. It is not only the newly-erected hydroelectric power stations in Vienna and Gabčíkovo which contribute significantly to the power supply of the entire region. 13% of Vienna's power consumption is covered by hydroelectricity, for example. On the Slovak side, local power suppliers are only able to cover 20% of the power consumption of the Bratislava region, while additional electricity has to be imported. Further power suppliers in the region are the hydroelectric power stations of Kráľová and Madunice as well as the nuclear power station in Jaslovské Bohunice.

2.5.4 Telecommunications

The telecommunications infrastructure in the entire Austro-Slovak border region is being brought up to modern, quickly evolving standards at a very fast pace. A modern ground-based and non-ground-based telecommunications infrastructure is crucial to ensuring the competitive power of the entire region.

While the telephone network in the Austrian part of the region virtually covers the entire area and three mobile telephone networks are already in operation, the number of telephone subscribers to the terrestrial network in Slovakia is still rather low. Only 23 out of 100 people have a telephone. In Bratislava region the intensity of the (ground-based) telephone network is 50,5 %. The dynamic development in the sector of mobile telephony, however, lessens the urgency to expand the terrestrial telephone network.

As regards the digital communications network, Bratislava is the seat of a "secondary centre" (SC) which also comprises the cities of Senica, Trnava, Dunajská Streda and Nové Zámky.

2.6 Education, research and development

In both regions around the two capitals, the levels of education and training are above the respective national average. The professional structure of Vienna shows a large proportion of employees with higher education, and the share of self-employed individuals is twice as high as the overall Austrian average, owing to the concentration of sciences and art as well as legal and business consultancy services in the capital. Bratislava has a high level of education, too, compared to the national average. Almost 21% of Bratislava residents aged over 15 have a university education, while the national average is only 7.8%.

Both Vienna and Bratislava are seats of top-ranking institutions of education and research, which makes them the clear centres of that sector in their respective countries. Two universities are located in the city of Trnava.

All in all, there are 169 research institutions (50.5% of all Slovak research units) with more than 12,300 employees in the Bratislava region. 151 of these institutions with more than 10,600 employees are located in Bratislava alone. 45.2% of all research units in Austria are situated in Vienna, owing, in particular, to the high concentration of research institutions in the public sector and co-operation projects ("other research facilities"), more than half of which are located in Vienna. By contrast, this exceptionally high share of non-industrial research has a percentage of 17.5% of private, industry-related research which, thus, corresponds more closely to the overall distribution of industrial enterprises in Austria in terms of both location and specialisation.

Beside the universities, Austria also has specialised colleges (post-secondary level) which focus on various technical or economic fields. One specialised college that must be mentioned in this context, is the one in Eisenstadt, which offers professional training on a scientific basis in international business relations with a specific orientation towards the EU and the countries of Central and Eastern Europe.

2.7 Environment and Nature

▪ Air and soil quality

Both the Austrian and the Slovak border regions figure among those areas of their respective countries which are the most affected by environmental and air pollution. This pollution is caused to quite a large extent by high levels of traffic in urban agglomerations; in Bratislava, the situation is further aggravated by the concentration of primary industries. Additional problems arise from the extensive agrarian cultivation of the land. Apart from almost completely changing the natural landscape, this had also led to desiccation, over-fertilisation and over-salination of soil.

Air quality in the Vienna region has greatly improved in the past few years. Innovative measuring and information technologies and the development and use of ecologically compatible power sources have contributed significantly to curbing air pollution. The city of Bratislava, on the other hand, is heavily affected

by air pollution (SO₂, CO and NO_x, in particular) which is caused primarily by industrial activity and the steady increase of traffic (the number of cars rose by one third between 1990 and 1997). Beyond the metropolitan area of Bratislava the air is less polluted because there are no big industrial complexes.

▪ **Nature and landscape protection**

The Austrian-Slovak border region is characterised not only by the existence of two urban agglomerations, but also by a high share of natural particularities. The area situated directly at the border along the March/Morava river, tangentially to the two capitals, occupies a special position as a so-called "low wetland area". This area, which is extremely sensitive to ecological influences, was designated a landscape or nature protection area both in Austria and in Slovakia, so that only a limited scope of building activities is permitted there. The wetlands along the Danube from Vienna to the national border were designated a national park in 1996 and thus fall under the highest category of protection. Another cross-border national park was established on the eastern shore of Neusiedlersee and in the adjacent Seewinkel areas.

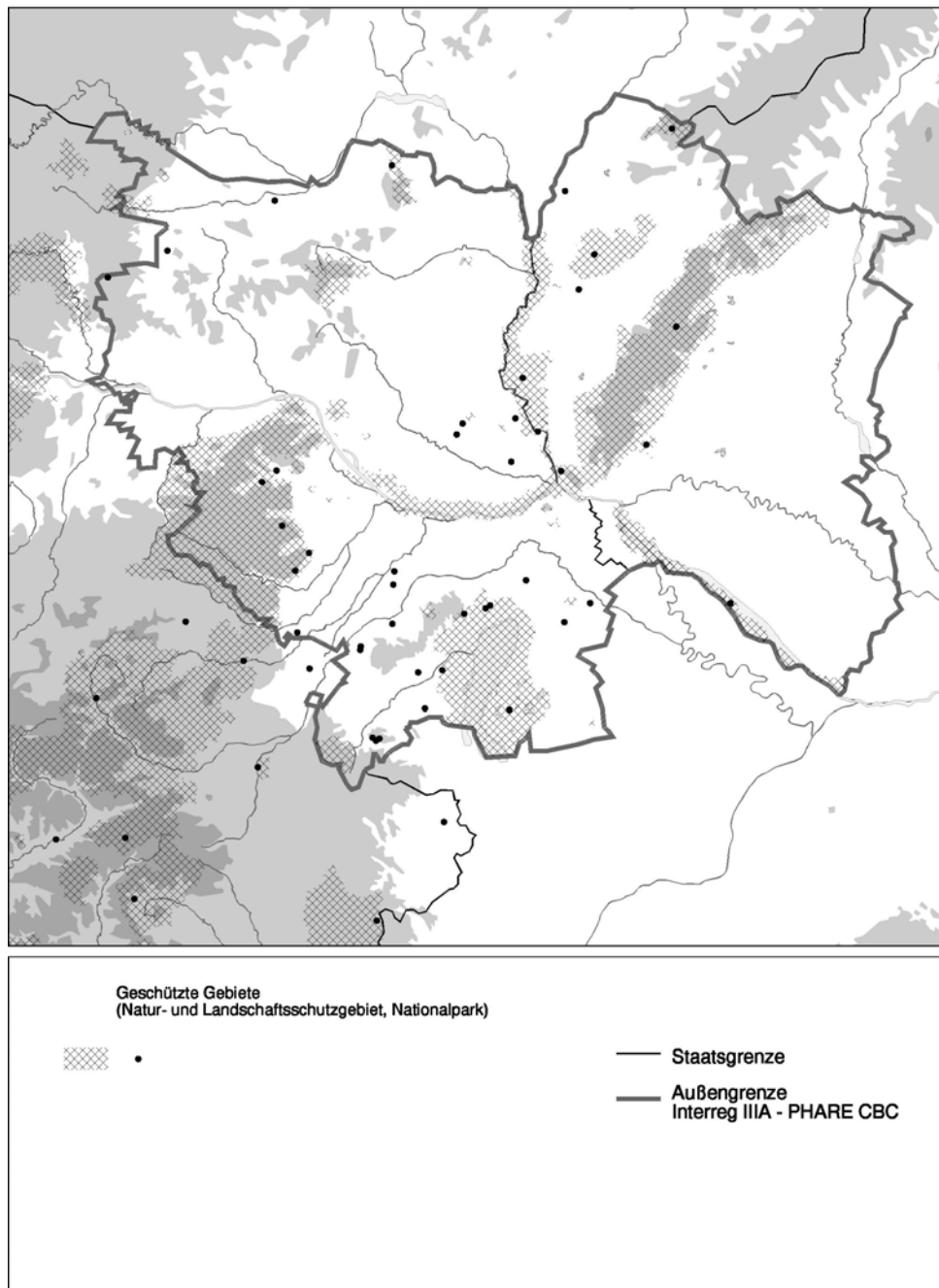
Nature conservation is also given top priority in Slovakia. Schemes to protect the ecosystem in the Bratislava region stipulate three regional biocorridors (Danube, Malý Dunaj and March/Morava) as well as the landscape protection areas of Záhorie (along the March) and the Lower Carpathians/Malé Karpaty, where special attention is to be given to nature and landscape preservation in order to maintain their quality as recreation areas within easy reach of the city of Bratislava.

▪ **Water quality**

According to estimations of the Federal Environment Agency the ground water particularly in the Weinviertel and here especially in the eastern part – thus directly in the border region – is to be considered as endangered to highly endangered because of soil contamination. The important ground water sources in the area are primarily quaternary interstitial water sources. In this case occurred interferences have a lasting effect and rehabilitation measures are extremely difficult to implement.

The biologic quality of the border regions' most important running water – the March – has only slightly ameliorated since the 80s. In some parts the March shows merely water quality class IV (remarkably contaminated). The goal in these sections lies in achieving water quality class II (moderately contaminated) and in those with higher water quality classes in preserving the standard.

Map 6: Protected areas in the border region



In the Slovak border region there are about 25 "natural landmarks", 15 nature reserves of national relevance, 25 nature reserves of regional relevance and 25 protected areas. These protected areas are zones with an important ecosystem (contributing decisively to safeguarding biodiversity and ecological balance) or areas of specific cultural or historical value. Some of the protected areas in the Slovak part of the co-operation area are: Malé Karpaty, Biele Karpaty, Záhorie and Dunajské Luhy as areas of nature protection, and Malacky, Pezinok, Skalica, Senica and Dunajská Streda as (cultural) landscape areas. Some of these protected areas also comprise wetlands (such as Šúr and Niva Moravy) which are bird protection areas of international relevance ("Ramsar Agreement"). The protected areas of Biele Karpaty-Chvojnica, Pomoravie and Malé Karpaty-Stred were classified as being of international relevance and worth to be protected because of their specific fauna and flora.

3. STRENGTHS AND WEAKNESSES

3.1 The Austrian-Slovakian Border Region

This comparison of the strengths and weaknesses reflects the differing overall structural conditions along the Austrian-Slovakian border and points out the opportunities and risks.

Located at the intersection of three countries, the southern parts of the border region (NUTS III regions Nordburgenland, Wiener Umland Süd, Vienna, Bratislava and Trnava) have clear locational advantages with respect to overall settlement and economic structures, and thus show a positive dynamic of growth. The vicinity of the two capitals, Vienna and Bratislava, as well as the region's well-developed infrastructure play an important role.

The situation is different within the border region:

- Urban agglomerations (Vienna – Bratislava)
- Rural regions with weak economic structures and poor cross-border accessibility (Wiener Umland Nord, Weinviertel, Trnava)
- Dynamic regions with a manifold economic structure (Nordburgenland, Wiener Umland Süd, parts of Bratislava Region)

The region has developed dynamically since the opening up of the borders—highly dynamic, advancing from a low level in Nordburgenland, which is also true for the Bratislava Region in Slovakia (the strongest region in Slovakia).

Despite the progress achieved in catching up, the disparity in the levels of prosperity and development, with all of the positive and negative consequences this implies, poses the greatest challenge to the goal of establishing functioning cross-border relations.

Contacts and exchange at the personal, economical and political levels have a long tradition along this border region and offer an excellent starting position for establishing and intensifying relationships on a regular institutionalised basis. In this context, the ethnic minorities on both sides of the border could play a major role (in Austria: Slovaks, Croats, Hungarians; in Slovakia: Germans, Czechs, Hungarians, Croats etc.).

The opening up of the borders have also made cross-border labour relationships more intensive. Better earning opportunities, as well as the opportunity to gain experience have motivated many Slovakian citizens to look for work in Austria in regions near the border. A large share of this labour force is employed in the service sector, construction and agriculture and to a lesser extent in production. In an economically difficult general situation, a rising number of foreign workers tends to create social tension. When developing the framework conditions with a view to establishing cross-border labour relations, special attention will need to be devoted to this sensitive issue.

In the Austrian-Slovakian border region an ambivalent situation results from the historically originated, almost 40 kilometers in length, impermeable border. Along this border section – conditional on the former „Iron Curtain“ – pristine landscapes were declared as worth preserving and thus protected areas after the opening of the borders. From this derives on one hand a significant strength, particularly with regard to the quality of life and the field of tourism/leisure economics. On the other hand the impermeability means as well a strong restriction to the cross-border accessibility and hence also a weakness for intensive cross-border exchange– not only but especially – for the the joint economic development.

SWOT Analysis on Austrian-Slovak border region

Strengths	Weaknesses
Central geographic position at the intersection of three countries	Peripheral location of the northern rural parts of the border region and poor accessibility to the economic centres and to the neighbouring countries as a consequence of the Iron Curtain and/or landscape restrictions
Highly attractive for investment (triangle) Vienna-Bratislava-Győr and positive development perspectives	Transport infrastructure is not sufficiently oriented towards the challenges of the border in the future:
Vienna and Bratislava – centres of politics, administration and economy	- increase in cross-border passenger and goods traffic
Existing cultural and social relationships and variety of languages (minorities)	- insufficient supply of traffic infrastructure, border crossing services and information
Potential for interregional/cross-border co-operation	- insufficient capacity of existing border crossing
High supply of qualified labour force and high level of qualification and education of the population esp. in the urban parts of the border region	- marked differences in the development of the technical infrastructure
High level of demand for services	Landscape restrictions, protected areas as an obstacle (March/Morava) for economic development (e.g. transport infrastructure, industry)
Good accessibility along the central axes	In the rural regions poor situation of competition with regard to hard and soft location factors, high degree of dependence on the urban agglomerations
Landscape reserves and protected areas	Differences in legal frameworks, ecological standards and lack of common monitoring
Potential for regional co-operation in the fields of renewable energy and natural resources	Inter- and intraregional disparities and marked differences in the consequences of structural changes (past and future)
	Increasing difficulties in the intra- and interregional labour market
	Deficiency in developing SMEs, especially in the rural areas of the border region
	Lack of economic cross-border co-operation projects
	Poor exploitation of tourism and leisure opportunities in rural areas of border region
	Existing mental barriers as a consequence of the restraints and interruptions in social and cultural relationships (Iron Curtain)
	High importance of the secondary sector with structural problems for the urban economies
	Lacking joint regional and environmental planning and institutions

3.2 The Austrian Border Region

Nordburgenland has been able to achieve progress over the past few years. This development is basically attributable to the fact that conditions have improved throughout the Land, creating more attractive locations for enterprises in sectors that offer qualified jobs and have a more promising future, and also function as drivers of further development (e.g. technology centre Eisenstadt). Technology and qualification policy measures will promote the emergence of regional competence centres (e.g. energy and facility engineering technologies, electronics and control), while educational institutions and the creation of networks will link production with qualification, education and research to support such measures.

Although these developments are very encouraging, we should not forget that the starting point of this positive trend is from a level substantially below the average level of economic development in Austria. Special problems have emerged due to the structural changes of the past few years. Restructuring, closures and rationalisation measures have been the cause of many lost jobs. This trend has affected mainly women who are generally less mobile due to their responsibilities (family, sideline farming, etc.) than men. The targeted efforts to find a new orientation for the economy and to develop new regional focal points, are now starting to show first signs of success, but the weaknesses resulting from the small size of the enterprises and the narrow scopes of action and co-operation this implies have not yet been eliminated.

Within the tertiary sector, tourism and public services play an important role. In this border region the Neusiedler See is one of the main touristic attractions.

Agriculture, with production concentrating mainly in vegetables, fruits and wine-growing, is very important in the northern parts and is being challenged from two sides. First, the adjustments and preparations in anticipation of the new framework that will be created by the expected EU accession of the neighbouring countries and second, the expansion into new markets and the search for new combinations of sources of income.

Vienna as a capital city has an important regional function, serving as an economic and labour market centre for this border region. The existence of an urban agglomeration and its excellent infrastructure that make large parts of the border region accessible are excellent prerequisites for the access to high-quality educational and research institutions, and thus also for the creation of an intra-regional division of labour. The weakness of Vienna becomes manifest in the steady decline in employment in the secondary sector. The service sector is expanding, but this trend is atypical for cities of this size and is emerging in sectors that require only a low degree of qualification. The establishment of the core competencies of Vienna has taken several directions over the past few years. On the one hand, the existing potential, contacts and geographical vicinity to the countries of CEE make the city of Vienna predestined to become the hub between Western and Eastern Europe (East-West competence, centre for legal competence, etc.), on the other hand, experience gained in the areas of transport and logistics, telecommunications, as well as urban and environmental technologies are being expanded into new core competencies. One of Vienna's main problems is the development of the labour market. Employment growth rates are much lower than in the surrounding regions, the unemployment rate is much higher than the Austrian average. This pattern is marked by a high share of long-term unemployed persons and other low-mobility problem groups.

In the NUTS III border region of **Lower Austria Weinviertel, Wiener Umland Nord and Wiener Umland Süd** development trends have very different focuses. In the immediate vicinity of Wiener Umland Süd, the service sector plays an important role and not only determines the structure, but also the pace of development in the region. The establishment of new service centres for shopping and leisure time activities also reflects this trend as does the expansion of the Vienna International Airport.

In Wiener Umland Nord and Weinviertel, agricultural production and an agro-industrial complex are predominant. This region is one of Austria's main agricultural areas, the products range from cereals, vegetables to wine-growing. Despite the relatively advantageous sizes of the enterprises and the first signs of restructuring, the regions are expected to be especially hard hit by the changes in the agriculture sector.

The significance of the sector of commerce and industries is rather low in the light of the large number of small and medium-sized enterprises and concentrates in only a few localities. The innovative activities of enterprises are not very developed, despite the regionalisation of technology transfer facilities and by making the region a more attractive location for industrial enterprises, trades and small businesses. In the past few years, the regions north of the Danube benefited from the suburbanisation process emanating from Vienna both with respect to population trends and new plants.

Both regions belong to the category of classical commuting regions due to the scarcity of jobs in sectors and fields requiring highly qualified labour and the share of the labour force employed in Vienna is disproportionately high.

Tourism is only in its early development phase, the focus is on excursions and the man-made nature landscapes.

SWOT Analysis on Austrian border region

	Strengths	Weaknesses
Demography	Dynamic development of the population due to migration esp. in the regions close to the public transport network International structure of the population in the urban regions	The high number of immigrants in the urban parts of the border regions make the integration of persons coming from the neighbouring regions more difficult and causes social tensions
Economic structure and trends	Agglomeration of Vienna is the economic centre of the whole border region and location of international enterprises and headquarters High level of economic activities in Vienna and surroundings Intensive export activities with the CEEC (esp. the neighbouring countries)	High dependence on the urban labour market The rural parts of the border region are regions with weak economic structures, a high share of agriculture and high share of commuters (great distances) Low density of technology and promising production industries, very poorly equipped with qualitatively high production-related services in the rural regions, insufficient international competitiveness of the rural regions
Industry	Positive climate for industry Existing industrial traditions, industrial "lead enterprises" and the establishment of enterprises in highly-qualified industries are the drivers Agro-industrial complex (agriculture and food industry) (Wr. Umland and Nordburgenland)	Structural crises lead to rationalisation, reduction of employment, closures in the dominant branches (steel, metals, textiles, food) Lacking development of cross-border regional competencies and of locations
Industry (continued)	Start of development of regional competencies on the basis of existing potentials in the fields of electronics, machinery, chemicals, telecommunications, medicine and environmental technologies, metals, facility engineering, urban technologies..)	
SMEs	High share of SMEs Positive development of SMEs with positive effects on employment Existence of highly-developed industrial areas incl. consulting functions (e.g. WIBAG, EcoPlus, WWFF)	Low intensity of research and innovation of SMEs Few existing co-operation structures of SMEs (technology, innovation, internationalisation) Low intensity of cross-border trade of SMEs, insufficient instruments for support
Research and development	Vienna as a location of universities and other research centres High degree of regionalisation of research and innovation-oriented institutions/organisations (incubators, technology and innovation centres, specialised vocational colleges, etc.) Technology and innovation policy in the context of the regional economic structure leads to positive development effects and the establishment of regional core competencies – energy and facility engineering, electronics, control, materials and logistics Core competence in Vienna: East-West know-how, telecommunications, urban technologies, logistics	Access of SMEs to support in the fields of technology transfer, few co-operation activities of SMEs with innovation and research institutions, are not highly developed Insufficient integration of SMEs in research and development activities Insufficient co-operation of all innovative actors (production, services, research, education and qualification institutions) in the sense of establishing an "innovative milieu"
Services	Positive dynamic of the service sector in the rural parts of the border region (tourism, health services, producer services, shopping and leisure time and adventure) The urban agglomeration of Vienna is the "service centre" of the region with a high share of public services	For urban regions, unfavourable structure of the service sector in Vienna (high share of industries in the low-skill job segment such as tourism, commerce) Low intensity of production-oriented services in the rural parts of the border region

Tourism	<p>Development of regional and specific priorities of tourism with partly high qualitative standards</p> <ul style="list-style-type: none"> -city and congress tourism -short-distance recreational and excursion tourism - leisure, wellness, health - bathing, sports and nature and culture - soft tourism (protected areas and national and nature parks) 	<p>Insufficient adaptation of the tourism supply structure to changing trends in demand (adventure, shopping, ..)</p> <p>Low international market shares (except Vienna)</p> <p>Dependence on seasonal demand except wellness</p> <p>In the less developed regions, structural problems in the tourism sector (small hotels, B&B)</p> <p>No existing cross-border destination development and management, and tourism organisation</p>
Agriculture	<p>Intensive agriculture close to the urban markets and the food industry</p> <p>Special agricultural production (fruits, wine), esp. wine's rising international market shares</p> <p>Potential for ecology-oriented agriculture and production, and quality production</p>	<p>Partly unfavourable structure of farms, high share of sideline farming and commuters</p> <p>Low degree of co-operation between tourism and agriculture to form new offers</p> <p>High pressure regarding competition and adjustment as a consequence of the enlargement process</p>
Infrastructure transport and technical infrastructure	<p>Highly developed transport infrastructure and good accessibility in the urban agglomeration</p> <p>Danube as international transport route</p> <p>Vienna International Airport as hub to the CEEC and the Near East</p> <p>High standard of the technical infrastructure (energy, sewerage...)</p>	<p>High traffic volumes in the urban agglomeration of Vienna – overcrowded traffic routes</p> <p>Low intensity of co-operation and co-ordination in the means of transport</p> <p>In peripheral regions, an insufficient supply of public transport</p> <p>Need to adjust technical infrastructure in specific parts and regions (renewable energy, flood protection, water supply)</p>
Human resources, labour market	<p>Highly developed education and qualification infrastructure (schools, universities, adult education) and wide range of specialisation</p> <p>Highly-qualified labour force and employees with competence for the CEE countries</p> <p>Special education and qualification supply to support the competence for the CEECs (Fachhochschule Eisenstadt, CERNET)</p> <p>Low unemployment rate in the rural parts of the border region</p>	<p>Low orientation on the new framework (intensification of the neighbourhood) in education supply</p> <p>High unemployment rate in Vienna with problematic structure</p> <p>High dependence on the Viennese labour market</p> <p>Strong increase in the number of problematic groups of unemployed people (long-term, people with handicaps, spatial and social restrictions to mobility)</p> <p>High percentage of seasonal unemployment/winter (construction, tourism, agriculture)</p> <p>Few employment opportunities esp. for highly-qualified persons in the rural regions</p> <p>High percentage of commuters</p> <p>Pressure on the urban labour markets caused by immigration and/or unqualified workers with direct consequences on the regions with a high percentage of commuting</p> <p>Strategies for the development of cross-border labour markets are missing (e.g. monitoring, co-operation of institutions...)</p>
Natural resources, environment	<p>National Park Donau-Auen and cross-border national park Neusiedler See-Seewinkel</p> <p>High-quality in nature and landscape</p> <p>High quality of environment and life (Vienna – environment model city)</p> <p>High quality standards in water quality because of improvement measures</p>	<p>Increase in transit and cross-border traffic with consequences on environmental situation (noise, emissions..)</p> <p>Increase of waste</p> <p>Slow increase in the use of renewable energy</p>

3.3 The Slovak Border Region

The Slovak part of CBC region Austria-Slovakia is divided into two administrative regions: Bratislava county (Bratislavský kraj) and Trnava county (Trnavský kraj), which represent NUTS III level. This NUTS III regions are divided into 15 districts (okresy). Five of these districts represent the districts of the state administration of Bratislava. Within the Slovak part of the CBC region, Bratislava has a dominant position and the rest of region is connected to the centre in the organic form of semicircle

The Slovak part of CBC region Austria-Slovakia has an area of 6,201 km² and in the year 1998 it counted 1,168,251 inhabitants (617,599 inhabitants lived in Bratislava county and 550,652 inhabitants in Trnava county).

The Slovak part of the cross-border region is the region that developed the most in Slovakia over the past decade. It is a region with the highest GDP (mainly due to Bratislava county) in Slovakia. The educational structure of its inhabitants is characterised by a large share of university-level graduates. A share of 37.6% of inhabitants have a university degree or a medium-level of education, most of them fall to Bratislava. This reflects the strong influence of the urban functions and their economic base on the growing number of inhabitants with university-level education which is mainly due to migration.

In other cities of the region and in the rural hinterlands, the levels of education are substantially lower.

The economic structure of the Slovak part of the CBC region Austria-Slovakia is interesting. It displays a relatively high share of employment in industry. The rural countryside, mainly in the southern districts of the region where the best agriculture soils are found, boasts relatively high levels of employment in agriculture. By contrast, agriculture production has the lowest degree of significance in the northern part of the Bratislava region. Recently, the service sector has been growing strongly.

The share of forested areas on the border regions amounting to about 23% is much lower than the country's average (41%).

As regards the landscape, there are highly valuable areas in the Slovak part of CBC region, which from a biological, ecological and aesthetical point of view, create a compact cross-border area on both sides of the river Morava. There are about 90 protected areas of different scale in the Slovak part of the CBC region. In ecological terms, the most important areas are protected landscape areas (PLA), which include the above mentioned small-sized protected areas. PLAs at the same time form part of the wetlands of international significance classified as the habitat of waterfowl under the Ramsar agreement.

The area concerned has all of the main modes of transport: road, rail, air and water transport of the highest functional and qualitative level. The main Transeuropean corridors of road, rail and water transport (corridors No. IV, Va, VII) pass through the concerned area.

The Slovak part of the CBC region has a predominant and exclusive place in the Slovak republic as the region with the large-scale energy sources. The biggest power plants (atomic power plant Jaslovské Bohunice and hydraulic power plant of Gabčíkovo, Kráľová and Madunice) are located in the region.

SWOT Analysis on Slovak border region

	Strengths	Weaknesses
Demographic structure and its dynamics	High concentration from the point of view of whole Slovakia	Very low natural growth of the population in the whole border region
	Relatively favourable age structure of the population	Age structure of the population still worsening; decreasing pre-productive and increasing post-productive population
	High migration growth of the population except districts of Bratislava; migration to urban areas	Lower education level of the population in rural districts
	Extraordinarily favourable education level of the population in the region of Bratislava	

Economic structure and trends	<p>Bratislava and its region is the strongest economical centre of Slovakia with the greatest GDP</p> <p>Region of Bratislava has the highest share of foreign investment</p> <p>High level of economic activity</p> <p>Multi-branched structure of economic basis with prevalence of tertiary sector; growth of financial and market services, particularly in the region of Bratislava together with a high concentration of foreign investment</p>	<p>Rural areas of the CBC region have a low and deteriorating economic base</p> <p>Great dependence of the region of Záhorie on Bratislava</p> <p>Low level and share of high-tech in the economical structure of region</p> <p>Lack of joint organisation units and logistic</p>
Industry	<p>Long traditions, especially in the chemical, food and pharmacy industry; the region of Bratislava</p> <p>Growth of economic and export performance of machinery (car production) industry; the region of Bratislava</p> <p>Developed food industry for processing agricultural products; districts Dunajská Streda</p>	<p>Industrial production with a demand of energy and raw materials and with a relatively low value added, especially in the chemical and metal industry, which is based on imported raw materials; region of Bratislava</p> <p>Unequal allocation of the industrial basis with a significant concentration in the region of Bratislava</p> <p>Insufficient exploitation of the advantages of territorial work division, particularly territorial specialisation and co-operation in districts with a multi-branched structure (Dunajská Streda)</p>
		<p>Increasing difficulties with the consequences of structural changes</p> <p>Underdeveloped business centres and interregional business co-operation</p>
Small and medium-sized enterprises	<p>Existence of a regional chamber of organisations that creates the conditions for the co-operation of entrepreneurs (chamber of commerce and industry)</p> <p>Existence of strong enterprises with supra-regional importance</p>	<p>Limited supply of space suitable for business</p> <p>Absence of institutional framework for providing advisory services to enterprises</p> <p>Deficient development of SMEs especially in the rural areas</p> <p>Lack of finances provided by monetary and bank institutions for the short-term needs of SMEs; particularly small loans with favourable low interests, which should ensure a more flexible development of businesses and job creation, mainly in rural areas</p>
Research and development	<p>Bratislava is the centre of research institutes, universities and other educational facilities</p> <p>The highest concentration of research facilities in Slovakia</p> <p>Trnava: traditional university town</p> <p>Potential for developing of innovative research facilities</p>	<p>Insufficient financial resources for research, overshadow the existing research potential</p> <p>Brain drain</p> <p>Absence of innovative centres for SME</p>
Services	<p>Bratislava as a centre of services</p> <p>High growth in services in towns</p>	<p>Low level of services in rural areas</p> <p>Services mainly oriented on retail business</p>
Tourism	<p>Main priorities:</p> <p>Bratislava cultural and tourism centre (cultural, congress, social, commercial, purchase, fair etc. and also relaxation and sport)</p> <p>Numerous water areas; dredging areas and dams suitable for bathing and water sports</p> <p>Wellness and health tourism</p> <p>Significant recreational areas and landscapes in mountainous and forest regions</p>	<p>Insufficient number and capacity of border crossings with Austria, particularly in Záhorie</p> <p>Insufficient tourism infrastructure (accommodations, etc.) and other services particularly in Záhorie and Podunajsko</p> <p>Lack of tourism information centres and co-operation network</p>
Tourism (continued)	<p>Natural attractions</p> <p>Wine production</p> <p>(International) cycling routes</p> <p>Existence of larger towns with demand for suburb recreation (Bratislava, Trnava, Piešťany and other districts town), Vicinity to Vienna</p>	<p>Lack of joint marketing, advertising and publicity</p>

Agriculture	<p>Above-average favourable climatic and geomorphological conditions and natural fertility of the agricultural land for agricultural production in Podunajská nížina</p> <p>Potential for development of food industry in relation to the agricultural production and size of market</p> <p>Long traditions in specialised areas of agricultural production as wine, fruit, vegetable production</p> <p>Relatively well-developed animal production and relating processing activities in suburb of larger towns</p> <p>Forestry</p> <p>Production potential of forest lands</p> <p>Relatively high proportion of forest roughs, which are rich in variety and resistant to negative influences</p>	<p>Significant changes in the structure of agricultural production with negative consequences on the regional labour markets</p> <p>Unfavourable economic situation of most agricultural enterprises with negative impacts on the development of rural areas</p> <p>Faster growth of input prices than outputs in agricultural production</p> <p>Incomplete process of transformation/transition, privatisation and re-privatisation; incomplete solutions of ownership relations with respect to agricultural lands</p> <p>Elimination of agricultural land as a result of the extended development of the urban environment, transport network and infrastructure</p> <p>Changes in orientation of agricultural production from traditional ways (wine, fruit, vegetable production) because of economic inefficiency</p> <p>Since beginning of 90s, a tendency of decreasing animal numbers with negative effects on the development of animal breeding</p> <p>Insufficient utilisation of the processing capacity in the food industry</p> <p>Relatively high prices for agricultural land in comparison to other parts of Slovakia</p> <p>Tendency of decreasing agricultural land as a result of the unfavourable situation in demand for agricultural products</p> <p>Incomplete process of transformation/transition, privatisation and re-privatisation; incomplete solutions of ownership relations with respect to forest lands</p> <p>Elimination of forest land as a result of the extended development of the urban environment, transport network and infrastructure</p> <p>Damaged forest roughs caused by air pollution in the surroundings of Bratislava</p>
Settlement, infrastructure transport, energy, water supply	<p>Very good transport accessibility on the international and national level</p> <p>Complexity of transport system (all modes of transport in concerned area)</p> <p>The good economic conditions in the CBC region form the basis for future transport development</p> <p>Sufficient capacity of facilities for energy transmission</p> <p>High share of the population supplied by public drinking water service</p> <p>Favourable geographical location and related development of transport infrastructure of over-regional and international importance (highway, gas pipelines, railway)</p> <p>Important water resources – Dunaj, Váh, Hron</p> <p>Underground water resources</p> <p>High proportion of municipalities connected to gas pipelines</p>	<p>Geographical conditions restrict the development of the transport system (rivers Danube and Morava and mountain massif of Malé Karpaty)</p> <p>The strong orientation of the radial-circular system on the capital of Slovakia forms the base for future development</p> <p>Increasing negative influence of transport on the environment</p> <p>High investments in the development of infrastructure</p> <p>Development of telecommunications lags behind</p> <p>Insufficient development of sewerage infrastructure, especially in the rural areas (water supply, sewage, waste etc.)</p> <p>Lacking border crossing points especially in Záhorie</p> <p>Insufficient intra- and interaccessibility of the main centres of economy, business, tourism etc.</p> <p>Lacking joint transport studies and plans</p> <p>Absence of joint programming and logistics especially relating to public transport</p> <p>Insufficient links to TEN and PEN networks especially in the rural areas</p> <p>Backlog with respect to renewable energy technologies</p>

Human resources, labour market	<p>High above average share of economically active persons; high rate of economic activity due to high involvement in the working process of the population of productive and post-productive age; rate of economic activity is the highest in Bratislava</p> <p>High share of the employed in the tertiary sector</p> <p>Large number of job opportunities in the labour market, mainly in Bratislava</p> <p>High average monthly wages in comparison to the Slovak national average</p> <p>High share of qualified labour force</p> <p>Low unemployment rate</p>	<p>On the territory of Bratislava, there is an unfavourable distribution of job opportunities. Cities concentrate the largest shares of job opportunities (almost 30 %) while only 10.6 % of the population live there. The population living in the central part is decreasing</p> <p>Generally, qualifications, education and general requirements of professions have lower financial value in comparison to neighbouring countries</p> <p>One-way economic migration: Bratislava and the region of Bratislava to Austria</p> <p>Increase in unemployment; increasing share of the long-term unemployed, particularly in the region of Trnava</p> <p>Few job opportunities, particularly those requiring higher qualifications in the region of Trnava</p> <p>Occupational structure of the unemployed does not match the needs of employers</p> <p>Brain drain in the Slovak part of the border region</p>
Education	<p>Traditional secondary education, existence of universities of supra-regional importance</p> <p>High qualification level, large number of students</p> <p>Five universities in Bratislava and two in Trnava with over-regional importance</p>	<p>District Malacky; significant absence of secondary education</p> <p>Stagnant situation in science and research</p> <p>Insufficient research exchanges in all fields</p> <p>Insufficient information and education in the field of accessibility impacts to EU</p>
Natural resources	<p>Significant landscape elements (Malé Karpaty, Záhorská and Podunajská nížina, Dunaj, Morava, lowland forests)</p> <p>Important rare European localities with billowed sands with typical tree vegetation (bory)</p> <p>Potential created by natural resources (raw materials, drinking water, agricultural soil of good quality, forest land fund)</p>	<p>Regarding emissions, area of Bratislava considerably deteriorated (particularly SO₂)</p> <p>High degree of pollution of the river Morava, Unsuitable and disproportionate range of wood harvesting of forests, which threatens natural communities</p> <p>Elimination of agricultural and forest land as a result of intensive development of urban environment, transport network and infrastructure</p> <p>Mining methods and allocation of mining localities of stone and sand</p> <p>Insufficient joint planning, programming and monitoring in the field of natural and cultural heritage</p> <p>Lack of efforts to build up joint spatial unities</p> <p>Lacking joint legal system in the natural and cultural protection</p>

3.4 Opportunities and Risks

Today, the common opportunities and threats along the Austrian-Slovakian border region may be summarized as follows:

Besides the increased economic development potentials, the integration of the actually separated cross-border regions in terms of institutions, social relations and the perception, has similarly outstanding development opportunities.

It must be pointed out, however, that there are number of economic and social risks inherent in the developmental perspective of creating an integrated and open cross-border region. Some of these risks are threats of short-term nature and may be turned into the medium and long-term competitive advantage of the concerned regional actors.

The following table outlines the major opportunities and threats for the development of the joint region.

Opportunities and threats in the border region:

	Opportunities	Threats
Economic development	<p>High growth potential due to economic development which is clearly above the EU average</p> <p>Potential of expanding regional markets into the neighbouring country, leading to an enlargement of market areas and to new demand for products</p> <p>Cost reductions may be realised through integrated production (co-operation and chains of production across borders), at the regional level also accessible for very small enterprises</p> <p>Networking, co-operation and integration allow growth in markets and improved quality also for SMEs in the border regions; this strategy is valuable for businesses on both sides of the border, while there may be a different emphasis on market access and/or cost reduction</p> <p>Integration and the utilisation of cost reductions and/or use of partners' know-how will lead to higher competitiveness in domestic and adjacent markets, making increased sales possible; this will allow for the development of higher skills and advances in the economic performance, also in small enterprises</p> <p>Creation of larger, more integrated and varied tourism regions that will be more competitive in an international environment</p>	<p>SMEs in construction and certain branches of service industries operating on regional markets are being edged out of their markets by SMEs from the neighbouring country</p> <p>Loss of retail markets in a number of product groups and services in favour of competitors from across the border; price increases and split service-performance as a result of the predominance of customers from the neighbouring country</p> <p>Property and real estate sales are developing asymmetrically, depending on purchasing powers</p>
Labour market development	<p>New qualification offers based on the high density of education infrastructure</p>	<p>Pressure on wage levels, substitution of local labour force by employees from neighbouring countries, particularly in jobs with low qualification and skill requirements</p> <p>Loss of dynamic and skilled labour force in favour of the higher-paying economy (brain drain)</p>
Sustainable development		<p>Cross-border commuting, increased traffic volumes, both in freight and passenger transport</p> <p>Intensive tourist use of formerly protected or untouched landscapes and natural resources</p>

The balance between the development potentials and threats varies among the individual sub-regions along the border. It also depends on the quality of the strategy and efforts undertaken to prepare for these challenges both in the minds of the people affected and in the measures taken by the states and regional entities to guide the cross-border region to a joint future.

4. CROSS-BORDER ACTIVITIES – EXPERIENCES UNTIL 2004

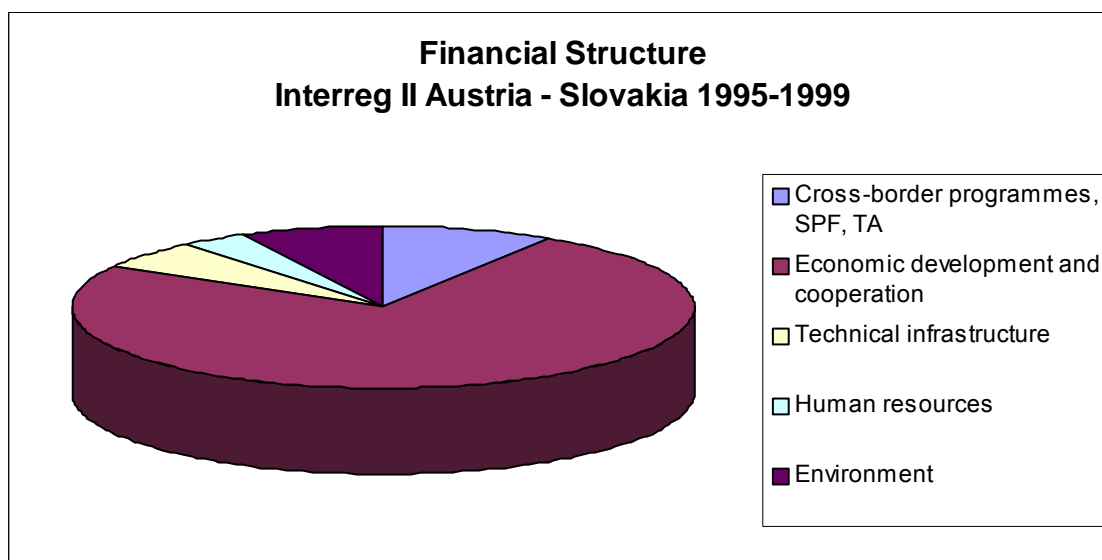
4.1 Introduction

Co-operation between Austria and Slovakia within the framework of the INTERREG II A-PHARE-CBC Regulation for the EU assistance period 1995-1999 started under exemplary conditions with the involved partners showing strong commitment. Both sides committed themselves to a comprehensive co-operation programme. On the basis of the working discussions the operational programme Austria-Slovakia 1995-1999 was drafted and was approved by the decision of the Commission of 21 December 1995 EFRE No. 95.00.10.010, as well as ARINCO No. 95.EU.16.010. This operational programme defined five priority axes and ten measures. The five priorities were:

- Cross-border planning and studies, and technical assistance
- Economic development and co-operation
- Technical Infrastructure
- Human resources
- Environment

The following figure shows the distribution of funds at priority level. Total Funding under INTERREG IIA – PHARE CBC on the Austrian side amounted to 19.5 mn. EUR. of which 5.9 mn. EUR. were spent from Structural Funds, 5.9 mn. EUR from national public funds and 7 mn. EUR. from private funds. As part of PHARE CBC a total of 13 mn. EUR. has been allocated for the cooperation with Austria. The PHARE CBC Programme focused on four priorities:

- Transport
- Economic development
- Environment
- Human resources and insitutional development



Projects implemented within PAHRE CBC have shown a strong focus on environmental infrastructure, transport and development of tourism infrastructure as well as specific urban renewal actions. Examples of projects are the border crossing Angern / Záhorská Vés (ferry boat) and technical studies for a bridge over river Morava / March at Hohenau / Moravský Sv. Ján. Three Waste Water Treatment Plants at Malacky, Gajary and Zohor have contributed to improve water management in the border region. A Small Project Fund sponsoring local cross border initiatives has started in 1995. Among the most succesful projects the

European Middle School has been evaluated and has resulted in a useful model for cross border understanding.

Though project implementation under the two programmes was not yet based on a coordinated cross-border strategy for the development of the border region, the projects have led to a multitude of positive impacts and contributed to the development of the border area and the strengthening of bilateral cooperation structures. This is mainly due to the following factors:

- Close coordination of most of the projects already at the stage of preparation
- Good and continuous cooperation in the Joint Programming and Monitoring Committee (JPMC)
- Positive impact of regional support structures which assisted in strategy development and the identification of projects.

As examples, three highly successful projects financed by Interreg IIA are briefly described in the following:

▪ **Cross-border business cooperation for Central Europe (CCC Project)**

In addition to the Austrian and Slovakian border regions, those of the Czech Republic and Hungary are also included in this project. The main focus is on cross-border business activities aimed at making use of locational advantages and positioning the "Vienna Region" as a transaction centre on international markets. In pilot projects, the acquired knowledge is exemplarily tested and first cross-border networks and information platforms are initialised (Internet platform as an information and communication hub for companies, integrative educational and further education projects, creation of a cross-border entrepreneurial network.) Central actors for developing and implementing the CCC project are the Länder of Vienna, Lower Austria and Burgenland known as the "Vienna Region" as well as the Austrian Republic, the Czech Republic and the Republics of Slovakia and Hungary. There are cooperation projects at the institutional level, between the local business promotion companies and the regional management centres, and at the entrepreneurial level.

▪ **EuRegio Weinviertel-southern Moravia-western Slovakia**

The regions on both sides of the border are seeking to actively develop a new location profile by building the EuRegio which requires coordination and cooperation on joint issues. The EuRegio structure has proven to be well-suited for this purpose. This created a platform for information and the cross-border cooperation of communities, towns and districts involving broader participation beyond the level of experts. In 1997, an agreement on setting up the EuRegio was signed between the association of towns and communities of Záhorie (western Slovakia) and the regional association of the Euregio Weinviertel. The information and discussion events on the topics of business, agriculture, tourism and culture resulted in the following projects: "TRICOM – trilateral telecommunication", a "Guide to agro-cooperation projects", the "Energy network for the border region", a "Regional environmental model" as well as a feasibility study on the "Bernsteinstrasse" (Culture Road) project. Crucial for the success of the EuRegio is a network of regional partners for promoting the encounter between the local population, businesses and the regions. To intensify this process, a multilingual EuRegio homepage with a contact and partner exchange has been prepared.

▪ **"Grenzgehen" (Walking Borders) – festival with regional encounters**

As part of a preliminary project of the IG Region March-Thaya, an exhibition concept has been drawn up based on the idea of promoting cross-border convergence with various activities to mark the tenth anniversary of the fall of the Iron Curtain. In particular, the completion of cycling paths (March Panorama cycling path and the KTM cycling path), the planned construction of the ferry Angern-Zahorska Ves as well as additional temporary bridges will serve to bring together people through festivals and tourist activities. A joint advertising and marketing strategy will be used in all events related to the theme of "Walking Borders".

4.2 Development of new cooperation frameworks

The PHARE authorities also prepared an indicative framework programme, which gives more details on the letter of intent of the two contractual partners based on the PHARE regulation. At the annual JPMC meetings, the projects were approved for the annual programmes for PHARE CBC for 1995, 1998 and 1999. The programmes for 1996 and 1997 were omitted and ties were interrupted due to the absence of counterparts in the respective PHARE administrative structures.

The opening up of the borders in 1989 shifted the focus of attention in regional policy to the border regions with their special problems, resulting largely from the long period of isolation. Co-operation with the neighbours on the other side of the border was quickly recognised at the regional level as a **development opportunity**. Within the scope of the Community Initiative INTERREG II A and the PHARE-CBC programme, the opportunity was recognised to initiate, intensify and structure cross-border collaboration based on already established contacts.

With these new geopolitical and economic challenges in the nineties the coordination with the neighbouring countries esp. Slovakia and Hungary is playing an increasingly important role in these institutions and new joint institutions were built up. The following section gives a short overview of these instruments and/or institutions as well as of relevant bilateral and international coordination institutions:

- **Planungsgemeinschaft Ost (PGO):**

In the year 1978 the Länder Burgenland, Lower Austria and Vienna have set up the Planungsgemeinschaft Ost (PGO) as a joint organisation for preparing and co-ordination of spatial activities – especially transport and infrastructure. In this sense it also represents an important instrument to grow together the Austrian-Slovakian border region orderly.

- **Verkehrsverbund Ost-Region (VOR)**

The VOR guarantees a substantial coordination of public transport in the Eastern Regions of Lower Austria, Vienna and Northern Burgenland and thus proves to be an important starting-point for a cross-border public transport design.

- **ARGE Donauländer**

To this 1990 constituted working community belong, besides the Austrian Länder Lower Austria, Upper Austria, Vienna and Burgenland as well as the Hungarian counties Győr-Moson-Sopron, Komárom-Esztergom, Bács-Kiskun, Tolna and Baranya and the city of Budapest, also Bavaria, Baden-Württemberg, the Czech Republic, the Republic of Slovakia, Croatia and Serbia as well as Bulgarian, Romanian and Moldavian regions and the Odessa region. The target of the working community is to promote cooperation in economic, spatial planning, transport, nature and environmental protection, culture and science issues.

- **Vienna Region**

This cooperation among the Länder Vienna, Lower Austria and Burgenland performs the tasks of joint location marketing. With regard to the enlargement of the EU, cross-border aspects and the inclusion of the neighbouring regions across the border become more and more significant. A common platform for cross border cooperation is in development.

- **Specific Cooperation Structures of the partners involved**

Concrete co-operation work with the Austrian Länder bordering the Slovak border region was characterised by the creation of the necessary structures and the attempt to implement individual projects.

Vienna stressed the importance of the cross-border co-operation projects within the framework of the INTERREG II A programmes, which served to create a new quality with respect to mutual understanding and the harmonising of interests. The basic idea of the co-operation project was to establish working relationships in the areas of planning, business, infrastructure, as well as social and cultural relations prior to the accession to the EU. To intensify co-operation between Vienna and Bratislava, a co-operation agreement was concluded between the two cities. The main content of this agreement is a definition of co-operation with

respect to the new urban and environmental technologies. Eight working groups have been set up for the purpose of supporting mutual projects.

In **Lower Austria** close co-operation at the municipal level, between the social partners and associations has been established. Immediately after the fall of the Iron Curtain, ties were developed in the areas of sports, music, culture and tourism, which are still intact and form the productive base for the creation of cross-border EUREGIOS.

Using the intensive cross-border contacts and assistance made possible through the funds of the Land and INTERREG, the three-country **EUREGIO Weinviertel – Southern Moravia – Zahorie** was established. The co-operation agreement was signed on 17th of June 1999 and defines trilateral co-operation in the areas of tourism, economic development, energy and environment, as well as the communal transfer of know-how and agriculture.

At the **local level**, the task was defined as raising the general awareness of the problems involved in cross-regional issues within the scope of the Lower Austrian projects under the scheme "Eigenständige Regionalentwicklung im Grenzraum – EREG" (Autonomous Regional Development in Border Regions), which also provides support to the local initiative groups in preparing joint projects.

Since 1 September 1998, a regional manager has been employed for the **region "Vienna – Umland Südteil"**. The regional manager's principle task within the scope of spatial planning is to support cross-border co-operation in the future. This has the purpose of reinforcing the cross-border activities Slovakia in the district of Bruck/Leitha. Furthermore, on 17 February 2000, a **working programme** between the Land of Niederösterreich and the Slovak capital of Bratislava, and the districts of Trnava and Bratislava was prepared for the years 2000 and 2001. The working programme has six sections: transport infrastructure, energy policy, cross-border regional projects, business contacts, agriculture and water management.

In the first programming period between 1995 and 1999 the aim was to create a cross-border business park between **Burgenland** and Slovakia in the region of Kittsee–Jarovce. Despite the great efforts invested in implementing this project by Burgenland, it has not been implemented to date because of the changing structures in the neighbouring countries. In March 1999, the "Österreichisch, ungarische, slowakische Grenzkommunalforum" was founded. The forum, which consists of approximately 40 mayors from three countries, will implement measures to promote mutual understanding and strengthen the vision of a joint region Nordburgenland/Bratislava/ Mosonmagyaróvár.

For the **Slovak Republic** PHARE CBC was an important incentive to deepen and strengthen cooperation with Austria. In 1994, at the European Parliament's initiative 150 MEUR was budgeted for the Phare Cross Border Co-operation (CBC) Programme. This new budget was intended to provide co-financing for projects linked with measures supported under the European Union's INTERREG. The Slovak Republic became eligible for participation in January 1995 after the accession of Austria.

Within the period 1995 to 1999 a total of 13 mn. EUR.² had been allocated for the bilateral co-operation between Slovak Republic and Austria. Furthermore for the trilateral co-operation programmes including Austria a total of 4.25 MEURO had been allocated regarding border areas of at least two Central and Eastern European countries (CEEC) sharing a common border with the European Union.

The Accession Partnership and the National Programme for the Adoption of the Acquis determined priorities for individual sectors, which are assisted within the CBC programmes. The objectives and actions set for the regional development sector, particularly the introduction of a comprehensive regional development policy and the creation of structures for regional and structural policy, have contributed to enable effective implementation of CBC programmes after 1999.

² In 1995 a total of 4 mn. EUR., in 1998: 5 mn. EUR. and in 1999 a total of 4 mn. EUR.

4.3 Developments from 1999 to 2004

The developments from 1999 to 2004 have been marked by considerable dynamics in the

- Policy and decision-making framework of the Slovak partners
- The gradual alignment of PHARE CBC with INTERREG

In 2001 the competence for PHARE CBC was shifted from the Office of Government to the Ministry of Construction and Regional Development. Thus in the beginning of the Programme's implementation the work relations and networks between the partner states had to be developed and strengthened anew. In the course of continuous meetings a successful mutual learning process took place. The continuous development of the INTERREG Management Department in the Ministry of Construction and Regional Development out of the former PHARE CBC programming unit is the last milestone of the preparatory process. This department is operational since January 2003. The department works in the framework of the Regional Development Support Agency (RDSA) which has been set up in the Ministry of Construction and Regional Development in 2002. The Interreg Department and several other units of the RDSA will implement INTERREG IIIA in close cooperation.

A second major change was the administrative reform in the Slovak Republic. With the introduction of regional self-government at Kraj (NUTS-III) level new players have been included in the management framework of the Programme. The first elections of regional representatives took place in December 2001. Since 2002 the so-called VUCs³ are members of the Steering and Monitoring Committees. The regions will have a significant role in project development for INTERREG.

In parallel major steps towards the alignment of PHARE CBC and INTERREG have been taken by the Commission. Firstly decision-making process for the Small Project Fund (SPF) has been opened for the partner state. In practice Austrian representatives of the regions (Länder) were involved in the decision-making process for SPF from 2000 onwards. Secondly the introduction of Grant Schemes opened more room to develop a higher number of smaller projects for specific fields of co-operation. Both instruments, the SPF as well as the Grant Schemes made PHARE CBC a far more attractive instrument for cross-border co-operation. These amendments were an additional incentive to strengthen the co-operation framework.

A major focus of work for 2004 is the continuous work on project generation in close cooperation with the Slovak and Austrian regions. The joint efforts to establish a 'project pipeline' will ensure a sufficient number of joint INTERREG projects for the period 2004 to 2006.

³ This acronym stands for 'vyšší územnosprávný celok' which means Higher Territorial Self-Governing Unit.

5. GENERAL PROGRAMME OBJECTIVES

5.1 Introduction

In the last programme period the main focus was laid on the development of first joint projects and the building up process of cross border contacts.

The programme tries to define suitable strategies for a common future development of the Austrian-Slovakian border region on the basis of the experiences of the last programme period and the conclusions of the regional analysis.

The main basis of the development of the strategies were the following resources:

- the socio-economic analysis and the SWOT-analysis of the Austrian-Slovak border region
- national programmes and strategies on both sides of the border
- the experiences from the PHARE-CBC-INTERREG II A programme 1995-1999
- the EU-guidelines of INTERREG for the new programme period and the PHARE-CBC regulations
- the conclusions of the discussions of programming bodies, responsible authorities, experts and key persons at the regional level.

5.2 New challenges for cross-border regional development

The main challenge for the INTERREG III A process in the next years is to help prepare for, manage and wisely use the effects of EU accession on the economy, society and spirit of the border regions. The common objective will be to **develop an economically, socially, environmentally and spiritually integrated border region** throughout the seven years programming period. At the outset of a development into a – commonly – unknown territory, it seems essential to establish a **joint vision** of what to expect and what to do:

The strategies and measures taken in this joint programming effort of INTERREG III A are based on a joint vision on development perspectives, including an undiffused sight of opportunities to be taken and of problems to be solved. As for today, a lot of expectations and views about that uncertain future are still based on assumptions and prejudices. Therefore, it is essential to make the continuing exchange of these views and the inclusion of professional contributions about possible effects of enlargement a key element in the joint development process across the borders.

5.3 Strategy of INTERREG IIIA programme in the context of preparing for accession

Given the strength and weaknesses in the Austrian-Slovakian cross border region and the opportunities and risks of EU enlargement in this region as outlined in chapter 3, it is essential to follow a development strategy which will

- be focused on the joint vision of an integrated regional economy, social cohesion and good neighbourly relations
- allow a stable growth path on both sides of the border, with the clear emphasis on the catching-up process of Slovakia
- provide a set of infrastructure and regulatory solutions which is oriented towards spatial integration of the border regions
- take into account the protection of environment, natural resources and the needs of the local resident population
- help building cross-border institutions and capacities for regional development and cultural exchange.

The INTERREG III A Programme provides the opportunity to develop, test and continually improve such a development strategy for border regions. A number of key and piloting projects can be started and experiences drawn from their implementation. In comparison to the efforts and resources necessary to prepare for accession, even the increased financial resources of the next INTERREG III A Programmes are very limited. Nevertheless, first-hand experience and conclusions from the concrete projects initiated through these programmes – as it was experienced between 1995-99 – are having clear catalytic and multiplier effect in the formation of the overall set of policies of economic integration beyond the programmes themselves.

5.4 Correspondence with the Principles of the EU

▪ Economic Competitiveness as a Pre-Condition for Economic Growth and Employment

The support of the development of the regional economy (esp. SMEs) in the common border region in the direction of higher competitiveness, dynamic development and job creation is a horizontal principle of the programme, with different weights in its priorities and measures. About this the main focus is laid on priority I „Cross Border Business Co-operation“, where the development of common business sites and business infrastructure, the cross border co-operation of enterprises (SMEs), the counselling of cross border business activities and the common development of tourism and leisure will be supported and should lead to a successful common regional economy of the cross border region in the future. In priority II „Accessibility“ this horizontal principle is pursued by the improvement of the transport conditions and the support of the development of a powerful information technology as pre-conditions of a future oriented regional economy. With priority III „Cross Border Organisational Structures and Networks“ the organisational framework for not only but also cross border business contacts will be improved and developed. The support of the development of „Human Resources“ in priority IV plays an increasingly important role in a modern and know how-oriented economy. This support covers the development of regional labour markets within the context of enlargement and the development and support of co-operation in the fields of education, training and science. The measures in the last priority V „Sustainable Spatial and Environmental Development“ will ensure that the economic development in the cross border region will respect the principles of environmental and spatial sustainability.

▪ Observance of the competitiveness rules

Any aid granted under this programme will be in conformity with the provisions laid down in one of the Commission regulations adopted under Council Regulation (EC) No 994/98 of 7 May 1998 on the application of Article 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal State aid (OJ L 142, 14.5.1998, p.8). At present, the Commission has adopted four such block exemption regulations. These are:

- Commission Regulation (EC) No 68/2001 of 12.1.2001 on the application of Articles 87 and 88 of the EC Treaty to training aid (OJ L 10, 13.01.2001, p. 20) and
- Commission Regulation (EC) No 69/2001 of 12.1.2001 on the application of Articles 87 and 88 of the EC Treaty to de minimis aid (OJ L 10, 13.01.2001, p.30),
- Commission Regulation (EC) No 70/2001 of 12.1.2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises (OJ L 10, 13.01.2001, p. 33),
- Commission Regulation (EC) No 2204/2002 of 12.12.2002 on the application of Articles 87 and 88 of the EC Treaty to State aid for employment (OJ L 337, 13.12.2002, p. 3).

Assistance going beyond this within the framework of competition related assistance guidelines or programmes is generally not envisaged. In such cases individual notification, approval and registration is required or assistance may be applied for in the frame of the four block exemptions quoted above. In addition the Competent Programme Authorities will take into account that assistance pursuant to Article 87, 88 of the EC Treaty is subject to the specific restrictions regarding the transportation sector.

Projects relating to the agricultural sector have to take into account the Common Agricultural Policy and, in particular, the provisions of Regulation (EC) No 1257/99. Moreover, the community provisions on state aid within the agricultural sector and in particular the Community Guidelines for State Aid in the Agricultural

Sector (2000/C28/02 OJ C 28, of 1 February 2000, p. 1 – 24) also apply in this case. This implies that only projects within the frame of approved state aids for the agricultural sector can be supported. New state aids have to be notified and approved by the Commission.

The above mentioned Community Guidelines do not apply for projects concerning diversification of agricultural activities pursuant to Article 33 of Regulation (EC) No 1257/99 which are not related to “Annex 1 of the Treaty”, like projects concerning rural tourism or the creation of craft activities. Within the framework of the present programme, these projects are supported only in the frame of the “de minimis rule” block exemption regulation. In the framework of this programme no assistance will be granted for production, processing and marketing of agricultural goods pursuant Annex I of the EU Treaty.

The Monitoring Committee may enter new or modified assistance regulations requiring notification into the list of the admissible legal basis for national co-financing, but only after they have undergone the regular notification procedure and have been approved by the Commission under EU assistance regulations.

Within the context of examining the project applications and settlement accounts, the competent Programme Authority makes sure that the applicable assistance regulation or “de minimis” assistance regulations have been observed and that the pertinent upper limits for assistance under the applicable regulations or “de minimis” regulation will be observed even in the case of an accumulation of assistance from several schemes.

▪ Sustainability

The principle of sustainability plays an important role in the new programme, especially with priority V „Sustainable Spatial and Environmental Development“. The field of measures in this priority covers cross border spatial development, nature and environmental protection, resource management and renewable energy. Besides this obvious focus on sustainability this horizontal principle is respected in all other priorities of the new programme (including “Human Resources”). Several business fields which have the potential to become core competence in the region (f.e. urban technologies, environmental technologies, renewable energies, soft tourism) are sustainability oriented and supported in priority I. Also the improvement of accessibility in priority II has the objective to handle the increasing transport flows and demand of mobility under the principle of preservation of attractive living conditions in the common border region.

In Austria, the Federal Constitutional Act of 27 November 1984 regulates comprehensive environmental protection. This legislation states that the federal, Länder and municipal governments are committed to the preservation of the natural environment as the foundation of life for human beings and to protecting it against damaging influences. All of the legal entities mentioned above have competencies at their respective levels as assigned by the constitution, and are responsible for enforcing the appropriate environmental protection measures. This means that in Austria there is no uniform environmental protection legislation, but rather that the competencies for issuing the respective regulations are closely related to the respective fields of application (waste disposal legislation, water law, construction law, etc.). Therefore, regulations on the protection of the environment are to be found in the diverse federal and Länder laws and regulations.

In the Slovak Republic the transposition of the Directives (Habitats and Birds Directives) and the Commission Decision 97/266/EC concerning a standardised information for the proposed NATURA 2000 Sites has been performed in the new Act NC SR No. 543/2002 on Nature and Landscape Protection approved on 25th of June 2002. With the approval of this Act the legal framework for the elaboration of NATURA 2000 Sites has been defined. The national list of the Special Areas of Protection (SPAs) has been approved by the Slovak Government in July 2003. The regulations for the individual SPAs have been completed until the end of 2003. The national list will be submitted to the EC in April 2004. For the Special Areas of Conservation (SACs) the process of selection and negotiation is ongoing.

The areas defined by the nature protection instrument Natura 2000 are respected by the programme administration and therefore, no negative effects are expected of the programme measures.

The authorities responsible for implementing the programme guarantee that the measures receiving funding under the present INTERREG PROGRAMME from the Structural Funds are in line with the territorial protection defined within the scope of Natura 2000, and that the protected areas pursuant to Directive 92/43/EC have not been contaminated before the presentation of the supplementary list of protected areas.

The measures taken to avoid such possible contaminations comprise the following:

- binding decrees issued by the authorities regarding compliance with the implementation of the FFH Directive into national law (**Burgenland**: Burgenland Nature Protection and Landscape Protection Act of 07 March 1996, **Lower Austria**: Lower Austrian Nature Protection Act of 31 August 2000, **Vienna**: Vienna Nature Protection of 31 August 1998)
- participation of the competent nature protection authorities in the selection and approval process
- pre-examination of the plans by applying adequate project and selection criteria
- the application of the procedural steps set out in Article 6 of the FFH Guideline for the avoidance of possible adverse impacts.

The regions covered by the INTERREG Programme comprise a list of NATURA 2000 areas of some 81,256 ha in **Burgenland**, of about 179,228 ha in **Lower Austria** and of about 5,535 ha in **Vienna**. In **Burgenland** 41,735 ha are areas protected under the Fauna-Flora-Habitat Directive **and** the Birds Directive, 39,481 ha areas subject to the Fauna-Flora-Habitat Directive and 40 ha subject to the Birds Directive. In **Lower Austria**, 815 ha are protected under the Fauna-Flora-Habitat Directive **and** the Birds Directive and 8,383 ha under the Fauna-Flora-Habitat Directive and 52,955 under the Birds Directive. In **Vienna** the entire 5,535 ha are areas protected under the Fauna-Flora-Habitat Directive **and** the Birds Directive.

In 1995, Burgenland, in compliance with the deadline set, defined two special protection areas for birds (SPA). These 2 areas comprise about 41,775 ha, which corresponds to about 10.56 % of the territory of Burgenland.

In the period 1995 to 1998, **Lower Austria** defined 13 special protection areas for birds (SPA) in accordance with the prescribed deadline. These 13 areas comprise about 460,000 ha, which corresponds to about 24 % of the territory of Lower Austria. By designating the 13 large-scale SPAs, the authorities endeavoured to meet the requirements of Article 4 of the Directive 79/409/EEC.

In the period 1995 to 1998, **Vienna** in accordance with the prescribed deadline designated 4 special protection areas for birds (SPA). These 4 areas comprise about 5,535 ha, which corresponds to about 13.34 % of the territory of Vienna.

In the **region Bratislava** seven protected bird areas (SPAs) have been designated. The total surface area of these SPAs amounts to 70,783.523 ha which is about 34% of the region's total surface area. The biggest areas are the Small Carpathians as well as the wetlands along river Morava/March. In the **region Trnava** 13 of protected bird areas (SPAs) have been designated. These area cover 71,786.994 ha which corresponds to about 17% of the region Trnava's surface area.

All pertinent information regarding the bird protection areas including maps in the Austrian part of the border region was officially transmitted to the Commission in accordance with Decision 97/266. For the Slovak part these documents will be submitted in spring 2004 to the Commission.

The Member States, by compiling the supplementary list of pSCIs in accordance with Article 4 par. 1 Directive 92/43/EEC and adopting the national and regional statutory and administrative measures, are to ensure that the necessary regulatory framework is created to prevent a possible pollution or degradation of Natura 2000 conservation areas. In implementing the INTERREG Programme, it is the responsibility of the competent authorities to ensure that protected and potentially protected Natura 2000 conservation areas remain unaffected. Possible negative impacts must be assessed carefully and taking into account alternative solutions already at the planning stage of the projects and appropriate measures must be adopted in due time to ensure that the conservation objectives of the respective Natura 2000 areas will be met (according to Articles 4 and 6, Directive 92/43/EEC).

Participation of the authorities responsible for environmental issues in Austria and the Slovak Republic in perseverance of the overarching goal of sustainable development as well as the spheres of action of environmental and sustainable development monitoring takes place in accordance with Article 8 of Council Regulation (EC) 1260/99 and with regard to institutional and operative components is dealt with in detail within the context of the programming supplementation, without prejudice to the competence and without anticipating the decisions of the Monitoring Committee pursuant to Article 35 par. 3 lit. A) Council Regulation

(EC) No. 1260/99 and outside of the scope of applicability of Article 32 par. 3 lit. a of this Regulation.

All operations undertaken under this programme shall comply with the Habitats and Wild Birds Directives (92/43/EC and 79/409/EC) and where applicable with the Directive on Environmental Impact Assessment (85/337/EEC as amended by 97/11/EC). Additionally all actions realized within the programme must be carried out accordingly to the Slovak legislation on environment. In cases where applicable environment Community legislation is not yet transposed into national legislation, the relevant EU Directives shall directly apply until their effective transposition.

▪ **Gender Mainstreaming**

Breaking down socio-economic gender disparities is a base line of the new programme and so it is integrated in most of the measures. A very important step in this direction will be a target group oriented information and counselling as a part of the measures. Equality of opportunities is one of the generally applicable criterias of project selection of the programme. In Austria a high potential for synergetic effects in the sense of gender mainstreaming exists in a successful co-ordination with the objective 3 programme and EQUAL.

5.5 Correspondence with other EU-Programmes and National Programmes

5.5.1 Austria

The Austrian Länder have clearly defined their strategy within the scope of the EU enlargement process.⁴ The regional EU Structural Funds Programme Objective 1, Objective 2 and the Community Initiatives INTERREG III and LEADER+ will be used as instruments to prepare the regions for their new role in an enlarged Europe. Each programme has a clearly defined strategic task:

▪ **Objective 1 and Objective 2**

The priority goals for the **Objective 1 Programme** of Burgenland for the years 2000 through 2006 are

- to secure the development of Burgenland into a modern, central European region, and
- to prepare the EUREGIO region West/Nyugat Pannonia and the adjoining regions of Slovakia and Slovenia for the future common economic and living space with a view to the EU's enlargement,
- taking special account of the aim of eliminating regional disparities within Burgenland.

Accessibility of the region and links to principle international transport routes are the main prerequisites for achieving the defined goals.

The goals of the Objective 1 Programme take account of the enlargement of the European Union. The main focus is on preparing the region for enlargement with a view to the changes expected as a result of enlargement, and on providing support during the adjustment process.

Within the scope of **Objective 2**, investment subsidies for individual enterprises are planned in Niederösterreich, which are designed to help stabilise economic structures and improve the competitive capacity of the enterprises. The assistance will target the trades and industries as well as tourism and ecology. The main focus of the Objective 2 Programme Vienna is to upgrade a clearly delimited section of a city district to improve its economic base by promoting innovation and technology, and improving the quality of living and the environment.

By contrast to Objective 1 and Objective 2, **Interreg III A** pursues an **active** strategy for preparing the border region for the upcoming EU enlargement and the creation of sustainable cross-border regional development. Accordingly, all of the projects must be of cross-border nature and aim to develop destinations. Assistance will be granted to co-operation projects at all economic and policy levels, for consulting, know-how transfer,

⁴ Niederösterreich und die Erweiterung der EU – Fakten, Standpunkte, Forderungen; Amt der NÖ Landesregierung, Abteilung Raumordnung und Regionalpolitik; 1998
Wien und Europa – Fünf Jahre Mitgliedschaft in der EU (1995-1999
INTERREG, Projekte der Stadt Wien zur EU-Erweiterung, beide: Magistrat Wien, Magistratsdirektion EU-Förderungen; 2000),

organisations and networking across borders; furthermore, regional and local cross-border infrastructure measures of significance, and environmental and nature protection projects, as well as sustainable spatial development will also be assisted. In the area of tourism, the focus will be on the development of a cross-border supply. Assistance to individual enterprises and for the purpose of attracting enterprises will also be granted if it serves the interests of both the enlargement of the European Union, and the Austrian and Slovakian border region.

The INTERREG IIIA-Programme plays an important complementary role in the objective regions of the programme. The smooth harmonisation of the planning and implementation between the INTERREG IIIA programme and the objective region programmes is guaranteed by the mutual, active involvement of the assistance authorities in the respective programme preparation and implementation phases.

▪ **LEADER+**

LEADER+ aims to encourage rural groups and bodies to develop the endogenous potential of the population in small-scale areas in all spheres of life and work. Activities centre in on agricultural projects and agriculture-trade-tourism cross-sector projects. The approval procedure of Leader+ projects within the context of “transnational” cooperation (in accordance with the Leader+ Programme) in a first step examines whether a transnational cooperation project involving areas on the two sides of a border exclusively relates to INTERREG areas. If this question is answered in the affirmative – and provided it is in line with the programme objectives and the requirements within the context of the programming supplementation – assistance should in the first place be applied for under INTERREG. Only in the event that the INTERREG authorities reject an application on the grounds of a particular activity not being eligible under INTERREG, the application will be processed within the context of Leader+. Decisive coordination criteria between INTERREG and Leader are a transnational approach and objective (e.g. transnational networking). Austria's neighbouring countries are also promoting endogenous development based on a bottom-up strategy. INTERREG III A offers the opportunity to promote transnational networking of such initiatives.

▪ **Rural Development Programme (EAGGF)**

The INTERREG region also overlaps with the target area of the EAGGF-financed Rural Development Programme; this implies that coordination is necessary and that complementary measures may be implemented also in this field. Generally, double funding, even in project areas in which the basic objectives of the ERDF and EAGGF 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 INTERREG III A or the Rural Development Programme (or the Objective 1 Programme for Burgenland).

INTERREG III has – even in these fields of action – the distinct role to assist cross-border networking activities resp. projects in cross-border context. Various synergies between the programmes might emerge.

▪ **Objective 3**

The Austrian Objective 3 programme includes the following priorities:

- Combating long-term and youth unemployment,
- Equal opportunities and combating exclusion on the labour market,
- Flexibility on the labour market,
- Equal opportunities for men and women
- Territorial employment pacts and local employment initiatives

INTERREG III has to be seen as a subsidiary strategy complementing the Objective 3 programme which covers in principle basic structural labour market problems. Especially in the field of labour markets the active pre-accession strategies require numerous new approaches, particular challenges emerge for example due to the formation of cross-border co-operations.

▪ **EQUAL**

The Common Labour Market Policy Initiative Programme, EQUAL, will provide assistance for methods to fight discrimination and inequality of any type on the labour market. The comprehensive options open to assist the victims of discrimination will be structured around the four pillars of the European Employment Strategy (working ability, entrepreneurship, adaptation and equal opportunity of men and women). Special attention will be paid to the fight against racism and xenophobia, especially in the border regions along the Austria's external EU border, and in particular with respect to the problems of migrants, ethnical minorities and asylum applicants.

▪ **National Employment Action Plan (NAP)**

The national action plan for employment intends to focus the wide range of existing measures in employment-promotion and training on four pillars in order to achieve higher employment impacts. These four pillars are:

- Improved employability in particular for the young and long-term unemployed,
- Encouraging entrepreneurship, in particular reducing cost-burdens, promotion of self-employment and job creation,
- Increasing adaptability of enterprises and their employees through improved flexibility of labour relations as well as education and training,
- Promoting equal opportunities of men and women on the labour market.

INTERREG III has a complementary role – this applies especially to efforts encouraging entrepreneurship and education and training. Especially in these fields of action INTERREG III assists active preparatory measures for an enlarged Europe.

▪ **Territorial Employment Pacts (TEP)**

Territorial employment pacts as a new form of cooperation between actors on federal, Länder and local level have been established and expanded in order to promote the implementation of the national action plan's objectives in Austria. The four territorial employment pacts in Austria provided a total budget amounting to 23 mn. EURO until 1999; estimates concerning the total direct employment impact speak of about 1,300 persons. 1997 among others the territorial employment pact of the Land Vienna has been approved by the commission. Due to the positive Austrian experiences with these EU-pilots the Land Upper Austria has established a TEP in 1999.

Within the frame of the community initiative INTERREG III it will be one of the objectives to use in particular Vienna's TEP, but also Upper Austria's resp. further emerging pacts as a starting point for the formation of cross-border networks. The main objective of the employment pacts is the synergetic use of various actors and initiatives. Thus the TEPs can provide valuable know-how inputs for the neighbouring countries since structural change is happening there at an even more rapid pace and funding for labour market policies is comparatively lower.

5.5.2 Slovakia

▪ **The National Development Plan**

The main objective of regional policy of the Slovak Republic is described in the National Development Plan (NDP). The NDP sets out the main strategic development objectives for the entire Slovak Republic and forms also the basis for the Community Support Framework. Its long-term objective is to support a well-balanced economic and social development of the Slovak Republic. Following the analysis of the existing situation and based on an in-depth discussion of key development options and its administrative requirements, the Slovak Republic proposes the following strategic objective for the NDP during 2004 – 2006:

- To support, by respecting the principle of balanced sustainable development equally across the regions, such GDP growth that the Slovak Republic by 2006 achieves a level exceeding 50% of the GDP per capita average in the EU countries.

The NDP priorities will be implemented by means of four separate Operational Programmes. Each of the Programmes will be funded by one of the Structural Funds. The Operational programmes are: Industry & Services (ERDF); Human Resources (ESF); Agriculture & Rural Development (EAGGF) and Basic Infrastructure (ERDF).

The NDP's strategic objective will be achieved by the concentration of efforts on three development axes. These are:

- Economic Growth & Competitiveness
- Employment
- Well-balanced Regional Development

Subsequently the NDP's strategy identifies four priorities for Slovakia's overall development over the period 2003 to 2006. These are: 'Competitiveness'; 'Employment'; 'Agriculture & Rural Development' and 'Basic Infrastructure'.

The proposed CIP document corresponds with the objectives of above-mentioned national strategic document. Due to its broad range of measures the CIP offers the potential to complement Slovak national efforts for the priorities 'Competitiveness', 'Employment' and 'Basic Infrastructure'.

Internal coordination between the Ministry of Construction and Regional development as Slovak National Authority for this programme on the one hand and the Managing Authorities of the Operational Programmes on the other hand will ensure that activities launched under this programme will be clearly separated in terms of funding.

Within the Ministry of Construction and Regional Development a specific Section of EU Assistance Management has been established. The section consists of three departments: the CSF Department, the SPD 2 Department and finally the Cohesion Fund Department. Key task of this section is coordination of Structural Funds assistance in Slovak Republic. Hence coordination functions at top level are located in the Ministry and thus recent information on the SF programmes can be obtained immediately.

▪ **Cohesion Fund Programmes**

The envisaged list of projects for the first period of Cohesion funding makes it obvious that these projects comprise large-scale infrastructural investment. This is clearly distinct from the development approach supported by the CIP.

▪ **Objective 2 Programme for the Region Bratislava**

The support from the Objective 2 can be granted only those parts of Bratislava region, which fulfil the conditions given by the European Commission – on the basis of Council Regulation 1260/99/EC Article 4. The Commission proposed that 31% of the population of the Bratislava region (at NUTS level II) would be eligible under Objective 2 of the structural funds for the period 2004-2006. The Single Programming Document NUTS II – Bratislava Objective 2 (SPD) supports one priority: the support and revitalisation of economic activities and sustainable development. Five measures have been defined:

- **SME Development** addresses the needs of the dynamically growing SME sector which is vital to ensure the region's competitiveness. The measure supports investment in start-ups and SMEs as well as advisory services.
- **Support of common services for entrepreneurs** seeks to strengthen business infrastructure for the SME sector. The activities foreseen comprise construction of incubator and innovation centres as well as business parks. In addition development of information technologies and improved access of SMEs to applied sciences will be promoted.
- **Development tourism businesses and services** comprises investment support to tourism businesses and the development of complementary facilities as well as advisory services.
- **Tourism infrastructure** aims at the support of environmental mitigation measures in tourist and recreation areas, the expansion and improvement of infrastructure as well as tourist information centres and strategy development.

- **Renovation and development of municipalities and protection of cultural heritage** focuses on the village renewal, rehabilitation of cultural heritage as well as 'soft' projects in this field.

The programme places strong emphasis on the development of Bratislava region as center of knowledge building and know-how transfer based on its broad range of research, education and training infrastructure. This CIP will seek to complement the efforts of the SPD Objective 2 with relevant projects which do have a significant cross-border component.

Coordination with Interreg IIIA activities will be ensured due to the fact that the Ministry of Construction and Regional Development (SPD 2 Department) is the Managing Authority for both programmes, i.e. the Objective 2 and the INTERREG IIIA Programme. The region Bratislava (VUC) is member of Monitoring and Steering Committees of the SPD Objective 2 but also for this CIP and hence coordination between the two programmes is safeguarded due to regular consultation at national and regional level.

- **Objective 3 Programme for the Region Bratislava**

The programme is based on two priorities

- **Development of active labour market policy and social integration** including activities for increasing employability of marginalised groups such as e.g. local employment initiatives, qualification for start-up of small businesses, and the modernisation of the Public Employment Services (PES)
- **Development of life-long learning and the support for research and development:** investments in the system of vocational training and the system of further education, specific training activities to strengthen the links between business and R&D institutions

The Ministry of Labour, Social Affairs and Family will be the Managing Authority (MA) of the Programme and the Ministry of Education will act as Intermediate Body. In the framework of the CIP in particular in priority 4 complementary projects with significant cross-border impact might be developed. Coordination between the Objective 3 Programme for the Region Bratislava and this CIP will be ensured through consultation between the MA and the National Authority of this CIP in case that potentially relevant projects are submitted under INTERREG.

- **Operational Programme for Basic Infrastructure**

The Managing Authority for this Programme is the Ministry of Coordination Regional Development and hence provision for coordination between the two programmes have been taken between the two departments which are in charge of programme implementation. Transport and environmental projects financed from Interreg will have to prove high and immediate impact for the border region. Due to the fact that only Trnava is eligible under Objective 1 Programmes focus of coordination lies on this region. Due to the fact that the financial volume of the Operational Programme by far exceeds the financial allocation for this CIP it is expected that larger infrastructure projects will be financed from the Operational Programme.

- **Operational Programme for Agriculture and Rural Development**

Due to the fact that ERDF supports only certain aspects of rural development, food processing and marketing activities a clear separation between the OP and the CIP is ensured for most of the activities envisaged as part of the OP. With regard to the OP's sub measure 'diversification of agricultural activities' which supports rural tourism a clear dividing line between both programmes is envisaged. In the framework of the CIP no individual farmers will be supported. Rural development activities as part of the CIP in particular in the field of rural tourism will have to prove significant cross-border impact. Assistance granted under the CIP will be in line with the de-minimis-rule.

- **Operational Programme Industries and Services:**

Managing Authority of this OP is the Ministry of Economic Affairs. The OP has a clear focus on the support of SME development through direct investment support of firms and the development of business-oriented infrastructure. In contrast to this OP the CIP will not grant assistance to individual firms with the exception of the support which is possible under the de-minimis-rule. In the field of business infrastructure the CIP will focus on small projects with significant cross-border impact.

- **Pre-accession Instruments (PHARE-CBC, PHARE, ISPA, SAPARD)**

For the Slovak Republic funding provided as part of the pre-accession instruments (PHARE-CBC, PHARE, ISPA, SAPARD) phased out with Accession. However – in particular parts of PHARE CBC programmes – might be still in the stage of implementation. Due to the fact that in both cases, i.e. for the phasing out of PHARE CBC and the phasing-in of Interreg the Ministry of Construction and Regional Development is in charge of programme implementation the coordination between both programmes is ensured through internal coordination and project selection mechanisms. The implementation of PHARE CBC and INTERREG is in hands of the Regional Development Support Agency (RDSA) and programme managers are in daily touch. The Interreg Management Department will ensure that each project application is checked, using the PHARE CBC project monitoring database. Thus double-funding will be excluded. Furthermore the JSC for this CIP is informed about project applications in both programmes thus a second feedback loop in terms of co-ordination of the programmes exists. It is important to stress the achievements of the pre-accession instruments, in our case particularly PHARE CBC for the preparation of Structural Funds and Interreg. The lessons learnt under PHARE CBC count among the major pre-conditions which enabled a smooth and efficient start of Interreg.

- **National Employment Action Plan**

The National Employment Action Plan for the years 2002 and 2003 is based on the National Employment Plan. Both materials have been created respecting the intentions of the EU methodology. The National Employment Action Plan contains regulations to provide human resources development (workforce qualifications and employability) and thus to contribute to increasing competitiveness of the Slovak economy. The measures elaborated in this proposal are based on the conclusions of „Joint Evaluation of Employment Priorities in the SR“, signed by Minister of Employment, Social Security and Family of the SR and European Commissioner of Employment and Social Security in November 2001. The document includes also provisions for the long-term realisation of the National Employment Plan's strategic objectives.

The CIP contributes to the objectives of the National Employment Plan as well as objectives of the National Employment Action Plan for years 2002 and 2003 primarily by indirect support for the creation of job opportunities at the local level. One of the CIP's strategic objectives is focused on labour market development through 'software' support for small and medium enterprises in general; and particularly through the support of tourism and leisure domain. In addition the CIP offers the opportunity to support projects of cross-border labour market development.

5.5.3 Other Programmes at European Level

Eligible measures in the field of research and development, and eligible measures under the 5th Research Framework Programme or its successors, e.g. Information Society Technology (IST Programme) measures, are coordinated with the present programme. Mutually beneficial complementarity is aimed at. Double funding is excluded.

Eligible projects under this programme relating to the fields of professional training and general education and projects co-funded by the EU programmes "Leonardo da Vinci II" and "Sokrates II" are coordinated. Mutually beneficial complementarity is aimed at, whereas double funding is excluded.

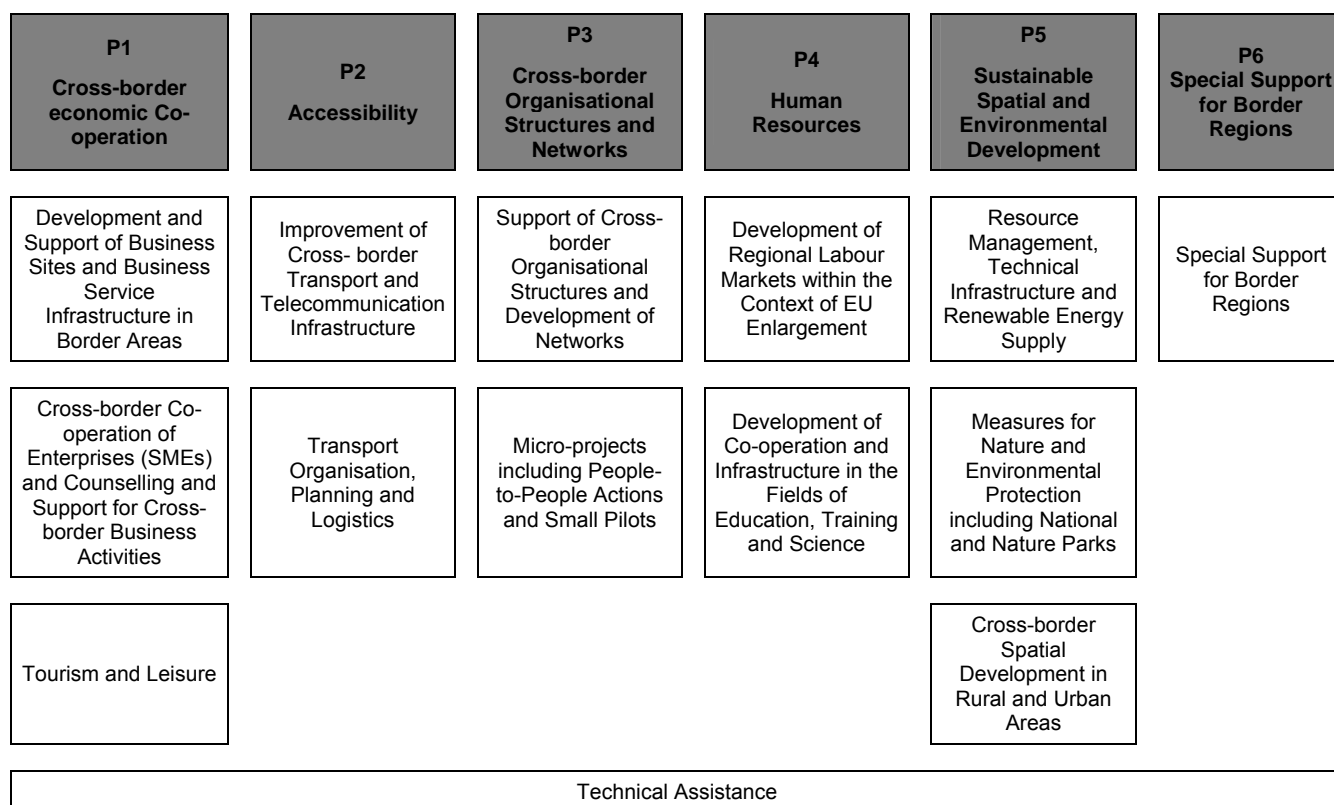
6. PRIORITIES: OBJECTIVES AND STRATEGIES

6.1 Programme structure

The programme consists of six priority axes comprising a total number of 14 measures, 13 of which are assigned to individual priorities. Technical Assistance, the fourteenth measure, is employed in all six priority axes.

The ERDF is to finance measures eligible for assistance according to Art. 3 par. 2 of Regulation (EC) No. 1783/1999 within the scope of the EAGFL (PI/M3, PV/M1 and M2) and of the ESF, and shall comply with all applicable provisions in implementing such projects.

The following figure gives an overview of the programme structure:



Because of the specific geographic situation of the border region the support of multilateral projects is possible.

6.2 Priority I: Cross-Border Economic Co-operation

6.2.1 Objectives

- Active preparation of the economic sectors in the regions on both sides of the border to meet the challenges of EU enlargement
- Stimulation of cross-border economic development while protecting regional independence and competencies
- Raising and adaptation of standards in Slovakia to Austrian and/or EU levels

6.2.2 Strategies

▪ **Introduction of a cross-border "Strategic Offensive for Innovation and Co-operation"**

This offensive is designed to intensify sectoral and cross-sector co-operation in and between companies in the border regions, and particularly across the borders, in order to improve regional economic strength and guarantee its sustainability in the future. Innovation must be triggered by promoting a constant search for new challenges and solutions and exploiting cross-border synergy effects.

▪ **Promoting the joint exploitation of locational advantages, enhancing the area's attractiveness as a business location and consolidating its advantages as a hub for the transfer of know-how between East and West**

In order to implement this Strategic Offensive for Innovation and Co-operation, the locational advantages of Austria (e.g., know-how in areas such as marketing/organisation, environmental technologies, high-quality food processing, etc.) need to be combined with those of the partner country (e.g., lower labour costs, cheaper raw materials) to create new synergy potential. This approach helps to ensure a competitive edge on the international level without having to enter into competition with each other. A study or survey could form the basis for defining a strategy and determining in which sectors of the economy cross-border co-operation makes sense and where USPs (unique selling propositions) can be established.

▪ **(Further) Development and concentration of existing economic potential and development of common core competencies and "branding" strategies in all sectors**

The development of common core competencies and brands (branding in a wider sense) plays a vital role in implementing the two above-mentioned strategies for achieving the goal of common cross-border economic development. These efforts may be based on individual products and product systems to entire "package solutions" (production technology, product, related services, know-how, etc.) and the joint marketing of locations and regions. USPs should be at the centre of these "core competencies" and "brands". An efficient, business-oriented infrastructure (centres of technology, start-up centres, competence centres, industrial estates) focusing on the goals outlined here will facilitate the development of common core competencies. A crucial point in this context is how many impulse projects of this kind the respective area is able to support and which "mix of competencies" is needed to ensure that the individual locations' strengths will differ from and/or complement each other instead of competing with each other.

▪ **Joint development of leisure-time and tourist destinations**

In keeping with the above described strategy, a joint development of services and service profiles as well as joint marketing and international activities must also be promoted in the leisure-time and tourism industry. This will help to avoid the risk of partners offering the same or similar services competing on an intra-regional level and to promote a joint development of destinations targeted at international tourism (with region-specific USPs). Nature reserves and national parks, leisure and health tourism, and the common cultural heritage constitute vital strategic factors, which have to be developed in cross-border co-operation.

▪ **Assisting Slovakia to reach Austrian and/or EU standards esp. in the fields of business counselling and business related services**

Applicant countries are assisted in their pre-accession efforts by know-how made available by Austrian companies. The assistance offered covers areas ranging from environmental, computer and

telecommunications technologies to expertise regarding the development and structure of organisations and legal advice. A special focus should be laid on the support of business counselling (esp. SMEs) and the development of business services.

6.2.3 Measures

PI/M1: Development and support of business infrastructure in border areas

General description

The main objective of this measure is to make border regions more attractive for enterprises by developing and providing assistance for business locations and business service infrastructure such as R&D parks, regional impulse centres, innovation centres and industrial parks, with a special emphasis on their cross-border activities.

The aim is to ease the establishment of new enterprises in border regions and to promote cooperation with partners from other regions. The main focus is on assistance for cooperation between science and business, in particular, in those fields in which promising centres of competence are to be built up for cross-border cooperation. There are several university and non-university research centres located in Vienna and Bratislava that will play an important role in this process.

Objectives

- To provide assistance and improve the conditions for start-ups in cross-border regions
- To develop cooperation between national and international partners, especially between science and business
- To improve the conditions for establishing and expanding enterprises on both sides of the border region
- To develop core areas of business competence (e.g. telecommunications, transport and logistics, environmental and medical technology, East-West transfer of know-how)
- To expand cross-border business services
- To encourage innovation and technology at SMEs

Possible fields of action and contents of the measures

- The establishment, operation and cooperation between "cross-border business innovation and information centres" (e.g. competence centres, technology transfer centres, regional impulse centres, science parks) and the provision of business services for SMEs.
- The creation of an infrastructure that meets the needs of businesses located near borders.
- Assistance for cross-border start-ups and economic development projects.
- Assistance for cross-border cooperation between science and business with the aim of encouraging innovative ideas and marketing the R & D outputs.
- The dissemination of information relating to R&D outputs.

PI/M2: Cooperation of enterprises (SMEs) and counselling of cross-border business activities

General description

The main goal of this measure is to strengthen the economic structures in border regions by supporting the structural transformation process. Border regions have a large number of SMEs, but these are hardly oriented on technology, innovation, exports or cooperation. Moreover, border regions usually fail to efficiently take advantage of the opportunities offered by cross-border economic structures and regional production and service competencies that would help intensify cross-border supply and demand relations, improve cooperation networks and enhance joint marketing efforts aimed at reinforcing the (international) competitive situation. This measure is designed to help to promote cross-border business cooperation and the consulting services required in this context in order to better exploit potential synergy effects.

The main driving force behind this development process are SMEs. The measure is targeted at helping SMEs become the most important drivers—with respect to employment and GDP—of economic development. The measure is especially geared to SMEs that attain high value added.

Objectives

- To develop regional core competencies (e.g. telecommunications, transport and logistics, environmental and medical technology, East-West know-how transfer)
- To intensify economic cooperation (especially SMEs) in the border region to strengthen the regional economy and boost exports
- To increase the innovative power and competitiveness of enterprises (especially SMEs)
- To secure and expand employment in industry and services in the border regions
- To raise awareness of the possibilities offered by economic cooperation, value added opportunities and unconventional enterprises

Possible fields of action and contents of measures

- Support for economic cooperation and collaboration of and between R&D institutions; assistance for the joint development of new products and production processes, including marketing and advertising (e.g. in industry and agriculture); assistance for pooling qualification resources among enterprises (e.g. management abilities)
- Creation of cross-border economic cooperation networks and platforms (e.g. supply and demand networks, SMEs & joint ventures, business broking and clustering) for all sectors
- Assistance for existing platforms and innovative enterprises in order to promote innovative ideas and market R&D outputs
- Accompanying advice and coaching for cross-border activities (e.g. export/import, divergent legal systems)
- Development of new cross-border business services, including private and social services (technology transfer, information dissemination, advice)
- Creation of information systems and assistance for realising events (partner exchanges, special interest fairs, information on financing, etc.)
- Accompanying analyses and studies that concentrate on the content of such measures
- Support in changing traditional production structures (e.g. agriculture) through the transfer of know-how, stronger awareness of producers for niche markets, specialty markets and the opportunities to create added value

PI/M3: Tourism and leisure

General description

The broad range of tourist and leisure time facilities in the region that include culture, sports, nature, wellness and health are the basis for developing a variety of cross-border activities according to the intensity of tourism and the stage of development in the specific regions. In order for border regions to become established on national and international markets, it is necessary to expand tourism and leisure time facilities as well as to market their offerings, while taking nature and the environmental protection into account.

In Slovakia, the lack of coordination in the field of tourism at the local and regional level hinders the efficient development of the tourism industry. For this reason, it is absolutely necessary to create the conditions that promote the collaboration of these associations.

Objectives

- To jointly develop measures to modernise cross-border tourism and leisure time facilities, offerings and services and make them more attractive
- To exploit potential synergy effects with other sectors (tourism-induced demand effects)

- To elaborate the special features of a common region
- To establish a joint presence on international markets (broad range of tourism and leisure time facilities and services)

Possible fields of action and contents of measures

- Expansion and improvement of activities in health, wellness, congress, culture and nature tourism
- Development of joint travel destinations and joint destination management
- Networks of facilities and offerings
- Joint marketing of border regions
- Development of joint attractions harmonised to complement each other
- Development of a joint infrastructure for 'gentle' tourism (socially and environmentally compatible tourism)
- Creation and development of joint information and reservations systems, etc. for cooperation in the tourism and leisure time industries
- Assistance for know-how transfer activities (e.g. practical experience with existing local and regional tourism associations)
- Support for agro-tourism activities

6.3 Priority II: Accessibility

6.3.1 Objective

- **Improvement of accessibility conditions in transport and information technology to achieve the desired common living and economic environment**

6.3.2 Strategies

- **Ensuring and improving accessibility of the (border) region in terms of transport**

Recent estimates predict a significant increase of cross-border traffic in the event of enlargement; regionally induced traffic will only account for a small portion of this increase. In view of this fact, the present strategy is designed to provide an optimum basis for integrating the (cross-border) region into the TEN expansion plans and/or for connecting it to TEN and PEN (in the programme: complementing the secondary network – TEN and PEN connection requirements). On the other hand, cross-border accessibility has to be improved (e.g., re-establishing former connections or making them more attractive, extending or improving border points). Organising and optimising cross-border public transport is another vital strategic element. The strategy's overall aims is the improvement of infrastructural preconditions to reach the overall goal of the programme (development of a common living and economic environment). A specific point to be mentioned here is the infrastructural development of promising business locations for the long-term securement of the locational conditions necessary to ensure a sustainable increase of the region's economic strength as required in priority axis I.

- **Using cross-border synergies through mutual information and co-ordinated planning by the partners as well as synergies in engineering and logistics**

In view of the new framework conditions for cross-border regional development, planning in the areas of transport infrastructure, engineering, logistics and the modern information and telecommunications industries has to adjust to these new challenges and to make use of the new synergies arising from this situation. This requires the permanent exchange of information between the partners as well as a co-ordination of their efforts up to the joint development and execution of projects.

▪ **Establishing information and communication technologies as a key medium for cross-border communication**

Intensifying the use of cross-border information and communication technologies is the main goal in this context. Fast availability and processing of information is a crucial locational prerequisite to secure the long-term competitive power of a modern region. This medium can and will become one of the most important tools in planning, exchanging information and co-ordinating activities for the cross-border region to grow together. Just like in the field of accessibility and mobility, it is necessary to promote and develop the region's international connections and also, above all, intra-regional networking: Intra-regional networking to establish and develop a common, cross-border regional understanding, and supra-regional networking as an opportunity for joint international activities (e.g., in tourism, e-commerce, international marketing – also see priority axis 1).

The expansion and access to a modern, efficient information and telecommunications infrastructure will give peripheral regions swift and safe access to information, co-operation partners and the key institutions of urban centres. This does not only require an improvement of the technical equipment, however, but also and above all the improved and more widespread use. All in all, the expansion of the information industry is the second major prerequisite for improving the accessibility of cross-border regions in addition to the improvement of transport accessibility.

6.3.3 Measures

PII/M1: Improvement of cross-border transport and telecommunications infrastructure

General description

Cross-border economic development and cooperation as well as more intensive cross-border activities and relationships require a new and expanded transport infrastructure and organisation. This measure is aimed at improving the infrastructure of locations in border regions (e.g. cross-border business centres) in order to ensure sustainable economic growth in the region on both sides of the border in the long term.

Creating and improving accessibility to a high performance telecommunications infrastructure that enables users to benefit from the advantages of modern information technology gives peripheral regions a chance to compensate their geographical disadvantages. This would guarantee faster and more secure access to information, cooperation partners and urban centres. The fast availability of information guaranteed by a high capacity and adequate information system is an important prerequisite for joint infrastructure projects.

Objectives

- To improve cross-border transport flows and cross-border mobility
- To improve existing conditions for cross-border transport at the regional level
- To link infrastructure as the basis for a joint international market presence as a border region
- To improve information and know-how transfer in order to profit from synergy effects
- To create an infrastructure for cross-border business centres and other major business locations
- To create and expand information and communications structures
- To improve cooperation in the field of freight traffic

Possible fields of action and contents of measures

- Development of cross-border infrastructure and assistance for intermodality (e.g. road, rail, water, air and combined transport) to improve interregional and supra-regional accessibility in border regions (e.g. modernisation of the technology used on selected railway routes)
- Development of cross-border information and communications technologies as well as the necessary applications (e.g. cross-border data highways: regional hubs for coordination with existing networks and telematics facilities, telematics projects, etc.)

PII/M2: Transport organisation and engineering, logistics

General description

Cross-border economic development and cooperation as well as more intense cross-border activities and relationships require a new and expanded transport infrastructure and organisation. The objective of this measure is the planning, organisation and optimisation of cross-border public transport in order to be able to cope with the increased traffic flows expected in the course of the enlargement of the EU. The main focus is on the improvement of links to TENs (Trans-European Networks) and PENs (Pan-European Networks) as well as on cross-border accessibility.

Objectives

- To improve cross-border transport flows and cross-border mobility and accessibility as well as freight traffic flows and logistics
- To improve links to TENs (Trans-European Networks) and PENs (Pan-European Networks)
- To coordinate the implementation of activities to develop the transport industry in the border region

Possible fields of action and contents of measures

- Assistance for cross-border oriented transport organisation and planning, concentrating on cross-border economic and tourism centres
- Feasibility studies and planning
- Improved and larger number of offerings of cross-border public transport and logistics
- Networks for freight traffic logistics

6.4 Priority III: Cross-border Organisational Structures and Networks

6.4.1 Objectives

- **Cross-border mobilisation of endogenous potentials**
- **Efficient development and implementation structures for cross-border co-operation**

6.4.2 Strategies

- **Establishment and further development of Eurgios, city-networking, regional management and regional agencies as well as regional and communal networking**

Professional preparation and co-ordination of proposals for projects is facilitated by institutionalised collaboration structures which may also initiate, operate and ensure the realisation of projects themselves. Furthermore, efficient cross-border regional development requires functioning networks and the joint preparation and making available of information, as well as professional information management. Therefore, the formation of networks to work on communal and cross-sectoral problems and key issues (such as permanent networks between local initiatives and organisations) needs to be supported. Among other things this is to promote joint regional development projects through administrative co-ordination and increased external activities, and to intensify cross-border communication with the help of EU funds (esp. INTERREG III A and PHARE CBC).

- **Promoting the process of integration at the "micro" level by small pilots**

Cross-border co-operation at the "micro" level plays a crucial role in the integration process that impacts all areas of a cross-border region. Therefore, regional actors in the border region should have the opportunity to "learn" and intensify cross-border co-operation in a variety of integrated small projects, thus creating an economic, social and cultural interpersonal basis for the establishment of a common region. In this context the support of small pilot-projects will be very important, because with those small pilots the realisation of important and innovative ideas can be promoted.

6.4.3 Measures

PIII/M1: Support of cross-border organisational structures and development of cross border networks

General description

The goal of this measure is to create and support institutionalised cooperation structures for the professional preparation and coordination of project applications. Functioning networks should ensure cross-border cooperation and the integration of the border region (e.g. in Euregios).

Objectives

- To optimise cooperation between associations, trade unions, administration and authorities as well as NGOs in the border regions
- To improve resources, structures and capacities for the preparation, monitoring and evaluation of cross-border projects
- To develop networks to strengthen cross-border integration and more intense economic, social and cultural contacts

Possible fields of action and contents of measures

- Further development of organisational structures and theme-specific cooperation networks (e.g. Euregios, regional management, urban networks, administration and regional development agencies, theme-specific networks in the areas of health, youth, women, social affairs, integration, civilian protection, culture...)
- Development of cooperation between urban areas and their hinterlands
- Coordination and organisation of cross-border projects
- Public relations and information management
- Activities for improving the competencies of institutions in regional and socio-cultural development

PIII/M2: Micro projects, including actions “people-to-people” and small pilots

General description

This measure is aimed at providing assistance for small projects in the areas of qualification and education, culture, youth, social and environmental affairs in order to promote the cross-border integration processes involving people in the border regions.

Objectives

- To develop networks to strengthen cross-border integration and more intense economic, social and cultural contacts
- To reinforce and provide assistance for sustainable communication and cooperation in the border region
- To provide assistance for the social and economic integration of border regions
- To promote more intense economic, cultural and social contacts
- To screen for potential fields of cooperation and first contacts

Possible fields of action and contents of measures

- Assistance for sustainable small projects in all areas of application of the measures such as qualification, women, culture, youth, social and environment, cultural exchange, integration, medical and health aspects, events promoting dialogue, including small pilot projects
- Assistance for local development initiatives

6.5 Priority IV: Human Resources

6.5.1 Objectives

- **Reduction of social disparities**
- **Intensification of cross-border co-operation in the field of training, science and research**
- **Fostering the controlled development of increasingly cross-border labour markets**

6.5.2 Strategies

- **Co-operation between interest groups to raise social and labour standards**

This strategy aims at eliminating social disparities between the individual partner regions in the medium or long term. Co-operation and an exchange of know-how between interest groups in the partner regions need to be intensified in order to achieve this goal. An exchange of know-how and experience should focus mainly on training measures, the introduction and application of social and labour standards, and the organisation, procedures and tools of social partnership. On the one hand, this may help considerably to prevent labour markets both in Austria (risk of social and wage dumping) as well as in the partner region (risk of a brain drain) from overheating (especially in the event of enlargement); on the other hand, it may also help to harmonise and secure social and labour standards in a positive sense through an increasingly concerted cross-border employee policy at least in the medium or long term.

- **Intensification of co-operation in education, training and research as well as the establishment of common structures**

This measure is designed to increase co-ordination and networking in the fields of education and training in the cross-border region. In order to tackle the international challenges facing the common region, education—and to a growing extent, further education—has to be adapted and developed on an ongoing basis in a concerted effort. This applies mainly to those areas which are concerned with the formation of regional core competencies (see priority axis 1), also involving research, as well as to those areas which are essential for improving interregional co-operation (e.g., languages). The harmonised establishment of a research oriented infrastructure, which will increasingly become a joint effort over the course of time, as well as intensified co-operation and networking in adult education, schools and post-secondary education, commercial educational institutions and cultural exchange are central steps in this direction. Support for adult education in the partner regions beyond the border by organisations providing training measures is of particular importance in this context, especially bearing in mind the motto of "life-long learning". In this context the respective Austrian organisations might make a significant contribution (e.g., transfer of know-how, direct activities in the region etc.).

- **Co-ordinated labour-market monitoring, management and policy**

Co-ordinated activities in the fields of labour-market monitoring, management and policy are crucial to ensuring the controlled development of increasingly transnational labour markets. This requires a common basis of information as well as sustainable information networking. Joint labour market monitoring and a business information system describing companies (e.g., size of company, field of business, number and qualification level of jobs etc.) are key tools in this context. New information and communication technologies are of particular advantage in this area of interregional information management and – permanent up-dating and accessibility provided – may considerably facilitate decision-making processes to ensure swift action on a partnership basis. Active labour market policy would also require the co-ordination of job opportunities and co-operation in dealing with problem groups (women, youths, the long-term unemployed, persons over 50 years of age).

6.5.3 Measures

PIV/M1: Development of regional labour markets within the context of enlargement

General description

Labour market relations and development processes in border regions are characterised by the structural changes in regional economies, on the one hand, and by the consequences of the disparities that exist between the neighbouring regions, on the other. Due to the large disparities with respect to standards of living and wages, there is strong cross-border migration and commuting from Slovakia to Austria. The overall objective of this measure is to overcome the negative effects of the imbalances (brain drain and social tension) and to develop an integrated regional labour market on both sides of the border in order to reduce unemployment.

Objectives

- To promote the transfer of cross-border information and know-how (e.g. on the labour market situation, national and regional labour market strategies, social standards,...)
- To promote more intense collaboration between labour market institutions and to reap the benefits of the synergy effects of cooperation
- To strengthen the local (labour market policy) actors
- To initiate activities to reduce the barriers arising from the different legal systems and to promote the transfer of information in the field of social affairs
- To provide assistance in creating jobs for persons with low levels of education and/or qualification

Possible fields of action and contents of measures

- The establishment of joint labour market monitoring and information systems (e.g. labour market policy, statistics, open positions)
- More intense cooperation and networking among regional actors and social partners as well as the transfer of know-how
- Information on the legal framework for labour market relations (social policy, unemployment regulations, safety provisions for workers,...)
- Development of regional cross-border employment associations
- Labour market analyses
- Development of systems of regulation for creating socially-integrated cross-border labour market relations
- Development of job opportunities closely related to regional core competencies (e.g. tourism, new media and IT, social services, technical skilled workers, highly qualified persons with specific "Eastern Europe" know-how)

PIV/M2: Development of co-operation and infrastructure in the fields of education, training and science

General description

Existing institutions and organisations in the field of education, qualification and research are a sound foundation for securing more intense cross-border cooperation. The objective of the measure is to improve the infrastructure, the education and qualification offerings for the preparation of individuals, enterprises and of the border region as a whole for future challenges.

Objectives

- Coordination in the areas of education, qualification and information (e.g. development of joint offerings)
- To prepare for the enlargement of the EU in the areas of education and training

- To harmonise labour force profiles (levels of qualification) with respect to the conditions and requirements of EU Member States
- To promote more intense cooperation between education and qualification institutions (schools, further education institutions,...)
- To promote scientific exchange

Possible fields of action and contents of measures

- Development and implementation of joint education and qualification programmes of relevance for regional development and cross-border strategy (e.g. environment, tourism, new media, social services, language courses, civilian protection, etc.)
- Implementation and improvement of education, qualification and research infrastructure (e.g. protection of civilian population)
- Implementation of cross-border information services and centres relating to educational and qualification offerings
- Assistance programmes for the establishment of occupational and re-qualification centres
- Exchange programmes at the institutional level
- Development of multilingual learning materials
- Preparation and conducting of studies and analyses in the area of education and qualification, science and research development
- Development of systems of reference the area of education and qualification

6.6 Priority V: Sustainable Spatial and Environmental Development

6.6.1 Objectives

- **Cross-border spatial development and regional policy as a basis for a systematic, spatially and environmentally compatible development of the common border region**
- **Sustainability as an essential strategic element in cross-border regional development**

6.6.2 Strategies

- **Intensification of cross-border co-operation to ensure a sustainable spatial, environmental and economic development**

Securing sustainable regional development in the cross-border region in the medium and long term is the primary goal here. This priority axis aims both at providing a basis for the planning of methods to achieve the objectives set out in the common programme (esp. the two objectives mentioned above) and at implementing concrete projects. Therefore, strategies and schemes for all relevant areas have to be worked out together with the partner regions to determine how the border regions could grow together to make the best use of the opportunities and synergies created by this process; this is to ensure sustainable regional development, but also to prevent risks and avoid overheating or other developments that run counter to these objectives. This mainly applies to the joint preparation of cross-border development schemes (e.g., for strategic axes), co-operation projects for cities and their hinterlands, planning in the field of cross-border nature conservation and environmental protection (including national parks and nature reserves), management of resources (e.g., water-saving cultivation methods), renewable energies, and the preparation of a conceptual basis for the (further) development of a corresponding infrastructure. Proceeding from these conceptual preparations and preliminary planning, concrete projects are also to be implemented (in areas such as technical infrastructure, water and wastewater management, and waste management).

6.6.3 Measures

PV/M1: Resource management, Technical infrastructure and renewable energy

General description

The general objective of this measure is to support the optimal use of the existing resources and alternative energy supply. It is important to take into consideration the differences in the infrastructural conditions concerning technical infrastructure and organisation (e.g. water management, waste management, etc.) in the neighbouring countries and to improve the existing systems and to develop cross-border concepts.

Objectives

- Intensified utilisation of renewable energy
- Protection of the environment and the natural resources
- Optimal use of the existing resources
- Reduction of negative impacts on environment
- Developed of technical infrastructure to support sustainable development

Possible Fields of Activities / Contents of Measure

- Studies and concepts (environmental planning), environmental monitoring and information systems, ecological research e.g. concerning air, water, soil, energy)
- Support development of environmentally friendly technologies and methods
- Actions in the fields of water- and waste management (pilots, cross border concepts and infrastructure, feasibility studies...) (e.g improvement of the sewage and waste disposal systems)
- Rehabilitation and containment of contaminated sites
- Facilities of technical infrastructure (water equipment, sewage, gas, energy and waste facilities)

PV/M 2 Nature and environmental protection including national and nature parks

General description

This measure contains all projects and activities in the fields of nature protection and environment as well as the implementation and realisation of appropriate actions in the context with national and/or natural parks and protected areas (e.g. Natura 2000).

Objectives

- Protection and preservation of the high quality of the nature, natural resources and landscape conditions
- Development of national and/or natural parks and protected areas
- Regional ecosystem restored and functioning of the Territorial System of ecological stability

Possible Fields of Activities / Contents of Measure

- Improvement and development of environmental infrastructure (national parks, nature parks, protected areas)
- Joint marketing activities for the national and nature parks and protected areas
- Preservation, expansion and sustainable development of measures in the fields of nature and environmental protection
- Joint management programmes
- Joint renewable energy projects/activities in the deteriorated areas
- Project planning and monitoring

PV/M3 Spatial development of rural and urban areas in the Cross Border region

General description

The general objective of this measure is the development of rural and urban areas in the sense of creating a joint economic and natural space. Regional and spatial analyses and strategies, as well as environmental studies and monitoring systems or land use concepts should serve as the basis for implementing concrete projects.

Within the border region Austria-Slovakia, the quality of the environment is characterised by a different degree of deterioration, classified as the endangered regions. The heavy industries and traffic are the greatest contributors to the pollution.

Objectives

- Sustainable regional development in order to prepare the border regions for the EU-accession
- Harmonisation of the concepts, plans, programmes and strategies (related to e.g. water management, urbanisation, tourist activities, transport, extracting industry, SMEs, and energy taking into account the objectives of biodiversity conservation)
- spatial integration of the cross border region – convergence of the region

Possible Fields of Activities / Contents of Measure

- Support of studies and analysis in the fields of regional development, spatial and urban planning, economic development, environmental and urban technologies
- strategic studies in the framework of the enlargement process
- feasibility studies and cross-border pilot projects

6.7 Priority 6: Special Support for Border Regions

6.7.1 General description

On 25th July 2001, the Commission passed the so-called „Community Action for Border Regions“ [KOM(2001) 437 final version]. This is a policy document which describes the impacts that the enlargement of the European Union will have on the regions bordering on Accession Countries. The action plan suggested a number of measures for the benefit of these regions to help them prepare for the enlargement of the European Union. Based upon this document the Commission proposed to add financial resources to the INTERREG programmes in the form of a single priority called "Special Support for Regions Bordering on Accession Countries".

This priority is treated under a separate budget line. The funds for this additional priority have been allocated entirely for the year 2002 (see Financial Table) and can be spent only at the Austrian side of the border until the end of 2004. In order to fulfill the demand on visibility for this priority a separate chapter within the Annual Implementation Reports will outline the achievements made.

6.7.2 General objectives

The financial resources are aimed at the support of activities which shall ensure a smooth transition in the border regions and sustainable acceptance of the enlargement of the European Union by the general public. The new priority is intended to support projects that are directly associated with the enlargement of the European Union and will improve the competitive strength of the border regions.

6.7.3 Strategies

Support will in particular be granted for:

- Activities to support those small and medium-sized enterprises that will be particularly affected by the enlargement of the EU so as to enhance cross-border economic cooperation.
- Expansion of cross-border transport networks
- Educational measures and intercultural cooperation, including measures to promote the integration of other cultural and language groups so as to reduce cultural and language barriers.

Objectives in the Field of SME Support

This measure contains target-oriented preparation of and support for those small and medium-sized enterprises that are particularly affected by the upcoming enlargement of the EU so as to enable them to adapt to the impending modifications of the economic framework conditions. Full opening of the borders, free movement of persons and goods and freedom of establishment will completely change the economic framework conditions even though the full scope of these changes will, as a consequence of the transition periods to be agreed, not be felt immediately. Small and medium-sized enterprises, in particular, are often subject to significant constraints in terms of capacities for organisational development capacities. Thus the engagement in research, development, cooperation projects and measures to improve their market situation often pose severe challenges without external support.

Possible Fields of Activities

- Improved access to Information and Communication Technologies (ICT) for SMEs
- Improved access to new markets, incentives for SME cooperation networks
- Development of cross-border transport network

Objectives in the Field of Transport

This measure aims at projects in the field of transport development, aiming in particular at the removal of bottlenecks with regard to border crossings and strategic planning for key infrastructure to improve the border regions' position in the European urban networks.

Possible Fields of Activities

- Support of transport infrastructure in particular the improvement of border crossings
- Support of studies for the development of transport networks in the programming area in particular between the urban centres of the region (Bratislava and Vienna)

Objectives in the Field of Intercultural Cooperation

Within this measure particular emphasis is placed upon activities to promote cultural exchange and intercultural cooperation which should in particular contribute to awareness-raising for the cultural diversity of the border region.

Possible Fields of Activities / Contents of Measure

- cross-border events, exhibitions
- training activities and intercultural cooperation
- cooperation projects involving minorities
- (further) development of cross-border organisational structures and cooperation networks as well as theme-specific networks (culture marketing, media platform).

6.8 Technical Assistance for Programme Implementation

According to Article 23 of Regulation (EC) No. 1260/1999, technical assistance has the purpose of aiding the preparation, support, evaluation and control work involved in the programme and is subdivided by Rule 11 of Regulation (EC) No. 1685/2000 into two areas:

- TA-1: Administration, implementation, support and control activities (pursuant to Rule 11, par. 2), and
- TA-2: Other activities within the scope of technical assistance (pursuant to Rule 11, par. 3)

The following activities are to be carried out within the scope of TA-1 in order to ensure the efficient administration of the programme:

- Activities in connection with the preparation, selection, evaluation and support of interventions and operations;
- Activities involving meetings of the Consultative Committees and Steering Committees in connection with interventions;
- Examination and on-site checks of operations.

Within the scope of TA-2, the following activities are planned:

- The setting up and operation of an EDP-supported monitoring system for the administration, support and evaluation of the programmes (ongoing systematic recording of the material implementation of the programme using financial and other implementation indicators for each of the projects receiving assistance);
- Preparation of studies (e.g. for interim evaluations);
- Information and disclosure activities pursuant to Art. 46 of the Regulation No. 1260/1999.

Indicative distribution of funds earmarked for Technical Assistance 2000-2006 (in EUR 1000)

	Total costs	ERDF co-financing	National co-financing
TA-1	2,809	1,582	1,227
TA-2	703	396	307
Sum	3,512	1,978	1,534

7. PROGRAMME INDICATORS

7.1 Introduction

Indicators relevant for this Community Initiative Programme (CIP) are to be distinguished on four different levels:

- Programme- and
- Priority-level (in the CIP),
- Measure- and
- Project-level (both contained in the Programme Complement)

These indicators will be used for both, the joint programme monitoring procedure as well as for the joint project selection process.

The impact indicators have been developed starting out from the project level – as this approach best permits to accommodate the great variety of expected effects. Subsequently, the question arose of how this wide range of individual impacts at the level of measures, priorities and programmes could be aggregated. In a next step content summaries based on the project indicators were formulated at the measures and priorities levels. Therefore the (partly quantified) programme objectives for the thus created “aggregated” indicators are defined at the priorities and the overall programme levels (c.f. Section 8.3, below). Measure-specific objectives are laid down in the programme complement. In addition to the aggregated impact indicators, the output indicators are given at the programme or priorities level, which allows for improved structuring of the supported projects (a.o. size structure, see Table below).

Such a set of consistent indicators will provide the basis for the qualitative evaluation of projects and of the programme-impact as a whole. Thus the monitoring procedure and the information about project impacts collected there, will form a solid basis for mid-term and ex-post evaluations of the programme.

The **types of indicators** on the different levels can be summarised as follows:

Level	Output indicators	Impact indicators
CIP		
Programme	X	Aggregated
Priorities	X	Aggregated
Programme Complement		
Measures		X
Projects		X

7.2 Indicators for programme monitoring

A basic set of **output indicators**, to be used in the monitoring procedure, contains the following information (descriptive):

- total number of direct beneficiaries, broken down by main target groups [e.g. enterprises, citizens, institutions],
- number of projects
- financial monitoring (exploitation of means, financial steps of implementation)
- an aggregate qualitative project-indicator, based on the classification of cross-border-cooperation-intensity on one hand and of expected cross-border-impacts on the other, thus forming a typology of 4 categories of projects (AA, AB, BA and BB-projects; cf. the following section on project selection).

The environmental aspects are addressed in the framework of the mid-term evaluation of the programme. This includes methodological consideration of the existing indicator system.

7.3 Indicators for objectives on programme and priority levels

The set of indicators shown is geared to the quantification of objectives on programme and priority levels. In general, it is necessary to state that

- the limits to a sensible quantification of objectives are rather narrow in the context of cross-border programmes for methodological reasons⁵
- the quantification of indicators on programme and priority levels requires the completion of the programming process on the measure level (documented in the programme complement) and/or the agreement on indicators on project- and measure levels in the JCC (according to Council Regulation 1260/99, Article 35 (3), lit. b)

At the time of programme submission, therefore, the following section about indicators on programme and priority levels necessarily is preliminary and illustrative.

▪ Indicators on programme level

Based on the quantitative and qualitative information collected on project and measure-levels, the following aggregate indicators could be used on programme-level:

- 25 to 30 %-share of AA-projects according to the aggregate qualitative project indicator

aspired size-distribution of projects:

- approx. 5 %-share of large projects (total cost above 300.000 €)
- 30 to 40 %-share of (very) small projects (total cost under 50.000 €)

▪ Indicators on priority level

On the level of priorities, the following indicators will be used – these include indicators which represent the most important impact categories for the respective priority (further impacts will be provided by the project monitoring):

P1: Economic co-operation:

- share of SMEs affected by projects of total of SMEs in the project area:
- 5 to 10 %-share of SMEs affected by projects of total of SMEs in the project area
- share of SMEs of participating enterprises: > 90 %
- Number of projects: 30-45
- Share of impact:
- 60% leading to market integration and/or integration of production
- 20% leading to transfer of knowledge and/or technologies
- 20% partner search and creation of networks

Priority 2: Accessibility and Infrastructure:

- Number of projects: 12 – 20
- Thereof: 10 – 15 projects (studies) for strategic support
- 2 – 5 investment projects
- Share of impact:
- 40 % links to international transport routes, improved CBC transportation links
- 60% improving CB-mobility, accessibility and intelligent traffic solutions and integrated use of information technology and communication infrastructure

Priority 3: Organisational structures and networks:

- Number of projects: 30 – 45
- Thereof: 10 – 14 supported Euregios/CB-development organisations, (GEO)/regional managements
- 180 projects in supported within Micro Project Funds
- Share of impact:

⁵ See the Commissions' Methodological Working Paper "Ex-ante Evaluation and Indicators for INTERREG (Strand A), section 1.4

- 50 % development of implementation structures for CBC cooperation
- 30 % generating and expanding networks
- 20 % pilot projects and testing of new forms of collaboration

Priority 4: Human resources:

- Number of projects: 30 – 45
- 40 to 60 participating institutions in the fields of labour market and training
- share of impacts:
 - 25% projects preparing the integration of labour markets
 - 75% projects providing qualifications/knowledge with specific relevance to the neighbouring region

Priority 5: Sustainable development:

- Number of projects: 30 – 45
- Thereof: 5-10 investment projects and 30 studies
- Share of impact:
 - 33% development of the region and the environmental conditions
 - 33% applying environmentally friendly technologies or representing technical infrastructure projects
 - 33% improving natural resources and environmental conditions including national and nature parks

7.4 Quality and impact indicators on measure- and project-level

The common set of indicators which will be used on project- and measure-level for the joint assessment and selection of projects will have to be shown in more detail in the programme complement and will have to be approved (or altered) by the MC. The set of quality and impact indicators is focused on **two dimensions**:

(a) Intensity of Cross-border Co-operation in project development and implementation

In developing and implementing Interreg- -projects several distinct steps or phases can be distinguished (reaching from e.g. search/screening phases to implementation) which will be described more closely in the programme complement. Each of these steps can be performed in a cross-border co-operative way or independently.

The **assessment and selection of projects** will focus on the **cross-border quality of the steps in project development**, which will have to be demonstrated in the project application (see the following chapter on project selection).

(b) Expected impacts on cross-border regional development – functional integration as crucial quality

Projects contributing to **functional (regional) integration** are characterised by

- a project design focused on generating developmental impulses for the **Interreg Region as a whole**, oriented towards a (mid-range) perspective of an economically and socially integrated space across borders;
- the **combination of resources, partners or target groups** from both sides of the border.

Functional integration does not necessarily imply that each action taken on one side of the border requires a complementary element on the other side. Such a strict definition would neglect the given (economic) imbalances and the different legal or procedural requirements between adjacent regions. Therefore, it makes sense to aid projects which are implemented only on one side of the border, if they are oriented towards the common objective of a functional regional integration.

Functional (cross-border) integration focuses also on the compatibility of systems and the development of common standards, in order to make co-operation more feasible. This has to be seen as a continuous management task since systems need to be adapted to new challenges, which applies to technical infrastructure but even more so to immaterial socio-economic infrastructures and networks. It seems that in complex fields such as cross-border labour markets projects will have to focus at first on the development on common understanding.

The proof of impacts on the functionally integrated regional development accross borders will be an essential basis for the assessment and selection of projects (see the following section on project selection).

In the programme complement there will be a detailed table with types of potential impacts of projects with respect to their contribution for functionally integrated, cross-border regional development, which will also be included in the description of measures. This table will have to be approved or adapted by the MC.

8. PROJECT SELECTION

The joint project selection for the Interreg IIIA Programme Austria – Slovakia will be performed by the bodies indicated in chapter 10. The following outline contains the **methodological framework for the project selection criteria** to be applied in the joint selection process. These criteria – according to Council regulation 1260/99 (article 35 (3) lit. b) – will have to be approved or adapted by the MC.

These criteria have to be distinguished from **formal criteria**, the fulfillment of which will have to be checked by the intermediate bodies (IBs) **before** they reach the joint selection process (cf. process description in chapter 10).

Formal criteria in the above sense are measure-specific, technical, environmental and financial criteria, which have to be met by the projects according to the CIP and to European and national legal requirements

▪ Database for the joint project selection process

Clear and transparent instructions for the contents and the standardisation of project applications are an important prerequisites for the application of the indicator set contained in the programme complement and, subsequently, for a high-quality project monitoring and project selection.

Hence the minimum contents of project applications will have to be in line with the programme's project selection criteria. A general project description covering the projects' objectives, contents and implementation procedures will therefore be supplemented by (a) a standardised survey of the cross-border-quality in the projects' development and implementation and (b) a survey and typology of the projects expected impacts on functionally integrated regional development.

▪ Definition of standards

In both dimensions shown in chapter 7.4, namely the quality of cross-border cooperation and the expected impacts, minimum standards will be defined, which have to be met in the Interreg IIIA programme and higher standards, which can be used as criteria for the ranking of projects.

(a) Quality of cross-border co-operation in project development

The quality of cross-border co-operation can be surveyed for the different phases of project development and implementation. The definition and precise description of the number of phases and the quality criteria to be applied will be outlined in the programme complement and will be agreed on in the MC.

For project selection **two standards** are introduced concerning the quality of cross-border co-operation during project development and implementation:

- *Minimum standard:*
At least one phase of project development or implementation should be undertaken in cross-border co-operation – **B-projects**
- *Higher standard:*
More steps than required as minimum standard show a higher intensity of cross-border co-operation – **A-projects**

(b) Expected impacts on functionally integrated cross-border development

The expected impacts of the projects on the cross-border functional regional integration will be surveyed in detail in the project application. The definition and precise description of the impact indicators on project level will be outlined in the programme complement and will be agreed on in the MC.

For project selection **two standards** are introduced concerning categories of expected impacts on cross-border integration:

- *Minimum standard:*
At least one significant impact is expected – **B-projects**
- *Higher standard:* two or more significant impacts are expected – **A-projects**
- **Project selection with an aggregated quality indicator**

In order to be aided through the joint Interreg-Phare-CBC-programme, projects will have to at least meet minimum standards in both of the above outlined dimensions. An overview over the quality of the aided projects is reached through a **qualitative typology**, which combines both dimensions, i.e. (a) the quality of co-operation in project development and implementation and (b) the expected impacts and thus forms an **aggregate quality indicator**:

Expected cross-border integration impacts:	Quality of cooperation in project development:	
	Better: A	Minimum: B
Better: A	AA	AB
Minimum: B	AB	BB

In total, four different types of projects can be distinguished: AA, AB, BA, BB.

AA would label top projects, AB and BA would be intermediate ranks, whereas BB contains the projects which fulfil the minimum requirements only.

- **Leadpartnership**

All programme partners seek to promote the generation and approval of genuine joint projects of high quality standards. Such projects can only emerge in close cross-border partnerships. As one option for the internal organisation of projects the lead partner principle can be applied. This is considered as one instrument among others to achieve the overarching objective of joint projects. As stated above the assessment of projects will focus in the cross-border dimension and the expectable impacts of the operations.

9. FINANCING PLAN

INTERREG IIIA Austria – Slovak Republic

Financing Table by Priorities

financial shifts 2005 incl. Decommittment P6

INTERREG III A – AUSTRIA - SLOVAKIA								
Financing Table Austria/Slovakia total								
Euro, current prizes						PHARE-CBC		
	AUSTRIA SLOVAKIA 2000-2006					SLOVAKIA 2000-2002		
AUSTRIA with indexation 2004-2006	national cofinancing							
	Public Private					PHARE CBC national		
	Total costs	ERDF	national	cofinancing	cofinancing	Total cost		
P I: Cross Border Economic Co-operation	16.783.999	9.152.000	7.631.999	4.735.000	2.896.999	7.657.000	580.000	1.857.000
P II: Accessibility	14.654.667	8.087.000	6.567.667	5.622.735	944.932	4.662.000	3.477.000	1.185.000
P III: Cross Border Organisational Structures and Networks	7.166.379	4.058.190	3.108.189	2.405.189	703.000	3.950.000	3.350.000	600.000
P IV: Human Ressources	8.956.440	4.795.553	4.160.887	3.917.420	243.467	0	0	0
P V: Sustainable Spatial- and Environmental Development	15.219.557	8.242.778	6.976.779	6.455.179	521.600	14.878.000	10.750.000	4.128.000
P VI: Special Support for Border Regions	1.664.638	832.319	832.319	832.319	0	0	0	0
Technical Assistance	3.512.669	1.978.000	1.534.669	1.490.334	44.335	595000	500000	95000
Total	67.958.349	37.145.840	30.812.509	25.458.176	5.354.333	31.742.000	23.877.000	7.865.000

EU co-funding is calculated on the basis of total costs. Private funds are to be read as indicative estimate. Due to the usually complex nature of the INTERREG projects the accrual of funds from private sources cannot be seriously estimated at the outset.

INTERREG IIIA Austria - Slovak Republic 2000-2006**Financing Plan 2000-2006 total per Year**

EURO					
current prizes	Total costs	ERDF	2001		
			national	public. cofinancing	private cofinancing
P I: Cross Border Economic Co-operation	2.012.000	1.006.000	1.006.000	593.000	413.000
P II: Accessibility	1.908.000	954.000	954.000	835.000	119.000
P III: Cross Border Organisational Structures and Networks	754.000	377.000	377.000	286.000	91.000
P IV: Human Ressources	1.004.000	502.000	502.000	502.000	0
P V: Sustainable Spatial- and Environmental Development	1.784.000	892.000	892.000	884.000	8.000
Technical Assistance	394.000	197.000	197.000	197.000	0
Total	7.856.000	3.928.000	3.928.000	3.297.000	631.000
current prizes	Total costs	ERDF	2002		
			national	public. cofinancing	private cofinancing
P I: Cross Border Economic Co-operation	2.280.000	1.140.000	1.140.000	672.000	468.000
P II: Accessibility	2.164.000	1.082.000	1.082.000	947.000	135.000
P III: Cross Border Organisational Structures and Networks	856.000	428.000	428.000	325.000	103.000
P IV: Human Ressources	1.138.000	569.000	569.000	569.000	0
P V: Sustainable Spatial- and Environmental Development	2.024.000	1.012.000	1.012.000	1.003.000	9.000
P VI: Special Support for Border Regions	1.664.638	832.319	832.319	832.319	0
Technical Assistance	446.000	223.000	223.000	223.000	0
Total	10.572.638	5.286.319	5.286.319	4.571.319	715.000
current prizes	Total costs	ERDF	2003		
			national	public. cofinancing	private cofinancing
P I: Cross Border Economic Co-operation	2.274.000	1.137.000	1.137.000	670.000	467.000
P II: Accessibility	2.158.000	1.079.000	1.079.000	945.000	134.000
P III: Cross Border Organisational Structures and Networks	852.000	426.000	426.000	323.000	103.000
P IV: Human Ressources	1.136.000	568.000	568.000	568.000	0
P V: Sustainable Spatial- and Environmental Development	2.016.000	1.008.000	1.008.000	999.000	9.000
Technical Assistance	446.000	223.000	223.000	223.000	0
Total	8.882.000	4.441.000	4.441.000	3.728.000	713.000

INTERREG IIIA Austria - Slovak Republic 2000-2006**Financing Plan 2000-2006 total per Year**

EURO		financial shifts 2005 incl. Decommittment P6			
2004					
current prizes	Total costs	ERDF	national	national cofinancing public. cofinancing	private cofinancing
P I: Cross Border Economic Co-operation	3.266.136	1.876.136	1.390.000	870.000	520.000
P II: Accessibility	3.149.000	1.817.000	1.332.000	1.149.000	183.000
P III: Cross Border Organisational Structures and Networks	1.499.054	901.027	598.027	464.027	134.000
P IV: Human Ressources	1.605.586	904.793	700.793	680.793	20.000
P V: Sustainable Spatial- and Environmental Development	2.918.794	1.661.397	1.257.397	1.181.397	76.000
Technical Assistance	731.000	436.000	295.000	281.000	14.000
Total	13.169.570	7.596.353	5.573.217	4.626.217	947.000
2005					
current prizes	Total costs	ERDF	national	national cofinancing public. cofinancing	private cofinancing
P I: Cross Border Economic Co-operation	3.916.995	2.206.213	1.710.782	1.206.626	504.156
P II: Accessibility	2.392.334	1.444.000	948.334	763.268	185.066
P III: Cross Border Organisational Structures and Networks	1.551.601	930.634	620.967	485.700	135.267
P IV: Human Ressources	2.170.485	1.188.242	982.243	946.242	36.001
P V: Sustainable Spatial- and Environmental Development	2.688.290	1.550.478	1.137.812	1.069.145	68.667
Technical Assistance	737.001	441.000	296.001	281.400	14.601
Total	13.456.706	7.760.567	5.696.139	4.752.381	943.758
2006					
current prizes	Total costs	ERDF	national	national cofinancing public. cofinancing	private cofinancing
P I: Cross Border Economic Co-operation	3.034.868	1.786.651	1.248.217	723.374	524.843
P II: Accessibility	2.883.333	1.711.000	1.172.333	983.467	188.866
P III: Cross Border Organisational Structures and Networks	1.653.724	995.529	658.195	521.462	136.733
P IV: Human Ressources	1.902.369	1.063.518	838.851	651.385	187.466
P V: Sustainable Spatial- and Environmental Development	3.788.473	2.118.903	1.669.570	1.318.637	350.933
Technical Assistance	758.668	458.000	300.668	284.934	15.734
Total	14.021.435	8.133.601	5.887.834	4.483.259	1.404.575

INTERREG IIIA Austria - Slovak Republic 2000-2006 **Financing Plan 2000-2006 total per Priority**

EURO current prices		financial shifts 2005 incl. Decommittment P6			
AUSTRIA with indexation 2004-2006					
		national cofinancing			
P I: Cross Border Economic Co-operation	Total costs	ERDF	total	public	private
2001	2.012.000	1.006.000	1.006.000	593.000	413.000
2002	2.280.000	1.140.000	1.140.000	672.000	468.000
2003	2.274.000	1.137.000	1.137.000	670.000	467.000
2004	3.266.136	1.876.136	1.390.000	870.000	520.000
2005	3.916.995	2.206.213	1.710.782	1.206.626	504.156
2006	3.034.868	1.786.651	1.248.217	723.374	524.843
Total	16.783.999	9.152.000	7.631.999	4.735.000	2.896.999
P II: Accessibility	Total costs	ERDF	total	public	private
2001	1.908.000	954.000	954.000	835.000	119.000
2002	2.164.000	1.082.000	1.082.000	947.000	135.000
2003	2.158.000	1.079.000	1.079.000	945.000	134.000
2004	3.149.000	1.817.000	1.332.000	1.149.000	183.000
2005	2.392.334	1.444.000	948.334	763.268	185.066
2006	2.883.333	1.711.000	1.172.333	983.467	188.866
Total	14.654.667	8.087.000	6.567.667	5.622.735	944.932
P III: Cross Border Organisational Structures and Networks	Total costs	ERDF	total	public	private
2001	754.000	377.000	377.000	286.000	91.000
2002	856.000	428.000	428.000	325.000	103.000
2003	852.000	426.000	426.000	323.000	103.000
2004	1.499.054	901.027	598.027	464.027	134.000
2005	1.551.601	930.634	620.967	485.700	135.267
2006	1.653.724	995.529	658.195	521.462	136.733
Total	7.166.379	4.058.190	3.108.189	2.405.189	703.000
P IV: Human Ressources	Total costs	ERDF	total	public	private
2001	1.004.000	502.000	502.000	502.000	0
2002	1.138.000	569.000	569.000	569.000	0
2003	1.136.000	568.000	568.000	568.000	0
2004	1.605.586	904.793	700.793	680.793	20.000
2005	2.170.485	1.188.242	982.243	946.242	36.001
2006	1.902.369	1.063.518	838.851	651.385	187.466
Total	8.956.440	4.795.553	4.160.887	3.917.420	243.467
P V: Sustainable Spatial- and Environmental Development	Total costs	ERDF	total	public	private
2001	1.784.000	892.000	892.000	884.000	8.000
2002	2.024.000	1.012.000	1.012.000	1.003.000	9.000
2003	2.016.000	1.008.000	1.008.000	999.000	9.000
2004	2.918.794	1.661.397	1.257.397	1.181.397	76.000
2005	2.688.290	1.550.478	1.137.812	1.069.145	68.667
2006	3.788.473	2.118.903	1.669.570	1.318.637	350.933
Total	15.219.557	8.242.778	6.976.779	6.455.179	521.600
P VI: Special Support for Border Regions	Total costs	ERDF	total	public	private
2002	1.664.638	832.319	832.319	832.319	0
Total	1.664.638	832.319	832.319	832.319	0
Technical Assistance	Total costs	ERDF	total	public	private
2001	394.000	197.000	197.000	197.000	0
2002	446.000	223.000	223.000	223.000	0
2003	446.000	223.000	223.000	223.000	0
2004	731.000	436.000	295.000	281.000	14.000
2005	737.001	441.000	296.001	281.400	14.601
2006	758.668	458.000	300.668	284.934	15.734
Total	3.512.669	1.978.000	1.534.669	1.490.334	44.335
Total	Total costs	ERDF	total	public	private
2001	7.856.000	3.928.000	3.928.000	3.297.000	631.000
2002	10.572.638	5.286.319	5.286.319	4.571.319	715.000
2003	8.882.000	4.441.000	4.441.000	3.728.000	713.000
2004	13.169.570	7.596.353	5.573.217	4.626.217	947.000
2005	13.456.706	7.760.567	5.696.139	4.752.381	943.758
2006	14.021.435	8.133.601	5.887.834	4.483.259	1.404.575
Total	67.958.349	37.145.840	30.812.509	25.458.176	5.354.333

10. JOINT STRUCTURES OF CO-OPERATION AND FINANCIAL MANAGEMENT FOR THE IMPLEMENTATION OF INTERREG III A PROGRAMME AUSTRIA-SLOVAK REPUBLIC

The implementation structures as described in the following chapter have been agreed in partnership between the participating authorities in the Slovak Republic and Austria, as formally laid down in a joint Memorandum of Understanding between –

- the Ministry of Construction and Regional Development acting as National Authority for the INTERREG IIIA Community Initiative in the Slovak Republic and
- the Austrian Federal Chancellery

10.1 Organisational structures for the programme implementation (functional organisation)

10.1.1 Administrative structures

- **Managing Authority (MA)**

The Slovak and Austrian programme partners agree that the responsibility of the Managing Authority (MA) within the meaning of Article 9 lit. n and Article 34 of Council Regulation No. 1260/99 will be given to the -

Federal Chancellery of the Republic of Austria
Division IV/4
Hohenstaufengasse 3, A-1010 Vienna
Phone: +43 1 531 15-2910
Fax: +43 1 531 15-2180
e-mail: iv4@bka.gv.at

In order to fulfil the responsibilities of the Member States in the Slovak Republic according to Art. 38 of Council Regulation No. 1260/1999 and Art. 2 of Commission Regulation No. 438/2001 the MA shall be assisted by the -

Ministry of Construction and Regional Development
Department for INTERREG A Management
Spitálska 8,
816 44 Bratislava
Phone: +421-2-5975-3221 or -3219
Fax: +421-2-5975-3438
e-mail: interreg@build.gov.sk

- **Joint Technical Secretariat (JTS)**

To assist the administrative implementation of its tasks, the MA has appointed the following institution with the function of a Joint Technical Secretariat (JTS) within the meaning of point 30 of the EC's INTERREG guidelines:

ÖIR- Managementdienste GmbH
A-1010 Wien, Franz-Josefs-Kai 27
Phone: +43 1 533 87 47 – 55
Fax: +43 1 533 87 47 – 66
e-mail: interreg3a@oir.at
www.at-sk.net

One Slovak member of the JTS will be placed in Bratislava. She/He will fully cooperate in all JTS tasks. For this purpose facilities for work on a temporary basis will be provided also at the JTS office in Vienna.

To ensure an efficient project development covering the whole programme scope an Info point will be established in Slovakia as well. The main task of the Info Point will be to give assistance to the potential project applicants in the concerned border region in order to develop projects. Limited technical assistance will be granted to this Info Point. The Info Point will work in close working relation with the National Authorities and the JTS as well.

The Joint Technical Secretariat shall in particular be responsible for the following joint tasks within the framework of its functions pursuant to Article 34 (1) Council Regulation 1260/99:

- secretariat function for the Monitoring Committee and the Steering Committee including the preparation and mailing of the documentation for and the minutes of meetings [in two or more languages if required];
- drawing up reports on the programme implementation [in the agreed languages];
- preparation of decisions of the Steering Committee in co-operation with the intermediate bodies (IBs see below) in accordance with the procedure set out in 10.2.2, preparation of project documentation, examination of project applications as to whether they are complete and meet the selection criteria defined in the CIP or in the Programme Complement, especially those related to the cross-border nature of the projects;
- preparation and making available of standardised forms for project applications and for project assessments for all INTERREG III A projects coordinated with the MA and the IBs;
- joint public relations work (e.g. creation, maintenance and updating of a website) in agreement with the MA and the IBs;
- administrative management of (external) tasks and services, e.g. interpreting services and translations as may be required, arising within the context of the mid-term evaluation including the required reports and disclosures;
- receipt of project applications and (if needed) clarification as to which Intermediate Body the projects are forwarded
- **Central Monitoring System (CMS)**

On behalf of the MA a Central Monitoring System for the collection of data according to Art. 34, para 1, lit. a of Council Regulation No. 1260/99 has been established at the –

ERP Fund
Ungargasse 37, A-1031 Wien
Phone: +43 1 501 75-0
Fax: +43 1 501 75-0
e-mail: elfriede.kober@erp-fonds.at

The technical framework as well as the structure and content of reporting to the CMS have been agreed by the programme partners on the basis of given EU standards.

The MA, the PA and the IBs will immediately report all data necessary to the CMS and confirm the correctness of data. The reporting authority is responsible for the correctness and completeness of data sent. The data sent to the CMS shall be considered as official data. Information that deviates from the official data on the programme implementation may be used for controlling purposes, but shall not be valid for official reports.

The monitoring data shall be made available by the CMS to the MA, NA, IBs, the European Commission as well as to the financial control authorities on a regular basis. The use of the monitoring data is subject to the provisions of Austrian data protection law.

▪ Intermediate Bodies (IB)

The following authorities, henceforth called “intermediate bodies” in the meaning of Art. 2 of Commission Regulation 438/2001, shall assume responsibility for the operative management of the programme at the project level (with the exception of projects related to Technical Assistance at the levels of the MA and the JTS):

AUSTRIA	SLOVAKIA
	Ministry of Construction and Regional Development Regional Development Support Agency Spitálska 8, 816 44 Bratislava Phone: +421-2-5975 – 3221 Fax: +421-2- 5975 – 3233 e-mail: interreg@build.gov.sk
Amt der Burgenländischen Landesregierung Landesamtsdirektion – Stabsstelle Europabüro und Statistik, Europaplatz 1, A-7000 Eisenstadt Phone: +43 / 2682 / 600 – 2826 Fax: +43 / 2682 / 600 – 2927 e-mail: post.europabuero@bgld.gv.at	In close co-operation with the VÚC (Higher Territorial Units): VÚC Bratislava Trnavská cesta 8/A, 820 05 Bratislava Tel : +421-2-55 42 31 38 Fax: +421-2-55 42 31 38 e-mail : zschneiderova@region-bsk.sk
Amt der Wiener Landesregierung, MA 27 EU-Förderungen, Schlesingerplatz 4, A-1080 Wien (Postadresse: Rathaus, A-1082 Wien) Phone: +43 / 1 / 4000 / 82582 or 82584 Fax: +43 / 1 / 4000 / 7215 e-mail: sto@meu.magwien.gv.at	VÚC Trnava Vajanského 2, 917 01 Trnava Tel : +421-33-593 33 18 Fax: +421-33-593 33 18 e-mail : karpatyova.maria@trnava-vuc.sk
Amt der Niederösterreichischen Landesregierung, Abteilung RU2, Geschäftsstelle für EU-Regionalpolitik, Landhausplatz 1, A-3109 St.Pölten Phone: +43 / 2742 / 9005 / 14129 Fax: +43 / 2742 / 9005 / 14170 e-mail: francois-edouard.pailleron@noel.gv.at	

These authorities are responsible for

- Regional public relations work and consulting for parties seeking assistance with regard to the programme objectives and the terms and conditions attached to INTERREG assistance
- acceptance of applications for assistance;
- assessment of project applications as to whether they fulfil the organisational, legal, technical and economic assistance requirements;
- concluding subsidy contracts relating to ERDF funds on the basis of the decisions by the SC;
- auditing the project financial statements and reports that must be submitted by the final beneficiaries of the assistance (with regard to their meeting the terms and conditions laid down in the subsidy contract and the evidence provided with regard to costs eligible for assistance and any other financing the project may have received) as well as confirming the correctness of the financial statements in terms of content and compliance with accounting regulations;
- prompting the disbursement of ERDF funds by the PA to the final beneficiaries as well as demanding the repayment of ERDF funds if applicable.
- Reporting to the Central Monitoring System

In Austria, each of the three Intermediate Bodies (i.e. the Länder) perform all tasks listed above for the projects co-financed by them. In the Slovak Republic within the Regional Development Support Agency (RDSA) a task division between the paying unit, control unit and the Interreg A Management Department has been agreed. The following table shows the responsibilities of all Intermediate Bodies.

Task	Vienna	Lower Austria	Burgenland	VÚC	MoCRD – RDSA		
					Interreg A Management Department	Paying Unit	Control Unit
Regional PR, consulting for applicants	+	+	+	+	+		
Receipt of applications	+	+	+	+	+		
Compliance check	+	+	+	+	+		
Contracting	+	+	+		+		
Control acc. Art. 4 , EC Regulation 438	+	+	+				+
Disbursement of Funds	+	+	+			+	
Reporting to CMS	+	+	+		+		

Without prejudice to its responsibilities to the outside, an IB may, where relevant and on an internal basis, entrust other authorities as may be appropriate to carry out the activities mentioned.

▪ **ERDF Paying Authority (PA) and Sub Paying Authority (sub PA)**

The function of a Paying Authority charged with the financial management of the ERDF funds within the meaning of Article 9, lit. o and Article 32 Council Regulation No. 1260/99 – in particular the execution of payments to the final beneficiaries, the reimbursement claims and the booking of in- and outgoing payments to the accounts, including the establishment of the settlement system required for these purposes within pursuant to Article 34 (1) lit. e Council Regulation No. 1260/99 – shall be carried out by the –

Federal Chancellery of the Republic of Austria
Division IV/4
Hohenstaufengasse 3, A-1010 Vienna
Phone: +43 1 531 15-2910
Fax: +43 1 531 15-2180
e-mail: iv4@bka.gv.at

The PA has contracted the operative functions of PA to –
ERP Fund
Ungargasse 37, A-1031 Wien
Phone: +43 1 501 75-0
Fax: +43 1 501 75-0
e-mail: elfriede.kober@erp-fonds.at

The ERDF programme account has been established by ERP Fund at
PSK (under title: ERP-Fonds, Österreich-Slowakei EFRE 2000-2006, Interreg IIIA)

SWIFT/BIC: OPSKATWW
Account number: 90.022.414
IBAN: AT676 000 000 090022414

In the case of ERDF financing in the Slovak Republic the function of the Sub PA will be carried out by the – .

Ministry of Finance of the Slovak Republic
Section of European Affairs
Stefanicova 5
817-82 Bratislava

Department of Paying Authority for Structural Funds
Unit for Structural Funds
Phone: +421 5958 3316
Fax: +421 5958 2418
e-mail: mrakovsky@mfsr.sk

The Sub PA is in the case of ERDF financing in the Slovak Republic responsible for the following activities:

- Coordination the preparation of all working and accounting procedures connected to the acceptance of the advance payment, interim payments and payment of the balance from the PA, and to the execution of these activities;
- Submission of payment applications with certified statement of expenditure covering actual expenses of cofinanced operations to the PA;
- Opening and administration of a sub account in SKK in the Slovak Republic
- Certification of the whole expenditure included in the payment application,
- Verification – prior to certification – of the procedure used by the National Authority and Paying Unit (RDSA) to ensure that the Statement of Expenditure includes only eligible and project-related expenditure effected in the eligibility period thus following the provisions of Regulation (EC) 1685/2000 (amended by Commission Regulation No 1145/2003), laying down detailed rules for implementation of the Regulation (EC) 1260/99 as regards eligibility of expenditure of operations co-financed by the Structural Funds. Furthermore the Sub-PA will ensure that checks of delivery of the co-financed constructions, goods and services and of reality of claimed expenditure have been made, that activities comply with relevant EC regulations, that supporting documentation is available, and that the audit trail has been maintained and respected;
- Provision of forecasts of payment applications for the current year and the forecast for the following year and the possible corrections of the Community contribution balance to the PA based on forecast of the Paying Unit.
- Provision of updated forecasts of applications for payment and the forecasts of the Community contribution's final balance to the Paying Authority not later than 15 April of each year based on forecast of the Paying Unit;
- Financial control of the summary payment request sent by the Paying Unit, i.e. verification of the compliance with the budget for the relevant year and the financial table for the programme according to priorities and measures;
- Receipt of INTERREG funds from the Paying Authority and transfer of these funds to the Paying Unit;
- Repayment of the payments on the account to the Paying Authority, in the cases provided by Art. 32 of Council Regulation 1260/1999, paragraph 2, that is if no payment application is sent to the PA within 18 months of its decision to grant a contribution for the funds,
- Return of payments unduly used, including interest on late payment to the PA;
- Submission of the partial quarterly "Report on irregularities" to the PA;
- Maintenance of Slovak Debtors Ledger;
- Allocation of any interest earned on the payment on account, paid by the PA, to the Programme;
- Maintenance of accounting, reporting and archiving of documents in compliance with EC regulations
- Support of PA's activities.

The activities of the Sub-PA are undertaken in close cooperation with the Paying Unit within the MoCRD. This department is fully independent from the INTERREG A Management Department within the same Ministry acting as the National Authority. The **Paying Unit** shall in particular responsible for:

- Collecting payment claims by the final beneficiaries
- Assurance of transfer of means from the EC and co-financing sources from the state budget to the final beneficiaries;
- Informing the Sub-Paying Authority on identified irregularities;

- Execution of ex-ante financial control prior to disbursement to the final beneficiary – verification of compliance with the budgetary chapter;
- Submission of summary applications for payment to the Sub-Paying Authority along with preparation of statements of expenditure based on the information from the National Authority and its submission to the Sub-Paying Authority;
- Maintenance of accounting, reporting and archiving of documents in compliance with Community regulations and Slovak legislation.

The PA will submit the forecasts of payment claims for the current year and the forecasts for the following year according to Article 32/7 Council Regulation 1260/99 to the Commission. The forecasts are based on the analysis of single project data and at the aggregation of data from the CMS.

The MA, PA, the sub PA and the IBs shall co-operate to ensure efficient fund management and to warrant that the budget of funds advanced by the ERDF will not be exceeded nor ERDF funds forfeited. The final 5% tranche of the ERDF funds, which according to Article 32 (3), last sentence Council Regulation No. 1260/99 fall due for transfer from the EC only after final settlement of the programme accounts shall be pre-financed.

10.1.2 Bodies to support the implementation and the selection of projects

The constitution of the bodies mentioned and the distribution of voting rights shall be agreed on by mutual consent by the Austrian and Slovak programme partners.

▪ Monitoring Committee (MC)

The MC – which has been already established according to the provisions of Article 35 (1) Council Regulation 1260/99, – shall continue to perform its tasks as described in Article 35 (3) Council Regulation 1260/99.

The composition of the MC is determined in accordance with the provisions of Article 8 of Council Regulation 1260/99 in co-operation with the social partners and the regional authorities responsible for labour market, equal treatment and environmental issues. The MC shall lay down internal rules taking into account the institutional, statutory and financial systems of the countries involved in the programme.

Pursuant to Art. 35 of Regulation 1260/99 the MC is responsible for the following tasks:

- It shall, in accordance with Art. 15 of Council Regulation No. 1260/99 confirm or adapt the Programme Complement, including material and financial indicators for providing support to the programme. Any adaptations done later shall require prior approval.
- It shall examine and approve within six months after the approval of the interventions, the selection criteria for the individual measures to be financed.
- It shall examine on a regular basis the progress achieved with respect to the specific intervention goals.
- It shall examine the results of the implementation, especially the achievement of the goals of the various measures, and conduct a mid-term evaluation according to Art. 42.
- It shall examine and approve the annual implementation report and the final report before these are sent to the Commission.
- It shall examine and approve all proposals for changing the content of the Commission's resolution on the participation in the fund.
- It may in any case propose to the MA any adjustment or revision of the intervention that would speed up the achievement of the goals set out in Art. 1 or could improve the administration of the intervention with respect to the financial administration. Any changes to the interventions shall be carried out in accordance with Art. 34, par. 3.

- **Steering Committee (SC)**

The SC – which has been already established. In accordance with points 29 and 38 of the INTERREG guidelines laid down by the EC – shall continue to act as the body responsible for the joint selection of all projects and the co-ordinated monitoring of the projects' implementation.

The SC shall lay down internal rules taking into account the institutional, statutory and financial systems of the countries involved in the programme. The projects shall be selected by agreement of all members entitled to vote. If no agreement can be reached among the voting members, the project shall be considered rejected .

- **Steering Committee on actions people to people for micro projects in all areas, including small pilots**

In accordance with point 42 and Annex II point 8 of the INTERREG-Guidelines of the EC, a Joint Cross-border Steering Committee is to be established at the level below the SC for small projects and people-to-people actions als well as pilot actions.

The SC for small projects, people-to-people projects and pilot actions shall reach decisions on projects up to an upper limit defined in the Programm Complement. The selection of the projects is done in accordance with national laws.

The SC for small projects, people-to-people projects and pilot projects shall issue internal rules of procedure taking into account the institutional, legal and financial system of the programming authorities.

10.1.3 Financial Control

In compliance with Art. 4 of Commission Regulation No. 438/2001 the IBs shall ensure for all projects co-financed by ERDF funds under the INTERREG III A Programme Austria-Slovakia that compliance with the terms and conditions for assistance under the programme as well as the correctness of financial statements settled with regard to expenses eligible for assistance and assistance funds to be granted is continuously ensured both in factual and accounting terms and, if necessary, audited on site.

Sample checks on operations according to Art. 10 as well as the winding-up declaration according to Art. 15 of Commission Regulation 438/2001 will be carried out by –

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<p>Sample checks on operations according to Art. 10 as well as the winding-up declaration according to Art. 15 of Commission Regulation 438/2001 will be carried out by –</p> <p>Federal Chancellery, Division IV/3 Phone: ++43-1-53115-2908 Fax: ++43-1-53115-4120 e-mail: iv3@bka.gv.at</p>	<p>Sample checks on operations according to Art. 10 will be carried out by the Ministry of Construction and Regional Development Control Department Phone: ++421-2-5975-3316 Fax: ++421-2-5293-1497 e-mail: barkociova@build.gov.sk</p> <p>These control activities will be ensured by the Control Department of the Ministry of Finance through the Control Department of the Ministry of Construction and Regional Development and respective Financial Control Administrations. The Ministry of Finance is also responsible for drawing up the control plan and its coordination.</p> <p>The unit in charge of sample checks on operations and projects is organisationally separated from the unit which is participating in general financial management and in execution of the payment functions.</p> <p>Risk analysis and sample selection will be performed by the Control Department of the Ministry of Construction and Regional Development and it will be sent to the Control Department of the Ministry of Finance which is responsible for drawing up the control plan (including sample selection) and its coordination.</p> <p>The sample checks undertaken before winding-up of the assistance must cover a minimum of 5% of the overall eligible expenditure of this programme.</p> <p>Controls are being organised and coordinated in such way that control activities are carried out throughout the whole funding period.</p> <p>The Sub-Paying Authority will receive the control plan and the control reports.</p> <p>The Contact Body for OLAF at Government Office of SR will be informed in quarterly reports.</p> <p>The Contact Body for OLAF is responsible for drawing up and submission of the quarterly "Report on irregularities" to the OLAF at European Commission.</p> <p>The winding-up declaration according to Art. 15 of Commission Regulation 438/2001 will be carried out in close cooperation with the responsible body in Austria by – Supreme Audit Office Priemyselná 2 824 73 Bratislava Phone: ++421-2-5542-4189 Fax: ++421-2-5542-3005 e-mail: stahl@controll.gov.sk</p>

The national financial audit authorities shall co-operate within the meaning of the administrative agreements concluded or to be concluded with the financial audit authorities of the EU Commission, the European Court of Auditors, and the national audit offices as well as the auditing authorities at the Länder (regional) level, if applicable.

The modalities for technical handling of different cofinancing rates within the procedures applied by the Commission to calculate the amounts to be reimbursed for payment applications submitted by the Paying Authority will be managed by the partners in close cooperation with the EC.

10.2 Procedural regulations governing the programme implementation (procedural organisation)

10.2.1 Co-ordination at the programme level

In compliance with Art. 34 of Council Regulation 1260/99 the MA or – , as commissioned by the latter, the JTS – is responsible for the co-ordination between the authorities named in section 10.1 and involved in the implementation of the INTERREG IIIA Programme Austria-Slovakia.

- a) The MA shall become active with regard to the following issues of programme-strategic importance in agreement with the IBs as well as, in issues regarding programme financing, also in agreement with the Slovak and Austrian Ministry of Finance;
 - Preparation of proposals for the MC decisions regarding amendments of the CIP or the Programme Complement;
 - Preparation of and, if required, participation in the annual meetings with the European Commission pursuant to Article 34 (2) Council Regulation 1260/99;
 - Preparation of the mid-term evaluation pursuant to Article 42 Council Regulation 1260/99;
- b) Data regarding the implementation of the programme shall be made available by the JTS and (on financial matters) by the PA – in the most suitable form afforded by the available technical facilities– to the MA, the IBs, both Ministries of Finance, as well as the competent authorities of the European Commission.
- c) The MA, the IBs and both Ministries of Finance, shall be informed on a same-day basis about any and all assistance requests submitted by the PA to the Commission. The PA shall inform the MA and the IBs on a same-day basis on any incoming SF funds. In the case of a shortage of SF funds available on the programme account, the priorities of further payments to final beneficiaries shall be jointly agreed between the PA, MA, and the IBs. Moreover, IBs, PA and MA shall inform each other and immediately with regard to any delay, implementation problems or irregularities occurring in the financial management of the programme, co-ordinate measures to eliminate such problems among each other and monitor their successful implementation.
- d) By end of April of each year the PA shall transfer directly to the Commission (in copy to both Ministries of Finance as well as to the IBs) an estimate of payment applications expected for the current and the following calendar year. This estimate shall relate to eligible expenditure as a whole as well as to ERDF funds.

10.2.2 Administration of the programme at the project level

The administrative work involved in the procedures for granting assistance to the individual projects under the INTERREG IIIA Programme Austria-Slovakia will be managed according to the following rules, which may be agreed on in detail by way of written contract between the MA, the IBs and the JTS:

a) Information and consulting

Potential project owners shall be adequately informed by the IBs in cooperation with the JTS of the objectives of the programme, the prerequisites for obtaining ERDF funds and the individual procedures to be followed. Active public relations work will be implemented in agreement with the MA, the IBs and the JTS,

and if useful, also with the participation of any existing regional consulting and project management institutions and the co-financing national assistance authorities.

A communication and information plan shall be drafted in accordance with Commission Regulation 1159/200 within the scope of the Programme Complement.

b) Submission of applications for ERDF co-financing

Applications (also in electronic form) for ERDF co-financing from the INTERREG IIIA programme Austria-Slovakia shall be submitted by the project owner to the IB concerned or to the JTS.

Each complete application that fulfills the necessary formal requirements for co-funding will be reported by the IB to the CMS and will be registered automatically. Thus the information on all applications submitted is available via the CMS for the programme partners. In case of evidence that there are substantial reasons not to recommend this project for approval in the SC only a basic record of the project will be registered in the CMS. Due to the fact that the JTS will get a list of all registered projects (including full application form) by the IB information in the CMS on all applications can be checked by the JTS. In addition detailed information on all project applications can be obtained through the JTS.

If applications are submitted to the JTS, it shall immediately forward the applications to the responsible IB for review. In the event of difficulties in deciding which IB is to be responsible, the JTS shall reach a decision on the assignment of a project to a responsible authority for the coordination of further proceedings.

Applications shall include information on the legal and economic situation of the responsible project owner, any project partners involved in Austria and Slovakia, the object of the assisted project, the location or (in the case of immaterial projects) the territory affected by the project, the scheduled project costs including the most important components and the planned financing (giving detailed information on any other public assistance obtained).

c) Assessment of applications

The IBs shall examine the following technical and economic aspects:

- economic and organisational capacity of the project owner,
- amount and appropriateness of the project costs,
- secured financing, appropriateness of the ratio between own funds and public assistance (taking into account the possible programme co-financing with ERDF funds as well as any other national public funds applied for, already granted or promised),
- Compliance with regional development plans and sectoral policy objectives (if required, also including statements of other administrative bodies concerned).
- Compliance with the specific INTERREG IIIA assistance requirements pursuant to the CIP and Programme Complement
- Compliance with ERDF assistance requirements pursuant to Council Regulation 1783/99 and the eligibility rules for Structural Funds co-financing pursuant to Commission Regulation 1685/2000 amended by Commission Regulation – 1145/2003)
- Compliance with other relevant provisions of EU law (State aid legislation, rules for the awarding of public procurement, environmental law, etc.)
- Complementarity with other regional or national Structural Funds Programmes

After completing the examination, the application is given positive and negative statements on the individual aspects examined.

The results of this examination are presented in the form of a report with an assistance recommendation by the IBs (the JTS) to the SC for decision. The JTS on its part examines the reports (project sheets) and screens it in particular with regard to internal coherence, aspects of cooperation and partnership and the indicators.

In the event of disputes, the SC may obtain external statements (e.g. expert opinions, assessments by the concerned municipalities, Euregios, etc.).

d) ERDF co-financing decisions

The SC selects the projects and assesses the ERDF funds on the basis of the assistance recommendations issued by the IBs.

The co-financing of a project with ERDF funds in specific amounts (according to availability) shall be granted only if the results of the examination are as follows:

- The assistance requirements are fulfilled as defined by the minimum criteria of the INTERREG IIIA programme, the relevant assistance guidelines and other relevant national and Community legislation;
- The amount of the co-financing to be granted, taking into consideration the total amount of the subsidy, is commensurate with the content of the project and the financial capacity and/or needs of the project owner and – if applicable – complies with the provisions of EU State Aid legislation (assistance ceilings, accumulation rules, notification requirements);
- The amount of the ERDF co-financing can be covered within the framework of the approved financial plan of the programme and does not exceed the respective funding ceilings pursuant to Art. 29 of Council Regulation No. 1260/99.

The SC may reach the decision to transfer co-financing decisions for a sufficient number of small-scale projects that are adequately defined as to type and cross-border quality to a cross-border responsible entity (e.g. Euregio) in the form of a Micro-Project-Fund (also labelled as Disposition Fund) as long as the task of monitoring compliance with the requirements of co-financing under ERDF funds from the INTERREG IIIA/ programme Austria-Slovakia are guaranteed and the procedure for reaching decisions takes place within the framework of cross-border decision-making structures.

On the basis of the projects selected by the SC the formal decision on the granting of ERDF funds to the project owner shall be taken by the IBs according to their specific legal provisions.

e) ERDF subsidy contract

The legally binding written approval for all of the ERDF funds granted to a project shall be issued by the IB concerned in a form of subsidy contract and shall be handed over to the project owner. Its acceptance constitutes the ERDF subsidy contract.

Besides the amount of ERDF granted, the subsidy contract shall contain –

- the information stated under lit. b on the project owner and the project,
- the terms of the INTERREG IIIA programme Austria-Slovakia as well as all other EU and national rules relevant for project implementation, and
- the definition (in terms of territorial impact, timeframe and content) of eligible costs.

If several partners participate in the implementation of a project, the lead partner shall be obliged to coordinate all involved project partners named in the subsidy contract and to comply with the conditions and requirements with regard to reporting, auditing and repayment.

Any co-finance from national public funds shall be granted on the basis of the respective national legal provisions.

The conclusion of any ERDF subsidy contract together with the required information shall be reported to the CMS by the IB concerned.

ERDF subsidy contracts to Slovak project owners will be issued in Slovak Currency. They will be reported to the CMS in SKK/Euro, applying the exchange rate of the formal decision of the subsidy contract.

ERDF subsidy contracts within the framework of a Micro-Project-Fund shall be reported to the CMS only after the (interim) settlement of accounts and the payments of funds (lit.g) have been concluded.

f) Control according to Art. 4 of Commission Regulation No. 438/2001 (1st level control)

Only expenditure actually paid and eligible for funding (or expenses recognised as equivalent under EU law) may be co-financed by ERDF funds. ERDF funds may therefore only be paid out on the basis of receipted invoices (or accounting documents of equivalent probative value), that clearly relate to the recipient of the assistance, the assisted project and to the defined timeframe. To ensure this, the recipient of the subsidy shall present financial statements with receipted invoices for the eligible total costs and financing of the co-financed project including a list of all actually paid invoices and payment confirmations to the IB who issued the ERDF subsidy contract. The IB has to verify the products and services co-financed and the reality of expenditure claimed and to ensure compliance with the terms of assistance as specified in the ERDF subsidy contract by checking the invoices and – depending on the type of project – also by conducting on-site audits or collections of the corresponding project reports and similar documentation.

Physical implementation control is executed by the unit assigned for that purpose under the organisational structure of the Ministry for Construction and Regional Development acting as National Authority.

In this context care shall be taken to ensure the proper separation (and if applicable, also the organisational and functional separation) of the personnel conducting financial control from the project consulting activities and, in particular, from the project management in order to avoid conflicts of interests and to reduce the risk of irregularities.

In all cases in which a project is also being co-financed from national or regional public funds, an attempt should be made to have the task of 1st level control done by only one of the authorities involved and that such controls be recognized by the other authorities involved.

g) Payment of EU funds

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After examining a project's implementation and the financial statements, the IB will hand over to the PA the result of the control and a Certification of Expenditure (relating to all items mentioned in Article 9 Para. 2 lit.b of Council Regulation 438/2001) and a Payment Claim. On this basis the PA shall pay the ERDF funds to the account of the (Austrian) project owner. The project information provided in the (interim or final) financial statements as well as the payment executed by the PA shall be reported to the CMS.	After examining a project's implementation and the financial statements, the NA (Paying unit) will hand over to the Sub-PA the result of the control and a Statement of Expenditure (relating to all items mentioned in Article 9 Para. 2 lit.b of Council Regulation 438/2001) and a Payment Claim.
The ERDF funds for projects within the scope of a Micro-Project Funds (DF) shall be pre-financed by the competent IB and shall be refunded by the PA on the basis of periodical (interim) financial statements (including reports to the CMS).	On this basis the Sub-PA shall pay the ERDF funds to the Paying unit who will then transfer the money to the account of the (Slovak) project owner. The project information provided in the (interim or final) financial statements as well as the payment executed by the Paying unit shall be reported to the CMS.
	The State Treasury of the Slovak Republic transfers EC funds from the special account of the Sub-Paying-Authority to the revenue account of the Ministry of Construction and Regional Development as the Paying Unit. The transfers cover the amounts stated in the certified payment claims of the final beneficiaries.
	Payments within co-financing from the state budget in the Slovak Republic are executed by the State Treasury, upon request of the Paying Unit for execution of payment. The transfer is made from the expenditure account of the Ministry of Construction and Regional Development to the account of the final beneficiaries before or simultaneously with transfer of the EC funds.

On the basis of aggregated data from the CMS, especially regarding the confirmed expenditure actually paid the PA will issue the Certification and Statement of Expenditure and Application for Payment according to Annex II of the Commission Regulation No. 438/2001.

In case ERDF funds have to be reclaimed from a project owner, the IB responsible for the project shall request repayment of the ERDF funds, organise the re-transfer to the programme account (in Slovakia: in Euro) and report this to the CMS.

h) Cooperation with financial control

In cooperation with the MA and the JTS, the IBs shall be obliged to make available at all times to the EU and national Slovak and Austrian authorities entrusted with the task of conducting the financial audits all information on ERDF co-financed projects relevant for programme implementation.

Figure 1: **Delineation of tasks and responsibilities of MA, PA and IB**

- Tasks of the Management Authority (MA) pursuant to Article 34 (1) of Regulation 1260/99:
- Distribution among the individual programme implementation entities

Task and responsibilities of the MA pursuant to Article 34 (1)	MA (JTS)	PA	IB
a) Setting up of the monitoring system	+		
b) Programme revision	+		
c) Implementation reports	+		
d) Mid-term evaluation	+		
e) Payment system		+	
f) Orderly settlement and control on project level			+
g) Examination as to compatibility with Community policies			+
h) Publicity	+		+

10.3 Guidelines for EU co-financing

In principle individual direct commissioning of the governments of Burgenland, Lower Austria and Vienna shall apply to EU co-financing. In the Slovak Republic national co-financing is ensured from the State Budget and provided by the Ministry of Construction and Regional Development of the Slovak Republic and concerned VUCs. The provisions for compliance with the Community Policies have been laid down in section 5.4.