

AUSTRIA – HUNGARY INTERREG IIIA

Community Initiative Programme 2000-2006

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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.

Austria and Hungary participated in the Interreg IIA – Phare CBC Programmes 1995-1999 which helped to improve and intensify cross-border co-operation in the joint border regions. 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 Hungary, which in the future will be closely involved in the Structural Funds' programmes.

On the basis of the common experiences and cooperations structures of the programme period 1995-1999 in Austria and in Hungary the preparation work for the Joint Programming Document (JPD) Interreg IIIa – Phare CBC Austria-Hungary started in the early summer of 1999:

The responsible administrative bodies for the programme (in Austria the Länder Burgenland, Vienna and Lower Austria, in Hungary the Ministry of Agriculture and Regional Policy, Phare Regional Development Programme Implementation Agency, its West Transdanubian Regional Office in Sopron) started the discussion about strategies for cross border cooperation. The most important bodies responsible for funding 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, which started in November 1999. The joint work on the JPD has to be characterised as a continuous and committed joint discussion. The following table gives an overview of the most important meetings of this joint process.

22 nd June 1999	1 st Meeting in Wr. Neustadt (consensus about the joint programming process)
23 rd Sept. 1999	Information of the Austrian Federal Chancellery about Interreg III A and report about the status quo of the preparation work
28 th Oct. 1999	Meeting of the Programme Coordinators (implementation of a steering group)
17 th Nov. 1999	Multilateral Meeting INTERREG III – PHARE CBC in Vienna Start for the concrete work on the JPD, information und discussion about structure and process of the joint programming work
10 th December 1999	1 st Bilateral Workshop of the Programme Coordinators in Eisenstadt Discussion about the structure of the joint programme and common overall objectives and strategies
3 rd March 2000	2 nd Bilateral Workshop of the Programme Coordinators in Sopron Discussion about common regional strengths and weaknesses and strategies and priorities with wide participation of regional actors and EC-Delegation in Hungary
6 th March 2000	Multilateral Meeting INTERREG III – PHARE CBC in Vienna Discussion of the joint organisational structures and procedures for the implementation of the programme
7 th April	3 rd Bilateral Workshop of the Programme Coordinators in Wiener Neustadt Discussion about strategies, priorities and measures and input of the ex-ante-evaluator with participation of regional actors

Besides these 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 the delegations for gender equality were also involved in the programming process.

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 Hungary the referendum on accession was held on 12 April 2003 resulting in 83.76% votes for accession.

This legal framework builds the basis for the Managing Transition process that was launched by the programme partners Hungary 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 October 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 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** (Federal Chancellery as MA, Hungarian Prime Minister's Office as PIA, Burgenland as Austrian regional representative and Vas county as Hungarian regional representative as well as the JTS; representatives of the European Commission, DG Regio, have been invited as observers) and gave them the mandate to launch the Managing Transition process.

The Task Force held five meetings:

11 December 2003, Vienna	main changes in the technical and legal framework of the cooperation, identification of revision needs for the Joint Programming Document, coordination with the mid-term evaluation, fix an indicative timetable for 2003
7 April 2003, Vienna	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
2 July 2003, Mörbisch	Open issues of the Memorandum of Understanding, discussion of the proposal of the joint programme structures, financial management and control
12 November 2003, Vienna	Discussion of MTE draft report, first estimations on revision needs of Programme Complement, common publicity and information activities
15 December 2003, Vienna	Discussion of comments by EC on draft CIP and further amendments to be made, first draft of revised programme complement, discussion of final draft report MTE and on-going evaluation

Additionally, a workshop on strategic project development was held on 13 of March 2003 in Szombathely 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 Hungary and 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 May 2003 and
- Seminar on Financial Control and Monitoring on 5th 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 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.

1.2 The revised CIP

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

This amendment implies the establishment of relevant programme management and implementation structures in Hungary 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 will be 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 beside regulations concerning 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 changed. 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 the activities of the period 2000-2003.

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

- Chapter 4.: Correspondence with the Principles of the EU (4.4) and Correspondence with EU-Programmes (4.5)
- Chapter 5: Inclusion of new priority 6: Special Support for Border Regions
- Chapter 6: Programme Indicators
- Chapter 8: Indicative Financing Plan
- Chapter 9: Programme Implementation Structures
- Chapter 10 has been included into this introductory chapter
- Chapter 11 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 Phare CBC Programme will still be in place for some time all relevant regulations remain valid and can be looked up at the JPD.

Thus the JPD still builds the legal basis for the implementation of the Phare CBC Programme Hungary – Austria whereas the CIP is valid for the implementation of the Interreg IIIA Programme Austria – Hungary.

The present Interreg IIIA Community Initiative Programme is therefore a revision of the Joint Programming Document Interreg IIIA / Phare CBC Austria – Hungary 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-Hungary.

Hungary 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 (see annex).

2. DESCRIPTION OF THE PROGRAMMING AREA

2.1 Introduction

The Austrian-Hungarian border region covers the Austrian Länder of Burgenland and Vienna and the NUTS III region Wiener Umland-Süd. The adjoining NUTS III-region Niederösterreich Süd falls under the 20 % clause in the sense of Article 10 of the Interreg Guidelines. The counties of Győr-Moson-Sopron, Vas and Zala form the Hungarian part of the border region. Approximately 3.4 million people lived in this region in 1998.

Table 1: The Austrian-Hungarian Border Region

Regional unit Nuts-III region	Area in km ²	Population 1998 (A)	Density (inh/km ²)
Nordburgenland	1.793	140.591	78
Mittelburgenland	702	39.104	56
Südburgenland	1.472	99.854	68
Wiener Umland Süd	1.475	290.348	196
Niederösterreich Süd	3.366	246.069	73
Vienna	415	1.606.843	3.871
Total Austrian Border Region	9.223	2.422.809	262.692
Győr-Moson-Sopron	4.209	429.731	102
Vas	3.337	269.442	81
Zala	3.784	297.511	79
Total Hungarian Border Region	11.330	996.684	87
Total Austrian Hungarian Border Region	20.553	3.419.493	166.37

Source: Census, ÖSTAT, Központi Statisztikai Hivatal

The settlements with the highest populations in this border region are – with the exception of Vienna – on the Hungarian side of the border. Among these are Győr, which has 130,000 inhabitants and is the sixth-largest city in Hungary and also functions as the urban centre of Western Hungary, as well as the cities of Sopron (53,400 inh), Szombathely (83,700 inh) and Zalaegerszeg (61,500 inh). Among the larger cities on the Austrian side of the border are Wiener Neustadt (35,100 inh), Baden (23,500 inh), Mödling (20,300 inh), Neunkirchen (11,000 inh), Eisenstadt (10,350 inh) and Oberwart (6,300 inh).

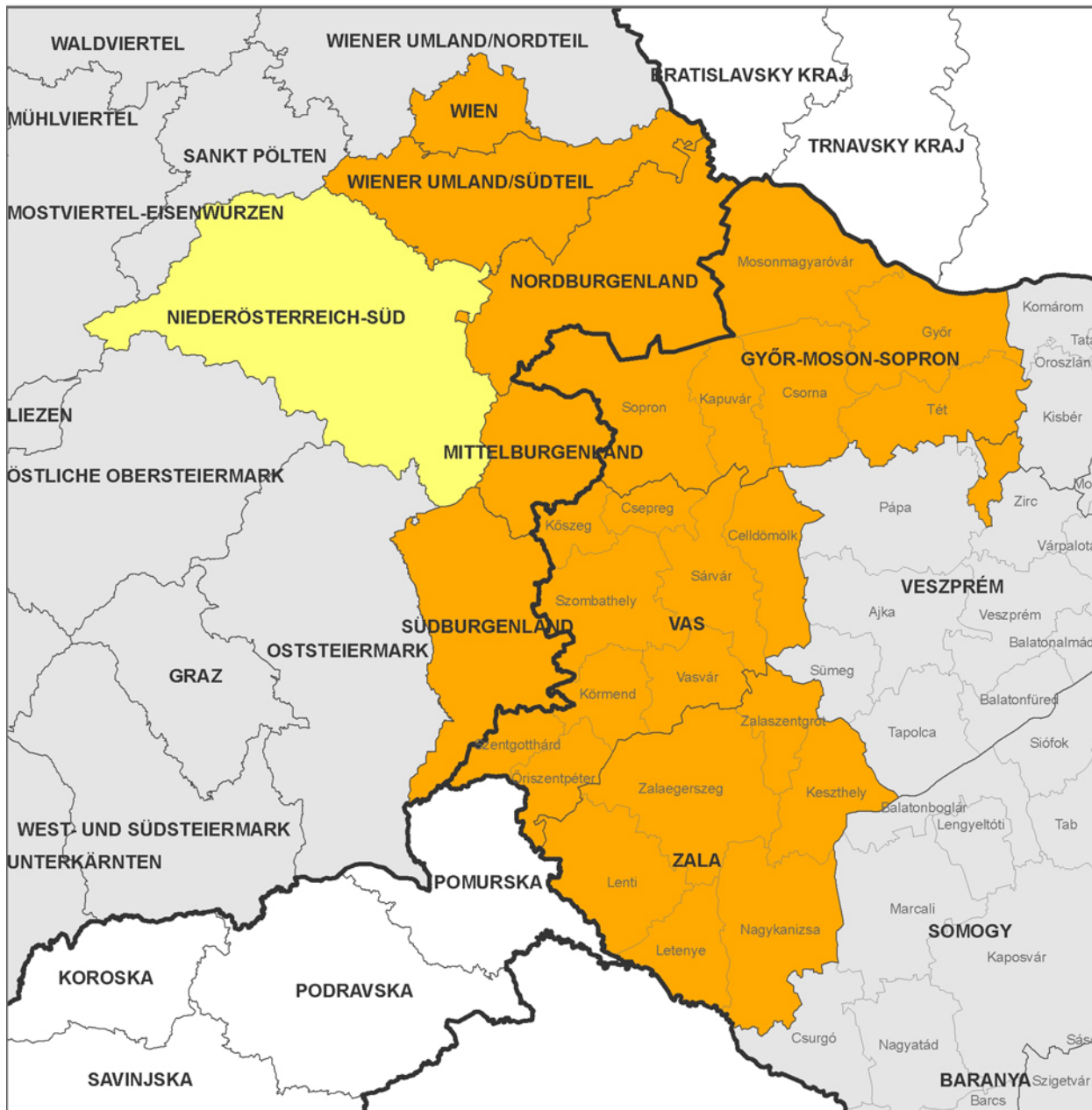
▪ Characteristic of a Joint Region

The geographic community of Burgenland and the West-Transdanubian Region is justified by socio-geographical and historical aspects. The basin along the Danube, aggraded by the river itself includes the territory of three states, whereas the fingers of the Alpines and the alluvial gravel fans of rivers arriving from the mountains point from Austria to the western parts of Hungary. Hence, we can say that current borders do not separate natural geographic entities. Similarly, border-lines between the two countries are not clear-cut from socio-geographical aspects either. Concerning the relationship of nationalities of the population, it is pivotal to point out that there are regions of mixed ethnic groups on both sides of the border, differences can be observed only in terms of proportions of the given nationalities. This difference can be attributed mainly to two facts: the artificially defined borderlines of 1918 directed relatively few ethnic groups of small proportion to the territory of the other country. Parallel to that, the process of assimilation has been quite rapid in the past decades compared to other regions of the Carpathian Basin, due to the sporadic location and other reasons (closed borders). As a result, a 'transitional' type of belt can be found on both sides of the border with less mixed ethnic groups (German, Hungarian, Croatian) than at the beginning of the 20th century. Increasing permeability of the borders and the increasing number of communication links enhances the awareness of identity of ethnic groups, at the same time, former 'one-way' spatial approach (i.e. directed to the inner parts of the states) of the population becomes more and more circular, conceiving the region as a whole.

The geographical definiteness of spatial structure was strengthened by historical processes as well. The Kisalföld as natural entity includes both banks of the Danube, however, main communication axes of the spatial structure were directed as parallel to the river, i.e. northwest-southeast even during the period of the joint Austrian-Hungarian state. This is the situation even today. This situation is mainly attributable to the fact that the reaches of the Danube in the region are practicable only with difficulties. Communication and travelling lines follow geographic and morphological facilities in the southern parts of the region again: they usually follow river valleys (Rába/Raab). Compared to the West-East direction, North-South directions were less important during periods of History and this is the case even nowadays – causing problems in regional economic cohesion.

Map 1: Regional Structure

INTERREG IIIA Austria-Hungary



- INTERREG IIIA
- Neighbouring Regions pursuant to the Art. 10 of the INTERREG guideline

- International Boundary
- NUTS III
- NUTS IV



Österreichisches Institut für Raumplanung

The development of the system of town centres is a historical heritage of the network of settlements. From geographical aspect, the artificial borderlines resulted in the situation where new borders cut the major part of the agglomeration from the centres of mother cities. This means that the cities (Győr, Sopron, Szombathely, Nagykanizsa) remained in Hungarian territory, whereas the majority of their agglomeration went to other countries. On the other hand, Burgenland received no significant regional centre because neither Ruszt/Rust nor Kismarton/Eisenstadt (former domanial centres) could be considered as such centres. These town centre – agglomeration connections seem to be enlivened as borders get more and more free. This can be perceived mainly in the field of shopping tourism at the moment.

As a summary, we can say that the two regions in question show a lot of natural, social and historical similarities – although they have significant differences from other aspects -, hence they represent a unique, transitional and connective cross-border region between the two states and their culture.

▪ **Natural Landscape**

The Austrian-Hungarian border area is situated on the interface of two large European macro landscapes thus the region exhibits a broad variety of different landscape forms. The Austrian part is shaped by:

- the southern basin of Vienna, and its edges, i.e. in the West the hilly and mountainous zones of the Wienerwald and in the East the semi-alpine zones of the Alps – including the eastern foothills of the Central Alps, i.e. the Leitha mountains (484m), and the Rosalien and Ödenbruger mountains (606m) in the Nordburgenland as well as the Landseer and Günser mountains in the Mittelburgenland;
- the lowlands of the Nordburgenland (the flat of Parndorf, Seewinkel) and the basin of Oberpullendorf which opens to the small Hungarian Small Plain (Kisalföld).
- the hilly lands in Südburgenland as part of the basin of Graz.

The current landscape on the Hungarian side of the border can be characterised mainly by the plain of the Kisalföld and the downy and hilly surface of the Zala and Vas regions.

- Alpokalja- the 'fingers' of the Alpines reaching Hungary
- Close to the Austrian border situated the Kőszeg, Sopron and Sag Mountains.

2.2 Demography

Population trends on the Austrian side of the border vary strongly. While the population grew very dynamically in parts of the northern region between 1991 and 1998, in the southern regions (Mittelburgenland and Südburgenland) the population declined or stagnated, thus continuing the trend of the past few decades. The population in Hungary has been decreasing for years now due to low birth rates paired with high death rates, although the population decrease in the county of Győr-Moson-Sopron was slightly lower in comparison to parts of other Hungarian regions. Demographic trends at the local level have been very heterogeneous on the western Hungarian side: a massive decrease in population caused by the heavy emigration from rural communities was contrasted by population growth in the cities caused by the sustained high in-migration rates in the past decades. This has been the demographic trend since the mid-1980s though at a much slower pace.

Table 2: **Population pattern (1991) and population trends (1991-1998)**

Regional unit Nuts-III region	Population 1991-1998 in %	Share of younger- than-15-year-olds In %	Share of over- sixty-year-olds In %
Nordburgenland	5.7	16.9	21.8
Mittelburgenland	1.7	16.6	24.5
Südburgenland	0.1	17.6	22.1
Wiener Umland Süd	6.6	15.8	20.7
Niederösterreich Süd	3.9	16.8	22.1
Vienna	4.4	13.9	22.8
AUSTRIA	3.8	17.4	20.1
Győr-Moson-Sopron	-0.5	21.3	18.1
Vas	-2.2	20.4	19.4
Zala	-2.5	18.3	20.3
HUNGARY		20.5	18.9

Source: Census, ÖSTAT, Központi Statisztikai Hivatal

The situation regarding age patterns in the Hungarian regions is much brighter than on the Austrian side of the border, with the county of Győr-Moson-Sopron showing the highest share in the age group of the under-15-year-olds (21.3%). The spatial distribution of the age group of the over-60-year-olds in western Hungary contrasts positively to the Austrian side of the border, which shows a clear tendency towards an ageing population.

The demographic analysis of the Hungarian cross-border region reveals tendencies characteristic for the country as a whole. Birth rate drop can be observed from the beginning of the eighties. This process accelerated during the nineties. In addition to that, the mortality rate stagnated, sometimes even slightly grew, parallel to the process of population ageing. As a result of these phenomena, a natural population decrease could have been detected since 1981. This means that the number of death is higher than that of birth and this tendency is even growing. Nowadays, it can be observed in all counties. The major cause of natural decrease is the low motivation for having children. Nowadays (1999-2000), the fertility index is slightly above 1.5, that is the average number of child-birth per female (the basic reproduction of population would require 2.0 or more). We expect a slower decrease in the number of births in the near future partly because of governmental measures and the waves created in the fifties and seventies resulting in peaks in certain years (the so called Ratkó period in the fifties, their children in the seventies and their great-children nowadays). Hence, the tendency remains in all generations, although of a smaller dimension. However, it is still not enough to turn the negative rate of reproduction.

The composition of the population is again similar to the national average. The proportion of people above the age of 60 increases whereas that of children below the age of 14 constantly decreases as a result of low birth-rate. The migration balance of the counties of Győr-Moson-Sopron and Vas is constantly positive.

2.3 Economic Patterns and Economic Development

The economic situation on the Austrian side of the border is very heterogeneous. While GRP/inh for Vienna and the region Wiener Umland Süd is far above the average in Austria, Mittelburgenland and Südburgenland—despite strong growth rates—still post a rate just shy of 54%. A comparison at the national level shows that the west Hungarian counties are the strongest economic regions in Hungary after the capital region of Budapest. The counties of Győr-Moson-Sopron and Vas achieved GRP/inh values, which were much higher than the national average, and even Zala attained values almost on par with the national level.

Table 3: **Economic performance (GDP/inh.)**

Regional unit Nuts-III region	GDP/inh 1996 National=100	Index EU=100
Nordburgenland	75.2	84.5
Mittelburgenland	50.9	57.1
Südburgenland	52.9	59.4
Wiener Umland Südteil	125.8	141.3
Niederösterreich Süd	77.5	87.0
Vienna	148.4	166.6
AUSTRIA	100.0	112.3
Győr-Moson-Sopron	110.5	52.5
Vas	109.3	51.9
Zala	93.0	44.2
HUNGARY	100.0	47.5
EU15		100

Source: EUROSTAT

A comparison at the EU level shows that the regions of Mittelburgendland and Südburgenland, as well as the county of Győr-Moson-Sopron and Vas achieved only slightly more than 50% of the European average. The county of Zala was far below average. Vienna and Wiener Umland Süd by contrast are among the strongest economic regions of Europe.

The reasons behind the disparities in the starting situations with respect to the economic structures along the borders are found mainly in the settlement patterns. On the Austrian side, Vienna is the dominant force that influences patterns and development trends in Austria, as it is the economic and employment centre with a highly dynamic hinterland region (Wien Umland Süd, Nordburgenland). On the Hungarian side primarily the counties of Győr-Moson-Sopron and Vas are the ones that have posted the strongest economic growth over the past few years. Based on the tradition of the industries and trades in the region, as well as the expanding services sector, the small and medium-sized towns have transformed the area into a centre of economic growth in the country.

Table 4: **Economic Structure**

	Dependent employees 1998				
	Total	Manufacturing total	Construction	Services total 1998 (A) 1997 (H)	Accommodations and inns
	Share in %				
Nordburgenland	43,181	31.5	12.7	60.8	8.1
Mittelburgenland	8,078	54.6	26.2	41.5	5.4
Südburgenland	19,737	46.0	18.9	54.0	9.5
Wiener Umland Süd	113,431	36.0	8.3	63.9	6.3
Niederösterreich Süd	66,973	52.9	13.5	48.1	6.3
Vienna	767,598	29.8	14.5	71.9	8.7
AUSTRIA	2,916,855	36.2	10.9	65.0	7.8
Győr-Moson-Sopron	107,353	43.5	4.3	14.5	1.6
Vas	68,436	49.0	3.9	11.3	1.4
Zala	60,794	31.7	5.4	15.2	4.3
HUNGARY	3,697,700	24.6	6.2	23.9	3.3

Source: Hauptverband der österreichischen Sozialversicherungsträger

▪ Economic Structures

While economic structures are more diversified in Nordburgenland in both the secondary as well as the tertiary sectors, in Mittelburgenland and Südburgenland economic activity concentrates in low-wage industries at only a few locations (textile and garments industries). The construction industry also accounts for a very high share of jobs here. The benefits of the economic conditions in Nordburgenland are based largely on location factors that result from the region's vicinity to the central space of Vienna. The largest enterprises in the region belong to the food and beverages industry, metal-working and wood processing industries. Characteristic for all three parts of the country is the relatively high share of agriculture and the predominance of smaller enterprises. Approximately 60% of enterprises in Burgenland employ less than 20 workers. Although the distribution patterns in the tertiary sector correspond roughly to the Austrian average (GDP share 58.8%), in Burgenland the pattern is not that of a high quality economic region. This situation is due to a supply deficit in private services.

The situation is different in Vienna. As the capital of the country, it is the administrative, economic and cultural centre of Austria. It has low and declining shares in manufacturing and high shares in high-ranking services of the public and private sectors. Vienna is the capital city for the banking and insurance industry, as well as for international organisations and group company headquarters.

A typical feature of the NUTS III regions of Lower Austria is the high share of employment in the services sector (Wien Umland Süd) and the high share of industries and services (Niederösterreich Süd).

With regard to economic indexes, the West-Transdanubian region stands on an excellent place within Hungary. After the fallback caused by the change of the political system, the region enlivened relatively fast: due to foreign investment, the skilled labour and economic capacity, especially the export oriented industry showed dynamic development.

Among economic sectors, the processing industry – mechanical engineering, textile industry, food, timber and paper industry – plays a dominant role. All other industrial activities – except for the construction industry slowly finding its foot – are only of additional character. The share of agriculture is relatively low from the aspect of both the number of participating organisations and employees. Producing and non-producing services gain more and more on importance. Within the third sector, especially the tourism related activities at frequented places (Keszthely, Sopron, Kőszeg) play pivotal role. In relation with tourism a development programme is being prepared in the West Transdanubian region. The main priority of this program is going to aim at the development of thermal tourism.

Economic activity shows great variety according to small regions of the West-Transdanubian Region. Agriculture and silviculture are dominant only on fertile fields of the Kisalföld and the Alpokalja. Industrial activity is concentrated to industrial centres (bigger towns of counties like Győr, Szombathely, Zalaegerszeg) and localised near to the Austrian-Hungarian border in the first line (Szentgotthárd). Service related activities are relatively even distributed in the region (more frequent in middle and major towns), except for some special service centres.

▪ Industry

Among the Austrian regions Vienna is in a dominant position as an industrial centre. A share of about 60% of the 13.200 enterprises in the secondary sector are located in Vienna. The remaining enterprises are distributed as follows among the Austrian regions: 15% in Wiener Umland Süd, 12% in Niederösterreich Süd and 12% in the NUTS-III regions of Burgenland. As far as employment is concerned Vienna is also in a dominant position. About two thirds of the employed persons in the industrial sector work in Vienna. A considerable share of Vienna's producing industries consists of traditional firms encompassing a broad range of industrial activities (electrical engineering, electronics for consumer goods, metal-processing, machinery, food-processing, etc.). The urban economy is still dominated by productions with low technological intensity although in the recent past such activities have been increasingly shifted to other regions.

The current economic structure of Burgenland's industry is as follows: capital-intensive industries play a minor role. Solely the position of the food-processing sector is above-average; the sector is based on the region's agriculture and has a comparatively long tradition. Among the labour-intensive activities the sector of textiles and garments is still in an important position, although seen by employment figures this sector has lost much of its former weight. In the meantime the technology-oriented sector offers the major share of the

industrial jobs. In general the firms in Burgenland perform less innovative than the Austrian average; the firms are mainly supply industries for companies located outside of the region. By firm sizes the structure is dominated by SMEs, only a few firms have more than 250 employees (Delphi-Packard in Südburgenland with about 1,000 employees forms an exception).

The region Niederösterreich Süd can be labelled as a traditional industrial region. The importance of the secondary sector can be demonstrated by the sectoral employment shares. With a share of 52.9% the region exhibits one of the highest shares in Austria. Marked concentrations exist in metallurgy and metal-processing, in machinery, rubber and synthetic materials.

Among the counties of the Region, the County of Győr-Moson-Sopron and Vas are traditionally the most developed regions from the aspect of industry. As a result of the good geographic position and production traditions, counties could easily recover from the structural problems characteristic for the beginning of the nineties. The industry preserved its leading position and it is the most salient in the county of Győr-Moson-Sopron and Vas in the first line.

The numbers indicating the rate of industrial employment are very high even compared to the national average. We can say that industry is the engine of the Region's economy since its share in the added value is significantly higher than the proportion of the employees.

The Hungarian border counties of Győr-Moson-Sopron and Vas are typical industrial regions of Hungary with an employment share in industry of 44% and 49%. The increased presence of foreign enterprises and foreign investments have made it possible to achieve a higher degree of diversification. The foreign automobile and vehicles industry (Audi and Opel), for example, has developed into an important and growing sector in the past years. The beneficiaries of this development are domestic manufacturers such as Ikarus and Rába, the subcontracting industries, as well as significant investors and new enterprises installing plants in this region. However the small and medium sized enterprises' product quality should be further developed.

A very important role plays Óriszentpéter. More than 52.4% people are employed in the processing industry, which number is far above the national average.

While in Vas and Zala counties the industries and trades are predominant, and the agricultural investments are considerable, in Győr-Moson-Sopron 35% is invested into industry and trades, and 28% in transport and communication.

Regarding numerical values, the most employees of this sector can be found in the three county capitals and their small regions (the number of employees in Szombathely and Zalaegerszeg is equal to that of Győr alone). Compared to the total number of employees, however, the small regions of Sárvár (69.2%), Óriszentpéter (66.6%) and Kapuvár (64.9%) are very significant because of the high employment in the field of local food and light industry and the industrial employment of the agglomeration of small regions nearby (commuters).

The construction industry is gaining ground at the regional level in line with the development of industry and infrastructure. The most intensive construction activities since the beginning of the 1990s have been seen in Budapest as well as in the county of Győr-Moson-Sopron.

▪ **Agriculture**

Despite the fact that at the beginning of the 60ies the regions' economic structures on both sides of the border were shaped by agriculture the process of industrialisation and modernisation was undertaken rather rapidly; the economic models of modernisation applied were quite different on each side of the border. Nevertheless the economic structures are still marked by relatively high activity rates in the agricultural sector. Among Austrian regions the Burgenland exhibits the by far highest agricultural activity rates (6.0% in 1998, Austrian average: 1.4%). Especially the region Nordburgenland is marked by a strong economic weight of agriculture – the structures are dominated by intensive farming (vegetables, specialised cultures, vine) and downstream industries. Further specific features of Burgenland's agriculture are a by far above-average rate of part-time farms and the by far smallest average size of farms (about 12 ha per farm) among all Austrian Länder.

Also in large parts of the Western Hungarian counties agriculture and forestry as well as downstream industries such as wood- and food-processing play an important role.

The number of enterprises active in the agriculture and silviculture of the Region is higher than the national average. 9.6% of operating enterprises in average are active in this branch of national economy.

The employment rate in the sector of agriculture is 9.3% that is lower than the national average. Of course, the rate of agricultural employees is lower in the bigger towns of the counties, in major settlements and in urban regions, whereas it is significantly higher in rural areas providing better bearing capacity.

▪ **Tourism**

The Austrian-Hungarian border region has several mutual points of interest with respect to the potential for tourism. The focus is in health and recreation, excursions and shopping trips. Significant impulses are expected of the Nationalpark Neusiedler See for the regions of Nordburgenland and Győr-Moson-Sopron. The southern part (Südburgenland, Zala county) is concentrating on expanding environmentally and socially compatible tourism.

In the Austrian border region tourist infrastructure as well as tourist offers are rather heterogenously developed, which is reflected in the numbers of overnight stays. In 1997/98 the Austrian border region reported a total of 12.4 mn. overnight stays, with Vienna accounting for about 7.6 mn. resp. a share of 62%. The Nordburgenland and Wiener Umland Süd account for the major share of the remaining 4.8 mn. – with about 1.4 mn overnight stays the Nordburgenland accounts for roughly two thirds of Burgenland's total of overnight stays and in the region Wiener Umland Süd there are about 1.3 mn. overnight stays. In Mittelburgenland the economic importance of tourism is currently less significant. In general tourism in the rural regions is shaped by domestic demand whereas Vienna boasts a dominating share of foreign tourists (85.5% of all overnight stays).

The value of the location quotient¹ is in the Hungarian cross-border region high – 1.3 – as a result of the relatively high number of target areas (Sopron, Kőszeg, Balaton, Órség/South-Zala, thermal baths) in this sector of the national economy. Location, accessibility and local facilities naturally differentiate the settlement of enterprises of tourism within the region.

Compared to the total number of enterprises, the number of enterprises of tourism is higher in the small region of Keszthely (22.2 %) and Csepreg (14.4 %) mainly because the Lake Balaton, and the thermal bath of Bük is very near to those towns, whereas cities with county rights are also significant.

Among sectors of national economy, the location quotient is the highest in this field: 1.6. This is attributable to the fact that the major part of the transport goes through the frontier stations of the region, on the other hand the region is a favourite target area for tourists coming from Western Europe because of its natural and social facilities.

As a result of regional characteristics, people living from tourism are concentrated accordingly. For instance, the number of those working in tourism is almost ten times higher than the average in the small region of Keszthely. Conversely, no one works in this branch in the small regions of Vasvár and Letenye.

A regional development programme is presently being prepared, focusing on the development of the thermal tourism within the West Transdanubian region. Concrete regional efforts are made to develop cultural, conference and environmental tourism stronger.

¹ Location quotient: the share of a given sector compared to the national average. The higher the value of this quotient is, the more the sector is concentrated in the region.

2.4 Labour Market

2.4.1 Employment: patterns and trends

At the regional level, employment in the Austrian border region has been following divergent trends since the late eighties. While the regions Nordburgenland and Mittelburgenland saw a sustained and extremely vigorous expansion of employment until 1995, all other regions posted substantially lower growth rates and in some case even a decline in the number of dependent employees. Since the beginning of the 80ies the employment trends in Burgenland were more dynamic than in other Austrian Länder. An increase of employment took place in several sectors. Increasing industrial employment focused on activities in wood-processing, construction and metal-processing. On the other hand in textile industries, especially manufacturing of garments, with significant concentration in the districts of Südburgenland an above-average decrease of employment has to be stated. Increases were reported in the service sector.

Among the Austrian border regions Vienna offers the dominant concentration of jobs. About 72% of the INTERREG region's total of 502.000 employed persons in the secondary and tertiary sector work in Vienna. The dominant position of Vienna in the regional labour market patterns is underlined by high commuter rates in the surrounding regions. Nearly one third (31.7%) of Burgenland's labour force are employed outside of the region. A comparison with the situation in the West Hungarian counties reveals nearly insignificant shares in this respect (about 2%). These favourable commuter patterns are due to the urban centres of the counties. These centres offer work places for major shares of the resident labour force and moreover these centres function as commuter targets for the surrounding municipalities.

Table 5: The labour market situation in the Austrian-Hungarian border regions

	Dependent employees		
	Absolute 1998	% change	
		1990-1998	1995-1998
Nordburgenland	43,181	28.4	9.8
Mittelburgenland	8,078	15.2	4.8
Südburgenland	19,737	9.0	8.5
Wiener Umland Süd	113,431	8.0	8.6
Niederösterreich Süd	66,973	-0.9	2.8
Vienna	767,598	4.4	6.0
AUSTRIA	2,916,855	3.6	1.7
<hr/>			
Győr-Moson-Sopron	110,463		
Vas	75,928		
Zala	73,365		
<hr/>			
HUNGARY	3,697,700		

Source: Hauptverband der österreichischen Sozialversicherungsträger

In Hungary, the political transition was soon followed by a far-reaching reform of the labour market structures that prevailed under state socialism, which meant above all the drastic decline in public sector employment. The western border regions, however, were affected by this process only to a relatively minor extent. While the rate of employment for all of Hungary was increased between 1990 and 1993 from 0% to 12,1%, the decline in the west Hungarian counties was less pronounced. Job losses were particularly heavy in the former industrial centres of Győr and Mosonmagyaróvár, i.e., in those urban regions that after the transition witnessed a rapid shift towards the service sector parallel to the trend of disappearing jobs in industry.

After 1989, the elimination of jobs and large-scale redundancies resulted in the emergence of new segments in the Hungarian labour market. Many of those who lost their jobs are still registered as unemployed. A number of former workers, which are difficult to count statistically, have left the labour market entirely. These are mostly low-skilled workers. Finally, as one of the special features of the Hungarian transformation process, a substantial part of the labour force changed its status from dependent employees to self-employed.

It must be mentioned that the newcomming foreign multinational and large companies provide several job opportunities for the West Transdanubian region's inhabitants. Every ninth employee works in the mechanical engineering sector, the rates are especially high in Győr-Moson-Sopron and Vas counties. The second largest company in Hungary is Audi, which employs 4,400 people, while Opel, the other car company of the region has 1,400 workers.

2.4.2 Unemployment

Depending on the development of the economy, the trends in border region's unemployment are widely divergent. In Südburgenland, the unemployment rate is above the average, reflecting the serious labour market problems in this area, while unemployment levels in Nördliches Burgenland, Wiener Umland Süd and Niederösterreich Süd are below the Austrian average. Unemployment runs very high in Vienna, where the unemployment rate increased disproportionately (by 55%) between 1990 and 1998, from an already high level. In Nordburgenland and Mittelburgenland, as well as in the Niederösterreich Süd region, the rise of the unemployment rate was less dramatic (with even a slight decline between 1995 and 1998).

Table 6: Unemployment in the Austrian-Hungarian Border Region

	Unemployment rate in %	% change in the number of unemployed		
	1998	1998	1990-1998 (A) 1990-1995 (H)	1995-1998 (A) 1994-1997 (H)
Nordburgenland	6.0	3,272	31.30	17.4
Mittelburgenland	7.5	1,097	37.30	35.5
Südburgenland	8.5	3,351	42.70	18.6
Wiener Umland Süd	5.9	7,764	41.90	18.4
Niederösterreich Süd	6.8	7,062	16.70	-2.3
Vienna	9.7	73,329	55.60	20.2
AUSTRIA	7.0	237,795	28.50	10.2
Győr-Moson-Sopron	4.4	8,588	5.80	-1.0
Vas	5.2	7,099	6.26	-1.1
Zala	8.0	11,060	7.45	-0.8
HUNGARY	9.1	404,094	9.88	

Source: Arbeitsmarktservice Österreich

In Vienna, the labour market situation is particularly unsatisfactory, not only in quantitative terms. More than 46% of registered unemployed persons have been jobless for more than 6 months.

The unemployment figures of the Hungarian regions illustrate very clearly the employment problems resulting from the transformation of the planned economy into a market economy, such as the sharp decline in industrial employment and the loss of jobs in agriculture due to restructuring measures and changes in ownership. Despite a steep increase in the number of small and medium-sized enterprises and intensified efforts to attract new (foreign) companies, the unemployment rate has risen considerably since the early nineties. Nevertheless, it must be noted that unemployment in western Hungary is overall lower than in other Hungarian regions and that it is characterised by disparities between urban and rural areas. In 1998, the county of Győr-Moson-Sopron reported 8,588 unemployed persons, Vas 7,099, and Zala 11,060.

Officially, unemployment in **Hungary** has been existing since 1990, which was after the change of the political system. As a result, we have reliable statistics only after that period. On a national level, the rate of unemployment reached its maximum in 1993 (12.1%). Since the political turn, the rate of unemployment in the West-Transdanubian region has always been lower than the national average, and it has been the second lowest after the Central Region ever since.

In the employment list, the counties of the region stand at the best, 1st, 3rd and 4th place. The long term unemployment basically shows a decreasing tendency although the unemployment rate of 1996 was higher

in 12 small regions than in the previous year. After the short increase in 1997, the rate decreased again, in certain small regions this decrease was quite considerable.

When analysing the level of settlements in the county of Győr-Moson-Sopron, we can state that the highest rate of unemployment can be found in rural areas like the wider agglomeration of Győr and regions in the neighbourhood of the Vas county. In the county of Vas, we find that a high rate of unemployment can be detected only in the southern small regions like Vasvár (8.3%) and Óriszentpéter (8.5%). On county level, the county of Zala has the highest rates where the regional differences of unemployment can be characterised by the dichotomy of lower rates in towns and their agglomeration and the higher rates in rural regions. Three small regions are above the national average: Lenti (8.8%), Letenye (8.3%) and Zalaszentgrót (9.3%).

2.4.3 Assessment of the Cross-border Labour Market

The fall of the Iron Curtain also created a new basis for cross-border labour market relations with the neighbouring states of Eastern Europe.

Hungarian labour force working on the labour markets of Burgenland and Vienna amounts to several thousand persons (recent estimates speak of about 10,000 persons). Until 1988, the employment of foreign labour had been a very minor factor in Burgenland. It was only when the borders were opened that Burgenland became an attractive labour market region for foreign workers, particularly from Hungary. Better employment opportunities and the prospect of substantially higher wages were the key factors driving the intensification of cross-border labour market relations. Between 1988 and 1995, the number of non-Austrian workers rose from 864 to about 6,800, at which level it has since stabilised. The limits imposed under the Foreign Workers Employment Act (Ausländerbeschäftigungsgesetz) have prevented higher growth rates in the past five years. About half of all foreigners working in Burgenland with a work permit come from Hungary. They are employed in a few industries only, typically in the construction and construction-related trades, in tourism, transport and communications, in the metal-working industry, and in agriculture and forestry. About one third of the approx. 10,000 Hungarians working in Austria are legally employed in Burgenland.

A typical phenomenon triggered by the opening of the borders and the transformation process has been non-registered employment. It is expected that this phenomenon will undergo major changes as the transformation continues, with the older generation leaving the labour market and former over-employment being transformed into a status of non-employment, thus substantially reducing the supply of labour available for odd jobs. At the same time, the number of younger workers with higher qualifications and better language skills should increase.

Closely connected with the issue of the real level of commuter employment is the number of potential migrants and commuters and the development outlook in this context. Among the key factors promoting migration are unsatisfactory economic conditions, income disparities between the regions, the geographical and cultural vicinity, structural differences in the labour markets and the willingness to migrate. Empirical findings (Fassmann & Hintermann 1997, Walterskirchen & Dietz 1998) show that while the number of persons willing to migrate from Eastern Central Europe is far from being a major migratory movement, but it is in fact clearly above the levels considered politically acceptable in Austria. These potential migrants typically have above-average qualifications, with the heaviest brain drain being suffered by Hungary.

2.5 Infrastructure

2.5.1 Transport

The fall of the Iron Curtain has led to the emergence of a new cross-border region in Europe with open borders. The evolutionary process is accompanied by various forms of mutual relations, in particular by cross-border flows in passenger and goods transport. Whereas in 1985 the number of incoming persons amounted to about 4 mn., in 1991 the total was about four times higher. Whereas passenger transport shows a slight decrease since 1991, the goods transport – especially road haulage – recently has posted significant increases.

Regarding access to international and intra-regional transport networks, conditions vary widely in the Austrian-Hungarian border region. While the region between Vienna and Győr enjoys excellent international accessibility by both road and rail, Mittelburgenland and Südburgenland are at a considerable disadvantage because of their peripheral location relative to the central places of Vienna and Graz. This applies particularly to rail transport. The construction of the Südbahn (motorway Süd) has brought about a slight improvement in road transport.

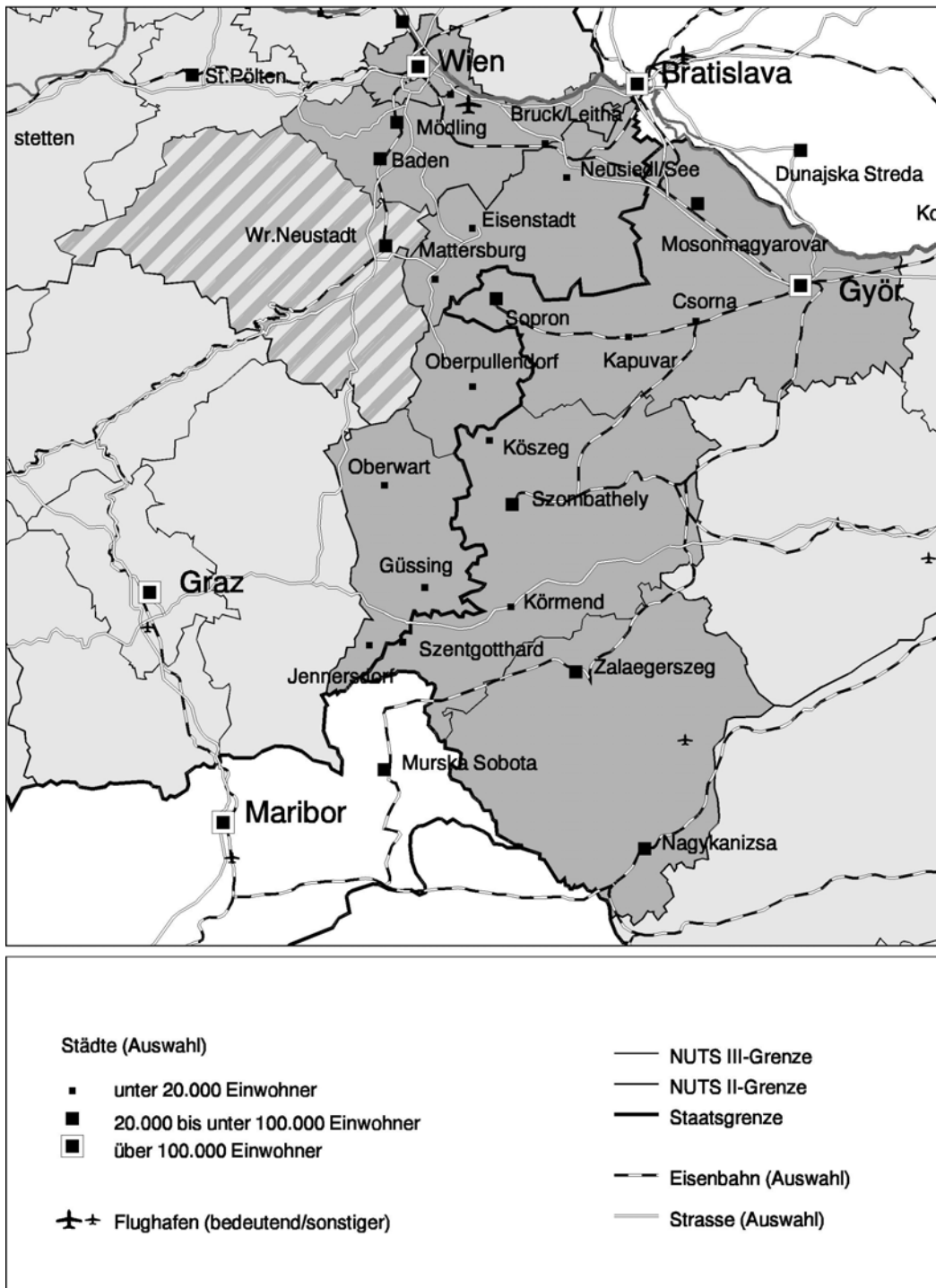
The improvement of transport connections is the key factor of developing the internal cohesion of the Westhungarian border region with a north-south axis. From the European corridors envisaged by the Helsinki Agreement, the IV, V, VI and the VII Corridors have direct connections to the region. In the future, the regional transport routes must be oriented on the major international routes in order to achieve a harmonised transport network. Current accessibility of southern and central parts of the region from other parts of the country is bad both from the aspect of roads and railway.

▪ Road Transport

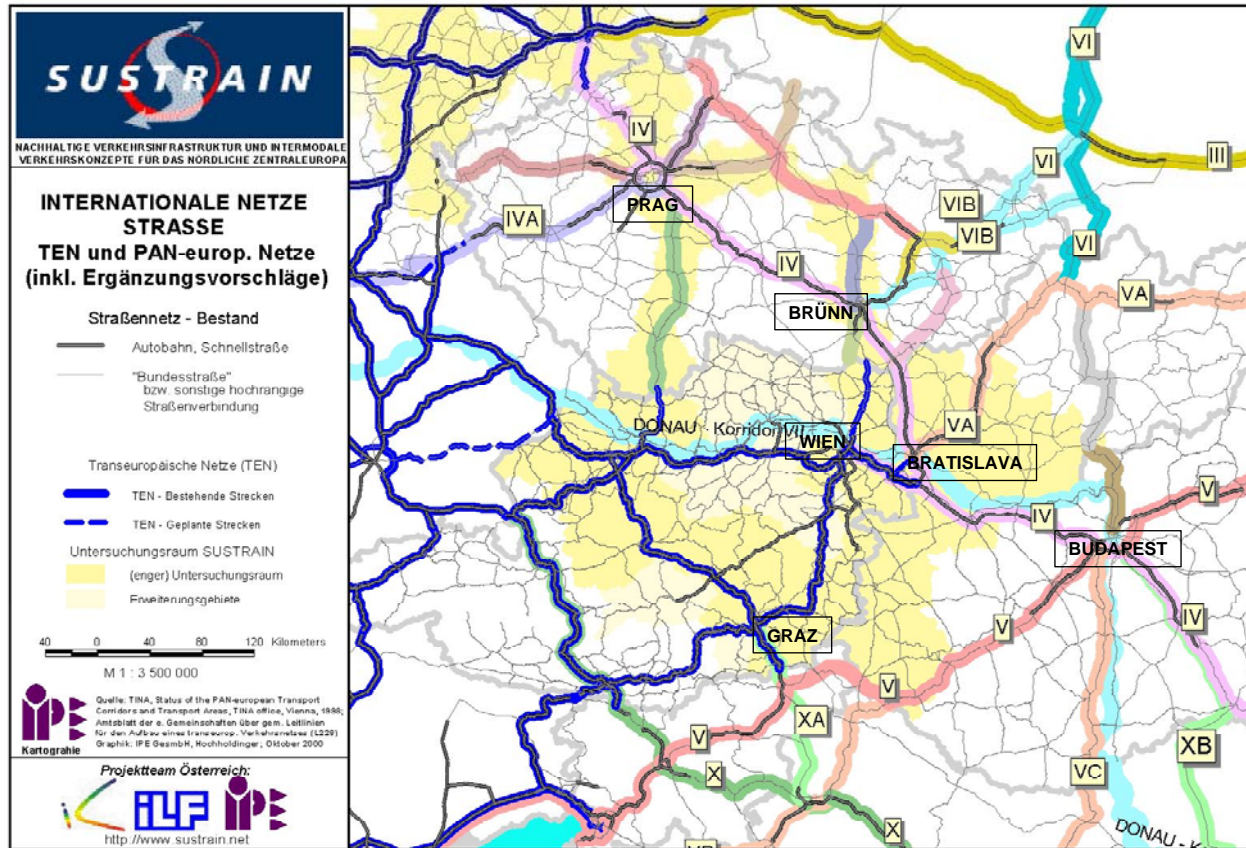
The central area of Vienna as well as Wiener Umland Süd and Nordburgenland are equipped with a high-grade road network. The major transport corridors are A2 (motorway Süd), A3 (motorway South East), as well as the expressways S4 and S31 on the territory of Burgenland.

While the main issue and concern in transport policies until the late eighties was to facilitate access to the centres of Vienna or Graz from the Austrian border regions (e.g. through completion of the A2 motorway across the Wechsel mountains) and to develop transport routes within the regions, interest refocused after the opening of the borders on the west-east supraregional transit links. The most important of the newly opened and expanded sections of the road network are the motorways A3 (Südbahn), A4 (Ostbahn), A22 (Donauuferbahn) and A23 (Südbahn) as well as the expressways S4 and S31. All this construction work resulted in added capacity and, consequently, rising traffic volumes.

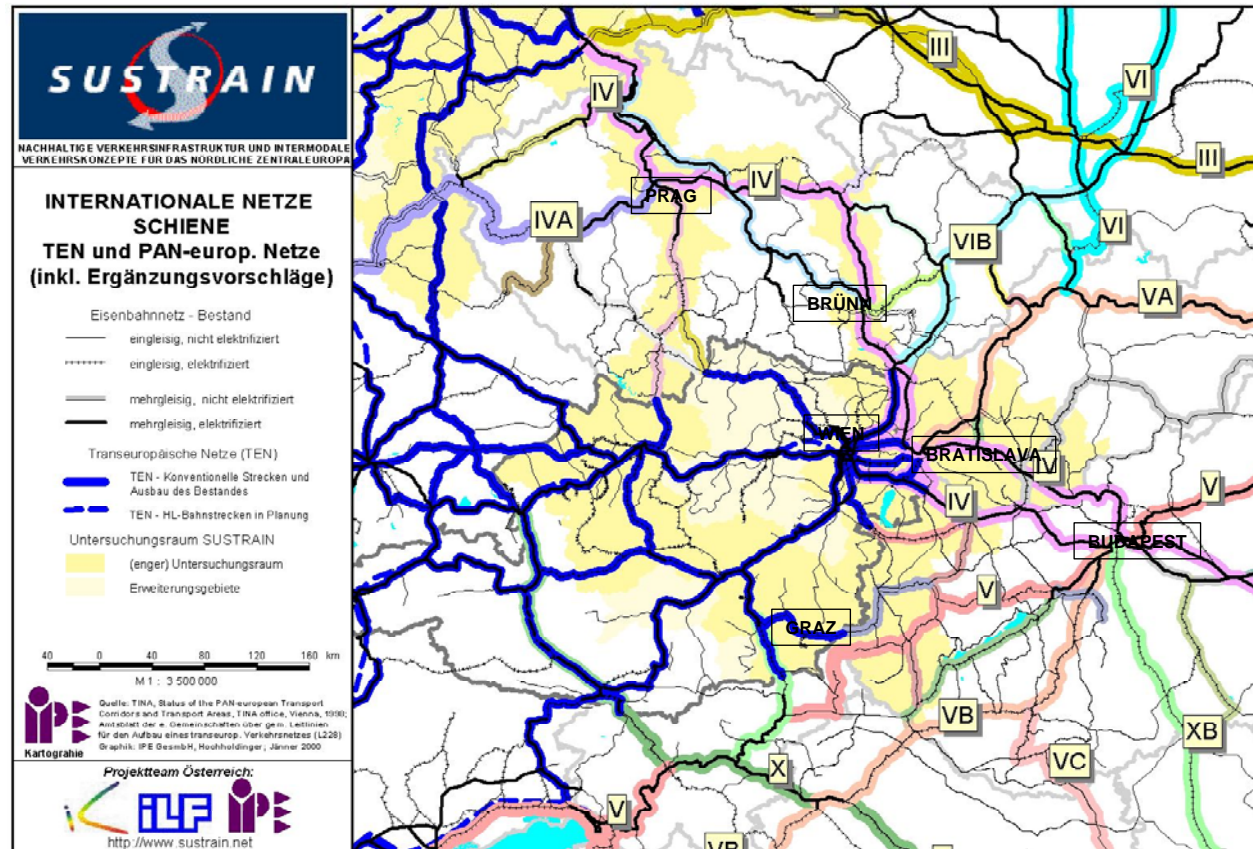
Map 2: Infrastructure



Map 3: TEN + PAN Road



Map 4: TEN + PAN Railway



As a result of prevalent individual travelling and the economic boom of the region, the major roads of Western Hungary have capacity problems. The development of the quality and quantity of transport connections plays a crucial role in developing the internal cohesion of the cross border region. So especially for planning corridor V cooperation and coordination between Austria and Hungary is necessary and the creation of the north-south connection is very important for most of the bigger towns of the Hungarian counties in the cross border region. The east-west corridor VII will be important for the improvement of the connections to the European Union.

The two international corridors initiated by Hungary as supplement to the TINA final report and appreciated by the Commission deal emphatically with the area. Both corridors are included in the National Spatial Development Plan as well. These shall become part of TEN in a longer term and with an appropriate scheduling.

Expressway M8 with expressway M4 as its extension constitute part of that east-west corridor which, linking to the Graz-Villach section of the Austrian motorway A2, going through Lombardy reaches up to the Iberian peninsula. Going east, the same corridor attains a role even in the Rumanian road-network development plans, like the Nagyvárad-Kolozsvár-Brassó axis. The Ilz – Fürstenfeld – Heiligenkreuz section of this corridor reaches to such areas of Austria that are situated in the region, while on the Hungarian side, as the extension of that, Rábafüzes – Körmend – Jánosháza section is expected to be constructed in the region.

The National Concept of Regional Development envisages a ring of highways located in the outer third of Hungary. The route of the M9 highway is defined by the national concept only theoretically because a detailed assessment is required so that the plan can be elaborated, paying attention to the development plans and concepts of the regions involved. The route is only roughly drawn but it crosses the region in a North-south direction, following the route of the main road No. 86 (which is a crucial road from the aspect of north-bound transit) until the region of Sárvár or parallel to that, then it turns to Zalaegerszeg and Nagykanizsa, and leaves at last heading to Kaposvár. The most important task related to the M9 highway is to determine the exact route on the basis of common agreement. This proposal would in fact increase the road density of the Region and provide better connections between the developing small regions. The access of the region to the Lake Balaton must be ensured by the reconstruction of the main roads No. 87 and 75, if necessary, a new section of express way character must be built. As a result of increased transport volume, bypass roads and new sections must be built on the main road No. 85 with special regard to the burdens caused by the Ro-La station² at Sopron and expected increase of transport triggered by development activities planned. The roads M7 and M70 (parts of corridor No. V and of corridor V/B) generate development projects of national and international significance through the southern areas of the region.

In the cross-border internal transport network of the cross border region especially around border-region agglomerations of Sopron-Eisenstadt Road No. 85, Szombathely-Oberwart No. 89 and Kőszeg-Oberpullendorf No. 87 are a number of missing or insufficient elements.

▪ **Railway Transport**

The area around Vienna is served by a well-developed railway network, whereas the Burgenland does not provide sufficient levels of accessibility in rail transport. Moreover east-bound lines have been largely neglected and some even dismantled (Graz-Jennerdorf-Budapest, Oberwart-Rechnitz-Szombathely, Parndorf-Kittsee-Bratislava, Hainburg-Berg-Bratislava) following the reorientation of transport needs after the fall of the Danube Monarchy. In view of the anticipated rise in demand for rail services, the Parndorf-Kittsee-Bratislava link has meanwhile been restored and a revival of the Oberwart-Szombathely link is possible.

The European transport corridors IV and V go through the region, and the railway lines Boba – Celldömölk – Szombathely, Szombathely – Szentgotthárd, Sopron – Szombathely, Győr – Celldömölk, Zalaszentiván – Nagykanizsa, Murakeresztúr – Nagykanizsa (- Balatonszentgyörgy – Budapest) function as connecting TEN-lines.

² Ro-La station: station for loading trucks from road onto railway and from railway onto road (Ro-La: „Rollende Landstraße“)

In the proposal – COM (2003) 564 final – drawn up to amend EC decision no. 1692/96, the development of the borderline section of Budapest – Vienna and Ljubljana – Budapest railway lines are described as highlighted projects.

By further development of the railway line of Zalaövöd – Hodos, which creates contact with the railway network of Slovenia, the railway network section Hodos – Zalaövöd – Zalaegerszeg – Boba of the European traffic corridor No. V will be improved as well. The technological development – electrification, necessary corrections – of railway lines ensuring the railway connection of Zalaövöd – Zalaegerszeg – Budapest has to be treated accordingly.

The conditions for electric railway traffic are to be provided in the direction of Pécs – Nagykanizsa – Zalaegerszeg – Szombathely and Győr.

▪ **Intra-regional accessibility**

As far as regional transport links are concerned, conditions may be rated as very good in all regions on the Austrian side of the border, with the only exception being the Südburgenland region because of its isolated situation in respect of Vienna, Graz and Eisenstadt (Burgenland's capital).

The accessibility of Győr is quite disadvantageous within the Hungarian cross-border region, partly because its peripheral position within the region, partly as a result of lacking express way connection between the north and south. As a result of its central position, Szombathely can be accessed more easily within the West-Transdanubian region. The accessibility of Zalaegerszeg within the region is acceptable, since the time of travelling takes not more than 150 minutes from the settlements of three small regions: Győr, Tét and Mosonmagyaróvár. The intra-regional accessibility of Sopron is disadvantageous because the whole area of the county of Zala is above the two hours level of access, in case of the majority of settlements, this time is more than 150 minutes.

▪ **Border crossing points**

On the Austrian-Hungarian border seven international and two local border crossings (restricted use for Hungarian and Austrian citizens only) in road transport and six border crossings in rail transport exist. It has to be noted that in the district of Mattersburg no border crossing exists. The major transport axis between Vienna and the neighbouring regions of Hungary consists of the motorway link Vienna-Nickelsdorf-Budapest (A4) and the motorway A3 and the road to the border-crossing Klingenbach/Sopron. The agglomeration of Graz is linked to Western Hungary via the road B65 (Graz-Heiligenkreuz-Budapest). Further major resp. regional cross-border road links are the federal road B63 (motorway A4 – Oberwart-Schachendorf-Szombathely) and the federal road B62 (expressway S4, Deutschkreuz-Sopron).

It would be expedient if, besides the fast road connections that have been planned so far, further connections were established – in this area – between the road networks of the two countries. Such an opportunity can be the lengthening of M8 to the Austrian A2 motorway, the M85 to the Eisenstadt-Vienna motorway and the M89 to the A2 motorway. These three new connections would divide international traffic on the western border of Hungary in a more balanced way.

▪ **Water Transport**

The Danube, as Europe's largest river, is the No. VI European traffic corridor. The potential with regard to a possible role in intermodal transport flows has been improved considerable with the completion of the Rhein-Main-Danube-channel as well as the hydro-electric plant Gabčíkovo. The port of Vienna has already an important role as an international port. The international port in the area of Gönyű, helping better utilisation of shipping opportunities, can become an important regional spatial organisational force.

▪ **Air transport**

With regard to enlarging international transport links the airports within the region are particularly important. Especially the VIE (Vienna International Airport) has become increasingly important for the cross-border region as a whole due to continuous efforts to develop its position as an international hub.

There are three airports in the Hungarian cross-border region – Sármellék, (the development of which is a national priority), Pér (the development of which has begun with the support of Phare funding) and

Szombathely – whose development can be suggested for good reasons. These airports, after carrying out the necessary investments, can be made suitable for receiving international flights, thus making this area more dynamic. The selection of the location of logistic centres at traffic junctions and the regional negotiations related to them. (Győr, Szombathely, Sopron, Nagykanizsa, Zalaegerszeg)

▪ **Bicycle**

The establishment of a bicycle network and the building of international connection points increase the touristic attraction of the region. An inter-regional cycling network should be built up, in order to create a safe infrastructure for this highly tourism oriented way of transport.

2.5.2 Telecommunications

The telecommunication infrastructure for various applications in the rural areas on both sides of the border are lagging behind compared with international as well as national standards. In the recent past a couple of initiatives in the field of telecommunications have been established. In Burgenland a data-highway on the base of optic fibres is among the main projects which should be the backbone a comprehensive high-capacity network for enterprises, research and educational institutions.

2.5.3 Technical Infrastructure

In the recent past considerable improvements and modernisation of the infrastructures for supply and disposal have been achieved – these efforts were especially marked in the Hungarian border region. Nevertheless an overall assessment hints at insufficient levels of infrastructure in small and medium-sized municipalities.

So is the sewer system of the Region inhomogeneous and, as a whole, it is below the EU norms. Significant steps have been taken to solve the problem of the disposal, purification and placement of sewage. Several local and regional sewage treatment plants and regional and local collecting mains have been established. There are significant deficiencies in the area of the collection, purification and placement of sewage. The treatment of these deficiencies is an outstanding task of the region.

The lakes of the region (e.g. Lake Neusiedl/Fertő and Lake Balaton) represent a separate value. Their correct water management constitutes one of the bases of the economic development not only for the Hungarian but also for the Austrian border region.

2.6 Education, Research and Development

While the labour force in the Austrian border regions shows substantial qualification deficits compared with the general Austrian national standards, the labour market in western Hungary boasts the most highly skilled workforce aside from the capital region. In western Hungary, the supply of qualified workers is thus – at least formally – better than on the Austrian side.

On the Hungarian side, Győr is the key centre of high-quality education and research. About 6,500 students are currently studying at the Széchenyi István University, the major institution of the Region. The focus of education is on technical courses, specifically vehicle construction, transport systems, logistics and telecommunications, which is also consistent with the planned future development of industrial production. Further university level institutions in Győr are the Apáczai János Teachers Training College, the External Faculty of Eötvös Loránd University and the Bishop's Academy for Theology. Important university level institutions out of Győr are as follows: West-Hungarian University (Sopron), Berzsényi Dániel Academy (Szombathely) and the Agricultural Faculty of the Pannon Agricultural University (Mosonmagyaróvár). In 1998, more than 20 500 students learned in the universities of the Region and this number is only 8.3% of all pupils studying at universities and academies.

In the Hungarian part of the Interreg-Phare CBC Region there are 142 research and development institutions, two third of them operates in the county of Győr-Moson-Sopron, whereas more than one fifth

(22.5%) in the county of Vas. The rates of the county of Zala in this field are quite weak (12.6%). From the aspect of research and development capacity, the West-Transdanubian region does not belong to the best provided regions. The number of research and development activities is only 8.4% of the national research and development activities. Concerning the rate of research and development experts (experts per 10,000 people: 12), the Region is far below the national average (23).

The prime location for high-quality education and research facilities within the entire Austrian-Hungarian border region is Vienna. 45.2% of all Austrian research establishments are clustered here, particularly because of a strong concentration of public and co-operative research facilities, more than half of which are located in Vienna. These extremely high shares of non-industrial research compare with a 17.5% share of private industrial research, which in terms of both geographical distribution and technical specialisation is more in line with the geographical distribution of industry across Austria. Five universities and three academies of arts with a total of more than 127,000 students are located in Vienna; about 58% of all Austrian students. The more rural parts of the Austrian border region provide the following offers of high level educational facilities: the colleges (or universities for applied sciences) for international economic relations and information technologies in Eisenstadt, the college for building technologies in Pinkafeld and the colleges for precision-, system and information technologies as well as for business consultancy in Wiener Neustadt.

2.7 Environment

Most of the nature and landscape conservation areas in the Austrian-Hungarian border region are located at a distance from the main settlement and development areas, with the exception of the Donauauen Nationalpark, which is situated close to Vienna. About 27% of Burgenland's territory are designated nature or landscape conservation areas. A key measure in the field of nature conservation was the establishment of the Neusiedler See – Seewinkel cross-border national park in 1993, which in Austria encompasses the south-eastern shore of Neusiedler See/Fertő and more than half of the lake itself as well as in both countries, the adjacent reeds and meadows. Europe's only steppe national park covers an area of about 20,000 hectares, 8,000 of which are situated in Burgenland. In an effort to protect and develop Südburgenland's natural space resources, two nature reserves – Geschriebenstein-Írótkő and Raab-Örseg-Goricko – were established in recent years, the first under a bilateral (with Hungary), the second under a trilateral agreement (with Hungary and Slovenia).

Environment protection and the conservation of natural values now also became in Hungary a decisive factor of social-economic life. This phenomenon can be explained by the consequences of non-sustainable long-term economic activity affecting all of us: the accelerated decrease of natural resources, diminishing biodiversity, the increasing dimensions of damaged environment entailed by economic activity, global greenhouse effect and so on. The general condition of almost all environmental elements deteriorated by now although appropriate environmental conditions are vital from the aspect of the life of future generations. Even so, the Region has attractive environmental and tourist facilities and the protection of the values is essential.

As a result of the above mentioned facts, it is an underlying objective to implement a sustainable development in the Westhungarian Borderregion entailing the harmonious improvement of environmental, economic and social activities and the reasonable utilisation of resources paying attention to the nature elements.

On the national level, the National Environment Protection Programme and the National Nature Protection Plan (approved in 1997) are existing. These priorities and tasks have not been specified on the regional level yet. So, tasks to be done by the region are regulated by the above documents. In the county of Vas and Zala, the tasks of the environment protection are implemented by the Environment Protection Directorate of West-Transdanubia. Whereas in the county of Győr-Moson-Sopron, these tasks are performed by Environment Protection Directorate of North-Transdanubia. The National Park Directorate of the Fertő Lake (Neusiedlersee) is responsible for nature protection in Győr-Moson-Sopron county. In Zala county this task is performed by National Park Directorate of the Balaton Felvidék. In addition to that, municipalities and their staff are in charge of the environment and nature protection implementation.

Each and every document prepared in the region defines general environment protection as top priority.

The protection of environmental treasures and resources is a top priority of the Complex Regional Development Concept including the conservation of natural values, water quality, pure air, soil quality and the reduction of noise level.

The improvement of living conditions stands on the fourth place among the priorities of the region related Regional Development Programme, which programme is being prepared at present. This programme includes measures such as: environment management, health and social programme, cultural heritage and the protection of the artificial environment.

2.8 Cross-border Co-operation

2.8.1 Interreg IIa – Phare CBC

Cooperation between Austria and Hungary within the framework of the INTERREG IIa-PHARE CBC Regulation for the EU programme period 1995-1999 started under exemplary conditions with the involved partners showing strong commitment. Both sides created an far-reaching interdisciplinary cooperation programme and the programme run very successful over the whole period so that the original indicative finance plan of 35 MECU for the years 1995 to 1999 was exceeded by 7 MECU. On the basis of the working discussions the operational programme Austria-Hungary 1995-1999 was drafted and was approved by the decision of the Commission in December 1995. This operational programme defines five priority axes and 8 measures. These are:

- Economic development and cooperation
- Technical infrastructure
- Human resources
- Environment / Nature
- Technical assistance

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. Cooperation 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.

Concrete cooperation work with the Austrian Länder bordering the Hungarian border region was characterised by the creation of necessary structures and the attempt to implement individual projects.

The 1995-99 Interreg II-Phare CBC Programming period brought number of concrete results in the Austrian-Hungarian border region:

1. EUR 11 million was allocated via Interreg IIa Programme to the border region, while EUR 42 million worth Phare CBC support was allocated. This latter means a significant over-fulfilment compared to the EUR 35 million planned for the period of 1995-99 by EC Services.
2. Efficient utilisation of allocated EU funds was secured by the relevant management organisations. Implementation indicators of Interreg IIa Programme show excellent results; 98 % of the planned public fundings of the ERDF cofinanced part of the programme (90 % of the public programme costs) are committed with 15. April 2000. In Hungary also 95% of 1995-97 Phare CBC funds and further 48% of Phare CBC 1999 funds are already committed as of 31st March 2000.

A number of achievements on programme level may already be perceived as follows:

- Development of mutually reinforcing synergic processes in the border-regions

- Reinforced harmonisation of Interreg and CBC programmes to the relevant regional and sectoral development strategies
- Strengthened institutional background for co-operation
- Utilisation of Interreg-Phare CBC programme experiences in EU accession negotiations of Hungary.

The following projects illustrate the successful implementation of the preliminary phase programme:

- **Economic development and business cooperation projects**

In the period 1995-1999, the following pilot project of the Land Vienna was developed together with the Federal Ministry for Economic Affairs and the Länder Burgenland and Lower Austria.

- **CCC Cross-border business cooperation for Central Europe**

As an economic measure, the CCC project is part of the preparation for EU enlargement. In connection with cross-border business cooperation, specialized information and consulting services in collaboration with the Chamber of Commerce are to be offered to small and medium-sized enterprises (SMEs). Moreover, pilot projects were developed for issues relating to job training and further education, clustering, know-how and technology transfer and the establishment of supporting electronic networks. The CCC portal server provides a comprehensive overview of possible fields of cooperation involving a diversity of fields of knowledge with an emphasis on cross-border cooperation support.

- **Technical Infrastructure**

Within the framework of this priority axis, studies were conducted mainly on the development of cross-border transport structure. These include:

- STRADA – road traffic study on the Eastern Region
- MOVE – traffic development in the Eastern Region
- VORwärts – expansion of the transport network
- COST – corridor study on the Eastern Region
- AIR-train – cross-border connection to airports

A series of events entitled FIT, Future Investment for Transport, were organized to bring together the results of the cited study that was carried out within the framework of INTERREG II A and complemented by projects from INTERREG II C, leading up to a European conference on transport.

FIT for Enlargement is intended to help prepare the Eastern Region, also called the Vienna Region, to meet the demands of EU enlargement.

- **Marketing and expansion of infrastructure in nature parks**

In the years 1995-1999, the following nature parks, which existed in Burgenland at the time, received funding from Interreg IIA:

- Geschriebenstein-Irottkö nature park
- Raab-Örseg-Goricko nature park
- Nature park in the wine-growing idyll

These nature park projects are designed to create a cross-border range of tourism products and services using existing natural and cultural resources, and to successfully market these within the country and abroad with the aim of raising the popularity of the nature parks. Moreover, the necessary infrastructure is to be restored and expanded.

The following activities were also funded by the Interreg IIA programme for Austria and Hungary:

- Planning, conception and creation of hiking paths, learning paths und theme-specific hiking paths
- Events as, for instance, the wood-carving symposium

- Advertisement and information materials, website, landscape guide, CD-ROM, participation in special interest fairs and presentations, multilingual hiking maps, theme-specific path brochures
- **Further education for training as job orientation counsellors for the greater region of Burgenland-western Hungary**

In this project, individuals who have completed social work or education-oriented basic training and have at least three years of occupational experience are trained to become specialised counsellors (job orientation counsellors). The objective of this project is to support problem groups in the labour market in their job orientation phases and the re-entry into the job market. Counsellors learn the fundamentals and methods of counselling, guiding and placing unemployed persons (taking their specific living and working conditions into account). The training programme foresees learning at two levels so that cognitive knowledge can be acquired as well as practical behavioural and experience-oriented counselling techniques.

The special feature of this project is that

- training takes place half in Austria (Oberwart) and half in Hungary (Szombathely)
- each group consists half of Austrian and half of Hungarian participants
- two Community Initiatives co-operate in a compatible way: the Austrian part is financed by INTERREG and the Hungarian part by PHARE.
- **Study of thermal and health spa tourism in Styria, Burgenland, western Hungary and northern Slovenia**

A strategy should be developed to provide an integrative and complementary product and service structure with the goal of positioning the region as a market leader for thermal and health spa products and services.

Principles of the study are:

- Investigation of the basic overall strategy to be pursued by thermal and health spa tourism in the Länder of Burgenland, Styria (districts of Weiz, Radkersburg, Hartberg, Fürstenfeld and Feldbach) as well as western Hungary (komitate of Győr-Moson-Sopron, Vas and Zala) and northern Slovenia (Pumurje and Podravje).
- The objective is clearly the analysis of which locations to build up and expand and to what extent.
- Analysis of sites that do not have the necessary potential to hold their ground on the market sustainably.
- Analysis of possibilities and needs of expansion to be able to compete successfully on the market.
- Assessment of the assistance required for individual locations.

The study has the following contents:

- Description of the status quo
- Description of demand
- Analysis of the present environment
- A list of all infrastructure facilities
- Analysis of the competition
- Strengths/weaknesses/opportunities/risk analysis
- Market analysis
- Mission statement
- Coordination strategies/realisation priorities of the individual regions
- Marketing strategies

▪ **European Centre for Renewable Energy in Güssing**

Based on a number of pilot plants in the Güssing region and fuelled by national and international interest, a Europe-wide coordination centre (The European Centre for Renewable Energy) for all types of renewable energy sources was set up.

Goals of the association, "European Centre for Renewable Energy Güssing" are:

- disseminating information and know-how relating to renewable energy sources (e.g., wind, water, solar energy and biomass)
- conception and contracting of research projects, studies and planning documents
- cross-sector counselling
- coordination for the diverse funding possibilities at the national and the EU level
- participation in cooperatives, associations and companies having different legal forms that serve the purposes of the association

The main focus of all activities carried out by the European Centre for Renewable Energy is on developing projects that contribute to saving energy costs and increasing value added and thus to promoting economic development in the region.

Interreg IIA Austria-Hungary is the source of funding for several projects carried out by the association, as for instance, seminars on biomass, studies on various issues relating to "Renewable Energy".

2.8.2 Joint Cooperation Structures

After the fall of the iron curtain in 1989 and the opening process of the central and eastern european countries the former eastern borderregions in Austria Burgenland, the Austrian capital Vienna and Lower Austria (esp. the eastern parts) as well as the western Hungarian regions got a new and more central geopolitical position in Europe. The EU-accession of Austria in the year 1995 as well as the fact that Hungary signed an Association Agreement, to be known as Europe Agreement with the European Communities on 16th December 1991 (the Agreement came into force on 1st February 1994) have had a very positive impact in this context. The co-operation structures and financing of CBC Phare programme and the Interreg IIA programme along the Austro-Hungarian border established a joint framework for the definition and implementation of development projects having advantageous effects on both sides. This process led to the recognition of common opportunities and problems, and highlighted the importance of the extension of joint co-operation structures.

Beginning with 1978 (PGO) Vienna, Burgenland and Lower Austria developed some joint instruments and institutions in order to deal with crucial question of regional development in the (north-)eastern parts of Austria. With these new geopolitical and economic challenges in the nineties the coordination with the neighbouring countries esp. Hungary and Slovakia is playing more and more an important role in this institutions and new joint institutions were built up. The following description 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 coordination of spatial activities – especially transport and infrastructure. In this sense it also represents an important instrument to grow together the Austrian-Hungarian border region orderly.

▪ **The Austrian-Hungarian Commission on Regional Planning (ÖUROK)**

The Founding of the Austrian-Hungarian Commission on Regional Planning in 1985 – based on an agreement between the Austrian government and the Hungarian government – was the very first step of cross border cooperation between Austria and Hungary. The Commission's tasks are to coordinate and harmonise spatial planning measures on both sides and to draft proposals and recommendations. The Commission, which is the political policy-making body, meets at least once every two years. The main focus of the 4th meeting of the policy-making commission on 25 June 1996 in Budapest was the discussion and the adoption of a

working programme for the years 1996 and 1997, which defined the framework conditions for cross-border cooperation in the light of Austria's accession to the EU, the political upheavals in the countries of Central and Eastern Europe and Hungary's goal of joining the EU. The main goal was to define a "Cross-border Development Programme Austria-Hungary". At the 9th meeting of the Sub-Commission on 26 June 1996 in Budapest, the main points of the working programme 1996 and 1997 were prepared and information on the latest developments and trends on both sides with respect to spatial planning and regional development was exchanged. The 10th meeting of the Sub-Commission on 20 May 1998 in Vienna focused primarily on "Development Perspectives for the Space between Vienna and Budapest". A working group was set up to deal in more detail with individual topics.

- **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. 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.

- **EUREGIO WEST/NYUGAT PANNONIA**

The cooperation between Burgenland and the Westernhungarian counties Győr-Moson-Sopron and Vas was institutionalised with the founding of the **Grenzüberschreitenden Regionalrat** in the year 1992, which work was limited with 6 years. For a further deepening of this already existing joint cross border cooperation in October 1998 the **EUREGIO WEST/NYUGAT PANNONIA** was founded by Burgenland, the western Hungarian komitats Győr-Moson-Sopron and Vas. In June 1999 the komitat Zala became a Euregio partner too. Lower Austria and Vienna have a status of observer. The objective of the Euregio is the deepening of the good neighbourly contacts of the people in the cross border region. The cooperation in regional and spatial planning, the support of infrastructure, economy and tourism, in questions of environment and nature protection as well as in the fields of qualification and social and cultural affairs should be strengthened. The Euregio should make a crucial contribution to the development of a joint Europe and to the future enlargement of the EU on the regional level.

2.8.3 Bilateral Cooperation Structures and Experiences: Austrian Länder (NUTS II) – West Transdanubia (NUTS II)

Beside these joint cooperations structures each Austrian Land has made its one experience with cooperation with the Hungarian partners and vice versa and also bilateral cooperation structures between each of the three Austrian Länder and the West Transdanubien Region are existing.

- **Burgenland – West Transdanubia**

Burgenland has very good pre-conditions for a peaceful living together of different ethnic groups, which is making the region richer in a sociocultural sense. The cooperation between Burgenland and the western Hungarian counties Győr-Moson-Sopron and Vas was institutionalised with the founding of the **Grenzüberschreitenden Regionalrat** in the year 1992 and is and will be deepened with the **EUREGIO WEST/NYUGAT PANNONIA** which is described above. In March 1999 the „**Österreichisch-Ungarisch-Slowakische Grenzkommunalforum**“ had been founded. In this forum (40 mayor of the three countries)

measures should get implemented, which aiming at a mutual coming together of the people and a strengthening of the feeling belonging together in the region Nordburgenland/Bratislava/Mosonmagyaróvár.

▪ **Lower Austria – West Transdanubia**

Since the EU-accession of Austria in the beginning of 1995, but also in the years before, esp. since the fall of the iron curtain in the year 1989 – close contacts between Lower Austria and Hungary were built up in the fields of sociocultural matters, politics and economy. Since the year 1984 bilateral regional contacts exists with the komitat **Zala**. An agreement was signed concerning the cooperation between the Land Lower Austria and the komitat Zala (“Regional Partnership”). On the basis of this agreement several working programmes were drawn up. The current working programme, which was made in 1992, covers the fields economy, qualification and youth as wells as culture. With these working programmes several cross border partnerships of municipalities were founded like Grimmenstein and Szepetnekőzek, which aims especially at information exchange and mutual learning in fields of environment and climate protection. On a **smaller regional level** with the project “Eigenständige Regionalentwicklung“ (endogeneous regional development) the problem awareness of questions concerning to regional development in border areas in principle should get sharpend. Local initiatives dealing with those questions are supported in the joint creation (also trilateral) of projects.

▪ **Vienna – West Transdanubia**

Before the Interreg IIa-programme period 1995-1999 Vienna cooperated with Hungary primarely in the context with the Austrian-Hungarian Commission of Regional Planning and in the context with the common conceptionalisation of the EXPO Wien-Budapest. In the EXPO project also some Hungarian border komitats were integrated (1985-1990). With the city of Győr Vienna builds up a very intensive cooperation esp. in the fields of economic cooperations and information transfer. With the Interreg IIa-programme Austria-Hungary (1995-1999) the existing cooperation between Vienna and the Hungarian border regions was broadend and intensified especially through common project works.

3. STRENGTH AND WEAKNESSES

3.1 The Austrian Border Region

Especially, **Burgenland** 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, which offer qualified jobs, have a more promising future, and also serve as drivers of further development (e.g. Technology- Centre Eisenstadt, cross-border business parks Heiligenkreuz and Szentgotthard). 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.

With the exception of the tourism industry and public services, the tertiary sector in Burgenland is of minor significance. Particularly the tourism industry in conjunction with the health sector were able to expand and offer a wider range of health and wellness products in the southern parts of the Land, thus not only achieving growth in new markets and groups of guests, but also creating more jobs.

Agriculture – production concentrates mainly in vegetables, fruits and wine – is very important in the northern parts and faces challenges from two sides: first, the adjustments and preparations in anticipation of the new framework to create 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.

Although these developments are very encouraging, we should not forget that the starting point of this positive trend comes 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 reason of losing a lot of jobs, especially in the southern parts, which could not be compensated. This trend affects mainly women who are generally less mobile due to their responsibilities (family, side-line farming etc.). The efforts to find a new orientation for the economy and to develop new regional focal points, are now starting to show the first success, but the weaknesses resulting from the smallness of the enterprises and the narrow scopes of action and cooperation have not yet been eliminated.

Vienna plays an important regional role as capital, economic and labour market center in this border region. The existence of an urban agglomeration and its excellent infrastructure making large parts of the border region accessible are good prerequisites for the access to high-quality educational and research institutions and for the creation of an intra-regional division of labour, too. The weakness of Vienna becomes manifest in the steady declining of employment in the secondary sector. The service sector is expanding, but this is an atypical trend for cities of such a size and is emerging in sectors requiring only a low degree of qualification. The establishment of the core competencies of Vienna in the past few years has taken several directions. On the one hand, the potential, contacts and geographical vicinity to the CEE-countries predestine this city to become the hub between Western and Eastern Europe (East-West competence centre, 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 rate of unemployment is much higher than in Austria on average and more or less just as high as in the peripheral southern parts of Burgenland. The pattern is marked by a high share of long-term unemployed persons and other non-mobile problem groups.

In the NUTS III border regions of Lower Austria, **Wiener Umland Süd** and **Niederösterreich Süd** development trends have very different focuses. In the immediate vicinity of Wiener Umland the service sector plays an important role. It does not only determine the structure, but also the pace of development in the region. The establishment of new service centers for shopping and leisure also reflects this trend as does the expansion of the Vienna International Airport. The region NÖ Süd as a traditional industrial and traditional region for tourism is confronted with the consequences of structural adjustments. The loss of industrial jobs is being countered by innovation policy measures. The encouragement of small and medium-sized enterprises to make use of technological know-how (impulse centres and technology transfer) and the new orientation towards medical and environmental technologies and metal processing is also promoted by the specialised colleges. Tourist regions – former short-distance recreational areas both in summer and in winter – display enormous deficiencies and have been struggling with diminishing market shares for years.

	Strengths	Weaknesses
Demography	<p>Dynamic development of the population by migration esp. in the regions close to the (public) transport network</p> <p>International structure of the population in the urban regions</p>	<p>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</p>
Economic structure and – trends	<p>Agglomeration of Vienna as economic centre of the whole border region and location of international enterprises and headquarters</p> <p>High level of economic activities in Vienna and surroundings</p> <p>Intensive export activities with the CEEC (esp. the neighbouring countries)</p> <p>Development of core competencies on the basis of existing potentials</p> <p>B: Modernisation of the economic structure through an active technology policy, tourism and qualification</p> <p>V: Environment and urban technologies, transport and logistics, East-West know-how, telecommunications</p>	<p>High dependence on the urban labour market</p> <p>In the rural regions, GDP and income is below the national average</p> <p>The rural parts of the border region are regions with weak economic structures, high share of agriculture and high share of commuters (great distances)</p> <p>Insufficient activities to establish enterprises, low density of technology and promising industrial industries, very poorly equipped with qualitatively high production-related services in the rural regions, insufficient international competitiveness of the rural regions</p>
Industry	<p>Positive climate for industries</p> <p>Existing industrial traditions, industrial “lead enterprises” and the establishment of enterprises in highly-qualified industries are the drivers</p> <p>Industrial competencies</p> <p>agroindustrial complex (agriculture and food industry) (Wr. Umland and Nordburgenland)</p> <p>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 etc.)</p>	<p>Structural crises lead to rationalisation, reduction of employment, shut down in the dominant branches (steel, metal, textile, food)</p> <p>Lacking of the development of cross border regional competencies and development of locations</p>
SMEs	<p>High share of SMEs</p> <p>Positive development of SMEs with positive effects on employment</p> <p>Existence of highly developed industrial areas incl. consulting functions (e.g. WIBAG, EcoPlus, WWFF)</p>	<p>Low intensity of research and innovation of SMEs</p> <p>Hardly any existing cooperation structures of SMEs (technology, innovation, internationalisation)</p> <p>Low intensity of cross border trade of SMEs, insufficient instruments for support</p>
Research and development	<p>Vienna as a location of universities and other research centres</p> <p>High degree of regionalisation of research and innovation-oriented institutions/organisations (incubators, technology and innovation centres, specialised vocational colleges etc.)</p> <p>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 – Bgld</p> <p>Core competences in Vienna: East-West know-how, telecommunications, urban technologies, logistics</p>	<p>Lack of access of SMEs to support in the field of technology transfer and few cooperation activities of SMEs with innovation and research institutions, not highly developed</p> <p>Insufficient integration of SMEs in research and development activities</p> <p>Insufficient cooperation of all innovative actors (production, services, research, education and qualification institutions) in the sense of establishing an “innovative milieu”</p>
Services	<p>Positive dynamic of the service sector in the rural parts of the border region (tourism, health services, producer services)</p> <p>The urban agglomeration of Vienna is the “service centre” of the region with a high share of public services</p> <p>Establishment of a new service-oriented region/location in the fields of shopping, leisure and adventure (Wr. Umland Süd)</p>	<p>Comparable to urban regions, Vienna has an unfavourable structure of the service sector (high share of industries in the low- qualification segment like tourism, commerce</p>

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 a. excursion tourism (Wr. Umland, Voralpen) - leisure, wellness, health tourism (Bgld.) - bathing, sport and nature and culture (Region Neusiedler See as cross-border tourism region) - soft tourism (protected areas and national and nature parks) 	<p>Insufficient adaptation of the tourism supply structure concerning to changing trends in demand (adventure, shopping, ..)</p> <p>Decreasing development in traditional tourism regions in Lower Austria as a result of structural problems and low intensity of adaptation (pace of adjustment)</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 cross-border destination development, no destination management and no tourism organisation</p>
Agriculture	<p>Intensive agriculture close to the urban markets and the food industry (Nordburgenland)</p> <p>Special agricultural production (fruits, wine), wine shows rising shares on the international market</p> <p>Potential for ecological-oriented agriculture and production, and production of high quality</p>	<p>Partly unfavourable structure of farms, high share of side-line farming and commuters</p> <p>Low cooperation between tourism and agriculture in order to form new offers</p> <p>Distance of high-intensity agricultural regions and peripheral position to the markets and food industry</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 agglomeration of Vienna – overcrowded traffic routes</p> <p>Low intensity of cooperation and coordination in the means of transport</p> <p>Insufficient supply of public transport in peripheral regions,</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 of 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, agricult.)</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 employees impacting on the regions directly with a high percentage of commuting</p> <p>No strategies for the development of cross-border labour markets (e.g. monitoring, cooperation of institutions)</p>
Natural resources, environment	<p>Nationalpark Donau-Auen and cross-border Nationalpark 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 the environmental situation (noise, emissions)</p> <p>Increase of waste</p> <p>Slow increase in the use of renewable energy</p>

3.2 The Hungarian Border Region

Before accession, the Hungarian border region used to be the only border region of Hungary on the EU. Bordering on four countries its population speaks seven languages. It is the gate of Hungary towards the European Union for 72% of all Hungarian outward transportation activities are concentrated on the border-crossing points of this region. In West Transdanubia a longstanding tradition in cultural and economical openness is existing its economic strength and dynamism being second in Hungary next to the Budapest region. It is the second most attractive target region in Hungary to foreign direct investment and has an overall high rate of employment and low one of unemployment. Due to long term political isolation being beside the iron curtain the region preserved most of its natural and cultural heritage.

The economic dynamism, however, is spread in a highly uneven way in the Hungarian border region, the northern part providing bulk of the GDP. The economic growth is often cause of the comparatively low labour cost. Low value added production activities are centred in large industrial growth poles often lacking dispersed, knowledge based economic development and wide SME participation. The research and development capacity of the region is un-proportionally lower than its economic strength would reason (half of Hungarian average). This "R and D gap" highly endangers the sustainability and the long-term quality of the current economic dynamism.

The transport accessibility of internal parts of the Hungarian border region is poor, hindering both the development of the local economies as well as the emerging cohesion of the cross-border region.

The large parts of peripheral, depressive rural areas pose difficult development tasks within the region, especially in its southern part.

Győr-Moson-Sopron County is the largest, most resourceful and dynamic County within the CBC target region, being mid-way between Budapest and Vienna.

There has been a number of key economic infrastructure elements developed in the 1995-99 programme period, especially in and around Győr. Development processes in the growth pole Győr shall be dispersed first among the County's as well as among the region's other towns by ways of innovative development means and market-led development instruments. There is a need to increase service and fourth sector activities, parts of the County becoming overtly industrial. Spending in research and development is by far higher in this county as in the other two in the target region, providing a good base for innovation-based business development.

The external infrastructure connections of the County are of highest quality, at the same time having huge need for improved internal and cross-border transport connections especially on the middle and southern parts of the County. Sopron may only meet its true development potential in case its accessibility is highly improved.

The border territories of the County, especially around Sopron have realised excellent results in tourism development in the last years, having still scope for improvement in soft environmental, conference and cultural tourism. Based on the experiences of the Nationalpark Neusiedler See, similar cross-border initiatives are going to take root in the Szigetköz and Pannonhalma area.

Vas County at the centre of the Hungarian border region shows mostly indicators mid-way between Győr-Moson-Sopron and Zala. Szombathely, Sárvár and Szentgotthárd has excellent economic results while other small regions as that of Vasvár, Óriszentpéter and Celldömölk indicate signs of development difficulties of the internal peripheries. There is a relative lack of SME initiatives and SME activities in Vas County as growth in outputs and export is triggered almost exclusively by multinational companies. The share of employees working in the industrial sector became the highest in Hungary here changing the county's employment structure radically. Low value added and low labour cost production poses danger especially in towns where "sole employer" companies exist. Research and development costs per GDP in Vas County do not reach one tenth of Hungarian average urging the need for knowledge intensive developments in the economic sphere.

Szombathely traditionally is an important economic and social agglomeration centre also for parts of Mid-Burgenland. Interventions facilitating the mutually advantageous distribution of tasks and competencies in this agglomeration shall play an important role for the programme for instance with regard to the cooperation in improved transport accessibility, in higher education, in labour market relations and in an innovation based business development.

The Bük and Sárvár thermal tourism facilities, and the Őrség, Írottkő Naturpark initiatives are the lead attractions in tourism development of the County. The bicycle tourism development of the 1995-99 programming period provide the tourism infrastructure for increased tourism and service sector activities in peripheral and rural areas – especially if the network will be taken to completion.

For Vas County the external transport accessibility bottleneck between TEN corridor No IV and V together with neighbouring Burgenland both in North-South and East-West directions is a problem. Internal connections are to be reformulated to knit the traditional ties along the immediate border regions. A response for internal accessibility problems is being developed by ways of information technology network solutions.

Zala County is the southernmost County in the Hungarian border region and the least developed part of the Hungarian border region. It does not directly border on Austria, nevertheless the strong co-operation in the Austrian-Slovenian-Croatian border regions is of a long tradition.

Zala County is the home for small settlements (153 out of its 257 settlements count less than 500 inhabitants) that poses great difficulties for the infrastructure and the public utilities development, while hosting all the unfavourable economic and social consequences of rural areas lacking modernization centres. These areas are in need of innovative social and local economic initiatives by the know-how transfer from Austria; furthermore a improved internal accessibility both in terms of transport and telecommunication is needed.

Zala County has great deposits of geothermal energy both for tourism and communal purposes. Its prime tourism attractions and the Balaton provide opportunity to link up with the other tourism attractions of the cross-border region into a coherent tourism-portfolio.

Nagykanizsa and its region has strong ties with the Southern Hungarian region, playing in the past CBC programme a relatively small role. Its importance for the whole cross-border region is multiplied by the foreseen consolidation of the Croatian relations as being the Southern Gate for the integrated cross-border region. Its stronger cohesion to the target region demands special integration efforts, institutional and network building activities as well as key infrastructure development of the North-South transportation axis within the region. Its nearby position to Balaton National Park areas demands a careful management of its environmental resources.

	Strengths	Weaknesses
Demographic Structure and Dynamics	Increasing life expectancy	Ageing population Speeding population decrease Decreasing economic activity Migration out of rural areas
Economic Structure and Trends	The region's favourable absorbing capacity in comparison to the national level Favourable income position within the country	Low allotments from the national level supports Income differences within the region
Industry	Important target area of foreign capital Favourable investment activity. Extendable computer manufacture, electronic products, car production and furniture production Strong export orientation Organising the operating industrial parks into a network Favourable degree of industrial modernisation. Share of industrial sectors representing modern technologies (information technology, electronics, vehicle industry) exceeding the national average Operating industrial parks	Uneven regional distribution of industrial enterprises Low share of the domestic capital in the ventures, low degree of capital re-investment Low level of business infrastructure availability Danger of capital migration to regions of more suitable market conditions Protraction of the EU accession
SMEs	The region's favourable enterprise density in comparison to national average Extension of the SME subcontracting network in connection with the developing clusters (shoe and textile manufacture) Presence of developing economic clusters (synthetic material industry, motor vehicle manufacture, electronics, wood processing, textile industry, shoe production) Extension of the economic clusters	Economic integration within the area is insignificant; the sphere of locally organised subcontractors has not been established to the necessary extent The weight of SMEs will remain low Low share of SMEs within the machine industry The region's Hungarian owned ventures are insufficiently prepared to the EU's criteria system. Extremely low capital supply of SMEs Low quantity and low level of SMEs' supporting services Cooperation amongst SMEs extremely low
Research and Development	The settling multinational companies involvement in research and development activities as well as the introducing of education institutes has started Initiatives in the preparation and implementation of the regional strategies of innovations	Lack of research centres based on universities, low share of applied research activities Stagnation/decrease of the R+D supports The R+D capacity is low compared to the national average, territorially unevenly distributed, R+D is mainly concentrated in the northern part of the region

Services	<p>Increase in the service sector's weight within the region's economy (employment, GDP)</p> <p>The role of this sector may further increase by the development of the traffic network (railway junction to Slovenia, logistic centres)</p> <p>Developed banking branch network</p> <p>Important foreign demand</p>	<p>The third sector is concentrated, unevenly developed following the settlements' hierarchy pattern</p> <p>As a result of the increase in foreign demand, services are granted on higher price level.</p>
Tourism	<p>Rich environmen and landscape (Balaton, lakes, hills, thermal waters) and architectural endowments (castles, mansions, cities with plenty of monuments)</p> <p>multi-fold and good quality services and capacity exceeding the actual level</p> <p>One of the favourite target area for tourists from Western Europe</p> <p>Network development of the health and thermal tourism</p>	<p>Concentration of the tourist sector</p> <p>Low integration level of the tourist services and marketing activities</p> <p>Low capital attraction capacity despite of the endowments</p>
Agriculture	<p>Good agricultural production conditions, traditional agriculture with connected food processing industry in the northern part</p> <p>Increasing share of production sectors not subject to quotas</p> <p>In the southern and western parts a better degree of afforestation than on the national average</p> <p>Utilisation of the forestry potentials. (Wood-processing and furniture production clusters, increasing the share of welfare-recreational woods etc.)</p> <p>Important vineyards</p>	<p>Arable lands and forests of the region getting into foreign ownership</p> <p>Unfavourable measures in connection with the EU accession</p>
Infrastructure, Public Sector Services	<p>European transport corridors (IV, V and VII) are going through the region very closely</p> <p>National traffic network developments concerning the region (M9, M7, M70, M8, railway connection with Slovenia)</p> <p>Existence of infrastructure, and its favourable development possibilities, enable combined transportation and favourable development possibilities</p> <p>Development of the international corridors concerning the region</p> <p>Good drinking water and well developed energy network systems</p> <p>The infrastructure facilities' existence and development allow combined transportation.</p> <p>International energy transit networks crossing</p> <p>The high level educational institutions' intentions for merge</p> <p>Expansion of high level education possibilities</p>	<p>Lack of sufficient N-S transport axes, insufficiency of road and railway network ensuring necessary internal connections</p> <p>Insufficient traffic connection of the region's southern and central parts to the region's central and eastern part</p> <p>The 10 year traffic-network national development program only includes the region to a small extent</p> <p>Modernisations of roads neglected</p> <p>Insufficient and territorially uneven basic infrastructure (lack of sewerage, waste disposal, gas supply)</p> <p>Modernisation of the education and training and the labour market's flexibility increase are protracting</p> <p>No civil airport</p> <p>The national supports in the region are not increased</p>

	Increase in the number of institutions issuing international certificates	Lack of traditional university centre and important high degree education basis
	With the EU's enlargement the training programmes can be sold on a greater market	Negative effects of the cities' competition for becoming the regional centre No developed logistic centres
		Low number of university students, frittered institutions Few museums and other cultural institutions
Human Resources, Labour Market		North-south difference regarding to unemployment levels, higher unemployment level in the southern areas
	Low and further decreasing unemployment	In case of EU accession limited possibilities for foreign education, as a result of the tutor's poor foreign language skill Lack of skilled labour force in the dynamically developing areas "Brain drain" by foreign and economic centres (educational, labour)
	Intellectual resources, a good level of education, and innovative capacities exceed the national average	Number of researching and developing staff below the national average Medical supply below the national average
Natural Resources, Environment	Environment in good condition The environment protection is given priority within the region's development	Low supply of means and resources for maintaining and expanding natural, environmental and landscape protection Decreasing biodiversity As a result of the increasing economic activities the harmful effects also increase
	National parks, landscape protection areas, cross-border nature parks and nature park initiatives	
	Large number of thermal waters and thermal resources	

3.3 The Austrian-Hungarian Border Region – Summary and Conclusion

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

Located at the intersection of three countries, the northern parts of the border region (Nordburgenland, Wiener Umland Süd, parts of NÖ Süd, Vienna, county of Győr-Moson-Sopron and northern parts of Vas County) have clear locational advantages with respect to overall settlement and economic structures and thus show a positive dynamic of growth. The vicinity to Vienna, the positive territorial effects of the Vienna-Budapest economic axis and the dynamic small and medium-sized towns, as well as the region's good infrastructure play an important role.

The situation is different in the southern parts of the border region, which are not only in greater distance to the West European economic centres, but have also poor cross-border intra-regional accessibility and weak economic structures. The prospering economic space Graz-Maribor-Zalaegerszeg-Szombathely fitted to the development of TEN corridor No. V, the foreseen recovery of the traditional Croatian contacts of the cross-border region and the improved North-South transportation conditions in order to link up with northern dynamics are the greatest opportunities thanks to the general improvement of the economic and social conditions of the southern border regions.

The region's development has been dynamic since the opening up of the borders. While the economy of Burgenland is the weakest of all Austria and the Land is situated directly on the border, the counties on the Hungarian side are among that country's strongest economies and only second to the capital region. Despite of the progress achieved in catching up, the discrepancy in the levels of prosperity and development with all of the positive and negative consequences pose the greatest challenge to the establishment of working cross-border relations.

Contacts and exchange at the personal, economical and political level 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: Hungarians and Croats, in Hungary: Croats and Germans).

The opening up of the borders have made cross-border labour relationships more intensive. Better earning opportunities, as well as the possibility of gaining experience have motivated a number of Hungarian citizens getting a job in Austria near the border. A large share of this labour force is working in the service sector, in the field of construction and agriculture and to a lesser extent in the production. In an economically difficult situation, a rising number of foreign workers might create social tension. When developing the framework conditions with a view to establishing cross-border labour relations, special attention will ought to be devoted to this issue.

The common opportunities and threats in the Austrian-Hungarian border region can be summarized as follows:

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 other/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 market</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>Pressure on wage levels and substitution of local labour force by employees from neighbouring countries, particularly in jobs with low qualification and language requirements</p> <p>Loss of dynamic and skilled elements to higher-paying industrial sectors</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>

Besides increased economic development potentials the institutional, social and mental integration of the now separated cross-border regions carries similarly outstanding development opportunities.

It shall be pointed out, however, that a number of economic and social risks are also included in a developmental perspective towards the creation of integrated, open cross-border regions. Some of these risks are threats on short term nature and may be turned into medium and long term competitive advantage of the concerned regional actors.

The balance between the development potentials and their threats may vary between individual sub-regions on the border. It will also depend on the quality of the strategy and efforts undertaken to prepare for these changes – both in the minds of the people involved and in the provisions by the states and regional entities guiding the cross-border region into a joint future.

▪ **Strengths and Weaknesses of the Austrian Hungarian Border Region**

The following table shows a summary of the common strengths and weaknesses of the Austrian-Hungarian border region. The focus is laid on the main topics for a common future cross border development, which are economy, transport, accessibility, cross border organisational structures, networks, human resources and sustainability.

	Strengths	Weaknesses
General Strengths and Weaknesses	<p>Geographical position at the intersection of three countries</p> <p>Vienna as the centre of politics and administration,</p> <p>Dynamic, small and medium-sized cities</p> <p>Region is highly attractive for investment (triangle) Vienna-Bratislava-Győr</p> <p>Cultural and social relationships</p> <p>Variety of languages (minorities)</p> <p>Good prices for properties</p> <p>Nature and environmental potential (e.g. National and Nature Parks)</p>	<p>Distance to the West European economic centres especially to the southern parts of the border region, poor accessibility to the neighbouring countries as a consequence of the Iron Curtain</p> <p>In the rural regions a poor situation of competition with regard to hard and soft location factors</p> <p>Differences in legal frameworks, ecological standards</p> <p>Disparities as a consequence of the differences in the welfare and development level</p> <p>Lack of joint regional and environmental planning and institutions</p> <p>Differences in environmental standards and lack of protection systems (monitoring)</p>
Economy	<p>Research and development potential (northern part)</p> <p>Cooperations in business infrastructure</p> <p>Future potential in technology, medical technology, e-business and renewable energies</p> <p>Tourism as an overall potential (potential for a common destination)</p> <p>Potential for cross border clusterbuilding</p>	<p>Lack of SME-cooperations</p> <p>Structural weaknesses esp. SMEs</p> <p>Lack on business services and need of business counseling esp. SMEs</p> <p>Lack on innovation orientation esp. SMEs</p> <p>Lack of a joint and/or coordinated business infrastructure</p> <p>No joint core competencies developed</p> <p>No joint strategy in the development of tourism and leisure – no joint destination management</p>
Transport Infrastructure	<p>Good accessibility along the central axes through high speed routes</p>	<p>Lack of sufficient connections (train)</p> <p>Great parts are not connected to the TEN</p> <p>No regional airport</p> <p>Transport infrastructure is not sufficiently oriented towards the challenges of the border in the future: increase in cross-border passengers and goods transport / insufficient supply of transport infrastructure / services and information / insufficient capacity of border crossing / lack of common strategies for handling the development of transport in the future</p>
Information and Telecommunication	<p>The development of the information and telecommunication infrastructure is in progress on both sides of the border (e.g. Datahighway Burgenland)</p>	<p>The telecommunication infrastructure for various applications in the rural areas on both sides of the border are lagging behind compared with international as well as the national standards</p> <p>Information and communication technologies are not established as a key medium for cross border communication for the time being.</p>
Cross Border Organisational Structures and Networks	<p>Good experiences in the last Interreg-Phare CBC-period</p> <p>Established networks and organisational structures (e.g. EUREGIO West/Nyugat Pannonia)</p> <p>High level of legal decentralisation on regional councils</p>	<p>Lack of a deeper and more intensified cross border cooperation</p> <p>Lack of a joint mobilisation of endogenous potential esp. on the micro level</p> <p>With the progress of the integration process the need for efficient development and implementation structures for cross border co-operation is rising.</p>

Human Ressources	<p>High level of personal stability</p> <p>Multicultural openness</p> <p>Potential for interregional/cross-border division of labour</p> <p>High supply of qualified labour force and high level of qualification and education of the population in particular in the urban parts of the border region</p>	<p>High unemployment (south)</p> <p>Lack of "relevant" higher educated people (partly)</p> <p>Lack of job-opportunities for high educated people in rural regions</p> <p>Strong dependancy on urban labour markets in rural areas</p> <p>Lack of mutual konwledge in labour market and of a common strategy</p> <p>Lack of knowledge in Hungarian/German language (lack of common learning systems)</p> <p>Lack of a common labour market obesrvation, management and policy (as a pre-condition for a successful accession)</p> <p>Lack of cross border cooperations in the fields of education, training and research as well as established common structures in this fields</p> <p>Significant social and Income disparities between the Hungarian and the Austrian border regions</p>
Sustainability	<p>Preserved natural environment on large parts of the region</p> <p>High environmental awareness and good practice on Austrian side gives opportunites for the know-how as well as for the technology transfer</p> <p>Good cooperation practice in resource management and environment protection</p>	<p>Lack of environmental infrastructure on large parts of cross-border region</p> <p>Weaknesses in overall institutional capacities and public awareness on Hungarian side</p>

4. GENERAL PROGRAMME OBJECTIVES

4.1 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 new programme tries to define suitable strategies for a common future development of the Hungarian-Austrian 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 Hungarian-Austrian border region
- national programmes and strategies on both sides of the border
- the experiences from the Phare CBC-Interreg programme 1995-1999
- the EU-guidelines of Phare CBC and Interreg for the new programme period
- the conclusions of the discussions of programming bodies, responsible authorities, experts and key persons at the regional level.

4.2 New challenges for cross-border regional development: pre-accession and post-accession phases on the way to the integrated border region

The main challenge for the joint efforts in the years to come 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 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 will bring different tasks, challenges and opportunities for both sides on the border. The institutional and economic framework will change markedly upon accession, at least for some sectors:

- While the flow of commercial trade with industrial products is already mostly liberated, this free exchange will be expanded to services, to cross-border activities of local businesses, construction and retail trade; existing limits to buy and sell across borders will be largely reduced or be fully eliminated
- The exchange of labour across borders will be considerably easier, even if some regulations will be introduced to monitor cross border labour market developments
- Travel of persons and goods across borders will eventually be fully liberated, although a period of adaptation may be introduced for the immediate years after accession
- Financial transactions and the access to the respective real estate markets will be opened up similarly.
- From these expected changes in the economic and institutional framework, a number of impacts on the businesses, public institutions and civilian communities of the border regions will follow. 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 and Phare CBC 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 continuous 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.

As every strategy worths as much as is realised of it, and in turn only those people may support the realisation of the strategic objectives who are aware of them and preferably participated in formulating them;

it is prime task to Interreg III-Phare CBC Programme stake holders to focus on **public involvement**. Wide participation of regional actors in cross-border co-operations, and open and accessible information on Programme developments shall meet the **demand for transparent communication** in the accession period.

4.3 Strategy of Interreg IIIA- programme in the context of preparing for accession

Given the strength and weaknesses in the Hungarian-Austrian 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 Hungary
- 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 IIIA 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 Interreg IIIA Programme is very limited. Nevertheless, first-hand experience and conclusions from the concrete projects initiated through these programmes – as it was experienced between 1995 to 99 – are having **clear catalytic functions and induce multiplier effects** in the formation of the overall set of policies of economic integration beyond the programmes themselves.

4.4 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 different priorities and measures. About this the main focus is laid on priority 1 „Cross Border Business Cooperation“, where the development of common business sites and business infrastructure, the cross border cooperation 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 2 „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 3 „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 further development of „Human Resources“ in priority 4 plays more and more an 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 cooperation in the fields of education, training and science. The measures in priority 5 „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 Assistance 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 are to take into account the Common Agricultural Policy and, in particular, the provisions of Regulation (EC) No 1257/99; interventions by ERDF in such sector follow the same conditions put forward by the competent national authorities in their agriculture and rural development programming documents. Moreover, the Community provisions 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.

Measures within the scope of application of Chapter 1-9 of Regulation (EC) No 1257/1999 have to comply with the eligibility criteria and the maximum rates of assistance pursuant to this regulation, the Guidelines for the Agricultural Sector and with Commission Regulation (EC) No 817/2004 of 29 April 2004.

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 Managing 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**

Implementation of this CIP shall be conducted pursuant to the requirements of the EU, and especially with Art. 1 and 12 of the Council Regulation (EC) No. 1260/1999 laying down general provisions on Structural Funds, which states that operations financed by the Funds and activities receiving support from the EIB or from another financial instrument shall be in compliance with the provisions of the Treaty, with instruments adopted under it and Community policies and action approved therein, and, within this, with the rules on environmental protection.

In particular all operations undertaken under the CIP 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 CSF must be carried out accordingly to the Hungarian legislation on environment. In cases where applicable environmental

Community legislation is not yet transposed into national legislation, the relevant EU Directives shall directly apply until their effective transposition.

The principle of sustainability plays an important role in the new programme, especially with priority 5 „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. But sustainability is a horizontal principle in all priorities of the new programme too. Several business fields which have the potential to become core competences in the region (f.e. urban technologies, environmental technologies, renewable energies, soft tourism) are sustainability oriented and supported in priority 1. Also the improvement of accessibility in priority 2 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.

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 agreement 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 56,226 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**, 47,843 ha are protected under the Fauna-Flora-Habitat Directive **and** the Birds Directive and 8,383 ha under the Fauna-Flora-Habitat 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.

All pertinent information regarding the bird protection areas including maps was officially transmitted to the Commission in accordance with Decision 97/266.

The principle of sustainable development have been included in domestic legislation for several years:

- Act No. LIII/1995 (Ktv.) on the general rules of environmental protection,
- Act No. LIII/1996 on nature conservation,
- Act No. LVII/1995 on water management.
- Act No. CXIV/1997 on the development of agriculture

These acts clearly distribute assignments between the state, municipalities, the economy, and the society. The Act on environment protection enforces the principle that environment protection data are public: it clearly states that such data are of public interest. Further detailed regulations related thereto are contained in Act No. LXXXI/2001, announcing the Aarhus Convention on access to information in environmental affairs, participation of the public in decision-making, and the provision of the right of justice, approved on 25 June 1998. The most important legal concepts to be taken into account in relation to developments include the standard environmental use permit, the permit for hydraulic engineering works, as well as the environmental impact study and environment protection review procedures, made EU conform by virtue of Government Decree No. 20/2001 (II.14.). These primarily preventive instruments contribute a great deal to professional integration.

The proposed measures include the horizontal objective of sustainable development, according to article 2 of the Treaty. Their implementation will be in compliance with the environmental acquis (Council Directive 97/11, 91/676/EEC, 92/43/EEC, 75/442/EC, 76/464/EEC, 80/68/EEC, 86/278/EEC, 96/61/EEC: the programming complement will detail the applicable legislation for the relevant measures). The promotion of renewable energy sources as part of the *acquis communautaire*³, contributes to both the environmental protection and social and economic cohesion, especially in rural areas.

Priority will be given to projects that contribute to environmental protection, utilise natural resources in a sustainable way and promote environmentally-friendly products or services.

In particular, all operations undertaken under the Operational 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 realised within the Operational Programme must be carried out according to the Hungarian legislation on environment. In cases where applicable Community environmental legislation is not yet transposed into national legislation, the relevant EU directive shall directly apply until their effective transposition.

More recently, the strategy of the Hungarian Government for the development of agriculture and rural development was defined in the Government resolution No. 2253/1999 (X. 7.) on the National Programme for Agricultural Environment Protection, and the measures required for its implementation;

The National Agricultural Environment Protection Programme (NAEPP), introduced in 2002, is based on these Acts. This programme, approved by Government resolution N. 2253/1999 (X. 7.), with a budget of about 2,2 HUF billion, aims at integrating environmental concerns in the agricultural activities (by supporting integrated protection and environment-friendly cultivation methods).

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

³ Directive 2001/77/EC on the promotion of electricity produced from renewable energy sources in the internal electricity market, O.J. L 283/33, 27.10.2001.

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 Hungary 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.

▪ **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 coordination with the objective 3 programme.

4.5 Correspondence with other EU-Programmes

4.5.1 Hungary

The following documents have been taken into account for preparing the inputs for the CIP: regional development programs, national spatial development programs, national development plans and the Single Programming Document, rural development plans, Accession Partnership, National Programs for the Adoption of the Acquis (NPAA), VADEMECUM on the Co-ordination of Pre-accession Instruments (EC), other strategies and planning documents such as the bilateral strategies, applicable national and EU legislation.

▪ **National development plan, Single Programming Document, Cohesion Strategy and Regional Development Programs**

In the 2004-2006 period, the Community Support Framework (CSF) and its operational programmes serve as the mainstream policy documents for the Structural Fund interventions in Hungary. The CSF is based on the National Development Plan and the five Operational Programmes – Economic Competitiveness OP, Agriculture and Rural Development OP, Human Resource Development OP, Regional Development OP, Environment and Infrastructure OP – prepared by the competent Hungarian authorities.

The overall objective of the NDP is to contribute to the improvement of the quality of life by reducing the income gap relative to EU average.

Three specific objectives have been identified:

- to increase the competitiveness of the country and its regions,
- to increase employment and develop human potential,
- and to raise the quality of the environment, to provide for a sustainable natural resource management, and to achieve a regionally more balanced development.

The intervention strategy and actions of the CIP are in harmony and complementarity with the policy instruments defined under the CSF and OPs. The economic competitiveness is reinforced by the efficient cross-border co-operation in various research, business, tourism or local development fields. The human resource development will profit from the international collaboration in education, training and labour market activities. Efficient development of the quality of environment and regional development in the border regions

requires good co-operation in the issues such as environment protection, regional infrastructure or economic development.

These strategic linkages with the NDP and OPs are also reinforced on measure level. Interconnections are here by specific policies followed in the identification of targets, eligible actions and in project selection procedures (e.g. only infrastructure development projects with definite connections to the development of national networks are eligible under the CIP, or priority is given to cross-border development projects linked to specific activities financed under the respective OP).

Nevertheless emphasised is the fact that even besides strong strategic and operative linkages, no real overlaps are envisaged between Structural Funds interventions under the CSF and INTERREG. Whilst programmes and measures under the former are targeted to the economic and social development of the country including obviously its border regions, the latter focuses on the integration and degree of co-operation between neighbouring areas of the concerned countries.

The Interreg IIIA programme will contribute to the objective of SPD of strengthening balanced regional development in the joint border region by promoting competitiveness, dynamic development and job creation. Since the Interreg IIIA programme focus in particular on cross border dimension of economic development, human resource development and labour market, a mutually synergetic, complementary effects with SPD priorities are expected. Measures in CIP and SPD do not overlap, since Interreg programme's actions are closely linked to the cross border dimension.

An Interreg Committee has been set up in 1997 and one of its task is the coordination of the different strands of the Interreg Community Initiative. Each relevant line ministries and each NUTS II regions are participating in the work of the Committee.

Furthermore, coordination of Objective 1 programmes with Interreg IIIA activities will be ensured by the CSF Monitoring Committee as well, which comprises Managing Authorities of all objective 1 programmes. Hence coordination between the two types of programmes is safeguarded due to regular consultation at national and regional level. Special attention shall be paid to exclude potential overlap between the measures of Priority 3 "Cross-border organisational structures and networks" and the Leader+ measure of the Hungarian Agriculture and Rural Development Operational Programme.

In Hungary, the already operative (since 1997) Hungarian Interreg Committee is the information platform for all Interreg strands and programmes in Hungary performing strategic co-ordination. The ministries and all regional development councils are represented in this committee.

Coordination of the mainstream programmes with the Austro-Hungarian Interreg IIIA programme and the Neighbourhood Programme will be ensured by the Hungarian Office for Territorial and Regional Development through the OPRD Managing Authority, which is responsible for the implementation of the INTERREG IIIA programmes HU-RO-SER and HU-SK-UA. It has direct access for the Joint Monitoring and Information System of all the relevant OP's of the NDP.

At the project level the Treasury will check the financing of projects in order to prevent double financing through its Information System, even with the national aid schemes.

During the 2004-2006 programming period, development actions financed by means of the **Cohesion Fund** will contain investments in the fields of environment protection and infrastructure development. The use of the Cohesion Fund in the transport sector is focused on the establishment of Trans-European Transport Corridors (TEN/TINA networks). Within this framework, several large-scale transport projects are planned in Hungary, of which none has direct connection with the investments under the Neighbourhood Programme. The CF investments in the field of environment follows the strategic framework set by the National Development Plan. One of the large-scale projects planned in this field will involve investments in the border area: the wastewater management in Zalaegerszeg in Zala county. These actions and the strategy thereof will be taken into consideration in the course of the identification and selection of individual projects.

▪ Rural Development Programme

The National Rural Development Plan of Hungary represents the strategic framework for the implementation of the rural development actions under the Guarantee Section of the EAGGF. The objective of the Plan

relates to the promotion of the sustainable development and enhancement of the population- retention ability of the rural areas. With normative financing among its main features, the Plan is expected to cover the following issues: agri-environmental measures, less favoured areas, early retirement, forestation of agricultural land, support for semi-subsistence farms, meeting standards, establishment of producer groups and technical assistance. Measures will be taken to prevent double financing with phasing out Phare, other EU funds and Interreg, through the Hungarian Interreg Committee, the National Office for Regional Development, and the Treasury, as described in the above section.

- **National Employment Action Plan and EQUAL**

In Hungary the National Employment Action Plan will be the key reference document of the implementation of the European Employment Strategy in Hungary. In the frame of the strategic preparation for this, the 'Joint assessment of the medium-term priorities of the Hungarian employment and labour market policy' (JAP) has identified the following main objectives: to increase the employment rate, to reduce the rate of unemployment, to establish a more flexible labour market and an environment facilitating an increase in employment, to promote investments related human resource development, and to reinforce the institutional and legal framework of employment. These objectives also served as a basis for the strategy of the National Development Plan and the Human Resources Development Operational Programme. In this regard, all interventions under the CIP for INTERREG take into consideration the policy framework set by this strategic document in the field of human resource development. Furthermore, actions in the frame of the CIP under the first priority are designed in a way to assure optimal coherence with the interventions of the EQUAL Community Initiative in Hungary as regards the enhancement of the opportunities of the disadvantaged groups – considering the specific features of the border regions, equal opportunities of ethnic minorities shall enjoy special attention.

- **Pre-accession and other relevant European Union external instruments**

Under the SPP Programme, three regions have been selected as Pilot Actions in the field of agriculture and rural development, human resource development, economic development. The main purpose of SPP was to assist the Hungarian Government in setting up the institutional framework for efficient and effective implementation of structural and cohesion funds and pre-accession instruments.

Programming process for pre-accession instruments like Phare ESC, Phare CBC is in the final phase. Financial memorandum for Phare CBC 2003 and Phare ESC is expected to be signed in September 2003. The implementation of Phare will of course go beyond 2004, but the projects and activities to be financed under the grant schemes are already defined. The coordination between pre-accession instruments and Interreg will be assured in order to achieve synergies and prevent double financing.

ISPA and SAPARD projects will be finalised by the time of the implementation of the CIP, while the overlapping financing will be prevented by the Hungarian Interreg Committee.

The CBC and Interreg Programmes have been viewed as an integral part of the Regional Development Programmes since their establishment.

Institution-building projects follow the guidelines and strategies set out in the NPAA. A large part of the Phare National Programme will be spent on Economic and Social Cohesion in line with the provisions of the NDP. In this, as in all programmes, the principles of additionally and co-financing apply and this ensures the efficient use of Interreg funds and increases the impact of the accession assistance.

The central roles of the National Agency for Regional Development (Regional Development and CBC Programmes) and the Prime Minister's Office in the coordination of these programmes ensures that there will be full cooperation between the various programmes and that the maximum level of benefit will accrue to all involved.

The same applies for the LIFE nature and environment Programme which will be implemented in coordination with Interreg III while financial overlapping will be prevented by the Hungarian Interreg Committee where all projects to be financed by Interreg will be checked and approved before approval by the Steering Committee of the Interreg IIIA programme.

4.5.2 Austria

Within the meaning of Article 3 par. 2 of Regulation No 1783/1999 on the European Regional Development Fund (OJ L 213 of 13 Aug. 1999, p.1) the scope of application of this programme also extends to measures relating to areas regulated by Regulation No 1784/1999 on the European Social Fund (OJ L 213 of 13 Aug. 1999, p. 5) and No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) (OJ L 160 of 26 June 1999, p. 80).

The Austrian Länder have clearly defined their strategy within the scope of the EU enlargement process⁴. The EU Structural Funds Programme Objective 1, Objective 2 new and the Community Initiatives INTERREG and LEADER will be used as instruments to prepare the regions for their new role in an enlarged Europe. Each programme has a special strategic task.

▪ Objective 1 and 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 new**, investment subsidies for individual enterprises are planned in **Lower Austria**, 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 cooperation projects at all economic and policy levels, for consulting, know-how transfer, 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 Hungarian 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.

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),

- **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 concentrates 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 IIIA 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 IIIA 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.

- **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 IIIA has a complementary role – this applies especially to efforts encouraging entrepreneurship and education and training. Especially in these fields of action INTERREG IIIA 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 supported by the Objective 3 Programme (ESF). From 2001 onwards TEPs have been implemented in all nine Austrian Länder, furthermore a national coordination unit has been established in 1999. In 2002 labour and employment related measures amounting up to 400 MEURO have been implemented.

Within the frame of the community initiative INTERREG IIIA it will be one of the objectives to use in particular Vienna's TEP 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.

- **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) in accordance with the guidelines issued by the European Commission on 14th April 2000. 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.

4.5.3 The Austrian/Hungarian border region in overview

Eligible measures in the field of research and development, and eligible measures under the 6th 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.

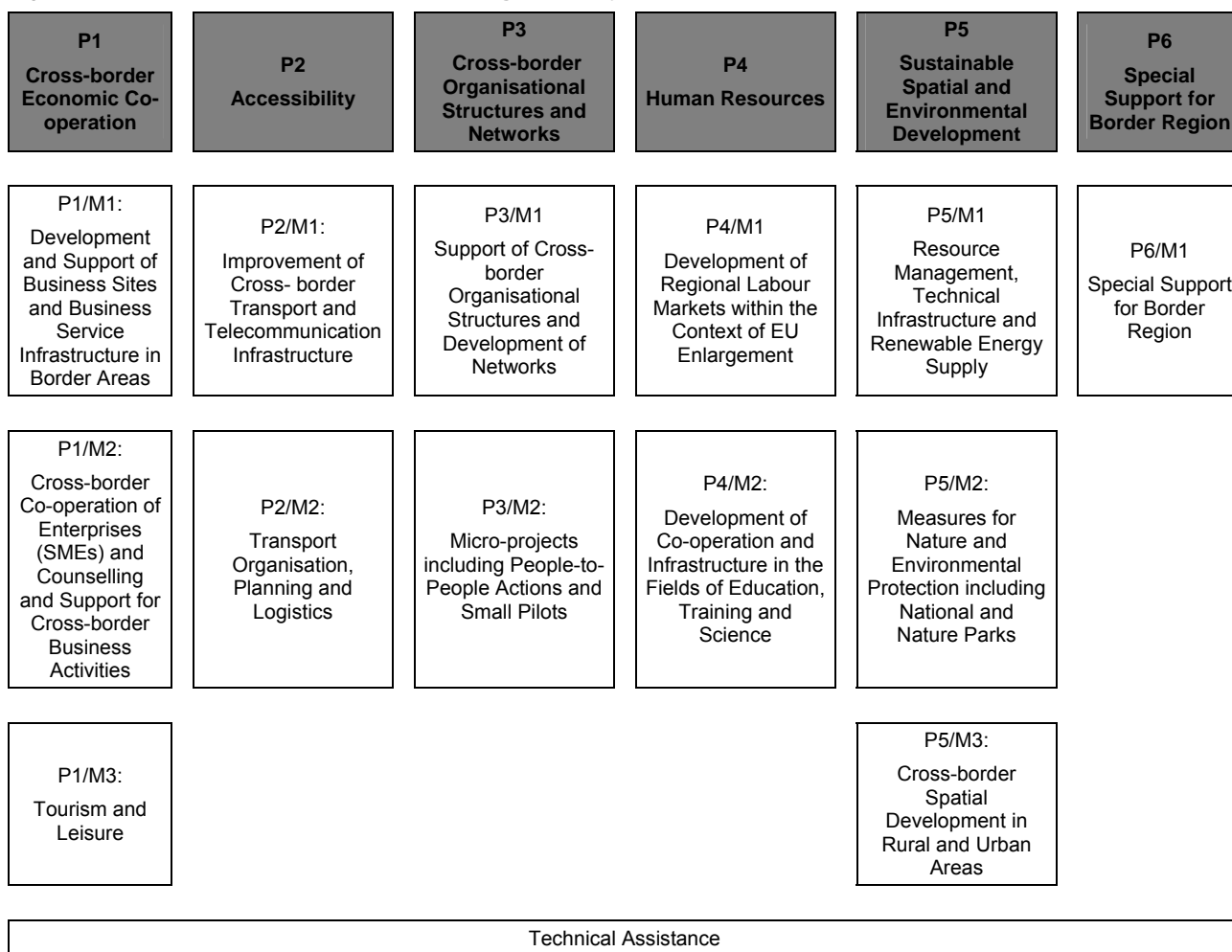
5. PRIORITIES: OBJECTIVES AND STRATEGIES

5.1 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 (P1/M3, PV/M1 and M2) and of the ESF, and shall comply with all applicable provisions in implementing such projects.

Figure 1: Overview of the Structure of the Programme by Priorities



Because of the specific geographic position of most of the parts of the border region, multilateral projects can be supported too.

5.2 Priority 1: Cross-Border Economic Co-operation

5.2.1 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 enhancing regional strengths and competencies
- Raising and adaptation of standards in Hungary to Austrian and/or EU levels

5.2.2 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 Hungary (e.g. high growth rate in technology intensive branches, knowledge and experience on Eastern European markets, 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 – e.g. through the formulation of cross-border economic clusters.

- **(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.), the joint marketing of locations and parts of the cross-border region as well as the region itself. 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). Health and spa tourism, nature reserves and national parks, and the common cultural heritage (e.g. composers, Jewish culture) constitute vital strategic factors, which have to be developed in cross-border co-operation (to some extent with Styria and Slovenia too).

- **Assisting Hungary to reach EU standards especially in the fields of business counselling and business related services**

Hungary may well be assisted in its 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, where a need to catch up exists in Hungary. Where applicable, the Hungarian know-how will be transferred to parts of the Austrian border region.

5.2.3 Measures

PI/M1: Development and support of business sites 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.

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 develop core areas of business competence (e.g. telecommunications, transport and logistics, environmental and medical technology, East-West transfer of know-how)
- To create a business service infrastructure that specifically addresses the needs of enterprises
- To expand cross-border business services
- To encourage innovation and technology at SMEs

Possible fields of action and contents of the measures

- The establishment and operation of "cross-border business centres" (e.g. business innovation and information centres, 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 cooperation between science and business for developing innovative ideas and for commercially exploiting and marketing research outputs.
- The dissemination of information relating to R&D outputs.

P1/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. SMEs are the most important drivers with respect to employment and regional value added for regional economic development. The measure is designed especially to provide assistance for SMEs, in particular, high value added SMEs are addressed by this measure.

Objectives

- To develop core areas of business competence (e.g. telecommunications, transport and logistics, environmental and medical technology, East-West transfer of know-how)
- 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 the 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)
- Increased joint venture consulting
- 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

P1/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 subregions. 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.

Objectives

- To jointly develop measures to modernise cross-border tourism and leisure time facilities, products 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 the measures

- Expansion and improvement of activities in health, wellness, congress, culture and nature tourism
- Development of joint 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

5.3 Priority 2: Accessibility

5.3.1 Objective

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

5.3.2 Strategies

- **Ensuring and improving accessibility of the cross-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). The environmental acquis in particular the EIA Directive (85/337/EEC as amended by 97/11/EC) and Natura 2000 Directives (92/43/EEC and 97/409/EEC) will be respected.

On the other hand, internal 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 aim 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 1. The development of the network of bicycle roads plays also an important role in intergrating cross-border transport networks.

- **Using cross-border synergies through mutual information and coordinated 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 coordination 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 coordinating 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, cooperation 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 of it. 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.

5.3.3 Measures

P2/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). The aim is to achieve 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 guarantees 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 and to cooperate in the area of freight traffic
- Improvement of 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

Possible fields of action and contents of the measures

- Development of cross-border infrastructure and assistance for intermodality (e.g. road, rail, water, air and combined transport, bicycle paths) to improve interregional and supra-regional accessibility in border regions
- Planning of freight transport hubs and networking the logistics
- 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.)

P2/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
- To improve links to TENs (Trans-European Networks) and PENs (Pan-European Networks)
- Coordinated implementation activities for developments in the transport sector in border regions

Possible fields of action and contents of the 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
- Networking cross-border freight traffic and logistics

5.4 Priority 3: Cross-border Organisational Structures and Networks**5.4.1 Objectives**

- Cross-border mobilisation of endogenous potentials
- Efficient development and implementation structures for cross-border cooperation
- Wider public understanding and participation in cross-border relations

5.4.2 Strategies

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

Professional preparation and coordination 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, professional and cross-sectoral problems and key issues (such as permanent networks between local initiatives and organisations) needs to be supported. Special emphasis is put on enhanced mutual cultural and spiritual understanding of individuals and organisations in

the cross-border region. Among other things this is to promote joint regional development projects through administrative coordination and increased external activities, and to intensify cross-border communication and media activities with the help of EU funds (esp. Interreg and Phare).

▪ **Promoting the process of integration at the "micro" level and with small pilots**

Cross-border cooperation 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 cooperation 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.

5.4.3 Measures

P3/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. Practical and 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 the measures

- (Further) development of organisational structures and 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

P3/M2: Micro projects including action „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. In addition to reinforcing cooperation among the population, the creation of sustainable employment opportunities in the region is the main goal.

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 screen for potential fields of cooperation and first contacts

Possible fields of action and contents of the 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

5.5 Priority 4: Human Resources

5.5.1 Objectives

- Reduction of social disparities
- To intensify cross-border cooperation in the field of training, science and research
- To foster the balanced development of increasingly cross-border labour markets

5.5.2 Strategies

- **Cooperation between interest groups to raise and harmonise social and labour standards**

This strategy aims at eliminating social disparities between the individual partner regions in the medium or long term. Cooperation 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 as well as in Hungary 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 labour market and employment policy at least in the medium to long term.

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

This measure is designed to increase coordination 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 cooperation (e.g., languages, EU studies). The harmonised establishment of a research-oriented infrastructure, which will increasingly become a joint effort over the course of time, as well as intensified cooperation and networking in adult education, schools and post-secondary education, commercial educational institutions and cultural exchange are central steps in this direction. Mutual support for adult education in the partner regions beyond the borders by organisations providing training measures is of particular importance in this context, especially bearing in mind the motto of "life-long learning".

- **Coordinated labour-market observation, management and policy**

Coordinated activities in the fields of labour-market observation, management and policy are crucial to ensuring the "balanced 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 coordination of job opportunities and cooperation in dealing with problem groups (women, youths, the long-term unemployed, persons over 50 years of age).

5.5.3 Measures

P 4/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. The large disparities with respect to standards of living and wages could cause a wave of cross-border migration and commuting from Hungary to Austria undesired by both sides in the event of enlargement. 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 regional unemployment. For this reason, a reduction in unemployment in the border region and cross-border employment initiatives are also the objectives of this measure; in Austria this measure is integrated in the strategy of the territorial employment schemes.

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 the 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)

P 4/M 2: Development of cooperation 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 the improvement of infrastructure, education and qualification offerings. Individuals, enterprises and the border region as a whole are to be prepared 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 the measures

- Development and implementation of joint education and qualification programmes of relevance for regional development and cross-border strategy (e.g. environmental sector, 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

5.6 Priority 5: Sustainable Spatial and Environmental Development

5.6.1 Objectives

- Cross-border spatial development and regional policy (based on the preliminary work of Austrian-Hungarian Conference on Regional Planning) 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

5.6.2 Strategies

- **Intensification of cross-border cooperation 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), cooperation 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).

5.6.3 Measures

P5/M1: Resource management, technical infrastructure and renewable energy supply

General description

The main objective of this measures is the optimal use of resources and alternative energy products and services. These considerations must take into account the differences in the infrastructure requirements with respect to the technical infrastructure and organisation (e.g. water, wastewater management, noise reduction) in the neighbouring countries. Furthermore, existing systems must be improved and cross-border concept developed.

Objectives

- To use renewable energy more intensely
- To protect the environment and natural resources
- To optimally use existing resources
- To reduce and avoid the negative effects on the environment
- To further develop a technical infrastructure that supports sustainable development

Possible fields of action and contents of the measures

- Studies and concepts (environmental planning), environmental monitoring and information systems, ecological research (e.g. air, water, soil, energy)
- Development of environmentally-friendly technologies and methods
- Actions in water and wastewater management (pilot projects, cross-border concepts and infrastructure, feasibility studies, etc. improvement of wastewater and waste treatment systems)
- Restoration of contaminated sites
- Technical infrastructure facilities (water treatment plants, wastewater, gas, energy and waste treatment facilities)

P5/M2: Nature and environmental protection including national and nature parks

General description

This measure covers all projects and activities relating to nature protection and environment, as well as to the realisation of suitable actions within the scope of national and/or nature 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.

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
- Preservation, expansion and sustainable development of measures in the fields of nature and environmental protection
- Joint management programmes
- Joint renewal projects/activities in the deteriorated areas
- Project planning and monitoring

P5/M3: Cross border spatial development for rural and urban areas

General description

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

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

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

5.7 Priority 6: Special Support for Border Regions

On 25th July 2001, the Commission passed the so-called „Community Action for Border Regions“ [KOM(2001) 437 final version], i.e. a document describing the impacts the upcoming enlargement of the European Union will have on the regions bordering on accession countries. This action plan suggests a number of measures for the benefit of these regions to help them prepare for the enlargement of the European Union. The Commission proposed to add the financial resources dedicated to this purpose to the INTERREG programmes in the form of a single common 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.

Objectives

The financial resources are dedicated to supporting activities serving to 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 environmentally favourable projects that are directly associated with the enlargement of the European Union and will improve the competitive strength of the border regions.

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 traffic routes to ensure sustainable and environmentally friendly development of potentials in the fields of tourism and nature on both sides of the respective border.
- 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.
- Projects to improve minority language skills (e.g. in small and medium-sized enterprises).

Possible fields of actions and content of the measure:

a) Small and Medium Sized Enterprises that are particularly affected by the EU enlargement

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 limitations in terms of human resources and time, and therefore find it difficult to engage to a significant degree in research, development, cooperation projects and measures to improve their market situation without external support.

b) Development of a cross-border transport network

This measure contains cross-border projects in the field of traffic, especially to improve the utilization of potentials in the field of tourism and nature.

The measure focuses, among other things, on implementing pilot projects dedicated to the introduction and creation of environmentally friendly traffic in sensitive areas in the programme region (e.g. national Park Neusiedler See).

Creating, expanding and reactivating border crossing points between Austria and Hungary is intended to reduce the barrier function of the border between the countries, especially in the context of small-scale cross-border activities, and to improve the framework conditions for cross-border tourism.

c) Training Activities and intercultural cooperation

Activities to promote cultural exchange and intercultural cooperation (e.g. cross-border events, exhibitions) (e.g. joint events, exhibitions).

Cooperation projects involving minorities.

(Further) development of cross-border organizational structures and cooperation networks as well as theme-specific networks (culture marketing, media platform).

5.8 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 Monitoring and Steering Committee 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	2,948	1,594	1,354
TA-2	737	399	338
Sum	3,685	1,993	1,692

5.9 Programme Coherence

With this subchapter an **overview over the whole programme and its strategic philosophy** is given and it extends from the general objective of the joint programme down to each measure. It points out the connections between objectives and strategies on the programme level with those of the priority and measure level and it shows what synergy effects are expected between the priorities. So this subchapter gives a summary overview over the **internal coherence of the programme**.

The **common general objective** of the programme „development of an economically, socially, and spiritually integrated border region“ is a common „political“ goal for the future of the cross border region. The Interreg IIIa-Phare CBC-Programme will play – in cooperation with other EU-programmes and national programmes – one important role in the realisation of this objective. So it is an general objective for the regional development of the cross-border region as a whole and not only for one single programme. So this common general objective is more a joint vision than an operationalised goal.

The **general strategy** follows this “joint vision“-philosophy in principle but on the other hand it expounds already the concrete strategic fields of activities and development paths, which are crucial for a future realisation of this joint vision and hence the basis for the development of the content of the 5 priorities.

With this programme philosophy in the background the development of the **objectives and strategies per priority** happen jointly too. So they refer to the whole cross border region with all its regional disparities – within the Hungarian and Austrian part of the region as well as between this two parts. Between this five priorities and between the objectives and strategies of this priorities no hierarchy exists. They have the same status in the programme and they develop their optimal impact through a coordinated synergetically conceptualised teamwork in a kind of horizontal coherence.

In Priority 1 „**Cross Border Economic Cooperation**“ the strategies and measures aims at a joining of the regional economies of the cross border area. In this joining process business cooperations should be developed and strengthened, regional economic competences should be built up, synergies should be identified and used as well as attractive joint business locations should be developed. A successful joint regional economy will provide a good basis for the joining process in all the other fields.

An important pre-condition for this development of a competitive cross border regional economy as well as for the regional development as whole is an attractive “**Accessibility**“ of the region, which will be improved with the measures of priority 2. The meaning of accessibility in this context is a broader one and includes intra- und inter-regional accessibility (esp. cross border mobility), connections of the region to the TEN and PEN and the very important and future oriented field of the modern information and telecommunication technologies (e.g. infrastructure and applications), which should be established as a key medium for cross border co-operation. Further this medium is an important condition for becoming a competitive regional economy too.

Further important instruments on the way to a real joint region are effective “**Cross Border Organisational Structures and Networks**“ which will be supported by the measures of priority 3. One aim of this priority is to build up and to support institutionalised cooperation structures in order to make a professional preparation and coordination of project proposals in all fields of cross border activities possible. The second target is the

strengthening of a longlasting cooperation on the "micro"-level (actions from people to people). This priority has – compared with the other priorities – more the character of an instrument for supporting the preparation and implementation of the measures of the other priorities and for this it plays a very important role for a successful implementation of the programme.

The fourth priority „**Human Resources**“ has strong interconnections to the other priorities too. For example the support of the development of regional labour markets (within the context of enlargement) is interlinked with the stimulation of a cross border economic development in priority 1 as well as with the improvement of accessibility conditions in terms of transport and information technology in priority 2. So for example cross border commuting and labour market policy will be or are fields where the synergies between this three priorities plays an important role for the success of the programme. Fostering a controlled development of increasingly cross border labour markets will also need effective information systems, which will be supported by priority 2. The development and support of cooperation and infrastructure in the fields of education, training and science have strong interlinks to other priorities too – esp. with priority 1. Building up economic core competences of the cross border region asks for adequate qualification, and the development and support of business sites and business infrastructure has to be coordinated with the development of infrastructure in education, training and science. So all in all the priority „Human Resources“ can make a crucial contribution to a successful preparation for enlargement of the regional labour markets and the regional economies as well as to a successful joining process of the cross border region as a whole.

Priority 5 „**Sustainable Spatial and Environmental Development**“ follows the strategy of intensification of cross border cooperation to ensure a sustainable spatial, environmental and economic development. In this priority analysis, strategies and concepts will be drawn up as a basis for the future development of the cross border region in the sense of creating a joint economic and natural space. Hence with this priority the spatial framework conditions for the realisation of the measures of the other priorities will be created. Another focus of this priority is laid on nature and environmental protection (incl. national and nature parks), with the objective to guarantee an environmentally compatible development of the cross border region. The attractiveness of and the living conditions in the region will be strengthened by those measures and for this it shows strong links to priority 1. The protection of the nature potential of the region means to safe the touristic potential and attractions of the region too, and attractive environmental and living conditions become more and more crucial positiv location factors for high qualified businesses. Other links to priority 1 and partly to priority 4 shows the supported activities in resource management, technical infrastructure and renewable energy supply, where potential for the development of economic core competences exists and the development of human resources should be oriented in this directions.

Priority 6 „**Special Support for Border Regions**“ was introduced into the programme in 2002 aiming at a smooth transition in the Austrian border areas and sustainable acceptance of the EU enlargement by the general public.

Figure 2: INTERREG IIIA Austria-Hungary – Overview

General Objectives
Development of an economically, socially and spiritually integrated border region

General Strategy					
<p>The strategy will</p> <ul style="list-style-type: none"> be focused on the joint vision of an integrated regional economy, social cohesion, good neighbourly relations allow a stable growth path on both sides of the border with clear emphasis on the catching up process of Hungary 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 					
Priority 1	Priority 2	Priority 3	Priority 4	Priority 5	Priority 6
Cross-Border Economic Cooperation	Accessibility	Cross-Border Organisational structures and Networks	Human Resources	Sustainable Spatial and Environmental Development	Special Support to Border Regions
Objectives	Objective	Objectives	Objectives	Objectives	Objectives
<ul style="list-style-type: none"> Active preparation of economic sectors on both sides of the border to meet the challenges of EU-enlargement Stimulation of cross-border economic development while enhancing regional strengths and competencies Raising and adaption of standards in Hungary to EU levels 	<ul style="list-style-type: none"> Improvement of accessibility conditions in terms of transport and information technology to achieve the desired common living and economic environment 	<ul style="list-style-type: none"> Cross-border mobilisation of endogenous potentials Efficient development and implementation structures for cross-border cooperation Wider public understanding and participation in cross-border relations 	<ul style="list-style-type: none"> To eliminate social disparities To intensify cross-border cooperation in the field of training, science and research To foster the balanced development of increasingly cross-border labour markets 	<ul style="list-style-type: none"> Cross-border spatial development and regional policy as a basis for a systematic, spatially and environmentally compatible development of the border region Sustainability as an essential strategic element in cross-border regional development 	<p>ensure a smooth transition in the border regions and sustainable acceptance of the enlargement of the EU by the general public.</p> <p>support environmentally favourable projects that are directly associated with the enlargement of the EU and will improve the competitive strength of the border regions.</p>
Strategies	Strategies	Strategies	Strategies	Strategy	Strategy
<ul style="list-style-type: none"> Introduction of a cross-border "Strategic Offensive for Innovation and Cooperation 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 (Further) Development and concentration of existing economic potential and development of common core competencies and branding strategies in all sectors Joint development of leisure-time and tourist destinations Assisting Hungary to reach EU standards esp. in the fields of business counselling and business related services 	<ul style="list-style-type: none"> Ensuring and improving accessibility of the cross-border region in terms of transport Using cross-border synergies through mutual information and coordinated planning by partners as well as synergies in engineering and logistics Establishing information and communication technologies as a key medium for cross-border communication 	<ul style="list-style-type: none"> Establishment and further development of EUREGIO, city-networking, regional management and regional agencies, as well as regional and communal networking Promoting the process of integration at the "micro" level and with small pilots 	<ul style="list-style-type: none"> Cooperation between interest groups to raise and harmonise social and labour standards Intensification of cooperation in education, training and research, as well as the establishment of common structures Coordinated labour-market observation, management and policy 	<ul style="list-style-type: none"> Intensification of cross-border cooperation to ensure a sustainable spatial, environmental and economic development 	<p>support those SMEs that will be particularly affected by the enlargement of the EU so as to enhance cross-border economic cooperation.</p> <p>Expansion of cross-border traffic routes to ensure sustainable and environmentally friendly development of potentials in the fields of tourism and nature on both sides of the respective border.</p> <p>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.</p> <p>improve minority language skills</p>
Measures	Measures	Measures	Measures	Measures	Measures
<ul style="list-style-type: none"> Development and Support of Business Sites and Business Infrastructure Cooperation of Enterprises (SMEs) and Counselling of Cross-Border Business Activities Tourism and Leisure 	<ul style="list-style-type: none"> Improvement of Cross-Border Transport and Telecommunication Infrastructure Transport Organisation and Engineering, Logistics 	<ul style="list-style-type: none"> Support of Cross-Border Organisational Structures and Development of Cross-Border Networks Micro Projects including Actions "People to People" and Small Pilots 	<ul style="list-style-type: none"> Development of Regional Labour Markets within the Context of Enlargement Development and Support of Cooperation and Infrastructure in the Fields of Education, Training and Science 	<ul style="list-style-type: none"> Resource Management, Technical Infrastructure and Renewable Energy Supply Nature and Environment Protection including National and Nature Parks Cross-Border Spatial Development for Rural and Urban Areas 	<p>Support SMEs that are particularly affected by the EU enlargement</p> <p>Develop a cross-border transport network</p> <p>Activities to promote cultural exchange and intercultural cooperation</p>

6. PROGRAMME INDICATORS

6.1 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

6.2 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).

As the programme will only allow small scale infrastructure projects no significant impact on environmental indicators (e.g. on the reduction of CO₂ equivalents etc.) may be expected. The assessment of environmental relevance of projects will be achieved by a descriptive approach.

6.3 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 SC (according to Council Regulation 1260/99, Article 35 (3), lit. b)

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 the number of AA-projects according to the aggregate qualitative project indicator aspired size-distribution of projects:
- approx. 5 %-share of the number of large projects (total cost above 300.000 €)
- 30 to 40 %-share of the number 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: 40 – 50
- 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: 5 – 8
- Thereof: 4 – 6 projects (studies) for strategic support
- 1 – 2 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

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

Priority 3: Organisational structures and networks:

Number of projects: 25 – 30

Thereof: 6 -8 supported Euregios/CB-development organisations, (GEO)/regional managements

180 projects in supported within Micro Project Funds

Share of impact:

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 – 40

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: 45 – 50

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

6.4 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.

7. PROJECT SELECTION

The joint project selection for the Interreg- -Programme Austria-Hungary will be performed by the bodies indicated in section 9. 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 Monitoring Committee.

These criteria have to be distinguished from **formal criteria**, the fulfillment of which will have to be checked by the Intermediate Bodies **before** the applications reach the joint selection process (cf. process description in chapter 9).

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 6.4, namely the quality of cross-border cooperation and the expected impacts, minimum standards will be defined, which have to be met in the joint Interreg- -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- -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 fulfill 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 – Hungary

Financing Table by Priorities

INTERREG III A AUSTRIA - HUNGARY								
Financing Table Austria/Hungary total								
EURO, current prizes <i>with indexation 2004-2006</i>	AUSTRIA - HUNGARY 2000-2006					PHARE CBC HUNGARY 2000-2003		
	Total costs	ERDF	national	national cofinancing		Total cost	PHARE CBC	national
				Public cofinancing	Private cofinancing			
P I: Cross Border Economic Co-operation	18.589.618	9.852.309	8.737.309	4.087.309	4.650.000	13.330.000	10.000.000	3.330.000
P II: Accessibility	18.733.870	10.060.435	8.673.435	6.008.435	2.665.000	17.320.000	12.200.000	5.120.000
P III: Cross Border Organisational Structures and Networks	7.846.352	4.330.676	3.515.676	2.992.676	523.000	9.410.000	8.550.000	860.000
P IV: Human Ressources	11.107.844	5.975.922	5.131.922	4.806.922	325.000	6.660.000	5.000.000	1.660.000
P V: Sustainable Spatial- and Environmental Development	15.064.902	8.316.951	6.747.951	5.175.951	1.572.000	8.530.000	5.800.000	2.730.000
P VI: Special Support for Border Regions	1.972.000	986.000	986.000	986.000	0	0	0	0
Technical Assistance	3.580.924	1.941.135	1.639.789	1.639.789	0	500.000	450.000	50.000
Total	76.895.510	41.463.428	35.432.082	25.697.082	9.735.000	55.750.000	42.000.000	13.750.000

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 - Hungary 2000-2006
Financing Plan 2000-2006 total per Year

EURO					
Financial shift 2005 including decommitment TA					
2001					
current prizes	Total costs	ERDF	national	national cofinancing public. cofinancing	private cofinancing
P I: Cross Border Economic Co-operation	2.538.000	1.269.000	1.269.000	549.000	720.000
P II: Accessibility	2.260.000	1.130.000	1.130.000	731.000	399.000
P III: Cross Border Organisational Structures and Networks	886.000	443.000	443.000	370.000	73.000
P IV: Human Ressources	1.312.000	656.000	656.000	656.000	0
P V: Sustainable Spatial- and Environmental Development	1.764.000	882.000	882.000	702.000	180.000
Technical Assistance	462000	231000	231000	231000	0
Total	9.222.000	4.611.000	4.611.000	3.239.000	1.372.000
2002					
current prizes	Total costs	ERDF	national	national cofinancing public. cofinancing	private cofinancing
P I: Cross Border Economic Co-operation	2.878.000	1.439.000	1.439.000	623.000	816.000
P II: Accessibility	2.562.000	1.281.000	1.281.000	829.000	452.000
P III: Cross Border Organisational Structures and Networks	1.006.000	503.000	503.000	420.000	83.000
P IV: Human Ressources	1.488.000	744.000	744.000	744.000	0
P V: Sustainable Spatial- and Environmental Development	2.002.000	1.001.000	1.001.000	797.000	204.000
P VI: Special Support for Border Regions	1.972.000	986.000	986.000	986.000	0
Technical Assistance	418230	209115	209115	209115	0
Total	12.326.230	6.163.115	6.163.115	4.608.115	1.555.000
2003					
current prizes	Total costs	ERDF	national	national cofinancing public. cofinancing	private cofinancing
P I: Cross Border Economic Co-operation	2.870.000	1.435.000	1.435.000	621.000	814.000
P II: Accessibility	2.556.000	1.278.000	1.278.000	827.000	451.000
P III: Cross Border Organisational Structures and Networks	1.002.000	501.000	501.000	418.000	83.000
P IV: Human Ressources	1.484.000	742.000	742.000	742.000	0
P V: Sustainable Spatial- and Environmental Development	1.996.000	998.000	998.000	795.000	203.000
Technical Assistance	520000	260000	260000	260000	0
Total	10.428.000	5.214.000	5.214.000	3.663.000	1.551.000

INTERREG IIIA Austria - Hungary 2000-2006
Financing Plan 2000-2006 total per Year

EURO						Financial shift 2005 including decommitment TA					
						2004					
current prizes						Total costs	ERDF	national cofinancing			
								national	public. cofinancing	private cofinancing	
P I: Cross Border Economic Co-operation						3.577.000	1.959.000	1.618.000	797.000	821.000	
P II: Accessibility						3.497.450	1.960.725	1.536.725	1.081.725	455.000	
P III: Cross Border Organisational Structures and Networks						1.580.452	914.726	665.726	582.726	83.000	
P IV: Human Ressources						2.012.000	1.135.000	877.000	831.000	46.000	
P V: Sustainable Spatial- and Environmental Development						3.016.468	1.747.734	1.268.734	1.063.734	205.000	
Technical Assistance						711.143	401.107	310.036	310.036	0	
Total						14.394.513	8.118.292	6.276.221	4.666.221	1.610.000	
						2005					
current prizes						Total costs	ERDF	national cofinancing			
								national	public. cofinancing	private cofinancing	
P I: Cross Border Economic Co-operation						3.511.618	1.929.309	1.582.309	843.309	739.000	
P II: Accessibility						3.780.546	2.106.273	1.674.273	1.219.273	455.000	
P III: Cross Border Organisational Structures and Networks						1.124.000	689.000	435.000	341.000	94.000	
P IV: Human Ressources						2.672.844	1.467.922	1.204.922	1.087.922	117.000	
P V: Sustainable Spatial- and Environmental Development						2.908.550	1.698.775	1.209.775	901.217	308.558	
Technical Assistance						713.280	403.710	309.570	309.570	0	
Total						14.710.838	8.294.989	6.415.849	4.702.291	1.713.558	
						2006					
current prizes						Total costs	ERDF	national cofinancing			
								national	public. cofinancing	private cofinancing	
P I: Cross Border Economic Co-operation						3.215.000	1.821.000	1.394.000	654.000	740.000	
P II: Accessibility						4.077.874	2.304.437	1.773.437	1.320.437	453.000	
P III: Cross Border Organisational Structures and Networks						2.247.900	1.279.950	967.950	860.950	107.000	
P IV: Human Ressources						2.139.000	1.231.000	908.000	746.000	162.000	
P V: Sustainable Spatial- and Environmental Development						3.377.884	1.989.442	1.388.442	917.000	471.442	
Technical Assistance						756.271	436.203	320.068	320.068	0	
Total						15.813.929	9.062.032	6.751.897	4.818.455	1.933.442	

INTERREG IIIA Austria - Hungary 2000-2006 Financing Plan 2000-2006 total per Priority

EURO current prices		Financial shift 2005 including decommitment TA			
AUSTRIA with indexation 2004-2006					
P I: Cross Border Economic Co-operation	Total costs	ERDF	national cofinancing		
			total	public	private
2001	2.538.000	1.269.000	1.269.000	549.000	720.000
2002	2.878.000	1.439.000	1.439.000	623.000	816.000
2003	2.870.000	1.435.000	1.435.000	621.000	814.000
2004	3.577.000	1.959.000	1.618.000	797.000	821.000
2005	3.511.618	1.929.309	1.582.309	843.309	739.000
2006	3.215.000	1.821.000	1.394.000	654.000	740.000
Total	18.589.618	9.852.309	8.737.309	4.087.309	4.650.000
P II: Accessibility	Total costs	ERDF	total	public	private
2001	2.260.000	1.130.000	1.130.000	731.000	399.000
2002	2.562.000	1.281.000	1.281.000	829.000	452.000
2003	2.556.000	1.278.000	1.278.000	827.000	451.000
2004	3.497.450	1.960.725	1.536.725	1.081.725	455.000
2005	3.780.546	2.106.273	1.674.273	1.219.273	455.000
2006	4.077.874	2.304.437	1.773.437	1.320.437	453.000
Total	18.733.870	10.060.435	8.673.435	6.008.435	2.665.000
P III: Cross Border Organisational Structures and Networks	Total costs	ERDF	total	public	private
2001	886.000	443.000	443.000	370.000	73.000
2002	1.006.000	503.000	503.000	420.000	83.000
2003	1.002.000	501.000	501.000	418.000	83.000
2004	1.580.452	914.726	665.726	582.726	83.000
2005	1.124.000	689.000	435.000	341.000	94.000
2006	2.247.900	1.279.950	967.950	860.950	107.000
Total	7.846.352	4.330.676	3.515.676	2.992.676	523.000
P IV: Human Ressources	Total costs	ERDF	total	public	private
2001	1.312.000	656.000	656.000	656.000	0
2002	1.488.000	744.000	744.000	744.000	0
2003	1.484.000	742.000	742.000	742.000	0
2004	2.012.000	1.135.000	877.000	831.000	46.000
2005	2.672.844	1.467.922	1.204.922	1.087.922	117.000
2006	2.139.000	1.231.000	908.000	746.000	162.000
Total	11.107.844	5.975.922	5.131.922	4.806.922	325.000
P V: Sustainable Spatial- and Environmental Development	Total costs	ERDF	total	public	private
2001	1.764.000	882.000	882.000	702.000	180.000
2002	2.002.000	1.001.000	1.001.000	797.000	204.000
2003	1.996.000	998.000	998.000	795.000	203.000
2004	3.016.468	1.747.734	1.268.734	1.063.734	205.000
2005	2.908.550	1.698.775	1.209.775	901.217	308.558
2006	3.377.884	1.989.442	1.388.442	917.000	471.442
Total	15.064.902	8.316.951	6.747.951	5.175.951	1.572.000
P VI: Special Support for Border Regions	Total costs	ERDF	total	public	private
2002	1.972.000	986.000	986.000	986.000	0
Total	1.972.000	986.000	986.000	986.000	0
Technical Assistance	Total costs	ERDF	total	public	private
2001	462.000	231.000	231.000	231.000	0
2002	418.230	209.115	209.115	209.115	0
2003	520.000	260.000	260.000	260.000	0
2004	711.143	401.107	310.036	310.036	0
2005	713.280	403.710	309.570	309.570	0
2006	756.271	436.203	320.068	320.068	0
Total	3.580.924	1.941.135	1.639.789	1.639.789	0
Total	Total costs	ERDF	total	public	private
2001	9.222.000	4.611.000	4.611.000	3.239.000	1.372.000
2002	12.326.230	6.163.115	6.163.115	4.608.115	1.555.000
2003	10.428.000	5.214.000	5.214.000	3.663.000	1.551.000
2004	14.394.513	8.118.292	6.276.221	4.666.221	1.610.000
2005	14.710.838	8.294.989	6.415.849	4.702.291	1.713.558
2006	15.813.929	9.062.032	6.751.897	4.818.455	1.933.442
Total	76.895.510	41.463.428	35.432.082	25.697.082	9.735.000

9. ORGANISATIONAL STRUCTURES AND PROCEDURES FOR THE IMPLEMENTATION OF THE INTERREG IIIA PROGRAMME AUSTRIA-HUNGARY

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

- the Hungarian Office for Territorial and Regional Development (HOTRD) acting as National Authority (NA) for the INTERREG IIIA Community Initiative in Hungary, and
- the Austrian Federal Chancellery

9.1 Organisational structures for the programme implementation (functional organisation)

9.1.1 Administrative structures

▪ Managing Authority

The Hungarian 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 Hungary 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 -

Hungarian Office for Territorial and Regional Development (HOTRD)
 Hattyú u. 14., H-1015 Budapest
 Phone: +36 1 441 7160
 Fax: +36 1 441 7162
 e-mail: name@meh.hu
 www.nth.hu

The NA – designating VÁTI Hungarian Public Non-profit Company for Regional Development and Town Planning (VÁTI) to act on behalf of the HOTRD as an Intermediate Body (IB) – shall fulfil the following tasks, in co-operation with the MA:

- Conclude agreements to begin joint operations
- Cooperate in the elaboration of the annual implementation report for the EC
- Verify the eligibility of the projects with Community rules and policies and the consistency of the expenditure with EC Regulation No. 1145/2003 and successive modifications and integration
- Prepare proposals for programme amendments and for reprogramming financial plans in cooperation with the MA
- Collect reliable financial and statistical data on the CIP implementation; forward the data to the MA
- Prepare data for financial and physical monitoring of projects; forward the data to the MA
- Cooperate in drawing up, adjusting and implementing the Programme Complement
- Ensure the consistency with community and internal policies

- Cooperate in defining and using of technical assistance budget (JTS, evaluation, publicity of the programme, monitoring,..)
- Be responsible for preparation and presentation of progress reports on the programme and project implementation to the MA

The NA –with the operative assistance of the IB– shall fulfil the following tasks, in co-operation with the PA:

- Ensure an efficient system of internal financial management and financial control
- Issue the declaration of expenditure for Hungary which will be integrated by the PA in the certificate and statement of expenditure sent to the EC according to Art. 32(3) and (4) of Council Regulation (EC) No.1260/1999.
- Cooperate in the preparation of payment forecasts

In exercising functions the NA has the role of being responsible for the management and implementation of the programme on the programme level, delegating the task of operative management on project level to the IB.

▪ **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: at-hu@oir.at
www.at-hu.net

A Hungarian member of the JTS will be placed in the Hungarian border region. He/she will fully cooperate in all JTS tasks. For this purpose facilities for work will be provided at the JTS office in Vienna as well as in Sopron.

The JTS 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];
- receiving project applications and (if needed) clarification as to which Intermediate Body the projects is to be forwarded;
- 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 9.2.2, preparation of project documentation, assessment of project applications as to whether they are complete and meet the selection criteria defined in the CIP and the Programme Complement (PC) especially those related to the formal requirements and 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 IIIA projects coordinated with the MA and the IBs
- joint public relations work (e.g. publicity actions; 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.

Additionally an Info Point shall be established in Hungary hosted by VÁTI that shall support the JTS in its tasks.

▪ **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, VÁTI, 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	HUNGARY
<p>Amt der Burgenländischen Landesregierung Landesamtsdirektion – Stabsstelle Europabüro und Statistik, Europaplatz 1, A-7000 Eisenstadt Tel.: +43 / 2682 / 600 – 2826 Fax: +43 / 2682 / 600 – 2927 e-mail: post.europabuero@bgl.gv.at</p> <p>Amt der Wiener Landesregierung, MA 27 EU-Strategie und Wirtschaftsentwicklung, Schlesingerplatz 2, A-1080 Wien (Postadresse: Rathaus, A-1082 Wien) Tel: +43 / 1 / 4000 / 82582 or 82584 Fax: +43 / 1 / 4000 / 7215 e-mail: sto@meu.magwien.gv.at</p> <p>Amt der Niederösterreichischen Landesregierung, Abteilung RU2, Geschäftsstelle für EU-Regionalpolitik, Landhausplatz 1, A-3109 St.Pölten Tel: +43 / 2742 / 9005 / 14129 Fax: +43 / 2742 / 9005 / 14170 e-mail: francois-edouard.pailleron@noel.gv.at</p>	<p>VÁTI H-1016 Budapest, Gellérthegy u. 30-32. Phone: +36 1 488 7171 Fax: +36 1 488 7188 Email: name@vati.hu</p> <p>with its: West-Transdanubian Regional Representative Office H-9400 Sopron, új u. 12. Phone: +36 99 512 710 Fax: +36 99 510 150 e-mail: titkarsagsopron@vati.hu</p>

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; the Intermediate Bodies will register all projects applications that they receive into the Central Monitoring System (CMS)
- assessment of project applications as to whether they fulfil the organisational, legal, technical and economic assistance requirements; all registered projects will be presented to SC
- 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

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 Subsidiary 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 50 175-0
Fax: +43 1 50 175-0
e-mail: zahlstelle@erp-fonds.at

The ERDF programme account has been established by ERP Fund at
PSK account no: 90.022.407
named at ERP-Fonds, Österreich-Ungarn EFRE 2000-2006, Interreg III-A
SWIFT/BIC: OPSKATWW
IBAN: AT62600000090022407

In the case of ERDF financing in Hungary the function of the **Sub PA** will be carried out by the Financial department of VÁTI.

The Sub PA is responsible for:

- Opening and administration of a sub account in Euro in Hungary
- Collecting payment claims by the final beneficiaries
- Submit to the PA a payment application with Certificate and Statement of Expenditure

- Receive ERDF funds from the PA and execute payments to final beneficiary
- Satisfy itself that financial management and control system is in place
- Submit forecasts for payments to the PA
- Repay the payment on account to the PA, in cases provided by Art. 32, 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
- Allocate any interest earned on ERDF
- Receive the ERDF money in case of irregularities in Hungary
- Support PA's activities.

The PA will submit the forecasts of payment claims for the current year and the forecasts for the following year according of 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 monitoring system.

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.

The modalities for the technical handling of different ERDF co-financing 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.

9.1.2 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 Hungarian programme partners.

▪ **Monitoring Committee (MC)**

The MC, which has been already established according to the provisions of Article 35 (1) Council Regulation No. 1260/99, shall continue to perform its tasks as described in Article 35 (3) Council Regulation No. 1260/99.

The composition of the MC is determined in accordance with the provisions of Article 8 Council Regulation No. 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.

The Monitoring Committee adopts its Rules of Procedure.

Pursuant to Art. 35 of Council Regulation No. 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 adept 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 of Council Regulation No. 1260/99.
- 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 already been established in accordance with points 29 and 38 of the INTERREG guidelines laid down by the EC – shall continue to act as body responsible for the joint selection of all projects and the co-ordinated monitoring of the projects' implementation. The SC adopts its Rules of Procedures.

9.1.3 Financial Control

In compliance with Art. 4 of Commission Regulation No. 438/2001 the IBs shall ensure for all projects co-financed by ERDF under the INTERREG III A Programme Austria-Hungary 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 –

AUSTRIA	HUNGARY
Federal Chancellery	Governmental Control Office of Hungary
Division IV/3	HOTRD Control Department
A-1010 Wien, Hohenstaufengasse 3	
Phone: +43-1-53115-2908	
Fax: +43-1-53115-4120	
e-mail: iv3@bka.gv.at	

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.

9.2 Procedural regulations governing the programme implementation (procedural organisation)

9.2.1 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 9.1 and involved in the implementation of the INTERREG IIIA Programme Austria-Hungary.

In addition to the provisions of Council Regulation No. 1260/99 with regard to the tasks of the MA and the PA, the following co-ordination procedures are agreed:

- 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 Hungarian 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.

9.2.2 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-Hungary will be managed according to the following rules, which may be further specified by agreement 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 programme objectives, the prerequisites for obtaining ERDF funds and the individual procedures to be followed. Active public relations work will be implemented in agreement between the MA, the IBs and the JTS, and if appropriate, also with the participation of 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-Hungary shall be submitted by the project owner to the IB concerned or to the JTS.

Each complete application that fulfill 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 registration. 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 the project.

Applications shall include information on the legal and economic situation of the responsible project owner, any project partners involved in Austria and Hungary, 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 costs of the project,
- 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 programmes and sectoral policy objectives (including, if required, statements of other administrative bodies concerned).
- Compliance with the specific INTERREG IIIA assistance requirements pursuant to the CIP and the Programme Complement (PC).
- 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, public procurement directives, 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 and then forwarded to the JTS via the CMS who proceeds to examine the application regarding the specific requirements for assistance under INTERREG IIIA. The results of this examination are presented by the IBs (the JTS) to the SC for a decision in the form of a report with an assistance recommendation.

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 and checked by the JTS.

The co-financing of a project with ERDF funds 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 III A 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 CIP and does not exceed the respective funding ceilings pursuant to Art. 29 of 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 cross-border entity in the form of a disposition fund (DF) as long as the task of monitoring compliance with the ERDF co-financing requirements from the INTERREG III A programme Austria-Hungary 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 owners shall be taken by the IBs concerned 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-Hungary 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 Hungarian project owners will be issued in HUF. They will be reported to the CMS in Euro, applying the exchange rate of the formal decision of the subsidy contract.

ERDF subsidy contracts within the framework of a DF 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 agree with 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.

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

After examining a project's implementation and the financial statements, the IB will hand over to the PA/Sub PA the result of the control and a Certification of Expenditure (relating to all items mentioned in Article 9 Para. 2 lit. b of Commission Regulation 438/2001) and Payment Claim. On this basis the PA/Sub PA shall

pay the ERDF funds to the account of the 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.

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.

The ERDF funds for projects within the scope of a DF shall be pre-financed by the competent IB and shall be refunded by the PA/Sub PA on the basis of periodical (interim) financial statements (including reports to the CMS).

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 Hungary: 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 Hungarian and Austrian authorities entrusted with the task of conducting the financial audits all information on ERDF co-financed projects relevant for programme implementation.

Figure 3: **Delineation of tasks and responsibilities of MA, PA, IBs and, through its Financial Department, Subsidiary Paying Authority**

- 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	VÁTI
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	+			+

9.3 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 Hungary national co-financing is ensured from the State Budget and provided by the Prime Minister's Office.

The provisions for compliance with the Community Policies have been laid down in section 4.4.