



**Operational Programme for
Objective 3 Cross-border Co-operation
Austria-Hungary 2007-2013**

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CONTENTS

1. INTRODUCTION	4
1.1. Rules and regulations on European territorial co-operation	4
1.2. The programming process	4
2. THE AUSTRIAN-HUNGARIAN BORDER REGION.....	7
2.1. Eligible area and regional structure	7
2.2. Networks and co-operation structures	9
2.3. Demography.....	10
2.4. Economy	12
2.5. Tourism	14
2.6. Labour Market.....	15
2.7. Education, research and development	18
2.8. Infrastructure	19
2.9. Environment and natural resources	21
2.10. Summary.....	23
3. STRATEGY AND GENERAL PROGRAMME OBJECTIVES	27
3.1. Overall strategic goal	27
3.2. Guiding Principles for implementation	28
3.3. Correspondence with the principles of national programmes and other EU-Programmes	30
3.3.1. National programmes.....	30
3.3.2. Other EU-Programmes.....	35
3.4. Cooperation with Interact.....	40
3.5. Ex-Ante Evaluation & Strategic Environmental Assessment.....	40
4. PRIORITIES – OBJECTIVES AND TARGETS	44
4.1. Innovation, integration and competitiveness (Priority 1).....	44
4.1.1. Objectives.....	44
4.1.2. Main areas of intervention/Fields of activity	46
4.2. Sustainable development and accessibility (Priority 2).....	49
4.2.1. Objectives.....	49
4.2.2. Main areas of intervention/Fields of activity	49
4.3. Technical assistance (Priority 3).....	52
5. PROGRAMME INDICATORS.....	53
6. FINANCING PLAN	57
7. ORGANISATIONAL STRUCTURES AND PROCEDURES FOR THE IMPLEMENTATION OF THE OPERATIONAL PROGRAMME.....	59
7.1. Organisational structures for the programme implementation.....	59
7.1.1. Administrative structures	59
7.1.2. Control System.....	63
7.2. Procedural regulations governing the programme implementation (procedural organisation)....	65
7.2.1. Lead beneficiary (Lead partner principle).....	65
7.2.2. Project life cycle	65
7.3. Evaluation	70
7.4. Publicity and communication.....	70
8. INDICES AND SOURCES.....	71
8.1. Indices	71
8.2. Sources	71

1. INTRODUCTION

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

For the 2007-2013 programming period new objectives were defined in the field of cohesion policy, which are as follows:

- the Convergence objective;
- the Regional competitiveness and employment objective;
- the European territorial co-operation objective.

One of the main changes introduced within the framework of reforms on regional policy was that more emphasis will be put on cross-border co-operation. It has been transformed to one of the three objectives of the cohesion policy under the name „European territorial co-operation”.

Regarding the scope of assistance, the European territorial co-operation objective of the 2007-2013 programming period focuses its assistance provided by ERDF on three main co-operation fields¹:

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

1.1. Rules and regulations on European territorial co-operation

The rules for the programmes to be implemented under the European territorial co-operation Objective are stated in regulations which have direct effect and direct applicability in the Member States. Regarding the fact that the special rules on territorial co-operation are laid down in a higher legislative provision, i.e. in a regulation adopted by the Council, these programmes will have a more precise form in respect of the management giving assistance with implementation and the co-operation areas as well. These changes to be introduced are in line with the view of the Commission, according to programmes should become more transparent and simple regarding programme management and implementation, with a more concentrated definition of co-operation areas, so that funds available can be used in a more efficient way.

The Austria-Hungary operational programme for the 2007-2013 programming period has been elaborated in accordance with the following regulations:

- COUNCIL REGULATION (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 (henceforth: **General Regulation**);
- REGULATION (EC) No 1080/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999 (henceforth: **ERDF Regulation**);
- COMMISSION REGULATION (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund (henceforth: **Implementing Regulation**).

1.2. The programming process

Austria and Hungary have already a long history in cross-border co-operation. The countries participated already in the Interreg IIA-Phare CBC Programmes 1995-1999, which helped to improve and intensify cross-border co-operation in the joint border region and in the Interreg IIIA-Phare CBC

¹ Article 6 Council Regulation (EC) No. 1080/2006

Programmes 2000-2006. There are strong and day-to-day professional links between the Austrian and Hungarian partners and the continuous consultation became a daily routine, which makes the co-operation fruitful for both sides.

The programming process in both countries and all involved regions has been implemented with respect to the partnership principle as set out in Article 11 (2) of the General Regulation and including the provisions on ex-ante evaluation in Article 48 (2) of the General Regulation (including governmental bodies, social and economic partners and NGOs).

In autumn 2005 a bilateral “Working Group for Programming Territorial Co-operation Austria-Hungary” was set up. Members of this programming group on both sides of the border came from the relevant bodies at national and regional level. The programming work was based on several workshop meetings, supported by a number of additional discussions and coordination meetings on the level of experts and programme coordinators. The comments of the Ex-Ante evaluation and the Strategic Environmental Assessment have been included into the programming process and the programme document (see 3.5. Ex-Ante Evaluation & Strategic Environmental Assessment).

Table 1: Programming process

Date/Place	Milestone
16.11.2005, Szombathely	1 st Meeting of the Programming Group (PG) “Territorial Cross-Border Co-operation Austria – Hungary 2007–2013”: introduction of the members of PG, specification of the territorial and institutional framework of the programme, clarification on need of external support
15.12.2005, Wien	2 nd Meeting of the Programming Group: agreement on external support (draft ToR), clarification of programme area
09.03.2006, Reichenau/Rax	3 rd Meeting of the Programming Group: presentation of key issues and projects, presentation of SEA and Ex-Ante evaluation experts, starting discussion on structures, roles and procedures, agreement on work plan for OP drafting
23.03.2006, Eisenstadt	4 th Meeting of the Programming Group: Project life cycle, Lead Partner Principle
06.04.2006, Sopron	Thematic Multilateral Workshop & SWOT Discussion: discussion about priorities based on regional analysis and SWOT, identification of key themes and project ideas
25.04.2006, Wien	5 th Meeting of the Programming Group: review of results of thematic workshop, discussion of the revised draft of regional analysis and SWOT
30.-31.05.2006, Budapest	6 th Meeting of the Programming Group: continuation of the discussion on LPP, finalising the regional analysis and SWOT (incl. comments by SEA and Ex-Ante evaluation experts), discussion about the first draft of strategy, priorities and implementation structure
29.06.2006, Bruck/Leitha	Workshop on expert level to integrate the documents of the Ex-Ante evaluation and the SEA into the programming document
26.06.2006, Keszthely	7 th Meeting of the Programming Group: starting discussion of indicators and project selection criteria
11.07.2006, Neusiedl/See	8 th Meeting of the Programming Group: discussion about the recent OP draft, presentation of impact monitoring by external experts, continuation of discussion on indicators and project selection criteria
21.09.2006, Wien	9 th Meeting of the Programming Group: discussion about the 3 rd draft OP as well as comments of SEA and Ex-Ante evaluation experts
2.10.2006, Wien	Task Force meeting on PC light (programme complement light) and quantification of indicators
10.10.2006, Eisenstadt	Task Force meeting on project selection criteria
31.10.2006, Eisenstadt	10 th Meeting of the Programming Group: discussion about the 4 th draft OP, comments of the Ex-Ante Evaluation
14.12.2006, Wien	11 th Meeting of the Programming Group: Comments of public SEA consultation, finalising the OP including comments of EC
8.2.2007, Eisenstadt	12 th Meeting of the Programming Group: Final comments, discussion of final draft OP
4.4.2007, Eisenstadt	1 st meeting of the Programming Group PC-Light: discussion about goals and content of the PC-Light, principles of project selection and implementation
12.6.2007, Eisenstadt	2 nd meeting of the Programming Group PC-Light: Detailed discussion about eligibility and selection criteria

16.-17.7.2007, Hagensdorf	3 rd meeting of the Programming Group PC-Light: discussion of project implementation, co-ordination on programme level, draft application form
24.07.2007	Submission of the OP through SFC 2007
16.08.2007	Admissibility
20.08.2007	Interruption letter
21.08.2007	Submission of additional documents (SEA according Interruption letter)
9.-10.10.2007 Sopron	4 th meeting of the Programming Group PC-Light: discussion of the draft comments from EC, finalisation of the application form, discussion of annexes of the application package, rules of procedure for the Joint Monitoring Committee, preparations for the first meeting of the JMC.
6.-7.11.2007, Vienna	5 th meeting of the Programming Group PC-light: detailed discussion on the final document structure, eligibility rules and other open questions
25.10.2007 (SFC 12.11.2007)	Official comments to the OP from the EC
22.11.2007	Submission of the last version of the OP through SFC 2007

Within the involved regions the consultation processes were organised according to the national and regional procedures in both Austria and Hungary. In Burgenland a working group for the preparation of the period 2007-2013 has been established, covering the programming of the "phasing out programme of Burgenland" and the territorial co-operation programmes. There have been regularly meetings with different experts to build up an integrated strategy for the region. The members of the working group have also been informed about the current programming process of the Territorial Co-operation programmes.

In Niederösterreich a working group for the preparation of the period 2007-2013 has been established. There have been regularly meetings with different experts to build up an integrated strategy for the region. The members of the working group have also been informed about the current programming process of the Territorial Co-operation programmes.

In Wien a working group for the preparation of the period 2007-2013 has been established. There have been regularly meetings with different experts to build up an integrated strategy for the region. The members of the working group have also been informed about the current programming process of the Territorial Co-operation programmes. A multilateral meeting was organised on 19th October 2006 to present the Operational Programme (OP) to different stakeholders (e.g. social partners).

In Steiermark the department 16 of the Land Government entrusted the Euregio Steiermark to involve regional partners in discussion and defining the key topics for the future cross border Co-operation programmes. The collected ideas were the basis for the bilateral regional discussion. The stakeholders have also been consulted while the draft OP has been prepared.

In Hungary, the National Development Agency and VÁTI has organised meetings with regional, county-level and local stakeholders as well as line ministries to prepare the strategy for the programme and efforts have been dedicated to collect potential project ideas with the involvement of the West Pannon Regional Development Agency. The Hungarian Government has established a Planning Committee for all Territorial Co-operation programmes that has been regularly consulted on the OP Austria-Hungary.

2. THE AUSTRIAN-HUNGARIAN BORDER REGION

The Austrian-Hungarian border region is playing a bridging role between Western and Eastern areas of Europe and is also located along the connection route between the Baltic and the Adriatic space. The border region is at the cross-road between these two corridors: the traditional West-East Trans-European route and the reviving historic “North-South Amber” route. This excellent geographic position has resulted in a faster economic growth of this region than the European average over the last 10 years.

2.1. Eligible area and regional structure

The Austrian-Hungarian border region covers the Austrian Länder of Burgenland and Wien and the NUTS III region Wiener Umland-Südteil as well as the NUTS II region Nyugat-Dunántúl with the counties of Győr-Moson-Sopron, Vas and Zala from the Hungarian side. The core programme area remained the same as approved in the period 2000 – 2006. The adjoining NUTS III-regions Niederösterreich-Süd and Oststeiermark fall under the 20% clause in the sense of Article 21 of the ERDF Regulation (Map 1: Regional Structure, eligible areas) due to their geographic proximity to the border and their strong relations with the bilateral border region.

Referring to Article 21 of the ERDF Regulation *“at project level, expenditure incurred by partners located outside the programme area may be eligible, if the project could hardly achieve its objectives without that partner’s participation”* this possibility may be used from partners e.g. from CENTROPE²(-area) or from Graz/Graz-Umgebung.

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

The Austrian-Hungarian border region covers 13,5% of the total area and 20,4% of total population of the two countries. On the Austrian side 33% of the countries total population is living. Regarding the Hungarian side the share is 10%. Approximately 3,7 million people lived in this region in 2005.

² CENTROPE contains the following regions: Wien, Niederösterreich, Burgenland, Győr-Moson-Sopron, Vas, South Moravia, Bratislava and Trnava.

Map 1: Regional Structure, eligible areas

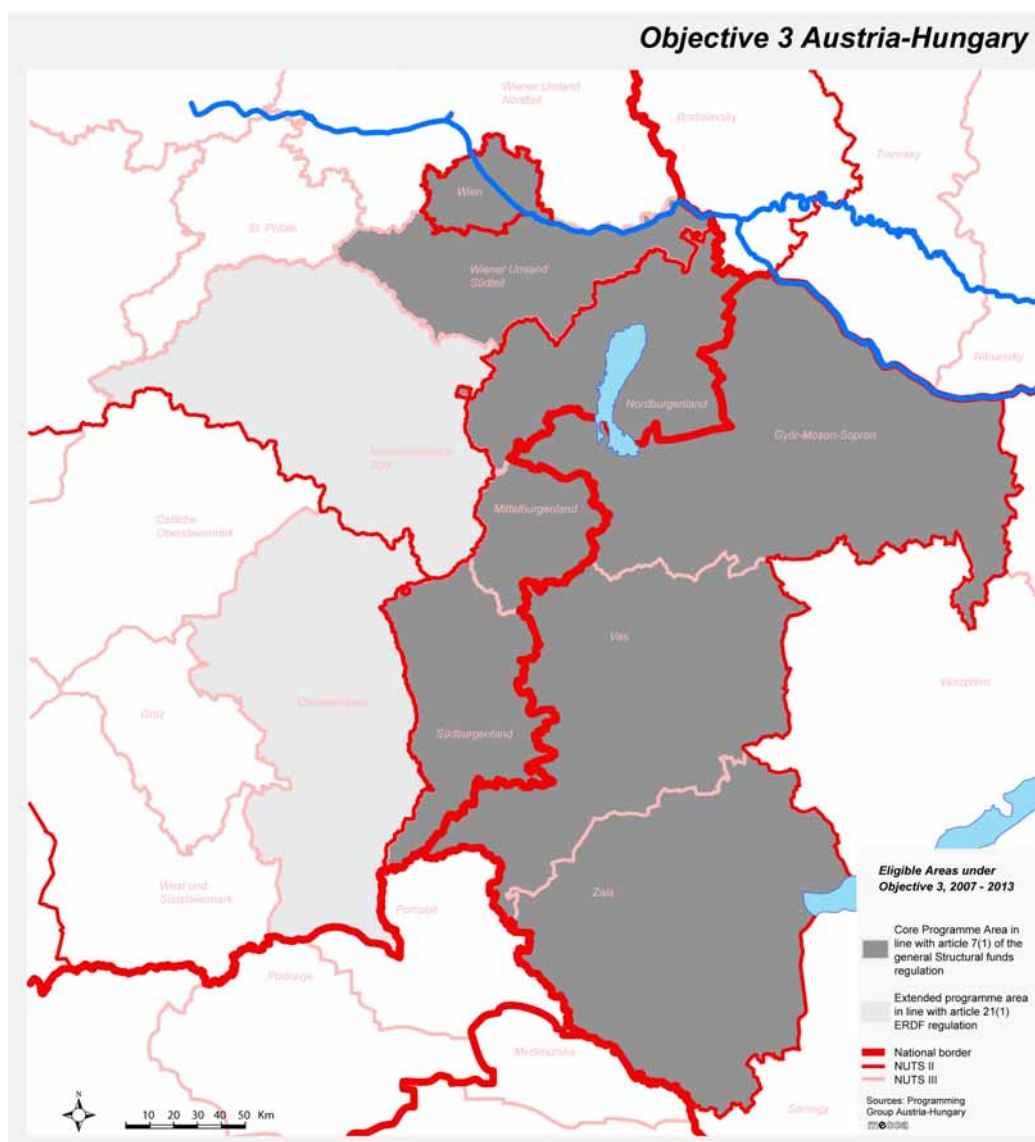


Table 2: Area and Population of the Austrian-Hungarian Border Region

NUTS III region	Area (km ²)	Population 2005	Density (inh/km ²)
Wien	415	1.626.440	3.919,1
Wiener Umland Südteil	1.475	303.046	205,5
Niederösterreich-Süd	3.366	249.900	74,2
Nordburgenland	1.793	143.196	79,9
Mittelburgenland	702	37.505	53,4
Südburgenland	1.472	97.514	66,3
Oststeiermark	3.369	268.627	79,7
Total Austrian Border Region	12.592	2.726.228	216,5
Győr-Ménfőcsanak	4.208	439.922	104,5
Vas	3.337	265.229	79,5
Zala	3.784	295.197	78,0
Total Hungarian Border Region	11.329	1.000.348	88,3
Total At-HU Border Region	23.921	3.726.576	155,8

Source: Statistics Austria (2005), KSH (2005)

The region is characterized by a mix of ethnic groups on both sides of the border, differences can be observed only in terms of proportions of the given nationalities. 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 strengthening regional economic cohesion.

The economic core of the area is Wien, the only Metropolitan European Growth Area (MEGA) in the programming area of the total 75 MEGAs in Europe³. Győr is defined as transnational/national Functional Urban Area (FUA), and the rest of centres over 50.000 inhabitants are regional/local FUA's.

The joint programme region has a dual character regarding the urban network. The north part of the region is an industrial growth pole of central Europe while the southern part of the region is rather the periphery of this growth region with medium sized centres in the Hungarian and small centres in the Austrian side, having more rural characteristics. The level of urbanisation is decreasing from north to south, the average size and economic capacity of towns and villages becomes smaller along the same pattern.

2.2. Networks and co-operation structures

Over the last two decades co-operations across the Austrian-Hungarian border emerged on every level and developed the following most relevant structures:

- Transborder co-operation structures like Alps-Adriatic Community, ARGE Donauländer, CENTROPE, Spa World;
- Cross-border co-operation structures like EuRegio West/Nyugat Pannonia, joint national/nature parks management, joint world heritage management, Grenzkommunalforum, city networks (e.g. Sopron-Eisenstadt-Wiener Neustadt, Szombathely-Köszeg-Oberpullendorf-Oberwart);
- Regional co-operation structures like regional development agencies, regional labour offices, economic chambers, economic clusters, universities, civil organisations.

At the start of the new programming period the Austrian-Hungarian cross-border co-operation has wide scope of experiences. The institutional level experienced almost 20 years of co-operation. Since the mid 1980s the border became more permeable.

In the field of spatial development a government co-operation called Austrian-Hungarian Spatial Development and Planning Committee was established in 1985. The Committee set up subcommittees where the counties (Győr-Moson-Sopron and Vas) and Burgenland were involved. In 1992 the Cross-border Regional Subcommittee was established. The evolution of these institutional co-operations led to the foundation of West/Nyugat Pannon EuRegio in 1998 including Burgenland, Győr-Moson-Sopron and Vas. In 1999 Zala joined the EuRegio. In 2002 the Council of the EuRegio adopted the document on "Entwicklungsleitbild EuRegio West/Nyugat Pannonia". This strategy is a key document for the middle part of the border region regarding the forthcoming programming period of 2007-2013.

In the north part of the Austrian-Hungarian border region the natural process of economic development led to a political agreement of key actors to utilise the favourable investment site potential and strengthen co-operation among regions and cities within a Central European region, by formulating a platform called CENTROPE on political level (including large parts of the eligible area of this programme, except for Zala and Oststeiermark but covering also West Slovakia and South Moravia). The strategy of CENTROPE may give a new impetus to the present territorial co-operation programme.

On a professional level the Biosphere growth region concept has been developed within the project "Joint Regional Development Strategy for Vienna-Bratislava-Győr Region (JORDES+)". The major principle of this concept is the use of natural resources (land, landscape, warm and thermal water, renewable energy resources) for economic activities like tourism, energy production and transport in a sustainable way.

³ Nordregio, et. al.: ESPON 1.1.1 - Potentials for polycentric development in Europe. ESPON Monitoring Committee (Hrsg.). Final report. August 2004.

The southern part of the programming area – Südburgenland, Vas, Zala and Oststeiermark – has more relations to the centres of Graz and Maribor. Networking of cities in a wider southern space is also expected to have a positive influence on this programme area.

Beside these strategic regional co-operations also a lot of small actions and projects were implemented. The people-to-people actions (e.g. Small project funds, SPF-projects) on different levels were often the starting point of close relations. The contacts linked directly to the border are the backbone of close communication and a good co-operation climate.

Over the last 10 years the Interreg-Phare CBC programme initiated and supported the institutional co-operation across the border. A strong obstacle of joint projects was the different program environment for Interreg and Phare implementation. In the last period (Interreg-Interreg 2004-2006) – the requirements for real partnership have received more weight. Almost 500 organisations have participated in cross-border co-operation activities over the last 10 years.

2.3. Demography

While sustained high in-migration rates in the past decades cause a dynamic growth in the population of the northern parts of the area, in the southern regions the population declined or stagnated mainly due to the heavy migration from rural communities.

The entire border region is characterised by the tendency of an ageing population. The share of under-15-year-olds is around 15% in all regions, while the share of the over-60-year-olds is above 20%. Due to the higher life expectancy of women the share of over-60-year-old females is considerably higher than the total.

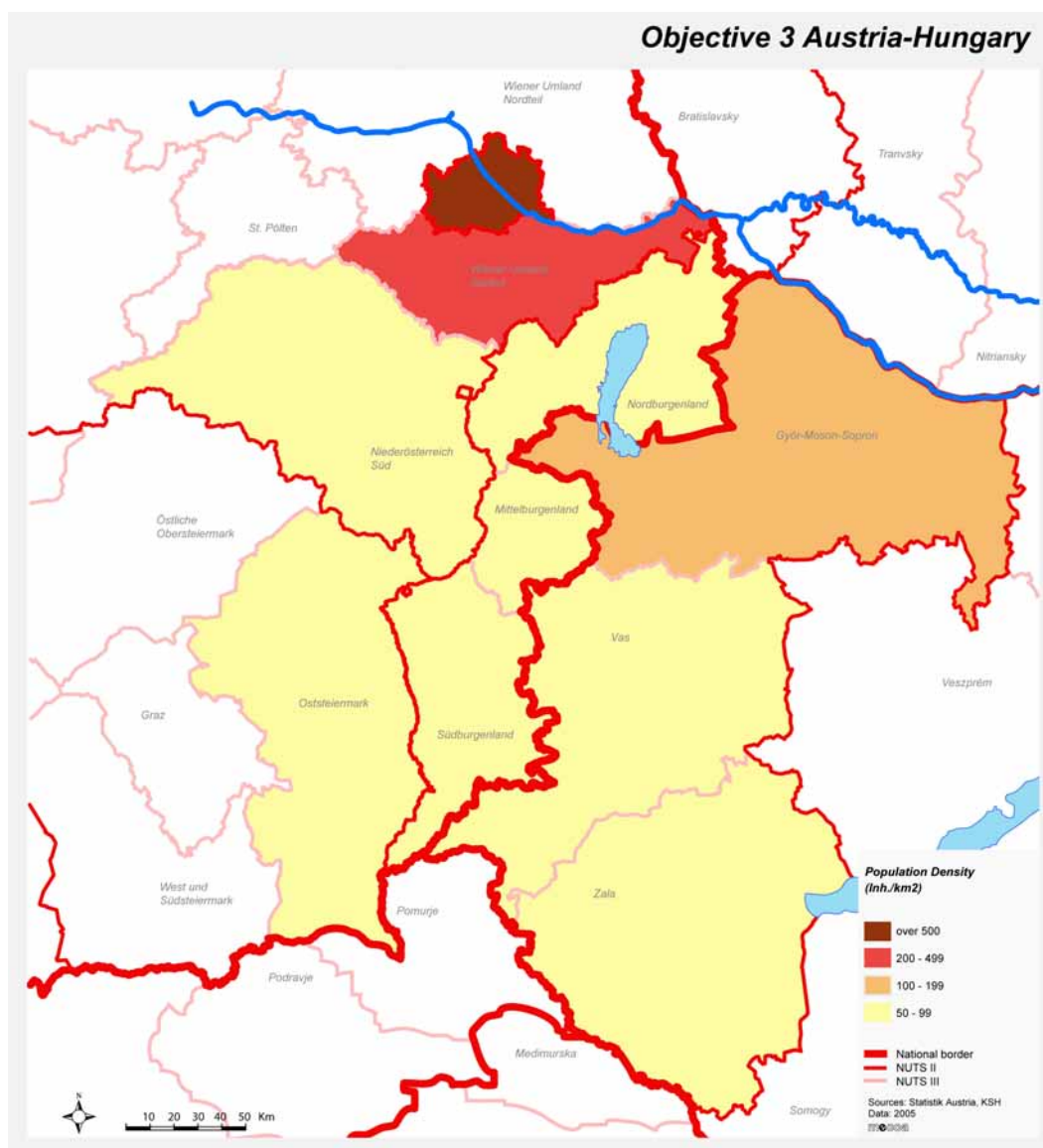
These figures in both age groups show slightly less favourable trends than the European average. The trend is the most critical in Mittel- and Südburgenland where the difference between the two relevant age groups is over 10%. This is resulted by the process of negative net migration and the negative natural growth of the population. The reason behind that are the peripheral location, the disperse settlement structure and the agricultural characteristics of that region which offers little job opportunities and unattractive living conditions for young people.

Table 3: Population trends 1991-2005 and age structure 2005

Regional Unit NUTS III region	Population trend (Change in %)			Age structure (%)			
	1991-2001	2002-2005		Share of under-15-year-olds, 2005		Share of over-60-year-olds, 2005	
	Total	Total	Women	Total	Women	Total	Women
Wien	0,7	4,1	3,4	14,7	13,6	22,2	25,5
Wiener Umland Südteil	7,7	3,2	3,2	16,0	15,2	23,1	25,3
Niederösterreich-Süd	3,9	1,3	1,0	16,1	15,3	23,6	26,4
Nordburgenland	6,3	1,4	1,4	14,9	14,3	23,8	26,8
Mittelburgenland	-1,0	-0,6	-1,2	14,0	13,6	26,2	29,7
Südburgenland	-1,3	-0,5	-0,7	14,0	13,4	24,9	28,2
Oststeiermark	2,0	0,0	-0,1	16,6	15,9	21,5	24,7
Total AT Border Region	1,8	2,9	2,5	15,1	14,2	22,6	25,7
Győr-Moson-Sopron	1,6	1,1	0,4	15,0	14,2	20,5	25,2
Vas	-2,5	-1,3	-0,7	14,9	14,1	21,3	25,0
Zala	-1,9	-1,3	-0,9	14,2	13,1	22,0	26,2
Total HU Border Region	-0,6	-0,3	-0,3	14,8	13,8	21,2	25,5
Total AT-HU Border Region	1,2	2,05	1,74	15,0	13,9	22,2	25,2

Source: Statistics Austria (2005), KSH (2005)

Map 2: Population density



Development tendencies

There are positive demographic trends in the north part of the region: growing population and migration into the area. This trend increases the size of labour market, generates demand for higher level of services (like higher education, health and wellness spa) and for quality products (like organic food products). At the same time, the south is characterised by negative demographic trends: decreasing population and out-migration. These trends are partially based on the distance from the main development axis remaining a lagging behind region with rural character and a slower economic growth. A danger is the acceleration of these trends because of ageing population.

Future activities should focus on balancing the demographic disparity between the north and the south of the region. This means improvements especially for the Mittel- and Südburgenland and the countries of Vas and Zala, where people partly suffer from the disadvantages of harder accessibility (see Map 5: Transport infrastructure (roads, airports) and Map 6: Transport infrastructure (railways)). It will be important to improve services for special target groups (e.g. elderly people – health and domestic services, young generation – educational and job options).

If the quality of life (including the services mentioned above) can be enhanced in the small cities and the rural parts of the region, it can soften the loss of population and job opportunities. As a backbone for the quality of life the social infrastructure and public services need to be secured and improved. Therefore the polycentric structure of the region should be strengthened.

2.4. Economy

The previously demonstrated demographic trends and spatial structure are also reflected in the economic performance of the border region. The north of the region is among the strongest economic regions of Europe (Table 4: Gross domestic product (GDP) at current market prices and PPS per capita (1997, 2003), Map 3: GDP (purchasing power parities, in % of EU average)). In comparison the regions of Südburgenland as well as the Hungarian counties achieve less than 75% of the European average. The fastest growth has been in Győr-Moson-Sopron where the GDP has doubled over the period of 1997-2003.

Table 4: Gross domestic product (GDP) at current market prices and PPS per capita (1997, 2003)

NUTS III region	Millions of Euro (from 1.1.1999) / Millions of ECU (up to 31.12.1998)		Purchasing power parities per capita in percentage of the EU25 average (%)	
	1997	2003	1997	2003
Wien	51.158,9	62.874,9	178,7	170,9
Wiener Umland Südteil	7.285,7	9.228,5	135,4	134,3
Niederösterreich-Süd	4.349,8	5.014,3	94,5	87,5
Nordburgenland	2.353,6	3.130,6	92,5	95,6
Mittelburgenland	503,2	702,4	70,2	81,0
Südburgenland	1.279,2	1.584,8	67,7	70,4
Oststeiermark	3.761,8	4.841,0	78,9	78,0
Total Austrian Border Region	70.692,2	86.674,1	-	-
Győr-Moson-Sopron	1.861,9	3.845,7	54,9	71,5
Vas	1.233,5	2.055,4	57,3	62,9
Zala	1.088,8	2.016,5	45,8	55,4
Total Hungarian Border Region	4.184,2	5.981,6	-	-
Total At-HU Border Region	74.876,4	92.655,7	-	-
European Union (15 countries)	7.415.684,3	9.503.520,8	110,3	109,1
European Union (25 countries)	7.710.192,1	9.953.329,3	100,0	100,0

- no data available

Source: eurostat

The general trend of the changing structure of the economy has been similar to all developed economies over the last decades: a strong decrease of the share of the primary sector, generally a decreasing employment trend in the secondary sector, and a fast growth in the tertiary sector. However, the Austria-Hungarian border region is not homogenous in this respect (see also Table 8: Total employment and trends by economic activity 1998, 2003). In the regions with highest per capita GDP – Wien and Wiener Umland Südteil – agriculture has a very minor role in employment (below 2%) but services have a dominant position (above 70%). By contrast Oststeiermark remained the only area within the Austria-Hungarian border region where the share of agriculture is still above 10%.

Agriculture and forestry as well as downstream industries such as wood- and food-processing play in the Hungarian border region a similarly important role as in Nord-, Mittelburgenland and Oststeiermark. Especially arable lands in Győr-Moson-Sopron belong to the best quality lands in Central Europe. Zala has the highest rate of forest areas in Hungary.

Wien has low and declining shares in manufacturing and high shares in high-ranking services of the public and private sectors. It is a centre for banking and insurance industry as well as for international organisations and group company headquarters, influencing patterns and development trends of the northern part of the border region and it has highly dynamic surrounding regions (Wiener Umland Südteil, Nordburgenland, Győr-Moson-Sopron).

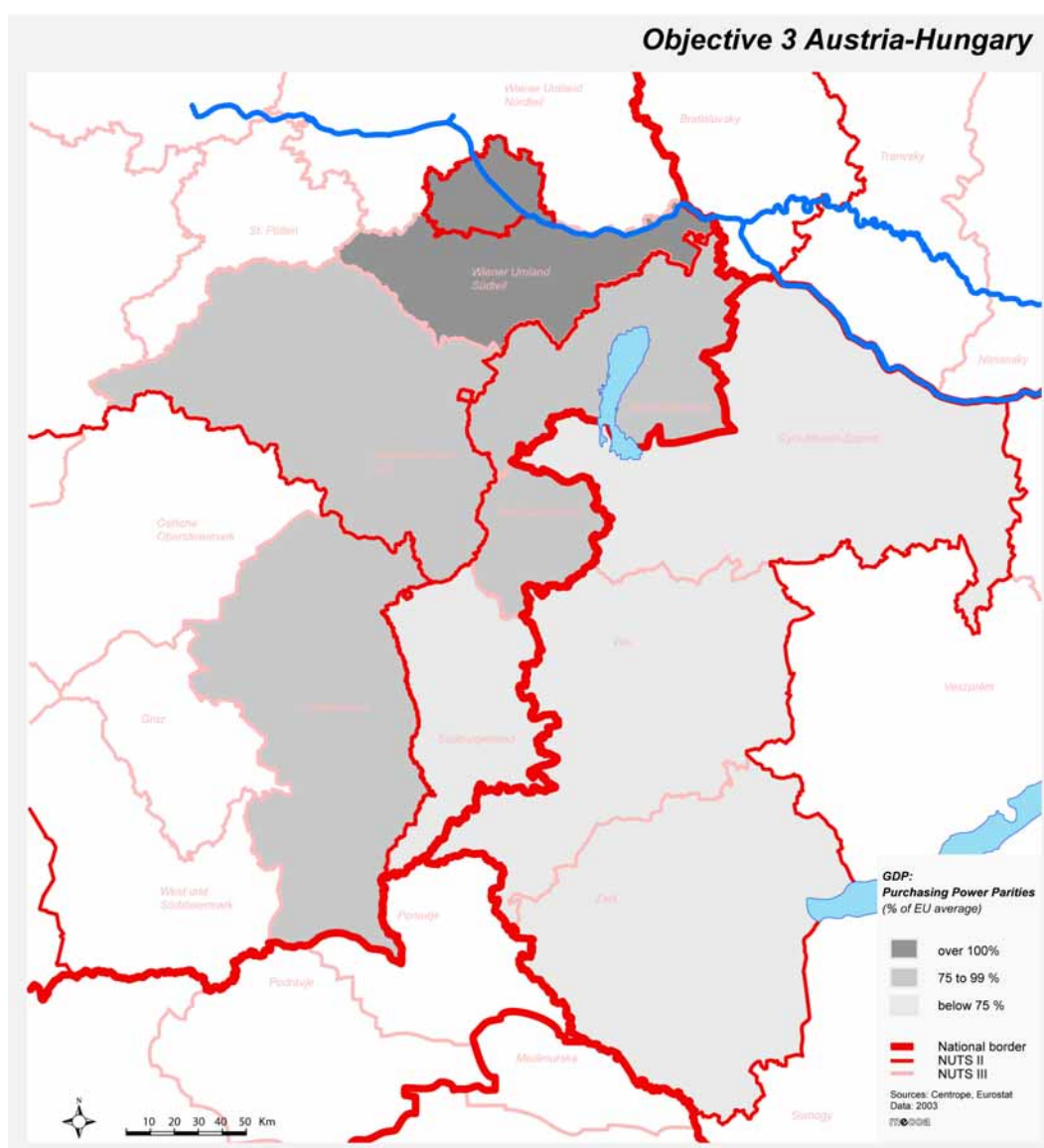
Economic structures are more diversified in Nordburgenland, in Mittelburgenland and Südburgenland, economic activity concentrates in few industries and locations (textile and garments industries). The construction industry also accounts for a very high share of jobs. The benefits of the economic conditions in Nordburgenland are based largely on location factors that result from the region's vicinity to the central space of Wien. The largest enterprises in the region belong to the food and beverages industry, metal-working and wood processing industries. Characteristic for all three parts is the

relatively high share of agriculture and the predominance of smaller enterprises. Approximately 60% of enterprises in Burgenland employ less than 20 workers.

A typical feature of the NUTS III regions of Niederösterreich is the high share of employment in the service sector (Wiener Umland Südteil) and the high share of industries and services (Niederösterreich-Süd). Oststeiermark has a very high share of employment in agriculture and marketing of agricultural products. Beside that innovative forms of energy production and environmental friendly technologies play a growing role.

The Hungarian side of the border experienced a relatively fast structural change. The weight of agriculture has decreased by 10% over the last 15 years. The change was led by the foreign direct investments (FDI). The major factors to attract FDI were the accessibility and the skilled relatively cheap labour. Especially the export oriented industries – machinery and related sectors – showed the most dynamic development. New investments have created the largest vehicle and car components industry in Hungary.

Map 3: GDP (purchasing power parities, in % of EU average)



Development tendencies

According to experts estimation there are several strengths and positive economic development trends in the border region: a growing number of small and medium sized enterprises (SME) in the entire region, a dynamic service sector, skilled labour, a great supply of business sites, the establishment of knowledge based intermediary and transfer institutions (innovation and technology centres,

competence centres, regional development agencies), emerging economic clusters, networking activities across the border has started and high quality arable land. Some negative trends counterbalance the economic processes of the border region: low co-operations of SMEs⁴ regarding large companies and Research and Development (R&D) sector as well as high dependence on the Viennese labour market. Additionally after 10 years some low value added assembling companies started to move to new locations (Eastern Europe, China, Far-East). Therefore the new challenge is to keep the level of FDI and stabilise the SME sector. A potential barrier for the restructuring of the economy is the relatively weak R&D capacity of West Pannon Region – the region has the second highest per capita GDP and the second worst R&D capacity in Hungary.

In the future the economic gaps and differences between the north-south are not easy to be changed. Also the east-west division will not disappear but diminish. The sustainable use of natural resources offers great potential for economic activities. Issues like renewable energy or organic raw materials will become a crucial factor for the economic performance of the region. Beside that medical engineering is of growing importance in the region (e.g. project Medauston⁵). They offer chances for SMEs and R&D in co-operation with a cross-border labour market to sustain the high quality of life in the region.

2.5. Tourism

Tourism plays an important role in the region. The border region is rich in natural (e.g. hills, lakes, rivers, landscape and great variety of ecosystems, thermal water and spas) and common cultural heritage (e.g. castles, music, festivals). Those attractions and their combination generate tourism. Several joint cross-border actions have been taken place based on those strengths over the last decade. Tourism is based on national and nature parks and an enormous density of spas. The larger centres offer congress facilities and a great variety of cultural sights. Castles, gardens, festivals, cycling and sporting complete the tourist attractions.

In the region tourist infrastructure as well as tourist offers are rather heterogeneously developed. Although Wien accounts for only 10% of hotels and similar establishment its share in beds however is more than one third of the Austrian border region. The city is one of Europe's most important congress locations (Table 5: Number of hotels and beds). The numbers of overnight stays in Wien has increased from 40% to 43% between 2000 and 2005 (see Table 6: Number of overnight stays). From the total 20,1 million overnight stays of the border region 8,7 million was reported from Wien.

Table 5: Number of hotels and beds

NUTS III region	Number of hotels and similar establishments			Number of beds in hotels and similar establishments		
	1995	2000	2005	1995	2000	2005
Wien	341	348	-	40.132	39.995	-
Wiener Umland Südteil	138	143	150	7.423	7.901	8.096
Niederösterreich-Süd	340	284	274	9.836	8.795	8.370
Nordburgenland	276	232	219	9.565	7.922	7.683
Mittelburgenland	15	20	28	437	867	1.562
Südburgenland	98	107	116	3.699	4.017	5.574
Oststeiermark	453	413	381	14.075	14.379	14.397
Total Austrian Border Region	1.661	1.547	-	85.167	83.876	-

Gy

in middle, and Raab-Őrseg-Goričko Nature Park in the south). The rich variety of ecosystems offers a huge potential for day-trippers in the vicinity of the metropolitan areas. The following topics are important for the future of tourism in the region: spa&wellness, active and nature tourism (hills, rivers, lakes, nature- & national parks), culture and wine. Conference tourism is concentrated mainly in Wien. In a much smaller scale Sopron has good potential in this field of tourism as well. The southern part (Südburgenland, Zala County) is concentrating on expanding environmentally and socially compatible forms of tourism.

Table 6: Number of overnight stays

Regional Unit, NUTS III region	2000 (total)	2005 (total)*	Trend (%)
Wien	7.629.819	8.675.441	13,7
Wiener Umland-Südteil	1.275.370	1.391.470	9,1
Niederösterreich-Süd	1.341.709	1.146.215	-14,6
Nordburgenland	1.521.697	1.384.363	-9,0
Mittelburgenland	116.721	246.297	111,0
Südburgenland	782.251	882.483	12,8
Oststeiermark	2.785.087	2.755.200	-1,1
Total Austrian Border Region	15.452.654	16.481.469	6,7
Győr-Moson-Sopron	987.627	913.207	-7,5
Vas	805.458	867.707	7,7
Zala	1.820.661	1.809.950	-0,6
Total Hungarian Border Region	3.613.746	3.590.864	-0,6
Total AT-HU Border Region	19.066.400	20.072.333	5,3

* in Hungary 2004

Source: Statistic Austria (2005), KSH (2001, 2005)

Development tendencies

Projects like HEALTHREGIO⁶ or the SPA world⁷ showed already the potentials of cross-border tourism development with issues like wellness- or health services. In general tourism will stay a growing sector also in the future. Themes are culture, sports, wine and other forms of nature based activities (e.g. cycling, bird watching and hiking). Excursions to innovative forms of using renewable energy (e.g. Güssing, Bruck/Leitha, Weiz) gain growing importance. Many of the NUTS III regions doubled (Hungarian regions) or even tripled (Mittelburgenland) their number of available beds in the past 10 years. In the future the enhancement of quality and logistic infrastructure (booking possibilities and multinational public relations) as well as the extension of the duration of stays under sustainable aspects (eco-mobility as demonstrated in the Neusiedler See region) are the goals to achieve.

2.6. Labour Market

Employment

There is a difference between the Austrian and the Hungarian side of the border region regarding employment rates. The employment rates in the Austrian part of the border region are above the European average by 3-10% while the West-Transdanubia region is below the European average by -2% (Table 7: Employment rates (%) and deviation from EU25 (%), 2004). Especially the employment rate of women in West-Transdanubia is 3% below the EU 25 deviation. Extraordinary high is the female employment rate in Steiermark with 6% and Niederösterreich with 12% above average. We assume that one of the reasons behind the different female employment rates within the region is the low rate of part time job facilities in West-Transdanubia.

The dominant position of Wien in the regional labour market pattern is underlined by high commuter rates in the surrounding regions (Table 8: Total employment and trends by economic activity 1998, 2003). Nearly one third (31,7%) of Burgenland's labour force are employed outside of Burgenland. This trend is not significant in the Hungarian counties (about 2%) due to their urban centres that offer work places for the resident labour force and function as commuter targets for the surrounding municipalities.

⁶ <http://www.healthregio.net>

⁷ <http://www.european-spa-world.com>

Table 7: Employment rates (%) and deviation from EU25 (%), 2004

	EU 25	Nyugat-Dunántúl (West-Transdanubia)	Burgenland	Nieder-österreich	Wien	Steiermark
Total	51,4	50,3	52,8	56,3	52,8	54,3
Men	59,6	58,9	61,3	64,1	60,5	63,2
Women	43,7	42,6	44,9	49,1	46,1	46,2
Deviation from EU 25 total		-2	3	10	3	6
Deviation from EU 25 men		-1	3	8	2	6
Deviation from EU 25 women		-3	3	12	5	6

Source: eurostat, <http://epp.eurostat.ec.europa.eu/>

Map 4: Employment by economic activity

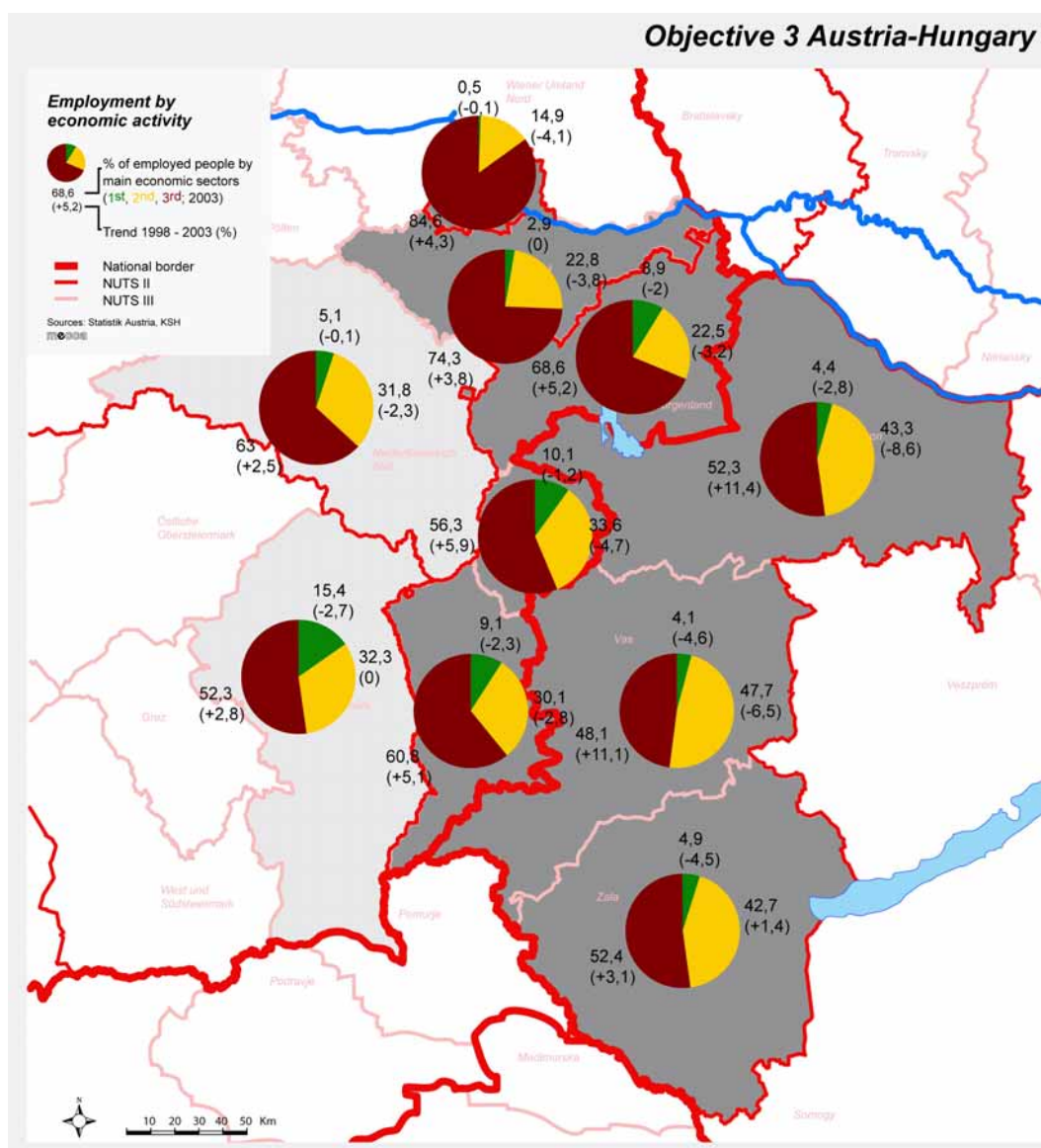


Table 8: Total employment and trends by economic activity 1998, 2003

Regional Unit NUTS III region	Total			% 1st sector		% 2nd sector		% 3rd sector	
	1998	2003	trend 98-03	2003	trend 98-03	2003	trend 98-03	2003	trend 98-03
Mittelburgenland	11.500	11.900	3,5%	10,08%	-1,22%	33,61%	-4,65%	56,30%	5,87%
Nordburgenland	51.100	57.000	11,5%	8,95%	-2,01%	22,46%	-3,18%	68,60%	5,19%
Südburgenland	29.800	31.900	7,0%	9,09%	-2,32%	30,09%	-2,79%	60,82%	5,11%
Niederösterreich-Süd	98.300	97.000	-1,3%	5,15%	-0,14%	31,86%	-2,33%	63,09%	2,46%
Wiener Umland-Südteil	135.300	140.900	4,1%	2,91%	0,03%	22,78%	-3,75%	74,38%	3,80%
Wien	867.500	885.600	2,1%	0,50%	-0,10%	14,92%	-4,14%	84,59%	4,25%
Oststeiermark	96.200	100.100	4,1%	15,38%	-2,70%	32,27%	0,04%	52,35%	2,76%
Total Austrian Border Region	1.289.700	1.324.400	2,7%	2,88%	-0,38%	19,16%	-3,56%	77,97%	3,97%
Győr-Moson-Sopron	107.353	132.966	23,9%	4,38%	-2,77%	43,32%	-8,61%	52,30%	11,38%
Vas	68.436	85.259	24,6%	4,14%	-4,63%	47,74%	-6,50%	48,12%	11,13%
Zala	60.794	82.965	36,5%	4,94%	-4,47%	42,71%	1,35%	52,35%	3,12%
Total Hungarian Border Region	236.583	301.190	27,3%	4,47%	-3,73%	44,40%	-5,48%	51,13%	9,21%
Total AT-HU Border Region	1.526.283	1.625.590	6,5%	3,17%	-0,85%	23,84%	-3,10%	73,00%	3,97%

Source: Statistics Austria, http://www.statistik.at/fachbereich_02/regkonten_tab7.pdf, KSH (1998, 2003)

In general most of the NUTS III regions follow the usual European employment trend: decrease of the employed persons in the first and second sector and increase in the third sector. The largest contribution to the GDP by the first sector shows the Oststeiermark (approx. 15%) and the Mittelburgenland (approx. 10%). Here agriculture and forestry are still vital economic factors. Of course the opposite is Wien: the rate of people employed in the third sector is approx. 85%.

Unemployment

Unemployment rates show no significant differences between the Austrian and Hungarian part of the region. In all major unemployment indicators – long term, young people and female – the region shows a better picture than the European average (Table 9: Unemployment rate of different target groups, 2004). Female unemployment is slightly above the average in all regions except Wien. Youth unemployment is especially in Wien above the average, but everywhere far below the European average.

Table 9: Unemployment rate of different target groups, 2004

Regions	Total	Long term	Female	Young
	Unemployment rate (%)			
Total Burgenland	4,2	21,2	4,8	7,1
Total Niederösterreich	3,5	27,3	3,7	5,7
Total Steiermark	3,8	27,6	3,7	5,8
Wien	7,2	37,1	6,0	11,1
Total Hungarian Border Region	4,1	38,6	4,2	8,8
EU 15	7,8	40,2	8,8	15,2
EU 25	9,0	44,3	10,0	18,1

Source: EC (2004), CIP (2004), KSH (2005).

Assessment of the cross-border labour market

The European integration provides a new framework for cross-border labour market relations. While many Hungarians work in Austria official statistics do not indicate a significant number of Austrian employees on the Hungarian side of the border region.

Labour offices have started to cooperate 10 years ago. They set up a joint Labour Market Strategy and established a joint Labour Market Academy. In the last years they extended the co-operation to municipalities and enterprises via joint Labour Market Pacts, which is a potential tool to maintain and

increase the employment level of the border region. The limits imposed under the Austrian Foreign Workers Employment Act have prevented higher rates of cross-border employment in the past five years. In April 2006 Austria extended those limitations by additional three years. With this extension, the free movement of labour force can be realised by 2010.

Development tendencies

Issues of cross border labour market tendencies are discussed very emotionally in general. In the past years workforce moved quite one-sided from Hungary to Austria. Thus all regions face similar trends (decrease in the first and second sector, increase in the third) and the personal mobility will rise in a post-Schengen era, it is very probable that workforce will move in more than one direction.

These trends are already under discussion – e.g. in joint Labour Market Pacts within the EuRegio West-Nyugat Pannonia. Concerning the employment and unemployment rates of women and young people the situation is better than in the EU average. Nevertheless the development needs to be watched to improve the equal opportunities on the labour market. The perspective in the future should emphasize also the positive chances of a liberalized and mobile labour market, especially from the Austrian perspective. The establishment of a cross border labour market strengthens the economic power of the region on a regional as well as on the international level.

2.7. Education, research and development

Research and education are key factors for the creation of an innovative business environment. The prime location for high-quality education and research facilities within the entire Austrian-Hungarian border region is Wien. The strong concentration of public and co-operative research facilities – more than half are located in Wien – is counter-pointed by a 17,5% share of private industrial research, which is – in terms of both geographical distribution and technical specialisation – in line with the geographical distribution of industry across Austria.

Five universities and three academies of arts are located in Wien. Further universities or university faculties are located in Sopron, Győr, Mosonmagyaróvár and Keszthely. Universities of applied sciences are located in Wiener Neustadt, Eisenstadt and Szombathely. Additional higher education units work in the larger cities Nagykanizsa, Zalaegerszeg, Mödling, Pinkafeld, Stadt Schläining and Weiz. Based on the Bologna process there will be no obstacles to the harmonisation of qualifications and diplomas in the border region.

The high economic performance of the Hungarian border area is vulnerable in national terms because of low capacities in research and development (R&D). Concerning the rate of employees in the R&D sector (researchers per 10.000 people: 12) the border region is far below the Hungarian average (researchers per 10.000 people: 23). Even this low capacity is unequally distributed. 64,9% of the 142 institutions involved in research and development are located in Győr-Moson-Sopron, 22,5% in Vas and 12.6% in Zala County. Also on the Austrian side the expenses for research and development are not extremely high on the NUTS II level.

Over the last decade the region has started to plug the gaps in regional innovation systems. Centres for innovation and applied research have been established in Eisenstadt, Güssing, Jennersdorf, Wiener Neustadt, Győr, Sopron and Szombathely. According to the Lisbon strategy co-operation between the universities, R&D and industries is evolving.

In the knowledge transfer between R&D, innovation and technology centres and the industries, economic clusters may play a relay function. In the West Pannon Region eight clusters have been established since 2000. Similar institution systems have been established also on the Austrian side of the border region over the last 10 years. These developments give a potential for closer co-operation (networking) across the border at all levels of the innovation system.

Development tendencies

Education, research and development will play a stronger role in cross border co-operation. In general a good and diverse supply is given in the whole region, with a certain dominance of Wien and some gaps in the southern part. The established co-operation's will be continued and extended on the one hand among the education institutions and on the other hand to the R&D and industry.

The focus on specific strengths in the region (e.g. the successful post graduate MSc course "Renewable Energy in Central and Eastern Europe") offers skills for qualified workforce in the region.

Other “hot spots” for R&D co-operations can be implemented in courses or offers of the smaller educational sites mentioned above. Among these thematic fields are nature management, renewable primary products, medical engineering, logistics, eco-mobility and sustainable tourism.

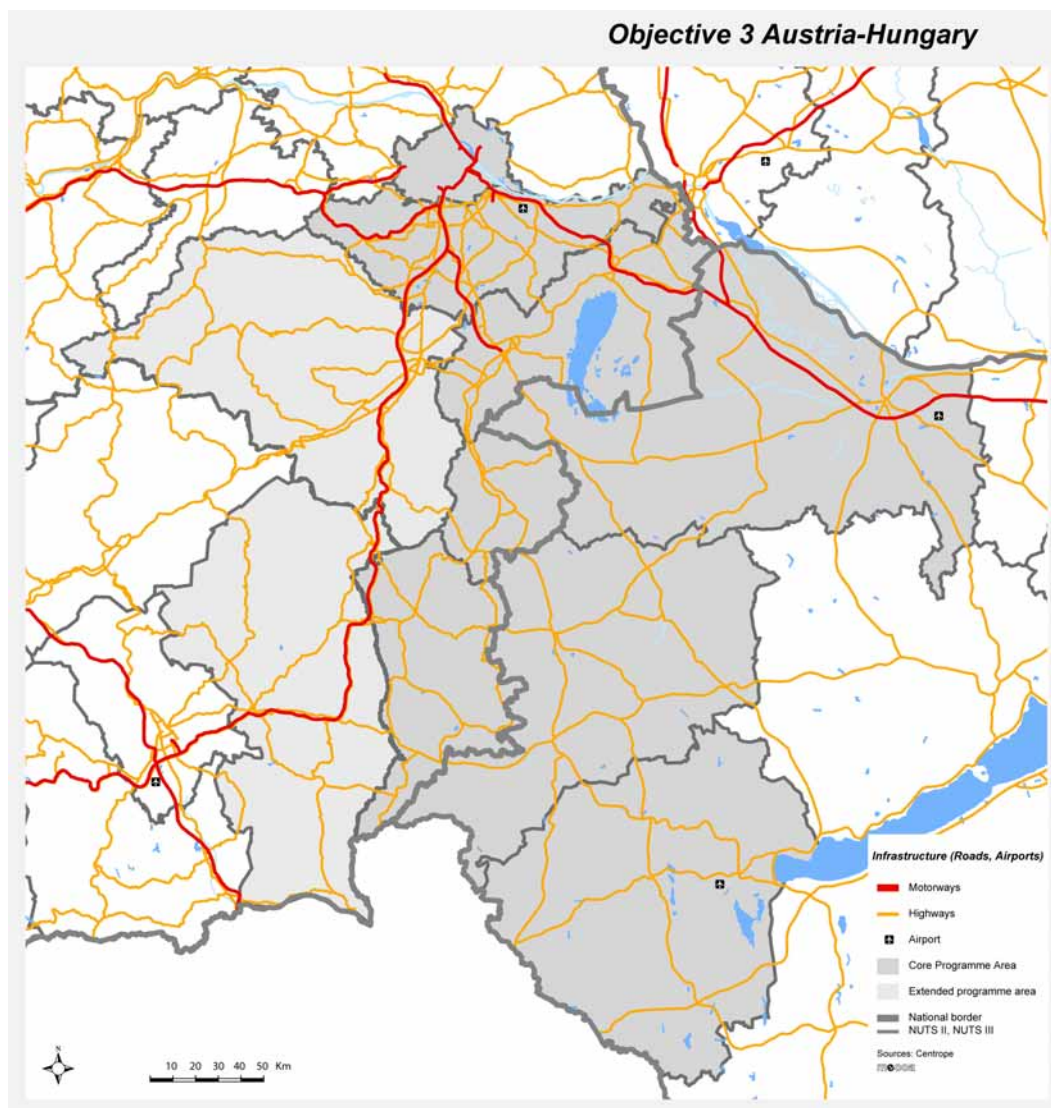
2.8. Infrastructure

Regarding international and intraregional transport networks conditions vary widely in the region. The northern part (Wien-Győr) is easily accessible by all means of transport. The southern part has to face disadvantages in terms of accessibility. The improvement of connections is a key factor to foster economic coherence. Furthermore an important aspect is the concentration on eco-mobility.

Road Transport

The northern area (Wien, Wiener Umland Südteil, Nordburgenland and city of Győr) has a high-grade road network (A2, A3, A4, A6, S1, S4, S31, see also Map 5: Transport infrastructure (roads, airports)). On the Hungarian side the significantly increasing traffic flow through the emerging new north-south (Baltic-Adriatic) corridor, together with the growing road capacity problems emphasises the importance to develop the north-south axis within the West Pannon Region (M9). The two northern branches of this axis, the first one on the Bratislava-Csorna-Szombathely line and the other one through Wien-Sopron-Bük-Szombathely are meeting at Szombathely; the first one rather linking the Baltic and Adriatic area, while the second one heading via Zalaegerszeg and Nagykanizsa toward Zagreb as a new nodal and distribution point towards the Balkans.

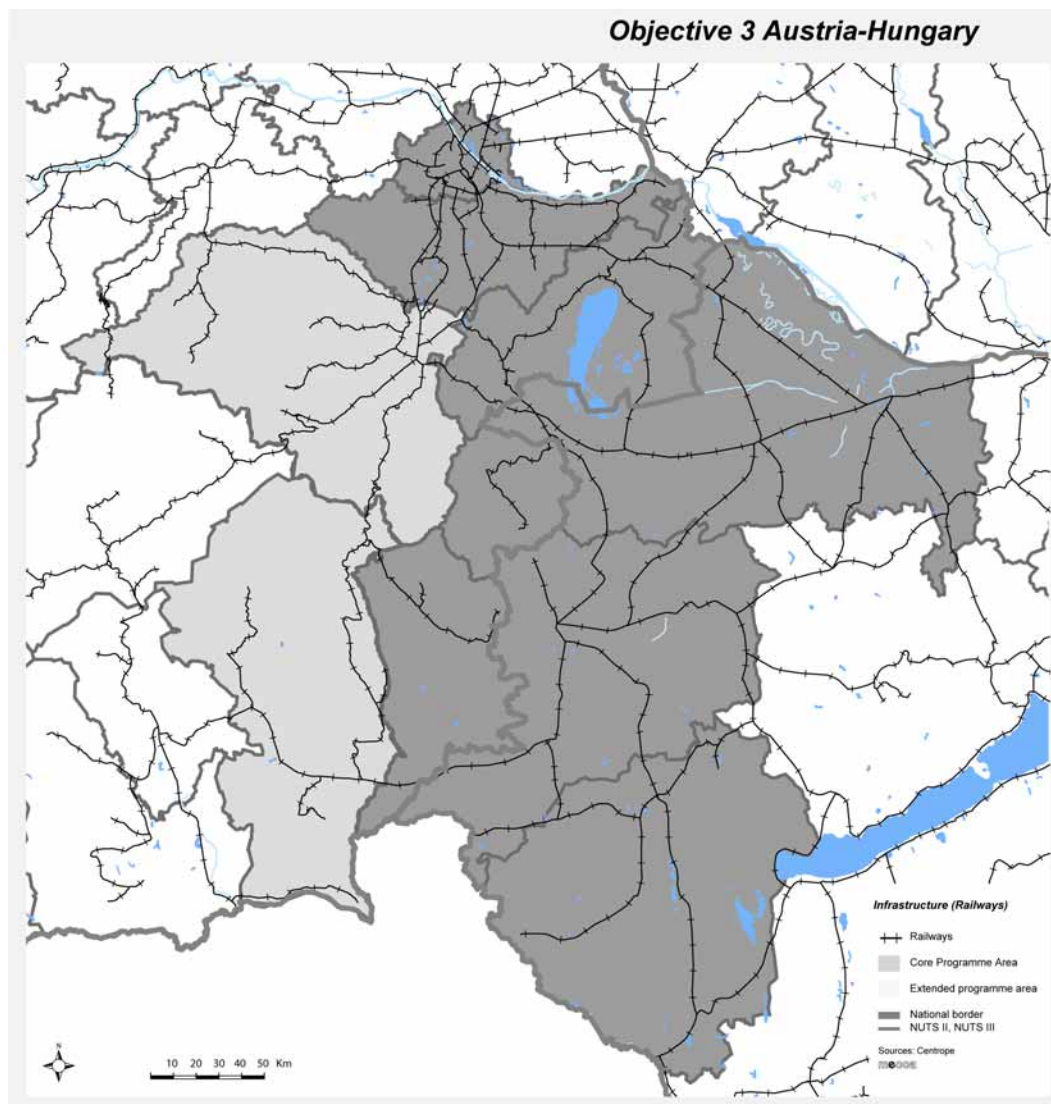
Map 5: Transport infrastructure (roads, airports)



Railway Transport

The accessibility by rail has been increased significantly within the northern parts of the border region since 2000, when the Euregio-trains between Wien and Győr have been launched. To improve this rail line, electrification and modernization of the railway line between Sopron and Szombathely has started, bringing closer the mid-part of Western Transdanubia to the agglomeration of Wien. Around the Neusiedler See/Fertő and in other protected or sensitive areas, the concept of sustainable transport development gives special significance to the electrification of the railway system.

Map 6: Transport infrastructure (railways)



Other means of transport

The Danube's potential in the intermodal transport flows has been improved considerably. In the cross-border region the port of Wien has already established its role as an international harbour, while at the Győr-Gönyű port the doubling of the port's capacity and the railway connection to the Wien-Budapest line should contribute to the increased potential.

Due to the growing importance of international transport links, the airports within the region are also gaining more relevance. Especially the Vienna International Airport (VIE) has become increasingly important for the cross-border region as a whole due to continuous efforts to develop its position as an international hub. Beside the airport in Bratislava important gateways for the southern part of the region are the regional airports: Sármellék, Fertőszentmiklós, Szombathely and Graz.

The establishment of a bicycle network and building cross-border connection points increases the tourist attraction of the region. An inter-regional cycling network has been planned and partly built up over the last decade. The network on the Hungarian side still needs to be developed and important

links between the two sides of the border are also missing. Further efforts have to be dedicated to organise common services and marketing of this network. Public busses are an important means of transport, too.

Telecommunications and public utilities

The telecommunication infrastructure is especially in rural areas still lagging behind compared with international as well as national standards. However a number of initiatives have been established to improve the situation. Over the last 10-15 years considerable improvements and modernisation of the infrastructures for supply and disposal have been achieved – these efforts were especially marked in the Hungarian side of the border region. Nevertheless an overall assessment pointed at insufficient levels of infrastructure in small and medium-sized municipalities. The sewage system of the region is inhomogeneous and is generally below EU standards. Although 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 still deficits in these areas. In some cases there is a potential for cross-border use of the sewage system and treatment and solid waste collection and disposal.

Development tendencies

Especially the north of the region is well equipped with road and railway connections. Also the southern part will benefit from the European Transport corridors (Baltic-Adriatic corridor as well as the corridors IV, V and VII). On the regional scale many road links and border crossings are missing. To improve the accessibility, measures on two levels are foreseen:

- Improved accessibility among larger cities including a better link to Wien and the development of a North-South corridor on the Hungarian side of the border;
- Reconstructing small scale East-West links across the border.

In the cross-border internal transport network of the region missing or insufficient elements can be found especially in the agglomerations of Sopron-Eisenstadt (Road No. 85), Szombathely-Oberwart (No. 89) and Kőszeg-Oberpullendorf (No. 87). The motorways M8 and M7 will have a key role in the accessibility of the southern part of the area. The participation of Hungary in the Schengen Treaty which is foreseen for 2008 will boost the opening of small border crossings. In ecological sensitive areas such as the UNESCO World Heritage Site Neusiedler See innovative forms of public transport and eco-mobility are being implemented.

Regarding transport of goods, the importance of multimodal systems, such as the RO-LA (Rollende Landstraße/transporting lorries by rail) terminal at Sopron is growing. Between Győr and Gyönyű a new railway line construction (10 km) will start soon, contributing to the better utilisation of the RO-RO (Roll on roll off) harbour at Gönyű.

For the future the role of information technology (IT) infrastructure and public services will be enlarged, especially for the smaller centres and communities. Accessibility is not only “hardware” – a vital and fast information flux needs strong internet backbones. On the local level many facilities of water, sewage and waste management will need more investments. The cross border perspective for a common facility management or other activities like logistic measures like bilingual signposting of bike paths will increase its importance.

2.9. Environment and natural resources

The region is formed by a broad variety of different landscapes:

- the Wiener Becken 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 Ödenburger mountains (606m) in the Nordburgenland as well as the Landseer and Günser mountains in the Mittelburgenland;
- the Kisalföld with the Kőszeg, Sopron and Sag Mountains and the hilly lands of the Zala and Vas regions;
- the lowlands of the Nordburgenland (the flat of Parndorf, Seewinkel) and the basin of Oberpullendorf which opens to the Hungarian Small Plain (Kisalföld);
- the hilly lands in Oststeiermark and the Südburgenland as part of the basin of Graz;
- Alpokalja - the ‘fingers’ of the Alps reaching Hungary.

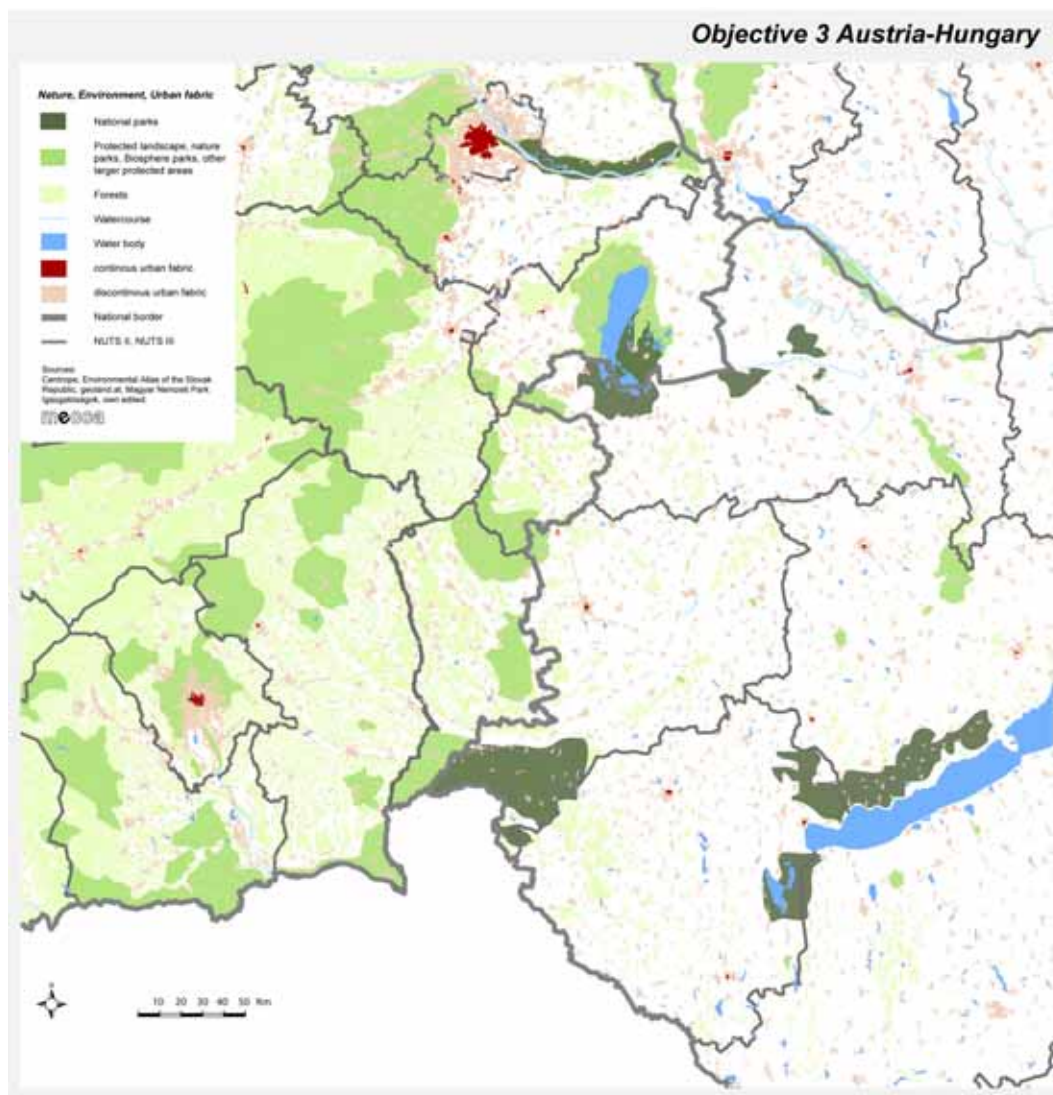
Cultural heritage

The great variety of ecosystems and the rich natural heritage is responsible for a number of nature parks and national parks (NP) such as the NP and world heritage site Neusiedler See/Fertő, sensitive areas, Natura 2000 and protected areas. Together with the richness of cultural heritage and the geologic conditions for spas they offer favourable conditions for environmental forms of sustainable tourism.

Most of the nature and landscape conservation areas are located at a distance from the main settlement and development areas. A key measure in the field of nature conservation was the establishment of the national parks Neusiedler See-Seewinkel and Fertő-Hanság, which encompasses the South-Eastern shore of Neusiedler See/Fertő, more than half of the lake itself and the adjacent reeds and meadows. Central Europe's only steppe-lake national park covers an area of about 20.000 hectares, 8.000 are situated in Burgenland. In an effort to protect and develop cross-border nature parks, two nature reserves – Geschriebenstein-Írottköz and Raab-Órseg-Goričko – were established.

In 1993 the national park Neusiedler See-Seewinkel gained international reputation as an IUCN Category II preserve. Finally in 2001 the national parks in Austria and Fertő-Hanság were together accepted as a UNESCO World Heritage Site. A joint management plan has been developed to foster the sustainable development of the sensitive area. It includes the general vision, short and medium term objectives and an action plan for landscape protection, protection of cultural assets, sustainable agriculture, especially wine culture, townscape and village protection, a new building culture, sustainable transport, education and public awareness. It was established within a regional participation process and approved by the regional and national authorities as well as the UNESCO in 2003/2004.

Map 7: Nature, environment, urban fabric



Eco-mobility

Among several cross-border concepts and joint development actions focusing on the environmental reserves, the initiative on “Sustainable transport development in sensitive areas” shall help to shape the economic development of the area preserving the quality of living conditions for future generations.

This idea is in line with the biosphere growth region concept elaborated in the Joint Development Strategy for the Vienna-Bratislava-Győr Region (JORDES+) and describes the potential synergies among skilled labour forces, R&D and natural resources. Steiermark identifies itself as the ‘Green Heart of Austria’ as well as the vision of the West Pannon Region is to be a ‘Green Region’ including Vas and Zala. These facts make it easy to extend the biosphere growth region concept across the entire border region.

Renewable energy

There is a growing awareness within the border region regarding environment. Utilisation of renewable and alternative energy sources (e.g. biomass, wind, solar) has started and extended in the Austrian side of the border. This process has a strong influence on the Hungarian side of the border via the cross-border activities of the European Centre for Renewable Energy in Güssing, the Energy Park Bruck/Leitha and the Energy Region Oststeiermark. Including also the experiences of public companies and municipalities the topic has become an intensive co-operation field among cross-border relations.

Water

Water is an important resource for the region. Common problems are changes in the water level of Neusiedler See as well as in some parts of the river Raab. Another topic of interest is food protection and the improvement of water quality. Drinking and waste water treatment is an important issue especially on the Hungarian side of the region.

Development tendencies

The great variety of eco-system in the region bears opportunities for future development. The issue environment will be among the most important factors for the region. For example the ‘Grüne Mitte’ concept was developed on the strategic level in the north part of the region. Simplified, this concept advises to produce added value and to make sustainable use of the outstanding natural resources and “green” core competences (biosphere management, organic food production, bridging, renewable energies, eco mobility) of the region. This can end in large-scale projects like common product brands or in sophisticated small scaled projects for local energy supply. By know-how transfer and institutional co-operations those positive trends and strategies can be extended to the entire border region.

Based on directives and traditional joint efforts within the Austrian-Hungarian “Cross-border Water Committee” co-operation in the field of flood prevention will be an important topic for the future.

Environment will also be a strong factor for further cross border co-operation. Austria has more experience and a more diverse landscape, Hungary has enormous agricultural potentials, both have experience in common nature management. Also there are already common risk prevention models and water concepts that will be enlarged for the whole region.

2.10. Summary

Strengths and weaknesses

The Austrian-Hungarian border region as a whole has a good growth potential in terms of GDP per capita. Since the accession of Austria to the European Union and the start of the Austrian-Hungarian Interreg-Phare CBC programmes, this region (except Wien) has experienced a faster growth than the European average. However, there is a high level regional difference: more indicators show a north-south development gap within the region; other factors represent East-West differences across the region.

The spatial system of the region is balanced and imbalanced at the same time. Balanced because larger cities are spatially equally distributed from north to south. Imbalanced because there is only one large metropolitan centre Wien, which is situated the north edge of the border region and has only limited effects on the southern part of the region which is more influenced by Graz. From north to south the size of urban centres is decreasing by number of population.

There are positive demographic trends in the northern part of the region resulting in a growing population and migration into the area. This trend increases the size of labour market, generates demand for higher level of services (like higher education, health and wellness spa) and for quality products (like organic food products). At the same time the south is characterised by negative demographic trends: decreasing population and out-migration. These trends are partially based on the distance from the main development axis forming a region lagging behind with rural character and a slower economic growth. A danger is the acceleration of these trends because of ageing population.

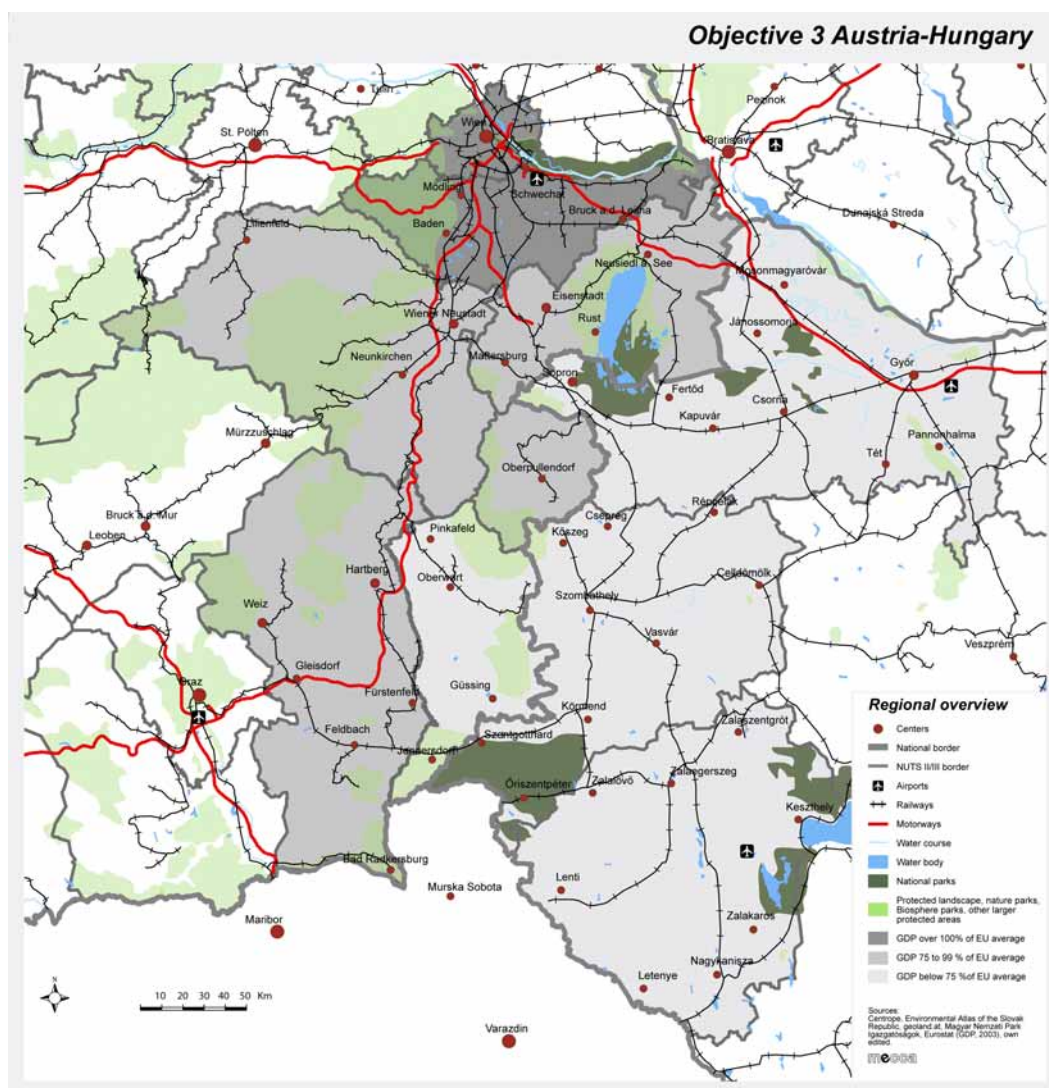
There are several strengths and positive economic development trends in the border region such as a growing SME sector by number of enterprises in the entire region, a dynamic service sector, skilled labour force, a great supply of business sites, establishments of knowledge based intermediary and transfer institutions (innovation and technology centres, competence centres, regional development agencies), emerging economic clusters, networking activities across the border and a high quality arable land.

Some negative trends hinder economic development in the border region such as a low degree of co-operations of SMEs⁸ and a high dependence from the labour market in Wien. Additional weaknesses are existing on the Hungarian side of the border such as structural problems of the labour market and insufficient sewage and waste disposal systems.

The border region is rich in natural resources and has a great variety of ecosystems. A specific particularity is the enormous number of thermal water and spas and a great number of common cultural heritage sites. The prosperity of the economy, the emerging tourism (e.g. spa and wellness) and the suburbanisation process around larger cities increase the traffic of goods and people. These trends cause harmful effect on the environment. To reduce negative effects needs more efficient use of multi-modal systems, further joint discussions and pilot actions on eco-mobility.

⁸ This view is supported by the estimation of the most relevant stakeholders in the programming area.

Map 8: Regional overview



Opportunities and threats

The location at the former intersection between east and west gives the opportunity for increasing economic co-operations (e.g. supplier relations, clusters, R&D co-operations) and the extension of markets for regional products (like organic products, wellness and spa resorts, wine and wine tourism). The traditional economic links and the initial direct investments to Eastern Europe are a good basis for further investments and know-how transfer. This process can be promoted by the further development of the European transport corridors, the TEN (Trans European Network) and TINA (Transport Infrastructure Needs Assessment) system. The Bologna process promotes the transparency in the educational system and initiates the harmonisation of qualifications to improve the relation between the needs of the labour market and education and training. The emerging role of agricultural value chains contributes to the sustainability of the Austrian-Hungarian border region.

High regional disparities within the border region foster these opportunities in the northern part of the region. In the southern part competencies on the sustainable use of renewable energies are an asset. There are, however, a number of barriers for a deeper integration of the region such as the following:

- the still high differences between the Austrian and Hungarian wage levels (this limits the potential for labour exchange mostly direction from Hungary to Austria);
- the delay Hungary's accession to the Euro zone influences the cross-border project implementation financially because of the high fluctuation of the HUF/EUR exchange rate;
- the still limited access to the Austrian labour market;

- the delay in the extension of the TEN/TINA network (e.g. the development of north-south corridor: 'Amber route') hinders the economic and social integration of the region. On the other hand the increasing traffic causes harmful effects on the environment of the region.

3. STRATEGY AND GENERAL PROGRAMME OBJECTIVES

The cross-border co-operation programme presents a coherent and effective response to the obstacles and weaknesses of the region and defines 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 strategy includes an overall strategic goal of the programme and identifies specific objectives to be reached by the measures under the chosen priority axes of the programme. The main bases for the development of the strategies were the following resources:

- Socio-economic analysis and the SWOT-analysis of the Hungarian-Austrian border region;
- National programmes and strategies on both sides of the border;
- Experiences from the previous and still running cross-border co-operation programmes: INTERREG IIA, PHARE CBC and INTERREG IIIA (1995-2006);
- Legal provisions for implementing the Structural Funds' co-financed programmes, especially the cross-border co-operation programmes under the Objective "European territorial co-operation";
- Conclusions of the discussions of the bilateral programming group, responsible authorities, experts and key persons at the regional level.

3.1. Overall strategic goal

The **overall strategic goal** of the programme is to **foster the economical, social, environmental and cultural development of the border region and to reduce regional disparities by means of cross-border co-operation. By supporting the implementation of joint activities and the sustainable use of endogenous resources the CBC-programme will contribute to the establishment of a prosperous region with cultural and ecological diversity and a high quality of life for its inhabitants.** The suitable development strategies will be based on the following regional features:

- a high dynamic of economic growth and impulses in the northern area;
- a great variety of cultural, social and natural resources;
- a high potential of human resources and training opportunities;
- a stringent awareness and a number of initiatives on sustainable usage of resources;
- a high level of regional disparities between north-south and east-west;
- a limited accessibility in some parts of the region.

Furthermore the CBC Programme aims to achieve the following **specific objectives**:

- **To invest in sustainable growth** by evolving into an economically strong competitive region with a high standard of living, using the vicinity to the metropolitan growth centres as stimulus for the economic development of the whole region, concentrating on renewable forms of energy, developing new value chains, stimulating research and development co-operation among universities and companies etc.
- **To maintain and evolve the attractiveness and quality of life** by promoting comprehensive and integrated actions towards the sustainable and equitable development of the programming area, supporting biosphere management for the preservation of the ecological and cultural diversity, supporting common risk prevention and emergency management, supporting tourism etc.
- **To bridge regional imbalances** by bridging the development gaps between east and west as well as north and south divide should be tackled as well but according to the size of the CBC programme there may only be little effects, fostering social cohesion and good neighbourly relations, improving the accessibility in the remote parts of the programme area, serving the needs of the local resident people, supporting the establishment of polycentric urban and regional networks etc.

In order to reach the **overall goal** and the **specific objectives** of the programme the following **priority axes** will be established:

- **Innovation, integration and competitiveness (Priority 1)⁹**

The overall goal of this priority is to develop an economically competitive region through innovation and integration across the border. Encouraging entrepreneurship and the growth of the knowledge economy by innovation within research and development, SME co-operation, tourism, human resources as well as networking and clusters are the main fields of activity in this priority. These activities need to be supported by an improved social infrastructure and public services. The attractiveness of the border region will be supported by more and better jobs just as an increasing investment in human capital. The priority supports bridging the development gaps between north-south and east-west.
- **Sustainable development and accessibility (Priority 2)¹⁰**

The priority aims to bring a high level of environmental protection, social equity and cohesion, economic prosperity and active promotion of sustainable development to the programming area. Maintaining and increasing the quality of life in the border region the priority focuses its actions on key challenges like sustainable transport, regional accessibility and eco-mobility, management of natural resources just as social and cultural co-operation. Especially the links and relations on all levels are to be intensified.
- **Technical assistance (Priority 3)**

To ensure an effective programme management and information flow, goal of the technical assistance priority is to improve the quality of cross-border co-operation and management tools.

3.2. Guiding Principles for implementation

The Territorial Co-operation programme between Austria and Hungary for the programming period 2007-2013 is the first programme with participation of regions from both countries as EU member states for the whole programming cycle. This represents an additional challenge for the strategic orientation and a great opportunity for the outcome of the programme. The **guiding principles for the implementation** of the programme are:

- **Sustainable development:** Great importance will be placed on social, economic and environmental sustainability. While respecting the environment and the natural resources, the Programme will endeavour to put in place projects that will have continuing economic, ecological and social benefits. In accordance with Art 17 of the General Regulation the operational programme conforms to the general objective of protecting and improving the environment as stipulated in Art 6 of the Treaty. Projects are expected to actively tackle wider environmental concerns and should contribute to the realisation of the EU sustainable development strategy. Focusing on key issues such as climate change and clean energy, public health, social exclusion, demography and migration, management of natural resources, sustainable transport, global poverty and development challenges. In relevant areas projects shall further consider the principles of the Community policy regarding the protection and improvement of natural heritage and biodiversity as well as related amendments such as the Flora-Fauna-Habitat directive (92/43/EEC), Birds directive (79/409/EEC) and Natura 2000 ecological system.
- **Equal opportunities:** This perspective should be integrated into every stage of the project realisation: design, implementation, monitoring and evaluation. The promotion of equal opportunities in the region is a cross cutting goal of the programme.
- **Cross-border partnership:** There is strong requirement for real partnership, cross-border effects of the projects and joint actions during planning or/and implementation of the projects. The Lead beneficiary (Lead Partner Principle) will improve the quality of the projects as well as cross-border partnership.

The intention is to create a programme that will be able to tackle the needs and opportunities in the Austrian-Hungarian border region with appropriate projects which essentially require the participation of partners from both sides of the border. The programme strategy as well as the chosen priorities will support the following objectives:

- focus on the joint vision;

⁹ This priority is strongly linked to the renewed Lisbon strategy for growth and jobs of the European Union (Commission of the European Communities: COMMUNICATION FROM THE COMMISSION - Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines, 2007-2013. COM(2005) 0299, 05.07.2005)

¹⁰ Related to EU's Sustainable Development Strategy this priority concentrates on the sustainable Development as an overarching concept.

- allow a stable growth path on both sides of the border;
- provide a set of sustainable infrastructure and regulatory solutions which is oriented towards spatial integration of the border regions;
- maintain the sustainable development and natural resources;
- take into account the needs of the local resident population and equality;
- help building cross-border institutions and capacities for regional development and cultural exchange on a long term basis.

The projects funded within this programme focus mostly on “soft” measures to improve cross-border co-operation. Compared to the previous programmes conditions will be more difficult for project holders (see Lead beneficiary), therefore efforts are necessary to reduce barriers and restrictions whenever feasible to keep up the activating character¹¹. Therefore a transparent implementation processes and minimal (however standardized) formal requirements for project applicants by the application of the principle of proportionality are needed. As the Lead Partner Principle is a new condition in the upcoming programming period the project holders should be supported by information and training. However additional measures might be needed to secure sufficient programme outreach (enable also smaller projects, private lead beneficiaries etc).

Joint, efficient project assessment procedures will be organised. With both the Lead beneficiary and the general dedication of programme partners to increase the share of comprehensively joint projects, the need for structured joint assessment will clearly increase. Different practices of Hungarian and Austrian side shall be combined to an joint approach enabling both transparent (independent) assessment of expected project impacts and co-operation quality as well as the possibility to improve project applications’ quality in an ongoing project development process (instead of “pure” tenders).

As already set out in chapter 2.1 (Eligible area and regional structure), the programme stakeholders consider it as important to widen the scope of the cross border programme and thus agree to support issues of multilateral dimension. Projects including partners that are located outside the programme area as defined in Article 21 (1) of the ERDF Regulation can be implemented under all priorities if the project could hardly achieve its objectives without that partner’s participation. The main benefit of such projects will stay within the eligible programme area as defined in chapter 2.1. multilateral projects can be defined by the following key criteria:

- They are strategically relevant for a wider programme area and
- they have impacts in more than two Member States including the programme area and
- project partners (and thus the ERDF funds) do come from more than two Member States including the programme area and
- project activities cover more than two Member States including the programme area and
- the Lead beneficiary is located in the programme area and should be the same for the set of sub-projects.

The procedure of how to handle multilateral projects throughout the project life cycle will be discussed and decided by the Joint Monitoring Committee. Potential project owners will be informed about this possibility in an appropriate way (written form). All of the Programme’s activities will form part of an integrated and co-ordinated whole and will complement the aims and objectives of other regional, national and European policies and programmes.

Appropriate management arrangements of the OP shall support environmentally sustainable development of the co-operation area. Besides respecting the legally required absolute minimum standards, the programme seeks to avoid possible effects that are unsustainable or unfavourable to the environment, at all levels of the programme implementation cycle. Environmental issues of specific concern are climate change, the maintaining of biodiversity and ecosystems, and the sustainable use on natural resources. Negative impacts shall be avoided to the highest possible degree. The OP’s positive effects and potentials for synergies in the sense of optimising its contribution to an environmentally sustainable development shall be exploited at best and, wherever possible, be strengthened. Wherever possible, preferences will be given to the design planning and implementation of environmentally friendly solutions.

¹¹ INTERREG III Austria – Hungary, Up-date mid Term Evaluation, Final report. S. Bauer-Wolf (ÖAR Regionalberatung), Vienna 21.11.2005

The carrying out of such environmental management shall include, among others, structured experience sharing and capacity development, indicators and the use of effective selection criteria.

3.3. Correspondence with the principles of national programmes and other EU-Programmes

The overall strategic goal and the priorities of the Cross-Border Co-operation programme Austria-Hungary is integrated into other EU- and national as well as provincial programmes.

The coordination among the different programmes is secured by the Joint Monitoring Committee (JMC). The members of the JMC are involved in the national/regional coordination systems on both sides of the border. A proper coordination will be ensured by the integration of all the members of the national/regional coordination committees on both sides of the border. How to avoid double financing is described in detail in chapter 7.2.2.

3.3.1. National programmes

Most relevant documents¹² for this programme are:

- National Strategic Reference Framework for Austria 2007-2013 - STRAT.AT,
- National Strategic Reference Framework for Hungary 2007-2013 - NSRF HU;
- Austrian National Reform Programme for Growth and Jobs 2005-2008 (NRP);
- Hungarian National Reform Programme for Growth and Employment 2005-2008 (NRP) (National Action Plan);
- Austrian Strategy for Sustainable Development;
- Hungarian National Environmental Program 2003-2008;
- Guidelines on the provincial level in particular for Burgenland-West-Transdanubia the cross-border “Entwicklungsleitbild EuRegio West/Nyugat Pannonia”, in Niederösterreich “WIN – Wir In Niederösterreich”, in Steiermark the “Strategie des Landes Steiermark“ as well as in Wien the “STEP - Stadtentwicklungsplan 2005”.

National Strategic Reference Framework for Austria 2007-2013 - STRAT.AT¹³

The general development strategy of the National Strategic Reference Framework (NSRF) aims at the widespread introduction of the concept of a knowledge-based society and economy. New patterns of growth, using the linkages between knowledge and access to new markets, particularly with new member states will strongly spur economic development in Austria. This strategy is founded on a concept of innovation which strongly supports and includes non-technology aspects (e.g. developments in organisation, logistics, financial services, human resources, marketing, design).

Special attention lies on the integration and linkage of less developed regions to the central regions with a stronger location of innovative industries and R&D-activities. This objective is of great importance in Austria, since a large portion of the country lies in regions with territorial specifics (especially border regions; but also 60% of the population live in mountain regions and an even higher share in rural areas; cities as engines of economic development are facing specific challenges). The document defines objectives and the strategy for border regions and cross-border development as follows:

- High programme flexibility with regard to regional and thematic matters, with the opportunity to adapt programmes during their terms; continuous updating of the programme objectives and their priorities.
- Strategic thematic fields are defined bilaterally as a starting point for programming and should lead to further development of projects in a pro-active way. Project quality and the recognizable commitment of the project holders to develop and implement suggested projects according to the programme objectives are of the highest priority. This also requires the above-mentioned flexibility in the programme implementation as regards content and space.
- Due to the strongly varying geographic character of the different border sections, the Strategic Thematic Fields will largely utilize the total content spectrum intended for the Cohesion Guidelines: sections with urban agglomerations, peripheral rural regions, protected areas and

¹² To see detailed information about the aims and objectives of these documents see ANNEX Nr. 1.

¹³ ÖROK: STRAT.AT 2007|2013. Einzelstaatlicher Strategischer Rahmenplan für die österreichische Regionalpolitik 2007-2013. Oktober 2005.

valuable (alpine) landscapes. All these areas have very different development perspectives and thus different focuses as to the relevant development projects.

New Hungary Development Plan 2007–2013 Employment and growth (the National Strategic Reference Framework for Hungary 2007-20013 - NSRF¹⁴)

The NSRF provides a framework for operational programmes reflecting the Lisbon strategy and Gothenburg objectives, and the most relevant Hungarian national development documents (National Development Concept, National Regional Development Concept, National Action Programme, and National Environmental Programme). General objectives of the NSRF are sustainable growth, employment and the establishment of a knowledge based economy and society. The NSRF points out that six Hungarian regions belong to the “Convergence” objective and one to the “Regional Competitiveness and Employment” objective. Hungary is also eligible for the Cohesion Fund and the “European Territorial Co-operation” objective. Agriculture and rural development issues are prepared in a separate document. NSRF for Hungary is elaborated along 6 priority axes:

- Economic development;
- Transport development;
- Social renewal;
- Environment and energy development;
- Regional development;
- State reform.

Among the strategic objectives, the document states Hungary’s strong willingness to co-operate with its neighbours and with all Member States of the EU. One of Hungary’s special features is the large – 2.5 million – population with Hungarian nationality living outside the state borders. The general objective of cross-border co-operation for all Hungarian border regions is the revitalisation of peripheral areas along borders and integrating the border regions by economic, cultural and environmental co-operations across the border. Under the axis Regional Development the following interventions should take Hungary towards balanced regional development:

- Co-operative and competitive urban network based primarily on the establishment of developmental poles;
- Renewing countryside: integrated and sustainable development of villages and rural areas;
- Realignment of backward regions, meaning the implementation of complex realignment programmes;
- Sustainable development of the regions of Lake Balaton, and the rivers Danube and Tisza;
- Tourism development.

The organic integration of Hungary into its broader environment and into the European space is realised through cross-border and cross-regional developments. These developments considerably contribute to the development and competitiveness of individual regions and the country as a whole. In order to ensure the viability of developments encompassing two or more countries or regions, Hungary is preparing independent documents which at the same time form the integral part of the New Hungary Development Plan. Through developments extending over the borders of Hungary, the Government intends to enhance the realignment and modernisation of Hungarians living in the neighbouring countries in a European framework. The development policy negotiated with the neighbouring countries and aimed at setting the region on a modernisation course defines joint regional, infrastructural, institutional and economic development programmes as its objectives. The NSRF does not include further elaboration on European territorial co-operation. It states that regarding European territorial co-operation Hungary prepares separate documents in a strong coherence with the NSRF.

Austrian National Reform Programme for Growth and Jobs 2005-2008 (NRP)¹⁵

The objectives of this Programme for Growth and Jobs agree with the thrust of Austria’s economic policy. The focus is on a sustainable growth and jobs strategy in compliance with economic developments. The following strategic core areas are centre-stage in the federal government’s National Reform Programme:

- Sustainability of public finance;

¹⁴ The Hungarian Government: New Hungary Development Plan 2007–2013 Employment and growth. Accepted by the Hungarian Government on the 25th of October, 2006

¹⁵ Österreichisches Reformprogramm für Wachstum und Beschäftigung. Wien, Oktober 2005. <http://www.bmwa.gv.at/EN/Topics/Labourmarket/EU/nrp.htm> (18.05.2006)

- Labour market and employment policy;
- Research and development, innovation;
- Infrastructure;
- Strengthen vocational advantages and boost SMEs;
- Training and further training;
- Environmental technology and efficient management of resources.

The reform programme¹⁶ points out that besides of the specific regional characteristics at provincial level and of differences between urban and rural areas also special characteristics in the border regions will be taken into account. This shows the complementary role of the cross-border co-operation programmes applied especially to efforts encouraging entrepreneurship, education and training. Cross-border co-operation assists active supporting measures for an enlarged Europe.

National Action Plan (NAP), Hungarian National Reform Programme for Growth and Employment 2005-2008 (NRP)¹⁷

The Hungarian National Reform Programme (NRP) identifies nine main challenges:

- reducing the fiscal deficit;
- R&D and innovation;
- business environment;
- competition;
- infrastructure;
- raising the employment and activity rate;
- improving the labour market situation of the disadvantaged;
- reducing regional labour market disparities;
- enhancing human capital through better education & training.

For some measures, the NRP highlights support from the Structural Funds. Given the strong emphasis on development needs, the role of cohesion policy in the delivery of the “growth and jobs” agenda could have been more strongly highlighted.

Austrian Strategy for Sustainable Development¹⁸

The Austrian Strategy for Sustainable Development emphasises the integration of the fields of economy, social affairs and environment not only in the process of implementation, but already in the structure of the strategy document itself. The Strategy is divided into four fields of action which cover the three field of sustainable development in cross-sectoral way:

- “Quality of life in Austria: A task for today and tomorrow“: This field of action sets a socio-political priority, but, with key objectives on shifts in value and education includes also cross-sectoral topics;
- “Austria as a dynamic business location: Success through innovation and networking“: This field of action combines economic and environment-political aspects of sustainable development and deals also with the relation of enterprises and public administration;
- “Austria as a living environment: Protection of diversity and quality“: With five key objectives in the field of the environment this field of action focuses on environment and transport policy;
- “Austria’s responsibility: An active role in Europe and in the world“: This field of action addresses economic, social and environment-political aspects of sustainable development at the international level.

National Environmental Program (2003-2008)¹⁹

The task of the Hungarian National Environmental Program is to compose the measures, that are necessary to reach the environmental targets in short, medium and long term, with co-operation and co-ordination among the stakeholders, and monitoring the environmental quality considering the achieve of the targets. The programme has the following main objectives:

¹⁶ <http://www.bka.gv.at/> (18.05.2006)

¹⁷ http://www.nfh.gov.hu/doc/Partnerseg/NAP_Hungary_EN.doc (18.05.06)

¹⁸ http://www.nachhaltigkeit.at/strategie.php3?lang=en&p=strat_strategie.php3 (07.11.2006)

¹⁹ http://www.kvvm.hu/dokumentum.php?content_id=461§ion_id=5 (07.11.2006)

- The protection of the ecosystem, the consideration of the principle of sustainable development, the preservation of vital natural resources (water, land, air) for the future generations and the implementation of economical and value-protecting management with attention to quantitative and qualitative characteristics in the management of natural resources;
- Provision of a harmonic relationship between society and environment;
- Enforcement of environmental criteria in economic development. Economic growth must lead to increasing welfare accompanied with decreasing environmental burden;
- Strengthening of knowledge on, and awareness of environmental processes, impacts, environment and nature conservation and co-operation.

Guidelines on provincial level

A large number of development documents in the eligible NUTS II regions include studies, strategies and programmes as well as sectoral documents are available. However, as mentioned above some key documents compress all of the relevant trends and aims within the border region. In particular for Burgenland as well as for West-Transdanubia the cross-border “Entwicklungsleitbild EuRegio West/Nyugat Pannonia”, in Niederösterreich “WIN – Wir In Niederösterreich”, in Steiermark the “Strategie des Landes Steiermark” as well as in Wien the “STEP – Stadtentwicklungsplan 2005”. All these documents set the strategic framework for the development of provinces and include also basic guidelines for the cross-border development.

Generally most of these programmes focus either on the Lisbon strategy or on the Gothenburg objectives. To see the correlations with the programme see Table 10: Correlation of the CBC programme priorities with principles of national programmes. Within the table the prior focus of the listed documents is mentioned. The aim of the table is to indicate where these documents support the guiding principles and priorities of the CBC programme. Especially on the provincial level the strategic concepts cover a wide range of topics on parts of the programming area.

Table 10: Correlation of the CBC programme priorities with principles of national programmes (How do this documents support the principles and priorities of the CBC programme)

	Priority 1: Innovation, integration and competitiveness			Priority 2: Sustainable development and accessibility			Guiding principles		
	Promote economic co-operation (RTD, SME)	Increase the sustained growth of labour	Ensure the quality of social infrastructure and public services	Improve eco-mobility, transport and regional accessibility	Enhance cross-border governance system	Improve the management of natural resources	Sustainable development	Equal opportunities	Cross-border partnership
STRAT AT	x	x	x	x	x	x	x	x	x
STRAT HU	x	x	x	x	x	x	x	x	x
NRP AT	x	x	x			x			
NRP HU	x	x		x					
Strategy for sustainable development AT				x		x	x		
National environmental programme HU				x		x	x		
WIN	x	x		x	x	x	x	x	
STEP	x	x		x	x	x	x	x	
Entwicklungsleitbild EuRegio West/Nyugat Pannonia	x	x	x	x	x	x	x		x
Strategie STMK	x	x	x	x	x	x	x		x

3.3.2. Other EU-Programmes

The CBC programme shall not support activities which could be financed by other European mainstream Programmes if they do not have a clear focus on cross border co-operation. Therefore it is essential to indicate where there are similarities and differences with other EU programmes and coordination with the present programme is needed:

- Phasing out Burgenland;
- Objective 1 - cohesion Hungary (agricultural funds integrated);
- Objective 2 - regional competitiveness Austria (Niederösterreich, Steiermark and Wien);
- Austrian Rural Development Programme 2007-2013;
- New Hungary Rural Development Strategic Plan (2007-2013);
- Transnational and interregional programmes;
- Austrian ESF Programmes
- Hungarian ESF Programmes
- Programmes under the European Fishery Fund.

OP Phasing out Burgenland 2007–2013

The phasing out programme Burgenland is ESF and ERDF financed. The ERDF programme has the following two priorities:

- Competitive regio-economical structures;
- Research and Development, Innovation and Infrastructure.

The priority of the ESF Programme is human resources. Cross border co-operation is not the main focus of the programme, but it is supporting all the priorities of the programme. Coordination among the different activities of the OP phasing out Burgenland and the CBC programme will be necessary.

Objective 1 Hungary

Beside the sectoral operative programmes for economic development, traffic, social renewal, social infrastructure, nature and energy, state-reform and electronic public administration the territorial regional operative programme for West Pannon Region is most relevant for the programming area.

The **West Pannon Operational Programme**²⁰ has the objective to renew the economy and improve the quality of life by environment friendly planning and implementation of development. Its specific objectives are the following:

- Economic development based on innovation and local and international networking, and by the wide use of information technology across the region;
- Tourism development based on high quality health and wellness services and regional co-operation by the sustainable use for tourism of nature and cultural heritage;
- Improvement of living space and environment effecting living conditions of local communities;
- Improvement of public services based on public needs and settlement structure, and revitalisation of relations among settlements;

The following priority axes will implement the objectives described above:

- Renewal of Pannon Economy;
- Renewal of Pannon Heritage – for our natural, historic and cultural values;
- Local infrastructure development and environment;
- Improvement of regional accessibility – human public services, transport links, information society;
- Technical Assistance: support programme implementation.

Special emphasis will be given to the co-ordination of Priority 1 of the Cross-border Co-operation Operational Programme Austria-Hungary (Innovation, integration and competitiveness) with the

²⁰ Nyugat-dunántúli Operatív Program 2007-2013 (West Pannon OP 2007-2013). The document was approved by the Regional Development Council of West Transdanubia and by the Hungarian Government on 6th December 2006.

following priorities of the West Pannon OP: Economic development, Tourism development, and Development of local and regional public services. Similar emphasis will be laid on the co-ordination of Priority 2 (Sustainable development and accessibility) with the environmental protection and transport infrastructure priority of the West Pannon OP. The primary distinguishing character between projects in the West Pannon OP and the Austria-Hungary cross-border co-operation programme is the cross-border impact of an operation. Overlaps will be avoided by the involvement of the participating regions as regular members in the JMC.

The West Pannon Operational Programme stated the particular interest and opportunity of cross-border co-operation. For this case the OP refers to the cross border co-operation programmes with the participation of West Pannon Region, noting that projects with cross border impact should be financed out of these other programmes.

Objective 2 Austria

The objective 2 programmes in Austria are based on the STRAT.AT. For the programming area the following programmes are important: Niederösterreich²¹, Steiermark²² and Wien²³. All programmes focus on three priorities:

- Priority 1: Enhancement of innovation and knowledge based economy (like R&D, clusters, networks, F&E);
- Priority 2: Enhancement of regions and locations (for Wien: integrative urban development);
- Priority 3: Technical assistance.

Cross border co-operation is not focused of the objective 2 programmes, but it is strongly supporting the first but also supporting the second priority of the programme. Coordination among the different activities of the objective 2 and the CBC programme will be necessary.

Austrian Rural Development Programme 2007-2013

The cross-border co-operation-region also overlaps with the target area of the EAFRD-financed Rural Development Programme 2007-2013. This implies that coordination is necessary. Generally, double financing, even in project areas in which the basic objectives of the ERDF and EAFRD are relatively similar, is prevented by the fact that the same authorities are involved in the consultation and project approval procedures of projects potentially eligible under cross-border co-operation or the Rural Development Programme.

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

- In axis 1 Austria's priorities are incentives for investment aids in innovative farms, priority aids for human resources and the promotion of education, training, and know-how management. Another priority is forestry;
- In axis 2, the subsidies for mountain areas are to be ensured also in the new programme. ÖPUL will remain a priority;
- Measures in axis 3 are manifold and go far beyond agriculture, cross-sectoral initiatives for branches;
- Axis 4 is dedicated to the integration of the LEADER+ programme.

Cross-border co-operation has to be seen as a subsidiary strategy complementing priority 3 of NSRF (strat.at) which covers in principle basic structural labour market problems.

New Hungary Rural Development Strategic Plan 2007-2013²⁴ (NHRDSP)

Within the Rural Development Strategic Plan Hungary makes the following efforts:

- Axis 1 is the improvement of the competitiveness for agriculture, food processing and forestry;
- Axis 2 is the improvement of environment and physical environment of rural areas;

²¹ NÖ Grenzlandförderungsges.m.b.H.: NÖ Grenzland News. Die neuen EU Förderungen 2007-2013. Ausgabe 13. 10/2006. Page 11.

²² <http://www.verwaltung.steiermark.at/cms/beitrag/10002781/128921/> (20.11.2006)

²³ MA 27: Operationelles Programm der EU-Strukturfonds: Stärkung der regionalen Wettbewerbsfähigkeit und integrative Stadtentwicklung in Wien 2007-2013. Version 1.1. 19. Juli 2006.

²⁴ Ministry of Agriculture and Rural Development: Új Magyarország Vidékfejlesztési Stratégiai Terv 2007-2013 (New Hungary Rural Development Strategic Plan 2007-2013). 14 August 2006.

- Axis 3 is the improvement of the quality of life and giving incentives for diversification in rural areas;
- Axis 4 is dedicated to the integration of the LEADER+ programme.

The New Hungary Rural Development Programme is organically connected with the planning processes, concepts applicable to the other areas of the national economy. It focuses on improving agriculture, forestry and the state of the environment in rural Hungary, aims to diversify the rural economy, improve the quality of life and implement the LEADER approach. The objectives of the national concepts and of the groups of rural development measures are interrelated, but complement each other at the same time. A basic requirement to implementation is to create a coherence of the financed projects. There are demarcation principles generally applicable (geographical criteria, beneficiaries, types of investments, etc.) and specifically for measures of other OP's. The most effective is the coordination mechanism inside the institution structure which can monitor continuously the implementation of the programmes. The National Development Agency incorporating the MA's of the OP's under the New Hungary Development Plan will ensure the coordination with the MA of the RDP which is situated in the Ministry of Agriculture of Hungary. Formal coordination will be ensured prior to selection meetings and call for proposals by the voting member of the JMCS representing the HU National Development Agency.

To avoid overlapping and double financing between the Strategic plan and Cross-border co-operation a close coordination among the implementing organisations is necessary.

Transnational and interregional programmes

For the programming area the following transnational and interregional programmes apply: Alpine Space, Central European Space, South-East European Space and the INTERREG IVC Programme. According to the ERDF Regulation, the transnational co-operation under the future European territorial co-operation objective will concentrate primarily on the following priorities²⁵:

- Innovation;
- Environment;
- Accessibility;
- Sustainable urban development.

Austrian ESF Programmes

The ESF Programme at National level as part of the Regional Competitiveness and Employment Objective includes the following priorities:

- Increasing adaptability of the workforce and employers
- Prevention of unemployment
- Pathways to integration and re-entry into employment for disadvantaged people
- Life-long-learning
- Territorial Employment Pacts (see below in a separate section)
- Technical Assistance

Priorities within the ESF Programme as part of the Phasing-Out Programme Burgenland under the Convergence Objective concentrate on increasing adaptability, pathways to integration for disadvantaged people, access to knowledge and qualification and finally strengthening of cooperation and reform among labour market institutions.

With a view to the interventions intended in the Cross Border Programme Austria-Hungary it is important to stress that the term integration in the sphere of ESF interventions is clearly oriented towards the needs of marginalized groups whereas in the context of this programme the emphasis is on the policy development for the increasingly integrated labour markets of the border region. Also all actions targeting education and qualification are marked by different approaches under both types of programmes. ESF interventions mainly focus on developing and strengthening the national measures of labour market policies. Only a small fraction of ESF interventions includes transnational or cross-border aspects and here the coordination within the administrative bodies in charge is ensured. MA and CA for the ESF interventions under Objective 2 as well as the Unit in charge of ERDF financed Human Resource Development actions are part of the Labour Market Department of the Austrian

²⁵ <http://www.alpinespace.org> (20.10.2006)

Federal Ministry of Economics and Labour and cooperate on a daily basis. MA for Phasing Out Burgenland is Land Burgenland – as well as for Objective 3 - they also cooperate on a daily basis.

Hungarian ESF programmes

In Hungary both the Social Renewal Operational Programme (SROP) and the Social Infrastructure operational programme (SIOP) is financed from ESF according to the relevant priority axis of the New Hungary Development Plan, which is Hungary's National Strategic Reference Framework for the period 2007-2013. The SIOP will enhance sustained growth and the expansion of employment with the development of physical infrastructure background of human public services such as:

- Education and training
- The health care system
- The labour market and social services

The purpose of the SROP is to implement interventions which affect the entire population of Hungary, based on the infrastructure background provided primarily by the SIOP and Regional Operative Programmes, providing equal chances of access to quality services of the above.

The ESF programmes in Hungary include the following priorities:

SROP:

- Improving employability, promoting entry to the labour market
- Improving adaptability
- Providing quality education and ensuring access for all
- Developing the content and organisation of higher education to create a knowledge based economy
- Strengthening social inclusion and participation
- Health prevention and human resource development in health care system

SIOP:

- Development of the infrastructure of education
- Development of the infrastructure of health care system
- Development of the infrastructure supporting labour market participation and social inclusion

The resources of the ESF programmes are connected to the programme via the improvement of education, employment, the social sphere. The sources of those programmes expand the scope of beneficiaries and create an environment with a higher knowledge level and expectations for the population in the target region. On the Hungarian side the National Development Agency will ensure the coordination with the ESF programmes which incorporates both Managing Authorities of the above programmes.

Programmes under the European Fishery Fund

Each of the EU Member States, Hungary and Austria, will set up an Operational Programme under the European Fishery Fund (EFF).

To avoid potential overlaps between the two programmes, nor in Austria either in Hungary operations will be co-financed from the cooperation programme which can be co-financed under the EFF programme.

Table 11: Intensity of coherence of other EU-programmes with the CBC programme (Where is co-operation between the programmes needed?)

	Priority 1: Innovation, integration and competitiveness			Priority 2: Sustainable development and accessibility			Guiding principles		
	Promote economic co-operation (RTD, SME)	Increase the sustained growth of labour	Ensure the quality of social infrastructure and public services	Improve eco-mobility, transport and regional accessibility	Enhance cross-border governance system	Improve the management of natural resources	Sustainable development	Equal opportunities	Cross-border partnership
OP Phasing Out Burgenland 2007-2013	X	X	X	X	X	X	X	X	
OP West Pannon	X	X	X	X	X	X	X	X	
Objective 2 AT	X	X	X	X			X	X	
Austrian Rural Development Programme		X				X	X		
New Hungary Rural Development Strategic Plan		X				X	X		
Transnational and interregional	X			X		X	X	X	X
Austrian ESF Programmes		X	X				X	X	
Hungarian ESF Programmes		X	X				X	X	
Programmes under the European Fishery Fund	X					X	X		

3.4. Cooperation with Interact

Special attention shall be given to the services provided by the INTERACT II programme. This EU-wide programme focuses on the good governance of territorial cooperation and provides needs-based support to stakeholders involved in implementing programmes under the European Territorial Co-operation objective.

The target groups for INTERACT are primarily the authorities to be established according to Council Regulations 1083/2006 and 1080/2006 as well as other bodies involved in programme implementation. In order to ensure maximum benefit from the INTERACT programme for the implementing bodies of this programme, the use of INTERACT services and documentation as well as the participation in INTERACT seminars will be encouraged. Related costs are eligible under Technical Assistance.

If regions in the programme area are involved in the Regions for Economic Change initiative the Managing Authority commits itself to:

- a) make the necessary arrangement to support innovative operations with cross-border/transnational impact that are related to the results of the networks,
- b) foresee a point in the agenda of the Monitoring Committee at least once a year to discuss relevant suggestions for the programme, and to invite representatives of the networks (as observers) to report on the progress of the networks' activities;
- c) describe in the Annual Report actions included within the Regions for Economic Change initiative."

However, if an operation is proposed the project applicant must fulfil all criteria's of the programme.

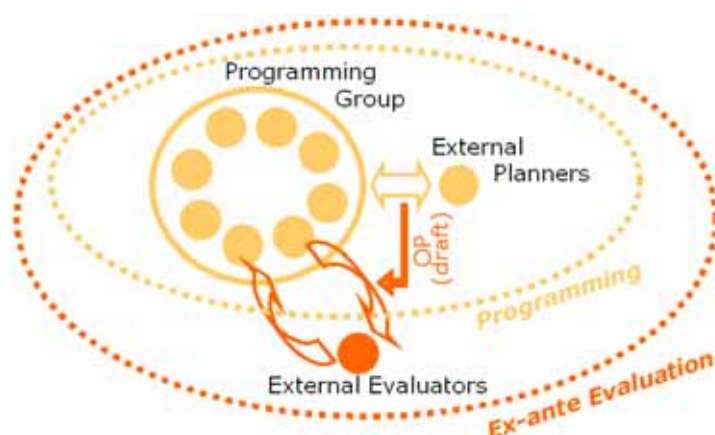
3.5. Ex-Ante Evaluation & Strategic Environmental Assessment

According to Article 47 of the General Regulation an Ex-Ante Evaluation and a Strategic Environmental Assessment have been undertaken during the programming process. Most of the recommendations given by the evaluators were integrated into the programme.

Ex-Ante Evaluation²⁶

Ex-Ante evaluation was a feedback process, with an external evaluation team independently appraising the operational programme and providing recommendations to the authorities responsible for its preparation. The objective was to raise and optimise the quality of the programme by an interactive process based on efficient and constructive dialog (see Figure 1: Evaluation system).

Figure 1: Evaluation system



Source: Bauer-Wolf, Stefan; Monori, Monika: Ex-Ante Evaluation Final Report. Territorial Co-operation Programme Austria-Hungary 2007-2013. Wien, 2006. Page 19.

The evaluation concentrated on the following parts of the programme document:

²⁶ Bauer-Wolf, Stefan; Monori, Monika: Ex-Ante Evaluation Final Report. Objective 3 Programme Austria-Hungary 2007-2013. Wien, 2006.

- Regional analysis;
- Rationale of the strategy and its consistency;
- Coherence with other policies and strategies;
- Expected results and impacts;
- Implementing system.

Most of the recommendations given by the Ex-Ante evaluation team have been considered and implemented in the document. According to the evaluation report the operational programme introduces a consistent programme strategy, broadly coherent to results of regional analysis and experiences in cross-border co-operation in the respective area as well as coherent to relevant EU and national programmes and policies. The implementing provisions including the proposed indicator system are well structured and adequate to the programme.

The programme takes attempt to implement the Lisbon and Gothenburg strategies on objective, priority and fields of activity level. The goals of these strategies can be found in coherent manner throughout the programme, especially supporting growth and jobs and sustainable development - by cross-border co-operation. With the horizontal perspective of strengthening cross-border co-operation additionally increasing exchange of experience and networking in the region will be achieved.

The consideration of the potential policy risks, given in the Ex-Ante report, is important for the implementation. Therefore they will be tackled by bilateral agreements within the JMC. The programme offers the possibility to establish a small project fund. Detailed guidelines for the implementation and management will be decided by the JMC. The guiding principle of equal opportunities has been considered wherever possible within the programme. Beside the gender specific data (when available) also an indicator was set.

Strategic Environmental Assessment (SEA)²⁷

This chapter presents a non-technical summary of the environmental report according to annex 1 lit j of the Directive 2001/42/EC (SEA-Directive).

According to the SEA Directive (2001/42/EC) a Strategic Environmental Assessment has been performed for the Objective 3 Cross-Boarder Co-operation Programme Austria - Hungary 2007-2013.

The main task of the SEA was to assess significant impacts on environmental issues and to integrate environmental considerations into the programming procedure at an early stage to ensure a high level of environmental protection and development and to promote sustainable development.

The process enabled the environmental authorities and the public to express their opinion on the environmental impacts of programme implementation.

The Environmental Report describes the current situation and likely development of environmental issues. This “zero-option” represents the “Baseline” for the overall assessment process within the SEA.

The current environmental situation in the Austrian and Hungarian part of the programming region cannot be compared directly: generally speaking Hungary suffers from higher contamination loads. In Hungary the environmental situation especially regarding the quality of drinking water, waste and waste water treatment remains problematic.

The present and future environmental problems in the Austrian-Hungarian boarder region are predominantly caused by growing transport- and mobility needs. Tendentious negative developments of single air pollutants, a rise of climatic harmful emissions, the deterioration of the noise situation as well as an increase in the energy consumption are the results of this development. The rise of energy consumption remains a constant danger for the future. But the rise of energy consumption is also a hint on the fact, that efficiency improvements are possible. Land use changes with negative side effects on environmental protection interests and the loss of natural and cultural diversity remains a constant danger in the programming region too.

²⁷ Stadtländ: Final Draft - Environmental Report. Objective 3 Cross-Border Co-operation Programme Austria – Hungary 2007-2013. Final Report. November 2006.

The Environmental Report is based on the Objective 3 Cross-Boarder Co-operation Programme Austria – Hungary 2007-2013. The programme is part of the European Territorial Co-operation objective. It follows the European Union's cohesion policy to reduce disparities in border regions and to develop cross-boarder activities through joint strategies for a sustainable development. The overall strategic goal of the programme is to foster the economical, social, environmental and cultural development of the border region and to reduce regional disparities by means of cross-border cooperation. Guiding principles for the implementation are to invest in sustainable growth, to evolve the quality of life and to bridge regional imbalances.

In order to reach these goals three priority axes subdivided in six objectives and twenty coherent fields of activities are established. One priority (innovation, integration and competitiveness) follows mainly the EU's Lisbon strategy, one priority (sustainable development, accessibility and equality) follows the EU's Gothenburg agenda. Priority 3 gives technical assistance for the programme's implementation and is not evaluated by the SEA.

The preparation of the environmental report, consultations with environmental authorities and comments/recommendations on the drafts of the Operational Programme by the SEA-team went hand in hand with the programming process. So the SEA is an integral component of the programming process. Generally speaking comments for OP improvements related to taking sustainable development more prominently into account. From the environmental authorities the improving of cross border cooperation - which is the main goal of the programme - was demanded.

The SEA is based on international, national and regional environmental objectives to promote eco mobility, communication - strengthen environmental awareness, gentle land use (natural resources), increase the use of renewable energy and maintain and develop cultural heritage. The Environmental Report gives an overview on relevant regulations of international, national and regional acts, development programmes and plans.

A main task of the SEA was to assess the Operational Programme's effects on the environment. According to the general focus of the Operational Programme on soft measures just a few direct impacts of supportable projects on the environmental protection interests are identifiable. Over that concrete effects are hard to identify also due to missing detail accuracy in the Operational Programme. Because of these missing details no quantitative assessment but a qualitative description of possible effects on relevant environmental issues referring to SEA Directive (2001/42/EC) is given.

The SEA-Directive requests to identify alternatives to the Operational Programme. In a multi step process the SEA provided recommendations in order to optimise the Operational Programme in terms of environmental friendliness. The SEA team suggested reformulations and new activities to the programming experts which were mostly integrated in the following draft versions. An hypothetical not by SEA experts improved OP can be regarded as an alternative in the light of the Directive.

Due to the wide range of thinkable projects under the different fields of activity special attention must be paid to the project selection process. The statements of the Operational Programme concerning the minimal requirements of supportable projects remain general, so the SEA gives further advices to assess the environmental effects during the project selection process. Support should only be given to environmental friendly projects. If the project design cannot be influence in a sustainable way, so that negative effects are prevented, no support should be given.

Projects on infrastructure measures are most likely to cause negative side effects on the protection interests. The environmental report gives information on crucial environmental concerns. It presents suggestions for an environmental friendly project design for those fields of activity under which projects with negative side effects are expectable.

Negative impacts on environmental issues cannot be totally excluded, if the programme supports additional physical infrastructure. Especially transport infrastructure could lead to an increase in land take, fragmentation of habitats and landscape and additional impacts through air and noise pollution. But physical infrastructure can also help to solve existing environmental problems, especially upgrading waste and water treatment or improving public means of transport.

Due to the missing detail accuracy in the Operational Programme a final evaluation of possible effects on the environmental protection interests caused by supported projects is not possible yet.

Nevertheless it can be stated that the Operational Programme considers the principles of sustainable development very carefully.

Most of the programme activities will have positive impacts on the environment. Significant negative impacts can be excluded, if project selection criteria will elaborate in line with the overall objectives of the programme including sustainable development.

Any supported project likely to have a significant effect on Natura 2000 sites has to be subject to appropriate assessment of its implication according to Directives 79/409/EEC and 92/43/EEC. Also projects according to EIA Directive (85/337/EEC) and amended EIA Directive (97/11/EC) and projects that require a more detailed project-SEA according to SEA-Directive 2001/42/EC have to be subject to appropriate assessments.

Suggestions for monitoring measures are given in the environmental report. The SEA-monitoring is based on the programme's indicator system. An indicator on the projects environmental effects guarantees to detect negative impacts on environmental issues. In case that negative effects can be stated immediate remedial actions to prevent further damages have to be developed. Further indicators measure if the programme helps to solve the region's environmental problems. Targets are formulated to evaluate if the desired progress is achieved.

To avoid duplication of work and to guarantee full integration to the other evaluation systems of the programme, the monitoring should go hand in hand with the Ex-Ante evaluation. On the occasion of the programmes mid term and final evaluation expert statements on the environmental situation and the programme's impacts on environmental issues should give further information. If necessary further advices to raise the environmental friendliness of the programme should be given.

An update of the Environmental Report's suggestions on the project selection has to be done in case of unforeseen new circumstances e.g. unforeseen new environmental problems in the region or in case that the Operational Programme is changed significantly.

The final draft version of the environmental report was published for public consultation from the 6th November till 7th December 2006 on the Programme's homepage and the homepage of the Hungarian Ministry of Environment and Water (Környezetvédelmi és Vízügyi Minisztérium). During this period no comments were submitted.

The finally adopted version of the Operational Programme and the Environmental Report and its additional documents will be published on the programme's homepage (<http://www.at-hu.net>).

Future projects, funded by the Cross-border Co-operation Programme Austria-Hungary, who require a SEA procedure by national law are obliged to undertake the SEA process, because the SEA for the cross-border co-operation program Austria-Hungary does not substitute the SEA for projects funded within this programme.

4. PRIORITIES – OBJECTIVES AND TARGETS

In order to reach the **overall goal** and the **specific objectives** of the programme **priority axes** have been established. They are based on inputs from the regional analysis, SWOT-analysis and from workshops and discussions regional representatives and the programming group. Correspondence with the principles of the EU and coherence with other EU and national programmes is an important precondition for a sound programme.

The programme consists of two thematic **priority axes** and a horizontal priority axis (Technical Assistance). The thematic priorities are oriented to Lisbon as well as to Gothenburg principles and take into consideration the cross cutting issues of gender mainstreaming and sustainability. They include several fields of activities. The Technical Assistance is focused on the sound management of the programme.

4.1. Innovation, integration and competitiveness (Priority 1)

4.1.1. Objectives

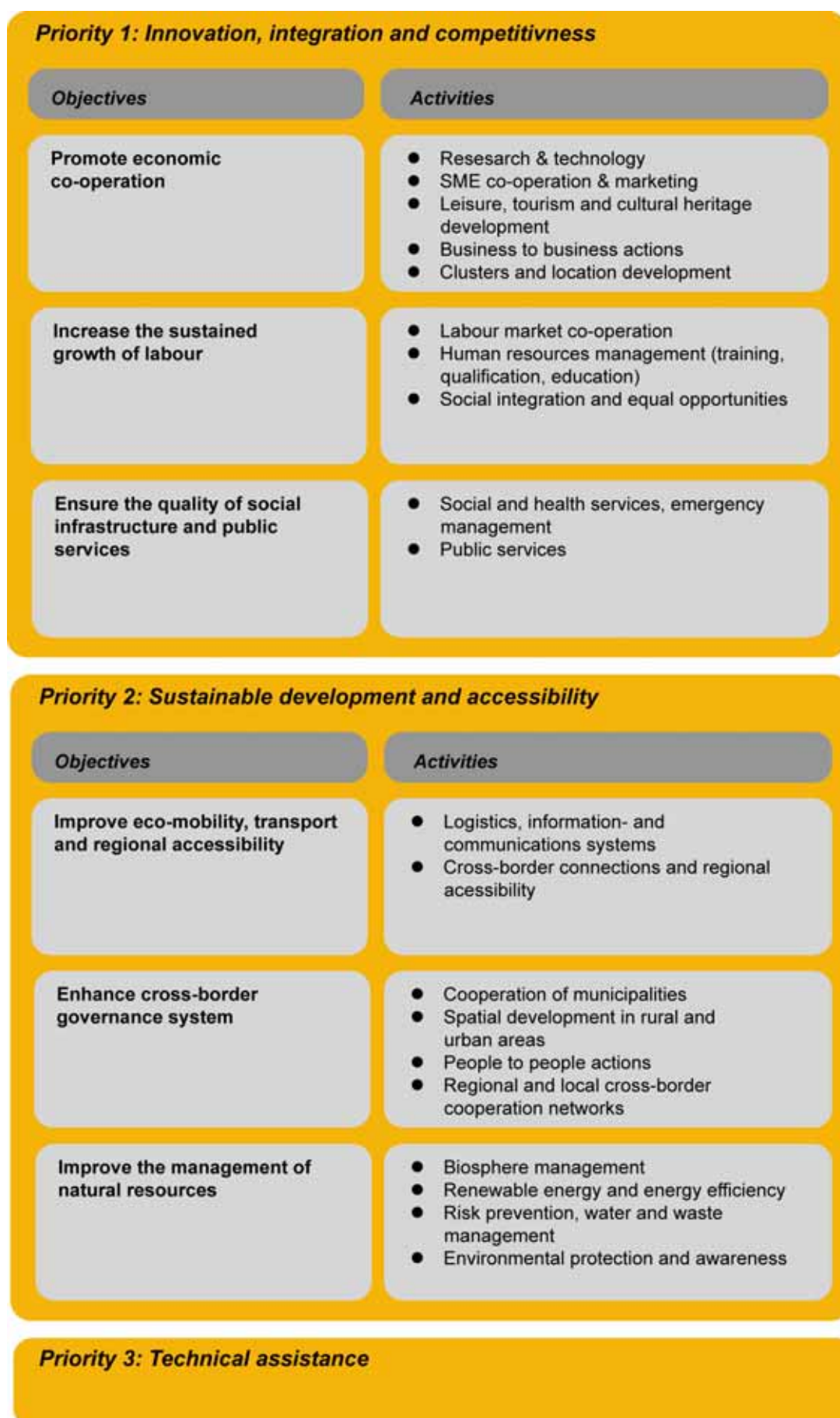
The objective of priority 1 is to **improve the competitiveness of the whole region and to stimulate co-operation and innovation among its economic and social actors**. This requires interventions and activities

- **to promote economic co-operation,**
- **to increase the sustained growth of labour and**
- **to improve social infrastructure and public services.**

The **strategy** for reaching these objectives by interventions and activities can be summarized as follows:

- encouraging entrepreneurship, in particular the development of SMEs, tourism, culture, cross-border trade and environmental techniques to secure the competitiveness;
- strengthening research and technology generally with co-operation, marketing and cluster development to increase the regions innovation capacity;
- enhancing the cross-border labour market in respect to know-how transfer and integration;
- fortifying human resource management and equality generally in the fields of training, qualification and education as well as scientific exchange and know-how transfer;
- deepening existing and development of future cross-border co-operation networks and structures;
- developing collaboration, capacity and joint use of infrastructures in particular in sectors such as culture, environmental friendly tourism and education;
- ensuring and enhancing social infrastructure as well as public services by co-operation.

Figure 2: Priorities AT-HU CBC programme 2007-2013



4.1.2. Main areas of intervention/Fields of activity

Three objectives and a number of different activities support the implementation of the development strategy within priority 1 – innovation, integration and competitiveness:

Promote economic co-operation

This aims to enhance the innovative development of the **SMEs** through research and technology, co-operation and marketing. Furthermore the **leisure** and **tourism** sector should be stimulated by different activities. The **research and technology** should be based and strengthened on the already existing elements like regional impulse centres, innovation centres and industrial parks, with a special emphasis on their cross-border activities.

To strengthen the regional market more cross-border **co-operations in the SME** sector are needed. Especially the regional chains of economic goods and a co-operate **marketing** are to be enhanced in order to support the sustainable use of resources. Referring to the regional analysis especially the topics of **leisure, tourism and cultural heritage** play an important role. Within the region there is a broad range of existing tourist and leisure facilities, co-operation in tourism is seen as a basis for developing cross-border activities, including networking, destination marketing, further development of tourist and leisure facilities (e.g. interregional bicycle routes). The development of attractive location areas and the contribution for compensating or adjusting regional economic disparities have to be supported.

To overcome inhibitions in the start up of new co-operations the **business to business actions** support the first steps across the border on a small scale and unbureaucratic way. Networks and **clusters** are flexible instruments to support co-operation along research, development, qualification institutions and additional centres of competence that build competitiveness to close supply linkages and cooperative relationships. To take into account the future economic development also new **locations** need to be developed within the region. These instruments provide an effective framework for small and large **local and regional** organisations that complement each other to enhance the economic power of the region. Additionally they exploit potential synergy effects with other sectors.

Specific goals to promote economic co-operation:

- To increase the innovation, integration and competitiveness of enterprises (especially SMEs) by more focus on research and technology;
- To improve R&D capacity especially in the fields of renewable energy, climate change, organic materials and link it with SMEs;
- To develop a regional market and exploit potential synergy effects with other economic sectors;
- To enhance cross-border tourism, regional networks of active tourism (e.g. cycling, hiking, ...) and cultural heritage development, leisure time facilities, products and services to make them more attractive;
- To screen for potential fields of co-operation and first contacts and strengthen existing co-operations;
- To develop and optimise co-operation between SMEs in the border region;
- To develop networks and clusters on regional and local level to strengthen cross-border integration and more intense economic, social and cultural contacts;
- To create an infrastructure for sustainable products/technologies/clusters, cross-border business centres and major locations and develop stronger regional competencies.

Strengthening these activities will increase the competitiveness and innovation capacity of the border region on the international and not only on the regional level.

Indicative activities:

- R&D activities in research centres (01²⁸);
- R&D infrastructure (including physical plant, instrumentation and high-speed computer networks linking research centres) and centres of competence in a specific technology (02);
- Technology transfer and improvement of co-operation networks between small and medium-sized businesses (SMEs), between these and other businesses and universities, post-secondary

²⁸ Code number of the contribution to the Funds

education establishments of all kinds, regional authorities, research centres and scientific and technological poles (scientific and technological parks, technopoles etc.) (03);

- Advanced support services for firms and groups of firms (05);
- Other measures to stimulate research and innovation and entrepreneurship in SMEs (09),
- Services and applications for SMEs (e-commerce, education and training, networking etc.) (14);
- Promotion of natural assets (55);
- Protection and development of natural heritage (56);
- Other assistance to improve tourist services (57);
- Protection and preservation of the cultural heritage (58).

Increase the sustained growth of labour

This aims to improve human resources management in training, education and qualification. Individuals, enterprises and the border region as a whole are to be prepared for future challenges and a common labour market. Social integration and equality fosters the mutual tolerance, multiculturalism as important components of an open-minded society and provides equal opportunities to secure the economic prosperity of the region.

Labour market co-operation as well as a common **human resource management** enhances the job opportunities and the competitiveness within the border region. To secure the sustainable development special attention is paid to the promotion and application of **social integration and the equal opportunities** principle in general - all activities undertaken take into account the different needs of the target groups.

Specific goals to increase the sustained growth of labour:

- To develop a common labour market and promote more intense collaboration between labour market institutions;
- To promote the integration of the labour market; improve education and job opportunities for the young;
- To promote more intense co-operation between education and qualification institutions;
- To promote scientific exchange, education and know-how transfer across the border;
- To provide assistance in the integration of the society and equal opportunities into the labour market.

The imbalances of human resources are to overcome and to develop an integrated regional labour market and a knowledge based society on both sides of the border in order to reduce regional unemployment.

Indicative activities:

- Services and applications for SMEs (e-commerce, education and training, networking etc.) (14);
- Development of life-long learning systems and strategies in firms; training and services for employees to step up their adaptability to change; promoting entrepreneurship and innovation (62);
- Development of specific services for employment, training and support in connection with restructuring of sectors and firms, and development of systems for anticipating economic changes and future requirements in terms of jobs and skills (64);
- Modernisation and strengthening of labour market institutions (65);
- Implementing active and preventive measures on the labour market (66);
- Measures encouraging active ageing and prolonging working lives (67);
- Measures to improve access to employment and increase sustainable participation and progress of women in employment to reduce gender-based segregation in the labour market and to reconcile work and private life, such as facilitating access to childcare and care for dependent persons (69);
- Pathways to integration and re-entry into employment for disadvantaged people; combating discrimination in accessing and progressing in the labour market and promoting acceptance of diversity at the workplace (71);

- Design, introduction and implementation of reforms in education and training systems in order to develop employability, improving the labour market relevance of initial and vocational education and training, updating skills of training personnel with a view to innovation and a knowledge based economy (72);
- Measures to increase participation in education and training throughout the life-cycle, including through action to achieve a reduction in early school leaving, gender-based segregation of subjects and increased access to and quality of initial vocational and tertiary education and training (73);
- Developing human potential in the field of research and innovation, in particular through post-graduate studies and training of researchers, and networking activities between universities, research centres and businesses (74);
- Promoting partnerships, pacts and initiatives through the networking of relevant stakeholders (80).

Ensure the quality of social infrastructure and public services

This aims to support the maintenance of social infrastructures and public services also in remote and sparsely populated parts of the programme area. According to the regional analysis the quality of social infrastructure and social services is deteriorating especially in rural parts of the region.

The field of co-operation in **social services** is assumed to be of increasing importance, especially in terms of the development of **health care co-operation**, and the co-operation in **emergency cases**. It is also referring to the co-operation of institutions for childcare, schools and universities. Economic and social integration of the border region puts emphasis on intensive social co-operation in a wider context.

The objective is to support co-operation and exchange of information and best practices between the relevant partners also to ensure the presence of **public services** in less favoured areas of the programme region. To encourage cross-border co-operation it is necessary to establish structures, know-how and organisations facilitating the activities of enterprises, local governments, NGOs and other non-profit organisations who want to be active with respect to both parts of the border region. The co-operation and organisational structures serve as a backbone to the initiation, development and maintenance of cross-border co-operations and initiatives. The purpose is to establish demand-driven organisational structures which support the strengthening and further development of already existing and well functioning institutional structures into a cross-border dimension.

Specific goals to ensure the quality of social infrastructure and public services:

- To exploit synergy effects in social services and health care co-operation by strengthening, developing and optimising co-operations between local and regional organisation in the border region;
- To develop common structures to secure the presence of public services in the border region;
- To improve domestic and public services for disadvantaged groups;
- To improve and institutionalize the co-operation of different actors from both sides of the border in cases of emergency.

Strengthening these activities will increase the quality of life in the border region.

Indicative activities:

- Information and communication technologies (access, security, interoperability, risk-prevention, research, innovation, e-content etc.) (11);
- Services and applications for the citizen (e-health, e-government, e-learning, e-inclusion etc.) (13);
- Pathways to integration and re-entry into employment for disadvantaged people; combating discrimination in accessing and progressing in the labour market and promoting acceptance of diversity at the workplace (71);
- Education infrastructure (75);
- Health infrastructure (76);
- Childcare infrastructure (77);
- Other social infrastructure (79).

4.2. Sustainable development and accessibility (Priority 2)

4.2.1. Objectives

The objective of priority 2 is to **foster sustainable development as well as to improve the accessibility of the region and the equality within the region**. This requires interventions and activities

- **to improve eco-mobility, transport and regional accessibility;**
- **to enhance the cross-border governance system** and
- **to improve the management of natural resources.**

The improved (internal and external) accessibility of the AT-HU border-region in transport infrastructure and public transport is an important precondition for its further economic integration and development. To achieve this objective, increased capacities and effective management of the transportation infrastructure and public transport will be vital.

There are strong links and interconnections between the quality of environment and the economic development. There is evidence that sustainable development – balanced economic, social and environmental development – is a common feature of those regions which are most effectively utilising knowledge and (technological) innovations.

The **strategy** for reaching these objectives by interventions and activities can be summarized as follows:

- encouraging and improving the joint protection and management of natural and cultural resources as well as the prevention of natural and technological risks;
- supporting sustainable links between urban and rural areas;
- enhancing accessibility through improved access to sustainable transport, information and communication networks and services, and cross-border water, waste and energy systems and facilities;
- enhancing equal opportunities for underprivileged groups on all levels;
- developing collaboration, capacity and joint use of infrastructures in particular in sectors such as health, risk prevention and emergency management;
- deepening existing and development of cross-border co-operations, structures and regional governance with a special focus on people to people actions.

4.2.2. Main areas of intervention/Fields of activity

Three objectives and a number of different activities support the implementation of the development strategy within priority 2 – sustainable development and accessibility:

Improve eco-mobility, transport and regional accessibility

Cross-border economic development and co-operation as well as more intense cross-border activities and relationships require an expanded ecological friendly, sustainable regional transport infrastructure and organisation. The main focus within this field of activity are soft measures like the enhancement of the cross-border **logistics, information- and communications systems** as well as border **connections**, especially the improvement of the public transport systems. The common approaches aim the more efficient use of the existing capacities and exploitation of new opportunities with feasibility studies and lobbying in the border region.

Specific goals to ensure the improvement of eco-mobility, transport and regional accessibility

- To improve cross-border mobility and accessibility (concentrate on better connections for peripheral areas and better north-south and east-west connections in the border region) with a special focus on public transport;
- To improve cross border logistics management;
- To create and expand information and communications structures;
- To establish more border crossings and improve cross border public transport;
- To improve the regional accessibility and the mobility within the region in a sustainable way by innovative solutions, public transport and multi-modality.
- To improve connectivity between larger cities in the region.

The enhancement of the regional transport infrastructure and organisation helps to reduce the disparities within the programme area and to intensify the cross-border activities and relationships.

Indicative activities:

- Information and communication technologies (access, security, interoperability, risk-prevention, research, innovation, e-content etc.) (11);
- Railways (16);
- Regional and local roads (23);
- Cycle tracks (24);
- Multimodal transport (26);
- Intelligent transport systems (28);
- Ports (30);
- Inland waterways (regional and local) (31);
- Promotion of clean urban transport (52).

Enhance cross-border governance system

The field of social and cultural co-operation is assumed to be of increasing importance referring to the co-operation of institutions. A close co-operation for the common development of the region is required. The fields of activities cover a wide range from the **co-operation of municipalities to people to people actions** taking into account the cultural heritage, natural and human resources.

Small and medium sized cities play a vital part in the overall development of the region, therefore co-operation is supported. In accordance with polycentric settlement structure within the region a cross-border perspective of **spatial development** supports the integration of cities and regions as well as the preservation of the cultural heritage. Co-operation in the field of **risk prevention** enhances the protection. To overcome inhibitions in the start up of new co-operations **people to people actions** support the first steps across the border on a small scale and unbureaucratic way. These small scale co-operations are necessary for a positive co-operation climate in the region.

Specific goals to enhance cross-border governance system:

- To strengthen the co-operation of municipalities in order to support a common development perspective of the region;
- To support the strategy building of CENTROPE;
- To enhance the quality of life in small cities and rural parts of the region;
- To screen for potential fields of co-operation and first contacts and strengthen existing co-operations;
- To reinforce networking and exchange of experience among regional and local authorities;
- To develop and optimise co-operation between organisations and institutions in the border region;
- To support people to people actions as a backbone of cultural co-operation.

The social and cultural co-operation and organisational structures serve as a backbone the initiating, developing and maintenance of cross-border co-operation and initiatives. With the support and establishment of demand-driven organisational structures with cross-border dimension and further development of already existing and well functioning structures the sustainable development of the region is guaranteed.

Indicative activities:

- Protection and preservation of the cultural heritage (58);
- Development of cultural infrastructure (59);
- Other assistance to improve cultural services (60);
- Integrated projects for urban and rural regeneration (61);

- Promoting partnerships, pacts and initiatives through the networking of relevant stakeholders (80);
- Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes (81).

Improve the management of natural resources

The overall goal is the sustainable use of resources. To enable a simultaneous **protection** and **utilization** of natural resources and cultural landscape values it is necessary to exchange information, approaches and practices. Furthermore existing systems must be improved and cross-border concepts developed. To secure the sustainable use of resources activities in raise **awareness** are helpful. **Renewable energy** is a growing economic sector with a high positive contribution to sustainable development within the region. Therefore it is important to improve the energy efficiency. All considerations must take into account the regional differences in for example the infrastructure requirements with respect to the technical infrastructure and organisation (e.g. **risk prevention, water management, waste management, noise reduction**) in the border region.

Specific goals to improve the management of natural resources:

- To enhance the sustainable use, protection and preservation of the high quality of the nature, natural resources and landscape conditions;
- To improve the energy efficiency and to use renewable energy more intensely;
- To maintain the great variety of biodiversity and extend the Biosphere growth concept;
- To improve the efficiency and quality of public services through synergies in water and waste management;
- To encourage the protection and joint management of the environment;
- To reduce and avoid the negative effects of economic activities on the environment;
- To reduce natural risks by co-operation in water management;
- To protect and enhance environmental quality by making it an economic factor (improve competitiveness of regional sustainable products).

The transnational influences of the environment as well as the impacts of economic activities call for a close co-operation on both sides of the border in order to develop a sound system for management of natural resources to sustain the high standard of living.

Indicative activities related to:

- Renewable energy solar (40);
- Renewable energy biomass (41);
- Renewable energy hydroelectric, geothermal and other (42);
- Energy efficiency, co-generation, energy management (43);
- Management of household and industrial waste (44);
- Management and distribution of water (drink water) (45);
- Water treatment (waste water) (46);
- Air quality (47);
- Integrated prevention and pollution control (48);
- Mitigation and adaptation to climate change (49);
- Promotion of biodiversity and nature protection (including Natura 2000) (51);
- Risk prevention (including the drafting and implementation of plans and measures to prevent and manage natural and technological risks) (53);
- Other measures to preserve the environment and prevent risks (54).

4.3. Technical assistance (Priority 3)

To ensure an effective programme management and information flow the technical assistance goal is to improve the quality of cross-border co-operation and management tools. According to Article 45-46 of the General Regulation following fields of activity are supported:

- assistance for projects preparation and appraisal, including with the EIB through a grant or other forms of co-operation, as appropriate;
- studies linked to the drawing up of the Community Strategic Guidelines on cohesion, the Commission's reporting on cohesion policy and the three-yearly cohesion report;
- evaluations, expert reports, statistics and studies, including those of a general nature concerning the operation of the Funds, which can be carried out where appropriate by the EIB or the EIF through a grant or other forms of co-operation;
- measures aimed at the partners, the beneficiaries of assistance from the Funds and the general public, including information measures;
- measures to disseminate information, networking, raise awareness, promote co-operation and exchange experiences throughout the Community;
- the installation, operation and interconnection of computerised systems for management, monitoring, inspection (first-level control) and evaluation;
- improvements in evaluation methods and the exchange of information on practices in this field.

Indicative activities:

- Preparation, implementation, monitoring and inspection (85);
- Evaluation and studies; information and communication (86).

5. PROGRAMME INDICATORS

Indicators are relevant to measure whether the CBC programme has achieved its objectives or not. The choice of appropriate indicators is important for the programme and its adoption by the Joint Monitoring Committee (JMC).

The aim of the indicators is to assess the continuous validity of the strategy, measure the progress made compared to the initial situation and to measure the effectiveness of the chosen intervention. Therefore the continuous validity of the strategy will be monitored by context indicators, whereas the achievement of specific objectives of the programme will be measured by **specific context, impact, output and result including the co-operation indicators**:

- **Context indicators** should reflect the structure of the socio-economic analysis of the programme, especially its SWOT analysis. They are relevant in order to assess regional needs through a socio-economic analysis of a country or region concerned, and in order to monitor the evolving general context of the programme. They should be updated in annual reports and used when the programme strategy is evaluated. They are means to carry out systematic reporting and analysis throughout the lifetime of the programme.
- **Impact indicators** refer to the consequences of the programme beyond the immediate effects. Impact indicators are linked to global/overall objectives. Two concepts of impact can be defined: Specific impacts are those effects occurring after a certain lapse of time but which are, nonetheless, directly linked to the action taken and the direct beneficiaries. Global impacts are longer-term effects affecting a wider population.
- **Result indicators** relate to the direct and immediate effect on direct beneficiaries brought about by a programme on its direct beneficiaries. They are quantified on priority level. They provide information on changes to, for example, the behaviour, capacity or performance of beneficiaries. Such indicators can be of a physical (reduction in journey times, number of successful trainees, number of roads accidents etc.) or financial (leverage of private sector resources, decrease in transportation cost etc.) nature. Result indicators are linked to specific objectives/purposes.
- **Output indicators** relate to activity. They can be quantified for measures and projects. The measure level is referred to a single or a group of activities directly related to the content of projects under that measure. They are measured in physical or monetary units (e.g. length of railroad constructed, number of firms financially supported etc.). They are linked to operational objectives/results of the programme.

Context indicators

The context indicators listed below should give a picture on the socio economic environment of this territorial Co-operation programme and how this environment changes during programme implementation. It is unlikely that the context indicators will be influenced significantly by the programme activity, however they serve as a monitoring basis to justify continuity or changes of the programme strategy. Context indicators are proposed according to their annual availability on NUTS III level and to their comparability for the programme region.

The following indicators will be integrated as context indicators in the annual reports:

- GRP per inhabitant in PPP;
- GRP per inhabitant change in % in relation to the starting year 2006;
- Unemployment rate per gender;
- Employment rate per gender;
- Change in the population per gender in % of the starting year 2006.

Output, Result and Impact Indicators

Result and impact indicators measure output, result and impact of a project or programme. By concentrating on a set of basic indicators a basis for the qualitative evaluation of projects and the programme impact as a whole should be possible.

Those indicators are distinguished on different levels: the **programme, the priority and the project level**. Starting with the output indicators all necessary data is collected on project level. The data will be collected at three stages: project application, interim reports and final report. The information will be entered into the central monitoring system (CMS). All data collected for the indicators must contain

country and region specific information (e.g. location of beneficiaries, publicity activities, institutions/persons reached by project activities) as well as data related to persons must contain information to their gender.

On priority level, project specific information on output indicators is aggregated to result indicators. The same goes for the impact indicators on the programme level (aggregated information on result indicators). To observe the programme output and the impact indicators on programme level, an ongoing qualitative evaluation will be organised by the Managing Authority, relying on information from the CMS.

In order to keep the system easy to handle, most of the indicators fit to all objectives (see Table 12: Overview and quantification of Output, Result and Impact Indicators). Just for measurement of the improvement of eco-mobility, transport and regional accessibility as well as the management of natural resources (which is a special focus of the programme) additional specific indicators are set. The impact indicators contribute to measure whether the programme could reach its objectives. If the information gained from the indicator system in this respect does not seem sufficient, impact monitoring and evaluation can also be supported by qualitative methods (see chapter 7.3 Evaluation).

In general, the indicator system focuses on the character of the programme – which is territorial co-operation. Therefore outputs, results and impacts measured reflect mainly on typical products of co-operation. The indicator system is therefore quite distinctive from a typical mainstream programme indicator system. The baseline for the targets set is zero.

Table 12: Overview and quantification of Output Indicators²⁹

	Indicator	Units	Target 2013
Output	Type of project (investment type, % of costs: investment/soft measure) ³⁰	%	20% investment projects, 80% soft measure projects
	Type of achievement (network ³¹ , tool/product ³² , local action ³³ , people to people)	%	<ul style="list-style-type: none"> – at least 30% of projects focused on networking – at least 25% of the projects focused on a tool/product development component – at least 25% of the projects focused on local actions – at least one small project fund (umbrella project) started to finance people to people actions.
	Total number of project partners involved	number	on average at least 3,5 partners per project
	Number of persons reached by project activities ³⁴	number	at least 15.000 people
	Number of participants in cross border training/education ³⁵ (of which women/men)	number	at least 750 people (equal share of the sexes)

²⁹ The Baselines for all output indicators is 0.

³⁰ A project is an investment project, if more than 50% of the project costs are dedicated to construction and purchase of goods.

³¹ Networking is more than a regular exchange of information, mutual exchange of experiences and involvement into cross-border events. It must include the co-ordination of joint strategies and actions.

³² The output/result can be used and adopted for other regions like for example training course, planning instrument.

³³ A project concerning a local action in some particular place. The achievement can be used only in one place like for example a construction for flood protection, information centre.

³⁴ By personal communication (events, workshops, conferences etc.)

³⁵ Minimum demand: participants from both sides of the border.

	Number of dissemination and publicity activities ³⁶	number	at least two activities on average per project
	Intensity of co-operation (respecting 2-4 of the following criteria: joint development, joint implementation ³⁷ , joint financing ³⁸ , joint staffing ³⁹)	%	100 % of projects fulfil 2 criteria 75 % of projects fulfil 3 criteria 5% of projects fulfil 4 criteria
	Frequency of co-operation and communication between the organisations and of partnership activities (shape ⁴⁰ and dimension)	number	at least 5 on average per project
	Type of impact on equal opportunities ⁴¹ (neutral ⁴² , promotional ⁴³ , focused on ⁴⁴)	%	80% of projects neutral 15% of projects promotional 5% of projects focused on
	Type of impact on environment ⁴⁵ (neutral ⁴⁶ , promotional ⁴⁷ , focused on ⁴⁸)	%	75% of projects neutral 20% of projects promotional 5% of projects focused on
	Number of projects related to transport infrastructure (incl. border crossings, new or reconstructed road, bike routes etc.)	number	5 projects on transport infrastructure
	Number of projects focusing on renewable energy production	number	5 projects for renewable energy production
	Number of projects related to the reduction of greenhouse gas emissions	number	5 projects focussing on the reduction of greenhouse gas emissions

³⁶ Publications, web sites, newsletter, leaflets, articles, conferences, congresses etc.

³⁷ Several partners contribute actively in at least one work package

³⁸ Adequate (to be justified at project level) contribution from project partners

³⁹ Staff/employees (no subcontractors) are paid from both sides of the border.

⁴⁰ Ad hoc fora, regular meetings, co-operation agreements and formal cross border structures.

⁴¹ Equal opportunity is a descriptive term for an approach intended to give equal access to a certain social environment, or to ensure people are not specifically excluded from participating in activities such as education, employment, or health care on the basis of immutable traits. The activities undertaken in projects take into account the discrimination some individuals suffer owing to their race or ethnic origin, religion or beliefs, age, gender, sexual orientation or disability, all of which are grounds for discrimination.

⁴² Projects with neither positive nor negative effects on equal opportunities. The project application includes a statement to justify no negative effects will occur.

⁴³ Projects which have positive effects on equal opportunities. The different needs of users are taken into account during project implementation. Actions for the enhancement of equal opportunities are included in the project.

⁴⁴ The aim of the project is to enhance equal opportunities. It has equal opportunity goals and measures.

⁴⁵ An environment is a complex of surrounding circumstances, conditions or influences in which a thing is situated or is developed, or in which a person or organism lives, modifying and determining its life or character. Environmental sustainability aims to protect a local ecosystem or the biosphere as a whole due to human activities and to minimize negative effects, and other causes, to halt and, ideally, reverse the processes they lead to.

⁴⁶ Projects with neither positive nor negative effects on the environment. The project application includes a statement to justify no negative effects will occur.

⁴⁷ Projects which have positive effects on the environment. Actions for the improvement of the environment are included in the project.

⁴⁸ The aim of the project is to improve the environment. It has sustainable environmental goals and measures.

Table 13: Overview and quantification of Result Indicators⁴⁹

	Indicator	Units	Target 2013
Result	Number of projects per field of activity	number	minimum 1/activity
	Number of investment projects/soft measures	number	at least 20 investment projects, at least 100 soft measures
	Number of permanent networks established ⁵⁰	number	at least 10
	Number of tools and products adopted	number	at least 20
	Number of local actions of strategic importance ⁵¹	number	at least 20
	Number of people to people actions	number	at least one umbrella project
	Number of projects focused on equal opportunities ⁵²	number	at least 5 projects focused on equal opportunities
	Number of projects focused on environment ⁵³	number	at least 5 projects focused on environment

Table 14: Overview of Impact Indicators

	Indicator
Impact⁵⁴	Increased co-operation among institutions
	Increased institutional and personal exchange on the labour market
	Increased number of people served and reached by public services and benefiting from emergency management
	Increased use of alternative solutions to transport means
	Increased common social and cultural capital
	Increased sustainable utilisation of natural resources

⁴⁹ The Baselines for all result indicators is 0.

⁵⁰ Networks still existing two years after end of project.

⁵¹ For local actions the strategic importance is a crucial impact, because the cross border aspect is a guiding principle for all projects. Local actions without strategic importance will not be supported by the programme.

⁵² Except people to people actions.

⁵³ Except people to people actions.

⁵⁴ Impact indicators are not quantified, because they refer to the consequences of the programme beyond the immediate effects, and are linked to global/overall objectives.

6. FINANCING PLAN

The tables set out the financial plans for the co-operation programme Austria-Hungary.

Table 15: Territorial Co-operation Austria-Hungary total ERDF contribution per year (in Euro)

Year	Structural Funding ERDF
2007	11.501.161
2008	11.157.993
2009	11.321.889
2010	11.623.350
2011	11.932.338
2012	12.223.021
2013	12.520.557
Total	82.280.309

The financial plan of the operational programme gives for the whole programming period the amount of the total financial allocation of each Fund in the operational programme, the national counterpart and the rate of reimbursement by priority axis.

Table 16: Territorial Co-operation Austria-Hungary source of funding by priority axes (in Euro)

	Community Funding (a)	National Public Funding (b)	National Private Funding[1] (c)	Total Funding (d) = (a)+(b)+ (c)	Co-financing Rate (e) ¹ = (a)/(d)	For information	
						EIB Contributions	Other Funding[2]
Priority Axis 1	32.690.450	5.768.902	0	38.459.352	0,85	0	0
Priority Axis 2	44.654.930	7.880.283	0	52.535.213	0,85	0	0
Technical Assistance	4.934.929	4.934.929	0	9.869.858	0,50	0	0
Total	82.280.309	18.584.114	0	100.864.423	0,82	0	0

[1] To be filled only when priority axes are expressed in total costs.

[2] Including national private funding when priority axes are expressed in public costs.

According to Article 12(5) of ERDF Regulation for information purposes only, an indicative breakdown by category of the programmed use of the contribution from the ERDF to the operational programme is presented in Table 15.

Table 17: Indicative breakdown by category of the programmed use of the contribution to the Funds to the operational programme

Code	Activity	Euro
01	R&TD activities in research centers	1.545.312
02	R&TD infrastructure (including physical plant, instrumentation and high-speed computer networks linking research centers) and centres of competence in a specific technology	1.545.312
03	Technology transfer and improvement of cooperation networks between small and medium-sized businesses (SMEs), between these and other businesses and universities, post-secondary education establishments of all kinds, regional authorities, research centres and scientific and technological poles (scientific and technological parks, technopoles etc.)	1.545.312
05	Advanced support services for firms and groups of firms	1.545.312
09	Other measures to stimulate research and innovation and entrepreneurship in SMEs	1.545.312
11	Information and communication technologies (access, security, interoperability, risk-prevention, research, innovation, e-content etc.)	2.649.938
13	Services and applications for the citizen (e-health, e-government, e-learning, e-inclusion etc.)	888.217
14	Services and applications for SMEs (e-commerce, education and training, networking etc.)	2.463.630
16	Railways	1.761.722
23	Regional and local roads	1.761.722
24	Cycle tracks	1.761.722
26	Multimodal transport	1.761.722
28	Intelligent transport systems	3.523.444

30	Ports	1.761.722
31	Inland waterways (regional and local)	1.761.722
40	Renewable energy solar	1.271.285
41	Renewable energy biomass	1.271.285
42	Renewable energy hydroelectric geothermal and other	1.271.285
43	Energy efficiency, co-generation, energy management	1.271.285
44	Management of household and industrial waste	1.271.285
45	Management and distribution of water (drink water)	1.271.285
46	Water treatment (waste water)	1.271.285
47	Air quality	1.271.285
48	Integrated prevention and pollution control	1.271.285
49	Mitigation and adaptation to climate change	1.271.285
51	Promotion of biodiversity and nature protection (including Natura 2000)	1.271.285
52	Promotion of clean urban transport	1.761.722
53	Risk prevention (including the drafting and implementation of plans and measures to prevent and manage natural and technological risks)	1.271.285
54	Other measures to preserve the environment and prevent risks	1.271.285
55	Promotion of natural assets	1.545.312
56	Protection and development of natural heritage	1.545.312
57	Other assistance to improve tourist services	1.545.312
58	Protection and preservation of the cultural heritage	3.297.146
59	Development of cultural infrastructure	1.751.834
60	Other assistance to improve cultural services	1.751.834
61	Integrated projects for urban and rural regeneration	1.751.834
62	Development of life-long learning systems and strategies in firms; training and services for employees to step up their adaptability to change; promoting entrepreneurship and innovation	918.318
64	Development of specific services for employment, training and support in connection with restructuring of sectors and firms, and development of systems for anticipating economic changes and future requirements in terms of jobs and skills	918.318
65	Modernisation and strengthening of labour market institutions	918.318
66	Implementing active and preventive measures on the labour market	918.318
67	Measures encouraging active ageing and prolonging working lives	918.318
69	Measures to improve access to employment and increase sustainable participation and progress of women in employment to reduce gender-based segregation in the labour market and to reconcile work and private life, such as facilitating access to childcare and care for dependent persons	918.318
71	Pathways to integration and re-entry into employment for disadvantaged people; combating discrimination in accessing and progressing in the labour market and promoting acceptance of diversity at the workplace	1.806.535
72	Design, introduction and implementation of reforms in education and training systems in order to develop employability, improving the labour market relevance of initial and vocational education and training, updating skills of training personnel with a view to innovation and a knowledge based economy	918.318
73	Measures to increase participation in education and training throughout the life-cycle, including through action to achieve a reduction in early school leaving, gender-based segregation of subjects and increased access to and quality of initial vocational and tertiary education and training	918.318
74	Developing human potential in the field of research and innovation, in particular through post-graduate studies and training of researchers, and networking activities between universities, research centres and businesses	918.318
75	Education infrastructure	888.217
76	Health infrastructure	888.217
77	Childcare infrastructure	888.217
79	Other social infrastructure	888.217
80	Promoting partnerships, pacts and initiatives through the networking of relevant stakeholders	2.670.150
81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes	1.751.833
85	Preparation, implementation, monitoring and inspection	2.467.465
86	Evaluation and studies; information and communication	2.467.464

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

According to Article 70 of the General Regulation the Member States are responsible that management and control systems are set up, as specified for Territorial Co-operation Programmes in Article 13 to 17 of the ERDF Regulation, and function effectively. They lay down rules governing its relations with authorities located on their territory and being involved in implementation of the programme.

For the Cross-border Co-operation Programme Austria – Hungary 2007-2013 the Member States are represented by following authorities:

AUSTRIA:
Federal Chancellery of the Republic of Austria
Division IV/4
Ballhausplatz 2, A-1014 Wien

HUNGARY:
National Development Agency
Pozsonyi u. 56.
H-1133 Budapest

The Member States will ensure that the below mentioned authorities will have access to all the information required to discharge their responsibilities.

7.1. Organisational structures for the programme implementation

7.1.1. Administrative structures

The member states based on an agreement in partnership – memorandum of understanding – between the participating authorities in Austria and in Hungary designate the following authorities for the implementation of the programme according to Article 59 of the General Regulation and Article 14 of the ERDF Regulation.

Joint Monitoring Committee (JMC)

The composition of the Joint Monitoring Committee is determined in accordance with the provision of Article 63 of the General Regulation as well as with the provision of Article 11 of the General Regulation in co-operation with the social partners and the regional authorities responsible for labour market, equal treatment and environmental issues. The Joint Monitoring Committee adopts its Rules of Procedure in agreement with the Managing Authority in order to exercise its missions in accordance to the General Regulation.

The JMC is responsible for the following tasks:

- receiving summarised information on submitted projects and programme budget information from the JTS;
- deciding on the ERDF contribution as well as the national contribution of Hungary for Hungarian partners;
- receiving information from the JTS on project changes and approving them according to the rules specified in the Programme Complement Light;
- being informed of all programme relevant documents such as the Programme Complement Light, application package, the criteria for selecting the operations, rules of eligibility, and if needed approve these documents and any revision of those documents in accordance with programming needs;
- periodically reviewing progress made towards achieving the specific targets of the operational programme and examining the results of implementation on the basis of documents submitted by the MA with the support of JTS;
- considering and approving the annual and final reports on implementation;
- being informed of the annual control report, and of any relevant comments the Commission may make after examining that report;
- revision of the operational programme if needed in order to improve its management, including its financial management;

- it shall consider and approve any proposal to amend the content of the Commission decision on the contribution from the Funds

Managing Authority (MA)

The Hungarian and Austrian programme partners agree that the responsibility of the Managing Authority (MA) within the meaning of Article 59 lit. 1a of the General Regulation will be given to:

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

According to the Article 60 of the General Regulation the Managing Authority is responsible for managing and implementing the operational programme in accordance with the principle of sound financial management. Besides the responsibilities mentioned in the General Regulation the Managing Authority is responsible for:

- information about the programme and calls for project ideas supported by the JTS and the RBs, thereby ensuring compliance with the information and publicity requirements laid down in Article 69;
- information to the lead partners about the approval or rejection of the project proposal and the next steps;
- contracting ERDF-Funds with the lead beneficiaries;
- coordination and supervision of the controllers according to Article 16 General Regulation and ensuring joint standards and quality in the fulfilment of their duties; In particular establishing detailed guidelines for invoicing and a guideline/handbook for common understanding of eligibility of costs;
- collection of the interim and final reports from the lead beneficiaries; checking the completeness and consistency of the report package and submission of a payment request to the Certifying Authority, which is supported by all necessary documents to fulfil its responsibilities;
- if applicable, offering additional support to the Certifying Authority in gathering all necessary information from the Lead beneficiary for a thorough payment request towards the European Commission;
- acting as responsible legal body representing the programme, e.g. for contracting external experts or services for the programme.

Joint Technical Secretariat (JTS)

The Managing Authority sets up a joint technical secretariat. According to Article 14 of the ERDF Regulation it assists the Managing Authority, the Joint Monitoring Committee and, where appropriate, the Audit Authority in carrying out respective duties. The JTS is hosted by:

VÁTI Kht.
Sopron Representative Office
Csatkai E. u. 6-8
H-9400 Sopron

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

- secretariat function for the Joint Monitoring Committee including the preparation and mailing of the documentation for and the minutes of meetings;
- regular reports to the JMC about the utilisation of funds on programme level;
- drawing up annual reports for the EC on the programme implementation in English; information about the programme as well as ensuring compliance with the information and publicity requirements laid down in Article 69;
- joint public relations work (e.g. creation, maintenance and updating of a programme website) in agreement with the Managing Authority and supported by the RBs;
- preparing and providing standardised forms for project applications and for project assessments;
- give support and guidance to potential applicants and ongoing projects;
- receiving project applications and register them into the CMS;
- carry out formal check of project applications in terms of administrative compliance and eligibility;

- responsible for the quality assessment, RBs can be consulted;
- delivery of project information and summarised information (including recommendations) on submitted projects to the JMC;
- preparation of JMC meetings;
- preparation of the standard ERDF frame contract;
- preparation of the individual subsidy contract of approved projects;
- collection of reports from the lead beneficiaries and check the coherence between certified activities and these reports;
- check overall project reports in terms of content and costs and deliver them to the MA;
- receiving information from the lead beneficiaries on project changes⁵⁵;
- general maintenance and updating of data in the monitoring system.

Certifying Authority (CA)

The Hungarian and Austrian programme partners agree that the responsibility of the Certifying Authority (CA) within the meaning of Article 59 lit. 1b of the General Regulation is taken over by:

Federal Chancellery of the Republic of Austria
Division IV/4
Ballhausplatz 2
A-1014 Wien

The Certifying Authority is in accordance with Article 61 of the General Regulation responsible for:

- collecting of the cost statements submitted by the MA;
- conducting necessary checks to ensure compliance with the subject of issued certifications;
- recovering the ERDF co-financing from the EC and transferring it to the lead beneficiary through the Paying Unit;
- ensuring the recovery of unduly paid funds according to Article 17 (2) of the ERDF Regulation, based on an agreement between the member states on this issue.

ERDF Paying Unit (PU)

On behalf and by contract of the Certifying Authority the function of the financial management of the ERDF funds within the meaning of Article 59 and Article 61 of the General Regulation shall be carried out by:

ERP Fund
Ungargasse 37
A-1031 Wien

Audit Authority (AA)

The function of an Audit Authority responsible for verifying the effective functioning of the management and control system within the meaning of Article 59 lit. 1c and Article 62 of the General Regulation shall be carried out by the:

Federal Chancellery of the Republic of Austria
Division IV/3
Ballhausplatz 2
A-1014 Wien

The tasks will be performed in close co-operation with the relevant body on the Hungarian side:

Hungarian Government Audit Office
1126 Budapest, Tartsay Vilmos u. 13

The Audit Authority ensures that the audit work takes account of internationally accepted audit standards. The Audit Authority is functionally independent of the MA. According to Article 14 (2) ERDF

⁵⁵ Changes during the implementation and related responsibilities are regulated in more detail in the Programme Complement Light.

Regulation the Audit Authority will be assisted by a Group of Auditors – comprising a representative of each member state.

The decision whether the Audit Authority and the relevant body on the Hungarian side will be responsible for performing the compliance assessment or whether this task will be outsourced to the private sector (on the basis of a procedure guaranteeing the principle of independence) will be taken within the first meeting of the group of auditors and on the basis of the first draft of the management and control system description.

Central Monitoring System (CMS)

Within the meaning of Article 60 lit. c of the General Regulation the Managing Authority shall ensure that there is a system for recording and storing in computerised form accounting records for each operation. For the collection of data a Central Monitoring System has been established at the

ERP Fund
Ungargasse 37
A-1030 Wien

Monitoring data relate to individual operations.

Each individual operation will be mapped by the IT-system according to a specific data set. This set of data, which has to be collected at the level of individual operations, will be agreed between programme partners before implementation of the programme starts. It will not only include obligatory information according to the Implementing Regulation but additionally provide information in order to support optimal implementation of the operational programme and for evaluation purposes.

Data will be reported to the CMS by the Managing Authority and the JTS. The integration of data into the CMS and their maintenance and updating is done by the JTS. The Managing Authority confirms the correctness of data that is reported to the CMS.

Data sent by JTS to the CMS shall be considered as official data used for certificate and statement of expenditure, application for payment, annual reports on implementation, evaluations, audits of operations etc. Monitoring data shall be made available by the CMS to the Managing Authority, Member States, Certifying Authority, Audit Authority, RBs and the European Commission. By means of CMS the necessary information for electronic data transfer will be generated as well.

Regional Bodies (RBs)

The authorities mentioned below, henceforth called “Regional Bodies” (RBs), provide project related services to the project applicants and contribute to publicity and information tasks. Nevertheless the MA and the JTS remain in charge of the overall coordination of the programme but can consult the Regional Bodies.

The RBs participating in the programme are:

AUSTRIA

Amt der Niederösterreichischen Landesregierung
Abteilung für Raumplanung und Regionalpolitik, Geschäftsstelle für EU-Regionalpolitik
Landhausplatz 1
A-3109 St. Pölten

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

Amt der Wiener Landesregierung
MA 27 EU-Strategie und Wirtschaftsentwicklung
Dezernat für Internationale Kooperationen
Schlesingerplatz 2, 2. Stock
A-1080 Wien (Postadresse: Rathaus, A-1082 Wien)

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

The function of the RMB as the Managing Authority and RB will be organised by separate units within RMB.

HUNGARY
VÁTI Kht.
Gellérthegy u. 30-32
H-1016 Budapest

with its regional offices in West-Transdanubia:
Csatkai E. u. 6-8
H-9400 Sopron

Hefele M. u. 2
H-9700 Szombathely

Petőfi u. 24
H-8900 Zalaegerszeg

These authorities will provide:

- information about the programme and support in the development of project ideas in co-operation with the MA and JTS;
- first discussion of project ideas with the project applicants, if necessary, coherence checks and feedback;
- service to the applicants in reviewing the applications (for formal requirements, quality requirements, CB impact, regional relevance) before official submission to the JTS;
- advice to the beneficiaries regarding eligibility, programme aims and strategies and financing according to EU, programme and national regulations, if requested;
- contribution to cross-border networks for information exchange and discussion on the quality of project ideas in order to ensure or improve the quality of cross-border cooperation and cross-border impact on project level.

7.1.2. Control System

To ensure validation of expenditure in terms of delivery of products and services co-financed, soundness of the expenditure declared compliance of such expenditure with Community and national rules as set out in Article 16 of the ERDF Regulation, each Member State will designate the controllers responsible for verifying the legality and regularity the expenditure declared by each beneficiary in the operation.

The controllers ensure, amongst others, that for each interim or final report of an operation, detailed and consistent audit reports are made available, which allow a clear identification of and consistency with the related certifications of expenditure.

The Managing Authority sets out the detailed written standards and procedures for the controllers, in order to comply with the requirements as described in Article 16 (1) ERDF Regulation. By means of these standards and procedures, the Managing Authority ensures that the programme's control system can verify whether:

- the expenditure declared is real;
- products and services have been delivered in accordance with the approval decision;
- applications of reimbursement by the beneficiary are correct;
- operations and expenditures comply with community and national rules;
- any expenditure is not or has not already been financed with other community or national schemes or in other programme periods.

Responsible controllers for each project partner will be fixed in the ERDF contract.

AUSTRIA

In general, the responsibility for control according to Article 16 (1) ERDF Regulation will be – according to a Federal Constitutional Act, based on Art. 15a B-VG - taken over by the following authorities in the Länder (for project partners coming from the respective Land):

BURGENLAND

Controlling Department of the Regionalmanagement Burgenland GmbH
Marktstraße 3
A-7000 Eisenstadt

NIEDERÖSTERREICH:

Amt der Niederösterreichischen Landesregierung
Gruppe für Raumplanung, Umwelt und Verkehr
Landhausplatz 1
A-3109 St. Pölten

STEIERMARK:

Amt der Steiermärkischen Landesregierung
Abteilung 16 - Landes- und Gemeindeentwicklung
Referat für grenzüberschreitende Zusammenarbeit
Stempfergasse 7
A-8010 Graz

in co-operation with

Fachabteilung 4B Landesbuchhaltung
Burggasse 13
A-8010 Graz

WIEN:

Amt der Wiener Landesregierung
Magistratsabteilung 27 – EU-Strategie und Wirtschaftsentwicklung
Dezernat für Ausgabenkontrolle
Schlesingerplatz 2 / Dachgeschoss
A-1080 Wien

In exceptional cases, the control according to Article 16 (1) ERDF Regulation can be delegated to another experienced authority – based on the provisions of the Federal Constitutional Act according to Art. 15a B-VG.

HUNGARY

In Hungary, the following body is controller in the sense of Article 16 of ERDF Regulation:

VÁTI Kht.
Gellérthegy u. 30-32
H-1016 Budapest

with its West-Transdanubia Regional Offices:

Csatkai E. u. 6-8
H-9400 Sopron

Hefele M. u. 2
H-9700 Szombathely

Petőfi u. 24
H-8900 Zalaegerszeg

In all the involved institutions separate divisions will be set up to perform the control tasks related to the validation of expenditures.

A detailed description of the control system will be provided through the description of the management & control system as requested by Article 71 of the General Regulation. In case where Institutions appointed as Regional Bodies will be entrusted with tasks of financial control according to Article 16 of the ERDF Regulation, a clear separation of responsibilities between RB and controller will be ensured.

With reference to Article 3 (1) of Regulation (EC) 2035/2005 on the irregularities all relevant Programme bodies will provide quarterly reports on irregularities occurred to the Audit Authority, which will submit a report to the European Commission.

The Member States will set up a formalised procedure to deal with irregularities in compliance with the provisions of Regulation (EC) 2035/2005. This procedure will – amongst others – set out detailed rules and responsibilities for reporting obligations, joint controlling standards, recovery of unduly paid funds, liabilities and coordination between the responsible authorities on either side.

Appropriate management arrangements of the OP shall support environmentally sustainable development of the co-operation area. Besides respecting the legally required absolute minimum standards, the programme seeks to avoid possible effects that are unsustainable or unfavourable to the environment, at all levels of the programme implementation cycle. Environmental issues of specific concern are climate change, the maintaining of biodiversity and ecosystems, and the sustainable use on natural resources. Negative impacts shall be avoided to the highest possible degree. The OP's positive effects and potentials for synergies in the sense of optimising its contribution to an environmentally sustainable development shall be exploited at best and, wherever possible, be strengthened. Wherever possible, preferences will be given to the design planning and implementation of environmentally friendly solutions.

The carrying out of such environmental management shall include, among others, structured experience sharing and capacity development, indicators and the use of effective selection criteria.

7.2. Procedural regulations governing the programme implementation (procedural organisation)

7.2.1. Lead beneficiary (Lead partner principle) and beneficiaries (project partners)

In compliance with Article 20 of the ERDF Regulation the responsibilities of the lead beneficiary and the other beneficiaries are as follows:

For each operation, a lead beneficiary is appointed by the beneficiaries among themselves. The lead beneficiary takes over the following responsibilities besides those stated in the regulation:

- it collects the information from the project partners, verifies the certified activities with the progress of the project and submits the joint progress reports (and claim for ERDF reimbursement) to the JTS;
- it signs the ERDF contract and is responsible for transferring the ERDF contribution to the beneficiaries participating in the project according to the partnership agreement and certified costs;
- it informs the JTS about project changes.

Each beneficiary participating in a project needs to:

- send statement of costs and content report in national language to its responsible controller;
- submit the related certification of costs and information to the lead beneficiary.

7.2.2. Project life cycle

Project Application

Applications must be submitted on a bilingual application form in written and electronic format (including annexes specified in Programme Complement Light, e.g. partnership statement and the co-financing statement, etc.) by the lead partner to the JTS.

Each complete application that fulfils the necessary formal requirements for co-financing will be reported by the JTS to the CMS and will receive a registration number automatically. Thus the information on all applications submitted is available via the CMS for the programme partners.

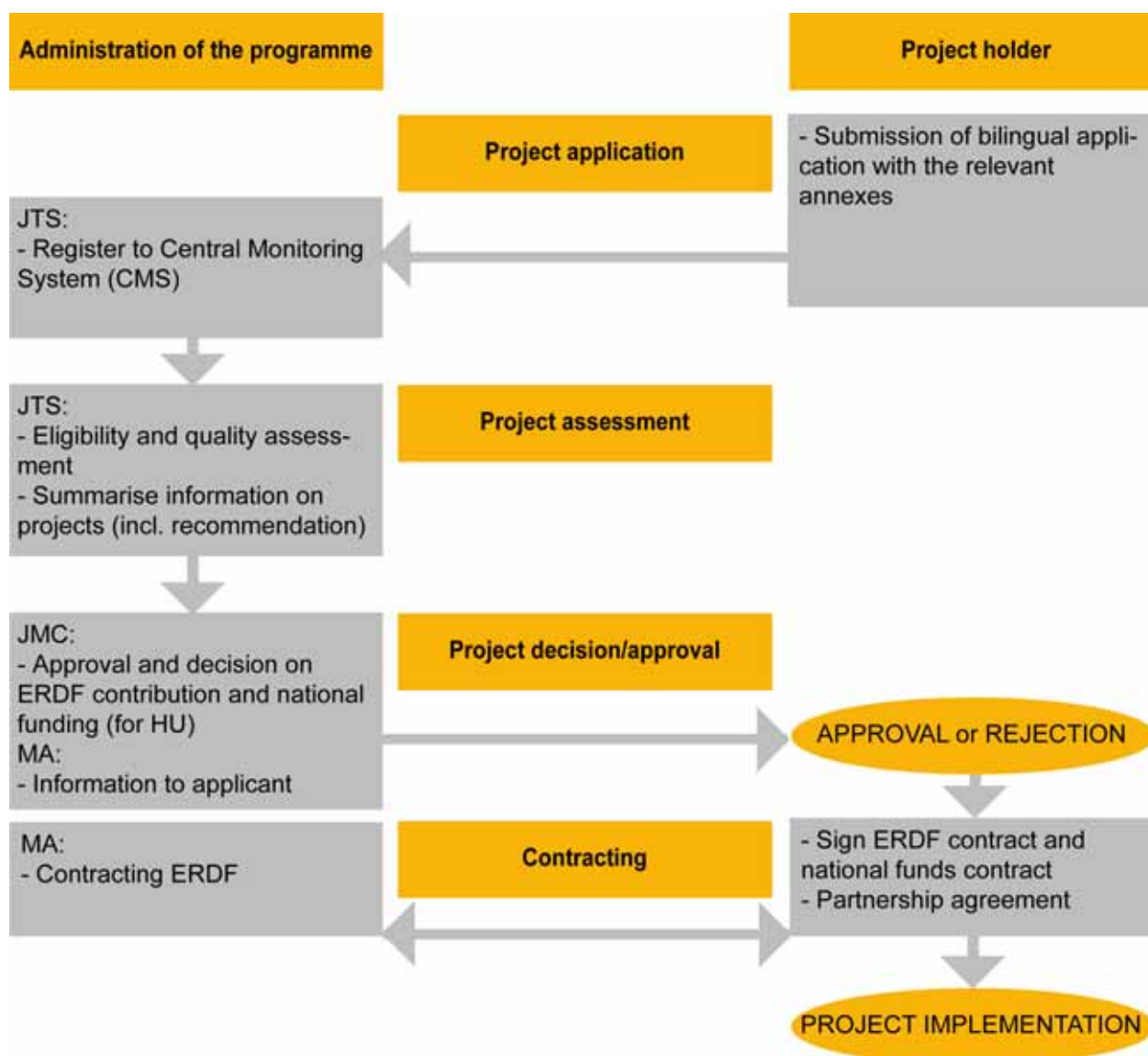
In case of evidence that there are substantial reasons not to recommend a project for approval in the JMC, only a basic record of the project will be registered in the CMS. A list of all submitted projects (including the full application form) will be made available to the Managing Authority and the RBs. If it is required detailed information on all project applications can be obtained through the JTS.

Project Assessment

The JTS has the overall responsibility for project assessment and shall examine the administrative compliance and eligibility of the projects. The quality assessment comprises the following 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 jointly agreed eligibility rules based on the Implementing Regulation;
- compliance with other relevant provisions of EU law (State aid legislation, public procurement directives, environmental law etc.);
- complementarily with other regional or national Structural Funds Programmes.

After completing the eligibility check and quality assessment, JTS delivers the summarised information on the submitted applications as well as programme budget information to the JMC members and prepares the JMC meeting. Standardised project sheets will be produced for this purpose, based on information from the CMS. The aggregated information on the submitted projects and the status of the programme is available for the JMC members.

Figure 3: Project life cycle – application to contracting**Project Decision/Approval**

The JMC will set up common standards for eligibility and selection criteria.

The results of the project assessment will be prepared by the JTS to the JMC for a decision. The JMC may obtain external statements (e.g. expert opinions, assessments by the concerned municipalities, Euregios etc.).

The JMC decides on the approval of the project and on the ERDF contribution in Euro as well as on the national funding from Hungary. The applicant will be informed about the approval/rejection of the project application with an official letter by the MA. With the decision of the JMC the approval on ERDF co-financing is granted. Based on this decision the national co-financing from Austria will be secured.

Project Contracting

The bilingual ERDF contract is issued by the Managing Authority with the support of the JTS. National co-financing contracts will be ensured by the RBs. A highly recommended template for the partnership agreement will be provided by the MA. The national co-financing bodies issue the contracts for national co-financing directly to the project partner.

Financial Controls according to Article 16 of ERDF Regulation (“First Level Control - FLC”)

For each accounting period, a report package (consisting of a progress report and a financial report) will be submitted by each project partner to its responsible controller (for audit). Detailed guidelines for invoicing and a guideline/handbook for common understanding of eligibility of costs will be provided by the Managing Authority for the project partners and the controllers.

After this check the controller validates all eligible expenditure per partner (Certification of Expenditure) within a maximum of 3 months after submission and sends it back to each of the partners. Project partners will then forward their Certificate to their lead beneficiary who is in charge of collecting all information for the report package and of submitting it to the JTS.

Payment

The lead beneficiary will submit the standard progress report package (consisting of a single financial and a single progress report for the whole project and certifications of expenditure for each partner) in bilingual version to the Joint Technical Secretariat.

The Managing Authority, with the support of the JTS checks the completeness and consistency of the report package, verifies that controlling requirements according to Article 15 (1) of the ERDF Regulation are fulfilled, issues a payment request and submits it to the Certifying Authority.

The Certifying Authority conducts any necessary checks deriving from its certification duties as set out in Article 61 of General Regulation. If appropriate, the Certifying Authority can ask the project partners through the Managing Authority for further information or conduct further checks itself.

In parallel, the national co-financing bodies will release the national co-financing to the project partners/lead beneficiary. The national co-financing bodies will provide the corresponding data to the JTS for input into the CMS. In general the correct reporting of the national co-financing to the CMS (if foreseen in terms of financial flows) is the precondition for any ERDF payment.

The paying unit of the Certifying Authority transfers the final ERDF payment to the lead beneficiary of the operation. The lead beneficiary is responsible for transferring the final ERDF payment to the project partners according to the ERDF contract and the actually certified expenditure.

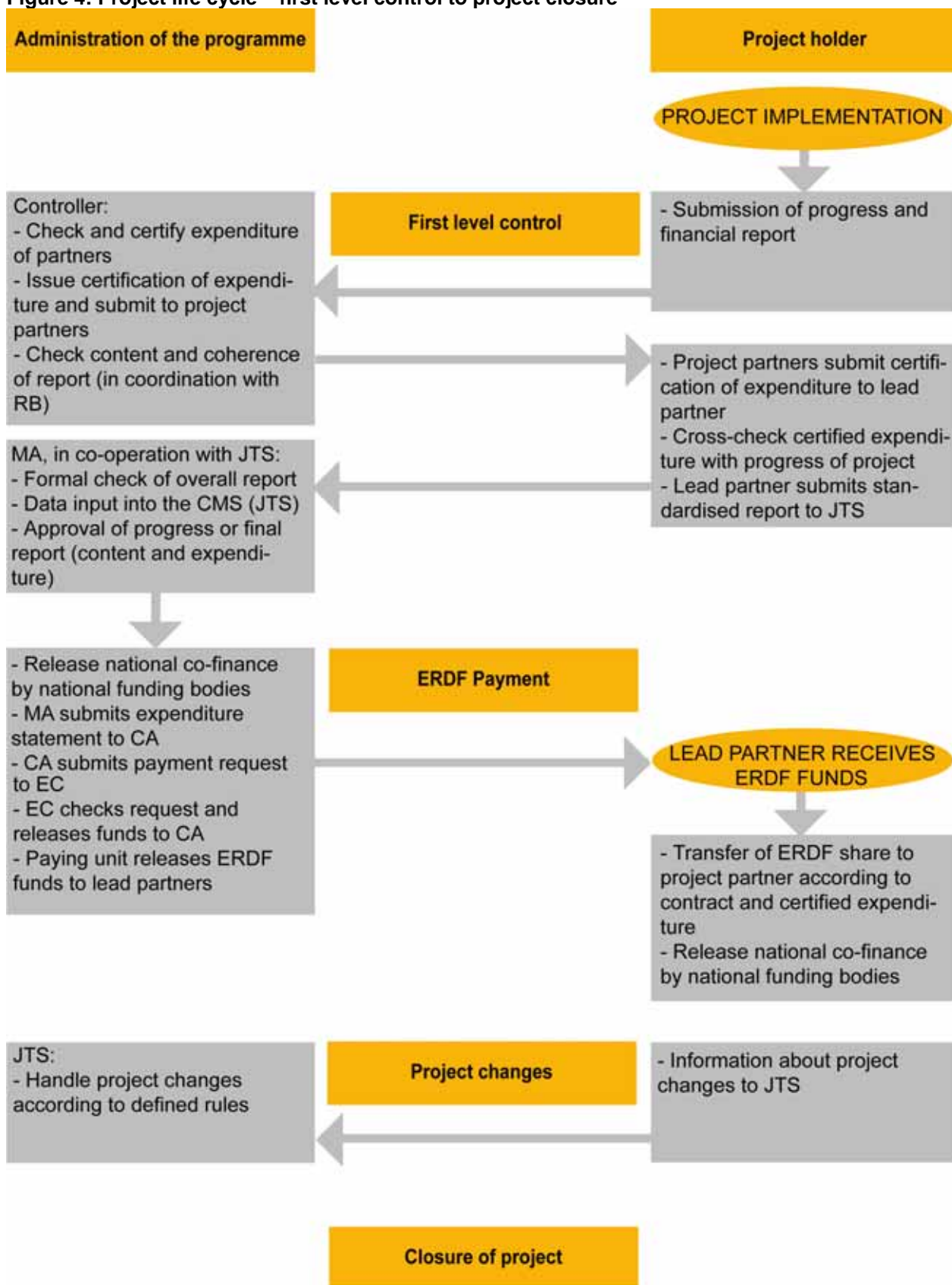
Project changes

The lead beneficiary needs to inform the JTS about project changes in written form. The JTS will handle the change along defined rules of modification. If applicable, a written approval on the project change will be sent to the lead beneficiary, according to the rules approved by the JMC.

Closure of project

After reception of the final report and verification of the project results, including the final accounting, the Managing Authority issues the statement of expenditure and submits it to the CA. On the payment request of the Certifying Authority the EC checks the request and releases the funds to the CA. The paying unit transfers the final ERDF payment to the lead beneficiary. The lead beneficiary is responsible for transferring the final ERDF payment to the project partners according to the ERDF contract and the actually certified expenditure.

Figure 4: Project life cycle – first level control to project closure



7.3. Evaluation

In order to support the monitoring of an operational programme it has been agreed that evaluation of the programme shall be carried out during the programming period according to Article 47 of General Regulation.

The Evaluation System of the OP will be based on the Ex-Ante Evaluation (including the Strategic Environmental Assessment) as well as an ongoing Evaluation during implementation, according to Article 48 General Regulation. The Managing Authority will cooperate with the European Commission in relation to the Commission's responsibility to carry out an Ex-Post Evaluation as set out in Article 49 of General Regulation.

Evaluations will be based on the system of indicators as described in chapter 5 and information as provided by the CMS (according to the Implementing Regulation. Evaluations will also assess impacts, undertake qualitative research and focus on capitalisation of programme results as well as optimisation and evolution of the programme. To these ends further data which is not available through the monitoring system can be gathered by the evaluators through supplementary methods (e.g. interviews, research etc.).

Evaluation results will be presented to the JMC and the European Commission, with reference to Art. 48 (3) of General Regulation. Evaluations shall provide support to the JMC in order to monitor the programme continuously, to assess the state of implementation and to timely detect needs for adoptions. They should also consider the requirements for programme closure.

7.4. Publicity and communication

Based on Article 69 of the General Regulation, Member State and the Managing Authority of the OP will provide information on co-financing of the Programme as well as guarantee its publicity. The main goal is to inform transparently the citizens as well as beneficiaries on the cross-border co-operation and on the role of the European Union in the development of the Austrian-Hungarian border areas.

In informing general public as well as potential beneficiaries the Managing Authority will co-operate closely with Joint Technical Secretariat, Regional Bodies and Euroregions. Information and publicity on the whole Programme will be provided by:

- Publishing of full information on the Programme at a specific website;
- Publishing of short information on the Programme in brochures and leaflets;
- Implementation of information activities related to management, monitoring and evaluation of the Programme.

Information will be provided to different categories of potential applicants at local or regional level. Relevant information on the OP (such as information on main OP documents, contacts on all institutions related to the programme implementation, updated information on the OP, list of supported projects including the amount of grant, calendar of planned events including dates of Joint Monitoring Committee meetings, references to other websites related to the EU and its activities, response to frequently asked questions about the OP etc.) will be provided on websites of institutions responsible for the OP publicity. Media, information leaflets, brochures, billboards, flags and other EU publicity products will also support the OP.

Beneficiaries are informed correctly and fully on the publicity regulations. Attention is given to visibility rules during the monitoring of project implementation.

The Communication Plan will be elaborated in accordance with Article 2 of the Implementing Guidelines. The goal of this plan will be providing all applicants information on the OP as well as on the EU Structural Funds. The Plan shall also raise the awareness of the public on the EU and its role in implementing the cross-border co-operation and in promoting transparency of joint activities.

8. INDICES AND SOURCES

8.1. Indices

Tables

Table 1: Programming process	5
Table 2: Area and Population of the Austrian-Hungarian Border Region	8
Table 3: Population trends 1991-2005 and age structure 2005	10
Table 4: Gross domestic product (GDP) at current market prices and PPS per capita (1997, 2003) ..	12
Table 5: Number of hotels and beds	14
Table 6: Number of overnight stays	15
Table 7: Employment rates (%) and deviation from EU25 (%), 2004	16
Table 8: Total employment and trends by economic activity 1998, 2003	17
Table 9: Unemployment rate of different target groups, 2004	17
Table 10: Correlation of the CBC programme priorities with principles of national programmes (How do this documents support the principles and priorities of the CBC programme)	34
Table 11: Intensity of coherence of other EU-programmes with the CBC programme (Where is co-operation between the programmes needed?)	39
Table 12: Overview and quantification of Output Indicators	54
Table 13: Overview and quantification of Result Indicators	56
Table 14: Overview of Impact Indicators	56
Table 15: Territorial Co-operation Austria-Hungary total ERDF contribution per year (in Euro)	57
Table 16: Territorial Co-operation Austria-Hungary source of funding by priority axes (in Euro)	57
Table 17: Indicative breakdown by category of the programmed use of the contribution to the Funds to the operational programme	57

Maps

Map 1: Regional Structure, eligible areas	8
Map 2: Population density	11
Map 3: GDP (purchasing power parities, in % of EU average)	13
Map 4: Employment by economic activity	16
Map 5: Transport infrastructure (roads, airports)	19
Map 6: Transport infrastructure (railways)	20
Map 7: Nature, environment, urban fabric	22
Map 8: Regional overview	25

Figures

Figure 1: Evaluation system	40
Figure 2: Priorities AT-HU CBC programme 2007-2013	45
Figure 3: Project life cycle – application to contracting	67
Figure 4: Project life cycle – first level control to project closure	69

8.2. Sources

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