



## **Objective 3 – European Territorial Cooperation**

### **Operational Programme**

# **Cross-border Cooperation Slovenia-Hungary 2007-2013**

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## **OBJECTIVE OF THE PROGRAMME**

***TO PLACE THE CROSS-BORDER REGION  
ON THE EUROPEAN MAP AS A CULTURAL,  
HEALTH AND NATURAL PRECIOUS AREA  
FOR LIVING AND WORKING.***



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## EXECUTIVE SUMMARY

The Cross-border Co-operation Operational Programme Slovenia-Hungary (OP) is the document which implements the Programme strategy in response to the analysis of the situation of the Vas and Zala counties in Hungary and the Pomurje and Podravje regions in Slovenia, in terms of their strengths, opportunities, weaknesses and threats. The socio-economic analysis of the programme area is based on the statistical data, topical subjects and workshops with regional, sectoral and national actors.

The document will be of value to persons involved in the Programme implementation and project applicants participating in the Programme, which will contribute to the achievement of objectives set within the Programme priorities. It contains the information on the priority axes and their specific objectives, which are quantified by a limited number of indicators for output and results in order to measure the progress in relation to the baseline situation and the effectiveness of the objectives implementing the priorities.

The single financing plan comprises two tables: the table breaking down the annual amount of the total financial appropriation envisaged for the contribution from the ERDF and the table specifying the amount of the total financial appropriation of the Community contribution and the national counterparts, as well as the rate of the ERDF contribution for the whole programming period, both for the entire Programme and for each priority axis. For the Programme an amount of 30 million euros is envisaged to be made available for funding cross-border projects with a EU co-financing rate of 85%.

The programme will be administered jointly by Slovenia and Hungary. The responsible institution for implementing the programme vis-à-vis the European Commission will be the Government Office for Local Self-Government and Regional Policy acting as the Managing Authority (MA). The MA will be assisted by a Joint Technical Secretariat located in Maribor (Slovenia) and an Info Point located in Zalaegerszeg (Hungary) who will provide information and assistance also to project beneficiaries. Projects will be selected jointly by a Joint Monitoring Committee.

On project level, the cross-border programme will be based on the so-called lead partner principle which foresees that a lead beneficiary (the lead partner) takes over the leadership of a joint project setting up a partnership, involving at least one cross-border partner, with other partners. Thus in the new programme only joint projects will be funded selected through a single call for proposals or identified and approved by the Joint Monitoring Committee.

The orientation and the structure of the operational programme are in line with the legal basis (guidelines, regulations, working papers) and the objectives of the European Union, particularly with the principles of the Lisbon and Gothenburg process.

Due to the limited funds and smaller scale of projects to be developed, no major projects are foreseen.

# 1 INTRODUCTION

## 1.1 Background

Over the period of its operation, the programme will benefit almost 30 MIO € from the ERDF grant. This will be matched by 6.6 MIO € from the Slovenian and Hungarian side from their national co-financing. In total, in this programme period the programme will be able to invest almost 35.9 MIO € in projects part-financed by the ERDF.

### 1.1.1 Previous experiences with the implementation of cross-border activities

The bilateral cooperation between Hungary and Slovenia originates in the pre-accession period. Firstly, the cooperation was implemented through the trilateral Slovenia – Hungary – Austria programme (1995, 1996). In the period 2000-2003, the bilateral Slovene – Hungarian Phare Cross-border Cooperation Programme was implemented. The joint interest for cooperation was implemented in the fields of nature protection (Joint Nature Park Development, 2000; Wastewater Management in the Valley of Krka/Kerka, 2002), economic cooperation (Joint Economic Space Grant Scheme, 2001) and human resources development (Maximisation of HR Potentials in CB Region, 2003). The basis for the future cooperation is also represented by the cooperation in the field of the so-called “people to people actions”, implemented through Small Project Fund Grant Schemes (2000-2003).

In the last period, both countries participated in the trilateral Neighbourhood Programme Slovenia – Hungary – Croatia 2004-2006. Upon the experiences in the trilateral programme, both Member States decided to build up cooperation on the bilateral level due to the following criteria: similarity in the socio-economic context, including structural problems of the regions (GDP, unemployment rate etc.), the expression of interest in the cooperation between the Pomurje and Podravje region and the Vas and Zala counties, similar natural and cultural landscape, and the minorities living on both sides, giving precious ground for cross-border cooperation.

The new programme will contribute to the recognition of the European territory as a cultural, health and natural precious area for living and working, and will offer opportunities for designing projects not limited to a specific sector, but being cross-sectoral by nature, that is, connecting different sectors by tackling the common problems and seeking the most visible and sustainable results.

## 1.2 Relevant Strategic Documents and Regulations

Following the Lisbon strategy and the objective *“to become the economy of the most competitive knowledge and most dynamic entrepreneurship of the world, capable of a durable economic growth accompanied by a quantitative and qualitative improvement of employment and by a greater social decision”* within ten years, the cooperation area Slovenia – Hungary sees its advantage as the cultural, health and natural precious area for living and working.

The European Community Strategic Guidelines on Cohesion Policy have identified three priorities for Structural Funds in the period 2007-2013, focusing on the Lisbon (competitiveness) and Gothenburg (sustainability) agendas. The ERDF Regulation (Art.6) focuses on specific cross-border activities.

Main EU regulations:

- Council Regulation (EC) **No 1083/2006** of 11 July 2006 laying down general provisions on the European Development Fund, the European Social Fund and the Cohesion Fund and repealing regulation (EC) NO 1260/1999
- 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 ERDF, ESF and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the ERDF
- Council and the European Parliament Regulation (EC) **No 1080/2006** of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999
- Council Decision of 6 October 2006 (**2006/702/EC**) on Community strategic guidelines on cohesion
- Council and the European Parliament Regulation (EC) **No 1082/2006** of 5 July 2006 on a European grouping of territorial cooperation (EGTC)

The Slovene National Strategic Reference Framework (NSRF) does not expose the territorial cooperation as an individual priority, but it includes territorial cooperation as one of the sections of the NSRF Priority 5 (Interaction of the measures for achievement of the long-term sustainable development).

The National Strategic Reference Framework (NSRF) of **Slovenia** presents a sub-group of the National Development Programme (NDP). The **NDP** includes all development-investment programmes and projects in Slovenia for the period of 2007 to 2013, which will be financed or co-financed by national or municipal budgets. The specific objectives of the NDP are:

- to increase the economic, social and environment capital and
- to increase efficiency in the sense of economic competitiveness, quality of living and sustainable use of natural resources.

The National Strategic Reference Framework of **Hungary** 2007-2013 (NSRF) is the strategy derived from the most relevant Hungarian national development programmes, i.e. the National Development Concept, National Regional Development Concept, National Action Programme and National Environmental Programme. Main objectives in the NSRF of Hungary are sustainable growth, employment and the establishment of a knowledge-based economy and society. The NSRF of Hungary is elaborated along six priority axes: economic development, transport development, renewal of the society, environment and energy development, regional development, state reform. The document states the objective of cross-border cooperation for all Hungarian border regions aiming for a revitalisation of peripheral areas and integration of cross-border regions by economic, cultural and environmental cooperation. The NSRF was also created in accordance with the Community Strategy Guidelines and sets the enhancement of growth and employment as the overall aim with respect to sustainability and equal opportunities as horizontal principles.

**The National Strategy Plan for Rural Development (NSPRD) of Slovenia**, defines priorities in the field of rural development policy. The priorities were designed in line with the priorities of the EU rural development policy. The NSPRD will tend to strengthen the multi-purpose role of agriculture in Slovenia. Special focus is the need of reconstruction of the agriculture and of food processing industry and to strengthen the competitiveness of complete agricultural chain. The plan operates on the principles of sustainable use of renewable energy and a special attention is assigned to conservation of cultural regions, environmental protection and preservation of the rural areas and their identity. The plan also reflects the multi-purpose role of the forests, one of the most special sources of Slovenian biodiversity. The priorities of the NSPRD will contribute to the social and economic strengthening of the rural areas and to putting forward some new approaches for increasing employment in rural areas, not only with performing basic agricultural activities. This



represents the reference framework for the preparation of the Rural Development Programme 2007-2013 of the Republic of Slovenia (RDP), which is a uniform implementing document of the rural development policy applying to the whole territory of Slovenia. The RDP will be implemented through four development axes such as:

- improving the competitiveness of agricultural and forestry sector;
- improving the environment and countryside;
- quality of life in rural areas and diversification of rural economy;
- local development strategies.

**Compliance of the HU-SLO OP with the National Strategy Plan for Rural Development and the Rural Development Programme 2007-2013 for Hungary (NHRDP).**

Axis III: Quality of life in rural areas and diversification of the rural economy of NHRDP offers the possibility to develop rural economy, improve quality of life and preserve cultural heritage.

Axis IV: Implementation of the LEADER approach of NHRDP aims at the facilitation of sustainable and innovative use of internal resources, improving the quality of life in rural regions with local solutions through the implementation of local rural development strategies featuring integrated approaches and operation of broad partnerships.

The HU-SLO OP is completely in line with the objectives and measures of axis III and axis IV of the NHRDP.

Some of the measures of Axis III, particularly promotion of tourism activities, village renewal and development, conservation and sustainable development of rural heritage and practically the whole Leader approach, however, cover similar objectives as the priority axes of the HU-SLO OP 2007-2013. In this respect a clear demarcation line should be drawn in order to avoid overlapping actions and double financing.

The following table compares the priority areas of HU-SLO OP with the relevant measures of the Hungarian National Rural Development Programme.

| Selected measures of the HNRDP  | Measures of the HU-SLO OP 2007-2013  |
|---|--|
| Axis III: Quality of life in rural areas and diversification of rural economy |  |
| - Promotion of tourism activities   | -Development of joint tourism destinations   |
| - Village renewal and development   | - Preservation and development of culture  |
| - Conservation of rural heritage  | - Preservation and development of culture<br>- Environment protection and management |

In order to ensure that EU funding is channeled and used in an optimum way to promote sustainable development, Member States and the Commission should co-ordinate to enhance complementarities and synergies between various strands of Community and other co-financing mechanisms, such as cohesion policy, rural development, LIFE+, research and development (RTD), the Competitiveness and Innovation Program (CIP).

**Regions for Economic Change**

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

The ideas emerging from REC may to some extent be considered for the implementation of this programme.

## 1.3 Programming Process

The programming phase was initiated in 2005, when the bilateral working group was established. It consists of representatives acting in the existing Neighbourhood programme Slovenia-Hungary-Croatia 2004-2006:

- Slovene Government Office for Local Self-Government and Regional Policy (GOSP) acting as the Managing Authority of the programme,
- Hungarian National Office for Regional Development (NORD) (name changed to National Development Agency as of July, 2006) acting as the National Authority of the programme and
- Hungarian Public Non-profit Company for Regional Development and Town Planning (VÁTI) acting as Intermediate Body.

The whole process was undertaken in a partnership approach of the relevant partners under the coordination of the GOSP proposed for the Managing Authority. The programme will be implemented in partnership among the Slovenian and Hungarian authorities.

Apart from consultations on the national level, bilateral working groups meetings were held. They mainly concentrated on structures for the programme implementation, implementation at project level, financial implementation and control, as well as the preparation of the *Memorandum of Understanding*. Furthermore, a workshop on strategic themes and SWOT analysis was organised with national and regional stakeholders, where an agreement on the strategic objective, strategic themes and SWOT analysis was reached (14 February 2006).

**Table 1: Preparation of OP**

| Activity         | Date               | Venue                   | Outcome  |
|------------------|--------------------|-------------------------|--|
| <b>Bilateral</b> |                    |                         |  |
| 1. BWG Meeting   | 20 July 2005       | Rakičan pri M. Soboti   | Agreed timetable   |
| 2. BWG Meeting   | 2 November 2005    | Ljubljana               | Division of tasks for the preparation of the OP  |
| 3. BWG Meeting   | 30 November 2005   | Ljubljana               | Discussion of implementation structures  |
| 4. BWG Meeting   | 8 December 2005    | Nagykanizsa             | Presentation of outcomes from Slovenian workshops, agreement on next steps                 |
| 5. BWG Meeting   | 27 February 2006   | Ljubljana               | Discussion of the implementation structures  |
| 6. BWG Meeting   | 3 and 4 April 2006 | Monošter /Szentgotthárd | Agreed priority axes   |
| 7. BWG Meeting   | 8 May 2006         | Dobrovnik/Dobronak      | Agreed activity fields   |
| 8. BWG Meeting   | 8 June 2006        | Budapest                | Discussion of draft OP   |
| 9. BWG Meeting   | 3 August 2006      | Ljubljana               | Discussion of the comments on the draft OP   |
| 10. BWG Meeting  | 29 September 2006  | Lendava                 | Discussion on the comments on the draft OP, version dated 27 September 2006                |
| 11. BWG Meeting  | 8 November 2006    | Lenti                   | Discussion on the comments on the draft OP, Implementation structure and Project selection |

|   |                  |               |   |
|---|------------------|---------------|---|
| 12. BWG Meeting   | 5 December 2006  | Ljubljana     | Discussion on the comments on the draft OP, Intervention codes and financial table<br>Implementation structure, project selection and indicators                                |
| 13. BWG Meeting   | 12 February 2007 | Zalaegerszeg  | Discussion on the comments on the draft OP, Ex-ante evaluation, SEA<br><br>After this meeting the BWG was dealing with the finalisation of the OP, Government decisions and SEA |
| <b>Unilateral</b>   |                  |               |   |
| 1. workshop for the preparation of the OP   | October 2005     | Ljubljana     | Sectoral inputs for the preparation of the strategic themes   |
| 2. workshop for the preparation of the OP with regional and sectoral actors         | November 2005    | Rakičan       | Regional inputs for the preparation of the strategic themes and validation of the sectoral inputs   |
| 3. workshop with national and regional representatives on SWOT and STRATEGIC THEMES | 14 February 2006 | Murska Sobota | Agreed strategic objective and SWOT   |

A consultation process with different socio-economic partners was organised on both sides of the border. The following activities were implemented:

- online forum from 15 July to 5 September 2006
- web comments to the draft OP
- presentation of the OP to the different stakeholders
- workshops (see the table above)

The **ex-ante evaluation** was carried out in parallel to the elaboration of the OP. The assessments were done in an interactive process, based on interim results of the programming process and close coordination with the programming team. Ex-ante evaluation was carried out in close coordination both in terms of timing and content. The recommendations of the ex-ante evaluators have largely been integrated into the OP.

## 2 SOCIO-ECONOMIC ANALYSIS OF THE PROGRAMME AREA

### 2.1 Identification of Cooperation Area

The programme-targeted area is the area of the common **Slovenian - Hungarian border**. The **counties Zala and Vas in Hungary** and the **Pomurje and Podravje regions in Slovenia** are the territorial units on the NUTS III level, further described as cooperation area.

The cooperation area belongs to the bigger geographical unit – the Pannonian basin/plain, having the same topographic and climatic characteristics as well as settlement structure and economic conditions. The main topographic characteristics are extensive plains interrupted by low hills and isolated massifs. The most important rivers in the cooperation area are Mura, Drava, Rába and Zala. The area is densely populated; the predominant settlement types are villages along the roads, while the most important urban and employment centres are Maribor, Murska Sobota, Szombathely, Zalaegerszeg. There are no relief barriers for cross-border transport routes. The region's natural resources are agricultural land, surface and ground water, mineral and thermal springs and forests.

#### Flexibility Clause

The core programme area includes the eligible counties Zala and Vas in Hungary and the Pomurje region in Slovenia. The Podravje region in Slovenia is included in the programme on the basis of Art 21 (1) of the Council Regulation No 1080/2006, whereby expenditure incurred in implementing operations or parts of operations in the adjacent NUTS III areas may be financed from the ERDF up to a limit of 20% of the amount of its contribution to the operational programme.

Referring to Article 21 of the Council Regulation No 1080/2006, 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.

The lead partner has to have his headquarters or an organisation unit in the respective cooperation area of the operational programme.

The ERDF may finance expenditure incurred in implementing operations or parts of operations on the territory of countries outside the European Community up to a limit of 10% of the amount of its contribution to the operational programme, where they are for the benefit of the regions of the cooperation area.

#### Justification for the Inclusion of the Podravje region under the Flexibility Rule

By extending the eligible area, added value and a higher level of cross-border cooperation will be achieved with the activities, which will have a broader impact on the development of the overall territory. The Podravje region, adjacent to the eligible area is important to include into the programme area because it has an university, faculties and research institutions. Maribor as the centre of Podravje region is also the most important economic and industrial centre in this part. Also the common river Drava is giving more opportunities e.g. to develop tourism, environment protection related projects which reflect well to the main objective and priorities stipulated later in the programme.

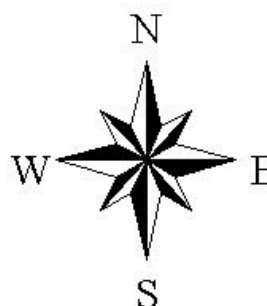
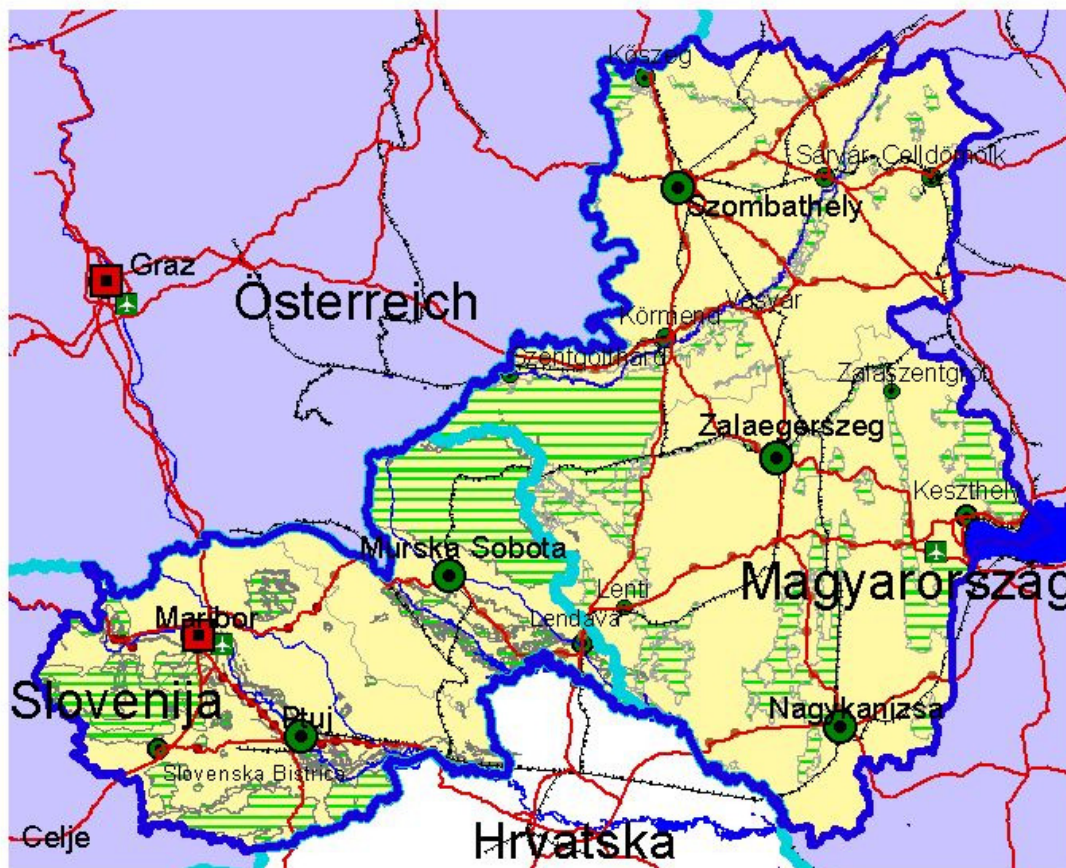
The decision for the inclusion of the Podravje region into the programme area was also based on the findings of ex-ante evaluators, who identified a small absorption capacity of Pomurje, since it is an eligible cooperation area for three Cross-border Programmes (Austria, Hungary and Croatia) and extensive national funds. There is a risk that, due to its small size,

there will only be a limited number of project applications and thus only a small absorption of funds.

The objectives related to the Lisbon strategy will be addressed more thoroughly through the involvement of the more important institutions, which would be able to act as a lead partner.

Map 1: Cross-border cooperation area Slovenia-Hungary 2007-2013

# Cross border cooperation area Slovenia-Hungary 2007-13





## 2.2 Geographical Description of Cooperation Area

The **Pomurje region** is situated in the northeast of Slovenia and comprises 1,337 km<sup>2</sup>, which amounts to 6.6 % of the Slovenian territory, and is the most characteristically agricultural region in Slovenia. The Pomurje region is divided into two sub-regions by the Mura river: Prekmurje and Prlekija. The landscape of Prekmurje includes the hilly area of Goričko and the true plain areas of Ravensko and Dolinsko, where the Pannonian plain flows into the Lendava hills. On the right bank of the Mura, in the Prlekija, are the arable wheat fields of Apaško and Mursko polje and the winegrowing hills, which form part of the Slovenske gorice. The region is well served with mineral and thermal mineral water, which has led to the establishment of 5 spas – Radenci, Moravske Toplice, Lendava, Moravci and Banovci.

The **Podravje region** comprises 2,170 km<sup>2</sup>, which amounts to 10.7 % of the Slovenian territory. It is situated in the north-east of Slovenia and borders on the Koroška and Savinjska regions in the west, Pomurje in the east, on Austria in the north and on Croatia in the south. The region consists of 41 municipalities, the regional capital is Maribor. In terms of natural geography, the Podravje region is marked by the hills in the north-east, subalpine wooded mountains (Pohorje and Kozjak) in the west and the Dravsko-Ptujsko polje along the Drava river. The water wealth of this region is used for electricity production (a chain of hydropower plants on the Drava river). The region is known for its wellness and thermal spas, especially in Maribor and Ptuj. The fertile soil is used for agricultural production; the region has the highest share of utilised agricultural area in Slovenia – 83,000 hectares. In spite of the natural resources and the Natura 2000 areas, no (regional) nature park has so far been proclaimed, although there were several attempts for the establishment of the Pohorje nature park.

The Hungarian part of the cooperation area is comprised of the two neighbouring counties of Vas and Zala. Both counties are part of the Western Transdanubian region and part of the Pannonian plain.

The **Vas county** is situated on the western side of the country bordered by Austria and Slovenia. Its total territory is 3,337 km<sup>2</sup> (3.6 % of the whole territory of Hungary). The county comprises 216 settlements, 10 out of which are cities (Szombathely, Celldömölk, Csepreg, Körmend, Kőszeg, Répcelak, Sárovar, Szentgotthárd, Vasvár, Óriszentpéter). The county seat is Szombathely, with 81,228 inhabitants. The hilly area is abundant with natural resources and beauty. An abundance of natural carbon-dioxide can be found in and around Répcelak as well as thermal and medicinal waters. In addition to the 18 existing thermal baths, there are opportunities for another 47. Szentgotthárd (or Monošter in Slovene), which is situated by the Slovene-Hungarian border and is the centre of the Slovene minority living in Hungary, also has to be mentioned.

The **Zala county** is one of Hungary's westernmost counties bordering on Croatia and Slovenia. Its territory is 3,784 km<sup>2</sup> (4.1 % of the whole territory of Hungary), 54 % of which resides in its 8 towns, the rest in its 249 villages. Zala is a hilly area, where oil is the major fossil fuel. The Zalakaros and Hévíz medicinal baths utilise the area's geothermal waters. Other major cities are Nagykanizsa and Keszthely, but the role of Lenti, being the closest to the Slovene-Hungarian border, should also be emphasised.

The physical composition of the Zala and Vas counties is similar to that of Pomurje and Podravje. There are large territories covered by fields/orchards/vineyards. Agriculture is an important economic activity in the region.

The cooperation area covers **10,628 km<sup>2</sup>**, and has a common border in the length of **102 km**.

**Table 2: Cooperation area**

| COOPERATION AREA             |                         |                          |                         |
|------------------------------|-------------------------|--------------------------|-------------------------|
| Region                       | Area (km <sup>2</sup> ) | County                   | Area (km <sup>2</sup> ) |
| <i>Pomurje</i> <sup>1</sup>  | 1,337                   | <i>Vas</i> <sup>2</sup>  | 3,337                   |
| <i>Podravje</i> <sup>1</sup> | 2,170                   | <i>Zala</i> <sup>2</sup> | 3,784                   |
| <b>Total</b>                 | 3,507                   | <b>Total</b>             | 7,121                   |

Source: <sup>1</sup>Data of Statistical Office RS (Slovene regions in figures, 2006), <sup>2</sup> Regional Statistical Yearbook of Hungary

## 2.3 Demography

The population distribution within the cooperation area is very diverse and unbalanced. Population is concentrated in urban areas, which are also employment centres. In 2005, approximately 1,001,993 inhabitants lived in the cooperation area. 56 % of the total cooperation area population lives in the Vas and Zala counties. However, the population density in Pomurje and Podravje is higher than in the rest of the cooperation area. The second biggest Slovenian city Maribor contributes to the highest population density in Podravje, which amounts to 147 inhabitants per square meter. On the other hand, the population density in Pomurje is the lowest in the whole Slovenia.

**Table 3: Change in the number of inhabitants and population density (inhabitants per km<sup>2</sup>)**

| COOPERATION AREA             | 1993        | 2005        | Pop. density (2005)        |
|------------------------------|-------------|-------------|----------------------------|
| <i>Pomurje</i> <sup>1</sup>  | 130,535     | 122,453     | 92                         |
| <i>Podravje</i> <sup>1</sup> | 325,563     | 319,114     | 147                        |
|                              | <b>1993</b> | <b>2005</b> | <b>Pop. density (2005)</b> |
| <i>Vas</i> <sup>2</sup>      | 272,835     | 265,229     | 80                         |
| <i>Zala</i> <sup>2</sup>     | 301,067     | 295,197     | 78                         |

Source: <sup>1</sup>Data of Statistical Office RS (Statistical Yearbook 1996; Rapid Reports, Population, 13.6.2006/No115), <sup>2</sup> Statistical Yearbook of Vas and Zala counties

The data on natural population fluctuations show that the mortality rates are higher than birth rates in the entire cooperation area. Due to migrations of predominantly younger population from problem areas (rural and border lines) to cities, certain areas have reached a critical demographic exhaustion point, designating the areas predominantly populated by a senescent generation, where natural population reproduction is not feasible. The distribution of inhabitants by the age and population ageing index (a ratio of people over 65 years to people younger than 15 years) clearly marks an unfavourable ageing index of population. In the whole area, the index is higher than the national and European average, EU-25 being 103.9 (Eurostat, 2003).



**Table 4: Natural population fluctuation and distribution of inhabitants by age (%) in the cooperation area**

| <b>COOPERATION AREA (2004)</b> | <b>Live births</b> | <b>Mortality</b> | <b>Natural growth</b> | <b>age 0-14</b> | <b>age 15-64</b> | <b>age &gt;64</b> | <b>Pop. ageing index</b> |
|--------------------------------|--------------------|------------------|-----------------------|-----------------|------------------|-------------------|--------------------------|
| <i>Pomurje</i> <sup>1</sup>    | 1,031              | 1,382            | -351                  | 13.8            | 70.8             | 15.4              | 111.9                    |
| <i>Podravje</i> <sup>1</sup>   | 2,560              | 3,168            | -608                  | 13.5            | 71.0             | 15.5              | 115.2                    |
| <b>Slovenia</b>                |                    |                  |                       |                 |                  |                   | <b>106.9</b>             |
| <i>Vas</i> <sup>2</sup>        | 2,200              | 3,500            | -1,300                | 15.2            | 69.3             | 15.5              | 105.0                    |
| <i>Zala</i> <sup>2</sup>       | 2,309              | 3,987            | -1,678                | 14.2            | 69.3             | 16.5              | 115.8                    |
| <b>Hungary</b>                 |                    |                  |                       |                 |                  |                   | <b>99.9</b>              |

Source: <sup>1</sup>Data of Statistical Office RS (Statistical Yearbook 2005), <sup>2</sup>National Regional Information System (TeIR)

### 2.3.1 National and Ethnic Minorities

The programme has a great importance for the cooperation area because of the traditional historical, ethnic relations of the people living on both sides of the border. Ethnically speaking, the border area is very varied. In the Pomurje region (mostly Lendava), there is still a strong Hungarian speaking minority of about 5,500 people, while approximately 3,000 Slovenian people live on the Hungarian side of the border. Beside the two national minorities, there is a high ratio of other ethnic groups, such as Croats and Germans.

The Roma people are an ethnic community in the whole cooperation area. Their way of living is still very traditional, though in Slovenia their role in local communities is gradually becoming more active. The Roma are often on the edge of the society, although they are legal citizens and have equal rights as other citizens by the constitutional court. They speak Roma language, which is widely spoken around Europe as there are 12 million Roma people living in Europe.

Although the official data about the Roma ethnic community show that they represent around 1 % of the population structure of the cooperation area, it must be pointed out that the unofficial estimations amount to approximately 3 %.

The uniqueness of different national and ethnic minorities in the cooperation area must be recognised.

## 2.4 Human Resources

### 2.4.1 Labour Market

Employment opportunities declined due to the transition to the market economy, and new job opportunities have only been developing recently. Besides economic restructuring, the main reasons for unemployment can be found in the low level of education and the structural discrepancy between employment opportunities and professional qualifications of job seekers. Due to the lack of jobs for highly educated people, these regions are losing their human resource potential and capacities. Regional distribution of unemployment is very uneven, with the highest unemployment rates in peripheral small towns and rural areas, where it often causes serious social problems. Within each area there is also a high level of work commuting from the villages and rural communities to bigger towns. In the cooperation area, there is potential for cooperation between the labour market institutions and in the exchange of data between them in order to match job seekers and job offers.

**Table 5: Persons in employment and employment structure by education attainment**

| COOPERATION AREA                       | Persons in employment (%)<br>Σ | Less than primary* | Primary | Secondary | University |
|--|--------------------------------|--------------------|---------|-----------|------------|
| <i>Pomurje</i> <sup>1</sup>            | 40.43                          | 2.08               | 22.99   | 61.79     | 13.14      |
| <i>Podravje</i> <sup>1</sup><br>(2002) | 39.10                          | 2.03               | 12.79   | 66.70     | 18.48      |
| <i>Vas</i> <sup>2</sup>                | 61.98                          | 0.21               | 18.06   | 65.89     | 15.85      |
| <i>Zala</i> <sup>2</sup><br>(2005)     | 63.67                          | 0.33               | 14.71   | 70.56     | 14.40      |

Source: <sup>1</sup>Data of Statistical Office RS (Population Census 2002), <sup>2</sup>Microcensus, Central Bureau of Statistics (KSH)

Note: \*the data include the population that did not attend primary school (less than primary) and the population that did not finish primary school (i.e. pupils who partially finished primary school, e.g. some grades only).

**Table 6: Unemployment structure by sex, age and education attainment of the unemployed**

| COOPERATION AREA                       | Unemployment rate (%) | Male | Female | Age group |       |      | Education          |         |           |            |
|--|-----------------------|------|--------|-----------|-------|------|--------------------|---------|-----------|------------|
|  |                       |      |        | 15-24     | 25-49 | +50  | Less than primary* | Primary | Secondary | University |
| <i>Pomurje</i> <sup>1</sup>            | 16.8                  | 56.3 | 43.7   | 24.5      | 54.3  | 21.2 | 11.8               | 32.4    | 53.2      | 2.6        |
| <i>Podravje</i> <sup>1</sup><br>(2002) | 14.6                  | 49.6 | 50.4   | 18.8      | 57.8  | 23.4 | 6.8                | 24.7    | 64.0      | 4.5        |
| <i>Vas</i> <sup>2</sup>                | 6.8                   | 51.4 | 48.6   | 18.0      | 60.1  | 21.9 | 2.7                | 33.3    | 59.5      | 4.5        |
| <i>Zala</i> <sup>2</sup><br>(2004)     | 4.3                   | 53.3 | 46.7   | 15.5      | 60.2  | 24.3 | 6.4                | 26.2    | 62.3      | 5.1        |

Source: <sup>1</sup>Data of Statistical Office RS (Population Census 2002), <sup>2</sup>Statdat System, Central Bureau of Statistics (KSH)

Note: \*the data include the population that did not attend primary school (less than primary) and the population that did not finish primary school (i.e. pupils who partially finished primary school, e.g. only some grades).

The educational structure of the unemployed indicates a discrepancy between job vacancies and available workforce among the unemployed. The biggest discrepancy is apparent on the elementary level, where the supply exceeds the demand, and, on the other hand, on the professional high and university education level, where the demand of employers exceeds the supply and where structural discrepancy is also strongly present.

In the Hungarian border area especially in Zala County participation of women on the labour market is hindered by the shortcomings of pre-school services and the lack of places. As far as primary and secondary level education is concerned, due to the settlement network of the region consisting of micro-villages, the highest level provision of primary education at a location that is the nearest to the place of residence is difficult to ensure.

In secondary education the number of pupils in vocational schools in the counties Vas and Zala are higher than in general secondary schools. There is parallel education and unused capacity in secondary education because there is no regional level information system to compare the education available to the demand of the labour market.

There are few university centres with all relevant components of the "universitas" within Vas and Zala counties which could be useful related areas being applied research and development. A higher level educational centers are the centers of the micro-regions. Good position is enjoyed by Szombathely and Zalaegerszeg, where educational indicators are significantly above the regional average, whereas the Letenye and Vasvár micro-regions face the greatest difficulties: their indicators are far below the average.

Environmental education outside of the school framework is increasing in a small compass, there is a demand of strengthening the non-governmental organisations and the growing responsibility for nature and the environment.

## 2.4.2 Education, Research and Development

Secondary schools are located in all regional centres of the cooperation area, but there is, except in Podravje, a lack of secondary schools for specific vocations (e.g. art, chemistry, pharmacy schools). Statistics on the education structure of the unemployed show that more than half of them have a secondary education. There is a difference between the number of university graduates in Pomurje and in Podravje, for which the reason could be found in the University of Maribor, the second biggest Slovenian university centre. In the cooperation area, a lack of employment in comparison with the existing education of the unemployed is evident. Thus, there exists a need for retraining and the development of new vocational programmes (in line with growing sectors, e.g. culture and tourism). Retraining and programmes should also be in coherence with the current situation in the economy (e.g. industry, tourism, etc.) and trends of modern industrial and commercial development in the cooperation area.

Other important problems are: a low education and qualification structure of the population, brain drain to major cities and out of the region, a low level of lifelong learning facilities, the possibilities of e-learning are not widely used.

**Table 7: Education attainment of inhabitants (%)**

| COOPERATION AREA                       | Less than primary* | Primary | Secondary | University |
|--|--------------------|---------|-----------|------------|
| <i>Pomurje</i> <sup>1</sup>            | 5.8                | 38.0    | 48.2      | 8.0        |
| <i>Podravje</i> <sup>1</sup><br>(2002) | 6.1                | 26.2    | 56.2      | 11.5       |
| <i>Vas</i> <sup>2</sup>                | 18.6               | 27.5    | 44.1      | 9.8        |
| <i>Zala</i> <sup>2</sup><br>(2002)     | 20.9               | 27.2    | 42.6      | 9.3        |

Source: <sup>1</sup>Data of Statistical Office RS (Population Census 2002), <sup>2</sup>Microcensus 2005, Central Bureau of Statistics (KSH)

Note: \*the data include the population that did not attend primary school (less than primary) and the population that did not finish primary school (i.e. pupils who partially finished primary school, e.g. only some grades).

**Research and development** is on a relatively low level in the cooperation area. Research institutions are often linked to the hierarchy of university education, therefore big research centres, with the exception of Maribor, cannot be found in the cooperation area. In spite of the number of university research institutions in Maribor, there is a weak cooperation between them and the companies, especially SMEs. Research in the private sector is not significant. Researchers in the private sector often do not have the suitable equipment, nor do they apply their full skills. The companies which have a high level of R&D are usually multinational companies or large national companies, which, however, keep this function for themselves. Therefore, the need for research and technology centres is very strong in the cooperation area. Moreover, there are very few high technology industries in the area, as well as a lack of clustering and networking of such industries. However, the room for manoeuvre offers the planned initiatives for research and production of new materials and new technologies in the cooperation area, linked also to the potentials of sustainable renewable energies.

The research locations are in most of the cases parts of universities and colleges in Vas and Zala counties. Environmental sciences, agricultural sciences and certain technical sciences are the predominant fields of research.

R&D activities are not significant within the scope of entrepreneurs, since at multi-national companies most high-tech solutions, manufacturing processes and finished parts are delivered to Hungary as part of the international flow. The number and quality of university-enterprise synergies is expanding in the area of technical sciences.

## 2.5 Culture

The culture of the programme cooperation area is very rich and diverse. The cultural **heritage**, both movable and immovable, presents one of the important potential for the area's cross-border development from the social, economic and environmental aspect, especially in regions with structural development problems. Cultural heritage is understood as one of the key elements of building the area's identity and its valorisation through **culture tourism development**, therefore the revitalisation of cultural heritage is necessary. It can also provide employment possibilities in various fields, such as information society, traditional handicrafts and trade. Thus, special focus should be placed on the development of market oriented products and services to ensure sustainability of such initiatives.

**Table 8: Main cultural heritage sights in the cooperation area**

| <b>Pomurje and Podravje region</b>  | <b>Vas and Zala counties</b>  |
|---|---|
| <b>Castles</b> (Murska Sobota, Lendava, Grad, Rakičan, Beltinci, Ptuj, Maribor, Negova, Slovenska Bistrica) | <b>Castles, palaces</b> (Keszthely, Kőszeg, Körmend, Sárvár)                  |
| <b>Churches</b> (Turnišče, Beltinci, Plečnik church in Bogojina, Rotunda v Selu, St. Bolfenk)               | <b>Churches</b> (Ják, Őrszentpéter, Velemér)                                  |
| <b>Floating water mills on the Mura river</b> (Veržej, Ižakovci)  | <b>Other local sights</b> (Thermal bath in Hévíz, Roman ruins in Szombathely) |

The cooperation area is located at the crossroads of **languages**. The interface of two languages and cultures offers an especially promising potential in the field of culture. Therefore, the interpretation and translation of Slovenian and Hungarian literature should be encouraged. There are significant **minorities** of the respective neighbouring countries, which have an established institutional background, cultural organisations and bilingual and minority education, which is also a favourable situation for a cultural exchange. The awareness of the importance of knowing the neighbouring culture is growing and can lead to a more intensive cultural diversity exchange.

The potential for cooperation lies also in the field of **arts and creative industries** (including services related to cultural heritage, theatre (local groups), traditional dance (European folklore dance festival in Beltinci, open-air Festival Lent in Maribor), music and opera, production of CDs and DVDs, publishing, visual arts, cultural tourism, education in the field of arts, design, architecture, etc. There are several music schools in the area, as well as smaller but exclusive publishing houses (with regional artists – writers and designers). The field of visual arts can offer some prominent painters and sculptors. Nevertheless, cultural tourism is not developed yet and there is no vocational training in art (exception: smaller local associations – painting, etc.). On the other hand, the use of modern technologies provides potential for the creation of innovative products and services. The support of creative industries therefore represents the support of the regional economic diversity creation.

## 2.6 Health

Health conditions in the cooperation area are controversial. While the Pomurje and Podravje regions have the lowest social and the worst health indicators in Slovenia, the Vas and Zala counties have a relatively high social status and average health conditions. The territories along the border show lower values both in health and social conditions. There is a lack of awareness of healthy food choices, a lack of a healthy cooking practice and a lack of regular exercise in the cooperation area. Preventive health care and the promotion of a healthy lifestyle must thus reach the entire region. In some parts of the area, poverty, education and social exclusion are the main determinants of health. Therefore, it is necessary to focus the attention on the parallel development of economy and health policy. Furthermore, there is a

clear need for networking and bringing people and health institutions of the cooperation area together, thus enabling them to better cope with adverse economic conditions.

Life expectancy of men and women in Pomurje is shorter than the Slovene average, for 3 and 2 years respectively, whereas Podravje, Vas and Zala have a slightly higher life expectancy than their national average, but also approximately 10 years of difference between that of men and women.

Larger hospitals are situated in Rakičan, Murska Sobota, Maribor and Ptuj, and Szombathely and Zalaegerszeg on the Hungarian side. There is a great need for the possibility to use the nearest health institution in the area, since some of its parts are far away from aid centres or hospitals. The possibilities of such a system should thus be developed. Each municipality must ensure that the nearest aid centre and the other institutions are in operation. In the recent years, the emphasis is not only on first aid, but also on promoting a healthy life style and the drug prevention (especially due to the relatively high level of drug consumption in the area). Other important NGOs in the field of health in the cooperation area are various associations for drug users, people with disabilities etc. In the Vas and Zala counties around 80 NGOs are working in different fields of health protection, mostly without any cross-border activities.

The health programme in the Pomurje and Podravje regions will be part of the Regional Development Plan 2007-2013, and a reform in health policy and institutional system has already started to operate in Hungary from 2007 onwards.

The reform of the health care system in Hungary started in 2006 and its main objective is to restructure the institutional and service system, establish a far more service oriented system that provides more cost-effective treatment and prevention services to clients at a higher average quality. The reform also aims to develop a patient-oriented, corruption-free service system, which provides health care and preventive services of higher average quality. The health care system reform introduces an economic prescription rule and level of state support for medicines and legally defines the basic care services covered by social security. A new supervisory body of health insurance fund control is set up to check whether service provision is in line with the protocols and to act as a consumer protection organ.

## **2.7 Economic Description**

The cooperation area comprises regions and counties with great similarities in the economic structure and very diverse economic characteristics.

The Pomurje region consists of 26 small municipalities with a small number of large scale industrial projects in the main towns (Murska Sobota, Gornja Radgona, Lendava, Ljutomer). The dependence to a few major employers in Pomurje, especially in the oil and textile industry, could cause the collapse of the regional economy. Some medium-sized industries in different production areas are also there (electronics, glass, trailer and container units, etc.). The attraction of foreign direct investment has not been very successful. The Podravje region consists of 41 municipalities, the economic and industrial centre is Maribor, the restructuring of auto-motive industry is still in progress, and foreign direct investments are not significant for the region.

The situation in the Hungarian counties is somewhat similar, with towns like Szombathely, Zalaegerszeg, Nagykanizsa, Szentgotthárd, Körmend and Lenti offering most of the employment opportunities, and the rural areas, particularly near the border, suffering from lack of opportunity and population decline. On the Hungarian side, however, there is a greater level of individual entrepreneurship, particularly in services, and a higher level of foreign direct investment.

There is a need for new **employment opportunities**, which will keep the population, particularly the young, in the cooperation area.

**Table 9: Gross Domestic Product (Purchasing Power Parities, 2004)**

| COOPERATION AREA | Regional GDP per capita (PPP) | Regional GDP index Country=100 | % of national GDP Country=100 % | Regional GDP index EU(25)=100 |
|------------------|-------------------------------|--------------------------------|---------------------------------|-------------------------------|
| <i>Pomurje</i>   | 12,364                        | 69.0                           | 4.2                             | 57.5                          |
| <i>Podravje</i>  | 15,137                        | 84.5                           | 13.5                            | 70.4                          |
| <i>Vas</i>       | 13,870                        | 100.9                          | 2.7                             | 64.5                          |
| <i>Zala</i>      | 12,514                        | 91.0                           | 2.7                             | 58.2                          |

Source: EUROSTAT

Pomurje is one of the least developed regions in Slovenia. Contrary to that, according to the contribution to the national GDP, Podravje is just behind the Osrednjeslovensko region. The highest share of gross value added is created by service industry. The companies are predominantly micro and small enterprises. The Vas and Zala counties are not the last, on the contrary; both counties are in a relatively favourable situation compared to the other counties of Hungary due to the socio-economic development actions. The GDP of the Vas county is much higher than the average of the whole country. The average regional GDP per capita in PPP (13,471 EUR) for the cooperation area is less than 62 % of EU-25 average, which is 21,800 EUR (Eurostat, 2003).

**Table 10: Number of businesses in cooperation area**

| COOPERATION AREA                               | Micro and small enterprises |        |       | Total Micro and small enterprises | Medium-sized enterprises | Big enterprises |
|--|-----------------------------|--------|-------|-----------------------------------|--------------------------|-----------------|
|  | 0                           | 1-9    | 10-49 | 0-49                              | 50-249                   | 250 and more    |
| <i>Pomurje</i> <sup>1</sup><br>(2004)          | 122                         | 3,474  | 222   | 3,818                             | 57                       | 8               |
| <i>Podravje</i><br>(2004)                      | 916                         | 12,736 | 673   | 14,325                            | 172                      | 49              |
| <i>Vas</i> <sup>2</sup><br>(on 31 March 2006)  | 2,851                       | 4,998  | 685   | 8,534                             | 126                      | 32              |
| <i>Zala</i> <sup>2</sup><br>(on 31 March 2006) | 4,185                       | 6,293  | 778   | 11,256                            | 138                      | 22              |

Source: <sup>1</sup>Data of Statistical Office RS (Department of businesses demography); <sup>2</sup>Statistical information, 2006/1, Vas county, Győr Regional Directorate of CSO; Statistical information, 2006/1, Zala county, Győr Regional Directorate of CSO

## 2.7.1 Agriculture and Rural Development

Intensive agriculture (important within the GDP) is characteristic for areas with the most favourable natural conditions. Pomurje and Podravje are mainly agricultural; and in Pomurje, agriculture is the main economic activity. Food processing and the processing of agricultural products is carried out. Wine production is also a significant activity and also has an impact on tourism development.

Pomurska and Podravska have a very distinctive landscape, considering the share of rural areas and rural population therefore it also has specific needs (agricultural diversification, development of sustainable farming, efficient forest management, improvement of agricultural structure, development of entrepreneurship, etc).

South part of Vas county (Őrség micro region) and western Zala county (Göcsej, South Zala) is typically a rural region having rich natural and cultural heritage.



The special character and also the heritage of the area are determined by its landscape conditions. This is a hilly geographic region, with small rivers and creeks and a special regional climate: This is the most humid part of Hungary, and it is the greenest part as well, due to its intensive green areas. This region is historically a peripheral region, as it has always been a border zone in the history. As a result of the natural landscape conditions and historic background the Region has a characteristic settlement system with very small villages and special dispersed settlements with the farm type micro settlement elements (the so called “Szer” in Órség and the “Szeg” in Göcsej), with outstanding architectural values. The land use has a mosaic pattern (wine yard hills, forests, lakes, small arable lands, and meadows), with high variability, which is valuable from ecologic and also tourism point of view.

The overshadowed location had a positive side effect, that the natural values and special settlement structure remained there, which are a very important heritage for today.

Nowadays the landscape specific natural and cultural heritage of the region is getting to be more and more appreciated, attracting more and more tourists, protected by the institution of National Park, other protected areas and two Nature park Associations (Kerkamente Natúrpark Egyesület, Órség Natúrpark Egyesület, Krajinški park Goričko).

Natural conditions in the Vas and Zala counties are favourable for animal husbandry (mostly bovine), as well as in connection with its forage crops. The forest resources serve as a basis for wood industry. In contrast to Pomurje, the tertiary sector plays the main role in the economic activity of Vas and Zala.

The main **problems** related to agriculture production in the cooperation area are small farms and the average size of parcels, ageing of farm holders, low education level and level of managerial knowledge among farmers, low productivity and added value, high proportion of part-time farmers, unorganised marketing of farm products.

Big potential is seen in diversification of agriculture activities with a tendency to bio-agriculture. Bio-production and local products have a market niche that has not been fully exploited yet.

## 2.7.2 Industry

Industrial activities are concentrated in urban centres, also representing important employment centres. In the cooperation area, this sector employs the majority of active population and represents the most important economic activity. In general, **problems** can be summarised as: weak level of entrepreneurship, high labour - low technology industries, low labour productivity, restructuring of traditional industries, lack of investment capital, low level of export orientation and - with a few exceptions – lack of competitiveness, low level of innovation and cooperation with R&D institutions, lack of communication between the industries, concentration of the industrial potential in urban areas, peripheral areas are declining, a low level of business and managerial know-how.

Bigger industrial centres in the cooperation area are the following: in Pomurje, Murska Sobota (food processing, metal processing, medical equipment and textile industries), Lendava (petro-chemical industry, warehouse equipment), Gornja Radgona (food processing, electronic devices), Ljutomer (fibre plastics, food processing), and in Podravje, Maribor and Ptuj (automotive industry, chemical, textile, wood processing). The industrial and administrative centre of the Vas county is Szombathely, with some electric factories located in its industrial park. In the Vas county, there are additional three industrial parks, the most important being the Szentgotthárd – Heiligenkreutz industrial park (above 100 hectares). In the Vas and Zala counties, the electronic industry operates on a very high quality. The

number of SMEs in the wood and furniture industry sectors is relatively high. The Zala county has eight industrial parks and two industrial centres: Zalaegerszeg and Nagykanizsa.

### 2.7.3 SMEs

There are high administrative demands to set up businesses, but a lack of capital and entrepreneurial culture characterises the area. In the areas where traditional industries provided most jobs, entrepreneurial culture and spirit were not much developed. In spite of that, SMEs are the most flexible and fast-growing economic branch with a high employment-creation potential.

National sectoral policies are aiming at strengthening SMEs and entrepreneurship, by supporting the start-up and development of these companies. Encouraging the formation of local clusters is also a sectoral objective. In the cooperation area, there are some activities which encourage business creation by women.

In order to foster entrepreneurial culture of the young, the introduction of entrepreneurship circles at primary schools started in the Pomurje region and has been developed throughout the country. It was recognised to be the best practice in Slovenia as well as in Europe, and serves as a good example also for other parts of the cooperation area.

In Pomurje, the creation of new SMEs, especially by young entrepreneurs, is encouraged through the Pomurje network of incubators (Murska Sobota – Odranci – Ljutomer), and in Podravje through the Štajerski Technology Park and University business incubator.

### 2.7.4 Services

A great variety of services is developed mainly in central towns of the cooperation area, while in the rural periphery this sector is lagging behind. Administrative, banking, education, social and health services are available in major towns.

There has been relatively little development of the service sector on either side of the border. This is due to the peripheral nature of the cooperation area and to the lack of targeted higher level education, which would support the development of service enterprises. There are only a few consulting companies in the region. The role of consulting is implemented by development agencies (private, public or semi-public) and some other associations.

### 2.7.5 Tourism

Tourism, in comparison to other economic activities in the cooperation area, has the greatest growth potential.

The main **problems** of the tourist sector are: poor tourism infrastructure, seasonality of the tourism industry with the exception of spas, lack of high-standard accommodation facilities, low level of marketing of cultural heritage, lack of information exchange within the tourism industry and cooperative marketing. There is no organisation which would be in charge of destination development, therefore such initiatives should be supported with the aim that all small initiatives (in the past supported through the CBC programmes, but unfortunately only partially, mostly village by village) would become part of the bigger products, attractive for the tourists. The whole area should become visible under the cross-border trademark and marketed as such. Joint reservation system, business/marketing strategies and new tourist products will be needed.



Tourism provides opportunities in the border region because of the natural configuration and the existence of the cross-border nature park Goričko – Raab – Órség. The **nature** protected areas offer possibilities for the creation and development of fauna and flora sites, especially for individual guests (e.g. visit of bats colonies, blue-green frogs, etc.). The potential is also in cultural heritage, including the movable goods, since the **cultural tourism** has not been developed yet. The possibilities should be in linking similar cultural sights in the cooperation area and fostering creative tourism (e.g. creation of traditional pottery, active holidays on farms).

Thermal spas exist on both sides of the border and this also creates opportunities for **health tourism** development in the region. **Spa and wellness tourism** based on thermal springs is developed in the cooperation area and should be incorporated in the destination development. Interregional known spas are: Moravci, Banovci, Radenci, Moravske Toplice, Moravci, Lendava/Lendva, Maribor, Ptuj, Hévíz, Zalakaros. The spas, which create the main tourism income of the region, should be closely linked to the other development initiatives and tourism providers. The spas are more and more aware that thermal water and the housing as such is not enough to attract new tourists, especially those, who are interested in active holidays. In the Podravje regions, one of the most important tourist centres is the Pohorje ski resort, which also offers opportunities for walking and sport (mountain bicycling etc.) in other seasons.

In rural areas (especially in Slovenia), farm tourism, eco-tourism and active-tourism represent a solid base for development. Soft tourism industry, e.g. cycling and walking (including Nordic walking), should be encouraged; above all, the completion and connection of existing tourist routes is necessary.

The cooperation area's central location is almost equally distant from four capital cities (Ljubljana, Budapest, Vienna and Zagreb) and also provides opportunities for the development of tourism.

The indicator, guest nights per inhabitant, shows the intensity of tourism in the regions/counties. Tourist intensity in the cooperation area is not very strong.

**Table 11: Number of guests and guest nights**

| COOPERATION AREA             | Guest nights per inhabitant | Overnight stays of domestic tourists in 2004 |      | Overnight stays of tourists from abroad in 2004 |      | Number of domestic tourists in 2004 |      | Number of tourists from abroad in 2004 |      |
|------------------------------|-----------------------------|--|------|---|------|-------------------------------------|------|--|------|
|                              |                             |  | %    |   | %    |                                     | %    |  | %    |
| <i>Pomurje</i> <sup>1</sup>  | 6.15                        | 385,793                                      | 51.1 | 369,183   | 48.9 | 95,068                              | 52.3 | 86,706                                 | 47.7 |
| <i>Podravje</i> <sup>1</sup> | 3.88                        | 137,076                                      | 46.6 | 157,309   | 53.4 | 39,790                              | 34.2 | 76,412                                 | 65.8 |
| <b>SLOVENIA</b>              | 3.80                        | 3,226,000                                    | 42.5 | 4,363,000                                       | 57.5 | 842,000                             | 36.0 | 1,499,000                              | 64.0 |
| <i>Vas</i> <sup>2</sup>      | 3.92                        | 433,272                                      | 41.7 | 605,750   | 58.3 | 161,408                             | 58.3 | 115,262                                | 41.7 |
| <i>Zala</i> <sup>2</sup>     | 7.33                        | 770,896                                      | 35.6 | 1,391,858                                       | 64.4 | 262,466                             | 53.5 | 227,947                                | 46.5 |
| <b>HUNGARY</b>               | 1.87                        | 8,391,374                                    | 44.4 | 10,508,109                                      | 55.6 | 3,346,575                           | 50.6 | 3,269,868                              | 49.4 |

Source: <sup>1</sup>Data of Statistical Office RS (Statistical yearbook of the RS 2005); <sup>2</sup>Statistical yearbook of Vas county, 2004; Statistical yearbook of Zala county, 2004; Statistical yearbook of Hungary, 2004

## 2.8 Information and Communication Technologies

There are many possibilities to improve the access and increase the use of modern information and communication technologies in the cooperation area. The telephone coverage in the cooperation area is below the West European standard. However, the cooperation area is also covered by mobile phone connections. The public access to the

internet (in schools, public centres, etc.) should be emphasized. In addition, the installation of broadband connections offers a possibility to boost the contacts between the population on both sides of the border.

The access to and the use of the internet in Slovenia is increasing. In the first quarter of 2005, 48 % of households in the whole Slovenia had access to the internet; the internet was regularly used by 50 % of citizens from the age of 10-74. 61 % of households possessed at least one PC and 87 % of household had at least one mobile phone. In 2005, 42 % of the Hungarian households had a computer, and 22% an internet connection.

## 2.9 Energy

Almost 60 % of all electric energy needed in Slovenia is generated from coal and nuclear power. The rest of electricity is produced from renewable water power in hydroelectric units. The water wealth in the Podravje region is used for electricity production (the chain of hydropower plants on the Drava river). On the other hand, renewable energy is still not well used in the Pomurje region. In the Vas and Zala counties, there are some micro hydropower plants, a small wind power plant and two biomass plants used for central heating.

Potential possibilities for generating electricity from renewable energy sources, especially the ones respecting sustainable development, e.g. hot-water basins, biomass, photovoltaic, sun energy, etc., are evident.

Other innovative approaches in the sense of developing new concepts can be used, such as energy tourism, energy self-sufficient local communities, etc. The awareness of the wider population on the possibilities of renewable energy use and efficient use of energy is not yet sufficient.

## 2.10 Transport

A modern transport network is one of the most important factors enabling connections on the local, regional and international level, as well as on the level of cross-border cooperation. The European transport corridor V runs through the programme area: Venice – Trieste – Koper – Ljubljana – Maribor – Budapest – Uzgorod – Lvov – Kiev – Bratislava – Zilina – Kosice – Rijeka – Zagreb – Osijek – Ploce – Sarajevo (total length: 1.600 km). However, there is no highway link between Vas, Zala and Pomurje. Most of the secondary roads in the cooperation area are heavily overloaded with trucks.

In the cooperation area, there are 7 **border crossings** between Pomurje and Vas/Zala, only two of which are international crossings (Dolga vas – Rédics and Hodoš – Bajánsenye), and 5 local crossings (Pince – Tornyszentmiklós, Martinje – Felsőszolnok and Kobilje – Nemesnép, Prosenjakovci – Magyarzombatfa, Čepinci/Verica – Kétvölgy).

**Table 12: Entries in Slovenia via Hungarian-Slovenian border crossing**

| Entries (in 1000)        | 2003         | 2004         | 2005         |
|--------------------------|--------------|--------------|--------------|
| From Hungary to Slovenia | 1,252        | 1,560        | 1,791        |
| From Slovenia to Hungary | 2,070        | 1,738        | 2,039        |
| <b>TOTAL</b>             | <b>3,322</b> | <b>3,298</b> | <b>3,830</b> |

Source: <sup>1</sup>Data of Statistical Office RS (Statistical Yearbook 2005); <sup>2</sup> Statdat System, Central Bureau of Statistics (KSH)

The Slovenian minority in Hungary still has no direct and easy access to Slovenia, as it has to use a distant border crossing. After the area joins the Schengen system, the need for

additional good quality smaller local roads will arise and could significantly contribute to the commuting of the neighbouring population.

Both countries have agreed to have and develop the Dolga Vas/ Rédicš border crossing as the joint service point for border guards. In order to facilitate the international cooperation for the fight against cross-border crimes, to assist the execution of joint operations and to support the information exchange, a Common Contact Point is planned to the Rédicš Border Crossing Point in the territory of Slovenia based on the Schengen Implementation Agreement and the 562/2006 Schengen Borders Code, Article 16. According to the preliminary agreements the Slovenian partner ensures rooms for the operation in Dolga vas.

Both countries are connected with the **railway** connection Veszprem – Hodoš, which is part of the international railroad corridor Budapest – Székesfehérvár – Veszprém – Hodoš – Ljubljana – Koper – Trieste. However, there is still a need for a railway connection between Lendava and Lenti, which would enable the region to have a connection to the railway between Hungary and Croatia. In the Pomurje region, not the whole area is connected by means of the railway, the part from Beltinci to Lendava especially missing. In Hungary, Szombathely is considered to be an important railroad interchange.

There are three **airports** in the area: Rakičan nearby Murska Sobota, International Airport Maribor, and Sármellék near the Balaton lake. The latter operates with international companies such as Ryan Air.

Besides the railway public transport, there is also a possibility of a **public bus transport**, which is well-developed throughout the Pomurje and Podravje regions. A bus transportation network connects the main roads between the cities of Lendava – Murska Sobota – Gornja Radgona – Ljutomer and between Murska Sobota – Gornja Radgona - Maribor. The public transport provision of the Vas and Zala counties is good. The main problem is the weaker provision of the areas of micro villages, which can cause social exclusion. It affects the accessibility of the public services and results in a declining number of inhabitants. The point-to-point bus lines reach all of the settlements of the two counties, but the small amount of transported people causes inefficiency in the functioning of public transport in the case of smaller villages. In addition, a regular bus connection between Slovenia and Hungary does not exist.

## 2.11 Environment and Nature Protection

### 2.11.1 Nature Protection

Environment in the cooperation area is facing high pressures deriving from human activities. Many activities cause pollution of different landscape elements. **Air pollution** is mainly caused by industrial activities, traffic (transitional traffic of heavy trucks) and households. Therefore, the most polluted areas are urban agglomerations, where all mentioned activities are concentrated. **Water pollution** is also severe; the pollution of rivers and water used for consumption is caused by sewage and improper use of fertilisers and chemicals in agriculture. In the field of nature protection, cross-border water management should be further developed, the pollution of natural water is still a challenge, and the low level of environmental consciousness among population should be increased.

In the cooperation area, there are many interesting natural features and a rich biodiversity. Many areas are under protection, such as the Goričko Regional Park and the Órség National Park. The most important nature park in the cooperation area is the trilateral Goričko – Órség – Raab Nature Park. In the previous cross-border programmes, the establishment of nature parks on the Slovenian side was supported.

Protected areas in the cooperation area can be seen as an obstacle for development, but on the other hand it is an opportunity for nature-based tourism. Moreover, biodiversity is a privilege for the local population and visitors, but should be preserved by raising environmental awareness among them.

**Table 13: Rate of the protected areas in the region/counties**

| COOPERATION AREA             | Rate of the protected area in the region/county (%) | Total area (km <sup>2</sup> ) |
|------------------------------|---|-------------------------------|
| <i>Pomurje</i> <sup>1</sup>  | 37.16   | 497.01                        |
| <i>Podravje</i> <sup>1</sup> | 6.18  | 134,16                        |
| <i>Vas</i> <sup>2</sup>      | 14.20   | 473.5                         |
| <i>Zala</i> <sup>2</sup>     | 6.66  | 252,1                         |
| <b>Total</b>                 | <b>18.35</b>  | <b>1,306.7</b>                |

Source: <sup>1</sup>Environmental agency of the RS, 2007; <sup>2</sup>Microcensus 2005, Central Bureau of Statistics (KSH)

On the basis of the Birds Directive and Habitat Directive, **Natura 2000** sites were designated in 2004. The planned standardized EU funding system from 2007 will foster the maintenance of Natura 2000 areas. The whole area of the Goričko Regional Park and the Mura river are included in Natura 2000 sites. In the Podravje region, 924.99 km<sup>2</sup> are included into Natura 2000. See Map 1.

Attention should be paid to taking into account development potentials and the interest of the people living in those areas. The participation of all citizens in the area, in an interaction aiming at a common welfare, is the most important principle of the relationship among environmental stakeholders. In this context, the representation of environmental NGOs in the project selection is very important.

### 2.11.2 Water Treatment

Although the main towns and villages have access to public waterworks, the larger part of the cooperation area has limited access to drinking water. In smaller villages and areas with a very disperse settlement, the supply with drinking water is organised through local and even individual supply systems only. The problem, lack of drinking water, occurs especially in summer periods.

Waste-water management is insufficiently developed (with the exception of the main towns), and was mostly developed through cross-border programmes.

**Table 14: Water supply and wastewater management**

| COOPERATION AREA                              | Rate of households supplied from public waterworks (%) | Rate of households connected to waste water system (%) |
|---|--|--|
| <i>Pomurje</i> <sup>1</sup>                   | 79.62  | 31.82  |
| <i>Podravje</i> <sup>1</sup><br><b>(2002)</b> | 89.90  | 48.00  |
| <i>Vas</i> <sup>2</sup>                       | 96.21  | 60.56  |
| <i>Zala</i> <sup>2</sup><br><b>(2004)</b>     | 94.90  | 60.80  |

Source: <sup>1</sup>Data of Statistical Office RS (Population Census 2002) <sup>2</sup>National Regional Information System (TelR)

There are four river systems in the region – the Kerka Stream which joins the Mura-Drava river system, the Zala river which runs into Lake Balaton and the Rába river which flows into the Danube and the Drava river. The ones with the highest cross-border relevance is the Lendava – Kerka – Mura and Drava catchments areas, which are also shared with Austria and Croatia. The most important flood protection investments have been financed in the previous years, but there is still a need for developing a continuous, common monitoring of water and pollution levels.

## 2.12 Local and Regional Development

On the Hungarian side, the counties of Vas and Zala have County (NUTSIII level) Regional Development Councils, which have offices offering assistance. These bodies help to coordinate the strategy formulation and project development work of lower territorial levels (small regions, settlements) and participate in the decisions of the NUTSII level Regional Development Council. The Regional Development Agency of West Transdanubia is a key player in regional development. The regional and county-level bodies have significant international and cross-border activities and relations.

Several NGOs and agencies are active in local and SME development, such as chambers, local enterprise agencies, incubator operators, etc. The past years have strengthened partnership among these organisations and have fostered their capacities for developing and implementing projects.

In Slovenia, Regional Councils and Development Councils were introduced in 2005. Regional development centres play a key role in the economic restructuring of the region, in the better cooperation between private and public sectors in the multicultural area through the promotion, guidance and linking of a sustainable business and technological development, and contribute to the achievement of a higher standard of living through the integration of Pomurje and Podravje region. All this is possible only by means of close cooperation with all key players at the regional level: municipalities, regional development agencies, public and private institutions, organisations and companies as the driving force of economic development.

The best example of close linkage among development agencies, local communities and other key players is seen at preparation and implementation of the regional development strategy; cooperation in various projects at the local, regional, national and cross-border level and activities concerning local and SME development.

### 3 SWOT ANALYSIS

A broad dialogue was conducted with national, regional and local stakeholders for achieving the agreement on the SWOT analysis. The results produced through the SWOT analysis highlight the main environmental, structural and demographic characteristics in the context of the cooperation area identified within area of description.

The SWOT analysis incorporates a range of issues, which are relevant to the development and regeneration of the Objective 3 area, some of which can be directly influenced by the programme while others are part of the wider socio-economic context in which the programme will operate.

**Table 15: SWOT analysis of the cooperation area**

| Strengths   | Weaknesses   |
|---|--|
| <ul style="list-style-type: none"> <li>- Local sources of thermal and mineral water as well as renewable energy</li> <li>- The cross-border area has an image of               <ul style="list-style-type: none"> <li>- being a healthy environment with well-preserved nature and</li> <li>- being rich in cultural values (heritage, traditional crafts, arts, religions, languages, minorities, ethnic groups, the Roma culture)</li> </ul> </li> <li>- Spas with a potential to attract tourists from third markets</li> <li>- Nature protection areas (Goričko Regional Park, Mura river, Órség National Park, vineyards, Drava river, Pohorje mountains)</li> </ul> | <ul style="list-style-type: none"> <li>- Weak international and cross-border accessibility</li> <li>- Communication barriers (language, prejudices)</li> <li>- Very limited offer of higher and secondary education, few lifelong learning facilities</li> <li>- Lack of R&amp;D institutions, low level of innovation</li> <li>- Limited offer of jobs for workers with higher qualification</li> <li>- Low level of education and qualification of the population</li> <li>- Outward migration of young people from the area, most intensively from rural areas at the border</li> <li>- With the exception of spas and a ski resort, poorly developed tourism infrastructure and services, lack of innovative and well diversified tourism products</li> <li>- Low level of entrepreneurship, management skills as well as cooperation (clustering, networking) in the private sector, especially SMEs and farms</li> <li>- Size of farms is too small for effective production and usage of incentives, most farmers are over the age of 40 (therefore without incentives)</li> <li>- Low level of coordination among institutions providing public services (e.g. health care - protection, risk prevention as well as energy, ICT, transport planning)</li> <li>- Low level of environmental consciousness of the population, protected areas are regarded as obstacles for development</li> </ul> |

| Opportunities   | Threats   |
|---|---|
| <ul style="list-style-type: none"> <li>- Improving regulatory and administrative conditions for cross-border cooperation</li> <li>- Increasing importance and demand for utilisation of renewable energy sources</li> <li>- Increasing demand for ecological and rural products (e.g. herbal products, bio-food)</li> <li>- Increasing demand for active and health tourism as well as for tourism products based on local natural and cultural values</li> </ul> | <ul style="list-style-type: none"> <li>- Decreasing population due to higher mortality than birth rates</li> <li>- Brain drain of educated people</li> <li>- Decreasing bio-diversity</li> <li>- Increasing pollution of air and water (traffic, economic activities)</li> <li>- Outside economic trends urge restructuring of traditional industries</li> <li>- Inadequate national incentives and regulatory environment for SME development and cooperation</li> </ul> |



## 4 PROGRAMME STRATEGY

### 4.1 Strategic Premises

**Strategic premises** are the assumptions on which the strategy of the programme is built.

**General premises are:**

- the globalisation process presents new challenges that require constant upgrading of technologies, services, cost efficiency;
- the global pollution of the environment and thus the necessity to take precautionary steps to preserve natural resources.

**Area specific assumptions are:**

The Pomurje and Podravje regions and the Vas and Zala counties have similar preconditions for development, which are not fully exploited. Certainly, together we can use them more efficiently and successfully than separately (for instance, there is a growing potential and need for developing common public services). Consequently, better synergic effects will be achieved. Strong competition can be recognized in the industrial sectors, coming mainly from Austria.

The **cooperation area** will have to take an **active role** in the transition of the EU to become the most competitive economy by 2010 following the Lisbon strategy, while at the same time protecting the environment and following the Gothenburg strategy.

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

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

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

### 4.2 Main Principles

Following the European challenges, the programme should focus decisive efforts on fostering the strengths, and use the potential given in the cooperation area by means of cross-border strategies and measures.

**Cross-cutting themes** like equal opportunities and sustainable development (economic, social, and environmental) represent the overall programme principles. **Equal opportunities and sustainable development** shall be respected accordingly throughout the programme, especially in the process of project development in the project selection process in the implementation process, as well as through monitoring the implementation of the approved



projects. In the framework of the OP, an equal status of men and women will be observed and persons regarding to sex, race and origin<sup>1</sup> will not be discriminated against.

**Environmental safety** is also of basic human and of international significance, serving international values. This is the reason why security awareness is also an essential part for the implementation defined in the OP. Safety as a horizontal theme connects and strengthens the middle-term development aims during the implementation by ensuring that the level of risk will not rise above the tolerant level of the two countries. The sustainability based on an integrated safety approach is a special future oriented thinking method, which is essential for the standard quality of the development targets.

**Networking** is addressing the establishment of cooperation structures of different project actors. With these cooperation structures, especially a regular exchange of information, mutual exchange of experiences, involvement in cross-border events, coordination of joint strategies and actions should be targeted. Going ahead with the process of networking activities and cooperation with new partners will be above all the task of beneficiaries, in order to facilitate the involvement of key actors.

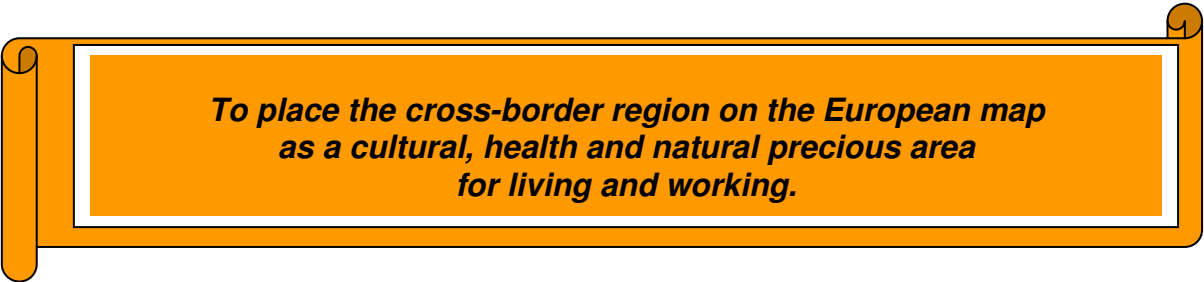
With networking activities we aim to increase consciousness on cooperation, not only cross-border but also sectional. Important is, to bring together actors cooperating in particular sectors or fields with aim of long-term networking.

This will contribute to the improvement of the quality of the cooperation. In addition, the sustainability of the cooperation should exceed the lifetime of the co-financed projects. Thus, networking activities shall increase the efficiency and intensity of the partnerships. Networking actions may be part of a project, but should not represent the major or exclusive content of a project.

### 4.3 Strategic Objective

The cooperation area would like to be placed and recognised in the European Union as stated in the strategic objective, and contribute to the common future with their key assets.

The **strategic objective** of the Operational Programme Slovenia-Hungary 2007-2013 is therefore:



*To place the cross-border region on the European map  
as a cultural, health and natural precious area  
for living and working.*

The **strategy** to address this strategic objective is to:

- develop a competitive and sustainable cooperation area that offers access to work and income opportunity
- create preconditions for positive effects in the fields of rural development and tourism
- develop joint management capacities for preservation and conservation of natural and cultural assets
- promote regional and cultural identity

<sup>1</sup> Article 16 of the Council Regulation 1083/2006 (11/07/2006).

- strengthen regional development and health cooperation
- create better connections in cross-border traffic and transport
- support environment protection and increase the use of renewable energy sources
- improve management capacity, including environmental management
- encourage networking (i.e. development of cross-border institutions, capacities for regional development)

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

## 5 JUSTIFICATION FOR THE SELECTED PROGRAMME PRIORITY AXES

The programme is based on the creation of conditions for economic growth of the cooperation area, with great attention to ensure better living conditions and sustainable development. This requires the development of a strategy that recognises the three elements of sustainability: the economic, social and environmental element.

The implementation of the basic programme strategy has to be carried out within two strategic priority axes:

### Priority Axis 1: Increase the attractiveness of the cooperation area

We will enhance cross-border **attractiveness** through improvement and development of important sectors which influence the development of different aspects related to attractiveness and visibility of the cooperation area. The most important sectors are: tourism, culture, accessibility.

The **tourism** sector will be most successful in achieving objectives of the priority axis by developing joint tourist destination with a focus on new tourist products, rural development, promotion, etc.

**Culture** can be used to maintain the identity and vitality of the region, prevent exclusion, increase the employability of inhabitants and increase the attractiveness of the area.

There is a mixture of general and specific regional priorities related to **accessibility**, from encouraging a shift to a more sustainable transport strategy to improving accessibility and links for cross-border cooperation. This is also of great importance, as the border is shared physically, and the cooperation area is thus also important for transport crossing from the East to the South of Europe.

It is particularly important to increase the frequency and quality of **cross-border interactions**, which should induce positive economic effects in the cooperation area in the sense of better accessibility to economic development, human resources, culture, cultural heritage, tourism, institutions and media.

Sustainable cross-border regional planning emphasises the relationship between urban and rural areas, especially management and conservation of cultural heritage and assets of the cooperation area. It also improves the preconditions for positive effects in the fields of rural development, tourism and culture.

Priority axis (Increase the attractiveness of the cooperation area) is akin to the priorities of the **Territorial Cooperation Objective** – developing collaboration, capacity and joint use of infrastructures, in particular in sectors such as tourism, encouraging and improving the joint protection of cultural resources and creation and improvement of urban and rural links.

Activity fields of the first priority axis are also in line with the **National Strategic Reference Framework** of both Slovenia and of Hungary; especially within the objective to increase the quality of living and general economic growth.

## Priority Axis 2: Sustainable development

Priority Axis 2 deals with a **sustainable and well-balanced development**, in particular regarding preventative health care, environment protection and management, water management, utilisation of efficient energy use and regional development.

The cooperation area exhibits a wide range of strongly inter-linked opportunities with regard to their **natural potential and resources**. In many cases it seems appropriate to develop common activities for protection and management (waste management, energy efficiency and alternative energy), i.e. the careful and sustainable use of these potentials. The cooperation in landscape and nature protection should be supplemented by cross-border environmental initiatives.

There are many areas where environmental and social objectives overlap, and a win-win situation can be developed for example in the use of renewable sources of energy through the available local sources of thermal and mineral water and other energy sources.

Above all, it is essential to focus on the objective of enhancing the quality and health of people's lives.

Activity fields within this priority axis are akin to the priorities of the **Territorial Cooperation Objective** and in line with both countries' **National Strategic Reference Framework**; especially in the sense of the sustainable use of natural resources, environment and economy.

Due to limited financial means, the programme will only address selected problems/potential identified in the socio-economic analysis, and not all of them. Other actions will be considered in the frame of national policies and programmes or even ERDF funding.

The strategic guidelines on which the programme was built are inspired by the concepts of sustainable development according to the provisions of the Gothenburg Strategy and in accordance to the provisions of the Lisbon Strategy.

## **6 PROGRAMME PRIORITY AXES AND ACTIVITY FIELDS**

The following table illustrates an overview of the proposed priority axes:

| <b>PRIORITY AXIS 1</b>                                     | <b>PRIORITY AXIS 2</b>                |
|--|---------------------------------------|
| <b>INCREASE THE ATTRACTIVENESS OF THE COOPERATION AREA</b> | <b>SUSTAINABLE DEVELOPMENT</b>        |
| Development of Joint Tourist Destination                   | Regional Development Cooperation      |
| Preservation and Development of Culture                    | Preventative Health Care              |
| Improvement of Cross border Traffic Connections            | Environment Protection and Management |
|  | Efficient Energy Use                  |
| <b>PRIORITY AXIS 3<br/>TECHNICAL ASSISTANCE</b>            |                                       |

## **6.1 Increase the Attractiveness of the Cooperation Area**

This priority axis aims to make the cooperation area more visible. The improvement of cross-border traffic connections will lead to better conditions for living and working. It will capitalise both on new development and the untapped potential of cooperation area assets, such as cooperation in tourism, culture and art. Cultural differences within the cooperation area are considerable and various, and form a good basis for cooperation and development of other sectors.

### **Specific Objectives**

- To improve the tourist offer in the cooperation area
- To strengthen the cultural identity and exploit the cultural potential of the cooperation area
- To improve accessibility and connections in the cooperation area

#### **6.1.1 Development of Joint Tourist Destination**

The following activities are to be carried out within the scope of this activity field in order to achieve the objectives of the priority axis to Increase the attractiveness of the cooperation area:

- Preparation of business/marketing strategies and plans for the development of joint tourist destination.
- Development of existing and new tourist products and services.
- An upgrade of tourist infrastructure (e.g. cycling/walking paths).
- Cooperation of the tourist sector with other fields (cultural and natural heritage, ethnology, religion, rural products, arts, etc.).

#### **6.1.2 Preservation and Development of Culture**

The following activities are to be carried out within the scope of this activity field in order to achieve the objectives of the priority axis to Increase the attractiveness of the cooperation area:

- Activities supporting small scale revitalisation and restoration of cultural heritage, which should be used not only for tourism purposes, but should also offer development possibilities in the fields of information society and traditional handicrafts.
- Establish networks among local media providers acting in public interest and to the better understanding of cultural differences and similarities of the area.
- Cooperation of cultural institutions such as museums, libraries and archives in the field of promotion of the contemporary culture and arts.
- Cooperation between schools and other vocational institutions raising awareness and emphasising cultural diversity.
- Implementation of joint events, festivals, exhibitions by artists in the cooperation area, that is, writers, painters or others.
- Development of new culture related products, services and events.
- The culture of different areas should become a topic in exchange and research projects, stressing the diversity in languages (Slovenian, Hungarian, sporadically German, Croatian, Roma and the variety of dialects), art tradition, ethnology, religion, etc. The reading culture shall be encouraged.

### **6.1.3 Improvement of Cross-border Traffic Connections**

The following activities are to be carried out within the scope of this activity field in order to achieve the objectives of the priority axis to Increase the attractiveness of the cooperation area:

- Smaller investments regarding the upgrading of roads will be encouraged, e.g. roads between cross-border villages, cycling tracks which cross the border.
- Improvement of the public transport system across the border should be targeted. This should offer a better access to cross-border opportunities to employees, customers and tourists.
- Transport planning for the improvement of cross-border links and level of services, joint market research, feasibility studies, organisational concepts, promotion of public transport use could be supported.

## **6.2 Sustainable Development**

The strategy recognises the benefits that environmental efficiency can bring to the wider regional economy. In addition, the renewable energies and alternative technologies represent opportunities for the sustainability of the region. The activities for the creation of quality environment and sustainable development of municipalities will lead to a better place for living and working. It is important to strengthen the cooperation between different sectors, including that in environment and nature protection, for achieving the synergies. Medical communication and cooperation must be enhanced to facilitate the exchange of information for developing the social and health care system.

### **Specific Objectives**

- To strengthen cross-border cooperation at the local and regional level
- To contribute to efficient preventative health care and increase cooperation between health institutions
- To contribute to efficient preservation and management of natural resources
- Rationalization of energy consumption including promotion of alternative and renewable energy

### **6.2.1 Regional Development Cooperation**

The following activities are to be carried out within the scope of this activity field in order to achieve the objectives of the priority axis Sustainable development:

- Development of sustainable networks of regional development institutions in different sectors will develop a pipeline of joint cross-border projects for further development initiatives. Preparation of new projects for further development potentials.
- Development of common labour services, such as the exchange of information on legislative requirements, training programmes designed to tackle common needs.

### **6.2.2 Preventative Health Care**

The following activities are to be carried out within the scope of this activity field in order to achieve the objectives of the priority axis Sustainable development:

- Cooperation between health care service providers: identification of health/social care needs; planning and implementation of resource sharing initiatives; joint purchase

and use of medical equipments; joint R&D activity and trainings; exchange of good practices and assistance to the people living in the closest vicinity of the border.

- Creation of joint services: joint emergency response planning including the development of communication linkages; cooperation in the field of special health care; online cooperation on patient coordination, etc.
- In the field of preventative health care, different institutions should be linked in order to spread awareness about a healthy lifestyle: e.g. food preparation and consumption, drug prevention, risk prevention of typical diseases.

### **6.2.3 Environment Protection and Management**

The following activities are to be carried out within the scope of this activity field in order to achieve the objectives of the priority axis Sustainable development:

- Joint management solutions in the field of managing existing and planned nature parks/protected areas, e.g. public awareness raising, joint park promotion, elaborating development potentials, transfer of know-how.
- Preservation of biodiversity should be supported both by means of direct activities connected to preservation, as well as by increasing the awareness of the wider population and visitors, and the promotion of cooperation with other land users.
- Cooperation in the field of environmental management, such as know-how transfer and technology development in the field of noise, fine dust, waste management and activities concerning the protection of joint water resources.
- Cooperation in the development of joint strategies and plans related to risk prevention; environment protection and actions in case of natural hazards (e.g. flood protection).
- Activities concerning the protection of joint water resources (e.g. connection of households into small WWTP) and the access to joint systems of clean drinking water.

### **6.2.4 Efficient Energy Use**

The following activities are to be carried out within the scope of this activity field in order to achieve the objectives of the priority axis Sustainable development:

- The development and implementation of pilot projects in various fields is to be supported in order to promote the use of renewable energy sources.
- The transfer of best practices and concepts should be encouraged, e.g. the use of renewable energy sources in public transport and at local levels.
- Cross-border cooperation in the field of efficient energy use, e.g. the development of measures for reducing energy consumption in households and in the enterprise sector, the implementation of pilot projects, awareness raising, training and promotion activities will be supported.

## **6.3 Technical Assistance**

In order to ensure successful preparation, management and implementation of the operational programme Slovenia-Hungary 2007-2013, a certain budget is set aside for technical assistance towards the costs of running the programme. The costs of meetings and of exchanging information and experience, as well as the costs for managing the programme will be high. For this reason, the level of national public funding in technical assistance has been set at 50 %.

## Specific Objectives

- Efficient operation of programme-relevant structures
- High quality of programme-funded projects

## Indicative Activities Eligible for Support

Technical assistance will be granted principally for:

- preparation of the programme and its further development
- ensuring the effective and responsible implementation of the programme
- special expertise for the appraisal of project applications
- establishment and support of monitoring, evaluation and control systems including Control Unit
- drafting of reports and preparation or monitoring of activities
- publicity and promotional activities (certain work can be carried out by consultants)

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 of staff in INTERACT seminars will be encouraged.

Technical assistance will be granted also for all activities necessary to be carried out, thus ensuring successful preparation of the new financial perspective.

## 6.4 Horizontal Activities

Horizontal activities focus on the development of the information society and human resources in all activity fields. All of this will result in high qualifications and knowledge of people, better communication cooperation and, consequently, also in sustainable development. Horizontal activities give the opportunity to strengthen the information society and human resource development, thus leading to a comprehensive reinforcement of the sectors and a more positive wider impact.

### 6.4.1 Horizontal Objectives

- To increase work opportunities and knowledge
- To stimulate the use of information society services

### 6.4.2 Description of Horizontal Activities

The influence of horizontal activities:

- *Human resources development*
- *Information society*

will be seen across all the priority axes.

### ***Human Resources Development***

In this programme, human resources development (HRD) is regarded as an important element for the entire strategy and is of high relevance to the selected priority axes. The successful implementation of most of the activity fields directly depends on the involvement



of well-educated people at several levels – in project development, in research, in management, in tourism development, in marketing and in a wide range of other services. The horizontal principle is strongly linked to the upgrade of qualifications and stressing lifelong learning.

In order to meet the strategic objective of the OP, many efforts have to be focused on the development of human resources, such as language, management, marketing, computer literacy, project courses and courses on specific knowledge and skills. Inclusion of these activities will result in an increased quality of work, improved qualifications of employees, increased work efficiency and new job opportunities for employers.

HRD is therefore not regarded as a strategic field of action as such, but rather as a strategic tool, which should strengthen and give support to the other activity fields described in the programme priority axes. Actions addressing the human resource potential of a project should be tailor-made for the specific requests of the respective projects, which may emerge. The concrete targets of the human resource oriented actions will be defined and carried out within the individual projects. As a result, the upgrading of human resources at project level will have a useful impact on the labour market, too, and in particular on the tendency to reduce unemployment in the participating cooperation area.

### ***Information Society***

The information society continues to be a key driver of growth and employment, and remains at the heart of the Lisbon strategy. Information society is to be understood as a horizontal tool to support the achievement of priority axes objectives. The programme stimulates the use of information society for the purpose of environment management and protection, preservation and revitalisation of nature and culture, as well as in setting up and using coordination mechanisms. Activities such as courses in specific fields of knowledge (in line with the activity fields of the OP), the establishment of infrastructure and equipment, the development of information services and applications, and an increased use of these services will result in an increased work efficiency due to improved performance of information infrastructure, equipment and services. The knowledge of end users will be improved.

Attention will be focused on supporting the access of communities and businesses in the cooperation area to information society services. Activity fields will support the roll-out of known best practices, particularly those contributing to e-inclusion and lifelong learning, digitalization as a part of promotion activities, monitoring system, databases, and simplification of data exchange.

## 7 BENEFICIARIES

Beneficiaries of the priority axes: Increase the attractiveness of cooperation area and Sustainable development are **non-profit** legal persons, established by public or private law **for the purposes of public interest or specific purpose of meeting the needs of general interest**, belonging to one of the following groups:

- Regional and local public authorities;
- Public bodies (funds, institutions, agencies) established by the state or a municipality, such as: research and development institutions, education and training institutions, health care institutions, institutions protecting natural and cultural heritage, local and regional development agencies etc.;
- Non-governmental organisations, such as associations and foundations;
- Chambers of commerce, agriculture, crafts and industry, clusters registered as non-profit legal persons;
- Legal entities established by private law (societies) with non-profit status and purpose of operating, such as local and regional development agencies registered as companies, local tourism organisations, training organizations etc.;
- Public institutions for economic development, public companies, as well as other legal entities with predominant impact of the state or municipalities on management.

The beneficiaries of the priority axis technical assistance are joint management bodies.

## 8 INDICATORS

Indicators presented in this chapter have been selected to measure and monitor the progress and success in the implementation of specific objectives of the priority axes.

The proposed list of indicators covers output and result indicators on the programme and priority axis level.

Table 16: Indicators

| Level                                  | Name   | Code | Indicator  | Baseline | Target       |
|--|--|------|--|----------|--------------|
| Operational Programme Slovenia-Hungary | <b>Indicators reflecting the degree of cooperation</b>           |      |  |          |              |
|  | 42   |      | Number of projects respecting <b>two</b> of the following criteria: joint development, joint implementation, joint staffing, joint financing                                 | 0        | 30           |
|  | 43   |      | Number of projects respecting <b>three</b> of the following criteria: joint development, joint implementation, joint staffing, joint financing                               | 0        | 30           |
|  | 44   |      | Number of projects respecting <b>four</b> of the following criteria: joint development, joint implementation, joint staffing, joint financing                                | 0        | 90           |
|  | <b>Result indicators reflecting the cross-border cooperation</b> |      |  |          |              |
|  | 46   |      | Number of projects developing joint use of infrastructure  | 0        | 3            |
|  | 47   |      | Number of projects developing collaboration in the field of public services  | 0        | 20           |
|  | 48   |      | Number of projects regarding traffic connections (road, cycle, railway, waterways, etc.) – measuring projects with activities listed in section 6.1.3                        | 0        | 4            |
|  |  |      | Number of projects reducing isolation through improved access to transport along with ICT networks and services – measuring projects with activities listed in section 6.1.3 | 0        | 8            |
|  | 49   |      | Number of projects encouraging and improving the joint protection and management of the environment  | 0        | 25           |
|  | 50   |      | Number of people participating in joint education or training activities   | 0        | 200          |
|  |  |      | female   |          | at least 50% |
| Priority 1                             | Increase the Attractiveness of the Cooperation Area              |      | Number of tourism projects   | 0        | 35           |
|  |  |      | Number of cultural cooperation projects  | 0        | 25           |
|  |  |      | Number of projects regarding traffic connections   | 0        | 10           |
|  |  |      | Number of projects regarding traffic connections (road, cycle, railway, waterways, etc.) – measuring projects with activities listed in section 6.1.3                        | 0        | 2            |
|  |  |      | Number of projects reducing isolation through improved access to transport along with ICT networks and services – measuring projects with activities listed in section 6.1.3 | 0        | 5            |

|                   |                                |        |  |   |     |
|-------------------|--------------------------------|--------|--|---|-----|
| <b>Priority 2</b> | <b>Sustainable Development</b> |        | Number of regional initiatives or cross-border partnerships  | 0 | 15  |
|                   |                                |        | Number of networks regarding health  | 0 | 10  |
|                   |                                |        | Number of joint protection and management of environment projects  | 0 | 35  |
|                   |                                |        | Number of energy projects  | 0 | 5   |
|                   |                                |        | Number of projects regarding traffic connections (road, cycle, railway, waterways, etc.) – measuring projects with activities listed in section 6.1.3                        | 0 | 2   |
|                   |                                |        | Number of projects reducing isolation through improved access to transport along with ICT networks and services – measuring projects with activities listed in section 6.1.3 | 0 | 3   |
| <b>TA</b>         | <b>Technical Assistance</b>    | Result | Number of projects approved and monitored  | 0 | 150 |
|                   |                                | Output | Number of promotional events   | 0 | 15  |

Impact of the Programme will be visible through the increase in quality of CBC in general in the programming area, which could be measured by number of innovative and new CB initiatives at local and regional level. Impact will also be shown through economic and social integration of border area, which could be measured in the longer run by employment rate and economic growth of programming area in general. It will also be visible through increase in project, programmes and different initiatives that do support and are developed on sustainable development principle and by improvement of quality of life in programming area in general.

## 9 FINANCING PLAN

Table 17: Financing plan of the programme giving the annual commitment of ERDF in the programme

Year by source for the programme, in EUROS:

| Structural Funding ERDF |                      |
|-------------------------|----------------------|
|                         | Total                |
| 2007                    | 4,413,285.00         |
| 2008                    | 3,972,515.00         |
| 2009                    | 3,970,675.00         |
| 2010                    | 4,074,677.00         |
| 2011                    | 4,181,247.00         |
| 2012                    | 4,281,925.00         |
| 2013                    | 4,384,959.00         |
| <b>Total</b>            | <b>29,279,283.00</b> |

Table 18: Financial plan of the operational programme giving the amount of the allocation of ERDF in the programme, the national public and private contributions and the rate of reimbursement by priority for the whole programming period

Priority axes by source of funding (in euros)

| Specify the fund and the basis for calculating the Community contribution (total or public) |                       |                             |                              |                                  |                                | For information   |               | Comments |
|---|-----------------------|-----------------------------|------------------------------|----------------------------------|--------------------------------|-------------------|---------------|----------|
|   | Community funding (a) | National public funding (b) | National private funding (c) | Total funding (d) = (a)+(b)+ (c) | Co-financing rate (e)= (a)/(d) | EIB contributions | Other funding |          |
| <b>1. Priority Axis: Increase the attractiveness of the cooperation area</b>                | 14,150,000.00         | 2,497,059.00                |                              | 16,647,059.00                    | 0.85                           |                   |               |          |
| <b>2. Priority Axis: Sustainable development</b>  | 13,372,283.00         | 2,359,815.00                |                              | 15,732,098.00                    | 0.85                           |                   |               |          |
| <b>3. Priority Axis: Technical assistance</b>   | 1,757,000.00          | 1,757,000.00                |                              | 3,514,000.00                     | 0.50                           |                   |               |          |
| <b>Total</b>  | <b>29,279,283.00</b>  | <b>6,613,874.00</b>         | <b>0,00</b>                  | <b>35,893,157.00</b>             | <b>0.82</b>                    |                   |               |          |

## 10 ORGANISATIONAL STRUCTURES AND PROCEDURES FOR THE IMPLEMENTATION OF THE OPERATIONAL PROGRAMME

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

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

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

For the Cross-border Cooperation programme Slovenia – Hungary 2007-2013 the Member States are represented by following authorities:

**SLOVENIA:**

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

**HUNGARY:**

National Development Agency  
  
Pozsonyi 56  
HU-1133 Budapest

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

### **Partnership**

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

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

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

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

In the implementation of the programme special care will be taken to ensure that activities co-financed under the cross-border programme between Slovenia and Hungary are not supported from any other EU programme.

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

## 10.1 Organisational structures for the programme implementation

### 10.1.1 Administrative structures

#### Managing Authority (MA)

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

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

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



Beside the responsibilities mentioned in the Council Regulation the Managing Authority is responsible for:

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

### **Joint Technical Secretariat (JTS) and its Info Point (IP)**

The Managing Authority sets up a Joint Technical Secretariat. According to Article 14 Regulation (EC) No 1080/2006 of the European Parliament and of the Council it assists the Managing Authority and the Joint Monitoring Committee in carrying out respective duties. The JTS is placed within the MA: Government Office for Local Self-Government and Regional Policy (Slovenia), represented by the Department for managing of cross-border programmes Maribor.

The JTS shall be the central contact point for public interest in the Programme, as well as for potential beneficiaries and selected operations. The day-to-day implementation of the Programme will be carried out by the JTS.

Info Point is part of JTS and will be located in VATI Zalegerszeg. The main responsibilities of the IP will be to assist project applicants/beneficiaries during the project generation, application and implementation phases in the partner state.

The JTS and IP are in particular responsible for the following **joint tasks**:

- Drafting of standardised forms for project applications and for project assessments, etc.;
- Taking respective measures to stimulate the project generation process;
- Giving technical support to the project applicants during the project application process;
- Receiving project applications and register them into the Central Monitoring System;
- Formal check of project applications in terms of administrative compliance and eligibility;
- Preparation of the quality assessment in cooperation with the MA
- Organizing out the national assessment of projects;
- Delivery of project information and summarised information on submitted projects as well as programme budget information to the JMC;
- Preparation of all official bilateral meetings;
- Preparation of the agreements based on a Memorandum of Understanding;
- Safeguard the coherence between ERDF-contract and contract for national regional co financing;
- Collection of progress project reports from the Lead partners in terms of content and costs;
- Providing for assistance and support to the beneficiaries in the respective partner state and monitoring progress made by projects;
- Preparing changes of ERDF-contracts based on project changes applied from the lead partners.
- Capitalisation of project results in the respective national context.

### **Certifying Authority (CA)**

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

The Certifying Authority is in accordance with Article 61 Council Regulation (EC) No 1083/2006 responsible for:

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

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

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

### **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 Council Regulation (EC) No 1083/2006 – shall be carried out by the Ministry of Finance (Slovenia), represented by Budget Supervisory Office.

According to Article 14 (2) (EC) 1080/2006 of the European Parliament and of the Council the Audit Authority will be assisted by a Group of Auditors – comprising a representative of each member state.

The Audit Authority will be assisted by a representative in Hungary, namely Government Audit Office (KEHI).

The Audit Authority is responsible in particular for:

- *Ensuring that audits are carried out to verify the effective functioning of the management and control system of the operational programme;*
- *Ensuring that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared;*
- *Presenting to the Commission within nine months of the approval of the operational programme an audit strategy covering the bodies which will perform the audits referred to under subparagraphs a) and b), the method to be used, the sampling method for audits on*

*operations and the indicative planning of audits to ensure that the main bodies are audited and that audits are spread evenly throughout the programming period;*

- *By 31 December each year from 2008 to 2015 submitting to the Commission an annual control report setting out the findings of the audits carried out during the previous 12 months period ending on 30 June of the year concerned in accordance with the audit strategy of the operational programme and reporting any shortcomings found in the systems for the management and control of the programme.*
- *By 31 December each year from 2008 to 2015 issuing an opinion, on the basis of the controls and audits that have been carried out under the responsibility of the Audit Authority, as to whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of expenditure presented to the Commission are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular;*
- *By 31 December each year from 2008 to 2015 submitting, where applicable under Article 88, a declaration for partial closure assessing the legality and regularity of the expenditure concerned;*
- *Submitting to the Commission at the latest by 31 March 2017 a closure declaration assessing the validity of the application for payment of the final balance and the legality and regularity of the underlying transactions covered by the final statement of expenditure, which shall be supported by a final control report.*

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

### **Central Monitoring System (CMS)**

On behalf of the MA a Central Monitoring System for the collection of data according to Article 12 Regulation (EC) No 1080/2006 of the European Parliament and of the Council has been established. The technical framework as well as the structure and content of reporting to the CMS have been agreed by the programme partners on the basis of given EU standards.

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

### **Joint Monitoring Committee (JMC)**

The JMC is regarded as the bilateral platform for steering and monitoring the programme implementation. It serves as the only decision-making body in respect to ERDF commitments. Modalities of the JMC work will be defined in Rules of Procedure.

The composition of the Joint Monitoring Committee is determined in accordance with the provision of Article 63 and Article 11 Council Regulation (EC) No 1083/2006 in cooperation with the social partners and the regional authorities responsible for labour market, equal treatment and environmental issues. The Monitoring Committee adopts its Rules of Procedure in agreement with the Managing Authority in order to exercise its missions in accordance to the present Regulation.

Decisions will be taken in consensus; one vote for each country.  
Meetings will be held in both member states.

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

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

The JMC is responsible for the following tasks:

- receives summarised information on submitted projects and programme budget information from the MA, prepared by the JTS;
- decides on the ERDF contribution for each project and relevant project changes;
- decides on common publicity measures on programme level;
- is allowed to invite external experts to get inputs for improving the programme implementation;
- JMC serves as the only decision-making body in respect to ERDF commitments – the decision cannot be delegated.

The JMC consists of:

- *Voting members* and
- *Observers*

## 10.2 Procedural regulations governing the programme implementation (procedural organisation)

### 10.2.1 Lead beneficiary (Lead partner principle)

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

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

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

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

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

Each project partner participating in a project needs to:

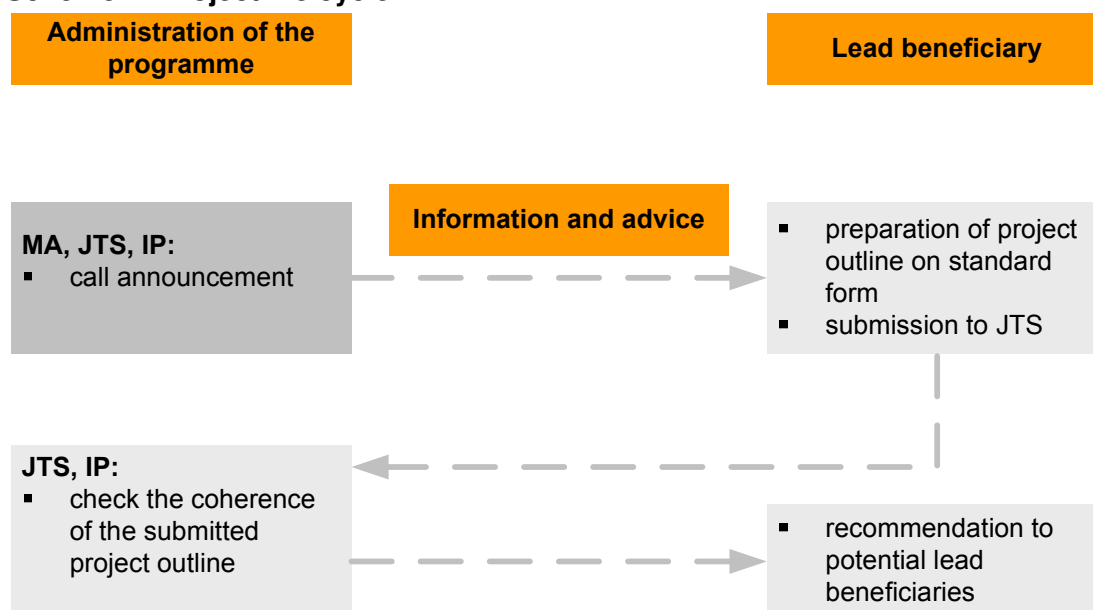
- Assume responsibility in the event of any irregularity in the expenditure which it has declared;
- Inform the Member State in which it is located about its participation in an operation in the case that this Member State as such is not participating in the operational programme concerned.

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

## 10.2.2 Project life cycle

In the following key information on the tasks and responsibilities of programme bodies and beneficiaries as well as procedures with regard to the project life cycle is set out.

### Scheme 1: Project life cycle 1.



### Project generation / preparation

Potential project holders will be adequately informed by the MA, JTS and IP of the programme objectives, the prerequisites for obtaining ERDF funds and the individual procedures to be followed.

JTS with the IP is supporting potential project applicants finding cross-border project partners, clarifying of requirements for first check based on standardized project outline form (public interest, lead partner principle; cross-border impact, financial resources on programme level including national/regional co financing, eligible costs; financial control system; project management; process of evaluation, decision, reporting and payments; etc.). The JTS with the IP will check the coherence of the submitted project outline.

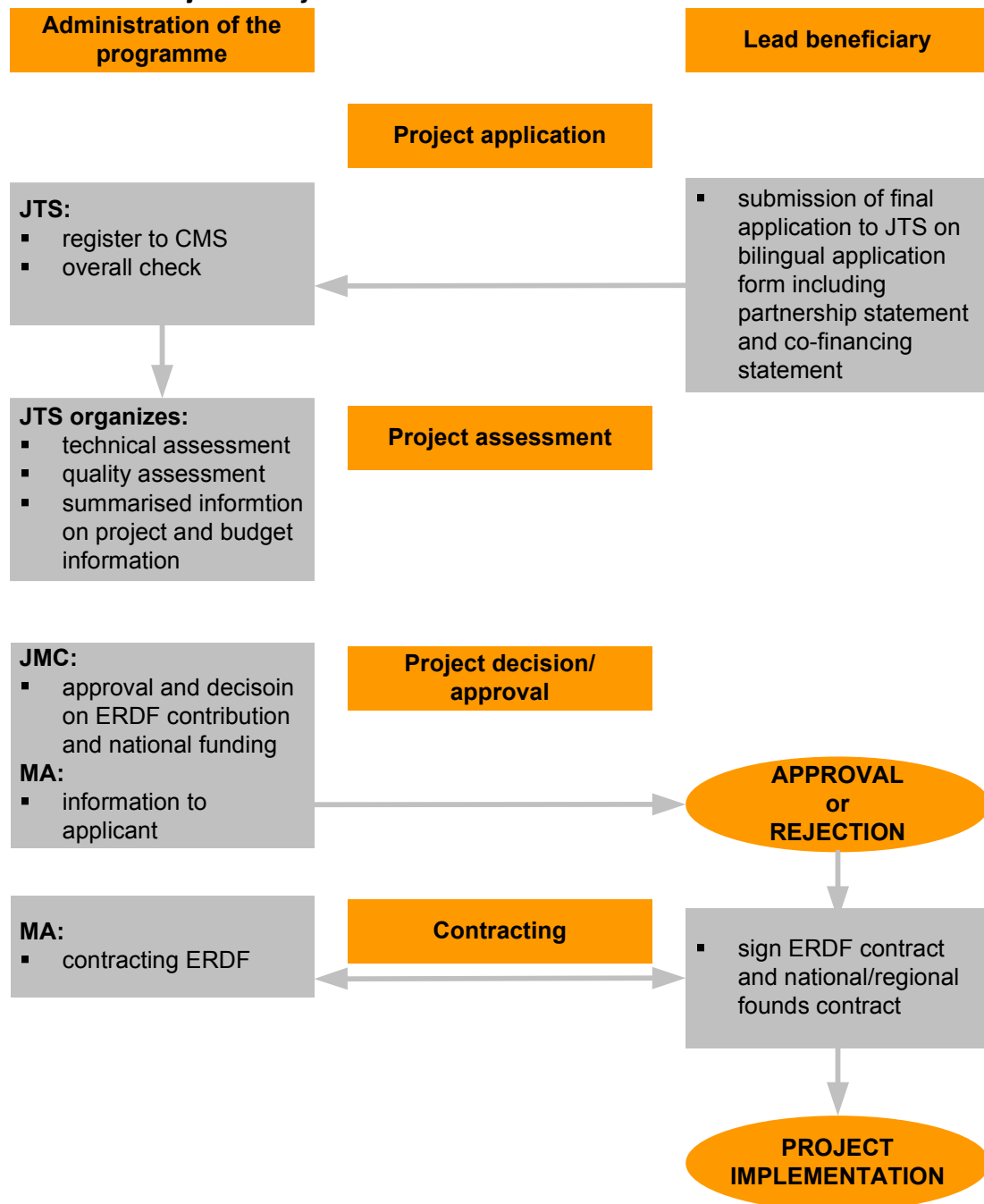
## Recommendations to project outlines

Projects are advised – but not formally obliged – to present their project outlines before formal application.

The project outlines are sent to JTS. With the group of experts JTS prepares the recommendation for project outline applicants.

The output of this step will be the recommendation given by JTS for developing of the project. In case of further requirements to give, the conditions will be prepared together by the JTS and IP and recommended to the project outline applicants.

## Scheme 2: Project life cycle 2.



## **Project Application**

Project applications shall be submitted via bilingual Application Form to the JTS.

Each complete application that fulfils the necessary formal requirements for ERDF-funding (administrative compliance, eligibility, etc.) will be reported by the JTS to the CMS.

JTS prepares a final list of recommended projects (including the regional/national evaluation and the overall check done by the JTS) for the JMC.

In case of evidence that there are missing materials for a final recommendation of a certain project application, additional materials/information needed, can be asked for through the JTS.

## **Project assessment of project application**

The output of this second step shall be recommendations for funding given to the JMC on the basis of the criteria:

- Secured financing, financial and organisational capacity of the project partners;
- Appropriateness of the costs of the project regarding the output planned;
- Cross-border impact for the whole project;
- Compliance with programme objectives;
- Compliance with relevant provisions of EU law.

If there are too many recommended applications in comparison to the available budget on national level JTS can be asked to do a specific ranking between these applications.

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

## **Project Decision for Funding**

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

The JMC decides formally on the approval of the project. The decision can only be taken by the voting members. The JMC meets at least once a year.

In the case that any public body is a project partner these authorities are not allowed to decide formally on their own project.

After the formal decision the applicant is informed about the approval/rejection of the project application with an official letter by the MA. Beside that further information about the next steps for contracting and about for the implementing phase is given within this letter.

## **Project Contracting**

The ERDF contract is issued by the MA on the basis of a bilingual standard ERDF frame contract. Beside that the partnership agreements and all relevant parts of the agreement between MA and the programme partners should be part of the contract.

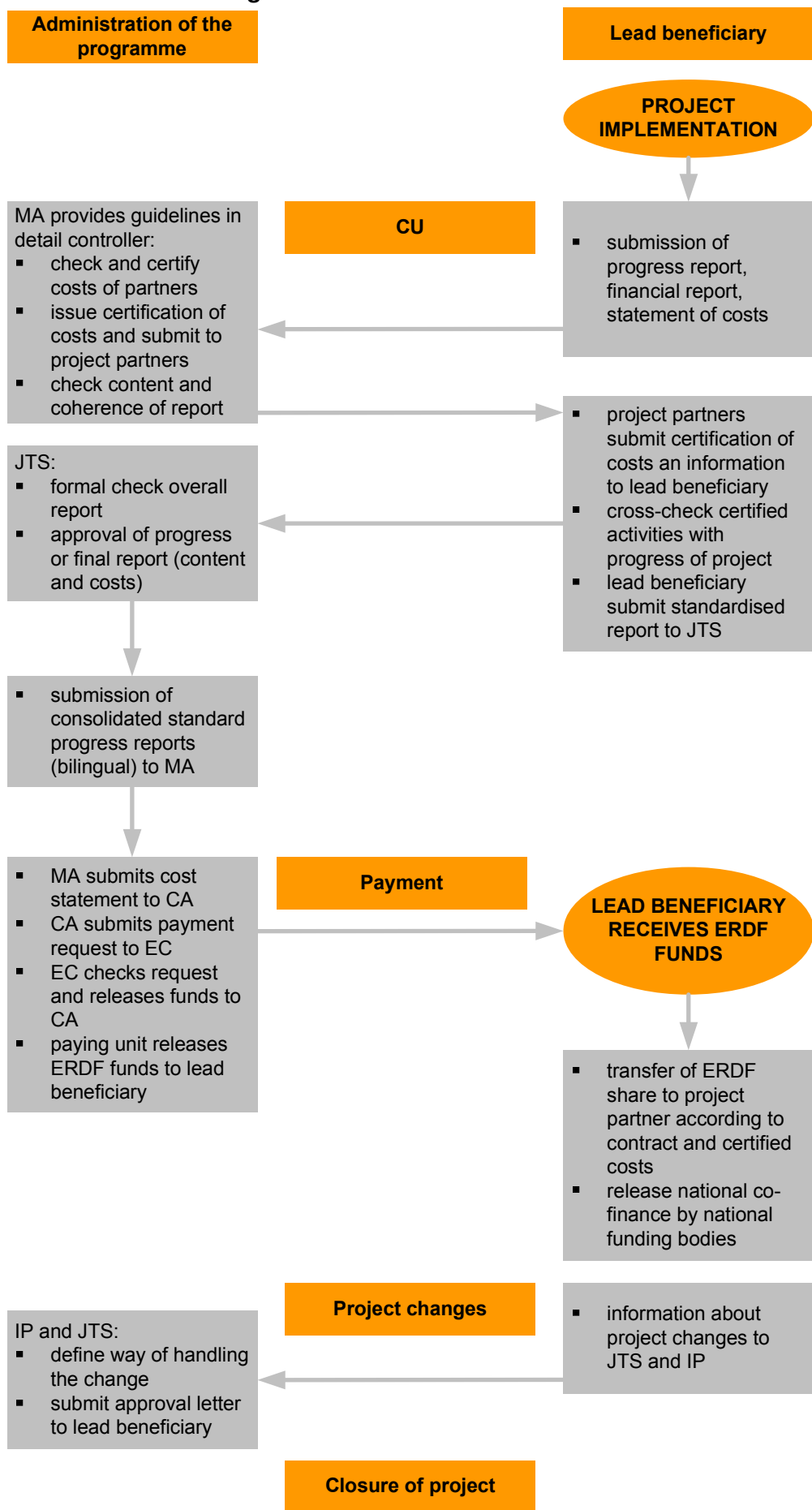
The national/regional funding bodies issue the contracts for national/regional co-funding based on the ERDF-contract to the project partners.

At latest, before signing the ERDF contract, the MA will assure the correctness of the controllers for each project partner by asking for confirmations by Article 16 authorities which are mentioned in the OP.

In case of funding, which falls under the EU-competition rules, guidelines that are notified by the EU-Commission have to be used.



### Scheme 3: Contracting and financial flow



## **Control Unit (CU)**

According to Article 16 of Council Regulation 1080/2006 each Member State of the Programme will establish the Control System making it possible to verify the delivery of the products and services co-financed. Each Member State designates the controllers responsible for verifying the legality and regularity the expenditure declared by each beneficiary in the operation.

The responsibility is given to:

### **Slovenia:**

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

### **Hungary:**

VATI Szombathely, Hefele Menyhért Street 2, Szombathely, Hungary  
VATI Zalaegerszeg, Petőfi Street 24, Zalaegerszeg, Hungary

Not only the Info Point will be located in VÁTI Zalaegerszeg, but this institution will also be entrusted with tasks of financial control according to Article 13 of the ERDF Regulation. Special care will be taken to ensure a clear separation of responsibilities between the IP and controller.

The statement of costs and a content report in national language will be submitted by the project partners to the CU depending on the ERDF-contract and in copy to the lead partner for information purpose. Detailed guidelines for invoicing and a guideline/handbook for common understanding of eligibility of costs will be provided. It shall be drafted by the JTS on the basis of both national and the EC regulations. Beside this stronger regulations can be foreseen on regional/national level.

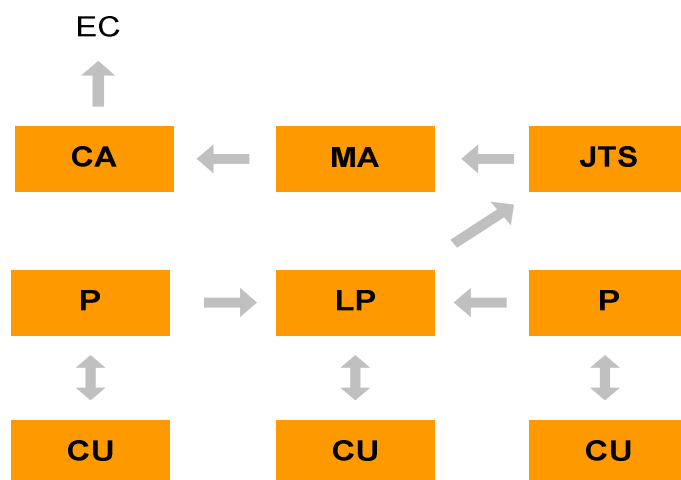
The CU checks and certifies the costs of the partners.

Each project partner has to submit this report proved by the CU (in the contract named) to his lead partner. The lead partner includes the reports from his partners into his own and elaborates one common bilingual report; he submits it to the JTS for final check. This report also includes the progress on the project implementation and has to be in line with the expenses. The common bilingual progress report includes therefore information on actual cooperation, activities, results, impacts and eventual changes of the project plan.

The JTS has to crosscheck the report in terms of certified activities and project progress.

The reporting periods depend on the project duration; in general each half a year a progress report should be elaborated.

#### Scheme 4: Flow of progress reports



#### Irregularities

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

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

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

#### Payment

In general only after all contracts are signed first payments are possible. After having checked the overall report by the MA, it issues the cost statement and submits it to the CA. On the payment request of the CA the EC checks the request and releases the funds to the CA. The paying unit on behalf of the CA transfers the ERDF funds to the lead partner. The lead partner is responsible for transferring the ERDF share to the project partners according to the contract and certified costs.

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

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

#### Project changes

JMC defines the rules for project changes. MA can delegate the responsibility for approval of project changes.

## 11 PUBLICITY AND COMMUNICATION

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

The information and publicity measures are presented in the form of a communication plan. Their implementation shall be the responsibility of the respective administrative body responsible for the interventions. The information and publicity measures within the scope of the Cross-border Cooperation Programme Slovenia-Hungary are designed:

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

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

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

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

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

## 12 EX-ANTE EVALUATION

### 12.1 Process and content of ex-ante evaluation

PITIJA, svetovanje d.o.o. was appointed by the Government Office for Local Self-Government and Regional Policy (GOSP) in June 2006 as the contractor for the *ex-ante* evaluation of the operational programmes, part of the cross-border cooperation programmes with Hungary and Croatia in the programming period 2007-2013.

The components of the *ex-ante* evaluation correspond with those contained in the relevant draft Working Paper on *Ex Ante* Evaluation for 2007-2013, published by Directorate General for Regional Policy in October 2005:

- Appraisal of the socio-economic analysis and the relevance of the strategy to the needs identified
- Evaluation of the rationale of the strategy and its consistency
- Appraisal of the coherence of the strategy with regional and national policies and the community strategic guidelines
- Evaluation of expected results and likely impacts (based on the interest from project applications)
- Appraisal of the proposed implementation systems.

The *ex-ante* evaluation was prepared on the basis of document analysis, interviews with programme authorities and the programming team, as well as on the basis of findings and conclusion of the limited mid-term evaluation of the efficiency and effectiveness of the implementation of the previous Neighbourhood Programme Slovenia-Hungary-Croatia 2004-2006, carried out by the *ex-ante* evaluation team in mid June 2006. For the assessment of impacts, the Process Monitoring of Impacts approach was used.

The *ex-ante* evaluation was carried out in parallel to the development of the Operational Programme, i.e. the assessments were done as an iterative process, based on interim results of the programming process and in close co-ordination with the GOSP and the programming team. This process can be subdivided into five phases or assessment stages:

1. The assessment of the first three components was done on the basis of the 3<sup>rd</sup> draft OP Slovenia-Hungary 2007-2013, dated 2 July 2006. The work was documented in a paper containing detailed comments that were discussed with the programming team. The main findings were also presented and discussed with the programming group at the 3 August 2006 meeting.
2. In mid September, the *ex-ante* evaluators provided the GOSP and programming team with additional comments on the draft OP dated 31 August 2006, and carried out an initial appraisal of the likely achievement of planned results/impacts. The evaluators prepared impact diagrams on the basis of the OP strategy. Diagrams were presented and discussed with the GOSP and programming team on 3 October 2006.
3. The impact diagrams were revised on the basis of the feedback received from the programming group members. Based on the 6<sup>th</sup> Draft (3 November 2006), the evaluation of expected results and the appropriateness of the monitoring system was appraised. These issues were discussed with the GOSP on 15 November 2006.
4. On the basis of the draft OP Slovenia-Hungary 2007-2013, dated 21 December 2006, which contained indicative financial allocations and categorisation of expenditure, quantification of indicators, and defined implementation system, the final steps of the *ex-ante* evaluation were carried out, such as the evaluation of the likeliness of impacts, the evaluation of the appropriateness of the structure and hierarchy of the objectives as well as identified indicators and their proposed quantification, and the assessment of the

proposed implementation system. The findings were discussed with the GOSP at the 19 January 2007 meeting.

5. A draft *Ex-ante* Evaluation (EaE) was submitted to the GOSP on 26 January 2007 and comments were discussed on 5 February 2007. The draft EaE was delivered and presented by the GOSP at the programming group meeting on 12 February 2007.

## **12.2 Summary of the conclusions and further recommendations for each key component of ex-ante evaluation**

### **12.2.1 Appraisal of the socio-economic analysis and the relevance of the strategy to the needs identified**

The first socio-economic analysis in July 2006 was weak, lacked adequate statistical data and was unbalanced between the two countries. The SWOT analysis was difficult to read and lacked consistency with the socio-economic analysis. The evaluators chose to make extensive comments and proposed additional data before drawing their final conclusions.

The socio-economic analysis in the updated OP version of 21 December 2006 is improved and generally contains relevant and the most up-to-date information on the economic and social situation in the Slovene and Hungarian beneficial regions. Relevant findings of the economic analysis are appropriately reflected within the SWOT analysis, and in the strategy focus.

The selected programme objectives and priorities are relevant to the identified needs, common to the whole cooperation area. The selected priorities were based on a regional input and regional consensus, which means that the regions can take ownership of the programme. The regions know that tourism is the most important economic driver, and experience with the previous Neighbourhood Programme Slovenia-Hungary-Croatia 2004-2006 showed that the majority of eligible project applications were submitted in the area of tourism, followed by sustainable use of natural resources and environmental protection, and joint development of human resources. However, there were several weaknesses that had to be overcome, such as the seasonality of demand and thus income, the weak long-term planning, and the lack of adequate resources to protect the environment.

The draft OP Slovenia-Hungary 2007-2013 dated 21 December 2006 now presents a good overview of the main disparities, deficits and development potentials. The OP proposal concerning development potential provides an appropriately balanced compromise between the different interests of the involved regions on both sides of the border. The analytical and strategic parts of the OP Slovenia-Hungary 2007-2013 are consistent.

### **12.2.2 Evaluation of the rationale of the strategy and its consistency**

The first version of the OP Slovenia-Hungary 2007-2013 from July 2006 was of a poor quality and badly structured. The strategy was lacking strategic premises. The priorities did not properly reflect the strengths and weaknesses of the SWOT analysis. Neither the hierarchy nor the objectives themselves were clear. The evaluators made extensive comments and proposed improvements. The new version of the OP, dated 21 December 2006, is better structured and more transparent, and contains a strategy relevant to the identified needs. The justifications for the three fields of intervention properly reflect the SWOT analysis. The objectives are in line with strategic premises and principles, the selected fields of intervention appropriately address the objectives, and the identified types of operation support the achievement of specific objectives.



Cross-border cooperation will focus on strengthening the attractiveness of the border regions, and will contribute to economic and social integration to offset the wide economic disparities on either side of the border. It will indirectly support growth and job creation. It will promote cross-border education/training and health care, and assist in integrating the labour market. It will facilitate the joint management of the environment, cross-border water management and flood control. It could contribute to the improvement of existing transport infrastructure. All these actions are considered as sustainable in the long term.

The two priority axes '*Increase the attractiveness of the cooperation area*' and '*Sustainable development*' complement each other. The first focuses on activities that will result in an increased income for the region as a consequence of improved services (development of joint tourist destinations, preservation and development of culture, and improvement of cross-border traffic connections), and will thus have a positive and long-term impact on sustainable development of the region. The activities foreseen under the second priority axis are more oriented to the preservation of nature, the reduction of environmental emissions, promotion of the use of alternative energy resources, and improvement of health services, which will result in improved living conditions for citizens. While the vertical priorities focus on products and services in different sub-sectors, these are well complemented by the horizontal priorities which give the opportunity to strengthen information society and human resource development in the same areas, thus leading to a comprehensive reinforcement of the sub-sectors and a more positive wider impact.

### **12.2.3 Appraisal of the coherence of the strategy with regional and national policies and the community strategic guidelines**

The appraisal of the coherence of the strategy of the OP was carried out mainly with available working versions of the strategic national or regional documents. The coherence was checked against the Guideline from the Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines 2007-2013, the Slovenian National Development Plan, the Slovenian National Strategic Reference Framework, the Operational Programme for the ERDF for 2007-2013, the Hungarian National Strategic Reference Framework 2007-2013, Hungarian National Development Plan 2007-2013 (New Hungary Development Plan), Hungarian National Programme for Growth and Employment 2005-2008 (National Action Plan), Hungarian National Environmental Programme 2003-2008, the Slovenian National Territorial Development Concept, and the Hungarian Territorial Development Operative Strategy 2007-2013. The Slovenian-Hungarian OP 2007-2013 was in line with all these documents.

Regional Development Programmes (RDP) for Slovenian beneficial regions are still being drafted. There was a substantial involvement of regional representatives in the preparation and definition of strategic themes, and it is therefore expected that the priority axes and main types of operations of the OP Slovenia-Hungary 2007-2013 will be reflected in relevant RDPs. Since the preparation of the OP started before the preparation of RDPs, the responsibility for ensuring coherence lies with the Government Office for Local Self Government and Regional Policy.

### **12.2.4 Evaluation of expected results and likely impacts**

Indicators of achievement, presented in the draft version of the Operational Programme Slovenia-Hungary 2007-2013, dated 21 December 2006, follow the instructions of the EC in the draft Working paper – Indicators for monitoring and Evaluation: A practical Guide, dated 23 January 2006, Core indicators for ERDF and Cohesion Fund in relation to the cooperation objectives. However, the indicators are conservative in that they only address the number of the projects that will be achieved at programme and priority level. The numbers of the projects estimated under the two priority areas are realistic, taking into account the huge number of the project applications in the framework of the 2004-2006 financial period. It can

be expected that in the 2007-2013 financial period, applications will be submitted in similar or even higher quantity.

This version of the OP avoids any indicators relating to achievements of the objectives of the programme, which were in previous drafts (at least qualitatively). It is accepted that the establishment of indicators for the achievement of results, and especially impact, is a complex process, and that neither Hungary nor Slovenia have much past experience on which to base benchmarks. It is therefore recommended that the implementing bodies select a number of potential indicators of the achievement of objectives, and review these at the time of the selection of projects to assess whether they are applicable and measurable, and if so, to assign a quantified and time bound target for each.

To assist the implementing bodies in the consideration of indicators for the achievement of results and impact, the Evaluators have prepared impact diagrams at the level of priorities, and validated these in collaboration with the Programming Group. These diagrams allow identification of the core impact mechanisms, i.e. the expected contributions of Activity Fields and project types towards the achievement of results and impacts. If they are incorporated in project applications and reports, preferably together with new indicators for the achievement of results and impact, they will allow stakeholders to monitor whether the planned objectives are being achieved or not.

The OP contribution towards the achievement of the Lisbon strategy objectives will be limited, as the strategy of the OP does not give sufficient emphasis to R&TD, innovation and entrepreneurship. The activities related to information society and HRD are addressed horizontally rather than vertically and their results and impacts will be difficult to measure or assign to the interventions. Nevertheless, it is expected that the OP will have a positive impact on sustainable development of the area, increased competitiveness and economic growth, improved quality of life and improved quality of cross-border cooperation at local and regional level.

However, since the beneficiaries of the programme will be non-profit organisations, municipalities, regional and local authorities, and chambers of commerce, the OP should stress more clearly how the results of the programme/projects will be channelled into the competitive sphere of the economy in accordance with the Lisbon strategy. The connection between these two spheres could have been better presented.

### **12.2.5 Appraisal of the proposed implementation systems**

The implementation structure identifies the institutions and bodies relevant for managing the OP. There are some risks to implementation that need to be managed. Firstly, there is a shortage of staff, and a relatively high turnover of staff. The GOSP is addressing this. Secondly, the Certifying Authority has no experience of Interreg, and will need support from the Ministry of Finance. Thirdly, while the lead partnership approach is favoured, to avoid problems with a different speed of approval on either side of the border, it only applies to EU funds. National co-financing might still be managed by competent authorities of each country separately, allowing scope for irregularities in the implementation of joint projects. Partnership agreements should define and clarify this issue in detail.

In Slovenia, there is a national monitoring system – the Information System of the National Agency for Regional Development (ISNARD) – which has been used to monitor the implementation of the National Development Programme and Structural Funds. However, it needs to be updated to support the English language, allow access from remote locations, automate data exchange with other connected information systems, simplify data entry, simplify the system of indicators, support the financial flows in the new financial perspective, and support the leading partnership approach. The GOSP has started the upgrading process, but there is a risk that the functionality of the system will not be achieved in time.

The GOSP still needs to build up an evaluation system to carry out mid-term evaluations (procedures, manuals, guidelines, and staff). In order to ensure the efficient use of evaluations, an evaluation culture must be developed in all areas, whereby those involved see mid-term evaluation as a positive management tool, helping them to identify problems in time and to take corrective action. The final outcome of mid-term evaluation is the successful completion of projects and the achievement of worthwhile and long-lasting results.

### **12.3 Actions taken to improve the process according to Ex-ante recommendations**

GOSP managed to combat the first elements of uncertainty in building up the structure of the Slovenia-Hungary OP 2007-2013. The lower quality of the early version of the OP turned to be well-structured and well-implemented very quickly taking into consideration all the suggestions made by *ex-ante* experts and all the comments made by partners at the bilateral meetings.

Due to the lack of former experiences the implementing bodies could not establish well based indicators, therefore the previously selected indicators will be reviewed from time to time. For the best achievement of results and impacts the prepared impact diagrams will be incorporated in guidelines for project applications and reports together with new indicators.

From time to time GOSP makes efforts to deal with the fact that turnover of staff in public management is in general high and there can be periods of shortage of staff, as well. On the other hand it has to deal with implementation of the running period. Therefore they employ students as well in order to avoid the lack of staff in the meantime still looking for the best-qualified persons to reinforce its professional work-force.

Learned from the former experiences both participating countries try to avoid problems with the different speeds of approvals with an efficient and lean managerial structure.

In respect to the monitoring system GOSP received the first progress reports from the ongoing programme and the system is now filled with these data. The GOSP in collaboration with the Hungarian party managed also to make the templates suitable for the needs of both countries. GOSP started an upgrading process of CMS and does his best to achieve it in time.

A future task will be to build up an evaluation system and an evaluation culture in order to ensure the efficient use of evaluations as a positive management tool and answer the current problems in time.

Taking into consideration the best practices in these areas and making joint efforts to improve our implementation system efficiency, effectiveness and the achievement of worthwhile and long-lasting results can be ensured.

## ANNEX: CATEGORISATION OF FUNDS

|    |  | <b>Total ERDF</b> | <b>In % of ERDF</b> |
|----|--|-------------------|---------------------|
| 13 | Services and applications for the citizen (e-health, e-government, e-learning, e-inclusion, etc.)  | 4.400.000         | 15,03               |
| 23 | Regional/local roads   | 2.100.000         | 7,17                |
| 24 | Cycle tracks   | 1.000.000         | 3,42                |
| 25 | Urban transport  | 380.000           | 1,30                |
| 43 | Energy efficiency, co-generation, energy management  | 2.130.000         | 7,27                |
| 44 | Management of household and industrial waste   | 480.000           | 1,64                |
| 45 | Management and distribution of water (drink water)   | 850.000           | 2,90                |
| 46 | Water treatment (waste water)  | 850.000           | 2,90                |
| 47 | Air quality  | 120.000           | 0,41                |
| 48 | Integrated prevention and pollution control  | 120.000           | 0,41                |
| 51 | Promotion of biodiversity and nature protection (including Natura 2000)  | 800.000           | 2,73                |
| 52 | Promotion of clean urban transport   | 600.000           | 2,05                |
| 54 | Other measures to preserve the environment and prevent risks   | 1.200.000         | 4,10                |
| 55 | Promotion of natural assets  | 200.000           | 0,68                |
| 56 | Protection and development of natural heritage   | 200.000           | 0,68                |
| 57 | Other assistance to improve tourist services   | 3.000.000         | 10,25               |
| 58 | Protection and preservation of the cultural heritage   | 2.000.000         | 6,83                |
| 59 | Development of cultural infrastructure   | 1.200.000         | 4,10                |
| 60 | Other assistance to improve cultural services  | 1.200.000         | 4,10                |
| 61 | Integrated projects for urban and rural regeneration   | 400.000           | 1,37                |
| 63 | Design and dissemination of innovative and more productive ways of organizing work   | 1.570.000         | 5,36                |
| 80 | Promoting partnerships, pacts and initiatives through the networking of relevant stakeholders  | 1.410.000         | 4,82                |
| 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 | 1.312.283         | 4,48                |
| 85 | Preparation, implementation, monitoring and inspection   | 1.405.600         | 4,80                |
| 86 | Evaluation and studies; information and communication  | 351.400           | 1,20                |
|    | <b>TOTAL (EUR)</b>   | <b>29.279.283</b> | <b>100,00</b>       |

|    |                                  |                   |       |
|----|----------------------------------|-------------------|-------|
|    | <b>Form of finance dimension</b> |                   |       |
| 01 | Non-repayable aid                | <b>29,279,283</b> | 100 % |
|    | <b>Territorial dimension</b>     |                   |       |
| 08 | Cross-border cooperation area    | <b>29,279,283</b> | 100 % |