

LACE-Phare CBC

Draft
Assessment Report
SLOVENIA - ITALY

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1. Profile of the cross-border region:

The Slovenian- Italy border area comprises a total land area of 11,400 square kilometres. The shared land border with Italy is 232 kilometres, the total population almost 2 million inhabitants with an average density of 172 inhabitants per square kilometre. An important characteristic of this border area is the existence of national minorities on both sides. In the Italian border provinces, there has been a general trend of depopulation and an ageing populace since the 1950s. Friuli-Venezia Giulia region has registered the highest decline in the population for the period 1981-1991, i.e. minus 5.4% (in 1997) which is the largest decline in the subalpine region.

Table 1 shows this information for both countries and all regions involved.

Table 1
The Italian/Slovenian border region (PHARE CBC, INTERREG IIIa)

Regional unit	Area in km ²	Inhabitants 1998 (A), 1997 (SLO)	Density (inhab/km ²)
Nuts III region			
Obalno-Kraska	1,044	102,565	98
Goriska	2,325	119,967	52
SLOVENIA (PHARE CBC Region)	3,369	222,532	66
Trieste	211,82	256,517	1211
Gorizia	466,02	138,086	296
Udine	4,893	520,522	106
Venezia	2,460	818,852	332
ITALY (Interreg Region)	8,031	1,733,977	216
TOTAL	11,400	1,956,509	172

From the geological point of view this cross-border region can be subdivided into three areas:

- The mountain area has a relatively low population, and again, there are big differences between rural areas and urban centres.
- The Karst area on both sides of the border is built on Mesozoic limestone and is known the world over for its surface and underground Karst features.
- In the Southwest lies the coastal area, Slovensko Primorje, with its towns of Izola, Piran, Koper, Portoro. These towns represent the main economic structure.

Not the whole area of the above-mentioned border regions are always scooped into cross-border programmes, but just the zone within 20 km distance from the border.

1.1 Definition of the border or cross-border region and Maps

Definition of the Slovenian border region: A regional administrative level does not exist in Slovenia. As long as the regions have not been fully identified, the development planning at the regional level should be implemented within statistical regions. The Slovenian-Austrian border regions are: Obalno-Kraska and Goriska.

Misspelling!

Correct: The Slovenian-Austrian border regions are: Obalno-Kraska and Goriska.

This border area can be subdivided according to geological characteristics:

- Mountain Area
- Karst Area
- Coastal area.

Definition of the Italian border region: On regional level 2 administrative regions are involved in this border region: Friuli-Venezia Giulia and Veneto. They include four border provinces: Trieste, Gorizia, Udine and Venetia.

1.2 Political / administrative structures

At the moment there are only two levels of administration in **Slovenia**, national and municipal, while there is no intermediate, regional level of territorial administration (the 12 regions are statistical categories only). This lack of territorial administration at the regional level seems to be an important impediment for the creation of development coalitions that would guide and channel development efforts in the area.

Italy comprises four administrative levels:

- Central government;
- Regions
- Provinces and
- Municipalities.

1.3 Main socio-economic characteristics

Slovenia - Italy

1.3.1 Economy

- An important pattern and at the same time strength of Slovenia's socio-economic development is its polycentric regional development. Population is relatively evenly dispersed across the country and the proportion of the population living in urban areas is just above one half of the total population.
- There are, however, large differences in socio-economic development among individual regions of the country. For example, differences in gross value added per capita as a measure of economic power of individual regions is in the range of 1 : 3.
- The gross value added per capita in the Slovenia-Italian border regions is roughly at the country-average level. These regions are also reckoned to the better of regions in Slovenia taking the main economic indicators into account.
- A crucial weakness for economic and social development of Slovenian regions lies in the fact that the institutional structure required is either poorly developed or does not exist at all.
- Agriculture and forestry are the main means of existence in the mountainous parts in the north of the Italian part of this cross-border region. Declining importance of this traditional sector is typical for many alpine communities, stressing the vulnerability of their economic structure. Fortunately, the development of other sectors is well on its way.
- In the Province of Gorizia, halfway along the Italian-Slovene border, agriculture is relatively better developed than in Udine (for example, viticulture), and other sectors like public administration, commerce and industry are better represented than in many other parts of the region. Starting in the 1980s, Gorizia has benefited from growing

international trade with Central and East European countries and a well-developed infrastructure.

- Activities in the Port of Trieste and commercial services in general have been lagging behind relative to averages of the three provinces altogether. Continuing de-industrialisation in the province causes further pressure on the (socio-)economic situation.

Table 2

Economic activity (GDP/inh. harmonised to EU standards yet to be supplied)

Territorial unit	GDP/inh	Index
Nuts-III region	1996 (A), 1996 (SLO) National =100	EU=100
Obalno-Kraska	102,3	63.5
Goriska	98,6	63.5
SLOVENIA	100.0	67.4
Friuli-Venezia Giulia	123	125,8
Veneto	121	124,4
ITALY (INTERREG IIIA)	100	102,7
EU15		100.0

Source: Interreg III – Phare CBC Austria-Slovenia

1.3.2 Employment

- The unemployment rates for the Slovenia border regions are significantly below the national average. Also juvenile unemployment is below the national average. Almost the half of the unemployed people are unskilled or semi-skilled workers. As far as the migration flows within the country concerned, Goriska belongs to the ‘exporters’, while Obalno-Kraska is a net ‘importer’.
- Especially the northern parts of the Italian border Province of Udine suffers high rates of unemployment and a vast outward migration of labour.
- Tourism, for example, may still be mostly concentrated in communities like Tarvisio and Stella Nevea, it offers a reasonable alternative for employment in this part of the Italian border regions.

Table 3

Unemployment

	Unemployment rate In %
Obalno-Kraska	7
Goriska	6
Slovenia 1998	9,5
Friuli-Veneza Giulia	6,4
Veneto	4,8
ITALY (INTERREG IIIA) 1997	12,3

Source: Arbeitsmarktservice Österreich, Slovenian Labour Force Survey (LFS) – [...] less accurate estimate due to small sample size

1.3.3 Infrastructure

- Differences in the strength and performance of the enterprise sector across regions in

- Slovenia has been accompanied with significant differences in their physical infrastructure. Most traffic takes place by road. The region Obalno-Kraska is the only region in Slovenia with a road network that is significantly above the national average.
- Both border regions are better endowed with telecommunication facilities than on average
 - Goriska is above average endowed with environmental infrastructure, including water supply, wastewater treatment and solid waste management. However, Obalno-Kraska is below the average.
 - In spite of the peripheral location between Alps and Adriatic, the Italian areas are generally expected to profit from the ongoing transitional trends in Central and East European countries. The region already had close relations with the states of the former Republic of Yugoslavia even before the dismantling of the Iron Curtain and the splitting up of Yugoslavia.
 - From the early 1990s, the opening of the border to Slovenia and Croatia has caused an increase in infrastructural demands by tourist, commute and commercial traffic flows throughout the Region of Friuli-Venezia Giulia. Especially in the Trieste area, this could easily lead to congestion on road and rail especially now that the situation in Former Yugoslavia is further normalising.

1.4 Degree of cross-border co-operation

Up to now Slovenia has been participating in the Phare cross-border programme with Italy. These CBC programmes are closely linked to initiatives from the INTERREG II programme.

Table 4. Phare contribution under the Phare CBC Programme 1995-1999 (EUR)

	1994	1995	1996	1997	1998/1999	94-99
Economic Development	451.000	283.000	970.000	827.500		2.531.000
Environment	1.900.000	1.180.000	803.000	917.000	3.000.000	7.800.000
Infrastructure & Transport	1.649.000	907.000	600.000	480.000		3.363.700
Human resources/small project-funds		410.000	290.000	445.500	1.000.000	2.145.500
Technical Assistance		220.000	200.000	180.000	1.000.000	1.600.000
Total	4.000.000	3.000.000	3.000.000	3.000.000	5.000.000	17.440.200

Source. Publications of Government Office of European Affairs and Unit for Programme Implementation

Edit!

Source. Publications of Government Office of European Affairs and Programme Implementation Unit

1.4.2 Interreg IIA

Priority 1 Strengthening of the territory, the local resources and the preservation of the natural environment

(Total 14.192 / EU. 7.096)

Measure 1 - Development of the natural parks in the border area

(Total 1.700 / EU. 0.850)

Measure 2 - Development of theme-oriented tourism

(Total 4.892 / EU. 2.446)

Measure 3 - Development of a pilot centre for the wine sector

(Total 0.200 / EU. 0.100)

Measure 4 - Support of the production and commercial trade of local products

(Total 1.400 / EU. 0.700)

Measure 5 - Interventions for the preservation of water resources

(Total 6.000 / EU. 3.000)

Priority 2 Institutional co-operation and improvement of the communication

(Total 10.318 / EU. 5.064)

Measure 1 - Cultural co-operation and the org. of cross-border manifestations	(Total 1.848 / EU 0.924)
Measure 2 - Studies aiming at facilitating co-operation	(Total 0.580 / EU. 0.290)
Measure 3 - Occupational schooling and retraining	(Total 1.900 / EU. 0.855)
Measure 4 - Road infrastructure in the border localities	Total 2.500 / EU. 1.250)
Measure 5 - Co-operation in the transport sector	(Total 1.790 / EU. 0.895)
Measure 5 - Co-operation in the utility sector	(Total 1.700 / EU. 0.850)
Priority 3 Co-operation between entrepreneurial agents	(Total 6.140 / EU. 3.070)
Measure 1 - Supporting investments of the SMEs	(Total 3.140 / EU. 1.570)
Measure 2 - Support to companies	(Total 3.000 / EU. 1.500)
Technical Support	(Total 0.700 / EU. 0.350)

1.5 Barriers to cross-border co-operation

- Slovenia has no division of its national territory other than into municipalities and the regions have only statistical status;
- Another problem is that the programmes available for the support of activities, Interreg and Phare CBC, are not sufficiently aligned to facilitate the smooth implementation of joint programmes and projects;
- No experience on strategy and programme development at regional level;
- The problem of poor cross-border networks of enterprises;
- Education/training system is not in accordance with the needs of the region's population;
- High rate of commuters to adjacent Slovenian and Italian regions; this problem, as far as it involves cross-border commuting, is relatively significant and also relatively unstudied with respect to its impact upon both the commuter's country of origin and the country to which he commutes.

2. Structures:

2.1 Cross-border structures

The cross-border structures that exist are:

- a. Cross-border agreements or twinning relationships between various local authorities which have been formed as a result of the requirements of EU programmes
- b. Specialist committees or working groups established to tackle common problems
- c. Bilateral working groups
- d. Alpe-Adria working groups

2.2 Other structures / authorities engaged in cross-border co-operation

- a) Ministry of Economic Relations and Development
- b) Programme Implementation Unit

New data!

Programme Implementation Unit does not exist anymore. It is part of Ministry of Economic Relations and Development, National Agencies for Regional Development.

- c) Government Office for European Affairs
- d) Ministry of Finance
- c) Regional Development Agencies

New data!

Regional Development Agencies does not exist.

- d) Joint Programming and Management Committee (JPMC) between Italy and Slovenia

e) Steering Committees which were established with some projects to be representative of the co-operating countries. It includes democratically elected representatives of local self-governments within the cross border region.

2.3 Activities / services:

- Promotion of cross-border co-operation

There is evidence of an increasing awareness of cross-border co-operation and various organisations are considering developing cross-border projects in the context of the Interreg / Phare CBC Programme. On a wider and broader perspective, many municipalities are now considering cross-border co-operation in the context of the development of regional and national plans and are beginning to plan ahead for the Interreg / Phare CBC Programme. Almost every cross-border programme publishes brochures, newsletters or leaflets. Media in the border regions cover these programmes and inform the public about projects.

2.4 Awareness of cross-border co-operation issues / knowledge of cross-border programmes

As a result of high co-operation activity in the border region, the cross border issues are appearing on all levels of strategic planning. Local strategies mainly appoint ad-hoc cross-border partnerships, while regional planning is considering the participation or set-up of major CROSS-BORDER structures to maximise fund raising potential and to harmonise development priorities over the national boundaries of the country.

The Phare CBC is remarkably converging towards macro projects. Certainly the experience and the existing strong local structures and their higher level co-operation needs were the driving force behind this positive trend, but as a side effect the Phare CBC was forced to restrict the financial resources of the Small Project Fund. Currently, there is an increased need for generating and implementing local cross-border co-operations.

There is a developing awareness of the opportunities of cross-border co-operation (e.g., trade, co-ordinated infrastructure development, better neighbour relations, etc.). Many ideas exist for project development but people are not enough aware of the existence and requirements of the various programmes. A majority of them think that it is very difficult to find out which tenders exist and when they are available.

3. Programme related Activities:

3.1 Strategy development

Most economic development strategies and programmes are prepared and implemented on a national basis. In a regional development context this would mean that the national government would determine that a region is underdeveloped in comparison to the national average. In the second half of the year 2000 a start will be made on the draft of a strategic development concept for the Slovenia-Italian border region.

3.2 Programming, especially *Phare-CBC / Interreg* related:

The regions are gradually acquiring more programming experience in the context of the preparation of regional development plans. In the framework of INTERREG IIIA / Phare LACE/Assessment Report, Slovenia

CBC II, a Joint Programming Document will be prepared in due time. Up to now cross-border strategic programming on regional level (SLO) didn't take place.

An exploring study on the institutional aspects of cross-border co-operation between Slovenia and Italy was made in 1998, but did not deliver concrete results. Nevertheless during a number of workshops on Italian side (St. Pietro di Natisone and in Cividale) organised in the framework of AEBR/LACE-TAP, first practical steps were undertaken for a more strategic approach of the cross-border co-operation as well as to set up cross-border structures between these two countries.

3.3 Management of programme implementation

- Small Project Funds:

In the first year of the Phare CBC programme, the emphasis was on setting up structures for the implementation of large-scale projects. However, it was soon recognised there was a major need to support initiatives that could have direct impacts on the regional economy and the people living in the border regions. In this context, the concept of the Small Projects Fund was initiated and developed in order to give the opportunity to implement small-scale "people-to-people" projects. The costs of these projects were relatively low, while the impact was considerable. Since it would have been too cumbersome for local organisations to put forward proposals that follow the same procedures as for major projects, a different procedural concept for small project was developed.

Consequently, guidelines for the establishment of a Small Projects Fund were prepared by the European Commission. Under these guidelines, the institutional framework for the implementation of projects must comply with two main principles, that of transparency and decentralisation. The key elements of the general model on how the Small Projects Fund operates involve the following main structures: Steering Committee and a Secretariat. The Steering Committee, made up of representatives from the region, is in the centre of the entire process and makes the ultimate decision about which projects are to be supported.

The Secretariat, an administrative body, provides technical support to the Steering Committee and monitors the course of project implementation. Both of these organisations should ideally be based in the border region. Slovenia is at the forefront of countries implementing small-scale projects under a decentralised system.

3.4 Project development and implementation

The Phare CBC is seen as the primary funding source for financing cross-border activities. A great number of NGOs and local municipalities use the Small Project Fund to support yearly joint programs (business meetings, cultural, sporting events), whereas the regions or experienced and highly active local organisations use the other project categories for securing cross-border co-operation at a higher and more complex level.

The side effects of the cross-border project implementation are also very important: enterprises learn how to prepare for public tenders, experts increase their competitive position in the EU marketplace, municipalities prepare for effective project execution within the framework of different EU funding instruments, cadres in the public and private sectors are trained for the management of EU programme procedures and implementation of international projects.

4. Specific / Sectoral Actions):

Phare CBC

4.1 Economic development (SME's, rural development, etc)

Several SME strategies were supported as for instance a systematic support to co-operation among SME's in the border area in order to develop common economic activities. The project contains two sub-components: strategy development for Cross-Border Co-operation in the SME sector and technical assistance to the existing SME centres in the border region including the Lucija centre.

In the framework of rural development a project started for the Karst farms supporting wine growing and other supplementary activities. The following objectives are foreseen:

- the revitalisation of vineyard locations
- the integral protection of the vine
- the development of Karst countryside tourism

Through another project, some over-grown Alpine meadows will be cleared and revitalised. Moreover, farmers with access to Alpine meadows, will be informed of innovative products (especially dairy products) which could be produced and sold from the meadows, particularly in summer.

Furthermore, a number of tourism projects were supported, especially the refurbishment and restoration of some historic buildings (Holy Virgin of Carmine, Praeter's Palace in Koper and the Apollonio Palace in Piran).

4.2 Environment

Almost 45% of the Phare CBC resources has been spent on environmental issues, of which almost 70% (EUR 5.2 million) goes to a number of projects concerning waste water treatment plants and the reduction of the pollution of the Adriatic Sea. The overall orientation of these projects is to improve the quality of surface and ground waters in the catchment area draining into the Adriatic from the Slovene and Italian border regions (ECO Adria projects). Other projects concern coastal protection, cleaning up of the Timavo river, natural park and a flood protection project in Nova Gorica.

4.3 Infrastructure and transport

About two third of the resources available for this item has been spent on the improvement of border crossings in this border region. One of the projects concerns the sea border crossing in Piran. Other projects concern improvement and reconstruction of roads within the border region.

4.4 Human resources

Apart from a contribution from this budget line to the Small Project Fund, also projects were supported concerning the restoration of palaces, archaeological sub-marine research, cultural co-operation, animation and network activities and regional development issues.

4.5 Technical assistance

From the technical assistance budget – apart from support to the PIU and the regional antenna – money was made available for activating employment in the border region and for evaluation activities.

Action Plan

Actions Specific to the Region (2 Pages):

Introduction

The lack of regional structures on the Slovenian side of the border remains a major obstacle to the promotion and implementation of cross-border cooperation. Consequently, there is a clear need to establish working structures on the CEC/EU border which are long-term in nature and can address the wider issues of cross-border cooperation on the proper territorial level.

In the Joint Programming Document with regard to an ongoing and consistent, professional working relationship and the implementation of EU guidelines, cross-border planning and implementation structures are proposed. On content and administrative levels, corresponding preparations have been made for the establishment of a Euro region in the cross-border region between Slovenia and Italy. This, however, has not been realised yet.

The establishment of such working structures on regional and local level is a priority for this border region. These structures should have a long-term perspective. The establishment of them should be aided and facilitated by outside technical assistance which can draw upon the experiences and best practice from other European border regions. In consideration of the aforementioned assessment of needs, the following assistance should be offered:

1. Training workshop

Training workshop should be held in this region, which can include as wide participation as possible. The following issues could be of interest:

- Training on programmes especially in the context of preparing common cross-border strategies and plans
- Project identification, design and preparation
- Information on cross-border cooperation programmes
- New Phare CBC regulation with strong focus on types of eligible projects (hard and soft)
- Experiences and best practice of cross-border co-operation from other European border regions

There is a general viewpoint that the training workshop should include much more participants. Being a truly regional and cross-border workshop, there is a need to encourage a wide participation from both sides of the border. These participants should originate from every local and regional authority along the border, together with key personnel from Chambers of Commerce and some NGOs.

2. Counselling / advice

The main topic arising from the assessment of needs regarding consultancy, is related to project preparation in the context of the new EU Interreg / Phare CBC programmes. A number of local authorities requested advice and specialist support in preparing hard and soft projects for submission under Phare CBC/ INTERREG.

The establishment of Euroregions currently is a subject in this border area. Initiatives have already been taken between Italy and Slovenia. These processes should be supported by LACE-Phare.

3. Study visits

where to visit / why

Study visits were regarded as an important tool for the exchange of experience and best practice. Three types of study visits were suggested:

- Visits across the common border (SLO/I) in order to develop contacts and linkages in order to identify and develop future projects.
- Visits to advanced EU internal border regions which have long-time experience with cross-border co-operation. It was suggested that these visits could have a thematic focus with emphasis on specific sectors such as the environment.

Annex - list of regional/local practitioners

Feedback for “horizontal” activities of LACE-Phare CBC:

International seminars, publications, networking, etc.

Keen interest in participating in seminars and receiving LACE Phare publications. Both sides of the border would highly value the dissemination of at least some publications in their native language.