

# Border Orientation Paper

## Italy-Austria



## 1. INTRODUCTION

This document sets out key characteristics of the cross-border region between Italy and Austria and outlines options and orientations for the programming of the next Interreg programme along that border. It is part of a series of similar papers prepared by DG REGIO for all EU land borders (and borders with Norway and Switzerland).

The objective of this paper is to serve as a basis for a constructive dialogue both within cross-border region and with the European Commission for the 2021-2027 Interreg cross-border cooperation programme Italy-Austria.

The paper is based for a large part on objective information stemming from three studies commissioned by DG REGIO:

- “Border needs study” (“Collecting solid evidence to assess the needs to be addressed by Interreg cross-border cooperation programmes”) conducted in 2016;
- “Easing legal and administrative obstacles in EU border regions” conducted in 2015-16; and
- “Comprehensive analysis of the existing cross-border transport connections and missing links on the internal EU borders” conducted in 2017-18.

In addition, many data sources available at European level were also used to describe certain aspects socio-economic and territorial development. A full list of information sources is provided in annex.

Cross-border cooperation is much broader than Interreg programmes. The objective is to facilitate cross-border cooperation by reducing remaining persisting obstacles to cross-border activities and linkages as outlined in the 2017 Communication on Boosting Growth and Cohesion in EU Border Regions. The instruments available are not only the funds (in particular Interreg and other European Structural and Investment Funds (ESIF) programmes which may invest in cooperation), but also European and national legal instruments (European Grouping for Territorial Cooperation (EGTC), regional agreements (e.g. in the Benelux and the Nordic countries), bi-lateral agreements, etc.) as well as a number of policies e.g. on labour mobility, transport, health, etc. The Interreg programmes should therefore not only aim to fund projects but should also seek to reduce cross-border obstacles. To do so, the legislative proposal on Interreg foresees that part of the budget is dedicated to cross-border governance (including capacity building and contribution to the macro-regional/sea-basin strategies).

That is why this paper goes beyond the traditional activities of Interreg programmes (funding projects) and also covers governance issues (reducing cross-border obstacles). On this, the roles of the programmes are: (a) to initiate the work on the obstacles (e.g. the members of the Monitoring Committee could contact the relevant public authorities and stakeholders); (b) to facilitate the work (by funding working groups as well as possible studies and pilot projects); and (c) to contribute to this work (providing input from the wide knowledge gained in past programming periods). Whilst the budget is limited, the impact can be important as the actions concerned will have a limited cost (meetings, studies, pilot projects, etc.) but structural effects.

## 2. ANALYSIS OF THE PROGRAMME AREA

- Mostly rural territory of two countries separated by a high mountain range (the Alps) with a border length of over 400 km (seven border crossings, main crossing point: Brenner) with a total area of 50,000 km<sup>2</sup>. The main urban areas are: Bolzano, Innsbruck, Salzburg, Vicenza, Treviso, Pordenone and Trieste.
- Population of the cross-border area is 5.5m overall, with 1.8m in the Austrian border regions and 3.7m in the Italian border regions (based on the geography of the 2014-2020 Italy-Austria programme).
- In terms of socio-economic disparities as an obstacle (based on GDP per head ratios) the Border Needs Study identified that within the Italy-Austria cross-border area there are low socio-economic disparities and 'less obstacles' than average for EU border regions.
- Two languages: Italian and German. In the Province of Bolzano the population is often bilingual.

1. The territory covered by the cooperation programme "Interreg V-A Italy-Austria" is the border area between Italy and Austria separated by natural borders, the Alps. Six regions participate in the current programme. On the Italian side it is Provincia Autonoma di Bolzano/Bozen, Friuli-Venezia Giulia and Veneto and on the Austrian side it is Tirol, Kärnten and Salzburg.
2. Population change varies between the regions. While the population of Kärnten has been rather stable, the population of some of the other NUTS 2 regions has grown significantly. Salzburg increased its population by 16%, Tirol by 21%, Provincia Autonoma di Bolzano/Bozen by 20%. Veneto and Friuli-Venezia Giulia both are characterised by negative total population change.
3. Population density of the Austrian regions is lower than both the EU and the national average. The population density of the Italian border region of Provincia Autonoma di Bolzano/Bozen is below the EU and national average, whereas the one of the other two Italian regions is above the EU average. Only the population density of Veneto is above the national average for Italy.
4. In terms of whether language differences are considered as a problem for cross-border cooperation, according to the Eurobarometer, 69% of respondents see it as 'a problem', whereas 30% see it as 'not a problem at all'. This means that a higher than average number of people perceive language differences as an obstacle to cooperation than in other EU border regions.
5. There are two EGTCs in the border area:
  - **EGTC Euregio Tirolo - Alto Adige - Trentino**

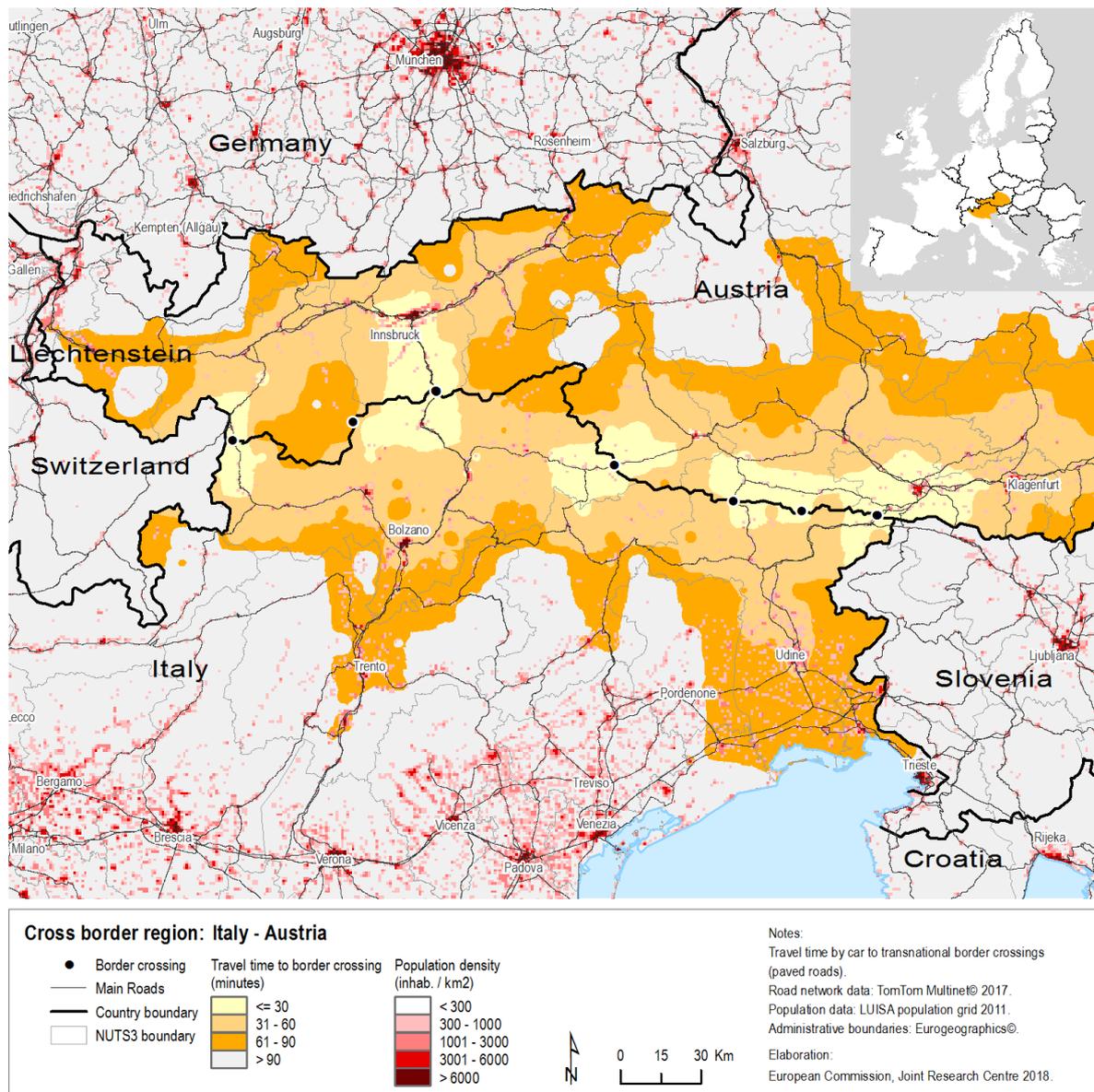
The Tirolo-Alto Adige/Südtirol-Trentino EGTC results from a partnership between Austria and Italy, involving 1,695,130 inhabitants in a 26,255 km<sup>2</sup> area and 572 municipalities and with a budget of EUR 2,900,000. A specific focus is on research, youth, education, culture, economic and social affairs, environment and mobility. On a yearly basis the EGTC finances and manages around 20-25 projects.

The EGTC funds and manages the Euregio Science Fund and the Euregio Mobility Fund for university students and teachers. The European Forum Alpbach is a congress centre co-financed by the EGTC. There are also a number of cultural, youth and mobility initiatives financed by the EGTC. It is also participating in the CLLD of the current Interreg IT-AT programme in Tyrol-South Tyrol-Trentino.

– **EGTC "Euregio Senza Confini r.l. – Euregio Ohne Grenzen mbH"**

The members of the EGTC are the regions of Friuli Venezia Giulia, Veneto and Kärnten. It has a budget of EUR 405,000 and focuses on: 1) energy, environmental resources and waste management; 2) transport, infrastructure and logistics; 3) culture, sports, education and high level training; 4) social-health; 5) civil protection; 6) science, research, innovation and technology; 7) agriculture; 8) tourism; 9) productive activities; 10) communication infrastructure; 11) work, vocational training and trade. Particular fields of interest are transport infrastructure and logistic, social-health, tourism, civil protection, work, vocational training and trade, research and innovation.

### 3. TERRITORIAL DIMENSION



- **Typology of regions**

6. In terms of categorisation of the border regions, at the NUTS 3 level the border regions show a mixed picture. The Italian regions of Gorizia and Trieste are urban regions, while Vicenza, Treviso and Pordenone are intermediate regions. The remaining Italian NUTS 3 border regions are rural. On the Austrian side of the border only Innsbruck qualifies as an urban region, Salzburg and Klagenfurt-Villach are intermediate regions, while the remaining Austrian NUTS 3 border regions are rural.
7. In terms of designated functional urban areas, the largest functional urban area is Innsbruck, with a commuting zone stretching all the way to the Austrian-Italian border. Innsbruck lies along the A13-A22 road transport corridor with the two other larger urban functional areas in the border area, Bolzano and Trento.

- ***Functional areas***

8. The cross-border region is not strictly limited to the administrative borders of the programme but has a flexible geography depending on the topic concerned. This is a functional area.
9. For some topics, the solution can only be found if partners outside the programme area are involved (e.g. to have a good research project, you may need to involve a university for example in Trieste or Salzburg; to reduce the risks of floods project, you may need to reintroduce wetlands or dams upstream of a river but outside the programme area; to facilitate cross-border health care/ service you may have to develop a project with neighbouring regions and with national authorities; to establish cross-border rail links you may have to involve national train companies, ministries, etc. and to connect with other lines further away, etc.).
10. For some other topics, the solution is purely local, corresponding to an area much smaller than the programme, e.g. Community Led Local Development (CLLD).
11. This shows that the problem-solving should be based on the functional areas rather than on the administrative scale defining the programme area (which is only used to define ERDF allocations). What matters is that the projects benefit the cross-border area. The location of the project or the location of the partners does not matter.
12. This is a new approach in the post-2020 regulations and has three main benefits: (1) It enables the projects to be more effective as they can build on the experience of a wider range of relevant partners and as they can be located where the impact is bigger; (2) It clearly shows that Interreg is a policy tool supporting projects to improve the situation and not a mere funding tool for the benefit of local authorities sharing a budget; and (3) It avoids that programmes re-create new borders outside the programme geography.

- ***Macro-regional strategies***

13. The Italy-Austria cross-border region is part of the macro-regional strategy "EU Strategy for the Alpine Region" (Alpine Strategy). Macro-regional strategies are supported by the highest political levels of the EU, the Member States and the regions concerned and have become an integral part of EU regional policy. Macro-regional strategies require trust and confidence among their partners (Member States, regions, stakeholders, etc.) in order to share a common vision, which will bring concrete actions and projects. It is the same for cross-border cooperation. Hence, the two levels of cooperation are very much interlinked by nature.
14. A lot of resources and energy have been invested to generate useful common actions within the thematic policy areas of "economic growth and innovation", "mobility and connectivity" and "environment and energy" for the entire Alpine Region. The relevant actions cover the following fields: research and innovation ecosystem; economic and social environment of economic operators in strategic sectors (incl. labour market, education and training); natural resources (incl. water and cultural resources); risk and climate change management (incl. major natural risks prevention); energy efficiency and renewable energy. For these actions to be realised funding instruments should be ready to finance some of these actions. In addition to the Alpine Space programme, the Italy-

Austria programme is one of the cross-border programmes which can then benefit from a good project pipeline (with a political support) from a bigger impact and from increased visibility.

15. The alignment of cross-border programmes to macro-regional strategies is a ‘win-win’ approach. Clearly, macro-regional strategies will benefit from the experience, the partners and the funds of cross-border programmes. But, cross-border programmes will also benefit from such an alignment:
  - (a) their impact will be bigger, when they participate in a structured development policy as set by a macro-regional strategy framework across a wider territory which they are part of,
  - (b) the project pipeline will be better as project ideas will have political support),
  - (c) they will increase visibility by political leaders, decision-makers and citizens, as well as the various Commission services and other EU institutions and of course,
  - (d) they will improve the social and economic development in the macro-region they are located in, and the actions of the relevant strategy will also have a positive impact on the cross-border area. In particular, the contribution to macro-regional strategies does not mean a reduction of the budget available for the programme as it is clear that every project should also benefit to the cross-border functional area.

- ***Tourism, natural and cultural heritage***

16. The border area has a strong potential to continue cross-border co-operation projects in the area of tourism and natural and cultural heritage. This can be done provided these actions are strategically framed and take into account the multi-level governance and stakeholder approach.

- ***Territorial tools***

17. The Italy-Austria programme is the only Interreg programme which is successfully implementing the territorial tool of Community Led Local Development (CLLD). The continuation of CLLD is strongly encouraged.

## **ORIENTATIONS:**

- *The Italy-Austria programme should design its actions based on functional areas - which will depend on the issue at stake - rather than on the administrative scale defining the programme area. Authorities are encouraged to use the different available tools to support functional areas such as the European Grouping of Territorial Cooperation (EGTC), Euroregions, Integrated Territorial Investments, Community Led Local Development, metropolitan areas, natural parks, and to cooperate with the relevant macro-regional key stakeholders, where appropriate.*
- *The Italy-Austria programme should set out the actions expected to contribute - where relevant - under any policy objective that is relevant for the Alpine Strategy, provided it also contributes to the specific objectives of the cross-border region. This requires a good and pro-active coordination with the macro-regional strategies and relevant stakeholders (i.e. following the developments of the macro-regional strategies, being in contact with the National Contact Points, etc.). Different types of projects could be funded, for example (i) "coordinated projects", which are part of a set of coordinated action(s) and/or project(s) located in several countries participating in a macro-regional strategy (two or more countries), and are part of a joint macro-regional action creating a cumulative effect; several programmes can contribute to the funding of these projects; or (ii) single projects, where one programme is funding one project, the impact of which is relevant on the entire macro-region and therefore creates synergies. In addition, cross-border programmes may consider one of these mechanisms: specific selection criteria (e.g. bonus points if the project contributes to a macro-regional strategy); earmarking of a budget; specific calls; or labelling (e.g. ex-post identification of projects that could be replicated).*
- *Continue projects relating to cross-border tourism/natural and cultural heritage within a strategic context, involving stakeholders within a multi-governance context.*
- *Continue using CLLD to implement local cross-border development strategies.*

## 4. GROWTH, COMPETITIVENESS AND CONNECTIVITY

- *Innovation*

18. The ESPON Territorial Review undertook Knowledge-Economy (KE) cluster analysis at the NUTS 2 level to provide a categorisation of the type of competitive knowledge economies at the regional level. On this basis the Austrian border regions are categorised as ‘Competitive and KE-related economy’ and the Italian regions are also categorised as ‘Competitive and KE-related economy’, with the exception of Friuli-Venezia Giulia, which is categorised as ‘Less competitive with potential in KE economy’.
19. In terms of R&D intensity (measuring R&D expenditure as a percentage of GDP, at NUTS 2 level):
  - In all three Italian NUTS 2 border regions R&D expenditure was between 1-2% of GDP, which falls short of reaching the EU target of 3%;
  - In the Austrian region of Tirol R&D expenditure surpasses 3% of GDP, while it falls behind in the other two Austrian border regions. The figure for Salzburg is between 1-2%, while the figure for Kärnten is between 2-3%.
20. In terms of the share of human resources employed in science and technology (measured as a percentage of the economically active population) the shares in the Austrian border regions are close to the EU average of 46% with only Tirol lagging slightly behind, whereas on the Italian side of the border these figures are below the EU average.
21. In terms of the ‘Regional Competitiveness Index’ (RCI) the following can be noted:
  - In terms of most of the so-called ‘pillar scores’ (‘institutions’, ‘macroeconomic stability’, ‘infrastructure’, ‘health’ and ‘basic education’) which provide information on the framework conditions for innovation, the border regions in Austria all score above the EU average for all indicators, with the exception of the indicator for infrastructure, where two of three Austrian border regions, Kärnten and Salzburg lag behind the EU average. In contrast, the Italian border regions all score below the EU average for four pillar indicators (‘institutions’, ‘macroeconomic stability’, ‘infrastructure’ and ‘basic education’) with the exception of Veneto which scores higher than the EU average on infrastructure. All Italian border regions score higher than the EU average on the ‘health’ indicator.
  - On the ‘higher education and lifelong learning’ indicator the Austrian regions are very close to the EU average of 63.5, whereas the Italian regions lag behind.
22. The level of patent applications in a region has been used as one indicator of innovation activity and of innovation potential. It is measured by the number of international patent applications per million inhabitants and the EU average is at 105. All NUTS 2 Austrian and Italian border regions perform around or higher than this average. At the level of NUTS 3 regions there is larger variation in performance. The best performing region in the cross-border area is the Italian region of Pordenone, with 647 international patent applications per million inhabitants. Around two thirds of these are in the sectors of textiles and paper. In contrast, some of the lowest performing Italian NUTS 3 regions

(Belluno, Udine and Gorizia) have only around a tenth or less of the patent applications that Pordenone has. The highest performing NUTS 3 border region on the Austrian side of the border is Außerfern, with 337.1 patent applications per million inhabitants, followed by Osttirol with 223.1.

23. With regard to education-based indicators relevant to the issues of growth and competitiveness, and assessments of the potential for developing Human & Social Capital as a basis for competitiveness, the Italy-Austria border area in general is stated to have 'more potential'. As with other similar indicators assessing potential, this high scoring on potential reflects that, in relation to the EU average, the border area has a lower starting point (low current baseline for future growth).
24. With regard to whether the Italy-Austria border area is assessed as having the critical mass to support innovation and cooperation in developing competitiveness, the following should be noted:
  - In terms of participation in global research networks, both Innsbruck and Bolzano show 'modest participation' levels.
  - Population density varies between low to medium-high in the border area.
  - Market size is also a framework condition for successful innovation; the Austrian NUTS 2 regions score at around or slightly above the EU average, the Italian regions score similarly. Veneto is the NUTS 2 region in the border area with the largest market size, at 45.2 compared with an EU (unweighted) average of 34.5.
25. The priorities of the Smart Specialisation Strategies for the Italian regions are as follows:
  - Provincia Autonoma di Bolzano/Bozen: new technologies for mountain living and production activities; providing healthy and safe food (agri-food technologies); new technologies for energy production, storage and saving; strengthening the local production system through ICTs; new technologies for the creative industries; healthy living care services and products (life sciences);
  - Veneto: new technologies for sustainable living; new technologies for the creative industries; advanced technologies for manufacturing; providing healthy and safe food (agri-food);
  - Friuli-Venezia Giulia: providing healthy and safe food (agri-food); new technologies and solutions for the maritime economy; advanced technologies and solutions for regional strategic production filiere; healthy living care services and products (life sciences); ICTs and new technologies for tourism and cultural sectors and social innovation.
26. The priorities the Smart Specialisation Strategy for the Austrian regions are as follows:
  - Tirol: life sciences; mechatronics; renewable energies; information technology; wood; wellness; tourism; creative economy; material sciences/technology;
  - Kärnten: information and communication technologies; technologies and materials of sustainability; smart energy; production technology;
  - Salzburg: life sciences; information and communication technologies; smart materials in life sciences; intelligent construction and settlement systems; the creative economy and service innovation.

27. The common priorities between the regions and the potential areas for cross border cooperation are: health, life sciences, material sciences and intelligent manufacturing, ICT, creative economy.

- ***Entrepreneurship***

28. Enterprise birth rates are below 8% in all NUTS 2 border regions, with the exception of Kärnten which falls within the 8-10% range. This is medium-low in comparison to other EU regions. Enterprise death rates are low in Tirol and Provincia Autonoma di Bolzano, below 6%, but are in the lower medium range (between 6-9%) in the other Austrian and Italian NUTS 2 regions. The low enterprise birth rates and the lower medium range enterprise death rates could indicate a lack of entrepreneurship, or that an established set of companies are present in the region. The share of high growth enterprises is highest in the Italian regions of Veneto and Friuli-Venezia Giulia, but still within a medium-low range compared with other EU regions.

29. In terms of the sectoral focus and structure of the economies in the border regions the data was reviewed for several Structural Business Statistics (SBS) indicators: number of businesses, share of wages and salaries paid and share of persons employed. The data shows that in terms of number of businesses, the Italian regions have a generally stronger focus on manufacturing, construction, wholesale trade, real estate activities and professional, scientific and technical activities than the Austrian regions. Austrian regions have a generally stronger focus on retail trade, transport, accommodation and food service activities, although Provincia Autonoma di Bolzano/Bozen is also strong in the latter sector.

30. In terms of the share of wages and salaries paid, the manufacturing sector is very dominant in two Italian NUTS 2 regions, Veneto and Friuli-Venezia Giulia, with around 40% of total salaries paid in this sector. In terms of wages paid, the manufacturing sector is also the most important sector in the Austrian regions, accounting for the largest or second largest share of salaries paid, but the share of this sector is only between 19-29% in the Austrian regions. Another important sector in the Austrian regions based on this indicator is 'wholesale and retail trade; repair of motor vehicles and motorcycles' with 16-21% of salaries paid. The share of persons employed by sector confirms a strong focus of the structure of the economy on manufacturing in the Italian regions of Veneto and Friuli-Venezia Giulia relative to the Austrian regions. The Austrian regions show a relatively strong focus on Accommodation and food service activities, as does Provincia Autonoma di Bolzano/Bozen, and on retail trade.

31. In terms of the framework conditions, the same framework conditions are relevant for entrepreneurship as for innovation. In addition, the RCI indicators show that business sophistication<sup>1</sup> is around the average in both Austria and Italy, with the exception of Provincia Autonoma di Bolzano/Bozen, where it is lower. The values of the technological readiness indicator are around or above the EU average in the Austrian border regions, but lag behind the EU average in the Italian regions.

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<sup>1</sup> Indicator reflects NUTS 2 level data (Eurostat and RIS) on 'employment in specific sectors', 'GVA in specific sectors' and 'Innovative SMEs collaborating with each other.'

- ***Digitisation***

32. In terms of digitisation, most information is available only at national level. Therefore, it is not possible to make any informed observations with regard to the situation at the regional level in the border region.
33. On ‘digital in the private sector’ both Austria and Italy are rated as ‘medium’ in relation to the EU average. However, ‘penetration’ is the lowest among all EU countries in Italy.
34. In terms of the ‘e-commerce’ index (taking into account enterprises selling online, receiving/serving orders via computer mediated networks, electronic sales both domestically and to other EU countries) Austria is close to the EU average, whereas Italy is the 5th lowest of all EU countries. Austria performs well in relation to sales to other EU countries compared with the EU average while Italy does not.
35. Overall, eGovernment in Italy is assessed as ‘non-consolidated’, while the situation in Austria is better, but eGovernment is still further ‘expandable’. Austria scores higher on both dimensions of eGovernment, penetration and digitisation, with the level of digitisation significantly higher than the EU average, and the level of penetration only slightly lower. In contrast, Italy has the lowest score with respect to penetration of any EU country, and digitisation is slightly lower than the EU average.

- ***Connectivity***

36. Road connectivity and accessibility is within the medium range in comparison to EU averages, the most problematic region being Kärnten. Road connectivity measured as access to regional centres by car is an issue along most of the border on the Austrian side of Tirol. Poor road access to regional centres by car is an issue in Pinzgau-Pongau, Tiroler Unterland, Oberkärnten, Belluno, Pordenone and Udine.
37. Rail connectivity is estimated to be relatively good in the entire cross-border area on both sides of the border. In terms of the percentage of the population having access to cross-border rail services, this was rated as broadly in the mid-range of EU border regions. However, the frequency of rail connections is relatively low. The speed of connections is in the mid-low range compared with other border EU regions. In terms of most promising rail connections for development, no priority projects have been identified in the cross-border transport study in the Italy-Austria border region.

## **ORIENTATIONS:**

- *In terms of innovation and competitiveness, the picture is very mixed, but there are clearly high innovation regions present, with significant potential on which cross-border cooperation activities could be built. At the same time as increasing cooperation, the framework conditions (especially education levels on the Italian border) also need to be addressed through long term strategies.*
- *Given the favourable framework conditions, cooperation in innovation could be developed further focusing on a limited number of high-priority, more advanced forms of innovation collaboration in very specific areas, rather than on broad 'generic' innovation support measures. In particular, investments should be limited to projects under priorities of the Smart Specialisation Strategies common to the two sides of the border (e.g. health, life sciences, material sciences and intelligent manufacturing, ICT, creative economy).*
- *With regard to entrepreneurship, the starting point is low to medium. There are specific differences in the economic structure between individual border regions, and also differences between the issues on each of the national borders; thus a 'one-size-fits-all' along the whole border is not appropriate. A differentiated approach, based on an informed understanding of border-specific challenges, should continue to be given a high priority in developing co-operation activities for specific parts of the cross-border region. Complementarities as well as critical mass can serve as a basis for cooperation.*
- *Increased cooperation on connectivity may help improve conditions, in particular with respect to speed and frequency of rail services, which have been highlighted as an issue.*

## 5. GREENER, LOW CARBON ECONOMY

- *Energy transition*

38. When it comes to renewable energy the only area for co-operation lies in developing the hydro potential where there is very significant potential on both sides of the border with low cost of capital ensuring the profitability of renewable energy investments in Austria and medium cost in Italy.

- *Circular economy*

39. Recent data on waste is only available at national level. Therefore, it is not possible to make any informed observations with regard to the situation at regional level in the border region. The landfill rate is below the EU average of 25% in both countries; 12% in Austria and 21% in Italy. The recycling rate in Italy at 45.1% is very close to the EU average, and below the Austrian figure of 57.6%.

- *Climate adaptation and risk management*

40. It is expected that regions on both sides of the border will be impacted in similar ways by climate change, including higher than average rise in temperature, decrease in glacier extent and volume, decrease in mountain permafrost areas, upward shift of plant and animal species and high risk of extinction, increasing risk of soil erosion and decreased ski tourism.

41. Only the Austrian part of the cross-border area is classified as an area with potential significant flood risks.

42. There has so far been no increase in forest fires over the past, but projections show that this risk will increase significantly in future.

43. The increase in drought frequency is mainly expected to impact regions on the Italian side of the border.

- *Natural areas and biodiversity*

44. There are many Natura 2000 sites within the Italy-Austria cross-border area, including several transboundary sites, and many nationally designated areas of protection and/or of natural importance.

45. There are several 'Ramsar' sites (internationally important wetland sites) within the cross-border area, but not directly along the border.

46. Of the habitats of large mammals, habitats of bear, lynx and wolf exist on both sides of the border. The proportion of habitats with favourable assessment is in the medium range on both sides of the border within the cross-border area. The share of species with favourable assessment is higher. The wilderness quality index is rated as 'high' on both sides of the border; the cross-border area includes some territories which qualify as 'top 10% wildest areas'. The level of invasion by invasive alien species is low in an EU comparison.

47. On average, forest connectivity is high compared with other EU regions.
48. Landscape fragmentation is significantly lower in the cross-border area than in neighbouring regions. The percentage of NUTS 3 regions covered by high and very high fragmentation pressure classes is in the lowest category, i.e. fragmentation pressure is low. Green infrastructure initiatives already exist across the border.
49. The border runs along mountain ridges of the Alps, therefore there is no scope for cooperation on shared river basins.

- ***Green infrastructure***

50. The border regions are assessed as having high levels of Green Infrastructure (GI) networks, with a high capacity to deliver ecosystem services, and high capacity to provide habitat and connectivity for large mammals. Most of the cross-border area qualifies as ‘core green infrastructure’.
51. The existence of a few larger agglomerations and functional areas in the border region provides potential for cross-border cooperation on urban green infrastructure, waste water or resource efficiency.

**ORIENTATIONS:**

- *In the field of energy transition explore cross-border co-operation in hydro potential.*
- *Support the development of joint protocols to allow for effective co-ordination between regional/local agencies or institutions engaged in shared management of natural resources, shared or complementary delivery of services and/or policy development relevant to cross-border issues. The study ‘Easing legal and administrative obstacles in EU border regions’ has identified some legal and administrative barriers with respect to cooperation in the field of environment; a focus on addressing these obstacles could have added value.*
- *The Alps are a common resource with high natural and cultural value. Actions to continue and deepen cross-border cooperation on nature are highly recommended.*
- *Climate change poses several challenges with potential cross-border spillover effects (e.g. forest fires and biodiversity loss) as well as common challenges without spillover effects (e.g. soil erosion) where nevertheless joint learning and building of a knowledge base may have added value. Cooperation on the interface between climate change and winter tourism may have benefits.*

## 6. EMPLOYMENT, EDUCATION, HEALTH AND INCLUSION

### • *Employment*

52. With respect to employment rates, the Italian border regions have low rates in an EU comparison, while Austrian border regions are in the middle range.
53. Unemployment is generally higher in Italy than in Austria, although rates in Kärnten are similar to rates in the Italian regions.
54. Information on long-term unemployment is not available for Salzburg and Tirol. The share of long-term unemployed is at 1.7% in Kärnten and 1.2% in Provincia Autonoma di Bolzano/Bozen, but higher, at 3.1% and 3.3% in Veneto and Friuli-Venezia Giulia, respectively.
55. Labour market productivity is within the 100-125% range in comparison to the EU average in all border regions except in Salzburg, where it is higher.
56. There is a slight asymmetry across the border in wages; overall labour costs in the industry, construction and services sector are around 25% higher in Austria than in Italy. This difference in wages does not drive asymmetrical labour flows; 8% of the population in the border area has travelled across the border for work or business purposes, with the same share of people travelling in both directions. The share is lower than the average for the EU, which is 14%, showing that the region's economic integration is not advanced.
57. Only the Pinzgau/Pongau region has poor social inclusion (unemployment), indicating that the region has faced increasing unemployment rates and that the unemployment rate in the region is more than 25% higher than its neighbouring regions.

### • *Education*

58. Data on the provision of education is too scarce to make any useful orientations. However, several Austrian NUTS 3 regions (Tiroler Oberland, Tiroler Unterland/Osttirol, Außerfern, Pinzgau-Pongau and Oberkärnten) as well as Pordenone on the Italian side are identified as regions with difficult access to primary schools by car. With respect to secondary schools, Osttirol and Tiroler Unterland have difficult access.

### • *Health*

59. On the Austrian side access to doctors is difficult in much of Tirol and at NUTS 3 level in Oberkärnten. Significantly fewer difficulties are identified on the Italian side of the border.
60. On the Austrian side access to hospitals is difficult in all of Tirol and in Oberkärnten and at NUTS 3 level in Tiroler Unterland and Osttirol. No difficulties are identified at NUTS 3 level on the Italian side of the border.
61. In terms of health outcomes, life expectancy at birth is generally higher on the Italian side of the border than on the Austrian side.

**ORIENTATIONS:**

- *Actions to strengthen and deepen cross-border cooperation between educational institutions and relevant professional bodies could be undertaken, however, the existence of language barriers needs to be taken into account.*
- *Bilingualism should be further promoted in a structured manner, starting with basic education. Cooperation can focus on basic as well as secondary education in the regions where access has been identified as a problem.*
- *Focusing on cooperation on healthcare may also have benefits due to the identified difficult access in some parts of the region. Here, too, administrative and language barriers need to be tackled.*
- *Access to doctors and hospitals is an issue mainly on the Austrian side of the border. Austrian regions are also identified as inner peripheries with respect to access to primary and secondary schools. Currently the cross-border flow of people with the aim of using public services is low; efforts to increase cross-border use of public services, joint infrastructure, etc. could have benefits, but barriers and obstacles need to be considered and addressed. There is scope to enhance eGovernment in Italy in particular, although ehealth services are advanced.*
- *The very negative demographic trends observed in some regions need to be addressed. This requires integrated strategies addressing public services (health, education, social services), and economic conditions (including innovation and entrepreneurship and the framework conditions for these).*

## 7. GOVERNANCE

### Section 1: Cross-Border Governance in a wider context (and use of the new "Interreg Governance" specific objective)

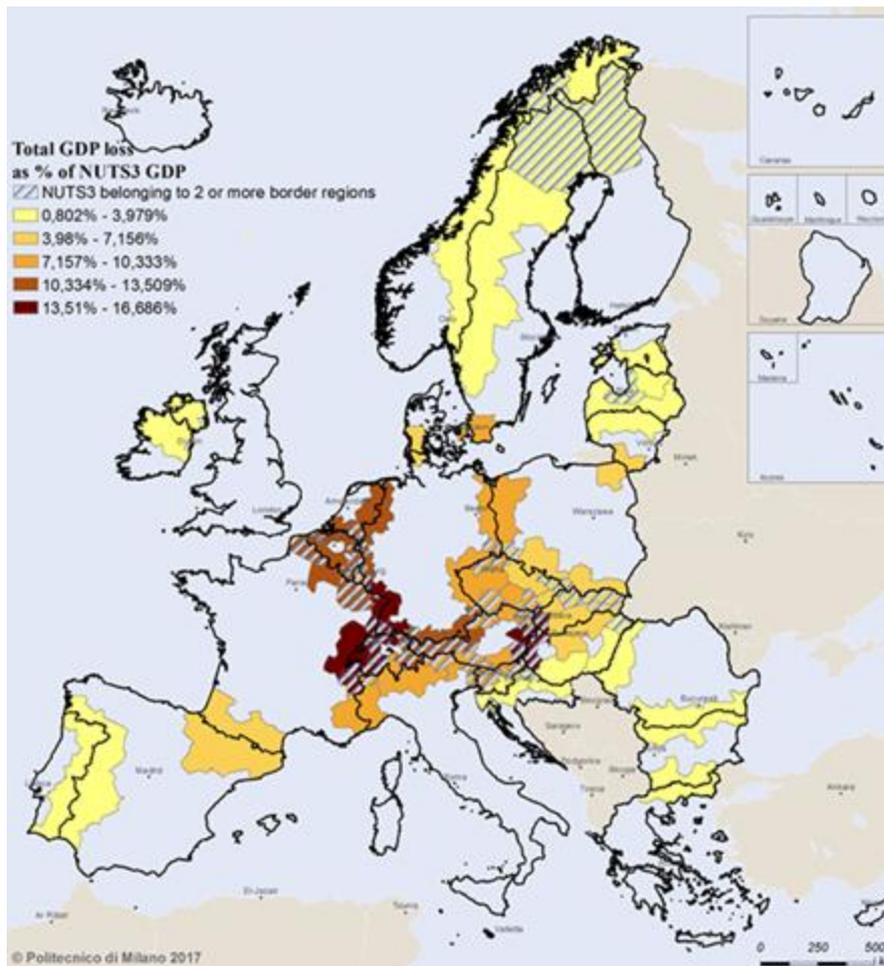
62. Cross-border cooperation is not limited to Interreg programmes. It also builds on policies (e.g. cross-border mobility), on legal instruments (e.g. bi-lateral agreements, treaties, European Groupings of Territorial Cooperation) and on funding (including but not limited to Interreg).
63. Actions and orientations set out in this section may be supported by the programme's budget as proposed in the ETC (Interreg) Regulation for improving governance issues.

- ***Working on border obstacles and potential***

64. As illustrated in the Commission Communication "Boosting Growth and Cohesion in EU Border Regions", there are many different types of obstacles to cross-border cooperation. There is also scope for greater sharing of services and resources in cross-border regions and to intensify the cooperation between citizens and institutions. Among the obstacles, legal, administrative and differences in institutional capacity are a major source of bottlenecks. Other issues include the use of different languages or lack of public transport for instance. When it comes to unused potential, the shared use of health care or educational facilities could contribute greatly to improving the quality of life in border regions. As the Interreg programmes are instrumental to effective cross-border cooperation, they should seek to address these particular obstacles and tap the common potential to facilitate cooperation in this wider context.

#### **ORIENTATIONS:**

- *Language differences (69%), administrative and institutional obstacles (59%), accessibility (40%) and cultural differences (37%) are all deemed as obstacles by a significant share of the population of the cross-border area. A strategy for addressing these obstacles needs to be put in place.*
- *One very important objective of the Italy-Austria programme should be: 1) to identify precisely key obstacles and unused potential (e.g. cross-border labour market hindrances, health care, transport connections, use of languages, etc.; the Cross-Border Review should be used as a starting point); 2) bring the relevant actors together (e.g. authorities at national/ regional/ local levels, enterprises, users, etc.) 3) and facilitate the process of finding ways to reduce these obstacles or exploit the potential (e.g. by funding meetings, experts, pilot projects, etc.).*
- *The relatively low level of economic integration measured by border crossings for work or business signals untapped potential. Gains can be made through increasing integration by removing administrative barriers.*
- *Support for the strengthening of cross-border structures and entities (for example existing, and future, EGTCs), engaging such entities to an even greater degree in both the analysis of barriers/obstacles/potentials, as well as in the planning and implementation of future cross-border measures.*



- *Links with existing strategies*

65. Cross-border cooperation cannot be done in isolation. It has to be framed in the existing strategies (e.g. macro-regional, national, regional or sectoral). Ideally, there should be a dedicated cross-border strategy which is based on reliable data for cross-border regions, which is politically supported and which has undergone a wide consultation with relevant stakeholders. It is a useful exchange forum and a necessary step for sustainable and structural cooperation (i.e. a Monitoring Committee is not sufficient as its focus is on funding and not on designing a development strategy with strong political support). Whilst many borders have such strategies, it is not always the case. When there are such strategies, they are often only partly implemented with the Interreg programmes.

**ORIENTATIONS:**

*If such cross-border strategies exist, the Italy-Austria programme should be embedded through an appropriate intervention logic and indicators in these strategies with clear actions and results. If however, such strategies do not exist yet, the authorities along the border could consider establishing them. In addition, the Austria-Italy programme should be well coordinated with existing macro-regional, national, regional or sectoral strategies (e.g. with an analysis on how to translate these in a cross-border context). This requires a coherent overview of all existing strategies (i.e. have a mapping of the strategies affecting the border area).*

- ***Links with other Cohesion policy programmes***

66. The proposed Common Provisions Regulation stipulates that “each programme shall set out, for each specific objective the interregional and transnational actions with beneficiaries located in at least one other Member State”. Whilst a similar provision is already present in the current Regulation, it is now proposed to become compulsory for the mainstream programmes to describe the possibilities for cooperation for each specific objective. They could also explore opportunities to contribute together with other programmes to a larger macro-regional project, where appropriate.
67. It means that if mainstream programmes do not plan such cooperation actions, they will have to justify the reason. Cooperation may have many benefits for cross-border areas: more ambitious projects (e.g. joint infrastructures), involvement of new players (e.g. the national authorities such as Ministries) and overall more ambitious policies (e.g. spatial planning with associated funds).

**ORIENTATIONS:**

*The Italy-Austria programme should establish (or participate to) a strong coordination mechanism with the authorities responsible for mainstream programmes. This coordination implies exchange of information and cooperation and should happen at all stages: planning (e.g. designing complementarities), implementation (e.g. building on synergies) and communication (showing the benefits for the citizens and the region).*

- ***Cross-border data***

68. In order to have good public policies (e.g. spatial planning), these should be based on evidence (i.e. data, studies, mapping). Whilst this is generally available at national level, it is not always the case at regional/local level and even less at cross-border local level. Some of this evidence is particularly important: economic flows, transport flows and trends, labour mobility and mapping of competences, health of the citizens, mapping of important infrastructures and services (such as energy, waste treatment, hospitals, emergency services, universities), mapping of risky areas (to floods, fires, etc.), mapping of natural areas (e.g. Natura 2000, sites under the Ramsar convention of wetlands, etc.) and mapping of the main inclusion difficulties (poverty, marginalised communities, etc.).

**ORIENTATIONS:**

*The Italy-Austria programme should identify the areas where important cross-border data is missing and support projects that would fill the gap at the latest by 2027 (e.g. in cooperation with national statistical offices, by supporting regional data portals etc.).*

## Section 2: Governance of the programme

- *Partnership principle*

69. The principle of partnership is a key feature covering the whole programme cycle (including preparation, implementation and participation in monitoring committees), building on the multi-level governance approach and ensuring the involvement of economic, social and environmental partners. Examples of good practice include involving representatives of different interests in the programming process; involving them in programme evaluation or other strategic long-term tasks for instance by setting up temporary working groups; consulting all members on key documents also between meetings. An active involvement of economic, social and environmental partners should be ensured by their participation in key steps. Technical Assistance can be made available to facilitate their full involvement in the process.

**ORIENTATIONS:**

*Ensure that the project selection takes place in the monitoring committee or in steering committee established under the monitoring committee in full respect of the partnership principle. Each monitoring or steering committee member shall have a vote.*

- *Role of the monitoring committee*

70. The monitoring committee is the strategic decision-making body of the programme. In 2021-2027 the monitoring committee will be given a more prominent role in supervising programme performance.
71. **The composition of the monitoring committee** must be representative for the respective cross-border area. It must also include partners relevant to programme objectives (i.e. priority axes), e.g. institutions or organisations representing environment, SMEs, civil society or education. When the programme is relevant for the development of a macro-regional strategy, macro-regional key stakeholders should also be regular members of the monitoring committee of the programme.
72. **Project selection** shall take place in the monitoring committee or in steering committee(s) established under the monitoring committee in full respect of the partnership principle. It is crucial that key stakeholders are involved in the project selection process. Selection criteria and their application must be non-discriminatory and transparent. They should also be clear and they must enable the assessment of whether projects correspond to the objectives and the strategy of the programme. They are to be consulted with the Commission and communicated to applicants in a clear and systematic way. The cross-border dimension should be compulsory in every selected project. The programme might consider the use of independent expert panels for preparation of project selection. Larger strategic projects / flagship projects (i.e. designed and implemented by public authorities without a call) may be pre-defined in the programme document or selected via a transparent and agreed procedure. It is up to each programme partnership to decide on the optimal balance between different types of projects required to achieve the overall programme objectives, such as flagship projects, projects embedded in the relevant macro-regional strategy, regular projects, projects selected through bottom-up or top-down procedures, small projects, etc.

73. **Decision-making** must also be non-discriminatory and transparent. The procedure should also be inclusive. Each monitoring (or steering) committee member shall have a vote. Voting by delegation should not be encouraged unless it is transparent and puts weaker partners at equal footing with "institutional" partners.

**ORIENTATIONS:**

*The monitoring committee should be invited to widen its scope of action and take on a more strategic role. Good practices include having strategic discussions as a standing agenda point, inviting contact points of macro-regional strategies or institutions playing a key role in the border area, organising project visits. Some examples of strategic discussion themes: border obstacles, cross-border data needs, inclusion of SMEs, NGOs and other under-represented beneficiaries or target groups of the programme. Where appropriate, the contribution of the programme to the development of a macro-regional strategy should also be a regular point of discussion.*

- **Role of the managing authority**

74. The managing authority shall ensure effective implementation of the programme. The managing authority is also at the service of the programme and its monitoring committee. It acts as the programme authority representing *all* countries participating in the programme.

**ORIENTATIONS:**

*It is recommended that the Member State hosting the programme authorities is represented in the monitoring committee separately from the managing authority (i.e. a different person). The managing authority shall ensure the effectiveness and transparency of the project selection, reporting and monitoring systems.*

- **Role of the Joint Secretariat**

75. The Joint Secretariat (JS) should ideally be the cross-border executive body of the programme at the service of the managing authority. It should consist of professional and independent staff from the participating countries. The JS should possess representative linguistic competence and relevant border country knowledge. Its procedures should be efficient and transparent. Communication with beneficiaries, potential applicants and the general public should be ensured mainly by the JS. Regional contact points/antennas operating directly under the JS' responsibility may be useful in border areas characterised by large distances and/or difficult accessibility.

**ORIENTATIONS:**

*The Italy-Austria programme should design its actions based on functional areas - which will depend on the issue at stake - rather than on the administrative scale defining the programme area. Authorities are encouraged to use the different available tools to support functional areas such as the European Grouping of Territorial Cooperation (EGTC), Euroregions, Integrated Territorial Investments, Community Led Local Development, metropolitan areas, natural parks, and to cooperate with the relevant macro-regional key stakeholders, where appropriate.*

- ***Trust-building measures***

76. Effective cross-border cooperation requires a good level of trust between partners. Trust needs to be built and maintained. This is a long-term investment which aims at fostering cooperation-minded future generations. The Interreg programmes can make a substantial contribution by providing financial support for trust-building activities such as linking up schools, sports clubs, cultural organisations, etc. The beneficiaries of such activities are often not equipped to manage full-blown Interreg projects.

**ORIENTATIONS:**

*It is highly recommended to put in place mechanisms to finance smaller projects or people-to-people projects that make a strong contribution to the social and civil cohesion of the cross-border region. This can be done using the new tool proposed by the Commission (the Small Projects Fund) or via specific calls managed by the Managing Authority itself.*

- ***Conflict of interest***

77. Conflict of interest between decision-making bodies and applicants and beneficiaries is to be avoided at any moment, including project generation, project preparation, project selection and project implementation. One way to avoid this is to ensure a proper segregation of duties between institutions and persons.

- ***Communication and publicity***

78. Appropriate actions and measures in line with the Communication Guidelines need to be taken by all involved authorities and beneficiaries, such as the identification of a communication officer per programme, the establishment of a website per programme and use of the term 'Interreg' next to the emblem of the EU. Responsible authorities are encouraged to explore the possibilities to receive targeted funding under the Interreg Volunteers Youth Initiative, by which budget has been made available for citizens engagement activities. In case the programme is financing the implementation of a macro-regional project, the logo of the respective macro-region should be added. Thereby, opportunities will be created for further promotion of the project through the macro-regional platforms and networks, where relevant.

## Existing sources of information

- Border needs study (Commission, 2016) – [Collecting solid evidence to assess the needs to be addressed by Interreg cross-border cooperation programmes - Regional Policy - European Commission](#)
- EC ex-post evaluation of ETC 2007-2013  
[http://ec.europa.eu/regional\\_policy/en/policy/evaluations/ec/2007-2013/#11](http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#11)
- European Territorial Cooperation - best practices and innovative measures, European Parliament, 2016 [REPORT on European Territorial Cooperation - best practices and innovative measures - A8-0202/2016](#)
- Quantification of the effects of legal and administrative border obstacles in land border regions (Commission, 2016) – [quantification of the effects of legal and administrative obstacles in land border regions - Bing](#)
- Easing legal and administrative obstacles (Commission, 2017) – [Easing legal and administrative obstacles in EU border regions - Regional Policy - European Commission](#)
- Check out the 10 pilot projects selected under b-solutions – [b-solutions: the 10 successful cases announced | FUTURIUM | European Commission](#)
- Comprehensive analysis of the existing cross-border transport connections and missing links on the internal EU borders (Commission, 2017-2018) – [https://ec.europa.eu/regional\\_policy/sources/docgener/studies/pdf/cb\\_rail\\_connections\\_en.pdf](https://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/cb_rail_connections_en.pdf)
- DG SANTE's study on cross-border health care [Building Cooperation in Cross-border Healthcare: new study published! | FUTURIUM | European Commission](#)
- ESPON's Targeted Analysis on Cross-Border Public Services [CPS - Cross-border Public Services | ESPON](#)
- Smart Specialisation Strategies in [Italy](#) and [Austria](#)
- Strategy of the 2014-2020 programme (ex-ante evaluation, SWOT, priorities, evaluations)
- Macro-regional strategies: EU Strategy for the Alpine Region