SUMMARY PROJECT FICHE: CBC SL/IT 1999

Project Number: SL 99 .02

Title: Regional Development Structure in the Slovene - Italian Border Region.

Sub-Programme: SL 99 .02

Location: 19 municipalities of border area between Slovenia and Italy

Objectives

In its AGENDA 2000 communication, the European Commission made economic and social cohesion one of the three pillars of the European construction along with EMU and single market. Its policies regarding Structural Funds aim at stimulating competitive, environmentally sustainable development, lasting growth which is job-creating, economic and technological innovation and the provision of a skilled and flexible labour-force, which assures an equal opportunity for all, while ensuring the removal of inequalities.

The objective of this sub-programme is to support communities which make a collective effort to maximise the development potential of their areas, which are capable of a sustained effort to implement a plan and which have committed an appropriate level of local resources, broadly defined, to that process.

Within the overall framework of this sub-programme, the specific objectives to be encompassed in individual measures are as follows:

- to enhance the capacity of local communities, particularly in areas of economic marginalisation and depopulation, to participate fully in local development and to counter social exclusion;
- to plan programmes jointly with cross-border counterparts with the aim of achieving closer co-operation between the local, regional and national authorities on both sides of the border through joint SLO/I development sub-programmes;
- to improve the physical environment and to upgrade local infrastructure and services (including the collection and dissemination of information about the region) and thereby to improve the productive capacity of the areas involved;

Regarding the compliance with the “National Plan for the Adoption of the Acquis” (NPAA) and with the Slovene “Accession Partnership”:

- to improve the competitive abilities of the enterprise sector, to increase inward FDI and joint ventures and to encourage the joint presentation of Slovene industry abroad (1.2.2.2);
- to facilitate and stimulate growth of fast-growing, innovative and export-oriented SMEs through the provision of premises and physical infrastructure, to provide support services in order to strengthen information, consulting and training, to develop infrastructure projects which will ease the entrance of new enterprises and stimulate entrepreneurship among insufficiently active groups: women, youth, the unemployed and entrepreneurship activity on farms and less-developed regions.(ref.1.2.2.5.);
- to improve technology transfer, dissemination of knowledge to the enterprise sector through promotion of inward investment and the creation of a technological and training centre (ref. 1.2.2.6.);
- to encourage job creation and reduce skill mismatch by developing special programmes for depressed areas (ref. 1.2.9.3);
to preserve population density, cultural landscape and agricultural production potential (ref.1.2.10.3.);
to shape rural development policy with the objective of preserving population density and promoting sustainable rural development (ref.1.2.10.5);
to improve regional transport networks as a part of the drive for further regional development initiatives particularly in the tourism field (ref.1.2.4.1).

Activities, which should be implemented through the proposed project, also have a strong background in the following documents:

- Regional Development Policy in the Republic of Slovenia
- Act on the Promotion of Balanced Development
- The Strategy for the Development of Small Business in the Republic of Slovenia
- The Slovene National Action Employment Programme (2000–2001), a document prepared on the basis of the European four pillared employment system
- The Slovene Labour Market Review
- The Labour Market Strategic Goals and Employment till the Year 2006

Regarding the cross-border impact, this sub-programme will have the following impact

- development of common planning
- development of common structure to act as counterparts
- development of compatible information systems
- transfer of know-how and direct exchange of expertise
- development of human resources
- stimulation of joint Slovene / Italian development initiatives
- complementarity with the Interreg II regional development projects in the adjoining Italian regions of Friuli-Venezia Giulia. The potential co-operation could be expected in the area of employment and education (to set up the information network and to link it with the EU information networks), SMEs, tourism, transport, services, ecology, demography, migrations, local communities etc.

Description:

The objectives of this sub-programme will be achieved through specific actions within the following two interventions:

1) Establishment of Regional Development Networking Structure
2) Small Projects Fund

Background:

While the country is in the process of accession to the European Union, the process of regionalisation in Slovenia is proceeding rather slowly. Slovene borders with Italy and Austria are becoming key territories for country's regional development as they are going to face the effects of the dismantling of boundaries and the consequences of the socio-economic integration in the very short run.

In the bordering area with Italy, there are 19 municipalities interested by the cross-border co-operation corresponding to NUTS IV level, each one with its own planning function as specified by the law. In the absence of an intermediate administrative level, co-operation on cross-border issues with the Friuli Venezia Giulia Region (NUTS II level) are dealt by the Slovene Central Government.
The national authorities have initiated a Public Administration reform which will deal with the problems caused by the lack of an intermediate administrative institution. In the meantime, the Parliament approved in July 1999 the Law on Promoting balanced regional development, which entitles municipalities to elaborate common development programs on regional and/or sub-regional level on voluntary basis.

In view of the recognised diversification throughout the border area, a consensus was achieved to establish five sub-regions: Posocje, Goriška, Vipavska, Kras and Obala. Each sub-region is in the process of establishing its own local development institution in accordance with the Law. In some municipalities, such as the Development Centre in Posocje, development actions have already started. Other local institutions will be established by the end of 1999 and all of them will be supported financially by central and local funding. The networking among these institutions is nevertheless at its embryo's level.

The municipalities have limited experience of co-ordinating with other institutions. In order to comply with the national and European requirements, they will be required to co-ordinate their planning with other municipalities at regional level; with the sectoral ministries at central level; with the Italian counterpart at the level of cross-border co-operation. The joint planning will be useful also to respond to the new Phare orientation that requires fewer larger projects. In order to meet this challenge and to achieve the maximum social and geographical impact, it is necessary to mobilise local actors to co-operate together in order to generate large-scale integrated projects.

The present situation in the border region shows that the area is suffering the lack of trained personnel devoted to regional development and cross-border co-operation. Owing to this it is necessary to train the staff of the Development Agencies and other organisations, dealing with development issues.

The limited capacity of planning registered at the local level is further hampered by the regular flow of data and information in the border area, which has negative effects also for the local productive basis. In particular the enterprises present in the border are suffering from a delay in up-dating their technological level.

Objective

In order to face the above mentioned problems, the project aims at strengthening a networking-regional structure, through the development of five local institutions - agencies, which will assure the implementation of activities in five Slovenian sub-regions (Posocje, Goriška, Vipavska, Kras in Obala) bordering with Italy. On the other hand, such a Networking Regional Development Structure involving all development actors will also enable the integration of single cross-border actions within a strategy agreed by the involved local actors under the umbrella and the co-ordination of a well-equipped and capable structure.

At the end of the project there will be fully operative development agencies for each of the five sub-regions, staffed with trained local experts and capable of regional and integrated planning. The capacity will be proved by the preparation of a multi-annual regional plan with detailed projects, which will be submitted to funding with national or EU funds. It is foreseen that this structure will generate project ideas for the Structural and Cohesion Funds.

The expected result of proposed activities is to assure integrated development of the whole region bordering Italy, which could improve possibilities for foreign investments, employment, education, entrepreneurship, etc. and which should lead to a better standard of living in bordering regions.

Phare funds will be used to finance the following activities
Ad 1) Establishment of Regional Development Networking Structure

Technical assistance for the strengthening of network and sectorial technical assistance for planning purposes of each sub-region is going to be provided. In particular it is foreseen that technical assistance will cover areas linked with general planning and specialist expertise, with promotion of innovations and technological development, provision of soft-ware, methodologies, management techniques, development of SME's and support to the activities within the employment programmes.

In order to enable an immediate start-up of the Regional Development Agencies and in view of the financial efforts put by the Slovene authorities on the RDA's (infrastructure, staff, etc.), equipment complementary to that provided through local funds will be provided to the five sub-regions, with particular emphasis on the development agencies of Koper and Nova Gorica, which will provide common services.

The DA of Koper will act as a focal point for Information collection-dissemination through the establishment of an Info Centre linked with the Info Centre in Trieste. It will support the Regional Development Structure by using the information bank that will cover information regarding companies and the whole development network. It will include databases about service providers for craftsmen and entrepreneurs using the existent databases of the institutions such as the Chamber of Commerce of Slovenia, the Chamber of Craft of Slovenia, and the Employment Service of Slovenia. In addition the Info Centre will provide information about current legislation, the possibilities of foreign investments, the business opportunities and the possibilities for cooperation with the Italian Information Bureau.

The DA of Nova Gorica will act as a focal point for technological innovations through the reconverted centre in Vrtojba - S. Andrea. The aim is to promote innovations and technological development, to develop new programmes for the SME sector in putting into effect to innovative and enterprising ideas and their commercialisation and eventually to activate employment in the border region. The entrepreneurial spirit will be strengthened through the availability of suitable business premises, knowledge transfer, assuring of common services. The feasibility study for Technological Park Organisation (PLEJADE) is available.

Ad 2) Small Projects Fund

The ultimate objective is to enhance the capacity of the local and regional authorities to develop and implement projects. Co-financed by Phare and by local beneficiaries, the Small Project Fund will support small-scale "people-to-people" and local development activities (no infrastructure actions) of a Cross Border nature, involving local people from the region through a flexible founding instrument. Other objectives of the SPF are:

- encouragement and support for the creation of sustainable co-operation networks between local and regional actors,
- decentralisation of responsibilities and decision-making to local and regional actors,
- assistance with the development of the capability and capacity of local organisation to develop and implement project within the border region through development of innovative CBC projects.

Among the eligible actions for the SPF are: cultural exchanges, local democracy, human resources, spatial planning and development studies, economic and tourism, management and technical assistance. Specific guidelines will be submitted by the Steering Committee to the Delegation for approval before the start of the operations of the SPF.
BUDGET (2 million EUR)

<table>
<thead>
<tr>
<th>TITLE OF THE PROGRAMMES</th>
<th>Investment</th>
<th>Institution Building</th>
<th>Total Phare ((=I+IB))</th>
<th>Recipient</th>
<th>IFI</th>
<th>TOTAL MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>SL 9911.02</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01. Regional Development</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>02. Small Project Fund</td>
<td>0</td>
<td>1.0</td>
<td>0</td>
<td>0.24</td>
<td>0.24</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>0</td>
<td>1.0</td>
<td>2.0</td>
<td>0.74</td>
<td>2.74</td>
<td></td>
</tr>
</tbody>
</table>

IMPLEMENTATION ARRANGEMENTS

This sub-programme will be under the supervision of the National Regional Development Agency within the Ministry of Economic Relations and Development. The component of Small Projects Fund will be dealt in accordance with Guidelines for SPF - issued by the DG1AB, approved in April 1997.

The beneficiaries of this Sub-programme will be the communities on both sides of the Slovene-Italian border and the various institutions and actors which are involved in the development of the border region economy.

A Steering Committee will be formed by involving the representatives of five local institutions and respective ministries.

The implementation of this sub-programme will involve the following:

- Technical Assistance component, which includes training and supply of equipment will be contracted by the National Regional Development Agency through one single open international tendering procedure.
- Co-finance for this component will be provided by a range of National and Local institutions as follows:
  - Ministry for Economic Relations and Development
  - Ministry for Labour, Family and Social Affairs
  - Ministry of Science and Technology
  - Ministry of Small Enterprises and Tourism
  - Municipalities of Koper, Izola, Nova Gorica, Piran, Brda, Komen, Sežana, Kozina, Ajdovšćina, Vipava, Miren-Kostanjevica, Kanal, Kobarid, Tolmin, Šempeter-Vrtojba
  - Chamber of Commerce and Industry of Slovenia, Regional Chamber of Craft of Nova Gorica and Regional Chamber of Commerce in Koper
- The Small Project Fund component will be run by a Secretariat hosted by one of the five development agencies. Technical support to the Secretariat will be provided through the technical assistance contract for the RDA’s.
The programme will be managed in accordance with the Phare Decentralised Implementation System (DIS) procedures. The National Aid Co-ordinator (NAC) will have overall responsibility for programming, monitoring and implementation of Phare programmes.

The National Fund (NF) in the Ministry of Finance, headed by the National Authorising Officer (NAO), will supervise the financial management of the Programme, and will be responsible for reporting to the European Commission. Appropriate financial control shall be carried out by the competent National Control Authority with respect to the implementation of the programme.

The Commission will transfer funds to the NF in accordance with the Memorandum of Understanding signed between the Commission and the Government of Slovenia on 23 December 1998. Funds will be transferred following requests from the NAO. A payment of up to 20% of the funds to be managed locally will be transferred to the NF following signature of the Financing Memorandum and the Financing Agreement (FA) between the NF and the Central Finance and Contracts Unit (CFCU).

The National Fund will transfer funds to the Central Financing and Contracting Unit (CFCU), in accordance with Financing Agreement (FA) signed between the NF and the CFCU. The FA will be endorsed in advance by the European Commission. In cases where the NF is itself the paying agent for the CFCU there will be no transfer of funds from the NF to the CFCU. The CFCU must be headed by a Programme Authorising Officer (PAO) appointed by the NAO after consultation with the NAC. The PAO will be responsible for all the operations carried out by the CFCU.

**IMPLEMENTATION SCHEDULE**

<table>
<thead>
<tr>
<th>Start of Tendering</th>
<th>Start of project activity</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1999</td>
<td>September 2000</td>
<td>June 2002</td>
</tr>
</tbody>
</table>

**EQUAL OPPORTUNITY**

To ensure implementation of Slovene Laws banning discrimination on the basis of gender and to comply with EU regulations aimed at the elimination of any possible discrimination against women and at achieving full equality between men and women, a number of actions are proposed in this sub-programme.

As a first step, arrangements will be made for the maintenance of data relating to participation by gender in the development phase of the sub-programme and also regarding the participation by gender in training courses, employment opportunities and spin-off activities arising from this sub-programme.

**ENVIRONMENT**

There will be no adverse environmental effects from any of the measures proposed and it has not, as a consequence, been necessary to undertake Environmental Impact Assessments.

**RATES OF RETURN**

The activities to be undertaken under this sub-programme will create the necessary infrastructure for the development of tourism, supplementary farm enterprises and indigenous SMEs and Micro Industries and for the attraction of inward investment. As financing is by Ministries of State, Municipalities and Chambers of Commerce and Craft, the rate of return is not relevant in the decision making process. Only the creation of the infrastructure and opportunities for economic and social development is relevant in the decision making process.
INVESTMENT CRITERIA.

The economic infrastructure component will provide space for training and for business incubators as well as for industrial promotion and information provision for and about the region.

CONDITIONALITY AND SEQUENCING

The timely and correct preparation of technical specifications, tender dossiers and the successful completion of the tendering process is a necessary prior condition for the commencement of the works envisaged in the Technical Assistance activities. The necessary co-finance has been assured and financial undertakings have been signed.

ANNEXES:

- Annex 1 - Log-frame matrix
- Annex 2 - Cumulative quarterly contracting and disbursement and detailed implementation schedules for the programme.
- Annex 3 – Detailed cost breakdown
<table>
<thead>
<tr>
<th>Programme name: Phare CBC SLO/IT 1999</th>
<th>Programme No.: SL-9911.02</th>
<th>Date of drafting: March 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOGFRAME MATRIX FOR SUB-PROGRAMME: Regional Development Structure in the Slovene-Italian Border Region</td>
<td>Contracting period expires: 2001</td>
<td>Disbursement period expires: 2002</td>
</tr>
<tr>
<td>Sub-programme number SL - 9911.02</td>
<td>Total budget: €2.74 Million</td>
<td>Phare Contribution: €2.0 Million</td>
</tr>
<tr>
<td>Wider Objective</td>
<td>Indicators of Achievement</td>
<td>How, When and by Whom Indicators Will be Measured</td>
</tr>
<tr>
<td>To establish the Regional Development Agency (Vrtojba) and Regional Information Centre (Koper). To stimulate competitive, environmentally sustainable development, lasting growth, which is job creating, economic and technological innovation. To counter disadvantage through training and education programmes To positively contribute to the preparation of Slovenes for accession to the EU. To promote tangible cross-border co-operation between communities and local development actors.</td>
<td>• the established and operating RDA (at Chamber of Commerce and RIC (Koper) • reduced number of unemployed • increased volume of technologically innovative projects being set up. • More positive comments from the side of the EC to Slovenia’s accession activities. • greater level of Foreign Direct Investment. (FDI) • increased number of joint economic activities and investment opportunities • competitive institutional and organisational framework</td>
<td>• Programme Assessment Reports • Regional, State and CEC/EU Statistical and Analytical Researches and Feasibility Studies • Employment statistics • Regular report from the EC on Slovenia’s progress towards accession. • Reports of the Small Projects Fund Secretariat</td>
</tr>
<tr>
<td>Immediate Objective</td>
<td>Indicators of Achievement</td>
<td>How, When and by Whom Indicators Will be Measured</td>
</tr>
<tr>
<td>to provide necessary support to administrative structures in the period before accession worthwhile Small Projects are proposed and contracted, having tangible cross-border co-operation results information about the region and about EU opportunities will be produced and available to all comers. Training courses for unemployed and disadvantaged set up Business development / promotion and advance space available for small and micro projects</td>
<td>• increase of joint co-operations and initiatives • increased direct investments in the area network of organisations and managers • increased employment and reduction in numbers of long term unemployed and disadvantaged. • increase in numbers of entrepreneurs in the region. • requests for information about the region and the EU</td>
<td>• Employment statistics • Regional, State and CEC/EU Statistical and Analytical Researches and Feasibility Studies • Investments forecasts/reports of State, EC/CEC • Number of requests for information to the EU Window • number of tenants in the incubator centre. • Number of training courses run for unemployed</td>
</tr>
<tr>
<td>Outputs</td>
<td>Indicators of Achievement</td>
<td>How, When and by Whom Indicators Will be Measured</td>
</tr>
</tbody>
</table>
Regional Co-Op and Information centre set up. 
Business Incubator set up. 
Local development authority set up and operational
Small Projects involving cross-border co-operation between people, proposed and implemented
Training courses organised and well attended.

<table>
<thead>
<tr>
<th>Inputs</th>
<th>Indicators of Achievement</th>
<th>How, When and by Whom Indicators Will be Measured</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
</table>
| Training organisers.  
SPF Secretariat  
2 MEUR available from Phare plus Slovene co-finance  
T/A Available for preparing ToRs, Technical Specs and Tender Dossiers  
building available for modification as Centre. | number of good small projects being proposed.  
Efficient  
quality of ToRs, Technical Documents and Tender Dossiers  
Demand for training courses and Info/Data.  
Projects contracted and implemented in time | Monitoring and Assessment reports.  
monthly and annual reports prepared by PIU  
site visits  
Availability of information for and about the region on site and through the Internet. | commitment of the implementation framework and border partner institutions to the sub-programmes objectives  
financing and human resources available on time  
DIS procedures remain unchanged thus ensuring that no major delays happen with award of contracts  
efficiency of sub-programme managers and timely submission of sub-programme’s documents such as building and land permits, technical specifications, Tender Dossiers  
aquaintance of contractors with Phare/FIDIC procedures |
Table 2: Detailed Implementation time chart for the project SL 9911.02

Integrated Development of the Border Region

<table>
<thead>
<tr>
<th>PROJECTS</th>
<th>Implementation schedule (quarters)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PLANNED</td>
</tr>
<tr>
<td>Measure 1: Regional Development Structure in the Slovene-Italian Border Region (including Small Project Funds)</td>
<td>D</td>
</tr>
</tbody>
</table>

Legend

D = design of projects
C = contracting
I = implementation
## Annex 2

### Cumulative Quarterly Contracting and Disbursement Schedule

**Financing Proposal for the PHARE 1999 CBC Slovenia - Italy 1999 - sub-programme Regional Development Structure in the Slovene - Italian Border**

<table>
<thead>
<tr>
<th>PROJECTS</th>
<th>Planned</th>
<th>Budget allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL Contracting</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>TOTAL Contracting</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>TOTAL Disbursement</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>TOTAL Disbursement</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>
ANNEX 3: BUDGET OVERALL ALLOCATION (in million EUR)

SL 9911.02

Financing breakdown:

<table>
<thead>
<tr>
<th>Regional development structure</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Phare</td>
<td>Slo</td>
<td>Phare</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>400.000</td>
<td>191.670</td>
<td>300.000</td>
</tr>
<tr>
<td>Equipment</td>
<td>300.000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Works</td>
<td>0</td>
<td>348.330</td>
<td>0</td>
</tr>
<tr>
<td>Small Project Fund</td>
<td>500.000</td>
<td>50.000</td>
<td>500.000</td>
</tr>
<tr>
<td>Total financing</td>
<td>1.200.000</td>
<td>590.000</td>
<td>800.000</td>
</tr>
</tbody>
</table>
Relation with previous Phare activities

Project No. SL-9506.04.01 Regional Development Policy in the Region of the Slovene - Italian Border

**Outputs:** awareness raising amongst local actors, a strategy document and action programme for implementation, proposals for the establishment of a regional development structure and proposals for the establishment and operation of the Consultative Forum and the Executive Body and preparation of indicative projects in key areas for future development.

Project No. SL-9701.04.01 Small Projects Fund

**Outputs** are an increase in cross-border co-operation on a *people-to-people* level and the small projects managed and implemented on a local level.

**PROJECT: SL-9802.04.01 SMALL PROJECTS FUND**

**Outputs:** various small scale projects implemented (up to 30,000 EUR) in the areas of cultural exchanges, human resources, spatial planning, nature protection and development studies, economic development and tourism
REFERENCE TO FEASIBILITY/PREFEASIBILITY STUDIES

For the sub-programme Regional Development Structure in the Slovene-Italian Border Area the Phare CBC project was carried out with the title: Regional Development Policy in the Border Area by ASTER company from Bologna. The ground for setting the regional structure was performed by that project: the consensus of creating five functional sub-regions was achieved and first networking among the Municipalities was achieved.