SUMMARY PROJECT FICHE

1. Basic Information

1.1 Cris Number: 2002/000-312-01
1.2 Title: PRIM-e (Primorska enterprise)
   Strengthening the SME Competitiveness in the Primorska Region through Networking and Co-operation
1.3 Sector: Economic and Social Cohesion Cross-Border Co-operation with Italy
1.4 Geographical location: In Slovenia: the municipalities in the Goriška and Obalno-kraška statistical border regions and the municipality of Kranjska Gora in the statistical region of Gorenjska.
   In Italy: the provinces of Trieste, Gorizia, Udine and Pordenone as for the Region of Friuli - Venezia Giulia region and the provinces of Venice and of Rovigo, particularly as regards intervention in the Po Delta area, as for the region of Veneto.

2. Objectives

2.1 Overall Objectives

• To increase the level of competitiveness and innovation of the SME sector as a basis for a sustainable and balanced development of the Slovenian-Italian border region as a whole.
• To improve the conditions for generating the added value SME products.
• To create new job opportunities.

2.2 Project purpose

• To promote networking among SMEs, facilitate clustering through investment in people, soft cluster infrastructure, research and innovation and improving the quality of support services to SMEs.
• To promote cross border co-operation among SME networks and clusters.

This will generate the conditions and improve the environment for generation and creation of innovative, higher added value products and services and new job opportunities in urban centres and rural areas throughout the region.

2.3 Accession Partnership and NPAA priority

The following short-term and medium-term policy priorities of the AP/NPAA Slovenia are addressed by the project proposal:

- to promote competitiveness through market-based enterprise restructuring; take measures to stimulate domestic and inward investment: simplify legal and administrative procedures and promote development of SMEs;
- to implement structural and rural development measures, set up bodies and control mechanisms;
- to develop national policy for economic and social cohesion in the view of reducing GDP/cap gap from the EU average.
2.4 Contribution to the National Development Plan

The project complies with the priority No.1 as defined in the NDP 2001-2006. This is Promotion of the corporate sector and competitiveness. In order to achieve this basic goal it is necessary to create an environment which will encourage entrepreneurship and innovation as well as stimulate investment in knowledge and human resource development. This project aims to test the measures specified under programmes Knowledge for development, Increasing company competitiveness and Promotion of entrepreneurship and seizing of business opportunities.

The project will contribute to the above mentioned objectives and measures by developing business networks and local clusters in productive sectors that will enhance the innovation development and business services to SMEs.

2.5 Cross-border impact

For the coherence with CBC documents (JPD Interreg III A / PHARE CBC 2000-2006 and SME Strategy, SL – 9701.03.02) refer to Annex 6.

The cross-border impact will depend upon the level and quality of cross-border co-operation, and the nature and intensity of joint project activities. For a detailed explanation of criteria to be applied for the grant scheme refer to point 3.4.3 Selection criteria.

An intense cross-border co-operation between Slovenian and Italian border regions will have a positive impact on the level of competitiveness of the cross-border region as a whole. The successful implementation of the project in the Slovenian-Italian cross-border region might be used as an example and could produce “spill-over(s)” throughout the whole Slovenia and the Italian north-east.

3. Description

3.1 Background and justification

Slovenia is considered to be a successful transition country with sustainable economic growth and with opportunities for further development. Both statistical regions (Goriška and Obalno kraška) bordering to Italy have an entrepreneurial density that is among the highest in Slovenia. Looking at the statistical data Obalno Kraška region covers 1524 km2, the total population is 103 873. In the labour market the rate of unemployment is lower than the Slovene average 9,8%. The majority of active population (80%) is employed within the service sector. The level of job demand for high educated and first job seekers is above the Slovene average 13,8% (slo 10,8%).

Goriška region covers 2 326 km2, the total population is 129 145, the level of unemployment is below the average 6,4%, and the level of job demand for high educated and first job seekers is above the average 6,5%.

For both regions we can make the following general conclusions:
- unemployment rate is lower than on average in Slovenia
- rate of job demands for high educated and young people is above the average
- the labour market is unbalanced (between demand and supply)
- number of SMEs with up to 50 employees is 11 893 in both regions, which is 90% of the economical entities in total
- number of employees in SMEs is 41 900
- highest Sector density of SMEs is in the following sectors: 30 % in services, 18 % in production (processing), 17 % in trading, real estate and engineering,
Problem definition

Summing up the problems of the SMEs and comparing them with the Italian border regions it is evident that there are several specific structural problems within the SMEs such as:

- The SMEs are too dependent on the traditional industries with low added value products and lack of innovations,
- There is no development of the high tech SMEs,
- The productivity level of SMEs is lower in comparison with Italy and other EU countries,
- Opportunities in high tech development are not recognised or developed,
- There is not enough investment in the human resources development, in research and development of innovative products and innovative approaches for achieving products and jobs with higher added value,
- A lack of co-operation and partnerships among universities, research institutes and SMEs,
- Low access to market knowledge and information,
- A low gross added value per employee is recorded within the economic sector.

In addition, rural based economic activities when compared to the EU also have structural problems that cause the lower level of competitiveness, i.e.:

- They are still mainly based on traditional products,
- There is no infrastructure developed to support innovations and development of higher value added products for micro-enterprise initiatives,
- There is a lack of economic and trade cooperation between micro-enterprise initiatives,
- There is a lack of access to market knowledge and information.

The above recognised structural problems are causing low productivity, low added value jobs, low rate of job opportunities for high educated people and low competitiveness level of the SME. In the near future facing globalisation could also cause the potential great losses of jobs in the entire area.

Mechanisms to solve the problems

Industrial clusters and networks are proven to be an efficient instrument tackling the structural problems within the SME and a vehicle for rapid innovation and growth. Clusters help disseminate a positive industrial culture, improve the competitiveness of the whole system and foster the diffusion of technical and managerial skills. Within a cluster, entrepreneurs have a unique opportunity to learn from each other as well as to copy from the experience of the most successful competitors. It is demonstrated that this emulative and competitive process favours a rapid diffusion of innovation and forces the market leaders to a constant research for innovative technical and commercial solutions. It is also important to stimulate rural innovation through specialised networks of innovative interrelated firms, especially in rural areas deriving competitive advantages primarily through accumulated, embedded and imported knowledge among local actors.

In the Italian border regions there are several well-functioning industrial SME clusters (e.g. chair making; furniture; cutlery; ham processing), various centres that play a major role in high-tech activities, and several consortia operating in tourism and agriculture. These offer opportunities for setting up a cross-border networked organisation that would accelerate the creation, growth and clustering of innovative SMEs, and foster the transfer of know-how from universities and research centres into SMEs. Synergies arising from such partnerships would improve the level of competitiveness of the involved actors and of the region as a whole by creating products and job opportunities with a higher added value.
The SME Strategy identified several potential opportunities for creating partnerships in the Slovenian-Italian border area: from the potential ‘tourism clusters’ of the Alpine, Karst, and Adriatic Sea areas, to the ‘high-tech corridor’ centered on Trieste and Gorizia-Nova Gorica and stretching to Ljubljana and Veneto, to the ‘logistics support nodes’ of Sežana/Ferntti and Vrtojba/Sant’Andrea, to the ‘cross-border production clusters’ of the Alpine, Brda/Collio, Manzano, and Karst areas.

In order to promote networking and clustering, the Slovenian Ministry of Economy prepared a Feasibility Study on the Promotion of Networking, Supply Chain Management and Clustering (see Annex 7), which identified nine sectors with the highest potential for networking and clustering in Slovenia. The sectors with the highest potential are: metal processing, electronics, furniture, tourism, transport and food processing.

As stated above, in terms of first selection of sectors of activity to concentrate the design and implementation of Pilot Local Clusters aimed to make Clusters in themselves self sustainable once the Project is implemented, the ones which show the relative highest potential competitive advantages in Primoska Region seem to be:

**Mechanical Sector:** metal processing, light mechanics, manufacturing of small tool machines or part of bigger size machineries, mostly oriented to process cast iron raw material up to 1 cubic meter in size;

**Wood Processing and Furniture Industry Subcontracting:** cutting and processing of timbers, manufacturing of semi-worked or semi-finished parts of furniture, mainly black wood;

**Electro mechanic and light electronics:** subcontract manufacturing of electronic parts of mechanics, operational layouts, electronic industrial appliances and applications;

**Tourism:** common marketing and promotion, thermal tourism, business-congress tourism, rural tourism, cultural heritage and natural resources, coast tourism, accommodation marketing;

Within the project PRIM-e the networking and clustering will focus not only on sectors pre-identified in SME Strategy but also on other sectors identified in TA part of the projects, which can give sustainable networks or emerging clusters.

With this regard, in 2002 the SBDC will provide and prepare more in-depth feasibility studies in order to identify the potential productive and other emerging sectors where networks and local clusters could be developed in different Slovenian regions. This will serve as a good preparation basis for the implementation of the PRIM-e project.

The level of cooperation within the networks and clusters expected will be formal in the sense that the TA/local cluster team- cluster managers will play the linking role of “The Leading Player” in animating the economic environment and the starting point of creating Pilot Clusters, having the key target of reaching a high level of internal commitment between SMEs in different Clusters and between the Clusters themselves, when matching, to ensure the self sustainability once the implementing phase is completed; most of similar projects running in different countries failed just because of the low level of commitment between member, so, care will be focused on the internal building capacity aimed at commitment and team/group working.

**Instruments to be used:**

**A. First, through support of Technical Assistance** The Pilot Clusters will be created using a system based on:

1. animation and awareness raising among the SMEs (proxy 1000),
2. auditing potential member of the Clusters (proxy 400),
3. selecting them by matching sizes (minimal approach), potential growth rate, export expertise, level of complementing horizontal products/services, level of commitment, marketing efforts, financial evaluation criteria and so on,
4. evaluating competitive advantages of the single SMEs on the activities which create added value, using measures of efficiency such as: Cost Efficiency, Added Value Matching Degree, Linkages Management, Robustness,
5. coupling single SME Value Chain with the group, or Cluster, best value chain required to be competitive in the specific related Market Segment, benchmarking system, positioning and other Environmental/Business Analyses under PEST analysis exogenous conditions
6. training and workshops implementing for network candidates among SMES (for proxy 100)
7. follow up and direct support to the networks or local clusters in terms of development project preparation, implementation and monitoring.

In these respects, Pilots Cluster will be created by using a combined approach, moving on both vertical integration of adding value activities, primary and supporting ones, tangible and intangible ones, and horizontal ones by complementing products/services. The two moves are being addressed to get the best Value for Customers/Users and the most efficient economies of scale and scope, boosting up the highest Clusters’ competitive advantages as an acting committed group.

The target group and main beneficiaries are SMEs, (with up to 50 employed) in selected productive and other sectors, which will benefit through co-operation established with other SMEs in the Slovenian-Italian border regions and through access to better business development support services (research and innovation, human resources development and market promotion).

Special emphasis will be given to the creation of partnerships between universities, R&D centres and small- and medium-sized enterprises on both sides of the border to stimulate the creation of a local cluster framework and to assist the transfer of innovative process and/or product technologies in SMEs.

B. Secondly, the financial instrument - Grant Scheme will be in place to financially support the development projects within the networks or local clusters that will be aiming at development of innovative products, specialised skills development, technology and common market approach.

Based on the proven practice in other EU countries, in order for cluster to become self-sufficient and self sustainable, the financial and technical support is needed for at least 2 years after the start up.

Expected outcomes of the project

This project will make a considerable contribution to the development of local productive clusters in the Slovenian-Italian border region, and also to the promotion of clusters development throughout Slovenia. Actions will comprise cross-border economic animation, co-operation and creation of networks among economic subjects. The main objective will be to introduce new organisational and management methods for enhancing the exchange of information, the transfer of know-how, and the provision of advisory and other common services. By doing so, the project activities will also improve the entrepreneurship climate in the border region, as well as in other regions of Slovenia.
Direct results affecting the SMEs will be:

- The Project will lead to an increase in the SMEs competitiveness in terms of better results in exporting, both in absolute efficiency measure, for instance the increased export sales, or in relative efficiency measure, for instance the export turnover out of the total turnover.
- The quantitative results will be coupled, and coming from an improved best value chain quality in the exporting process aimed to push SMEs in playing an active role in exporting,
- A 10% minimum increase is expected in exports, in value with positive profit margins or revenues, can generate a number of new employees directly connected with the named added value matched with labour cost in the specific sector activity/SME.

3.2 Linked activities

Implemented projects within National Phare and Phare CBC:

The Phare support to the SMEs in the Primorska Region has been primarily concentrated on technical assistance (excluding financial support for the enlargement of the premises of the Sežana Inkubator). This project builds on the results of the following projects:

- SL 9504.03.03 “Small and Micro Enterprises Development”, aimed at establishing and strengthening of local SME centres, which was upgraded with the project
- SL 9705.02 “Local Business Advisory Centre”, within the Chamber of Crafts in Nova Gorica. The aim of the project was to establish tools for individual advisory service, to develop the local tourism organisation and to provide education in the field of financing arrangements for the SME sector.
- The project implemented within the “SME Strategy” (SL-9701.03.02), which also proposed a set of Projects that would specifically leverage resources of INTERREG IIIa/PHARE CBC. The “Project Set “ consists of 6 Project proposals that are feasible in the area on the basis of the specific resources existing there and of synergies with Friuli Venezia Giulia and Veneto.
- The currently ongoing Phare CBC project “Establishment of Regional Development Networking Structures” (SL – 9911.02) is assisting the institutionalisation of the SME supporting activities of networked local Development Agencies.
- The currently ongoing project “Conversion of Slovene/Italy Border Crossing Areas – Sežana/Feretbi and Vrtojba/Sant'Andrea”, as one of the PPF projects (SL-9914). The project aims to prepare a full feasibility study for the “Conversion of Sežana and Vrtojba Border Crossing Areas”, with the goal to bring the project to the “ready to go” stage. The feasibility study has to assess also the sustainability of the conversion approach. The project should be completed by June 2002.
- PPF projects: Feasibility study for Business incubator networks, Strategic possibilities for development of Tourist centres in Slovenia, Strategic possibilities for development of technological centres in Slovenia, Strategic possibilities for development of Science/technology oriented and University based, Spin-off incubators in Slovenia, Strategic possibilities for development of business zones in Slovenia, finishing in June 2002.
- The Phare 2001 CBC Italy programme (SI0108.01) includes a grant scheme for environmental projects. In some cases the grant scheme may serve, with the establishment of the infrastructure, as a basis for the 2002 project. All the findings of the 2001 grant scheme will be taken into account when preparing the guidelines for the 2002 scheme as far as the environment is concerned.

Small Project Fund

Two analytical Projects have been conducted so far:

- The assessment of development potentials for an industrial zone in the border crossing terminal – in connection with industrial zones in S.Doliglo (Dolina) and Sgonico (Zgonik) on
the Italian side of the border "within the Small project Fund SL-9802.04.01, and;
• “The SME Cross-border co-operation potentialities in the Obalno-kraška region” have been implemented within the Phare CBC Small Project Fund 1998 facility, which was completed in May 2001.

Projects in Italy

In addition it is worth mentioning that the Italian local groups proposed for the financing under Community Initiative Leader projects that will develop:
• the use of new technologies and know-how to improve product and service competitiveness in rural areas;
• the development of local products, in particular making it easier for the small production structures to enter markets;
and under INTERREG III A a project designed to support technological and industrial partnerships through the valorisation of bordering technological and productive systems and promoted by Area Science Park in Trieste.

3.3 Results:

A) Technical Assistance:

Part 1: SME networks and clusters initiated

1. At least 10 cluster managers trained through “on-the-job training” and providing support to potential networks and clusters achieving the following results:
• At least 1000 companies up to 50 employees animated
• At least 60-90 companies up to 50 employees networked and at least 10 SME networks animated, identified and facilitated and
• At least two local productive clusters initiated and facilitated with necessary support services

2. Co-operation and twinning with at least two complementary local clusters in Italian regions or other countries established.
3. Co-operation among research institutes and universities on both sides of the border established and co-operation among students developed in order to assist innovation and creativity of SMEs on both sides of the border with special emphasis on joint research and development projects.
4. International conference/workshop on local/regional cluster development pointing out best practices in the area organised and implemented in cooperation with SBDC team.
5. Manual on best practices and experience in local clusters development prepared, translated, published and distributed to several parties of interest: entrepreneurs, consultants, local and regional policy makers, local and regional authorities in cooperation with SBDC team.

Part 2: Efficient management support services assured to initiated networks and clusters through TA of the local team for the rest of the project implementation period (approx. 1,5 years), achieving following results:

1. The local networks and potential cluster initiatives facilitated
• network or cluster development strategy designed
• a corporate image designed
• marketing strategy designed and introduced
• management network/cluster structure organized
• entrepreneurs management skills upgraded
• development potentials for product innovation and specialization identified

2. Priority common development actions designed and projects proposals prepared for applying for the Grant scheme support

3. Monitoring and supervisory activities provided through the implementation of the projects supported by Grant scheme

B) Grant Scheme:
The identified and supported networks and clusters form the first phase (TA) can apply for Grant Scheme co-financing.

At least 7-9 common SME networks or local cluster projects financially supported in order to:
- create new innovative products (buying outside research/innovation services);
- approach new markets (a corporate image, with folders, brochures, a web site, an e-commerce site, exhibitions, pre- and post fair mailing and telemarketing, sales planning systems);
- upgrade vocational and professional capacity building;
- upgrade or develop specialised skills for employees;
- financially support other services or equipment for further development of networks or local clusters.

3.4 Activities

A) Technical Assistance:

Part 1: Initiation of SME networks and clusters

1. To organise a team of at least 3 local potential cluster managers and 3 local cluster officers and at least 3 international experts to facilitate the process of networking and clustering;
2. To provide capacity building activities for local potential cluster managers and cluster officers through on-the-job training implementing the following activities:
   • Implementation of the awareness-raising campaign and animation process focused on SMEs selected within the productive sector, nesting the development of networking and potential clusters;
   • Managing networking and clustering process which will include the following activities:
     a. auditing a potential member of the Networks and Clusters (see draft annex …);
     b. selecting them by matching sizes;
     c. evaluating competitive advantages of single SMEs;
     d. coupling single SME Value Chain with the group, or Cluster, best value chain required to be competitive in the specific related Market Segment, benchmarking system, positioning and other Environmental/Business Analyses under PEST analysis exogenous conditions, by using a combined approach, stimulating both vertical integration of adding value activities, primary and support ones, tangible and intangible ones, and horizontal ones by complementing products/services.
3. Promotion of co-operation with similar clusters in Italy (to establish co-operation among the supporting agencies on both sides of the border and organise international support teams to clusters, facilitating the preparation of common activities and development projects);
4. To prepare and implement an international workshop on best practice in cluster development with the Italian regions in co-operation with SBDC team;
5. To prepare, translate and publish a manual on best practices achieved through cluster development process in border regions in co-operation with SBDC team;

Part 2: Provision of efficient support services to the initiated networks and clusters through TA of the local team
1. Local team of cluster managers will facilitate and provide the support services to the identified needs in SMEs entering cluster;
2. Assistance to the preparation of common development projects, i.e. defining the training and supporting of needs in the working fields (market development, research, product development, management training) in at least 7-10 networks or local clusters;
3. Counselling, mentoring and monitoring of the project implementation.

**B) Grant Scheme (technically implemented and managed by the SBDC team)**

1. Publication of the call for proposals and Project selection process, contracting;
2. Implementation of the selected projects by the beneficiaries:
   a) to co-finance creation of new products, entering new markets and skills development;
   b) to co-finance common services and equipment for selected networks and clusters: i.e. to prepare a justification for procurement of services and equipment that will serve for the development and marketing of innovative products, and to procure the equipment and eventual investments in technology.
3. Monitoring of the Grant Scheme implementation
4. Reporting

### 3.4.3 Eligibility and selection criteria for the Grant Scheme

The eligibility and selection criteria will be specified in detail in the Guidelines for Applicants according to the standard templates given in Annexes E7 and E10 of the Practical Guide to Phare, Ispa and Sapard Contract Procedures. The specific criteria for this grant scheme are listed below.

<table>
<thead>
<tr>
<th>ELIGIBILITY OF AREA, APPLICANTS AND PARTNERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The grant scheme is applicable for the following regions: Statistical Regions of Goriška and Obalno-kraška and the Municipality of Kranjska gora in the statistical region of Gorenjska.</td>
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<tr>
<td>2. Who can apply:</td>
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<tr>
<td>a. SMEs with up to 50 employees eligible under point 1 *</td>
</tr>
<tr>
<td>b. Technology parks, business incubators, networks and cluster organisations, research institutions, business associations and local business support centres under point 1</td>
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<tr>
<td>3. The project partners can be profit or non profit-making governmental or non-governmental institutions eligible for Phare support. At least one partner should be based either in the Italian Friuli Venezia Giulia or Veneto Regions.</td>
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<table>
<thead>
<tr>
<th>ELIGIBILITY OF PROJECTS</th>
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<tbody>
<tr>
<td>1. Size of the project: Phare contribution to the project will be 100,000 - 150,000 EUR.</td>
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<tr>
<td>2. Duration of the project: The expiry date of the project should be at least two months before the expiry date of the programme as indicated in the Financing Memorandum.</td>
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<td>3. The same project proposal must not receive more than one EC-funded grant.</td>
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<td>4. In line with the Structural Funds Regulations projects will respect Community policies.</td>
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Activities to be carried out by the SBDC (CA):
- Publication of the call for proposals
- Project selection process
- Contracting
- Implementation of the selected projects by the beneficiaries
- Monitoring of the Grant Scheme implementation

Activities covered under the Grant Scheme:
1. co-financing specialised training needs in SMEs joining clusters employees according
to the findings of the local team and international experts;

2. co-financing common services such as common marketing, common supply channels, common R&D activities, human resource and management skills development;

3. co-financing the equipment for selected networks and clusters: i.e. to prepare a justification for procurement of services and equipment that will serve for the development and marketing of innovative products, to procure the equipment and eventual investments in technology.

- NOTE: No investments in plant, machinery and other hard assets are foreseen.

<table>
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<tr>
<th>ELIGIBILITY OF COSTS:</th>
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<tbody>
<tr>
<td>1. direct and indirect costs.</td>
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</table>

*In terms of target size of SMEs to be involved in designing, creating, implementing and making self sustainable Pilot Clusters, the project aims to introduce, in those SMEs grouped around the framed Pilot Clusters, the missing both single and cluster resources in terms of lacking skills and competences in getting the best from both the single and the group value chain process. In this respect of resources audit it is clear that, since Slovenian SMEs structure is similar to other EU Regions, the SMEs with the high level of lacking resources are mostly micro and small ones, which means up to 50 employees.

### SELECTION CRITERIA:

The overall criterion for the selection of project proposals will be a clear cross-border impact. The projects already funded or proposed for funding under the INTERREG IIIA programme will be prioritised.

The quality of CBC co-operation will be assessed according to the aggregated quality indicators stated in JPD point 9.2.1, yet in accordance with the standard evaluation grid from PRAG (5 points for the quality of the CBC co-operation and impact).

As to the criteria for the quality and impact of the CBC, a project will get a B if it meets 1 - 3 of the following criteria and an A if it meets 4 - 6 criteria. Note: AA = 4 or 5 points, BB = 1 point, AB and BA = 3 or 4 points.

**As to the level and quality of cross-border co-operation, the following criteria will be applied for selecting projects under grant scheme:**

1. Co-operation/preliminary participation to the planning phase;
2. **Justified long-term sustainability of network or cluster, continuation of the co-operation also after the end of the PHARE CBC financing assured;**
3. Italian-Slovenian joint implementation of at least a part of the project;
4. Existence of a partner project financed by public or private funds on the Italian side;
5. Joint utilisation of the project results and setting up of networks between authorities/enterprises/local associations;

**Note: Projects where the co-operation after the CBC financing can not be assured will be excluded from further evaluation.**

**As to the cross-border impact of project activities, the following criteria will be taken into account:**

1. Contribution to the setting-up of a common market, development of an integrated supply, joint promotion and marketing;
2. Integrated production, development of products and services, common supply and use of goods and services;
3. Know-how transfer, innovations of product and/or process, technology, advice and common services to enterprises;
4. Setting-up and widening of cross-border infrastructures, directed at an integrated supply of services to support the economic operators;
5. Development of collaborations for the search for partners and the creation of lasting co-operation;
6. Generation of indirect fall-backs on the economic system (creation of scale economies, induced activities, widened effects in the presence of districts and similar)

3.5 Lessons learned:

As evaluated by EMS Slovenia in the Interim Evaluation of the EU Phare Programme for the CBC Sector, lessons learned from previous programmes are:

1. Despite the importance of CBC in preparing for regional policy in border regions, there are still major problems aligning Phare-CBC with Interreg, notably because of tendering procedures. Efforts have been made to reduce the effect of the differences.
2. For each project indicators of achievement of objectives in PF should be clearly defined, real, easy to quantify and should have visible relation to the programme indicators listed in the JPD.
3. Special Conditions and preconditions require more attentions when they can be fulfilled with the efforts of project management (e.g. provision of land and building permits, timely preparation of the project documents etc.).

4. Institutional Framework

Service contract:

- The National Agency for Regional Development (NARD), body within the Ministry of Economy of Slovenia, who has overall responsibility for the implementation and monitoring of the project. The NARD acts as the Implementing Authority.
- The Ministry of Economy, Small Business Development Centre (SBDC), on behalf of the Ministry of Economy in Slovenia, who has responsibility of the Contracting Authority and acts as intermediary. SBDC will be responsible for the appropriate implementation of the project and will report to the NARD.
- The Steering Committee will be nominated by the Contracting Authority already in the phase of the preparation of the Terms of Reference. It will be composed of Interreg and Phare CBC representatives. It will monitor and direct the project preparation and implementation (TA part and Grant Scheme).
- The project beneficiaries for technical assistance will be local SME’s and their supporting agencies (technology parks, business incubators, networks and cluster organisations, research institutions and universities, local business support centres).

Grant Scheme:

- The National Agency for Regional Development (NARD), body within the Ministry of Economy of Slovenia, who has overall responsibility for the implementation and monitoring of the project. The NARD acts as the Implementing Authority.
- The Ministry of Economy, Small Business Development Centre (SBDC), on behalf of the Ministry of Economy in Slovenia, who has responsibility of the Contracting Authority and acts
as intermediary. The SBDC will be responsible for the appropriate implementation of the grant scheme and will report to the NARD.

- The SBDC will ensure the necessary human resources for the technical management of the Grant Scheme.
- The Central Finance and Contract Unit (CFCU) of the Ministry of Finance – acting as an Implementing Agency.
- The SBDC will nominate members of the Evaluation Committee and the members will be confirmed by the EC delegation and will act also as assessors. The maximum number of the Evaluation Committee members will be: three voting members from the Slovene side and two voting members from the Italian side. Both sides will nominate two observers.

  The Chairperson will be from the SBDC. The voting members will be nominated on personal basis by providing CVs (expertise, years of experience and excellent knowledge in economy sector) and taking into account their availability (presence at the evaluation from the beginning to the end). The Ministry of Finance, CFCU, Government Office for European Affairs (GOEA) and the Delegation of the European Commission in the RS will participate in the Evaluation Committee as observers.
- The project beneficiaries as potential applicants for the grant scheme will be local SME networks and clusters and their support agencies.

5. Detailed Budget (in MEUR)

<table>
<thead>
<tr>
<th>Budget Items</th>
<th>Investment</th>
<th>Institution Building</th>
<th>Total Phare (I+IB)</th>
<th>SBDC</th>
<th>Benef.</th>
<th>IFI</th>
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<tr>
<td>Service contract</td>
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<tr>
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<td>0.60</td>
<td>0.20</td>
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<td></td>
<td>2.10</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1.30</strong></td>
<td><strong>0.70</strong></td>
<td><strong>2.00</strong></td>
<td><strong>0.6</strong></td>
<td><strong>0.2</strong></td>
<td>-</td>
<td><strong>2.80</strong></td>
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</tbody>
</table>

75% of the national contribution will be covered by ME SBDC and 25% by beneficiaries. The national sources will cover also VAT (according to the “Law on VAT, OJ of the RS 89/98 and 30/1).

(see 11.2 for more details)

6. Implementation Arrangements

6.1 Implementing Agency

Ministry of Finance - CFCU
Mr. Peter Škofic, PAO
Address: Beethovnova 11, 1502 Ljubljana, Slovenia
Tel: +386.1.478.63.05
Fax: +386.1.478.62.04

**Contracting Authority**

Small Business Development Centre
Ms. Zdenka Kovac, Director
Address: Dunajska 156
Tel:+386 1. 589 18 70
Fax:+386 1. 589 18 77
Implementing Authority
National Agency for Regional Development
Mr. Bojan Dejak, Director
Address: Kotnikova 28, 1000 Ljubljana, Slovenia
Tel: +386.1.478.36.70
Fax: +386.1.431.33.60

6.2 Twinning
Not applicable.

6.3 Non-standard aspect
All actions deriving from the proposed project fiche will be in line with the Practical Guide to Phare, Ispa and Sapard contract procedure.

6.4 Contracts
There will be:
- one service contract tendered through international restricted tender procedure,
- 7-9 contracts foreseen under the Grant Scheme procedure.

7. Implementation Schedule

TA will last throughout the whole project in order to offer support for creating, developing networks and clusters. According to the international experience the Technical Assistance for networking and cluster development is needed for two years in order to assure strong links between the companies & institutions involved in clusters.

7.1 Start of tendering / call of proposal:
Service contract: 1 months after the signature of the FM
Grant scheme: 9 months after the signature of the FM

7.2 Start of project activities
Service contract: 3 months after the signature of the FM
Grant scheme: 12 months after the signature of the FM

7.3 Project completion
Service contract & Grant Scheme. Two months before the expiry date of the programme.

8. Equal Opportunity

The project will stimulate the process of building partnerships between national, regional and local partners, in particular in SMEs, in terms of responsibilities, decision-making process and setting priorities, and will be in no way discriminatory in terms of gender, life style, religion and politics.

9. Environment

There will be no adverse environmental effects from any of the activities proposed and, consequentially, it is not necessary to undertake Environmental Impact Assessments.

10. Rates of return
Not applicable.
11. Investment criteria
Not applicable.

11.1 Catalytic effect
The Phare contribution will help meet the development needs outlined in the Joint Programming Document (JPD) of the Slovenian-Italian border region. Without Phare support, the steps and objectives included in the programme could be implemented only much later and at a much slower speed.
Support to joint co-operation projects will raise the awareness of common problems and possible solutions throughout the border region. It will also strengthen the positive attitude towards co-operation in solving common concerns and utilising potentials, and thereby catalyse common development efforts.

11.2 Co-financing
0.7M EUR will be used for the technical assistance for the establishment of the future SME networks and clusters.
1.3M EUR will be used for grants under the Grant Scheme.
It is foreseen that ME/SBDC will provide 75% of the national funds (600,000 EUR, incl. VAT) and that the beneficiaries will contribute the remaining 25% (200,000).
The non profit project applicants will contribute at least 25% of the single grant.
The SME will have to contribute at least 25% of the single grant and VAT if applicable. The Phare grant rate will be up to 75% of the single grant.

Note: The grant scheme foresees only soft actions and not investments, therefore the following applies: “For actions involving TA (market research…) not related to a specific investment project a higher grant rate than 25% could be applied.” (Programming Guide 2002, P.11(6) financial resources and ratios).

11.3 Additionality:
The project will contribute additionally to the existing national instruments in terms of combination of non-refundable sources and will reach a wider range of target groups on municipality level.

11.4 Project Readiness and Size:
The tender dossier will be prepared before the FM is signed. Tendering for TA is expected in December 2002 and signing a contract in March 2003. After clusters have been established and operational, the Contractor/TA will investigate what kind of equipment is needed by the companies and non profit organisations under point 3.4.3 joining the networks and clusters in order to produce innovative products with added value. By developing common development projects (with help of TA) among companies, institutions it will be clear what kind of equipment, services are required for further cluster development. And this common project will be the subject for financing under Grant Scheme.

11.5 Sustainability:
The possibility to introduce the instrument in other regions as a link between national development programmes and specific needs of regions will be examined.
11.6 Compliance with the state aids provisions

Each state grant allocated by Slovenia, as stipulated in Article 65(4) of the European Treaty, is to be taken into account in the first four years of the treaty validity that Slovenia is to be considered as an area which is equal to Community areas, described in item 92(3)a of the Treaty on the European Union (TEU). All actions financed by Phare will be carried out in line with the Practical guide for Ispa, Sapard and Phare and will respect the state aid and competition provisions of the Europe Agreement.

11.7 Contribution to National Development Plan 2001 - 2006

See 2.4.

12. Conditionality and Sequencing

Service contract

The Steering Committee will be nominated in the phase of the preparation of the ToR for TA. This Committee will have a policy role to guide the preparation of the tender documents and consequently approve the version to be submitted to the CFCU and the ECD. The provision and availability of relevant experts by the involved partners and institutions from the Slovenian and Italian side is a prerequisite for timely and even more for technically adequate TD. This will be required before the signature of the Financing Memorandum so the tender can be launched immediately after the FM is signed.

In the implementation phase the agreed Slovene co-financing by the national level will have to be available and timely assured.

Grant scheme

The pre-condition for the project's start is that necessary documentation (Guidelines, Application Forms, Contract forms, etc.) will be available within eleven months after the signature of the FM. The main milestones in the implementation of the project are:

- Nomination and approval of the Evaluation Committee
- Preparation and approval of the tender documents for Grant Scheme
- Call for Proposals
- Selection of projects
- Contracting
- Implementation of projects by beneficiaries
- Subcontracting according to PRAG if foreseen in the contracts
- Monitoring of the implementation
- Reporting to the Phare review meetings
- Reporting to the SMSC for economic and social cohesion
Annexes to project Fiche

1. Logical framework matrix in standard format.
2. Detailed implementation chart.
3. Contracting and disbursement schedule by quarter for full duration of programme (Including disbursement period)
5. Reference to Feasibility Studies
6. Coherence with the CBC documents
7. Interreg projects and planned activities by the Italian Authorities, and ongoing Slovene national programmes
## ANNEX 1  Logical framework matrix in standard format

<table>
<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX FOR Project</th>
<th>Programme name and number 2002/000-312-01</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRIM-e (Primorska enterprise)</strong></td>
<td><strong>Contracting period expires:</strong> 30th November 2004</td>
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<tr>
<td>Strengthening the SME Competitiveness in the Primorska Region through Networking and Co-operation</td>
<td><strong>Disbursement period expires:</strong> 30th November 2005</td>
</tr>
<tr>
<td><strong>Overall objective</strong></td>
<td><strong>Total budget : EUR 2.8 million</strong></td>
</tr>
<tr>
<td>• Increase the level of competitiveness and innovation of the SME sector as a basis for sustainable and balanced development of the Slovenian-Italian border region as a whole</td>
<td><strong>Phare: EUR 2 million</strong></td>
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<tr>
<td>• Improve the conditions for generating the value added SME products</td>
<td></td>
</tr>
<tr>
<td>• Create new job opportunities</td>
<td></td>
</tr>
<tr>
<td><strong>Project purpose</strong></td>
<td><strong>Objectively Verifiable Indicators</strong></td>
</tr>
<tr>
<td>Promote networking among SMEs, facilitate clustering through investment in people, soft cluster infrastructure, research and innovation and improving the quality of support services to SMEs. Promote cross border co-operation among SME networks and clusters</td>
<td><strong>Sources of Verification</strong></td>
</tr>
<tr>
<td>This will generate the conditions and improve the environment for generation and creation of innovative, higher added value products and services and new job opportunities in urban centres and rural areas through the region.</td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td><strong>Results</strong></td>
<td><strong>Objectively Verifiable Indicators</strong></td>
</tr>
<tr>
<td><strong>A) Technical Assistance:</strong></td>
<td><strong>Sources of Verification</strong></td>
</tr>
<tr>
<td><strong>Part 1: SME networks and clusters initiated</strong></td>
<td><strong>Assumptions</strong></td>
</tr>
<tr>
<td>1. At least 10 cluster managers trained through “on-the-job training” and providing support to potential networks and clusters achieving following results :</td>
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<tr>
<td>• At least 1000 companies up to 50 employees animated</td>
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<tr>
<td>• At least 60-90 companies up to 50 employees networked and at least 10 SME networks animated, identified and facilitated and</td>
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<tr>
<td>• At least two local productive clusters initiated and facilitated with necessary support services</td>
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<tr>
<td><strong>Part 2: Establishing and developing clusters</strong></td>
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<tr>
<td><strong>Part 3: Establishing and developing networks</strong></td>
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<tr>
<td><strong>Part 4: Developing innovative products and services</strong></td>
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<tr>
<td><strong>Part 5: Expanding and diversifying clusters and networks</strong></td>
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</tr>
<tr>
<td><strong>Part 6: Expanding and diversifying innovative products and services</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Part 7: Developing and expanding management teams</strong></td>
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<td><strong>Part 8: Conducting monitoring and evaluation</strong></td>
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<tr>
<td><strong>Part 9: Conducting impact assessment</strong></td>
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<tr>
<td><strong>Part 10: Conducting sustainability analysis</strong></td>
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</tbody>
</table>
2. Co-operation and twinning with at least two complementary local clusters in Italian regions or other countries established.
3. Co-operation among research institutes and universities on both sides of the border established and co-operation among students developed.
4. International conference/workshop on local/regional cluster development pointing out best practices in the area organised and implemented.
5. Manual on best practices and experience in local clusters development prepared, translated, published and distributed to several parties of interest: entrepreneurs, consultants, local and regional policy makers, local and regional authorities in cooperation with SBDC team.

Part 2: Efficient management support services assured to initiated networks and clusters through TA of the local team for the rest of project implementation period (approx. 1.5 years), achieving following results:

1. The local networks and potential cluster initiatives facilitated.
2. Priority common development actions designed and projects proposals prepared for applying for the Grant scheme support.
3. Monitoring and supervisory activities provided through implementation of the projects supported by Grant scheme.

B) Grant Scheme:

At least 7-9 common SME networks or local cluster projects financially supported in order to:
- create new innovative products (buying outside research/innovation services);
- approach new markets (a corporate image, with folders, brochures, web site, an e-commerce site, exhibitions, pre- and post fair mailing and telemarketing, sales planning systems
- upgrade vocational and professional capacity building
- upgrade or develop specialised skills for employees
- financially support other services or equipment for further development of networks or local clusters.

- new technology equipment used for the product development
- number of companies supported in introducing new technology
- number of links established with similar clusters
- number of best practices presented and new SME and other target groups animated
- number of projects proposals designed
- number of projects financially supported.
<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Contracts</th>
<th>Assumptions</th>
</tr>
</thead>
</table>

**A) Technical Assistance:**

**Part 1: Initiation of SME’s networks and clusters**

1. To organise a team of at least 3 local potential cluster managers and 3 local cluster officers and at least 3 international experts to facilitate process of networking and clustering.
2. To provide capacity building activities for local potential cluster managers and cluster officers through on-the-job training.
3. Promotion of co-operation with similar clusters in Italy.
4. Preparing and implementing an international workshop on best practices in cluster development with the Italian regions in cooperation with SBDC team.
5. To prepare, translate and publish a manual on the best practices achieved through cluster development process in border regions in cooperation with SBDC team.

**Part 2: Provision of efficient support services to the initiated networks and clusters through TA of the local team**

1. Local team of cluster managers will facilitate and provide the support services to the identified needs in SMEs entering clusters.
2. Assistance to the preparation of common development projects, i.e. defining the training and supporting of needs in the working fields (market development, research, product development, management training) in at least 7-10 networks or local clusters;
3. Counselling, mentoring and monitoring of the Grant Scheme project implementation.

**B) Grant Scheme (technically implemented and managed by the SBDC team)**

1. Publication of the call for proposals and Project selection process. Contracting.
2. Implementation of the selected projects by the beneficiaries: a) to co-finance creation of new products, entering new markets and skills development; b) to co-finance common services and equipment for selected networks and clusters: i.e. to prepare a justification for procurement of services and equipment that will serve for the development and marketing of innovative products, and to procure the equipment and eventual investments in technology.
3. Monitoring of the Grant Scheme implementation.
4. Reporting.

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<th>0.7 MEUR Service contract</th>
<th>1.3 MEUR Grant scheme</th>
<th>1 Grant scheme</th>
<th>1 Service contract</th>
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<td>Organisations recruit and retain adequate staff Effective co-operation with other institutions (universities, industry)</td>
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ANNEX 2: Detailed implementation chart

- Indicative implementation chart according to the main activities

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### Phare Funds 1,3 MEUR Grant Scheme

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### Implementation Schedule (quarters)

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</tbody>
</table>

**Legend:**

- D: design of the project (Tender Dossier)
- T: tendering
- C: Contracting
- I: Implementation
# Annex 3 Contracting and Disbursement Schedule

*Project title: PRIM-e (Primorska enterprise), Strengthening the SME Competitiveness in the Primorska Region through Networking and Co-operation*

<table>
<thead>
<tr>
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ANNEX 4

LIST OF RELEVANT LAWS AND REGULATIONS

a) Act on Promotion of Balanced Regional Development (Ur.l. RS, No 60/99)
b) Environment Protection Act (Ur.l. RS, No 32/93, 44/95, 01/96 and 09/99)
c) Law on Public Institutes (Ur. l. RS, No 12/91)
d) Law on Copyright (Official Journal of the Republic of Slovenia, No. 21/95)
e) Law on economic zones (Official Journal of the Republic of Slovenia, 45/98)
f) Law on business (Official Journal of the Republic of Slovenia, 30/93)
g) Law on industrial ownership (Official Journal of the Republic of Slovenia, 13/92)
h) Law on supporting companies in the development of new technologies and the establishment and functioning of development units in the period 2000-2003 (Official Journal of the Republic of Slovenia, 99/99)
i) Law on preventing the limitation of the competition (Official Journal of the Republic of Slovenia, 56/99)
j) Law on research activities (Official Journal of the Republic of Slovenia, 8/91)
k) Law on small business development (Official Journal of the Republic of Slovenia, 18/91)
l) Law on the protection of the competition (Official Journal of the Republic of Slovenia, 18/93)
m) Law on foreign trade procedures (Official Journal of the Republic of Slovenia, 13/93)
n) Spatial Planning Act (OJ SRS, No 18/84, 15/89; OJ RS, No 71/93)
o) Act on Urban Planning and Other Forms of Land Use (OJ SRS, No 18/84, 37/85, 29/86; OJ SFRJ, No 83/89; OJ SRS, No 43/89, 05/90; OJ RS-I, No 26/90, 03/91, 10/91, 17/91; OJ RS, No 55/92, 13/93, 18/93, 47/93, 71/93, 29/95 and 44/97).
ANNEX 5

LIST OF RELEVANT GOVERNMENT STRATEGIC PLANS AND FEASIBILITY STUDIES (MAY INCLUDE INSTITUTION DEVELOPMENT PLAN, BUSINESS PLANS, SECTOR STUDIES ETC)

a) Strategy for Economic Development of Slovenia (UMAR, July 2001):
   - strengthen the competitiveness of the state and the economy,
   - strengthen the development of the human factor and social cohesion,
   - contribute to the balanced regional development.

b) Small and medium sized enterprises and entrepreneurship development strategy in Slovenia for the 2001-2005 period- (draft April 2001)

c) Benchmarking Slovenia – An evaluation of Slovenia’s competitiveness, strengths and weaknesses, RS ME, May 2000

d) Programme of Small Business Development Centre 2002-2003 (strategic programmes and measures)

e) European Observatory for SMEs-statistical report on development of SMEs in Slovenia, 1999

f) National Programme for Promotion of entrepreneurial and SME development 2002-2003 (measures for development of competitiveness sector)

g) Feasibility Study for activating employment potentials at the local level, December 2001


i) The project is in line with the following regional strategic documents:
   - SME Strategy in the Border Area (Phare CBC SL – 9701.03.02),
   - Regional Development Policy in the Border Area, Phare CBC project 96-1121.00, especially the part related to strategic inputs,
   - Koper 2020, strategic document,
   - Economic Development Strategy of the Karst and Brkini Subregion,
   - Analytical and Strategic part of the Common Development Plan of the Karst Region,
   - The spatial plans of Municipalities,
   - The draft RDP Strategic Part of Regional Development Plans being prepared for the Northern Primorska and Southern Primorska statistical regions.
ANNEX 6    Coherence with the CBC documents

Joint Programming Document Interreg IIIA - Phare CBC 2000-2006

The project is in line with *the Joint Programming Document Interreg IIIA - Phare CBC 2000-2006* (hereinafter the JPD), and applicable to the statistical regions of Goriška and Obalno-kraška and the Municipality of Kranjska Gora in Gorenjska on the Slovenian side of the border, and to the provinces of Trieste, Udine, Gorizia, and Pordenone in Friuli Venezia Giulia region, and the provinces of Venezia and Rovigo (delta Po area) in Veneto region in Italy.

The general objective of the JPD is to foster economically, socially and environmentally sustainable development and the integration processes in the cross-border region. The project PRIM-e is fully in line with the Axis 2 of the JPD – Economic co-operation – that stimulates the initiatives of co-operation between and among economic and/or institutional operators on both sides of the border by increasing the level of competitiveness and innovation in order to foster the internationalisation of the companies involved.

The project will contribute to the realisation of objectives set in the Axis 2 of the JPD, specifically under:

*Measure 2.1 - Improvement in competitiveness and co-operation:*

1. Support to SMEs and their consortia within the cross-border area in order to help the introduction of process and product innovations and common services; promotional and marketing activities; support to and implementation of industrial and commercial co-operation in order to pursue an integration process for enterprises operating within the cross-border area.

2. Activation of services and initiatives aimed at:
   - Facilitating SMEs' accession to the information society, creating/developing data bases, contact instruments and networks between SMEs and/or business associations;
   - Offering cross-border consultancy services for SMEs;
   - Carrying out studies and analyses for business co-operation, research concerning cross-border innovation and technology;
   - Promoting quality systems certification and support to support infrastructures (laboratories, metrology, software, etc.).

*Measure 2.2 - Cross-border co-operation in tourism:*

- Marketing interventions and co-operation activities at cross-border level, in order to develop tourism and typical products and to arrange informative material, including specific cross-border events;
- Planning and implementation of cross-border management systems of tourism destinations, of guidance, orientation and safety systems for tourists.

*Measure 2.3 - Cross-border co-operation in the primary sector:*

- Services and initiatives aimed at developing agricultural, fish and forest quality products, also processed (environmentally friendly and typical products in particular); developing and protecting fauna and cultivated plants, which are peculiar to the environments concerned; promoting collective structures for harvesting, promotion and selling of products; Support to the development and the strengthening of cross-border rural tourism;
• Interventions rationalisation and cross-border strengthening of technical assistance services to agricultural enterprises, with particular attention to the reduction of production risks (protection against adverse weather conditions).

“SME Strategy” – Systematic Support for Co-operation among SMEs Located in the Areas Adjoining the Border between Slovenia and Italy

In order to stimulate the common strengths of the Slovenia-Italy border region and cope with the problems in the field of economic co-operation, an integrated SME-based strategy that builds on the region’s specific features was formulated under the project Phare CBC Slovenia-Italy, “SME Strategy”, SL – 9701.03.02 (synthesis document available at www.informest.it/smestrategy).

The strategy strongly endorses a region-wide development scenario that encompasses the entire cross-border region as the only scenario that can insure to its population sustained and sustainable growth in an age of global competition. The strategy focuses on complementary strengths between the two sides of the border that can create added value for the region’s endowment of resources. This is the logic that can take the young and struggling system of SMEs on the Slovenian side and the existing traditional industrial district model on the Italian side to the shared and new stage of ‘multi-facet, advanced industrial district model at the cross-border regional level’.

The overall objective of the strategy is therefore to improve the infrastructural framework for SME competitiveness in the Primorska region, and equip the Slovenian-Italian cross-border region for global competition. To this purpose and on the basis of the analysis of the SME development and SME supporting infrastructure situation (see 3.1 Background and justification), the strategy identified three main tasks that will lead to the implementation of the strategy:

Task 1: Improving the SME Framework Conditions Growth

The project actions will contribute to improving the SME specialised institutions, business services, training and awareness-raising.

Task 2: Developing Entrepreneurial Opportunity Areas

The border regions share some common growth opportunities to be jointly exploited. The project will contribute to seizing development opportunities specifically in:
1. The creation of a “High Tech Corridor”, taking advantage of the considerable concentration of scientific and technological know-how and linking Trieste to Ljubljana;
2. The development of cross-border clusters (e.g. chair-making, joint rural entrepreneurial development, logistics clusters, etc.).

Task 3: Implementation Through Specific Projects

The proposed project will be based on knowledge development and will therefore contribute to the specific project identified in the SME Strategy that relates to business advice, training and clustering projects, including tourism development.
ANNEX 7  Interreg projects and planned activities by the Italian Authorities, and ongoing Slovene national programmes

Implemented projects within INTERREG II

The Interreg II Italy – Slovenia JOP was adopted by the Commission on 24 July 1997. The Programme was applied in the Provinces of Udine, Gorizia, Trieste and Venice and later extended to parts of the Provinces of Pordenone and Rovigo. The implementation methods were slightly different for the two Italian Regions: Friuli-Venezia Giulia split responsibilities among various directions and bodies (the implementing bodies), while Veneto deferred almost all the implementation to the Integrated Community Programmes Project Unit. Friuli-Venezia Giulia has chosen a 100% financing of the projects, while Veneto preferred an 80% co-financing.

The general objective identified by the OP and in line with Interreg objectives, was the definition of a project of regional integrated development for a general socio-economic re-launch of the Italian-Slovenian border area. Among others there were two objectives aiming at:
- promoting the cooperation among economic partners of similar sectors in order to improve the competitiveness of the cross-border local system in terms of international competition, and;
- supporting the process of Slovenia’s accession into the EU.

As regards the implementation in the Friuli-Venezia Giulia Region, the results achieved are interesting in terms of effective development of cross-border practice, specifically in the field of improvement of the quality and support to the promotion of local products, of institutional cooperation, and vocational training. Surprisingly, measures “Support to SME” investment in Slovenia and services to crafts companies were partially unsuccessful, also due to the gap between Interreg and Phare CBC regulations.

As regards the implementation in Veneto region, all the funds were used and the most important themes of co-operation were tourism, culture, and agriculture. As regards co-operation among entrepreneurs, actions regarding support to consultancy aimed at SME internationalization and productive investments were implemented, too. Important information data were elaborated on all strategic themes of interest (economy, environment, and tourism) by using a bottom-up approach.

Planned Projects by the Italian Authorities

The planned projects by the Italian Authorities will be in line with the priorities for economic co-operation development as defined in the JPD (see above Measure 2.1; 2.1; 2.3).

In Italy there are several territorial pacts and one regional law which deals with the relationships between the pact and the regional programming describing the different stages of the Region’s participation in the pact, listing the specific actions in favour of them and acknowledging their priority, as well as setting out the creation of a regional monitoring unit for territorial pacts. Today, the Autonomous Region of Friuli Venezia Giulia looks with interest at the so-called cross-border Territorial Pact between the Province of Gorizia and some municipalities on the Slovenian side of the border. Projects concern primarily the following sectors:
- economic development by strengthening tourism in the Kras, the Collio, and the coastal area,
- improvement of border infrastructures and of related roads,
- spatial planning and joint protection of environment resources,
- solving of the border home-to-work traffic problem.
The projects proposed by the local groups within Leader+ initiative among others referred to:
- the use of new technologies and know-how to improve product and service competitiveness in rural areas,
- the development of local products, in particular making it easier for the small production structures to enter markets.

The projects foreseen within Equal initiative also point out:
- the creation of enterprises, and;
- taking into account the needs of people employed in exposed or weak sectors in order to increase and update their skills.

On-going national programmes:

The Ministry of Economy prepared a development programme for stimulating the competitiveness of the Slovenian industry for 2000-2003. The proposed project is in line with the national priority project “Promoting the creation of links between SMEs, specialisations in production chains and common development of international markets through clustering”, for which a feasibility study was made in 2000. The study identified potentials for networking and clustering at national and regional level. According to the study, the sectors with the highest potential for networking and clustering in are: metal processing, electronics, furniture, tourism and transport and food processing. A transport cluster with the Port of Koper as the leading company has already be established with mainly large companies joining it. Also the automotive cluster has been established with the leading company Cimos Koper and again mainly large companies joining it. Need has been demonstrated for further promotion of local SME networking and clustering in sectors where no leading company could be identified (i.e. mechanics, furniture, food processing, tourism.

The project is also in line with the programme led by the Ministry of Economy in the field of entrepreneurship and SME competitiveness improvement which is managed by the SBDC – Small Business Development Centre of Slovenia. SBDC operates a complex and integrated programme for entrepreneurship development in Slovenia and stimulates the development of the entrepreneurial spirit.

The Summary Project Fiche is consistent with the priority goals of SBDC in the period of 2002-2003, which are:
- to upgrade the current system of gathering, organising and relaying information as well as to enable access to counselling and information throughout Slovenia;
- to develop new forms of assistance in internationalisation of the small and medium-sized enterprises;
- to develop a system of informational databases and a system of informing;
- to train and offer technical support to the network and to develop the sections SBIN, SLEVCA, SSMG;
- to organise promotion within the International Trade Fair in Celje and other events;
- to develop entrepreneurial culture and the matching programmes.