EVALUATION OF THE MAIN ACHIEVEMENTS OF COHESION POLICY PROGRAMMES AND PROJECTS OVER THE LONGER TERM IN 15 SELECTED REGIONS

(FROM 1989-1993 PROGRAMMING PERIOD TO THE PRESENT)

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Case Study Burgenland (Austria)

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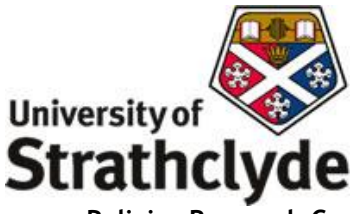

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PREFACE

This report presents the case study for Burgenland (Austria) as part of the study 'Evaluation of the Main Achievements of Cohesion policy Programmes over the Longer Term in 15 Selected Regions (from 1989-1993 Programming Period to the Present)' which is being managed by the European Policies Research Centre and the London School of Economics. The research was conducted over the period April 2012 to November 2012.

The case study was drafted by Markus Gruber, Stephan Kupsa and Simon Pohn-Weidinger. The authors are grateful to Johannes Kohlmaier for his remarkable support for the project samples in Annex I and to a considerable number of individuals in Burgenland and Vienna who participated in the study and provided valuable insights as well as assistance in tracking down other interviewees. The complete list of interviewees and workshop participants is listed in Annex IV.

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List of Abbreviations

AIR	Annual Implementation Report
bn.	Billion
EAFRD	European Agricultural Fund for Rural Development
EAGGF	European Agricultural Guidance and Guarantee Fund
EC	European Commission
ECU	European Currency Unit
EEA	European Economic Area
EEE	European Centre for Renewable Energies
EFF	European Fisheries Fund
EGW	population equivalent (water management unit for waste water)
ERDF	European Regional Development Fund
erp-awsg	Wirtschaftsservice Gesellschaft mbH (the Austrian Bank for Business Development including the ERP-fund)
ESF	European Social Fund
ETC	European Territorial Cooperation
EU	European Union
EUR	Euro
FDI	Foreign Direct Investment
FFF	former Name of FFG
FFG	Research Promotion Agency
FIFG	Financial Instrument for Fisheries Guidance
FIR	Final Implementation Report
FTE	Full-time Equivalent
GDP	Gross Domestic Product
GHG	Greenhouse Gases
ICT	Information Communication Technologies
IT	Information Technologies
ITF	Austrian Innovation and Technology Fund
KW	Kilowatt
m.	Million
MW	Megawatt
n/a	Not available
NUTS	Nomenclature des Unités Territoriales Statistiques (Nomenclature of Territorial Units for Statistics)
OP	Operational Programme (is also used as a synonym for SPD in this report)
ÖROK	Austrian Conference on Spatial Planning
p.c.	Per Capita
PC	Programme Complement
R&D	Research and Development
RDTI	Research, Development, Technology and Innovation
RE	Renewable Energy
RENET	Renewable Energy Network Austria
RMB	Regionalmanagement Burgenland (Managing Authority)
SMEs	Small and Medium-sized Enterprises
SPD	Single Programming Document
TC	Technology Centre
WIBAG	Wirtschaftsservice Burgenland Aktiengesellschaft (the company providing services to business in Burgenland)
WKO	Austrian Economic Chamber
WVE	Water supply unit (water management unit for fresh water)

EXECUTIVE SUMMARY

Burgenland is a very **small** region by European standards (284,000 inhabitants) with the characteristics of a rural area**.** Its **geography** is a decisive feature, including a large north-south elongation that makes Burgenland appear as a narrow band in the eastern part of Austria. Upon its accession to Austria after World War I, Burgenland was separated from centres such as Györ, Sopron, and Szombathely located in contemporary western Hungary. The south is a peripheral rural region and has much stronger ties with the functional area of Graz/Styria than with the north of Burgenland. At the beginning of the study period, the absence of agglomeration effects meant that self-sustained economic development could not be achieved. The most pressing problems of Burgenland were the lack of jobs in the region, low productivity levels, deficiencies in modern business-related infrastructure (e.g. business parks, and lack of higher education institutions and research and development facilities) and unfavourable accessibility to and within the region, which also resulted in out-migration in the southern part.

The award of **Objective 1 status** was seen as an opportunity, if not the last chance, for an **economic leap forward.** The timing could not have been better. Five years after the fall of the Iron Curtain, and at a time when the neighbouring transition countries were registering the first signs of economic recovery, Burgenland was approved as an Objective 1 area for EU regional funding. This united forces at the political level on an unprecedented scale, and it led to the **mobilisation of** additional resources at national and regional levels. The vision was to step away from the position of being a 'dead border zone' to become an **'integrated dynamic Central European region'.** The reduction of intra-regional disparities and the differential in the level of wealth compared to the EU average (EU15) were targeted just as much as the creation of jobs or an increase in participation rates.

Strategies and their implementation

The selected programme strategy was essentially an **'economic development strategy'** with a strong focus on the promotion of businesses. The phases of the ERDF programme were broadly consistent in their objectives and thematic priorities with some adaptations in policy approach over the three programme periods. Starting from a reduction of supply-side bottlenecks for industry, trade and tourism, the 'official' programme strategies have increasingly been refined towards a more innovation-oriented regional development policy in three periods. A three-stage approach has been pursued through (infra) structure development, networking, and skills development, according to the Operational Programmes.

The **implicit strategy** – particularly in the first and partly in the second period - was one of concentration on the removal of supply-side bottlenecks for industry, trade and tourism, through provision of business-related infrastructure, mostly set out in master-plan style as 'strategic projects', and to generate a growth impetus by expansion and modernisation of businesses. This is ultimately where the energy and focus of efforts were laid in the first and partly the second period. 'Enterprise' is by far the dominant thematic axis that gains in importance in each programme period and is focused in particular on subsidies for companies.

The changes set out in the programme strategy towards 'soft measures' and R&D and innovation are only reflected in part by actual expenditure. The proportion of grants for the relocation, expansion and modernisation of businesses were not only pivotal in the actual implementation but also increased from period to period.

The main pillars of the ERDF strategy throughout the entire period reviewed have been:

- The development of modern infrastructure for businesses (business parks, ICT infrastructure, technology parks).
- Sectoral focus on tourism using strategic projects.
- Financial grants for modernisation and inward investment of industrial enterprises.

In this context it has to be considered, that under the Austrian federal system funding was always available at a national and regional level in addition to the EU programmes. Thus the funding in EU programmes has been focussed on larger and capital-intensive investment projects, while small projects (e.g. in business start-ups) were supported exclusively by national schemes. In the second and third period increasing complexity of EU regulations led to a shift to national funding (e.g. in R&D).

Achievements, Effectiveness and Utility

Contributions in terms of enhancing the growth of existing businesses, creating jobs and the development of tourism are considered to be good. Overall, 5,560 additional jobs have been reported, and tourism infrastructure and businesses have been expanded (particularly in the area of health and spa tourism, which has led to a significant increase in overnight stays, and an exceptional high leverage of ERDF resources was achieved. However, only information on gross effects is available, and there are no estimates about deadweight effects.

Following the adjustment of the initial over-optimistic definition of employment objectives, a fairly good **level of target attainment** is shown in all three periods. This is especially true for the job targets. This coincides with the results of the interviews and online survey. Overall, programmes have been seen as successful in the creation of jobs and in supporting the growth of companies. Overall **achievements** are good and the focus of the ERDF on a clear economic development strategy has generally corresponded to the **needs** of the region. The achievements can be summarised as follows.

- Provision of business infrastructure (business parks, technology centres, and industrial zones) as fundamental for business development. Although Heiligenkreuz business park in the southern part of Burgenland is an example of over-investment in infrastructure.
- Improved access to high-quality telecommunication infrastructure, particularly in peripheral parts of the region.
- Removal of bottlenecks in modern water supply and sewage disposal as a foundation for economic development.
- Modernisation and expansion or relocation of manufacturing companies, particularly in sectors such as electronics or renewable energies/environmental technologies.
- Establishment of modern tourist attractions (especially in the area of thermal spas), resulting in a substantial increase in overnight stays.

- Improvement of education infrastructure, mainly through the establishment of a University of Applied Sciences and improved access to lifelong-learning facilities.

The **synergies** with ESF and EAGGF are important, particularly with respect to the training of employed and unemployed people or improved quality in the production of local food (wine) and rural tourism. To some extent – particularly in tourism and the protection of natural resources – INTERREG/ETC was an important supplement to regional strategies with cross-border perspectives, e.g. around Lake Neusiedl.

Above all, however, **'intangible' achievements** are highly rated for their impact and Objective 1 status led to an 'enabling effect', which in terms of efficiency and effectiveness was very important. EU Cohesion policy has been instrumental in:

- building political consensus that kept the programme and related projects free of disputes;
- changing the institutional setting and mind-set on governance (through the RMB, and the early establishment of WIBAG - Wirtschaftsservice Burgenland Aktiengesellschaft, the company providing services to business in Burgenland) and the Coordinating Committee (Partnership);
- establishing networks in Burgenland and outside the region, which has increased the efficiency and effectiveness of policy-making, even outside of EU regional policy; and
- increasing the capacity to think and act in a wider and international context.

Overall, the effect of EU Cohesion policy on regional networks is viewed as positive in Burgenland. There was a learning effect in terms of planning and monitoring programmes that contributed to a systematic approach even outside the EU programmes and increased rationality in regional development.

That represents one side of the coin. However, there is also the question of **what has not been achieved**?

- In **research and development** and innovation, limited progress has been made. There is no single reason for this outcome: (i) An extensive list of topics, including 'mainstream issues' such as biotechnology, ICT, materials and creative industries, have been pursued. (ii) The actual implementation strategy under the theme of R&D was focused for too long on infrastructure (e.g. technology parks) and foreign direct investment from large multinational technology firms. It appears that EU catchwords had been taken on board (or adopted for the sake of alignment with EC expectations) without a real vision or implementation strategy in the context of a small region without a major conurbation.
- Business start-ups have remained significantly below expectations in ERDF programmes, which appear to be surprising, as Burgenland has had the highest start-up intensity in Austria for several years. The specific business start-ups (e.g. in the service sector) were not a focus of the programme or were dealt with in national support schemes.
- The (**foreign) direct investments** and relocation of businesses produced mixed results. Some large and important projects of large multinational companies failed to meet expectations in delivering. The projects tended to produce fewer spillover effects than expected, and later left the location or reduced their commitment. Thus the attraction of foreign direct investment was estimated in the survey to be less than successful. However,

there are encouraging achievements with more medium-sized and middle-tech companies that fit better into the regional economic fabric.

- Despite a 60 percent higher intensity in the financial support in the south, the programme achievements did not lead to a reduction in **intra-regional disparities between north and south**. After the industrialisation of the cross-border industrial park at Heiligenkreuz and the substantial inward investment of a chemistry company did not achieve the momentum that was hoped for, there was no explicit strategy to achieve intra-regional cohesion other than the development of tourism. In addition, the slow progress of accompanying national investments in transport infrastructure in the southern area, as well as Hungary's low priority on infrastructure improvements in the south-west, impeded the effectiveness of the programmes.

With some exceptions the alignment of programmes hardly extended beyond the functional areas of Burgenland. The use of the potential of the surrounding metropolitan areas, such as the connection to the cluster and research facilities in Vienna and Graz, were barely considered. Discussion is needed on how Burgenland can benefit from the proximity to cities. INTERREG/ETC supports the reconnection of Burgenland with neighbouring regions. However, cultural differences and language barriers are still impeding more in-depth cooperation.

Adjustments at the macroeconomic level

Overall economic development in Burgenland in terms of growth and employment has been very encouraging and positive. This has to be seen in context of Austria's good overall economic performance. There has been an increase in the **participation rate,** the continuous creation of **jobs,** and a **reduction in disparities** with the EU15. A substantial structural change has been observed. Agricultural employment has declined considerably. The service sector in general has benefited particularly because of the opening up of Eastern European countries. The tourism sector has shown a marked improvement, both in terms of quantity and the quality. Included in this were a number of major endeavours under the ERDF funding.

Burgenland has improved in terms of GDP per capita, moving from 71 percent (1995) to 81 percent (2008) of the EU15 average (Data Core Team). An increase from 87 percent (1995) to 98 percent (2008) was also indicated against the other 14 case study regions in this evaluation. Indicators at the 'meso-level' also pointed to positive development such as growth in overnight stays. Nevertheless, the **process of domestic convergence with the rest of Austria** stalled following the strong catch-up to 2004. The stability during the crisis of 2009 is explained more by a stronger focus on domestic markets than through high international competitiveness.

What has been the contribution of the Structural Funds - ERDF?

The stimuli from Objective 1 are rated highly. ERDF resources of about €355 million were leveraged through high national and (especially) private contributions to some €1.9 billion, and with all EU funds[1] to some €2.8 billion. This corresponds on average to roughly 13 percent of the total investment rate in Burgenland. Objective 1 led mainly to an 'enabling' effect: the creation of a political consensus, the mobilisation of substantial additional funding, infrastructure development

[1] ERDF, ESF, EAGGF, EFF

projects and coordination with the federal government. Above all, the intangible effects are assessed as significant. They continue to influence the institutional stakeholders and policy system.

Leap forward! Has it happened or is catch-up a myth?

Today, Burgenland is different from the early 1990s. Rather than focusing exclusively on deficiencies, current references address existing opportunities and strengths to build upon. Overall, an economic **transformation of Burgenland** can be identified, with distinct stimulation from EU programmes and the ERDF.

Although the **process of domestic convergence with the rest of Austria** stalled following the strong catch-up to 2004, the positive **stimuli** from the suburbanisation of Vienna could be strengthened with the help of EU funds in the northern part of the country. In comparison, the ERDF contributed to economic stabilisation in the southern part, but development programmes of this scale have very limited opportunity to **reverse trends** such as migration. Above all, the lack of urban economic advantages has not been compensated for. 'Spatial conditions' cannot be changed arbitrarily.

It is also doubtful whether a concentration of all Cohesion policy funding on the south would have led to a significant convergence process within Burgenland. The absorption capacity and development potential for innovative measures in rural-dominated south of Burgenland are clearly limited. Thus for the southern part of the country, an **'alternative development path'** – based on new forms of services, recreational functions, second homes and nursing services, etc. following community local lead development approaches - should be discussed, together with a better integration with the urban area of Graz in the neighbouring Land of Styria.

The transformation process of Burgenland is far from complete. Although the overall programme objectives and regional needs were met to a great extent, from a long-term development perspective only '**interim steps**' were achieved in many areas. The structures are fragile, not linked to a synergistic **location-development system** or are still too small for internationalisation (e.g. in tourism). That makes the progress **fragile** and susceptible to future developments, such as increased location competition and demands on the innovation capabilities of regions. In the future, it will be important to strengthen external networking and the creation of **functional regions** within a group of adjacent regions**.** In addition, a debate needs to be instigated on **'smart specialisation'** for Burgenland using the potential in adjacent regions.

1 INTRODUCTION

The **Austrian** case study region **Burgenland** (NUTS 2 region) is situated in the eastern-most part of Austria, sharing borders with Slovenia, Slovakia and Hungary. It is a very small region on a European scale with the economic profile of a rural region.

Against the backdrop of the changing political systems in Eastern Europe and the **EU accession** of Austria in 1995, access to the Structural Funds opened up new perspectives for Burgenland. This was seen as an opportunity to make an **economic leap forward,** and it united the political parties of Burgenland in an exemplary manner.

It was decisive that the **Objective 1 status** was perceived as a real opportunity, not to say a last chance, to boost Burgenland's economic performance. This was accompanied by major institutional changes (in line with trends prevalent at the time in Austria) through the establishment of a new Development Agency (WIBAG) and the Regional Management of Burgenland (RMB), which undertakes the role of Managing Authority.

The Objective 1 programmes in the 1995-1999 and the 2000-2006 periods were **integrated programmes** with ERDF, ESF and EAGGF funding. Within this, ERDF – which is in the focus of this evaluation - was always dominant. In the 2007-2013 period, Burgenland has the status of a Convergence Phasing-out region. The intervention logic followed an **'economic development strategy'** with a strong focus on the promotion of businesses. Starting from a reduction of supply-side bottlenecks for industry, trade and tourism via strategic projects, the strategy moved more towards a business-driven approach. In addition, smaller programmes such as LEADER and INTERREG Community Initiatives, to name only the most important ones, have also been implemented.

Recognition of this opportunity also led to an exceptional **mobilisation** of **financial resources**, both from the provincial and federal governments. National co-financing in the first period, 1995-1999, lay significantly above the minimum limits. Since the second programme period, 2000-2006, a so called '**supplementary programme**' has operated in addition to the EU co-funded programmes. This follows the content and strategy of the ERDF OPs but is financed purely by national funds.

To understand the development of **Burgenland**, the **economic and geographic context** must be considered. This applies especially to economic stabilisation in the neighbouring transition countries (Slovakia, Hungary and Slovenia), the enlargement of the EU to the East in 2004, and to the final liberalisation of labour markets in 2011. This facilitated integration into transnational regions such as the so-called Euro-regions of Austro-Hungary (EuRegio West / Nyugat Pannonia) and the central European region 'Centrope' (www.centrope.com); but it also increased the competitive pressure on industry and Burgenland's regional labour market.

The questions here are how successful Burgenland has been in achieving an economic leap forward and the contribution provided towards this aspiration by the ERDF. This case study is based on the **terms of reference** and the specific questions posed within them, which raise the issues of **relevance**, **effectiveness**, and **utility**, i.e. the contribution of the programme and ERDF to overall development, and the resulting **lessons learnt**.

The economy of Burgenland has undergone significant change since 1995, but the longer-term development prospects for the region and its sub-regions remain uncertain. Are the structural

changes **sufficiently robust and sustainable** or is the increasing pull of neighbouring urban areas making Burgenland - the 'space in between' - more vulnerable?

The **case study** begins by examining the **needs** of the region over the 15-year period in more detail (Chapter 2), as well as the **relevance** of the **ERDF** to the region, assessing the degree to which the programmes have met regional needs, and how those needs have changed or have been perceived as changing (Chapter 3). The financial evolution of the programmes is examined in Chapter 4, showing the level of **expenditure** over time and the shifts in the orientation of programmes as reflected in the expenditure of funds.

Chapter 5 reviews the **achievements** of ERDF support, both in terms of achievements reported by the programmes and an assessment of actual achievements based on interviews, a survey and documentation. Chapter 6 presents an assessment of **effectiveness** and **utility**, essentially whether the programmes benefitted the region and met its needs.

Lastly, the conclusions in Chapter 7 consider the **lessons learnt** that may be useful for the next programme period.

The **analysis** was based on an expert review of programme documentation, other studies of change in the region, interviews with key stakeholders and an online survey.

Documentation was collected for each of the programmes, including where available programming documents and needs assessments, annual and final implementation reports, evaluations (ex ante, interim and ex post), plus any other regional documents assessing the performance of projects or activities part-funded by the Structural Funds.

Interviews, mainly face-to-face, were held with 20 individuals involved with the programmes, selected to provide coverage across the whole period from 1995, and to include programme managers, regional leadership, beneficiaries, regional experts and national officials. Most interviews lasted two hours and focused on a combination of the relevance of programmes to regional needs and the detailed discussion of achievements.

An **online survey** was undertaken by the LSE/EPRC core team to complement fieldwork and desk research, and enhance triangulation. The questionnaire was sent to 258 email addresses, comprising the interviewees plus representatives from local authorities, firms, regional and local socio-economic partners and interest groups. Fifty-five completed questionnaires were returned, an overall response rate of 21.3 percent. The questions and a summary of responses are presented in the Annex.

Finally, a **workshop** was held with a group of 25 key individuals to discuss the initial findings and to explore some of the issues emerging. This workshop included former programme managers and beneficiaries and validated the findings through in-depth discussion mainly on relevance and utility, but also on 'blind spots' of the programmes.

Details of the **data collected** in relation to the different programmes are contained in Annex V. Comprehensive data were available for all three periods, including project-level expenditure. In this report, all financial data is presented in €, 2000 prices (unless otherwise stated).

2 REGIONAL CONTEXT AND ANALYSIS OF NEEDS

The geographic situation

On a European scale, the NUTS 2 region Burgenland is small and sparsely populated. It has a low population density (68 inhabitants per square kilometre versus 93 for Austria and 146 for the EU average) and has traditionally been an agricultural region. Before World War I, Burgenland was economically interlinked with cities such as Györ, Sopron or Szombathely (each with 60,000 to 90,000 inhabitants). When Burgenland was connected to Austria after World War I, the province was separated from these urban areas of today's western Hungary. This split was aggravated after World War II with the establishment of the Iron Curtain. Nowadays, the largest municipal community in Burgenland is Eisenstadt, with approximately 13,000 inhabitants.

Figure 1: Map of Burgenland

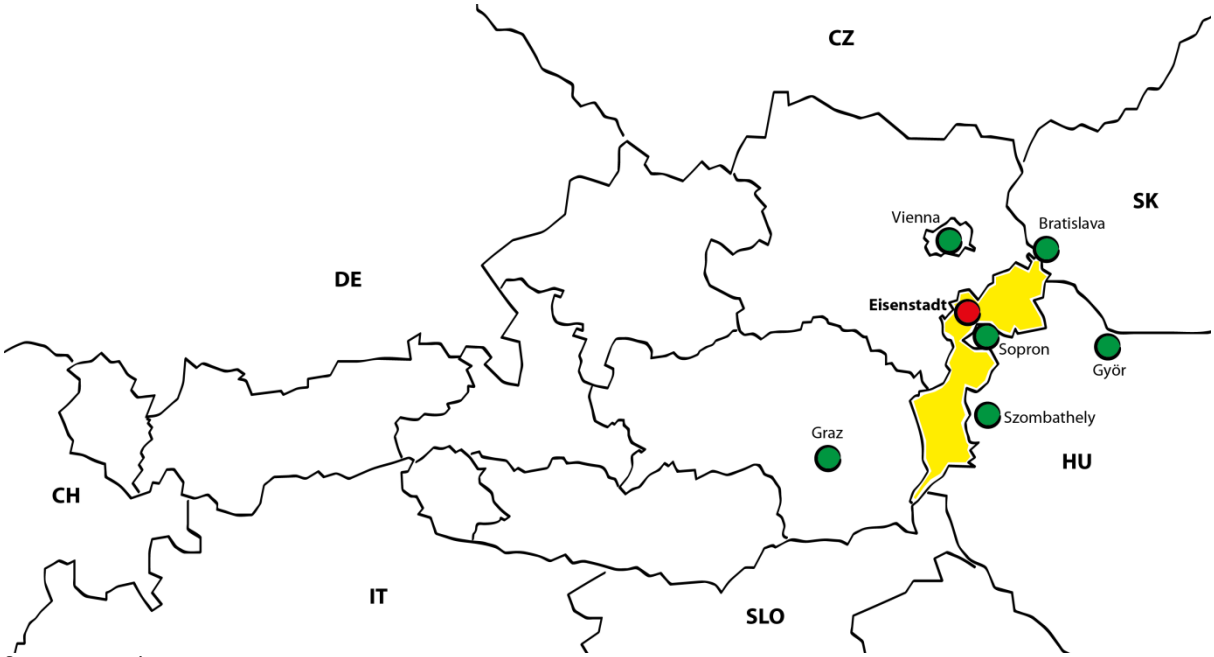

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Table 1: Key facts Burgenland

Total Area*	3,962 km²
Population (2011)*	284,897
GDP (2009)**	€6,304 million
GDP p.c. (2009)*	€22,200
Workforce (2012)**	75,885 employees
Export rate (2009)*	18%
Expenditure 1995-2013***	€786 million EU (all funds) €395 million ERDF

Source: *Statistik Austria, **AMS, ***FIR, OP (2007-2013 commitments).

Burgenland appears as a narrow north-south band along the length of the eastern part of Austria. While the north of the province is increasingly benefiting from the suburbanisation of the Vienna region, the south of Burgenland is much more peripheral. In contrast to the south, the northern part has significantly higher income and productivity levels (approximately plus 30 percent throughout the 2000s). The south is amongst the economically weakest regions in Austria, bordering underdeveloped and rural areas in Slovenia and Hungary. The absence of agglomeration effects and the rural character meant that no self-sustained economic development could emerge.

Prospects for the region changed significantly with the collapse of communism, allowing better accessibility, trade links, and an openness to the east. This brought a new **impetus for economic development**, facilitating an acceleration of economic growth and a relative level of industrial restructuring. But after decades of separation, language and cultural differences are still barriers to more in-depth cooperation and the reconnection of Burgenland to Western Hungarian urban areas.

The initial economic situation and needs

Through the peripheral location on the eastern border, the typical problems of a disadvantaged rural area emerged, such as a high dependency on agriculture in terms of employment, a low rate of industrialisation, lack of employment opportunities and low skill levels. As a result, and in addition to the infrastructure development, industrial manufacturing companies were encouraged to settle in Burgenland in the 1960s and 1970s. Since this usually involved the outsourcing of production lines, it made no great demands on the qualifications of employees. These relocated units brought jobs, creating businesses with 2,000 employees or more, but they were not capable of creating an independent regional development dynamic. The income and productivity levels remained low, the labour market lacked jobs,[1] and the number of commuters was still very high.

The past successes in industrial inward investments increased the vulnerability of the region after the opening-up of Eastern Europe. According to OP 1995-1999, 64 percent of the labour force in manufacturing industries was employed in industrial sectors at risk of migration. Reliance on agriculture and forestry kept productivity and income levels low in Burgenland. The GDP per capita in the mid-1990s had only reached about 60 percent of the Austrian and 70 percent of the EU15 average. By 1995, the key challenges and needs were:

- The lack of employment opportunities (the number of jobs based on 1000 population reached only 70 percent of the Austrian average) corresponding to low labour market participation rates and high commuter levels.[2]
- Deficiencies in modern business-related infrastructure as a foundation for economic development.
- The risks for low-quality industrial manufacturing companies introduced through eastern enlargement and internationalisation.
- The strong north-south disparities in economic performance, with decline in population in the south.

[1] In 1991, the ratio of jobs per 1000 inhabitants reached only 70 percent of the Austrian average.

[2] Due to the high level of commuting, the low level of GDP per capita is more an indicator for the efficiency of Burgenland's economy than for the wealth of the region.

- Lack of accessibility, particularly from the southern part of the province to the capital and poor connections to the national transport network, which lead to an overall poor quality, especially in the southern region.

Development trends

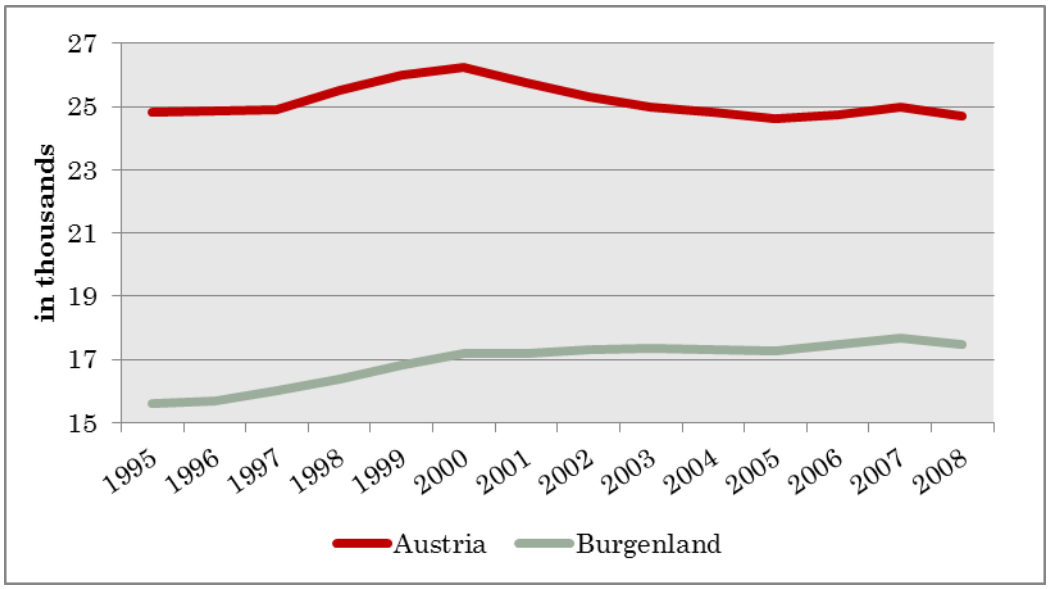
Economic development: Starting from a low level, Burgenland's economy was in a catching-up phase. Since the 1980s, the Burgenland economy has experienced growth above the Austrian average (see also Table 2 and Table 4). This continued up to 2004. However, since 2004, Austria's leading position with regard to growth has been all but lost. During the middle of the last decade Burgenland experienced a period of economic weakness and, because of the strong focus on domestic markets, has only swung back to the growth path of Austria since 2009. However, due to the overall economic performance of Austria, Burgenland is catching up at a European level. It's GDP per capita in comparison to the EU15 rose from 70% in 1995, to 75% in 2004 and 76% in 2009. Currently, this trend continues due to the good economic performance of Austria in general.

Table 2: GDP 1995-2008 – annual changes (percentage, in 2000 prices)

		1995-2004	2004-2008	1995-2008
GDP	Austria	1.3%	2.5%	1.7%
	Burgenland	2.0%	1.3%	1.7%
GDP per capita	Austria	1.0%	2.1%	1.3%
	Burgenland	2.0%	0.8%	1.6%

Source: Statistik Austria, calculation convelop.

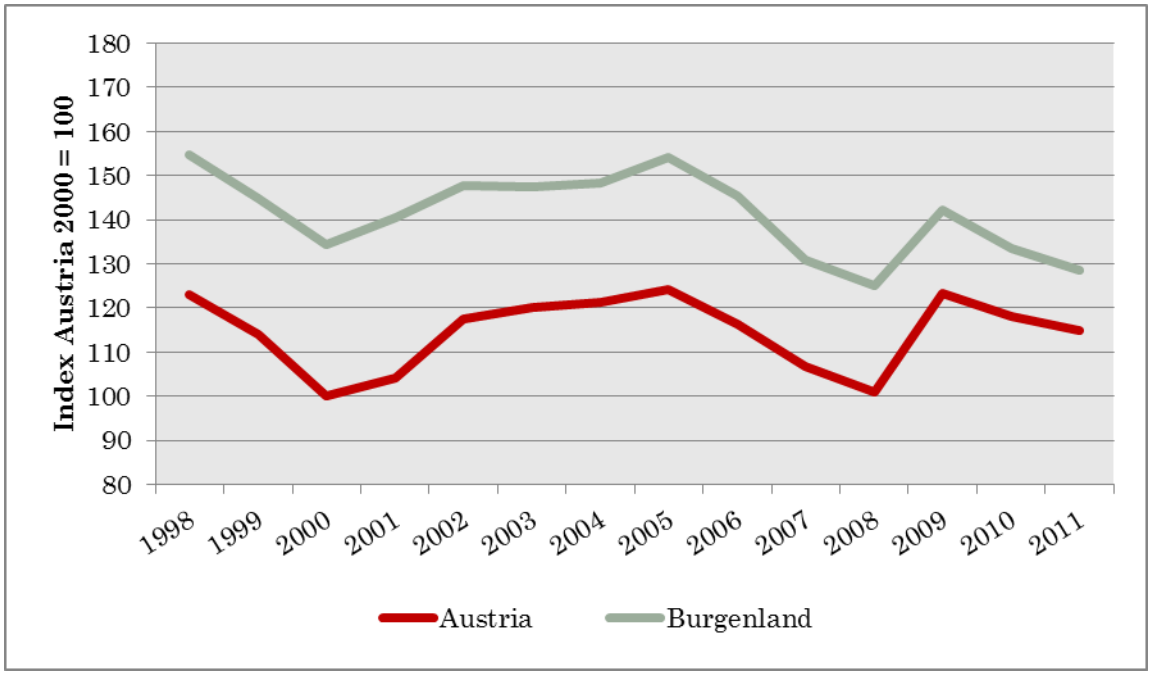
Figure 2: GDP p.c. development 1995-2008 (in 2000 prices)



Source: Statistik Austria, calculation convelop.

Labour market / social inclusion: Unemployment in Burgenland is low by international standards (about 3.5 percent), but is clearly above the Austrian average, and it has largely followed Austrian trends and economic cycles (see Figure 3)[1] without being significantly affected by the recent economic crisis. Employment is growing steadily but has been offset by an increase in labour supply. Both labour market participation, especially among women, and the employment of foreign workers rose sharply, and therefore the unemployment rate could not be reduced significantly. Burgenland's labour market was less affected by the economic crisis than was Austria, leading to a convergence of the unemployment rates of Austria and Burgenland. This can be traced back to the orientation of the economy to domestic markets more than international competitiveness.

Figure 3: Evolution of Burgenland's unemployment rate in relation to Austria

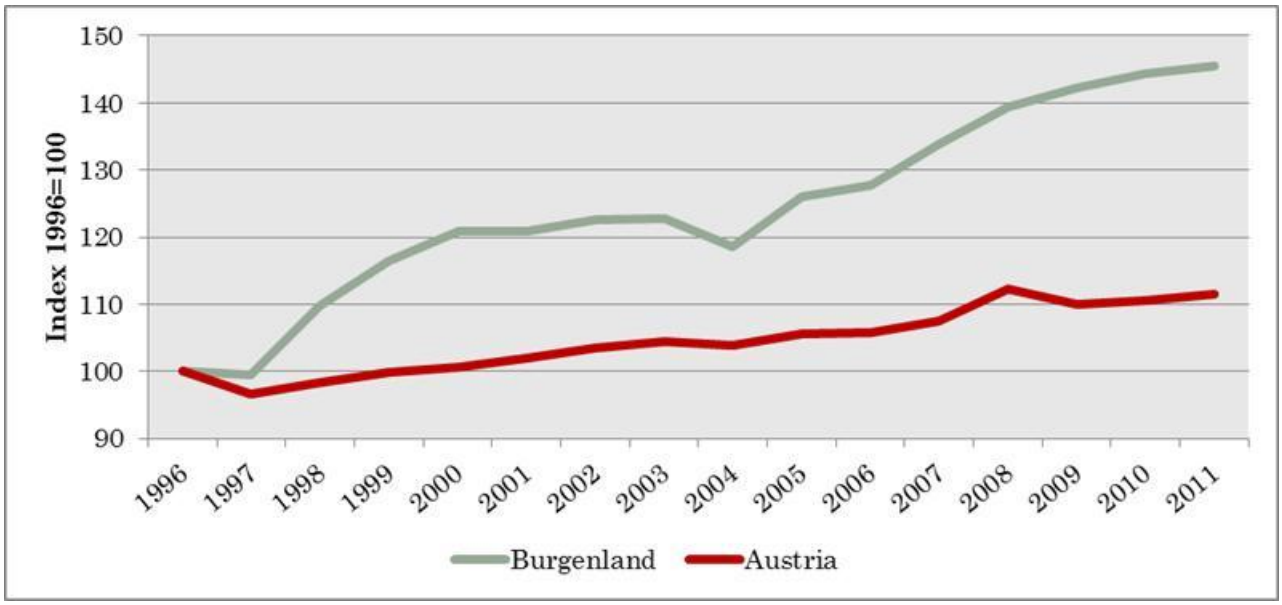


Source: Baliweb (http://www.dnet.at/bali/); calculation convelop.

Structural adjustment/sectoral development: A very substantial structural change has been observed. Agricultural employment has substantially declined, by some 40 percent, since the mid-1980s, reaching levels below 10 percent of total employment by the late 2000s. In recent times, however, the region has seen above-average rates of investment in a number of sectors, including most manufacturing sectors. Within this, 'intra-sectoral' structural change has been decisive. Existing companies could be modernised and new production methods and procedures have been introduced, often supported by ERDF. The service sector in general has benefited particularly because of the opening up of Eastern European countries. Since the 1980s, the tourism sector has shown a marked improvement, both in terms of quantity (hotels, employment) and the quality of the service offered. Included in this were a number of major endeavours under the ERDF funding framework, such as the expansion of spa resorts.

[1] Varying methods are utilised in different Member States to collect data about unemployment. Consequently, the unemployment rates for Austria/Burgenland are different in Eurostat's and Austria's databases. Domestic comparisons in this report always refer to the Austrian database.

Figure 4: Development of overnight stays in Burgenland and Austria



Source: Statistik Austria, calculation convelop.

Enterprises: Burgenland is dominated by small and medium-sized enterprises (SMEs). There are very few large companies. A number of large businesses, with 2,000 or more employees, have been lost in the course of opening up the East (e.g. textiles, clothing and electronics) or have been downsized significantly in terms of employment. Self-employment levels are comparable to national figures, but rather low by international standards. Over the last three years, the intensity[1] of new start-ups was higher in Austria. At the same time, there have been fewer company closures. Thus, the business performance can be described as good overall, insofar as a growing level of more than 7,100 businesses are active in Burgenland. Within this, the service sector has developed as the key driving force.

Table 3: Start-ups in Burgenland and Austria (2010)

	New Company Formations	Start-up Intensity %	Closure Rate %
Burgenland	601	8.5	9.0
Austria	19,241	8.0	9.4

Source: Statistik Austria.

[1] Relationship between new business start-ups and the total amount of active businesses.

Innovation: The level of investment has remained constant and above levels for Austria and the EU15 countries. Burgenland's economy has been able to renew the existing capital stock and continuously adapt to the modernisation process. However, manufacturing is hardly driven at all by research and development. In terms of R&D effort, total R&D expenditure has been barely a quarter of the national levels, with the gap between the two showing a divergent trend in the 2000s. This adverse trend is fully accounted for by weak development in business R&D spending, which has grown only modestly since the early 2000s (from a value of just above 0.6 percent of GDP), as public spending (and employment) in R&D is practically non-existent.

Figure 5: R&D as percentage of GDP, 2002 and 2009

Source: Statistik Austria, calculation convelop.

Table 4: GDP and GDP per capita, NUTS 3 Regions Burgenland, absolute and annual changes (in 2000 prices)

	Gross Domestic Product		Gross Domestic Product per Capita	
	Absolute 2008 in m. EUR	Annual Change 1995-2008	Absolute 2008 in EUR	Annual Change 1995-2008
Austria	235,551	1.7%	28,291	1.3%
Burgenland	5,176	1.7%	18,306	1.6%
Central Burgenland	582	0.7%	15,560	1.0%
Northern Burgenland	2,974	2.0%	20,220	1.4%
Southern Burgenland	1,620	1.5%	16,642	1.9%

Source: Statistik Austria, calculation convelop.

Social inclusion and community development. Given the low urbanisation rates in the region, problems of urban deprivation and social segregation are, if anything, minute. Despite the region's below-average income levels, economic inactivity and low participation rates do not translate into household worklessness and thus to problems of poverty. Immigration has increased sharply since the turn of the century, with the share of foreign-born residents rising from around 1 percent in the 1980s to above 5 percent in the late 2000s. Depopulation in the southern part of the country is becoming a pressing problem, leading to restrictions in local services and infrastructure (commercial, social infrastructure), and it might become a trigger for an economic downwards spiral.

Environmental sustainability. Burgenland is a predominantly rural area, with a relatively low population density. The physical landscape is also rural, with predominantly hilly areas in the south and more open planes in the north. Deficiencies in the water supply and wastewater infrastructure have been removed with the help of ERDF measures. Intensive agricultural use of land is also affecting the quality of water supplies and of groundwater in the region. This situation is improving due to intensive EAGGF/EAFRD interventions. The region is home to a rich and diverse habitat especially in the area around Lake Neusiedl. Although the region has made efforts in the last decade to improve environmental quality (diversification of domestic heating, water and sewage treatment), progress in the introduction of more environmentally sustainable activities in agriculture (such as eco-tourism and organic farming) has been less visible. Nevertheless, the region has made significant progress with regard to green energy production, with large investments in wind farms and a substantial increase in green electricity consumption (from wind turbines) from less than 5 percent in 2000 to over 50 percent in 2010.

Summary of these development trends. While Burgenland kept pace with Austrian national growth rates, a process of catch-up was taking place compared to the EU15. A massive structural change could be achieved, with a strong decline in the dependency on employment in agriculture. The tourism sector has shown a marked improvement, both in terms of quantity (hotels, employment) and quality of the service offered. Included in this were a number of major endeavours under the ERDF funding framework, such as the expansion of spa resorts. It has been possible to develop new strengths, particularly in the renewable energy sector. The manufacturing sector, however, is marked by a lack of R&D thrust, and R&D and innovation still represent a major challenge for rural regions.

Nevertheless, the basic needs of the region with regard to creating new jobs and reducing the number of commuters are still present. These factors are essentially permanent challenges, which should be perceived as missing agglomeration advantages. The unemployment rate could not be reduced significantly, and the lack of jobs is still a major challenge.

A differentiation must be made between the northern and southern parts of the region: the northern part of the country is increasingly benefiting from its proximity to Vienna. The southern part is a peripheral area and has very few advantages for companies. Despite a higher funding intensity, no significant catch-up could be realised in the south. The deficiencies in accessibility, which represents one of the main bottlenecks, have not changed. Overall, these different development paths are reflected in the contrasting demographic forecasts. Unlike the north, the south of Burgenland is increasingly struggling with problems of emigration and aging population and the associated depletion of infrastructure services in rural communities.

3 PROGRAMME EVOLUTION AND RELEVANCE

Policy context

Austria is a federal state. Rather than being centrally controlled, the powers of authority for spatial and economic development are exercised through numerous policy measures spread between the federal level (ministries, funding agencies) and the regional level. The unclear division of competencies has meant that coordinated regional policy programming could not be carried out in Austria – although some attempts were made in the early 1970s.

In the 1960s and 70s, the federal government in cooperation with the Province of Burgenland initiated a number of policy measures to improve infrastructure. Due to its border location with the East, Burgenland has long been a priority region for regional policy. In the 1980s and 1990s, further attempts were made to strengthen economic opportunities for Burgenland by promoting business relocations and endogenous project initiatives, especially in southern Burgenland. The bottom-up initiatives were very small, and somewhat similar to present LEADER approaches.

Until the 1980s, the Austrian regional policy system was characterised by a traditional view of economic development. Disparities between regions were primarily explained in terms of the lack of capital, market imperfections and the existence of barriers restricting the import of resources. The increasing ineffectiveness of traditional regional policy and the progress in regional economic research caused a shift from a static concept, emphasising the reduction of regional disparities, to a concept of structural policy – which implies a more dynamic view of regional development. The new philosophy concentrates more strongly on the promotion of the endogenous potential of regions than on the mere transfer of capital into poorer regions.

However, the emphasis of Austrian regional policy shifted in the 1980s to the problems of older industrial areas and thus other provincial regions in Austria, so that Burgenland was no longer a central focus. In general, very little coordinated and strategic national policy was implemented in the 1990s.

The adoption of EU regional policy brought significant changes and innovation in the governance system. In preparation for Objective 1 funding, a series of strategic concepts were developed, including a new spatial development programme and sectoral development plans for tourism and business. Associated institutional changes included the establishment of two agencies: The Economic Development Agency (WIBAG) and Regional Management Burgenland (RMB). WIBAG is responsible for financial development support, whereas RMB is the development agency for Burgenland, which takes on the role of Managing Authority. The EU programming process also represented an innovation. An integrated development programme was mutually agreed at the Burgenland provincial level and the federal level. Coordination mechanisms were established to allow the development of cross-sector strategies, coordinated between the federal government and the Province of Burgenland, and the selection of projects. The governance mechanisms were positively changed to enable strategic-oriented regional development.

3.1 Explicit and implicit strategies and their evolution

When Austria became a member of the EU in 1995, the granting of Objective 1 status to Burgenland was perceived as an opportunity to make a **leap forward**[1] in economic development. Interviewees stressed how vital it was to gain recognition of the importance of this opportunity at the highest political level (e.g. the governor of Burgenland) and to build **political consensus** amongst the regional government, its political parties and the economic and social partners, so that the Objective 1 programme and the resulting projects implemented were kept separate from any potential political dispute. It was clear that the region would not get a second chance at such an opportunity, as one interviewee mentioned. Ultimately, the timing could not have been better. Five years after the fall of the Iron Curtain, and at a time when the neighbouring transition countries first registered signs of economic recovery, substantial additional funds were made available for Burgenland. This led to **significant** additional and intensive **efforts** at national level with regard to the application of co-financing. At the end of the first period, 60 percent of public funding for the ERDF Priority was provided by Burgenland and the federal government and 40 percent by the EU through the ERDF.

The vision and overall programme objectives that were ultimately followed through all three periods were:

- the creation of a dynamic central European region with a strong momentum in the fields of industry, trade, tourism and agriculture; and
- the reduction of internal economic disparities.

The aim was to move away from the situation of a peripheral rural region out in the 'dead border zone' to a dynamic region located in the centre of Europe. The objectives that subsequently emerged, however, give an insight into the actual direction, which focused on the following goals:

- catching up with Austrian and EU15 averages (convergence);
- growth and employment (see Table 6); and
- increasing the participation rate and reducing unemployment.

These objectives remained the same over the three programme periods, although they are named and weighted differently and supplemented with new aspects (e.g. quality of jobs, innovation).

[1] The notion of 'leap forward' was introduced in an economic development concept, elaborated prior to the Objective 1 Programme (Palme/Buchinger/Rosinak, 1994), as a synonym for an ambitious development approach for Burgenland. It was included in the first Operational Programmes, but removed in revised versions. The term of 'leap forward' was also mentioned by interviewees as well as EU officials in the course of the ex ante evaluation of the first period.

Table 5: Overview - Priority level of the programmes

Programme Period 1995-1999	Programme Period 2000-2006	Programme Period 2007-2013
• Crafts and manufacturing industries (Enterprise support for investments + infrastructure) • Research and development (incl. telecommunication infrastructure and technology centres) • Tourism incl. culture (enterprise support + infrastructure) • Agriculture, nature conservation and use of renewable energy (EAGGF) • Growth and stability of employment incl. training, integration of unemployed people into the labour market (esp. ESF) and training infrastructure (ERDF)	• Trade and industry (enterprise support for investments + infrastructure, IT, financial instruments; focus on SMEs) • Research, Technology, Innovation (incl. centres of excellence, clusters, support for innovative services,) • Tourism incl. culture (enterprise support + infrastructure) • Agriculture, nature conservation and use of renewable energy (EAGGF) • Human resources with focus on training, prevention of unemployment, equal opportunities (esp. ESF) and training infrastructure (ERDF)	• Competitive and innovative regional economic structures Including: R&D, centres of excellence, clusters, SME support, financial instruments) • Infrastructure and sustainable development of locations – incl. technology centres, ICT-Infrastructure – education – Enterprise support for investments (incl. environmental technologies) – Tourism infrastructure, and soft measures incl. culture

1995-1999: A leap forward through strategic projects and industrial development

With a new spatial development programme and sectoral development plans for tourism and business, extensive preparatory work commenced. An EU programme group mainly consisting of representatives of various departments of *Land* government, federal ministries and economic and social partners and the regional agency (WIBAG) was set up at the *Land* level under the responsibility of the Burgenland government. However, the key decision-making team of programme designers was a small group of leading civil servants and representatives of WIBAG with a clear idea of what was needed to realise the leap forward. The programme was implemented with 5 priorities and 23 measures (see Table 34 in Annex II). The ERDF dominated with a share of 66 percent of funding, ESF 19 percent and EAGGF 15 percent. The ERDF focused on three Priorities: (i) Industry and Crafts, (ii) Research and Technology, (iii) Tourism and Culture.

Referring to interviews, the strategy was to focus on the removal of **supply-side bottlenecks**, especially in industry, trade and tourism. The approach was the provision of infrastructure, mostly in the form of strategic projects such as commercial and industrial zones, business parks and the creation of conditions for economic development through improved water supply and sewage disposal, set out in master plan fashion, and through investment incentives to business, including the attraction of foreign direct investment. Thus, the implicit strategy was to achieve a leap forward by implementing key business-infrastructure projects and attracting foreign direct investment.

This was particularly evident in the area of research and development, were the emphasis was ultimately on the development of 'hardware'[1] such as technology parks and telecommunications

[1] Hardware includes infrastructure (e.g. business parks) as well as company investments in 'bricks and mortar' and machinery.

infrastructure and investment in machinery, as well as attracting foreign direct investments by large companies in order to improve R&D capacities. In fact, the strategy was built on a handful of large projects such as a business zone in Heiligenkreuz, two technology centres, ICT infrastructure, tourism attractions and the attraction of FDI.

The Operational Programme for ERDF envisaged a **regionalisation** of development priorities into eight sub-regions, which included the definition of strategic projects (commercial and industrial zones, technology parks, thermal spas). This was a unique feature for Austria, since spatial development priorities in this form had seldom been included in Structural Fund programmes in Austria.

Furthermore, a broad list of **sectoral priorities** included energy technology, electronics, materials and logistics, biotechnology and environmental technology and tourism. However, there was no clear strategy on how to develop these themes either in the documents or apparent during interviews. In fact, given the size and economic potential of Burgenland, far too many sectoral fields were mentioned in the OP. Rather than following an explicit development strategy, the topics appeared to be grouped around certain strong companies.

ESF (19 percent of the EU funds) supported **training and vocational courses**. In 1995, the ESF introduced significant innovation into Austria's labour market policies through (i) the introduction of a preventive labour market policy (training and vocational courses for employees to help them adapt to structural change) and (ii) the integration of Burgenland into labour market strategies, which had previously been performed at national level only. To improve the education and training infrastructure, independent measures were planned, wherein the establishment of a tertiary education sector by setting up a University of Applied Sciences in Burgenland was of particular importance.

In addition to the modernisation of **agriculture**, EAGGF (15 percent of EU funds) was aimed at strengthening nature conservation and the use of renewable energy. This complemented the strategy for tourism, especially with the establishment of the Lake Neusiedl National Park.

Smaller Community Initiative programmes swung into action. Although financially less important, they facilitated experimental initiatives and thus policy innovation. Both strategically and financially, the Austro-Hungarian INTERREG/ETC programme was by far the most important. In this phase, it aimed at the development of collaborative relationships with neighbouring regions in Hungary, especially in the areas of tourism, cross-border national parks and nature reserves, as well as business locations, particularly in cross-border business parks. Interviewees rated the Community Initiative LEADER very positively for the innovative, bottom-up-generated actions.

Table 6: Programme visions and global objectives

	Programme Period 1995-1999	Programme Period 2000-2006	Programme Period 2007-2013
Guiding Vision (ERDF)	• The creation of a central European region with a strong momentum in the areas of industry, trade, tourism and agriculture • The reduction of internal economic disparities • Ensuring a more homogeneous quality of life throughout Burgenland	• Securing the development of Burgenland into a modern, central European region • Preparation for the enlargement of the European Union (including EuRegio West / Nyugat Pannonia) • Special consideration given to reducing regional disparities within the province of Burgenland	• Assurance of quality of life, increase incomes and employment by increasing competitiveness and reducing regional disparities • Development of Burgenland into a modern Central European region as an active 'player' within CENTROPE
Guiding Vision (INTERREG/ ETC)	• Support to the border region to adapt to their new role as border areas of a single integrated market, to address specific development issues, and the establishment and development of collaborative networks	• Development of an economically, socially and psychologically integrated border region	• Strengthening of cross-border economic, social, cultural and environmental contacts in the Austro-Hungarian border region in order to improve regional competitiveness and reduce regional disparities
Global Programme Objectives	• Creation of 7,300 jobs (of which 1,000 in high-tech SMEs, 300 in technology centres) • Reduction of regional disparities (GDP per capita status in 1995 compared to EU15: the South 66%, Centre 70%, the North 86%) • Increase in the proportion of higher-skilled jobs in the labour market • GDP to increase to 75% of EU15 (GDP per capita status in 1995 compared to EU15: 70%) • Burgenland to increase share of the total Austrian GDP (status 1991: 2.2%) • Increasing exports of Burgenland industry (status 1993: €395 m.) • Stimulate and foster private initiatives through public investment • Reduction in the unemployment rate, especially of vulnerable groups such as women and young people (status 1993: 8.1%) • Increase in female labour force participation rate by 2% (status 1993: 44%) • Reduction of commuters (status 1991: 186 daily, 138 non-daily commuters per 1,000 employees) • Stabilisation of population development in the border regions	• Increase of GDP from 71% to 77% of EU15 • Reduction of regional disparities, +4% GDP in Central and Southern Burgenland (GDP per capita compared to EU15, status 2000: the South 65%, the Centre 64%, and the North 75%) • Increase in female labour force participation rate +2% - status 49.7% (average for 2000) • Creation and protection of jobs (1,500 new, 3,250 safeguarded through ERDF, 7,000 total new in Burgenland) • Start-up of 700 companies • Increase the proportion of high-quality accommodation to 40% and increase overnight stays by +4% in health and wellness (status: 34% quality beds, 694,800 overnight stays) • 100 cooperation partners in clusters, networks and centres of excellence (at least 50% from Burgenland) • Sustainable protection of natural resources as the basis of social and economic development	• Promotion of settlement, expansion, creation and acquisition of companies and business investment • Further development of the tourism destination and offer, improvement of marketing (link also to ESF) (750 new quality beds) • Strengthening RDTI activities, facilitating access • Establishing, and integration into, centres of excellence, networks and clusters (22 cooperation projects) • Support for innovation and research, access to new markets and creation of new innovative business (47 R&D projects) • Promote environmentally friendly business development (increase in energy efficiency and resource productivity, innovation in environmental and energy technologies) • 577 new jobs including 50 in R&D • Improve state-wide coordination in support of sustainable site development • Demand-oriented attractiveness of infrastructure and facilities to secure locations

Source: Operational Programmes

2000-2006: Continuity and transition to SMEs and demand-side measures

Towards the end of the 1990s, federal technology and innovation policy was reformed and significantly strengthened. New approaches emerged, such as the development of Centres of Excellence or new forms of incubators at universities. However, because of the weak R&D-infrastructure, it was difficult for Burgenland to participate in these national programmes. At the same time, there was a withdrawal from active regional policy at the federal level. Nevertheless, a large number of support schemes existed at national level, parts of which were used for co-financing ERDF.

The development of the programme strategy took place in the context of **Agenda 2000** and the preparation for EU **eastern enlargement**. The euphoria and the public pressure in the first programme period was replaced with a more professional routine in dealing with EU regulations, project development and the new governance mechanism introduced in the first period. In addition, the newly founded institutions such as the regional agency WIBAG (founded 1994) and Regional Management Burgenland (founded 1995) were firmly established.

EU funds **increased** by 43 percent to a total of €265 million. The ERDF allocation increased by €48 million to a total of €170 million. The high national co-financing of the first period was reduced to the minimum level. As a substitute, the so-called 'supplementary programme' was agreed between Burgenland and Federal Ministries. This programme was identical to ERDF Operational Programme strategies and measures, but was financed purely by national funds. This ensured that full continuity was provided for Burgenland in the second period.

The programme had a highly differentiated strengths and weaknesses analysis, which took into account the previous successes and lessons learnt. Compared to the 1995-1999 period, the analysis emphasised new **'soft' aspects**, such as the low innovativeness of SMEs and the lack of service orientation as an obstacle to the development of tourism. The absence of a critical mass for industrial development and cluster formation was also addressed.

The **strategy** of first period was regarded by the programme designers as still being valid. However, it was recognised in the OP that the financial weighting for infrastructural measures and strategic projects was relatively high. The continuous transition to enhanced action in technology, R&D and training was therefore to be significantly enhanced in the 2000-2006 programme. This would have been a significant change in the policy approach.

The **intended shift** towards softer measures and business-driven action was reflected by new measures such as supporting networking and cooperation between companies, internationalisation of Burgenland's economy, establishment of clusters and centres of excellence, and introducing new financial instruments. This was linked to a shift in focus towards small and medium-sized enterprises and support for start-ups.

Thus, whereas the **written programme** indicated an accentuated move towards soft measures in R&D, SMEs and innovative services, this hardly corresponded with the financial weightings of the measures, which show that initiatives aimed at investment, modernisation and expansion of businesses continued to dominate. In fact, between 40-50 percent of the ERDF funds were earmarked for the investments in individual companies in industry, commerce and tourism. The

actual expenditure was even higher. Accordingly, the implicit strategy followed the previous intervention model more than the explicit formulated programme strategy stated.

The fact that the knock-on **effects** of past ERDF programmes were not felt as strongly in the south, when compared to the relatively high dynamics in the north of Burgenland, was addressed, by explicitly acknowledging that it probably just takes longer for larger projects[1] to bring in economic dividends. However, this seems to be more a case of tactical statement without formulating a clear strategy for the southern part of Burgenland. In practice, the programme retained its previous goals, but expanded to include the aspect of preparation for the enlargement of the European Union. The implementation of the programme was divided into the same five Priorities and 22 Measures.

The **regional foci** were adjusted slightly. However, the exact role that they had in implementation remains unclear. Key topics were referred to again, with Telecommunications and Energy Technology emphasised as the main themes. Tourism was given a dedicated Priority again, but a clear strategy on how to develop the sectoral foci was missing, apart from the tourism sector.

The ESF (20 percent of EU funds) concentrated as before on training to adapt the skills base of the employed and unemployed to new technologies. It also supported *inter alia* the creation of new businesses.

INTERREG III was of special importance, in light of the EU eastern enlargement and the further removal of borders. *Ad hoc* project collaborations were formalised in the meantime by the EuRegio West / Nyugat Pannonia. This was also the basis for deepening interrelations. The themes included tourism (particularly health and spa tourism), the Lake Neusiedl National Park, and cross-border clusters in automotive, electronics and fruit processing.

Overall, there was to a certain degree an **adaptation of the intervention model**. Infrastructure lost importance, strategic projects were 'finalised', and more emphasis was placed in the official strategy on soft aid for SMEs. However, the focus on **financial grants** for companies remained constant, absorbing more the half of the allocated financial means. While the greater involvement of SMEs was demonstrated in reality, the transition to soft measures was only partly effected, e.g. by introducing cluster initiatives. Moreover, the cluster initiatives were not perceived as being very successful. Thus, the dominant strategy was still capital-investment-driven.

2007-2013: Business Innovation

Prior to the **2007-2013 programme period** and the reorientation to focus on the **EU Lisbon Strategy**, new strategic documents were developed, such as a new spatial development plan.[2] In a broader discussion process, an economic development strategy was discussed, from which the OP finally evolved.

[1] The term "larger projects" means large in context of Austrian EU programmes and is not linked to the EU definition of major projects.

[2] Amt der Burgenländischen Landesregierung (2008): Mit der Natur zu neuen Erfolgen – Leitbild Landesentwicklungsplan für das Burgenland. Eisenstadt. http://www.burgenland.at/media/file/1403_Leitbild_Landesentwicklungsplan_fuer_das_Burgenland.pdf (Accessed 24/10/2012).

Burgenland has the status of a Convergence Phasing-out region. The programmes are run as mono-fund programmes for ERDF and ESF. EAGGF was incorporated into the national programme EAFRD. Overall, funds have been reduced by 31 percent ERDF and 9 percent ESF, as a result of the EU eastern enlargement and the concentration of resources in the Convergence regions. The fundamental objectives are pursued as in previous periods, but made more tangible as follows:

- the development of a common, cross-border region relative to the EuRegio West / Nyugat Pannonia and the CENTROPE Central European perspective; and
- the reduction of regional disparities within the province of Burgenland, especially between northern, central and southern Burgenland.

Reflecting the new programme requirements, the programme Priorities were modified to match the EU Cohesion Guidelines as well as the National Strategic Reference Framework. The structure based on Measures was disbanded. The two programme Priorities are:

- Competitive and innovative regional economic structures
- Infrastructure and sustainable site development.

Beyond these formal programme requirements, the basic direction remains largely identical. Two points are emphasised:

- By contrast with the first programme, a transition is identifiable from a **deficit** to a **potential-oriented** viewpoint. There is an increased emphasis on strengths, such as environmental and energy technologies, and a focus on regional potential rather than just eliminating deficiencies.
- Based on evaluation experience of the previous period, **'innovation'** moves much closer to centre stage. Nevertheless, the deficit-oriented perspective still dominates. It is stated that there is still considerable need for action in research and development and that, for example, technology transfer institutions are missing. This is surprising, as these themes already appeared in two previous programmes as Measures.

An analysis of more detailed planning under the programme complement again suggests a **continuation** of the **strategy** rather than a new emphasis. Approximately 30 percent of the ERDF is planned for investment measures for industry. This roughly corresponds to the proportions of the previous periods. If tourism is added to this, half the funding is allocated to business investment. R&D, with about 14 percent of the programme funding, is set at about the same level as in the previous period.

In the area of R&D, it must be recognised that, in the first years of programme implementation, hardly any R&D projects existed and that there were no clear strategies to develop such projects. Based on an evaluation in 2009, the **Burgenland 'Innovation Offensive'** was therefore subsequently launched. This has ultimately facilitated a new pro-active approach to the subject (stimulus projects, raising awareness among businesses, and support for innovative start-ups).

According to interviewees and confirmed by evaluation, the LEADER programme, phased into the EAFRD in the 2007-2013 period, lost a lot of emphasis on innovation and is very much focused on agriculture and forestry only. Amongst other factors, this is a result of 'mainstreaming' in the EAFRD.

3.2 Relevance of programmes to regional needs

The programmes in general are based on a broad and good understanding of **regional needs** in Burgenland. The strategies laid down in the OP have been developed further over the three programme periods. Based on the removal of supply-side bottlenecks for industry, trade and tourism strategies were increasingly differentiated into an innovation-oriented regional development policy. The key focus has always been strong, corporate-driven economic development. However, survey participants pointed out that there was a lack of flexibility and adaptability to the changing needs of the programmes. Elements that were emphasised in the ERDF strategy in all programme phases comprise:

- the development of a modern infrastructure for businesses (business parks, ICT infrastructure, technology parks);
- sectoral focus on tourism using strategic projects; and
- financial grants for modernisation and inward investment of industrial enterprises.

Above all, direct financial support for businesses remains dominant with respect to expenditure within measures, indicating that the strategic shift was much more significant in the written strategy than in the actual implementation.

Table 7: ERDF - programme development

	1995-1999	2000-2006	2007-2013
Characteristic	Stable strategy with development phases - leading project-oriented modernisation of locations		
Access	Deficit-oriented	Deficit-oriented	Potential-oriented
Focus	- strategic projects (business infrastructure) - Sewage disposal - Technology infrastructure, IT infrastructure - Modernisation of industry, FDI	- strategic projects - tourism, modernisation and expansion of industry, - SMEs - Clusters and Centres of Excellence	- Investment in operations - SMEs - Tourism - R&D/Innovation – Centres of Excellence

Source: convelop.

Table 8: Comparison of regional needs and programme responses

	Regional need	Response	Project focus
1994-1999	- Employment deficits; high rate of commuters - Deficits in business-related infrastructure - Competitiveness of manufacturing and tourism sectors - Higher education - Low skills of labour force	- Large -project strategy (business parks, technology parks) - IT-Infrastructure - Grants for investments in industry - Foreign direct investment - Focus on tourism - Training measures mainly via ESF	- Business-related infrastructure (Business zone Heiligenkreuz) - Technology parks (2) - ICT-Network-Burgenland - Water supply & waste water infrastructure - Business relocation, investment projects (e.g. Nokia, GE capital, Siemens) - Thermal spa development - Setup of the University of Applied Sciences in Burgenland
2000-2006	- Employment deficits; high rate of commuters - EU-Enlargement - Structural adjustment of industry - Competitiveness of manufacturing and tourism sectors - Low skills of labour force	- Completion of business-related infrastructure - Increased emphasis on SMEs and start-ups - Clusters & cooperation - Continued focus on tourism - Training courses mainly via ESF	- Large projects in tourism - Thermal spa development - Technology parks (4) - Business relocation incl. FDI - Investment projects for modernisation of manufacturing - Equity finance instruments
2007-13	- Competitiveness of manufacturing and tourism industry - Low skills of labour force - Lisbon/competitiveness steered from Community Strategic Guidelines	- Grants for industry investments, focus on SMEs - Increased focus on 'soft-aid' - R&D/Innovation – Centres of Excellence - Tourism & Culture	- Investment projects for modernisation of manufacturing - Equity finance instruments 'Innovation-Action Plan'

Source: convelop.

Referring to interviews and the OPs, the strategy was to focus on the removal of **supply-side bottlenecks**, especially in industry, trade and tourism, through the provision of infrastructure, mostly in the form of strategic projects, set out in master plan fashion, and through investment incentives to business, including the attraction of foreign direct investment. Ultimately, this is where the energy and focus were placed.

This is perhaps understandable, partly because of the development deficits present at the outset, but also because of the expediency of coping with a substantial amount of the programme in a short space of time. The goal was to 'eliminate' disparities and re-industrialise through an extensive catch-up process. One interviewee noted that 'It needed to be made as strong as possible, to attract large technology companies to Burgenland'.

Some real needs of the region could be addressed through the programmes:

- provision of business-related infrastructure as a basis for business development;
- access to high-quality telecommunications infrastructure;
- the need for a modern water supply and wastewater system, a fundamental bottleneck for economic development that was eliminated;
- modern product and service offerings in tourism, which were built up as points of attraction; and

- improvements in the education infrastructure, in particular through the establishment of the University of Applied Sciences in Burgenland.

A **phase model** has been implicitly assumed, leading from structural development, through clustering and networking, towards a greater focus on innovation. The phase model from 2000-2006 was formulated along these lines. However, from a present-day perspective (and this was also mentioned in interviews and the workshop), the support needed for cultural and intellectual changes related to innovation, technology and service orientation, has been overlooked for too long. The absence of a substantial diffusion-driven strategy for endogenous development and soft factors has frequently been viewed in a critical manner. The regional workshop concluded that the softer measures of 'Innovation Offensive Burgenland' should had been implemented ten years earlier. However, at that time, there was insufficient awareness and support regarding the importance of R&D and innovation at the level of decision-makers.

Table 9: Needs and imputed objectives for eight thematic axes

	1995-99		2000-06		2007-13	
Thematic axis	**Needs**	**Imputed objectives**	**Needs**	**Imputed objectives**	**Needs**	**Imputed objectives**
Enterprise	++	5	++	5	+	5
Structural adjustment	++	5	+	5	+	4
Innovation	+	4	++	4	++	5
Environmental sustainability	=	2	-	3	-	3
Labour market	++	2	++	2	+	1
Social cohesion	=	1	=	1	=	1
Spatial cohesion	+	4	+	2	++	1
Infrastructure	++	4	+	3	+	2

Needs Scale (evaluation of the region at the start of the period)
++ Very high need: the region is highly deprived on this axis
+ High need: the region is somewhat deprived on this axis
= Average need: the region is around the national mean on this axis
- Low need: the region is above the national mean on this axis
-- Very low need: the region is already a European frontrunner on this axis

Imputed Objectives
5 Very high effort, this axis is a central aspect of the regional development strategy
4 High effort, this axis is an important element in the regional development strategy
3 Average effort, this axis is included in the regional development strategy but not particularly important
2 Low effort: this axis is only marginally considered in the regional development strategy
1 No effort at all on this axis

Substantial **needs** such as improving **accessibility** could not be addressed through the Objective 1 programme. In a more advanced Objective 1 region in a relatively prosperous Member State, such a point would not have been 'negotiable' with the European Commission. This would have completely

tied up the programme budget.[1] In the northern part of Burgenland, deficits in many areas were closed by national funds, but in the southern region significant drawbacks remain unchanged.

In summary and in reference to interviews, the survey and the workshop, in terms of economic development of Burgenland, the **strategies** have **met local needs relatively well**, with modified access in later programme periods. However, the rather exclusive focus on 'hard' investments[2] and strategic projects in the first programme period and the delayed transition to the focus on innovation must be viewed critically.

[1] For instance, the investment for the upgrading of the so-called S7 road in southern part of Burgenland is around €565 million, compared to ERDF resources available for all three periods of about €380 million. And after all, the upgrading of S7 is certainly not the only investment necessary to improve accessibility in southern part of Burgenland.

[2] 'Hard' investments are understood to comprise infrastructure investments (e.g. business parks) as well as investments by firms in 'bricks and mortar' and machinery.

4 EXPENDITURE ANALYSIS

This section analyses the financial implementation of the programmes. An overview of the total EU and ERDF funding utilised and the matched private funding is presented, followed by a breakdown based on the thematic axes. This provides an overview of the actual main content and the shift of the programmes over the three programme periods. It also indicates how the programmes evolved in terms of priorities and how the strategies outlined in the documents were implemented.

4.1 Financial allocations

Objective 1 status enabled a much higher intensity of use of resources in Burgenland than was possible prior to EU accession. In the last 15 years, around €670 million has been provided by the EU, of which €353 million were accounted for by the European Regional Development Fund (ERDF). Funding from the ERDF varied significantly during the programme periods (excluding Community Initiatives). It rose from €122 million (1995-1999) to €170 million (2000-2006) and then decreased to €103 million[1] with the transition to Convergence Phasing-out status. Two factors stand out for the ERDF programmes in Burgenland: the level of national co-financing and the application of private funds.

The opportunity to use Objective 1, as well as the changing geopolitical situation resulting from opening up of the East, **mobilised** significant **resources**, including nationally. This resulted in a funding ratio for the ERDF of 60 (national): 40 (EU) for the 1995-1999 period. In the 2000-2006 period, national co-financing was reduced to the minimum level, but the funds were not cut. The so-called 'supplementary programme' between the federal government and the state of Burgenland was set up as a substitute; it followed the content and strategy of the ERDF OPs, but was financed purely by national funds. Therefore, the national allocation of resources remained consistently high.

The Burgenland programmes, as with the Structural Funds programmes in general in Austria, were very focused on **business investment**. This led to a high proportion of **private funds** in the investments implemented.

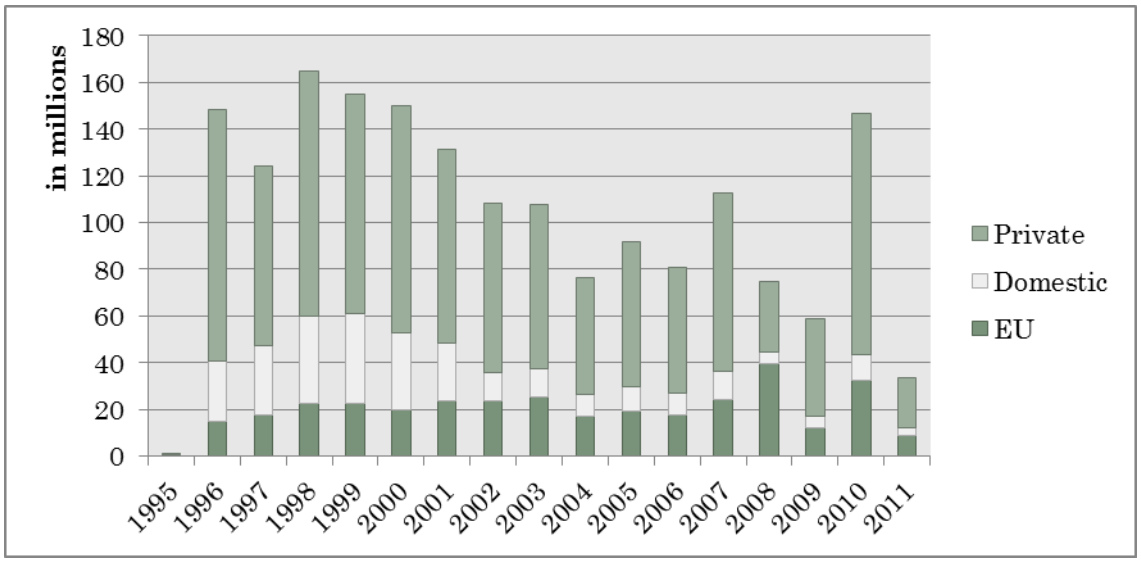
Combining these **two factors** (high efforts in national co-financing and high leverage of public money by private investments) indicates that, in the past 15 years, an investment level of €1.9 billion from ERDF priorities[2] and a total funding of approximately €2.8 billion[3] was channelled via the three programmes. Equally distributed over the years, this amounts to an average of approximately €130 million for ERDF and €200 million across all funds and programmes. This is equivalent to approximately 9 percent (ERDF) and 13 percent (all programmes) of annual investment in industry and commerce.

[1] ERDF allocations.

[2] See Tables 15-17: ERDF, national, regional and private resources.

[3] See Tables 15-17: all EU Funds, national, regional and private resources.

Figure 6: Development of annual expenditure (m. EUR in 2000 prices)[1]



Source: FIRs, monitoring data, Convelop calculations.

Table 10: ERDF Expenditures at thematic level (m. EUR in 2000 prices)

Thematic axis	1995-1995		2000-2006		2007-2013*		Total	
	EUR	%	EUR	%	EUR	%	EUR	%
Enterprise	36.4	30%	81.57	49%	46.58	74%	164.56	47%
Structural adjustment	29.85	25%	50.66	30%	7.71	12%	88.22	25%
Innovation	13.94	12%	22.13	13%	7.71	12%	43.78	13%
Labour market	1.64	1%	1.65	1%	0	0%	3.28	1%
Infrastructure	37.77	32%	11.44	7%	0.62	1%	49.84	14%
Total	**119.6**	**100%**	**167.46**	**100%**	**62.63**	**100%**	**349.68**	**100%**

Source: FIRs, Monitoring data, Convelop calculations.
*commitments.

4.2 Expenditure compared with allocations

The strong focus on **economic development** and the industrial base is clearly reflected in the expenditure. 'Enterprise' is by far the dominant theme, which not only increases in importance over the time period, but also absorbs more resources in implementation than originally allocated (see Table 11).

Shifts between the programmes

The funding for the 1995-1999 programme period shows a higher **proportion** for infrastructure. A substantial proportion falls under the headings of Enterprise (including foreign direct investment)

[1] In this figure, 2000 prices are calculated on the basis of annual deflators, while in other calculations at the level of the thematic axis an average deflator for the respective period had to be used. Consequently, the total amount of expenditure is lower than described in previous paragraphs.

and Structural Adjustment (mainly tourism). Innovation plays a less important role. The Labour Market is limited to investment in education infrastructure.

During the 2000-2006 programme period, infrastructure development was reduced in favour of support for **Enterprise** and Innovation. Enterprise evolved to become the dominant thematic axis. Accordingly, to gain continuity in the development of tourism as cited in the strategy, structural adjustment remained high.

In the 2007-2013 period, the distribution of funds from the programme is seen to be further accentuated. **Enterprise** is responsible for more than half of the programme funding, and Innovation has been upgraded at the 'cost' of Structural Adjustment.

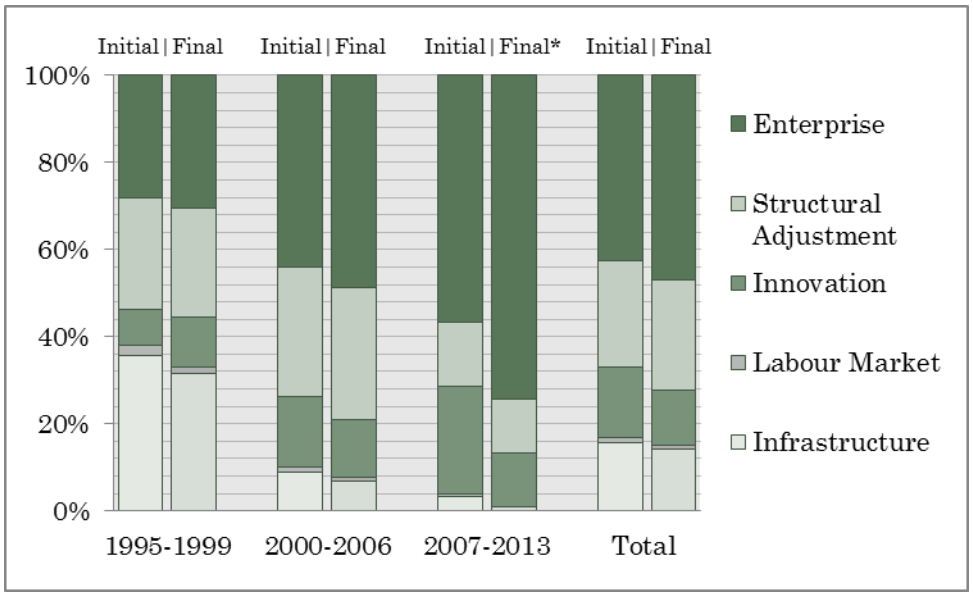
Again, the expenditure indicates high weighting of grants and firm investments in Burgenland programmes, which are the pillar of the programmes in all three periods. The shift away from business-related infrastructure to 'Enterprise' in the second period reflects the programme strategy. It can be traced back to the fact that most urgent needs in business infrastructure have been fulfilled. Finally, the Lisbon Agenda of 'competitiveness and innovation' and its means of implementation in Burgenland through business-driven approaches has led to a further increase in this thematic axis.

Table 11: Funding distribution against thematic axes

	1995-1999 EU in % of ERDF		2000-2006 EU in % of ERDF		2007-2013 EU in % of ERDF		Total EU in % of ERDF	
	planned	actual	planned	actual	planned	actual*	planned	actual
Enterprise	28%	30%	44%	49%	57%	74%	43%	47%
Structural Adjustment	25%	25%	30%	30%	15%	12%	25%	25%
Innovation	8%	12%	16%	13%	25%	12%	16%	13%
Labour Market	2%	1%	1%	1%	0%	0%	1%	1%
Infrastructure	36%	32%	9%	7%	3%	1%	16%	14%

Source: Convelop calculation.
* commitments.

Figure 7: Shifting funds at thematic axis level



Source: Convelop calculation.
* commitments.

Focus on Enterprise & Structural Adjustment

Overall, approximately **half of the ERDF** funding falls within the thematic axis 'Enterprise'. The proportion for **'Enterprise' has risen steadily**. The implementation of the current programme period has been focused for some time almost exclusively on grants for investment projects of single firms. The measures have varied from attracting foreign direct investment in the first period, towards modernisation and expansion investment in the second period, and more innovation-oriented projects such as the introduction of new manufacturing processes in the third period. Within this axis, grants for single firm investments are the dominant intervention.

Innovation and **R&D** have been components of the programmes since the first period. The Priorities described in the OPs are only reflected in the actual allocation of resources to a limited extent. Although modern infrastructure, such as technology parks, has also been funded in this area, 11 percent of funds in the first period, compared to the strategic importance, is a relatively small proportion. This proportion has remained fairly constant, particularly for 2000-2006. In the planning for the 2007-2013 period, it was raised to a quarter of the ERDF funding. However, in terms of actual commitments, the level has returned to 11 percent. There is a need to identify the bottlenecks, especially in corporate R&D projects.

In the final analysis, **infrastructure** has only been of great importance in the first phase, i.e. 1995-1999 (31 percent of the ERDF expenditure). Here, investment was mainly in business parks, water supply, sewage disposal, and the development of ICT infrastructure (Burgenland backbone). Once these needs had been covered, and at the insistence of the European Commission, the proportion was reduced in the second period. In the third period, only small shares of funding were allocated to upgrading ICT infrastructure in rural areas.

For the purposes of **structural change** and strengthening the tourism sector, as well as the expected multiplier effects, the thematic axis 'Structural Adjustment' has a consistently high

importance and takes up approximately one quarter of the ERDF funding. Following completion of the major investments (e.g. the thermal spa) in the second period, the fund allocation in the 2007-2013 period has been reduced significantly. In addition, smaller-scale sectoral initiatives, such as cluster or innovative services, have been supported.

Specific labour **market interventions** were funded mainly by the ESF. ERDF funds allocated to the Labour Market in all three periods were primarily used to promote strengthening of the training infrastructure.

'Enterprise' regularly absorbs a greater level of expenditure

The deviation between planned and actual funding expenditure shows a clear pattern. In each period, 'Enterprise' (mainly the support of business investment) has absorbed more funds than originally anticipated. However, actual expenditure on innovation falls well short of the allocation planned, except for investments in infrastructure such as in technology parks. The underperformance of 'Innovation' is related to a combination of factors: overambitious objectives for R&D, which were not thorough enough in considering the limited potential of a rural-dominated region; and the absence of a clear implementation strategy. On the other hand, supporting firm investments by grants leads to a steady absorption of financial resources. There was even more demand and absorption capacity for firm investments, which was fulfilled by national means, while EU funding was used to support larger and more ambitious investment projects.

Decreasing concentration of the funds employed

In reality, the 'concentration' of the funding allocation is diluted slightly over the successive periods. In the first period, which was directed towards strategic projects and the establishment of major employment-creating companies, 53 percent of the ERDF funds went to the 10 largest projects, and the top 5 percent of the projects took up 65 percent of the ERDF funds. The implementation was therefore very 'concentrated'. In the third period, the top 10 projects account for 35 percent of funding and the top 5 percent of projects account for only 33 percent.

Regional distribution: Higher funding intensity in the south of the state

The regional distribution of funds shows that more than half of the funds were deployed in the southern and central regions of Burgenland, particularly in the areas of Structural Adjustment (notably in tourism and culture) and Infrastructure (business parks, water supply). In the north of the region, the area of Innovation has much greater significance. A further shift in strategy towards Innovation will therefore also have an impact on the regional distribution.

Table 12: Regional focus of interventions

Thematic Axes	BURGENLAND	Central Burgenland	Northern Burgenland	Southern Burgenland	Total
Enterprise	0%	6%	47%	47%	47%
Structural Adjustment	11%	15%	19%	56%	24%
Innovation	0%	8%	70%	21%	12%
Labour Market	16%	0%	57%	27%	1%
Infrastructure	4%	0%	30%	67%	13%
Total	3%	8%	40%	49%	100%

Source: Convelop calculation.

The programme objective for 'internal convergence' requires increased use of resources in the southern part of the country. The distribution at the regional level shows that there has been a somewhat higher flow of funding into southern Burgenland than into the northern part of the country. In order to draw a conclusion as to whether this has been too large or too small, it must be related to 'economic power'. On this basis, the funding intensity (expenditure per capita) in the south of the country is up to 60 percent higher. The northern region and in particular Central Burgenland lag significantly behind. However, whether the economic development potential and this difference in the funding intensity was sufficient to support convergence, measured by the GDP per capita, is yet to be seen.

Table 13: Expenditure for 1995-1999 period (m. EUR* in 2000 prices)

	Total Expenditure	Total Public	EU	National	Private**
ERDF	843	301	122	180	540
ESF	81	78	36	42	3
EAGGF	208	78	27	51	130
All funds	**1,133**	**457**	**185**	**273**	**675**

Source: FIR, AIR, Ex-post Evaluation , Convelop calculation.
*Exchange rate ATS → EUR: ERDF/ESF: 13,7603 ATS = 1 EUR; EAGGF: 13,770469 ATS = 1 EUR.
**Values estimated on the basis of funding quotas in Ex-post Evaluation – data were only available for ERDF and EAGGF (ESF private expenditure is missing).

Table 14: Expenditure for 2000-2006 period (m. EUR in 2000 prices)

	Total Expenditure	Total Public	EU	National	Private
ERDF	780	256	170	86	524
ESF	82	78	53	24	5
EAGGF+FIFG	163	55	41	14	108
All funds	**1,025**	**389**	**265**	**124**	**636**

Source: FIR, AIR.

Table 15: Expenditure for 2007-2013 period (m. EUR in 2000 prices): 2007-2011

	Total Expenditures	Total Public	EU	National	Private
ERDF*	289	92	67	25	197
ESF**	22	22	17	6	1
EAFRD+EFF***	246	183	136	47	63
All funds	**558**	**297**	**220**	**78**	**261**

Source: AIR, Monitoring data from 20.02.2012; Convelop calculation.
* ERDF commitments.
** ESF Expenditure to 31.12.2010.
*** Values for private expenditures of EAFRD and EFF are estimated on the basis of funding quotas in the regional AIRs.

Table 16: Financial appropriation for Community Initiatives and the innovative actions programme (m. EUR in 2000 prices)

	1995-1999*	2000-2006**	2007-2013***	Total
Interreg****/ETZ	12	27	55	**94**
Leader	3	6	5	**14**
KMU	1	-	-	**1**
ADAPT & EMPLOYMENT	1	-	-	**1**
Equal	-	3	-	**3**
Innovative measures	-	3	-	**3**
Total	**17**	**38**	**60**	**116**

Source: OPs, RMB 2009, RMB 2011, ÖROK 2011, Convelop calculation.
* Allocations.
** Expenditure.
*** Commitments.
**** Only AT-HU initiative.

5 ACHIEVEMENTS ANALYSIS

This chapter describes the achievements of ERDF funding from 1995 to date. The data are based on the reported achievements of the FIRs and the monitoring data provided by the Managing Authority. In addition, consideration is given to synergies and complementarities with other EU and national funding programmes. Achievements from other funds such as the ESF/EAGGF are not explicitly shown in the description for the individual periods, but are properly taken into account within the overall context, along the thematic axes, as far as necessary. A detailed list of ERDF indicators is presented as an overview in Annex III.

5.1 Reported & actual achievements

Achievements at the programme level and the thematic level are analysed below, in order to understand whether the achievements of the programme are consistent with evolution. With reference to the objectives and associated indicators, two levels and methodological approaches are distinguished, as follows.

In the first and second periods, programme targets were agreed at the '**macro level**' (e.g. growth of GDP per capita, labour market participation rate). In the third period, these goals have been formulated more vaguely and are no longer backed by concrete target values. This chapter examines the achievement against these goals at programme level. However, it has to be kept in mind that the economy as a whole impacts upon developments (e.g. business cycles, social trends).

At the level of the **thematic axis**, the achievements are evaluated using the output and results of ERDF projects. These achievements can be directly attributable to the programme (e.g. outputs such as the number of projects, as well as results such as the number of jobs, etc. following the EC approach in the past[1]). These outputs are supposed to have longer-term effects on the beneficiaries and lead to jobs, growth or increased innovation activities. There are only very few result indicators, primarily related to information on additional jobs. A full impact assessment is not possible with this data set. However, statements can be made about the fundamental orientation of the programmes and their changes, and the connection to regional needs. All figures are gross effects and are not adjusted for deadweight or substitution effects. There has been no attempt to represent net effects either in the evaluation or the reporting. No account has been taken of multiplier effects, except in one project sample (see Annex I). Where possible, this is presented with data on sectoral development, which augments understanding of the context in which development dynamic interventions have been made.

Monitoring system and data quality

Burgenland has its own monitoring system, in which primarily qualitative information about the projects is available, and is also linked with an Austria-wide system for ERDF. The monitoring system has been significantly improved during 1995-1999 and in the 2000-2006 and 2007-2013 periods. Burgenland committed significant effort to generating recent data concerning participation in various EU programmes and the respective outputs generated. In the first period 1999-1995, data on the financial implementation of the programme (commitment and payment rates at the policy measure level) and output indicators (project types) were collected. The result indicator was new

[1] http://ec.europa.eu/regional_policy/sources/docoffic/working/doc/indic_en.pdf

jobs created. Following this, efforts were made to gather more data on achievements such as new jobs created, the number of enterprises supported, bed spaces created, or investments induced. The result indicators were expanded in the third period, in particular in the field of renewable energies and climate-related effects. The monitoring system has therefore matured over the years. It is reliably and systematically processed and quality-assured. Compared to the situation before 1995, this is a marked improvement and has contributed substantially to improved transparency. For example, regular reports about programme implementation are provided to the elected assembly at the provincial level. However, there are clear limitations:

- The development of the monitoring system led to changing definitions and indicators from period to period. Apart from the indicators on new jobs and private investment induced, there is not much information available that can be aggregated for all three programmes.
- There is no satisfactory distinction between net and gross effects. This affects all result indicators, but is only illustrated by reference to employment effects. There is no indication of how many new jobs have actually been created by the programme, or what deadweight effects have been assumed. There is no analytical approach for the jobs saved, which merely mirror the number of existing jobs in the businesses supported by funding.
- Conversely, no attempt has been made whatsoever to examine effects that go beyond the immediate results, i.e. indirect or long-term effects are not captured at all, apart from attempts in commissioned in-depth impact studies. Projects funded have not been observed following project completion, i.e. there are only statements about the jobs created, for example with the Business Parks, at the completion of the project. In reality, the effects of such infrastructure projects only develop in the long term. Long-term monitoring of the development of companies that have been funded would create information that could be used for real impact assessments and thus the fine-tuning of policies.

Consequently, there are elements that both underestimate the actual achievements of the programmes (due to the short observation period) and overestimate them (no assessment of windfall gains).

5.1.1 Programme-level achievements

1995-1999

In the first programme period, indicators for outputs or results were defined between the regional partnership and the EC. However, it is of note that hardly any actual targets were agreed. An overview of indicators was eventually reported in the FIR, but without systematically distinguishing between outputs and results. Therefore, a differentiation was made according to the EC concept of indicators. First of all, the output indicators were set out, followed by the result indicators that could be attributed to the programme, and finally the agreed indicators at macro-level.

The indicators were reflected clearly against the direction of the programme in the first period: the overall achievements were strong in economic-related infrastructure and the improvement of the corporate structure through modernisation and expansion of manufacturing, business relocation and in the enhancement of tourism. They were weaker in the area of R&D.

On the one hand, investment in economic-related infrastructure was made to address supply-side bottlenecks. This was reflected in the areas created for business development and new capacity in

water supply and sewage disposal. Furthermore, the education system was expanded for tertiary education with two technology centres and the University of Sciences in Burgenland, and the telecommunications infrastructure was expanded.

On the other hand, there was a clear focus on company projects to expand or modernise manufacturing. This was intended to increase competitiveness and create jobs: from 171 projects carried out, there were 43 projects to expand production. However, in 70 percent (118) of the modernisation projects, investment in machinery was in the foreground. Five of the projects were very large, with investments of more than €15 million, while business start-ups had little impact.

The third point of focus was the development of tourism through infrastructure projects and firm investments. The projects implemented included nine tourism infrastructure projects, four in organisations, nine cultural projects and 108 projects within businesses, creating a total of nearly 1,000 additional bed spaces in higher-quality segments.

Table 17: Main ERDF output indicators for the 1995-1999 programme

	OP target (A)	Actual FIR results (B)	B:A as %
Number of projects	n/a	341	n/a
R&D projects	n/a	11	n/a
Funded SMEs	n/a	259	n/a
Business start-ups	n/a	15	n/a
Business relocations	n/a	6	n/a
Industry and Trade projects	n/a	3	n/a
Consulting projects	n/a	11	n/a
Commercial environmental projects	n/a	1	n/a
Expansion & modernisation of manufacturing	n/a	136	n/a
Structural improvements	n/a	118	n/a
Tourism infrastructure projects	n/a	3	n/a
Other infrastructure projects	n/a	8	n/a
Commercial space created	n/a	488,000 m²	n/a
Useable space created in technology and business parks	10,000 m²	36,611 m²	366
Water supply made available	n/a	21,000 WVE	n/a
Amount of wastewater disposal	n/a	269,000 EGW	n/a

Source: OP 1995-1999, FIR 1995-1999.

With regard to the impact on employment, an original target of 7,300 new jobs (including 1,000 in high-tech SMEs and 300 in technology centres) was agreed. Later, it became clear that this was a sizeable overestimation, and a revision was agreed in consultation with the EC to 7,300 new and safeguarded jobs. The actual number of new jobs achieved was 2,216. These figures are gross values, not adjusted by windfall gains or knock-on effects. The specification of the 5,887 jobs saved was not defined by an analytical approach. It related to the number of jobs existing in funded

companies. Thus, it only indicated the total number of people employed in funded enterprises. Without direct reference to the programme, the statistics for the whole of Burgenland in the same 1995-1999 period show an increase of 3,944 in employment. According to the FIR, the employment effects were also attributed to the performance achieved by Priority Axis 1 'Industry and Craft' and Priority Axis 3 'Tourism', which fulfilled more than their target values.

Priority Axis 2, R&D, formulated a very ambitious target with 1,000 new jobs in technology-intensive SMEs and 300 new jobs in technology centres. However, these were not reported, and they would not have been attainable. This also shows the number of R&D projects, with 11 projects in total, of which only three were with SMEs. In addition, 13 consulting projects were carried out. The core achievement here is the development of two technology centres. Investment was also made in the construction of the University of Applied Sciences in Burgenland. In the ex-post evaluation of 1995-1999, a minor role in implementation was also attributed this priority axis.

The strategy was obviously based on the implementation of strategic projects, and the implementation was highly focused on large projects for Burgenland, which accounted for 53 percent of the ERDF funds to the 10 largest projects, with five percent of projects binding 65 percent of the ERDF funds.

Table 18: Main ERDF results[1] indicators for the 1995-1999 period

	OP initial values	OP targets	Actual FIR results
Result Indicators			
Jobs safeguarded[2]	n/a	7,300	5,887
New jobs created	n/a		2,216
Quality overnight beds created	n/a	increase	956
Programme Level - Macro-Indicators			
Exports	€395 m. **	increase	€683 m.
Unemployment level	8.1%**	decrease	7.9%
Female labour force participation rate	44%**	+2%	46.2%
Commuters (per 100 employed)	186 daily*	decrease	n/a
	138 non-daily*		
Burgenland contribution to Austrian GDP	2.2*	increase	2.2
Standard of living (GDP EU15 level) - Burgenland	70%***	75%	73.2%

Source: OP 1995-1999, FIR 1995-1999; *Values 1991 **Values 1993 ***average 1990-1992.

The programme indicators show a slight improvement in the labour market in this period. In particular, there is an increase in the female labour force participation rate and a slight reduction in the unemployment rate. A slight catching-up in GDP per capita compared to the EU15 shows a

[1] Combination of results and impacts.

[2]. These figures are gross values, not adjusted by windfall gains or any multipliers. The specification of safeguarded jobs is not defined by an analytical approach. It concerns the number of jobs existing in funded companies and is therefore not very meaningful.

parallel evolution with Austria with little intra-regional convergence. However, as described in former paragraphs, such macro-level indicators are affected by many other developments. And Burgenland's overall positive development must be assessed in the context of the good Austrian economic performance.

2000-2006

The programme strategy in the second period adopted a more business-driven approach and softer measures. The achievements reflect an increased weight on businesses and a shift towards SMEs in the programme. However, the shift towards soft measures is reflected to a much lesser degree than would be expected from the programme strategy. The output data show that only very limited 'infrastructure' (e.g. sewage disposal) was implemented. On the one hand, the requirements here were already met, and on the other hand the EC also indicated that they would no longer support such measures. Included here were, for example, two water supply systems and development of a business park. Business-oriented technological infrastructure, however, was pushed further to include (i) the expansion of broadband coverage, especially in rural areas (including 1000 km of broadband network), (ii) a large-scale expansion of technology centres, contrary to the original plans, under six projects, and (iii) further expansion of the University of Applied Sciences in Burgenland, as well as three projects to improve education infrastructure.

The 'modernisation and expansion investments' in companies remained central, with a total of 61 projects including SME projects. The transition to new elements appeared to be limited to the following:

- services were specifically addressed, for the first time;
- cooperation with a private equity fund to strengthen the capital structure (15 participants);
- networking initiatives, referred to as 'clusters', but actually representing small business networks; and
- support for internationalisation offered primarily through the INTERREG programmes.

In the area of R&D, the number of projects doubled, but remained below expectations. Of the targeted five centres of excellence, not one was implemented, but research networks such as the RENET (Renewable Energy Network Austria) were assisted in development. The number of technology business start-ups, at 33, was far short of the desired 700. However, 6,925 (WKO, 2012) new companies were registered in Burgenland in the same period, but many of these were self-employed and in the service sector, which is not a target group of the programme.

Tourism remained a strong focus. It also dominates grants for investments of tourism companies (74 projects for expansion, modernisation and quality improvements), particularly along the spa locations in central and south Burgenland. The tourism infrastructure has been further complemented (thermal spa and health facilities, parks, lakeside bathing facilities, expansion of water supply). Additionally marketing, and networking projects as well as cultural projects have been promoted. Especially in the tourism sector, the number of overnight stays increased significantly above the target value. This also shows the dynamic in the health and thermal spa tourism in Burgenland.

The employment effects purely by ERDF funding amounted to around 3,008 newly created jobs, achieving 90 percent of expectations. However, if the new jobs created by ESF funds are also taken into consideration (9,000), the target was clearly exceeded. But the ESF job figures are

questionable, because ESF measures are focused on integrating people into employment, which is different from the task of creating new jobs.

Table 19: Aggregated ERDF Achievements for the 2000-2006 period

	OP initial values	OP target (A)	Actual FIR results (B)	% B:A
Participatory partners in networks, clusters and centres of excellence		100 (min. 50% from Burgenland)	539	539
Creation of new jobs		3,250	3,008	93
New business start-ups		700	33	5
Increase in proportion of high-quality beds	34%	40%	49%	250
Increase in overnight stays in the area of health and spa tourism	694,800	722,592	1,136,582	157
EU15 GDP p.c. level	71%	77%	75%	97
Creating jobs in Burgenland (gross)	79,000	86,000	90,130	159
Increase in female labour force participation rate	49.7%	+2%	55.2%	275

Source: FIR 2000-2006.

A comparison of target-against-actual achievements showed good performance with indicators that are directly attributable to the programme. Where the indicators were only indirectly related to the implementation of the programme, for example with the socio-economic indicators such as GDP growth, there is a mixed picture. Up till 2004, Burgenland went through a process of catching up, but then moved into a 'soft patch' in 2005 (see also Table 4 on page 14).

2007-2013

As the current 2007-2013 period is still under implementation, it is not possible to present all achievements here. Nevertheless, based on current monitoring data of projects approved by the deadline of 31.12.2011,[1] a reasonable assessment can be made.

In 2007-2013, the transition to an innovation and knowledge-development strategy has been pursued. In this, it can be seen that the goals set are much less ambitious than those set in the two previous periods. This is due to the new status of a Phasing-Out region and the associated lower funding. So far, according to the monitoring data, 196 projects have been approved, which means that an achievement level of 62 percent of the target of 318 projects has already been reached. As shown in the expenditure analysis, 65 percent of the planned ERDF funds are already tied-up with these projects, indicating a balanced implementation.

The employment effects reached so far with these projects are equivalent to the creation of 337 full-time employment positions. An achievement level of 58 percent has thus been documented against a target value of 580 full-time-equivalent positions for the entire period. In addition, in tourism, which remains a key priority, monitoring indicates that so far 562 new quality beds have been created, thus already fulfilling 75 percent of the target of 750 quality beds. In the field of

[1] Monitoring data from 20.02.2012.

R&D, 29 projects have so far been approved against the target level of 47 R&D projects for the 2007-2013 OP, representing an attainment level of 62 percent.

The progress in the achievement against these indicators, at levels ranging from 58 percent to 75 percent, with a simultaneous commitment of 65 percent of the total the funding, suggests that targets defined in the OP can be achieved. However, additional reinforcing efforts are needed, above all in the area of R&D.

In practice, problems were encountered in the implementation of the 'innovation-oriented' strategy, particularly in the areas of R&D projects, in the innovation projects of SMEs, and in the development of research centres. This is due to several reasons: the difficult factor conditions for the development of research in a rural area, together with the absence of a clear R&D strategy. Furthermore, complex regulation is perceived as an increasing constraint for the implementation of R&D measures in Austria. At the end of 2009, there were no operational R&D projects co-financed by the key support measures of the Austrian Research Promotion Agency with ERDF funds. Projects are active, but they have been funded exclusively by national means. Following an evaluation, a policy change was introduced in 2009 with the establishment of the 'Innovation Offensive Burgenland 2020', which sets new measures to improve the general level of innovation in Burgenland.

Table 20: Aggregated ERDF achievements for the 2007-2013 period

	OP initial values (A)	Actual results* (B)	B:A as %
Total number of projects	465	196	42%
...of which cooperation projects (incl. R&D)	22	5	23%
...of which new business start-ups	28	12	43%
...of which R&D	47	29	62%
...of which investment projects in environmental technologies	4	4	100%
Projected number of new jobs created (FTE)	580	336.81	58%
...of which projected number in new R&D jobs created (FTE)	50	11.16	22%
Level of investment supported (EUR)	431,500,000	352,279,077	82%
Additional power generation capacity from renewable energy sources (MW)	8.5	24.653	290%
Reduction in GHG t	665,000	372,000	56%

Source: Monitoring data erp-awsg; convelop calculation
*commitments

5.1.2 Analysis by theme

(i) Enterprise

The theme of 'Enterprise' forms the core of the strategy in Burgenland. ERDF programme expenditure in this theme totalled c. €1,083 million from 1995-2010 (2000 prices), equivalent to approximately 58 percent of the overall expenditure across the period. This proportion has progressively increased over successive funding periods, ranging from 50 percent in 1995-1999, to 56 percent in 2000-2006, to 86 percent of the programmes in the current period (where spending is still underway). The following major areas of intervention can be identified, with different levels of importance in different phases of ERDF funding:

- (foreign) direct investment (especially in the first period);
- business-relevant infrastructure (first and second periods); and
- transition to SME funding and 'soft measures' (from the second period onwards).

In all the periods, grants for single companies are at the centre, either in modernisation of machinery or in innovation in manufacturing and in employment-creating, expansionary projects.

(Foreign) direct investment

In the early stages in particular, the relocation of major international companies was seen as an opportunity to establish them as Leading Companies in the regions. The target, according to the interviewees, was the 're-industrialisation' of Burgenland and the attraction of 'strong technology-based companies' to the region. The number of projects was not very large: six in the first period, and 22 over the entire term. However, these projects absorbed substantial proportions of the funding. The experience with foreign direct investment, however, has been sobering. Some of the companies have moved away again (Nokia), while others have, once more, significantly reduced employment, and overall expectations have not been met.

From the interviews, Nokia in particular was seen as a tangible 'trauma for Burgenland'. In 1997, Nokia was attracted as a lead company in the focus area of ICT, and, in coordination with labour market strategy (ESF), sufficient personnel were trained and qualified in a short space of time to meet staffing needs. As a result, it was recognised that, with a collective effort, successfully international companies could be attracted. This is the positive side of the story. However, in 2001 Nokia laid off half of the staff in Austria. Today, the company address qualifies as little more than symbolic. Obviously, regional networks were not building around Nokia as envisaged, and joint projects were not created to a sufficient degree. These factors would be necessary to keep technology-oriented companies in the region and to remain an attractive location after the funding periods had ended. This was also a major disappointment for Burgenland. An interviewee described the situation as follows: 'All that is left of Nokia is the street name, 'Nokia Way', in Eisenstadt'. This exemplifies the general difficulties of foreign direct investment of multinationals with a focus on R&D and technology development in a more rural-oriented region and in a small town such as Eisenstadt with only few innovation capabilities. Nokia's argument to relocate was the need to be closer to R&D and universities in Vienna. A more in depth analysis on labour flows would be worthwhile to clarify whether these investments caused long-term indirect effects e.g. in IT firm start-ups or the acceleration of growth in existing companies in Burgenland which gained access to qualified personal.

A further controversial project, even in the formation phase, was the establishment of the Lenzing Lyocell production unit in the south of the province. Associated with a large operational development in Heiligenkreuz, a large investment and relocation project for Lenzing AG was supported with extensive use of public funds. It represented a 'prestige project' for the performance of the 'new' Burgenland and the Objective 1 programme, which combined with the development in the operational area set high expectations. The Lenzing Lyocell plant in Heiligenkreuz is the world's most advanced cellulose fibre factory and Europe's first large-scale production of Lenzing Lyocell. It is therefore viable in its own right and brings valuable jobs to the south of the country. However, the expected stimulation of the local business environment and forward and backward linkages has not been realised. It works well enough on its own, but it lacks synergies and provides minimal stimulation for systematic development of the location.

The experience with the resettlement of subsidiaries of large international companies is thus instructive. It proved impossible to adequately integrate them into regional networks in order to develop a bond to the location, or to generate incentives for the development of a 'location system'. This would also have been necessary to facilitate a systematic development of business sites, but it was probably not considered a priority at the time.

By contrast, there are a very positive examples of relocation amongst medium-sized and growing enterprises (e.g. location expansion from the Vienna central area) in more medium-technology sectors. These companies have developed stronger ties to the region and have developed an identity. A **good example** of a different approach can be found in an integrated development strategy in south Burgenland (Güssing – see project sample analysis). Güssing is one of the most peripheral locations in southern Burgenland and one of the least-developed regions in Austria, but it has been able to establish a system of integrated location development focused on 'Renewable Energy and Biomass'. This example involved a long-term build-up of expertise using technological developments in cooperation with the Vienna University of Technology and a series of pilot and demonstration plants. The key achievements include:

- location advantages for businesses relocating in the vicinity through advantageous heat supply;
- initiation of a key series of research projects, the founding of a 'research node' within an Austria-wide research network, and construction of a leading pilot plant facility;
- establishment of the Centre for Renewable Energy; and
- export of know-how ('green visitor tourism', consulting services).

An R&D facility has now been built up in Güssing that has very strong interaction with academic institutions, companies and other experts. Güssing has created technology application and development expertise in a border region of Austria. This was perceived as an opportunity for growth and export from the region. However, it did require the development of technical expertise and specialisation through new wood-gasification technology. This in turn allowed a competitive advantage to be created. The acquisition of this core technology was made possible through cooperation with the Technical University of Vienna, which further benefited from the demonstration and pilot plant facilities. External know-how was essential for the development of Güssing from the beginning. A further crucial factor was the favourable grouping of visionary and inspirational people, available natural timber resources, the know-how from outside the region (from the Vienna University of Technology) and the availability of Objective 1 funding. However,

interviewees expressed concern that the expertise and development is still too dependent on public money.

Güssing has pursued an **integrated location development**, which has arisen from the specific focus on the development of technology (new wood-biomass-gasification technology) and the creation of locational advantages in the energy sector. In addition, appropriate facilities were established and the associated infrastructure provided.

Grants for investments by firms

The core of the projects, in all periods, comprises support for companies that have been granted financial aid for the modernisation and expansion of their operations (manufacturing facilities and processes). They enabled a wave of modernisation and contributed greatly to the workplace effects. In the transition to the second period, the focus was placed more on SMEs, in part, because the potential for incoming business relocation had diminished. At the same time the 'endogenous potential' was also reinforced. This was supplemented by a special promotional campaign for innovative services, where even small development projects were made possible.

Although introduced at the end of the first period, the start-up funding of the ERDF programme has rarely been used (15 projects in the first period, and 33 in the second period). The targets were missed by a large margin, especially in the 2000-2006 period (33 to 700). This is surprising, since the start-up intensity in Burgenland has developed well and has been amongst the highest for Austria's regions over the last three years. National funding schemes are available for start-ups in general, and many start-ups were well supported by national measures. In the ERDF programmes, a high degree of selection was set and small projects were avoided. However, the potential for high-tech start-ups or innovative business start-ups are rather limited.

Ultimately, the thematic axis 'Enterprise' is the core of the programme, and it is central to the achievements in modernisation of the location and the industrial development of companies. The axis has made a central contribution to the workplace effects. This finding coincides with the results of the interviews and online survey. Overall, the programme is seen as successful in the creation of jobs and in supporting the growth of companies. So far, 278 projects have been supported and 3,047 jobs (periods 1 & 2 only) created. By contrast, the attraction of foreign direct investment was estimated in the survey to be less than successful.

A strong focus on business investments led to a large proportion of private resources in programme expenditure. However, these business-related subsidies are combined with the danger of significant deadweight effects, and there is no accurate information available about them. It must also be pointed out that the usual approaches of surveys are of little help here. No analysis is available on the development of the supported companies or the contribution of funding to growth, improved productivity and increased ability to innovate. In general, there is a significant need for improvement with respect to systematic monitoring of the economic performance of supported companies, in order to assess the accuracy of the instruments.

(ii) Structural adjustment (sectoral development)

Structural adjustment (sectoral development) deals with the sectoral priorities for the renewal of the economic structure. In Burgenland, this is focused on the development of individual themes

('areas of strength') and primarily on the development of a competitive tourism industry as a growth area. The ERDF programmes reviewed in this study invested a total of c. €442 million up to 2010 (2000 prices), a sum equivalent to approximately 24 percent of total expenditure across the three funding periods. This amount fluctuated across the periods. 25 percent of total expenditure was on this theme in 1995-1999, increasing to a maximum of 28 percent of expenditure in 2000-2006. The subsequent and current period saw a large reduction to 6 percent as of 2010 (though spending for the 2007-2013 period is ongoing).

Thematic Development

Different sectoral themes have been pursued (see Table 21), including specific assignments to regions. Considering the size of Burgenland, the list of topics is extensive and in the current period includes 'mainstream issues' such as biotechnology, ICT, materials and even creative industries. There is still an impression that the topics are grouped around some strong companies, without the existence of an explicit development strategy. The programmes do not provide a meaningful strategy or explicit instruments of intervention other than the technology centres. Thus, it is not surprising that in the survey the ERDF contribution to the change towards growth clusters was assessed as very modest.

Table 21: Areas of Strength for Burgenland according to OPs

1995-1999	2000-2006	2007-2013
▪ Electronics & control systems ▪ New materials ▪ Logistics ▪ Biotechnologies ▪ Environmental technologies ▪ Energy technology	▪ Electronics & control systems ▪ Materials ▪ Logistics ▪ Energy technology ▪ Security, building and multimedia Technology	▪ ICT ▪ Electronics & control systems ▪ Materials ▪ Logistics ▪ Biotechnologies ▪ Energy & environmental technologies ▪ Optoelectronics ▪ Creative enterprise

Source: OP 1995-1999, 2000-2006, 2007-2013.

An exception is the field of 'renewable energy', where R&D capacities could be developed both at the University for Applied Sciences and in the Competence Centre for Renewable Energies, which has a Europe-wide reputation for good practice (see Innovation – Güssing). Supported by additional firm projects and investments in the diffusion of renewable energy solutions, a regional field of competence evolved. The key theme of ICT matched the technology centres and their connection to the Burgenland University of Applied Sciences. But the strategy is more aimed at following a generally growing business rather than building unique capabilities in a certain technology area.

A 'cluster initiative' was conducted in the 2000-2006 period. Seventeen cluster initiatives were supported, but none of them achieved critical mass. The initiatives developed more as 'business networks' than as enterprise clusters. Interviewees did not perceive them as successful. Links to successful business clusters in neighbouring regions such as Styria (e.g. automotive) or Lower Austria were not addressed in the programmes.

There is still no clear picture of a 'smart specialisation' beyond 'renewable energies' and how to link up with the innovation systems and networks of the neighbouring regions and the conurbations of Graz, Vienna and Wiener Neustadt or the Hungarian cities.

Tourism

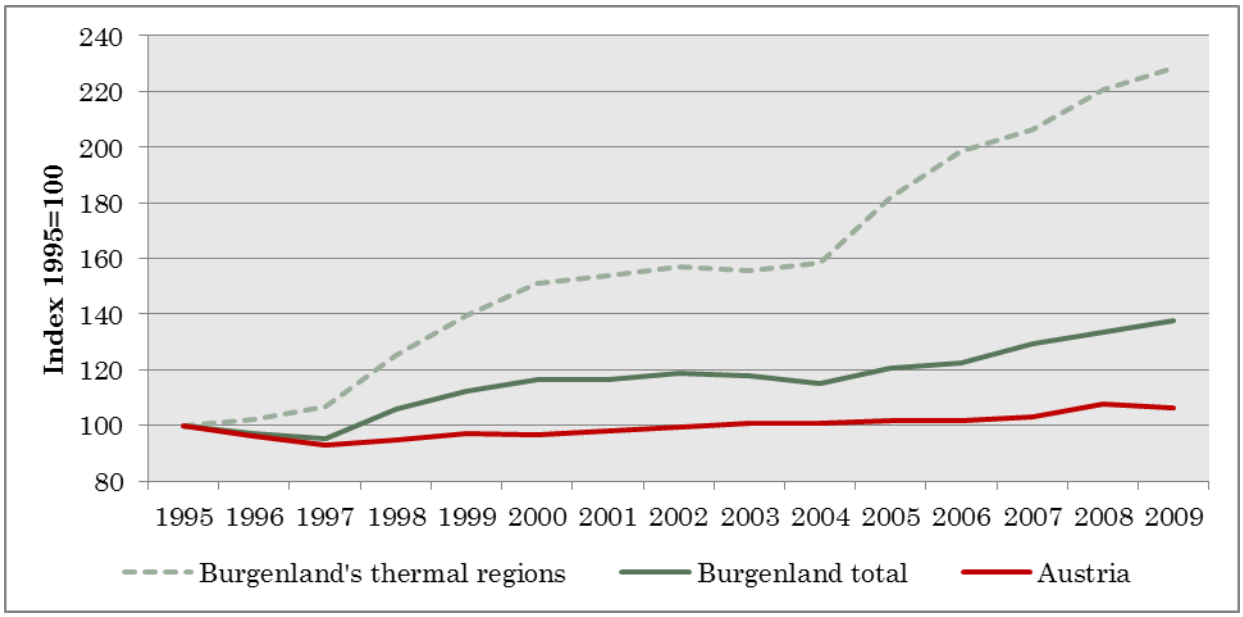
The focus for tourism in all three programme periods has been on the development of a competitive leisure and tourism product. In northern Burgenland, tourism was already established as an important industry based on the 'resource' of Lake Neusiedl. However, the quality of tourist services was generally poor and hardly competitive. With increasing international competition (especially cheaper airfares), the location came under further competitive pressure. The emphasis in the north was therefore on improving the quality of existing services and extending the tourism season, whereas in the south, by contrast, the development of competitive tourism infrastructure was the first important step. The development of thermal baths, both in the south as well as in central Burgenland, had begun even before EU accession; with additional EU funding, the development and expansion was accelerated significantly.

With support from ERDF funding, the existing tourism infrastructure in the north of the country has been modernised (e.g. improved accommodation quality, new facilities in spa tourism), whereas in central and southern Burgenland tourism was very limited, and therefore a new level of tourist service is now on offer, especially through a number of leading projects for spa and other tourist resorts. This is founded on a tourism development strategy aimed at the expansion of 'health-and-wellness tourism' (thermal spa resorts). The following were supported by ERDF funding:

- the modernisation of bathing facilities around Lake Neusiedl;
- improvements in the quality and extension of tourist establishments;
- locating new businesses in high-quality sectors in the region;
- development of infrastructure especially in the spa resort and leisure facilities;
- promotion of organisational structures in the region and associated marketing; and
- support for updating and opening up cultural facilities for tourist use.

The growth of tourism in Burgenland is very positive and much more dynamic than in Austria as a whole (see Figure 8). The development of spa facilities, enabled primarily through ERDF funding, is mainly responsible for this growth as shown in the following figure. The impact of ERDF was significant in this area, enabling Burgenland to implement a comprehensive health-and-wellness tourism strategy, which was much more ambitious and faster than would have been possible otherwise.

Figure 8: Development of overnight stays in Burgenland



Source: Statistik Austria; Fritz and Hierländer, 2010.

Tourism has been seen as a special development opportunity in the south of the country, to achieve the internal 'cohesion goal'. In central and south Burgenland, emphasis has been placed on the thermal spa resources and undisturbed nature, focusing on high-quality health-and-wellness tourism. Development in the first period was mainly characterised by the construction and expansion of spa facilities. The spas were intended to develop as leading businesses in the region. In parallel, and relative to the location, soft sports and leisure facilities such as golf courses were created. A central challenge was the development of a competitive group of spa resorts that could compete with the already-existing spas in the neighbouring state of Styria.

A flagship project strategy was pursued in this field. In the 1995-1999 period, approximately 60 percent of the ERDF funding available for structural adjustment was devoted to two projects, one in central Burgenland and one in southern Burgenland. In the 2000-2006 period, following programme negotiations with the European Commission, investment in spa resorts was more limited and mainly related to the expansion of the accommodation capacity.

In addition to the creation of new spa and sports facilities, there was an increase in the number of quality beds, due to the parallel construction of hotels. In the first two periods, 4,351 new quality beds were created. In terms of structural adjustment, an additional 1,337 new jobs were created, many of them in the field of tourism. However, it is also clear from the interviews that a large number of the jobs created, for example in Lutzmannsburg, have been taken up by foreign workers due to the lack of workers trained in tourism in Burgenland - in Lutzmannsburg, the level of foreign workers is estimated to be as high as 50 percent (see also the project sample Lutzmannsburg in Annex I). However, the availability of foreign workers trained in tourism was essential to build tourism in central and southern Burgenland.

In the first period, the focus in the north was placed mainly on the attractiveness of the tourism products around Lake Neusiedl. This was both in the form of infrastructure, such as swimming and

leisure facilities, and the qualitative improvement in accommodation. Overall, in addition to the major projects, a further 174 SMEs were supported.

Alongside the development of the thermal spa, the cultural potential and synergies with EAGGF were exploited through high-quality, local food (of particular note here is the improvement of quality in wine-growing) to provide a supporting function. Complementary attractions were developed in the north around Lake Neusiedl (Austria-Hungary) through the LEADER, EAGGF/EAFRD and INTERREG programmes and in the south with the use of nature reserves (Austria-Hungary, Slovenia). The synergistic use of agricultural potential such as wine-growing in northern Burgenland could be exploited to particular effect. Similarly, it was possible to improve the appreciation of local culture, as exemplified by Esterhazy Castle in Eisenstadt. These additional developments have been incorporated into a revamped marketing campaign and the reorganisation of regional tourism offices. This resulted in cooperation towards the overall strategy within this area.

The summary shows that it was possible to achieve a major improvement using ERDF funding through the development of infrastructure and strengthening competitiveness in Burgenland tourism, while taking advantage of the proximity to urban centres. The participants in this regional development of Burgenland are also proud of their achievements and the increased visibility of Burgenland for tourism. The regional workshop participants concluded, 'We have definitely succeeded in implementing a quality campaign'. The development also resulted in a contribution to improving the quality of life of the local population.

The assessment of the interviewees and the regional workshop indicate that the existing resorts have not yet reached a sufficient size for international marketing and that they need on-going development. The structures are still fragile, and without a permanent development there is a danger of falling behind again. There is concern that such development will be restricted in future, due to cutbacks in the next funding period from 2014 onwards as well as the new regulations.

(iii) Innovation

The problems of the region were typical for a predominantly agrarian rural economy: in addition to the lack of R&D infrastructure in terms of universities and other research institutions, the potential for companies with a strong background in R&D was very low. Most companies in the region were essentially 'supplementary production lines'. Northern Burgenland benefits in comparison to central and southern Burgenland, as it borders the Vienna conurbation and encompasses Eisenstadt, the only urban centre of any note in the region.

ERDF expenditure on the theme of innovation through the ERDF programmes in Burgenland amounted to c. €173 million until 2010 (2000 prices), equal to circa 9 percent of the overall expenditure across the three funding periods. This amount fluctuated across the periods, ranging from 9 percent in 1995-1999, to a maximum of 11 percent in 2000-2006 and 7 percent in 2007-2013 (the latter figure is up to 2010 only).

The foundation for research, technological development and innovation (RTDI) was firmly laid in the 1995-1999 programme period. The strategy projected three phases of (i) infrastructure development, (ii) networking, and (iii) knowledge region. The intention was to develop regional areas of strength such as ICT, biotechnology, environmental technology, and materials, and to generate up to five 'nodes of excellence'. The programmes for 1995-1999 already provided support

for technology and innovation-oriented companies as well as the establishment of technology-transfer institutions. These were part of 'implicit policies' where R&D was always understood to mean '**hardware**', particularly in relation to the construction of technology centres. Even ICT infrastructure is defined as R&D in the 1995-1999 OP. In addition to infrastructure development, it was hoped that the settlement of major international technology companies could raise R&D capacities in the region. What, however, were the actual achievements?

Technology-oriented infrastructure: Six technology centres have been established (see project example in Annex I). In the first period, two centres (Eisenstadt, Pinkafeld) were developed with links to education and applied R&D, and they promoted synergies through a research, education and business triangle. In the second period, however, the original strategy was amended and greatly expanded. In this connection, the metaphor of building an entire 'String of Pearls' of technology centres in Burgenland was used by interviewees. Today, approximately 1,700 employees work in 182 companies located in the six centres. However, there is no information available about the actual number of new jobs created. According to the activity report of the state-owned operating company, 50 percent of the tenants are classified as technology companies and a further 20 percent are service companies.

The stakeholders in the regional workshop considered a mix of tenants as important to achieve good utilisation. The centres cannot be truly described as 'technology centres' when measured against contemporary international standards: Burgenland is a small region with 284,000 inhabitants and limited higher education and research infrastructure. The technology centres must be regarded instead as high-quality industrial property infrastructure with a local focus.

The technology centres are ultimately part of the 'Burgenland catch-up process' via infrastructure investments. Until 1997, there was no similar infrastructure in Burgenland, while in Austria such facilities were already widely available. They mainly function as 'property' and have little impact on regional development functions, but the strength of the symbolic commitment of the public sector in regions should not be underestimated. Very recently, with the Burgenland Innovation Campaign 2020 starting in 2009, the centres were tasked with an enhanced role for 'innovation services' and the 'mobilisation of endogenous potential'.

Burgenland University of Applied Sciences: The establishment of the Burgenland University of Applied Sciences, with campus sites in Eisenstadt and Pinkafeld, is of importance in the context of public sector commitment. It was built in Burgenland using federal, state, and Objective 1 funding and primarily provides a level of tertiary education introduced in Austria in the mid-1990s. As Universities of Applied Sciences were introduced generally into Austria's higher education system at this time, there are obviously deadweight effects. Nevertheless, ERDF enabled a much faster expansion and growth of the university. Some 1,500 young people now attend the Burgenland University of Applied Sciences, and approximately 550 of them study technology and engineering. 3000 students have graduated. The university makes a significant contribution towards facilitating access and improvement to the qualifications system and at the same time creates links for technology transfer. However, its involvement in the development of R&D expertise has so far been insufficient. In the workshop with regional representatives, this was seen as a deficiency.

Centres of Excellence and Technology Transfer: The proposed development of five centres and nodes for research, set out in the original programme strategy, has only been achieved to a limited

extent. A research centre has been created in the south of the country with a focus on renewable energy (see example Güssing Project), which received support in the development phase and is part of an Austria-wide research network on renewable energy. Research activity has also been established on a pilot basis in the Josef Ressel Centre at the Burgenland University of Applied Sciences without support from ERDF funding. But this falls short of the target, and the absence of research nodes has meant that the programme strategies for 'exploitation of research results' from the research nodes could not be realised. This is mainly caused by the very limited regional innovation potential in Burgenland, but even more by the lack of a clear vision and strategy regarding the fields in which research nodes should be established and how they could be developed. Similarly, no systematic technology transfer activities have been established. Surprisingly, the missing technology transfer facilities were identified as a deficit for the 2007-2013 period, even though they had been included in the action plans for the 1995-1999 and 2000-2006 periods and should have been established.

R&D in enterprises: The main focus was to improve R&D capacities by the attraction of international companies such as Nokia, Siemens or GE Capital to the region, as well as the associated on-site research projects. Overall, 43 projects were funded by federal agencies (FFF later FFG) over the three periods with €8.7 million of public money. Analyses of the impact monitoring of the funding agency show that, on average, after four years these projects have resulted in additional annual revenue of € 17 for the company for €1 of public funding (Bornett, 2011). Furthermore, support for projects has been provided by the regional agency WIBAG. However, in some cases, especially in the IT sector, this lead to the 'perverse' situation where a company temporarily rented an office in a new technology centre in the north of the country in order to access sizeable funding to conduct an R&D project, when in fact there was never any intention to relocate to the province of Burgenland. When this deception became apparent, funding schemes were changed immediately.

Overall, the R&D activities in enterprises have only changed to a limited extent. The number of companies performing R&D has increased from 17 (1998) to 45 (2002) and 58 (2008). However, the level of funding for R&D has remained more or less constant since 2002.

It is only in the implementation of the current 2007-2013 programme that deficits in the 'innovation' of Burgenland have been acknowledged and a new, more-focused strategy pursued for the mobilisation of the innovative capacity of local businesses. Based on further analysis, this led to the development of the Burgenland Innovation Offensive 2020. It is too early to assess whether the achievements in innovation were actually improved by the new Burgenland innovation campaign. With the change of paradigm in innovation funding support towards active advice to companies, the enhancement of business start-ups, and the strengthening of low-threshold innovation programmes, regional needs are covered more effectively.

(iv) Labour Market

Investment in the labour market theme through ERDF programmes totalled c. €9 million by 2010 (2000 prices), equivalent to approximately 0.5 percent of total expenditure from 1995. This amount was subject to a decrease over time. In 1995-1999, the percentage spend on labour market was 0.7 percent, in 2000-2006 0.4 percent (no expenditure in the current period).

The issues related to the Labour Market are covered mainly by ESF intervention. An important stimulus for organisation of regional labour market policies was generated by EU Cohesion policy. In 1995, this allowed the development of a preventive labour market policy for the first time, for example through training employees. It also led to an expansion of the measures to integrate the unemployed into the labour market. The Government of Burgenland's role in regional labour market policy was also strengthened. The coordination of regional development efforts with labour market policy was improved via the EU programmes, and thus policy innovation was clearly introduced through the Structural Funds.

Central interventions followed the strategy to reduce the number of unemployed by raising skill levels and increasing the quality of human resources among the working population and entrepreneurs. During the 1995-1999 and 2000-2006 periods, there were 22,182 participants in training programmes for the unemployed and 12,327 participants in skills training for employees. Numerous new business start-ups were registered. In the first information reports for the first two periods, start-up levels of 10,000 are mentioned, but this figure most likely relates to consultations on new business rather than actual formation of companies.

ESF interventions provided important supporting measures for the establishment of businesses and structural adjustment in regions. For example, to secure the relocation of ICT businesses it was possible to train and qualify 500 people within six months to cover the required number of new jobs created.

The establishment of the Burgenland University of Applied Sciences was an important step for higher education in Burgenland and to date has produced some 3,000 graduates. This cannot be fully attributed to the Objective 1 support, but ERDF clearly enabled the faster growth and expansion of the university. ERDF measures have focused primarily on the creation of jobs in the industrial manufacturing and tourism sectors, as well as creating the conditions necessary for development in these areas. The long-term dynamic development of employment in Burgenland and the support of training programmes provided scope for participation rates to be significantly increased, especially for women. Within the core area of the labour market, ERDF funds helped to improve, modernise and expand the infrastructure facilities for adult education on a significant scale. Thus, the access to modern training facilities has been improved for business and the public at large.

(v) Infrastructure

Programmes in the first phase were greatly oriented toward the reduction of supply-side constraints and the 'development of infrastructure'. The first period saw investment in infrastructure for the economic development of Burgenland. In the 2000-2006 period, expenditure on infrastructure was significantly reduced, in part as a result of negotiations with the European Commission, and concentration was placed on complementary projects.

Altogether, a total of c. €173 million (2000 prices) was invested in the regional infrastructure theme in Burgenland through ERDF programmes, over the period up to 2010. This is equivalent to 9 percent of total expenditure. This amount was subject to a decrease over time. From 15 percent in 1995-1999 to 5 percent in 2000-2006 and to 1 percent, so far, in 2007-2013 (the latter figure is up to 2010 only).

In addition to the 'technology infrastructure' for technology centres (see section on Innovation) the following measures were included:

- reduction of deficiencies in the areas of water supply and sewage disposal;
- modernisation of telecommunications infrastructure; and
- creation of a modern business infrastructure (business parks).

Water supply and sewage disposal are a necessary prerequisite for development of the economy. Thus, in the first programme period, a fundamental bottleneck for enhanced economic development, but also for the quality of life and sustainable development of Burgenland, was eliminated. In the second period, only a few projects were funded. Approximately 37,000 WVE of water supply and 323,000 EGW of sewage disposal were created. This underpinned proper water supply and sewage disposal for the region. However, particularly in southern Burgenland, this was only sufficient to support the existing business conditions. An adequate water supply was also assured in northern Burgenland, especially in the Lake Neusiedl area.

As a sparsely populated rural region, Burgenland was not a focus for the overall modernisation of the country's telecommunications infrastructure, which was mainly concentrated on urban areas. The use of ERDF funding therefore allowed an 'IT backbone' to be created for Burgenland. Using this funding, a 500-kilometre fibre optic network was laid in the first two periods as the backbone for a high-speed telecommunications network. For a long while, connections to this network were very sparsely distributed, especially in central and southern Burgenland. From an interview, it was revealed that some places were not connected to the Internet until the late 1990s. Use of the network was extended in the second period with support from business. An important contribution to the diffusion of IT applications in business was made by smaller programmes under Community Initiatives, for example for SMEs in the 1995-1999 period or innovative actions in the 2000-2006 period.

Furthermore, classic **business parks** were supported. The core was a strategic project for a cross-border business park at Heiligenkreuz in southern Burgenland and two smaller cross-border business parks in the north. Overall, in the 1995-1999 period, 488,000 square metres of commercial space and approximately 159,000 square metres of equipped land were created. The cross-border business park in Heiligenkreuz was closely associated with the settlement of the Lenzing Lyocell factory, with the hope that a special locational advantage could result from the cooperation with Hungary. In addition to promoting the establishment of Lenzing Lyocell, large investments in infrastructure etc. were made for this project, such as sewage disposal and the provision of energy supply. Ultimately, the park is significantly oversized and the expected momentum has not materialised. The location factors in the south of the country remain unfavourable and in terms of accessibility from the outside cannot be substantially improved upon. Above all, however, there was little impetus from the neighbouring Hungarian area. There is relatively little dynamic development in the southwest part of Hungary, and it has not been the focus of Hungarian regional development. Facilities located on the Hungarian side of the business park were only 'production lines' that did not induce demand dynamics for the supply of high-quality services from the Austrian part of the park. In addition, even though the Lenzing Lyocell plant is in itself a globally competitive business, it did not lead to the build-up of a local network and forward-backward linkages in the region. In the final analysis, an oversized infrastructure in a structurally weak region

was combined with a 'traditional' understanding of industrial policy. Thus, it could not stimulate a dynamic environment.

Nevertheless, overall, the people interviewed viewed the benefits of the infrastructure as an essential prerequisite for the development of the region and as generally positive. The construction of infrastructure (the data highway and economic infrastructure) in the first phases of the ERDF funding was seen as necessary and appropriate. Without this structural development, it would not have been possible to go further. The regional workshop participants pointed out that the infrastructure developments were important factors in increasing the attractiveness of the region. ERDF clearly enabled Burgenland to develop business-related infrastructure at a good and sufficient level. This regional need was broadly covered with respect to 'hardware', except the ICT-network upgrading, which seems to be a permanent challenge due to rapid technological changes.

However, the scale of the programmes in Burgenland was too small to resolve central issues such as the improvement of accessibility. This was clearly the task of national funding. Here the situation in the northern part of Burgenland improved much more than in the south, which also influences the effectiveness of the programme measures. In the northern area, the connections from Eisenstadt and northern parts of Vienna and the main transport network could actually be improved. The regional north-south connection was expanded to the middle of Burgenland, but it does not yet reach as far as southern Burgenland. Furthermore, the connection of Heiligenkreuz to Motorway 2 via the S7 has been subject to a long process of discussion, and it has not yet been fully implemented. This means that significant improvements in the north are not matched with any improvements in the southern part of the country. This has an impact on the attractiveness of the business park, for example, at Heiligenkreuz.

(vi) Environmental Sustainability

Environmental Sustainability, as a 'stand-alone topic' in the ERDF programme in Burgenland, has not played a significant role. None of the measures in the programmes could be attributed solely to this subject area and no explicit ERDF strategy was formulated in this field. Nevertheless, at the project level a couple of (large) projects can be attributed to this axis.

Typical measures to promote biodiversity for national parks and nature reserves and the use of renewable energy from biomass were included in the programme section of the EAGGF. Here, significant measures were set out, and they can be seen in the development of tourism in Burgenland and the use of natural resources. The INTERREG programmes played an important role in the cross-border context, particularly regarding Lake Neusiedl.

It should also be borne in mind that there are a number of areas under other themes, such as innovation, infrastructure and enterprise, which are aimed implicitly at the improvement of the environment and especially the use of renewable energy. Altogether, EU funding was critical for the diffusion of environmental technologies and the improvement of environmental sustainability.

In this context the role of EAGGF must also be emphasised. In the range of ERDF programmes, the following can be cited:

- the development of a core competence in renewable energy and environmental technology, as well as the use of wind energy in the north of the country;

- the improvement of water supply and sewage disposal in the region and
- projects in renewable energy production, producing a saving of approximately 87,000 tonnes CO^2 equivalent per year and the creation of 106,800 KW of renewable energy resources in the 2000-2006 period and a reduction of 95,000 tonnes CO^2 equivalent per year for the current 2007-2011 period.

(vii) Spatial cohesion

The reduction of disparities between northern and central and southern Burgenland is an explicitly stated goal in all three programme periods. However, neither explicit strategies for 'spatial cohesion' nor any measures directly attributable to this thematic axis have been created (thus the ERDF programmes did not have any expenditure dedicated primarily to this theme).

The implicit strategy was to raise levels in the southern parts of the region up to those in the north through the development of tourism (especially health-and-wellness tourism related to thermal spas) and through 'industrialisation' with emphasis on the cross-border business park at Heiligenkreuz and the settlement of leading companies there.

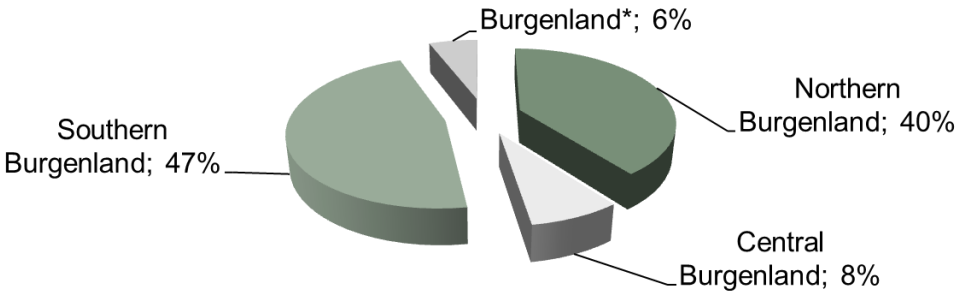
Overall, therefore, a major development was supported in the southern part of the country:

- the focus on renewable energy in the Güssing area - the location development acts as a role model, but it could only be implemented in this form through access to Objective 1 funds;
- the development of strategic projects in the field of spa tourism, support infrastructure, and the hotel and catering industry; and
- the development of a technological focus in the field of optoelectronics as well as the relocation and renewal of business.

After the cross-border business park at Heiligenkreuz and the relocated leading businesses failed to produce the anticipated industrial revitalisation, there was no longer a regional development strategy other than tourism. Furthermore, a breakdown of primary obstacles to development regarding external access and public transport were not possible using the ERDF programme. The available funds were insufficient. The interview partners and the regional workshop perceived road and rail infrastructure as central deficiencies in southern Burgenland.

Between 1995 and 2011, more than half of the ERDF funding was used in central and southern Burgenland. A calculation of the ERDF funding intensity, in terms of population, shows a 40 percent increase in funding intensity for the southern part of the country.

Figure 9: Regional distribution of funding



Source: Monitoring data, Convelop calculation.
* Funding not allocated to a specific region (e.g. technical assistance).

Table 22: Regional funding intensity

Region	Funding intensity (EUR p.c.)	Funding intensity (Index)
Burgenland (total)	1,273	1
Northern Burgenland	1,051	0.83
Central Burgenland	753	0.59
Southern Burgenland	1,791	1.41

Source: Monitoring data, Statistik Austria, Convelop calculation.

The economic data show a mixed picture. The growth rates between 1995 and 2008 were greater in the north than in the south. The dynamics of the close proximity to Vienna and the suburbanisation leads to a much more favourable position in development for the northern part of the country. The ERDF has helped make use of the potential of the northern part of the country and to accelerate development. In the southern part of the country, new areas of focus have been developed, e.g. in renewable energy and the environment and especially tourism. Overall, and in conjunction with the EAGF/ESF, a contribution to the stabilisation of the southern part of the country has been achieved. However, development programmes of this scale have very limited opportunity to **reverse trends** such as migration. Despite the higher funding intensity, no significant catch-up could be realised in the south. The removal of the fundamental deficiencies in the region, namely the improvement of accessibility, did not take place. The location conditions in the south are particularly unfavourable, so that a real convergence process is not expected, and a significant overestimate of the benefits was probably made. There was also a lack of clear strategy for the south, once the hoped-for momentum effects by the strategic project in Heiligenkreuz and the related relocation of business had not materialised.

5.1.3 Institutional factors affecting achievements

In preparation for and adoption of EU Cohesion policy and Objective 1 funding, a series of institutional measures were introduced in Burgenland. They were as much achievements of EU Cohesion policy in Burgenland as they were preconditions for gaining the achievements in the region already described:

- establishment of the WIBAG Burgenland agency for economic promotion and development in the run-up to EU accession (following the current trend at the time in Austria);
- establishment and funding of Burgenland Regional Management as the regional development agency for Objective 1 and Convergence Phasing-out programmes;
- Objective 1 funding approach by programme, which required interdepartmental and cross-sectoral development; and
- established coordination of federal and state agencies to prepare and implement the programme and the selection of projects

Those involved in Burgenland see the overall effect of EU Cohesion policy on the regional networks as very important achievements. They have become familiar with each other and understand the respective logic of interventions. This shortened and facilitated exchanges dealing with other questions. At the same time, collaboration became possible and flourished (see Synergies).

Although access to Structural Funds and in particular to ERDF expanded significantly the financial resources available for Burgenland, always additional national and regional funding was available due to the Austrian federal system in particular. Thus the funding in EU programmes has been focussed on larger and capital-intensive investment projects, while small projects (e.g. in business start-ups) were supported exclusively by national schemes. In the second and third period increasing complexity of EU-funding has led more and more to a displacement of higher risk projects towards domestic funding (e.g. for R&D in companies).

5.2 Complementarities and synergies

5.2.1 Complementarity between ERDF-funded programmes

The Objective 1 programme in Burgenland operated in the first two periods as an integrated programme of ERDF, ESF and EAGGF. Through the above institutional changes, synergies between the funds and programmes became possible.

Between ERDF and ESF, there were synergies in the following areas:

- between the relocation of companies and training and qualification measures (e.g. in the field of IT education);
- appropriate training and qualification measures in tourism; and
- the establishment of the University of Applied Sciences in Burgenland, and investment in training infrastructure.

Significant synergies occurred between ERDF and EAGGF:

- establishment of quality brands in the food industry, in particular viticulture and their promotion to complement investments in tourism;
- national parks and nature reserves, and their value-added for tourism; and
- extension of the focus on 'renewable energy' through the promotion of biomass by EAGGF.

Within this, the smaller Community Initiative programmes were a stimulus to supplement the major investment projects of Objective 1 programmes by soft measures. As an example, interviewees especially highlighted the experimental character of LEADER+ (up to 2006). As a border region, the east cross-border funding by INTERREG had a strong significance for Burgenland, particularly with Hungary, but also with Slovenia and Slovakia. A dynamic was developed here, mainly from the 2000-2006 period, through a more strategic approach. However, it was demonstrated that trans-border cooperation is highly complex, and language and cultural differences are still barriers.

5.2.2 Complementarity with domestic regional policy

The Objective 1 programme for Burgenland led to institutionally closer coordination with the regional policy of the federal government (see institutional factors). As already mentioned in the Introduction, there was high commitment by the federal government and the Province of Burgenland to co-financing in the 1995-1999 period, when high rates of national co-financing were received. In the subsequent period, the supplementary programme was used.

The implementation of the programmes was carried out by the integration of existing funding agencies and programmes of the province such as in R&D funding. Overall, as confirmed by the survey and interviews, there was a close integration of EU regional policy and national regional policy. At the same time, this lowered the visibility and awareness of EU regional policy programmes.

6 ASSESSMENT OF ACHIEVEMENTS AGAINST OBJECTIVES AND NEEDS (EFFECTIVENESS AND UTILITY)

6.1 Overall achievements of ERDF programmes measured against programme objectives (effectiveness)

The effectiveness of the programme depends on the degree to which the objectives of the programmes have been achieved. The objectives agreed between the region and the EC are central to this question. There is a transition to objectives and related indicators that can be directly influenced by the programme, and the realistic planning of target levels for the second and third periods is an expression of learning in the region and the EC. Three levels of defined objectives can be distinguished for Burgenland (see Table 6, page 21).

- The '**Vision**' is to develop Burgenland from a border region into a dynamic Central European region and to reduce intra-regional disparities to enable a homogeneous quality of life across Burgenland.
- The **macroeconomic goals** defined at programme level, which include an increased share of Austria's GDP, cohesion with the EU15, growth of jobs, reduction of the unemployment rate and increase in participation rates in Burgenland.
- At the level of **Priorities** and **Measures**, the objectives and targets directly allocated to the programme, such as the creation of new jobs through the funded projects, the number of business start-ups, the increase in the number of quality beds and the number of R&D projects.

The definition of objectives and their quantification raises a number of questions. Some will be briefly explained here with reference to the objectives and targets of Burgenland.

- A key question for discussion is the basic **achievability of the objectives.** Initially, in the first period, a target level of 7,300 new jobs was specified through the programme, of which 1,000 should be in high-tech SMEs. These values are unrealistically high. In fact, throughout the 1995-1999 period approximately 4,000 additional jobs were created in the total economy in Burgenland. This indicates how over-ambitious the initial programme expectations were. As a consequence, the target values were corrected to 7,300 new and safeguarded jobs.
- The question also needs to be posed regarding how to interpret **lack of achievement**? Until the mid-2000s, the paradox was observed that even with above-average growth of the economy, the increase in employment did not result in a reduction in the unemployment rate. This latter indicator, however, was set as an objective of the programme. The reason behind the paradox was the strong growth in labour supply, including the increase in participation rates (which was also an objective, in particular related to females).

These points indicate that a **consistent model** of the causal relationships had to be applied. At the level of Measures, the goals focus largely on 'outputs' rather than changes that need to be achieved in the region. A coherent hierarchy of objectives and targets is missing. As mentioned above, the monitoring system was well established but the result indicators only covered parts of the programmes and cross-effects.

The indicators were hardly quantified in the first period. Only the general direction of progress was defined (increase, improvement). In spite of these difficulties, the following provides an assessment of the attainment of targets.

Assessment of effectiveness

Table 23: Aggregated overview of achievements

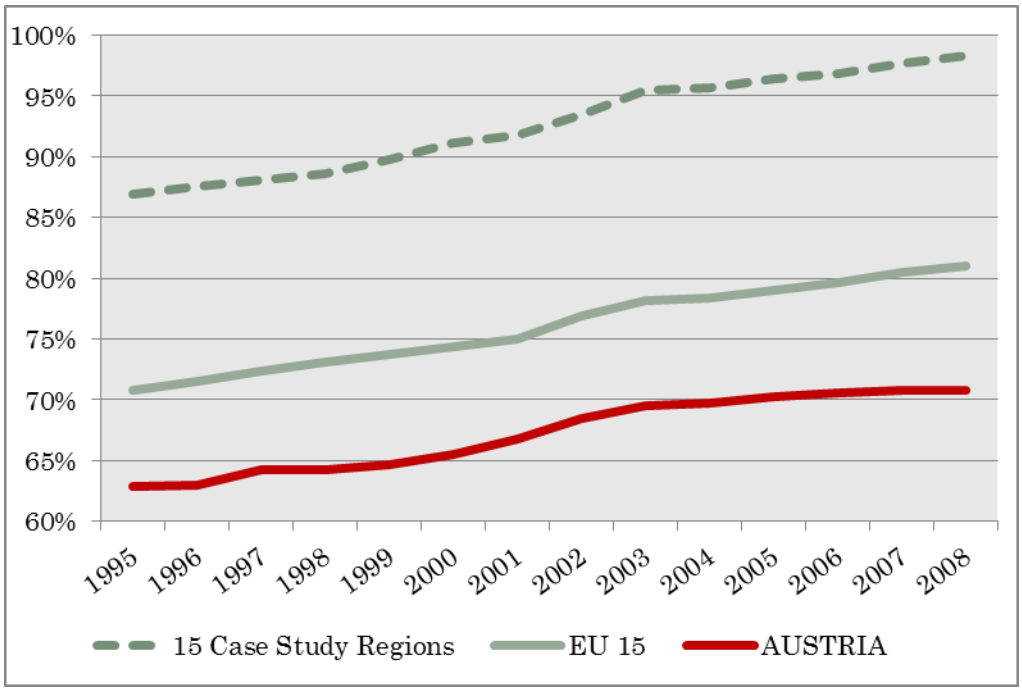
Programme	Aggregate objectives/targets	Reported achievements
1995-1999	• 7,300 new jobs created and safeguarded in Objective 1 programme • 46% female labour force participation rate • Approach 75% of EU15 GDP p.c. level • Increase Burgenland's contribution to Austrian GDP to 2.2% • Decrease of unemployment level	• 5,887 jobs safeguarded in Objective 1 programme • 2,216 new jobs created • 46.2% female labour force participation rate • GDP p.c. around 73.2% of EU15 level • Burgenland's contribution to Austrian GDP is 2.2% • Decrease of unemployment level by 0.2% points
2000-2006	• 7,000 new jobs created in Burgenland's economy • 3,250 new jobs created in Objective 1 programme • 722,592 overnight stays in the area of health and spa tourism and 40% proportion of high quality beds • 700 new business start-ups • 51.7% female labour force participation rate • Approach 77% of EU15 level for GDP p.c.	• 11,130 new jobs created in Burgenland's economy • 3,008 new jobs created in Objective 1 programme • 1,136,582 overnight stays in the area of health and spa tourism and 49% proportion of high quality beds • 33 new business start-ups • 55.2% female labour force participation rate • GDP p.c. around 75% of EU15 level
2007-2013*	• 580 new jobs (FTE) of which 50 in R&D in Objective 1 programme • €431,500,000 of investment supported • 28 new business start-ups • 665,000 t GHG reduction • 8.5 MW additional power generation capacity from renewable energy sources	• 336.8 new jobs (FTE) of which 11.2 in R&D in Objective 1 programme • €352,279,077 of investment supported • 12 new business start-ups • 372,000 t GHG reduction • 24.7 MW additional power generation capacity from renewable energy sources

Source: FIRs, monitoring data.
* Reported achievements based on commitments of 65 percent of ERDF 2007-2013.

Overall Economic Development

As the stimulation of growth from the opening of the East diminished, Burgenland reverted back to the average level of growth for Austria as a whole. In the wake of Austria's positive development performance, which facilitated relatively stable development especially when making allowance for the financial crisis of 2008, a catch-up phase followed in comparison with the EU15. Burgenland was able to close the gap rising from 71 percent (1995) to 81 percent (2008) of the EU15 (GDP p.c.) levels. A catch-up was also revealed in comparison to the other 14 case study regions in this evaluation, from 87 percent (1995) to 98 percent (2008) (see also Figure 10).

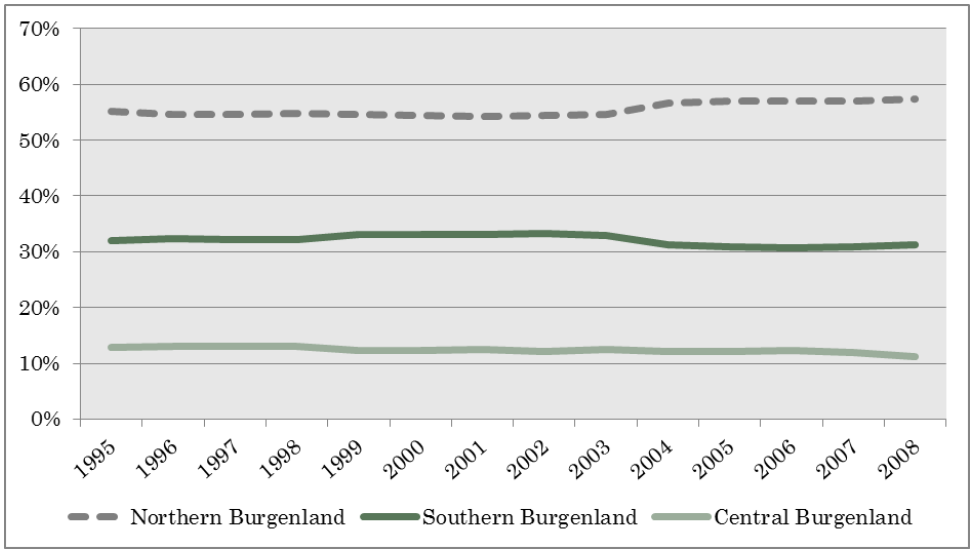
Figure 10: Burgenland GDP p.c. in % average of EU15, Austria and CS-Regions (current prices)



Source: Evaluation Core Team, Convelop calculation.

As the north of the country generally had favourable factor conditions, and a clear strategy did not exist, intra-regional disparities could not be reduced. The share of central and southern Burgenland in the regional GDP of Burgenland even decreased slightly (see Figure 11). The objective here must be seen more as a political statement and as a guideline for the actual use of funds rather than a real achievable development goal.

Figure 11: Development of the GDP share of the 3 regions in Burgenland



Source: Statistik Austria; Convelop calculation.

At the level of the available **indicators,** after overcoming the initial difficulties of calibrating the target values, a good-to-very-good level of achievement is shown overall (beside R&D and firm start-ups). This applies throughout for the expected effect on jobs and in the second programme

period for the indicators in tourism. The speed of adjustment here is overestimated. So a good correlation of goals and achievements is reported, with a slight overestimation of the rate of the cohesion process. Even in the current 2007-2013 period, the quantified targets show an achievement level that matches the level of absorption of funds.

In the following, a more insightful view of the **effectiveness** of the programme is developed, which attempts to observe the implicit goals and not the quantified targets. At the level of the Priority Axes and Measures, it reveals the following:

- The achievement of objectives for the **modernisation and expansion of existing businesses** is rather good and in accordance with expectations, especially regarding the effect of employment in manufacturing industries. This is also the opinion of the survey participants, who rated the contribution of the programmes to growth and employment of existing companies as high. However, grants to businesses are associated with a high risk of windfall profits. Statements and assessments covering this aspect have not been made.
- The stimulus from **foreign direct investments** by multinational corporations has been overestimated in the first period. Some of the key projects/companies could not appropriately be integrated into regional networks. On the other hand, there are good examples of impulses induced by re-settlement of smaller companies e.g. from the Vienna area. Thus building regional identity and connecting firms to the region is what should be considered as the important factor.
- A large number of small **consultancy projects** with low aid intensity, frequently used in Austria in EU programmes, were avoided. Consulting support to companies was always focussed on larger projects, for example in the sphere of product development, thus increasing the probability of actually achieving tangible effects.
- The development of **technology-oriented business infrastructure** is generally well advanced. The utilisation of the technology parks has been achieved, albeit with a mixed tenant structure and a substantial share of companies with a relatively low technology profile. The aspirations of the technology centres must be adapted to the opportunities of a rural agrarian region and should not be compared with urban areas.
- **Infrastructure** has generally been well developed, and the basis for further development has been established through business parks. The infrastructural needs are covered. However, the results of a major investment and large project establishing a cross-border business park at Heiligenkreuz were disappointing. Along with the inward investment of a chemistry firm, which should have served as a flagship project, an industrialisation thrust was expected for the southern part of the country, but in reality it could not be realised.
- The **development of tourism** broadly meets expectations and goals. The tourism product has been brought up to date ('quality initiative'), and health-and-wellness tourism has been built up in the south. The development of overnight stays and the shift towards higher-quality segments demonstrates a successful strategy. However, the development is far from complete, and tourism still lacks critical mass to be competitive at an international level.

The numbers of **business start-ups** have remained significantly below expectations in every case that was supported by the ERDF. However, this is surprising, since Burgenland has a good rate of business start-up compared with other regions in Austria. For this theme, support has shifted towards nationally financed support schemes.

Research and Development clearly underachieved. Advances in the area of **Research and Development,** and in the establishment of centres of excellence and specialist areas of expertise, were well below the stated goals of the programmes. While there are now approaches for areas of strength for Burgenland, such as 'renewable energy', systematic generation of expertise has not occurred. The 1,000 new employment places in high-tech SMEs proposed in the first programme were not attainable. Similarly, the establishment of up to five centres of excellence and technology nodes formulated in the second period could not be achieved. The potential was obviously overestimated, but a clear implementation strategy was also missing. Referring to that aspect, the regional workshop participants also stated that a 'true spirit of R&D and innovation was missing'. The area of development was not given the same weight in the implementation as stated in the programmes. The deficiencies were mainly visible in the current 2007-2013 period, as the focus should be shifting increasingly towards R&D and innovation.

The ERDF has helped to make use of the potential of the northern part of the country and to accelerate development. In the southern part of the country, new areas of focus have been developed, e.g. in renewable energy and the environment and especially tourism. Overall and in conjunction with the EAGF/ESF, a contribution to the stabilisation of the southern part of the country has been achieved. However, despite a higher funding intensity, no significant catch-up could be realised in the south. The removal of the fundamental deficiencies in the region, namely the improvement of accessibility, could not be addressed by the ERDF-programme. The location conditions in the south are particularly unfavourable, so that a real convergence process is not anticipated, and the expectations were probably significant overestimates. Furthermore, once the hoped-for momentum effects from the strategic project in Heiligenkreuz and the related relocation of business did not materialise, there was a lack of clear strategy for the south.

The question still remains of whether the 'vision' to develop Burgenland from a border region to a dynamic Central European region has been achieved. Ultimately, this 'meta-goal' may only be realised indirectly by the ERDF programmes and is derived from the overall assessment of economic development. The macroeconomic data show a catch-up with the EU15, high levels of business start-ups and investment rates, and significant growth in exports. The cross-border contacts have increased - INTERREG/Territorial Cooperation – and programmes in this area have enabled the generation of new contacts, although it is still far from being an 'integrated cross-border region'.

Overall, an economic transformation of Burgenland can be recognised. The economic structures of Burgenland are different today than in the early and mid-1990s. However, the transformation process of Burgenland is far from complete, and the structures are fragile and in particular are not pulled together closely enough to form a synergistic location-development fabric. That also makes it sensitive and vulnerable to future economic developments that lead to further intensification of location competition and increased demands to innovate.

The following table provides an overview of the aims and achievements at the level of thematic axes.

Table 24: Achievements compared with imputed objectives for eight thematic axes

	1995-99		2000-06		2007-13	
Thematic axis	**Imputed objectives**	**Achieve-ments**	**Imputed objectives**	**Achieve-ments**	**Imputed objectives**	**Achieve-ments**
Enterprise	++	4	++	4	++	4
Structural adjustment	++	4	++	4	+	3
Innovation	+	2	+	2	++	2
Environmental sustainability	-	4	=	4	=	4
Labour market	-	3	-	3	--	3
Social cohesion	--	3	--	3	--	3
Spatial cohesion	+	3	-	3	--	3
Infrastructure	+	4	=	3	-	3

Objectives scale, start of period

++ Very high effort, this axis is a central aspect of the regional development strategy
+ High effort, this axis is an important element in the regional development strategy
= Average effort, this axis is included in the regional development strategy but is not particularly important
- Low effort: this axis is only marginally considered in the regional development strategy
-- No effort at all on this axis

Achievements scale, end of period with respect to beginning of period

5 Very high achievement, the results for this axis are considerably above expectations given the effort put in it and ex-ante conditions
4 High achievement, the results for this axis are above expectations given the effort put in it and ex-ante conditions
3 Average achievement, the results for this axis are those which could be expected given the effort put in it and ex-ante conditions
2 Negative achievement, the results for this axis are below expectations given the effort put in it and ex-ante conditions
1 Very negative achievement, the results for this axis are considerably below expectations or even nil

6.2 Overall contribution of ERDF programmes to regional development (utility)

Utility deals with the question of how far the achievements are focused on the regional needs and have contributed to the overall development of the region. Related to this is the question of whether there are gaps, i.e. are regional needs insufficiently recognised and have measures been taken that do not meet the regional needs?

Burgenland was one of the least-developed regions in Austria, by far, with difficult spatial starting conditions especially in the southern part of the country. The lack of jobs and low incomes led to migration from the south. The regional needs of Burgenland lay mainly in the economic modernisation of the business location and the indigenous businesses and the development of new employment and growth opportunities in order to reduce the dependence on the agricultural sector.

The granting of Objective 1 status and the preparation and implementation of the programmes for EU Cohesion policy have had an 'enabling effect' in Burgenland, i.e. a cohesive implementation of policy, the mobilisation of additional national and regional resources, and the design of a cross-

sectoral strategy and planning processes. As a result of the EU planning periods, regular renewals of strategic concepts and direction have now become a matter of course. This has made a major contribution to coordinated regional development.

Due to a strong orientation of the ERDF on economic development, the achievements have to a large extent met the needs of the region (with the exception of issues mentioned below under 'blind spots' of the programmes). The achievements in new modern infrastructure such as technology parks, ICT or tourism infrastructure was seen by interviewees and the regional workshop as important and necessary. They ultimately form the basis and pre-condition for the long-term development of the region. The infrastructure establishes important elements in increasing the attractiveness of the location. The actual use of the infrastructure in many areas is good, although there is a tendency toward a slight oversizing. In particular in the Heiligenkreuz business park the economic potential has been overestimated. This can partly be traced back to a lack of accompanying investments in transport infrastructure and a lack of economic dynamic on the Hungarian side.

The industrial base has been modernised. The expansive firm projects have contributed to the creation of jobs. A new growth sector has been developed with tourism, which benefits from the proximity to the metropolitan areas, especially Vienna. From the largely top-down decisions in this area, a number of new tourist resorts developed which are popular and have good utilisation. The integration of the strategic projects in a network of regional activities still requires improvement. From the online survey, the strong concentration on a few large projects in the first phase of the ERDF funding was regarded as critical. In general, the programmes have been assessed as appropriate for Burgenland in the online survey.

Other key issues such as the improvement of human capital were handled primarily by the ESF. Topics such as sustainable development (e.g. nature parks) were not the focus of the ERDF, but were processed through EAGGF.

The strategies must be implemented with the available resources. This required proceeding selectively. One of the main needs, particularly in the south of the country, was posed by accessibility. However, this could not be 'dealt with' under the Objective 1 and Convergence Phasing-out programme due to the size of the undertaking and the limited financial resources of the programmes. To give an illustration of the order of magnitude, the total public funds associated with the ERDF programme over all three periods amount to €670 million (national and ERDF). In comparison, this would have just been sufficient for the 30 kilometres of Highway 7 constructed in the southern part of the province (cost estimate: €565 million), and the problems of accessibility would still fall a long way short of being resolved. The lack of accompanying transport infrastructure by national policies was also perceived as a deficit in the regional workshops. This has also affected the effectiveness of the industrial development efforts in the southern part.

Nevertheless, the programmes present also a number of 'blind spots', where achievements have not accurately met the regional needs:

- The stimulus from **foreign direct investment** by multinational corporations was overestimated in the first period. Some of the strategic projects/companies could not be integrated appropriately into regional networks. Although globally competitive businesses

in –their own right, some of the companies did not stimulate sufficient forward and backward linkages in the region. Some of the multinationals have moved away their subsidiaries again or significantly reduced the number of jobs. On the other hand, there are good examples of impulses induced by the resettlement of smaller companies with stronger ties to the region, e.g. coming from the Vienna area. Thus, building regional identity and connecting firms to the region should be considered as important factors.

- **Expectations were geared too much towards external stimulation and too little toward endogenous potentials**, regional identities, networking and change of attitudes amongst the existing actors and companies (e.g. in the tourism and service areas, and in innovative behaviour). This became clear in the current period with the difficulties in the transition to a greater focus on innovation. It was acknowledged in regional workshop in retrospect that the 'Innovation Offensive Burgenland' was started years too late and that networking and building awareness should have been started much earlier. The strategy for strengthening R&D in Burgenland was for too long either an implicit strategy of infrastructure development or devoted to attraction of new companies with R&D capacities.
- The programmes were hardly aligned with **functional areas** that extend beyond Burgenland (with some exceptions of INTERREG/ETC). The use of the potential of the surrounding metropolitan areas, such as the connection to the cluster and research facilities in Vienna and Graz, were hardly considered.

Overall, Burgenland has shown good economic performance. It was able to keep pace with the national trend. In tandem with the development of Austria, there was catch-up (in terms of GDP per capita) with the EU15 countries and the 14 other case study regions. Although the programme achievements could not lead to an intra-regional cohesion process.

The EU Cohesion policy programmes have provided a substantial level of financial contribution. The total investment managed through the programmes over 15 years is around €3 billion, which corresponds to approximately 14 percent of the annual investment volume in Burgenland. The ERDF funding applied amounts to €359/395[1] million and lead to an investment of approximately €1.9 billion. Compared with other regions, this is a high leverage ratio. This level of investment has been achieved in particular through a strong focus on direct grants to businesses and the associated overall high levels of private investment. At the same time, it must be borne in mind that these types of subsidies are very susceptible to windfall profits, which means that the actual induced investment might be substantially lower.

To summarise, the achievements have to a large extent met the needs of the region, although: (i) some investments overestimated the economic potential of the region and were conceived on too large a scale; (ii) not all needs could be addressed (e.g. transport infrastructure in the south); and, (iii) the focus on stimulating endogenous development via soft measures, networking and modern R&D and innovation activities in a precise manner came rather too late (in the third period). Overall, the ERDF programmes were crucial to regional development efforts in Burgenland and made a substantial contribution to overall regional development. This view is broadly confirmed by the online survey. Also, the regional workshop felt in retrospect that the right things had been carried out overall..

[1] €359 million including actual ERDF commitments in the current 2007-2013 period or €395 million including ERDF allocations for the current 2007-2013 period.

Table 25: Achievements compared with need for eight thematic axes over individual periods

	1995-99		2000-06		2007-13	
Thematic axis	**Need**	**Achievements**	**Need**	**Achievements**	**Need**	**Achievements**
Enterprise	++	4	++	4	+	4
Structural adjustment	++	4	+	4	+	3
Innovation	+	2	++	2	++	2
Environmental	=	4	-	4	-	4
Labour market	++	3	++	3	+	3
Social cohesions	=	3	=	3	=	3
Spatial cohesion	+	3	+	3	++	3
Infrastructure	++	4	+	3	+	3

Needs Scale, evaluation of the region at the start of the period

++ Very high need: the region is highly deprived on this axis
+ High need: the region is somewhat deprived on this axis
= Average need: the region is around the national mean on this axis
- Low need: the region is above the national mean on this axis
-- Very low need: the region is already a European front-runner on this axis

Achievements scale, end of period with respect to beginning of period

5 Very high achievement, the results for this axis are considerably above expectations given the effort put in it and ex-ante conditions
4 High achievement, the results for this axis are above expectations given the effort put in it and ex-ante conditions
3 Average achievement, the results for this axis are those which could be expected given the effort put in it and ex-ante conditions
2 Negative achievement, the results for this axis are below expectations given the effort put in it and ex-ante conditions
1 Very negative achievement, the results for this axis are considerably below expectations or even nil

Table 26: Achievements compared with needs and imputed objectives for eight thematic axes across the entire study period

	1995-present		
Thematic axis	**Needs**	**Imputed objectives**	**Achievements**
Enterprise	+	5	+
Structural adjustment	+	4	=
Innovation	++	5	-
Environmental sustainability	-	3	+
Labour market	+	1	=
Social cohesion	=	1	=
Spatial cohesion	++	1	=
Infrastructure	+	2	=

Needs Scale (evaluation of the region at the start of the period)
++ Very high need: the region is highly deprived in this thematic axis
+ High need: the region is somewhat deprived in this axis
= Average need: the region is an average one in this axis, whose values are around the national mean so that there is not the need for a strategy specific for this region
- Low need: the region is better than the average in this axis, or above the national mean
-- Very low need: the region is already a front-runner in this axis, not only at national level but also at European level

Imputed Objectives (average effort in the period by structural fund support in the region)
5 Very high effort: this axis is central to the regional development strategy co-financed by the ERDF (and, if relevant, the Cohesion Fund) development strategy
4 High effort: this axis is often mentioned in the regional development strategies and a significant effort is put on it
3 Average effort: this axis is considered in the regional development strategy but not its focus
2 Low effort: this axis is only marginally considered in the regional development strategy
1 No effort at all in this axis is provided by ERDF

Achievements scale (end of period with respect to beginning of period)
++ Very high achievement: the results in this axis are much above expectations given the effort put in it, the ex-ante conditions and the other concurring policies and events
+ High achievement: the results in this axis are above expectations given the effort put in it, the ex-ante conditions the other concurring policies and events
= Average achievement: the results in this axis are those which could be expected given the effort put in it, the ex-ante conditions and the other concurring policies and events
- Low achievement: the results in this axis are below expectations given the effort put in it, the ex-ante conditions and the other concurring policies and events
-- Very low achievement: the results in this axis are considerably below expectations, or even nil

6.3 Key elements of success and failure

6.3.1 Good practices and successes

Using the impetus of Structural Funds for governance and institutional changes

The award of Objective 1 status for Burgenland was recognised as an opportunity to boost regional development. The various political factions of Burgenland united together in an exemplary manner, facilitating the mobilisation of additional national and regional resources. The institutional landscape changed with the prior establishment of WIBAG and Burgenland Regional Management and the coordination between the federal government and Burgenland. The planning cycles were adopted and are now used for the general ongoing renewal of the strategic documents.

Overall good performance with respect to jobs and growth

Contributions in terms of enhancing the growth of existing businesses, creating jobs and the development of tourism are considered to be good and business-infrastructure bottlenecks have been widely reduced. This coincides with the results of the interviews and online survey. Overall, the programme is seen as successful in the creation of jobs and in supporting the growth of companies. An exceptional high leverage of ERDF resources was achieved. This is combined with a fairly good **level of target attainment** in all three periods. The overall **achievements** are good and the focus of the ERDF on a clear economic development strategy has generally corresponded to the **needs** of the region.

Long-term tourism development with focused investments in "health tourism"

Good examples can be found in the area of tourism development, where a substantial catch-up and a new growth sector have been generated through a comprehensive strategy for Burgenland, which benefited from its proximity to urban areas (see case studies). It was possible to achieve a major improvement using ERDF funding through the development of infrastructure and strengthening competitiveness in Burgenland tourism, while taking advantage of the proximity to urban centres. The regional workshop participants concluded, 'We have definitely succeeded in implementing a quality campaign'. The development also resulted in a contribution to improving the quality of life of the local population. For example, through the construction of the spa resort, a significant development momentum was created for a region in Central Burgenland, in which the focus on tourism is new, but otherwise no significant location advantages exist. This has meant that overnight stays have risen dramatically and important jobs have been created. The project sample case study shows that a strategic development project requires continuity and a stable development in order to reach a critical mass and to ensure that a new tourism tradition or culture can develop in this agricultural region.

R&D capabilities in a rural area – integrated development approach

Güssing is one of the most peripheral locations in Southern Burgenland and one of the least developed regions in Austria. But it has been able to establish a system of integrated location development, focused on 'Renewable Energy and Biomass', through a long-term build-up of expertise using technological developments in cooperation with the Vienna University of Technology and a series of pilot and demonstration plants. Crucial factors were the favourable grouping of visionary and inspirational people, available natural timber resources, the know-how from the outside (from the Vienna University of Technology) and the availability of Objective 1 funding. Güssing has pursued an **integrated location development**, which has arisen from the specific focus on the development of technology (a new wood biomass gasification technology) and the creation of locational advantages in the energy sector. Although there are increasing concerns of a dependency of Güssing on public money.

Continuity of actors and stability of overall programme objectives

The relative consistency of the priorities is viewed as a key factor. The basic continuity in the content of programmes without frequent strategy changes was seen as positive for the effectiveness of the programmes. This does not mean 'rigidity' and a lack of learning, but rather

stability over periods of time. This appears to be especially important for stability and continuity in long-term structural policies. This was also supported by the continuity of key players in Burgenland, which enabled direct paths of communication and the development of tacit knowledge. This enables the build-up of tacit knowledge and short lines of communication. This is particularly important under conditions of complexity, as is the case with EU funding.

6.3.2 Bad practices and failings

Focus on investments in strategic projects without soft measures

The strategy focused for too long on the development of strategic projects. In addition, the time required to change perceptions, such as attitudes to service and innovation, was underestimated. The strategy could have been more effective with a stronger parallel approach to network building and 'cultural change'. In the regional workshop, the absence of accompanying measures were seen as a deficiency, e.g. with respect to transport and accessibility, or training and awareness. In the first period the focus was too skewed toward large international technology companies. Some of them have since been lost or have substantially reduced employment, and expectations have not been met. In part, it proved impossible to build up significant forward and backward linkages and spillover effects were limited.

R&D, Innovation performance

There is no single reason for the limited progress in research and technological development: (i) A extensive list of topics, including 'mainstream issues' have been pursued without a clear development strategy. The potential was obviously overestimated, but a clear implementation strategy was also missing. Referring to that aspect, the regional workshop participants also stated that a 'true spirit of R&D and innovation was missing'. It appears that EU-catchwords have been taken on board (or adopted for the sake of alignment with European Commission expectations) without a real vision or implementation strategy in the context of a small region without a major conurbation.

National schemes versus EU-Programme

While in the programming phase ambitious targets e.g. for business start-ups were set. One reason that targets were not met is the shift of the funding to national schemes. In reality it is indifferent whether start-ups are supported by EU or solely national means. However for programming and target-setting such concurrence should be avoided.

Internal orientation versus functional areas

With some exceptions the alignment of programmes hardly extended beyond the functional areas of Burgenland. The use of the potential of the surrounding metropolitan areas, such as the connection to the cluster and research facilities in Vienna and Graz, were barely considered. Discussion is needed on how Burgenland can benefit from the proximity to cities. INTERREG/ETC supports the reconnection of Burgenland with neighbouring regions. However, cultural differences and language barriers are still impeding more in-depth cooperation.

Increasing and excessive administrative burden of EU programmes

According to many decision-makers, it is apparent that the weighting between the need to control and flexibility in implementation is out of balance. This has real effects on the achievements of the programmes. Increasingly, innovative and high-risk projects are handled only in nationally funded areas. Thus the EU programmes lag significantly behind the opportunities and then must be further limited to funding 'good mainstream' projects. EU-funding framework conditions are increasingly seen as an obstacle to the implementation of the programmes. In some areas, there has been a move away from EU co-financed projects back to purely nationally funded programmes.

7 CONCLUSIONS

7.1 EQ1: To what extent did the programmes address regional needs and problems over time?

EQ1a: What were the initial regional needs and problems and what has been their evolution?

Burgenland has struggled historically with the typical problems of a rural agrarian region, which have been reinforced by its location at the eastern periphery of Austria and by the absence of conurbations. Due to the lack of employment opportunities, the participation rates remained well below the already-low average in Austria, resulting in migration from the region. The key regional problems can be summarised as follows:

- The lack of employment opportunities (the number of jobs based on 1000 population reached only 70 percent of the Austrian average).
- Deficiencies in modern business-related infrastructure as a foundation for economic development.
- The risk to low-quality industrial manufacturing companies through the eastern enlargement and internationalisation.
- The strong north-south disparities in economic performance, with decline in population in the south.
- Lack of accessibility, particularly from the southern part of the province to the capital and poor connections to the national transport network, which lead to an overall poor quality, especially in the southern region.

From the opening up of Eastern Europe and the forthcoming EU enlargement, Burgenland experienced increased pressure on innovation and the internationalisation of the economy.

Following Austria's EU-accession and in the wake of Austria's good overall economic performance, which allowed a relatively stable development in the period of financial crisis from 2008, a process of catch-up actually took place compared to the EU15. Burgenland closed the gap, moving from 71 percent (1995) to 81 percent (2008) of the EU15 GDP p.c. (Data Core Team). On a national level, Burgenland kept pace with Austrian national growth rates.

A differentiation must be made between the northern and southern part of the region: the northern part of the country is increasingly benefiting from its proximity to Vienna, whereas the southern part is a peripheral area and has very few advantages for companies. Overall, these different development paths are reflected in the contrasting demographic forecasts. Unlike the north, the south of Burgenland is increasingly having to struggle with the problems of emigration and an ageing population and the associated depletion of infrastructure services in rural communities. Needs and economic pressure have been accelerated due to overall economic and societal trends such as urbanisation.

Today, investment levels in Burgenland are well above average, as are the business start-up rates. It has been possible to develop a number of strengths, particularly in the renewable energy sector and in specific niches such as optoelectronics. In particular, it has been possible to revive tourism and reduce the dependency on employment in agriculture. The manufacturing sector, however, is

marked by a lack of R&D thrust. R&D and innovation still represents a major challenge for rural regions. While in the earlier programmes the needs were related more to modernisation of production facilities, the combination of EU-enlargement, internationalisation and technological change have increased the need in companies for capability and improved absorptive capacity in R&D.

Overall, an economic transformation has occurred. Some more directly susceptible needs such as the business-related infrastructure endowment were successfully addressed in the first and second programme periods. And the overall economic performance was good in terms of growth and employment.

Nevertheless, the basic needs of the region to create new jobs and reduce the number of commuters still exist. They are essentially permanent challenges that should be regarded in the context of missing agglomeration advantages. With increasing demand for innovative regional capacities and the trend of urbanisation, Burgenland is at risk of remaining 'the region in between' - between the cities of Vienna, Graz and western Hungarian cities. This requires more strategies directed at developing functional regions that extend beyond administrative boundaries and make greater use of the opportunities of urban areas for Burgenland. The whole economic fabric is still fragile.

EQ1b: What was the strategy of ERDF Programmes in each programming period? What has been their evolution?

The programme strategy of Burgenland (see Chapter 3 for detail) was essentially always an 'economic development strategy' with a strong focus on the promotion of enterprises. The strategies developed over the three periods. Based on the removal of supply-side bottlenecks for industry, trade and tourism, the strategies were increasingly differentiated by an innovation-oriented regional development policy.

In the first and partly the second period, the implicit strategy was to focus on the removal of supply-side bottlenecks, especially in industry, trade and tourism through the provision of infrastructure, mostly in the form of strategic projects set out in a master plan (commercial and industrial zones, business parks, creation of conditions for economic development through water and sewage disposal), and investment in business development including the attraction of foreign direct investment. The energy and focus of efforts were ultimately set within this context.

The goal was an 'industrialisation' and elimination of disparities through a substantial catch-up process. As far as possible, large technology companies were to be attracted to Burgenland. This is perhaps understandable, partly because of the deficiencies in regional development, but also with the need to cope with the new programme in a short period of time. There was a substantial absence of a diffusion-driven strategy, often seen as critical to endogenous development and soft factors.

The second programme period provided for a reduction in infrastructure investment and a transition to 'soft aid'. Measures for technology, R&D and training and a focus on start-ups and small and medium-sized enterprises were to be strengthened considerably, according to the programme. However, actual expenditure reflected this change in the intervention logic far less

clearly. The implicit strategy in capital investments, and the modernisation and expansion of industry and tourism enterprises remained very strong.

In the third programme period, based on the EU guidelines (Lisbon Strategy), 'Innovation' was given a much greater focus in the programme document. However, a clear strategy was missing on how this could be achieved. In 2009, it had to be recognised just how few innovation projects existed. Subsequently, based on an assessment from 2009, the "Burgenland Innovation Offensive" was started. This facilitated a new proactive approach to the subject (stimulus projects, raising awareness among businesses, and support for innovative start-ups), fitting much better with the regional needs.

In total, however, apart from the reduction in the share of funding for business-related infrastructure, the changes in programme strategies were formulated in much stronger terms in the programme documents than actually occurred in implementation. Although the interventions defined in the programme documents were ambitious, grants and investments for businesses attracted the bulk of the financial resources. During the current period 2007-2013 the focus has more or less exclusively been on aid to individual companies (data until 2010). Thus the approach of financial support for business investment has become increasingly dominant in programme implementation. This also explains the very high level of private participation in the programmes. Consistent elements that characterised the strategy of the ERDF include:

- the construction of modern infrastructure for businesses (business parks, ICT infrastructure, technology parks);
- a sectoral focus on tourism using strategic projects; and
- modernisation and relocation of industrial enterprises.

A linear model was implicitly assumed, which leads from infrastructure development through clustering and networking and on towards greater orientation on innovation. It is often overlooked that cultural and intellectual changes in terms of innovation, technology and service orientation require long periods of time and must be supported in parallel to investments in 'hardware'.

Development of R&D and technology transfer capability were addressed in all three programmes. However, the actual implementation focused more on the attraction of (foreign) direct investments, including R&D and investments in technology parks.

Key needs such as improving accessibility could not be addressed through the Objective 1 programme. This would have required most of the programme budget. In the northern part of the country, the deficiencies were removed in many areas through national funding, but in the southern part of the country significant drawbacks still remain.

EQ1c: What were the priorities and objectives of ERDF programmes of each programme period? What has been their evolution? Were the objectives SMART?

Burgenland saw the granting of Objective 1 status as an opportunity to make a 'leap forward' and pursued the **'vision'** for a transition from a region that for a long time was a 'dead frontier' to a dynamic Central European region. The official programme objective in all three periods was the reduction of intra-regional disparities.

The Priorities of the programmes for 1995-1999 and 2000-2006 were relatively stable under the themes of Industry and Crafts (ERDF), Research and Technology Fund (ERDF) and Tourism and Culture (ERDF). In addition, Human Resources (ESF) and Agriculture including Protection of Nature and use of Renewable Energy (EAGGF) were promoted. The strong focus on economic development to strengthen business and the industrial base was clearly reflected in the allocation of funds. 'Enterprise' was by far the dominant thematic axis.

- The priority in the 1995-1999 period was placed on the removal of supply-side bottlenecks, especially in industry, trade and tourism through business-related infrastructure investments, set out mainly in the form of a master plan for strategic projects and attracting foreign direct investment. The 1995-1999 period has a higher proportion of infrastructure projects. Substantial shares are accounted for under Enterprise (including foreign direct investment, etc.) and Structural Adjustment (mainly tourism). Innovation plays an insignificant role. The labour market is limited to investment in education infrastructure.
- In the second programme phase, 2000-2006, there was a reduction in the share of business-related infrastructure projects and an extension of soft measures (e.g. cluster cooperation) and start-ups. In reality, further implementation of capital investments in companies continued to dominate. Within this, Enterprise had evolved to be the dominant thematic axis. In accordance with the continuity in the development of tourism set out in the strategy, structural adjustment remained high.
- In the third period, 2007-2013, the focus on innovation should be significantly enhanced. 'Enterprise' covers more than half of the programme funding, and innovation has been upgraded at the expense of structural adjustment. However, problems are indicated in implementation in the area of innovation. In 2009, a new strategy was developed that brought a paradigm shift in innovation policy of Burgenland and focuses more on the activation of endogenous companies and start-ups.

The objectives and targets were not very **specific**, and only very loosely defined. They refer to either macroeconomic variables or are kept very general (e.g. the creation of new jobs). However, they are geared to the general and fundamental problems of the region.

- Considerable effort has been put into making the programme achievements **measurable** in terms of the numbers of new firms, new jobs and change in GDP. There was a considerable focus on impacts (e.g. increasing the GDP p.c. level to the EU15 average was a main objective in all periods). However, the contribution of ERDF towards achieving this goal is hardly possibly to measure.
- A more general problem with some of the programme objectives has been whether they are **attainable**. There were unrealistically high expectations about the extent and speed of the adaptation process in the first period. This was true both for the planned initial numbers of new jobs, which were later redefined, and the extent of the convergence processes. This led to significant learning effects. Very little attention was given to interdependencies between goals in the objectives and targets, e.g. reduction in unemployment and increasing participation in the labour market.
- Above all, little attention has been paid to time-related effects. There is scant attention paid to how long projects such as R&D require from concept to market introduction to even be able to exert an influence on regional effects. Unfortunately, monitoring runs only for

the specific duration of the programme, whereas in many cases measures only take effect after some delay (e.g. infrastructure development). These effects were not adequately covered in the official reports or cannot be adequately illustrated by the programmes.

The stated objectives reflect the fundamental vision and regional needs and are largely relevant. However, the goals are neither consistent nor is there a systematic hierarchy of objectives. Overall, there is a lack of a clear and consistent model, both in terms of the overall economic objectives and the contribution of the various levels of measure to the macroeconomic level.

EQ1d: What has ERDF support been spent on in each programming period? Have there been significant transfers from initial allocations of ERDF resources to other priorities in any period?

The use of resources shows the clear focus on economic development to strengthen entrepreneurship and the industrial base. 'Enterprise' is by far the dominant thematic axis that not only gains in importance over the programme periods, but also absorbs a greater portion of the funds in the implementation than in the plan.

- The 1995-1999 period shows a higher proportion of spending for infrastructure. Substantial shares are accounted for by 'Enterprise' (including foreign direct investment and Structural Adjustment, which is mainly tourism). Innovation plays a less important role.
- During the 2000-2006 period, infrastructure was played down in favour of enterprise and innovation. Within this, Enterprise had evolved to be the dominant thematic axis. In accordance with the continuity in the development of tourism, set out in the strategy, Structural Adjustment remained high.
- In the 2007-2013 period, the distribution of funds from the programme shows a further accentuation. 'Enterprise' covers more than half of the programme funding, and Innovation has been upgraded at the expense of Structural Adjustment.

The actual expenditure for the thematic axis 'Enterprise' was higher in each period than the original allocation of funds. However, the actual expenditure on innovation fell well short of the plan. The only exception was in the first period, with the investments in 'hardware' such as technology parks. However, there were no shifts between the funds. Also, the planned funds were fully committed in all periods.

The 'concentration' of the allocation of funds on a few projects was always very high, but decreased slightly over the three periods. The regional distribution of funds shows that more than half of the funds were used in southern and central Burgenland. This can be attributed to the areas of structural adjustment (especially for tourism and culture) and infrastructure (business parks, water supply). In particular, the area of innovation has much greater significance in the north of the country.

7.2 EQ2: To what extent do ERDF achievements meet regional objectives and needs in each programming period and across all periods?

The focus of the ERDF on a clear economic development strategy has generally corresponded to the needs of the region. Some needs of the region were well addressed (but not necessarily solved) through the programme achievements:

- The lack of employment opportunities and the need for diversification in the economy.
- The necessity for up-grading the industrial manufacturing and tourism sector.
- Deficiencies in modern business-related infrastructure.
- Lack of higher education institutions and skills shortages in the workforce.
- The strong north-south disparities in economic performance.

Core issues such as the improvement of human capital have been addressed by the ESF. Topics such as sustainable development (e.g. nature parks) were not the focus of the ERDF, but were achieved through EAGGF and have enabled positive cooperation amongst the funds.

The stakeholders in Burgenland see the development of infrastructure as consistently important and necessary. Ultimately it forms the pre-condition for the long-term development of the region. Good use has been made of the infrastructure in many areas, although there has been a tendency toward a slight oversizing. In particular, the economic potential of the Heiligenkreuz business park has been overestimated.

The industrial base could be modernised and updated. The major investment projects have contributed to the creation of jobs. A new growth sector could be developed through tourism, which benefits from the proximity to the metropolitan areas, especially Vienna. A central weakness, particularly in the south of the country, was posed by accessibility, but it could not be 'dealt with' under the Objective 1 and Convergence Phasing-out programme due to the size of the undertaking.

However, the programmes exhibit 'blind spots'. With the exception of INTERREG/ETC, the programmes were hardly aligned beyond the functional spaces of Burgenland. The use of the potential of the surrounding metropolitan areas, such as the connection to the cluster and research facilities in Vienna and Graz, were hardly considered. In the future, discussion is needed on how Burgenland can benefit from the proximity to cities, the sectors where this can create employment, and the conditions required to make it happen.

The development of 'R&D and Innovation" was focused for too long on infrastructure (e.g. the development of technology centres in R&D) and attracting R&D via multinational companies. Too little attention was given to regional identities, networks, and change of attitudes (e.g. in the tourism and service areas, and in innovative behaviour) of the existing players and companies. In retrospect, the participants in the regional workshop recognised that networking and awareness education should have been started earlier with low-threshold programmes. This is confirmed by the results of the online surveys, in which the strong concentration on a few strategic projects in the first phase of the ERDF funding is viewed critically.

The ERDF has helped make use of the potential of the northern part of the country and to accelerate development. In the southern part of the country, new areas of focus have been developed, e.g. in renewable energy and the environment and especially tourism. Overall, and in conjunction with the EAGF/ESF, a contribution to the stabilisation of the southern part of the country has been achieved. However, development programmes of this scale have very limited opportunity to **reverse trends** such as migration. In addition, after the industrialisation of the cross-border industrial park at Heiligenkreuz and the substantial inward investment by a chemical

company failed to achieve the momentum that was hoped for, there was no explicit strategy to achieve intra-regional cohesion other than the development of tourism.

To summarise, the achievements have to a large extent met the needs of the region. However, not all needs could be addressed with the resources available (e.g. transport infrastructure in the south) and the focus on the need to stimulate endogenous development via soft measures, networking and modern R&D and innovation activities in a precise manner came rather too late.

The lack of accompanying measures was noted by interviewees and regional workshop participants as a weakness. The thinking around 'funding' dominated. Consistent support measures were missing, as were investments in transport infrastructure by national resources in order to improve the accessibility of the southern part. This view is broadly confirmed by the online survey. Also, in the regional workshop it was felt in retrospect that overall the right types of investments had been carried out. However, looking at the implementation in detail, many potentials for 'improvements' could be discussed. In summary, it was stated that 'the right things were done, however in retrospect much could be improved in the detail'.

EQ2a: What are the reported achievements of each programme period?

Overall programme **achievements** are good. A detailed analysis of the programme achievements has been made In preceding chapters. It was found that some outputs at the **macroeconomic level**, such as increasing employment and creating jobs and narrowing the GDP gap with the EU15 were achieved in the wake of a good overall development performance by Austria, albeit sometimes with a delay. Despite achieving economic convergence up to 2004, Burgenland's economy did not grow faster than that of Austria, and unemployment could not be reduced substantially. The latter can be explained primarily by the increase in the size of the labour force through demographic change and migration. Intra-regional disparities could not be reduced. Minor convergence in GDP per capita was due to an unfavourable demographic development (mainly emigration) in the southern part of the country. On a more detailed level, the achievements directly linked to the programmes are:

- Provision of business infrastructure as a basis for business development.
- Improved access to high-quality telecommunication infrastructure, particularly in peripheral parts of the region.
- The removal of bottlenecks for modern water supply and sewage disposal as a basis for economic development.
- The modernisation, expansion or relocation of companies in manufacturing.
- The development of a modern tourism offer, built up through tourist attractions.
- Improved education infrastructure, mainly through the establishment of the University of Technology.

The programmes have been seen as successful in the creation of jobs, in supporting the growth of companies and the development of tourism. Overall, 5,560 additional (gross) jobs have been reported, tourism infrastructure and businesses have been expanded (particularly in the area of health and spa tourism) - which has led to a significant increasing in overnight stays - and approximately €1.9 billion has been invested via ERDF priorities. This represents a very high level relative to the ERDF funding. Overall, it has also been possible to establish the basic conditions for business development through new business-related infrastructure, and the establishment of six

technology centres with a total of approximately 182 companies and 1,700 jobs. Furthermore, 488,000 square metres of usable floor space have been created in industrial and commercial areas (1995-1999; see Table 23 for detail for each period). Above all, the intangible effects are assessed as significant. Objective 1 led mainly to an 'enabling' effect: the creation of a political consensus, the mobilisation of substantial additional funding and coordination with the federal government.

EQ2b: To what extent were objectives achieved in each programme period?

Following the adjustment of the initial over-optimistic definition of employment objectives, **programme objectives were generally met** in all three periods. This applies throughout for the desired effect on employment, and for tourism from the second programme period onwards. This coincides with the results of the interviews and the online survey. Even in the current 2007-2013 period, which is ongoing at the time of writing, quantified objectives are generally being attained. Therefore, a good correlation between objectives and achievements is reported. Nevertheless in each period there were areas which fell below expectations:

- Support of **business start-ups** have remained significantly below expectations in ERDF programmes, mainly due to a shift of support towards nationally financed schemes.
- The achievements in Research and Development were not sufficient to significantly improve the R&D capability and to narrow the gap with Austria's overall R&D quota. R&D-development was equated for too long with R&D infrastructure construction and the over-ambitious expectations placed on external stimulation from (foreign) direct investments by technology companies. There is no single reason for this outcome: (i) A extensive list of topics, including 'mainstream issues' such as biotechnology, ICT, materials and creative industries, have been pursued; (ii) the actual implementation strategy under the theme of R&D was focused for too long on infrastructure (e.g. technology parks) and foreign direct investments of large multinational technology firms.
- The programme achievements did not lead to an intraregional cohesion on a significant level. The focus in the first period was on industrialisation via the cross-border industrial park at Heiligenkreuz and the substantial inward investment of a chemical company. As they did not achieve the expected momentum, there was no explicit strategy to achieve intra-regional cohesion other than the development of tourism.

EQ2c: To what extent were needs met in each programme period? To what extent can observed changes in regional needs and problems be imputed to ERDF programmes over time?

Regional needs have been effectively addressed by the programmes. Based on extensive analysis and new development concepts, a good understanding of local needs has been established. In the first period in particular, the basic conditions for long-term development were created by investment in business-related infrastructure. The needs for business-related infrastructure were extensively covered in this phase. The necessary transition to soft aid, SMEs, business start-ups and cooperation was recognised in the programme, but this could not actually be fully and successfully implemented. Overall, the orientation towards capital investments, foreign direct investment and infrastructure investments has been sustained. However, stronger endogenous measures - such as those defined in 2009 in the Burgenland Innovation Campaign 2020 - were required at an earlier point in time. In the opinion of the stakeholders, this has come years too late. The overall development at the macroeconomic level was good and the objectives were largely achieved. Here,

however, many of the factors and national policies as well as good overall performance in Austria have been crucial. In the southern part of the country, the strategy must certainly be reconsidered, to determine how to counteract migration and ageing. When the expected economic stimulation did not follow on from strategic projects, apart from tourism development, no strategy was in place to adequately address these problems in the region. But the basic problems of the region still exist: a lack of jobs (especially in the southern part of the country), a high proportion of commuters, disparities in incomes and productivity, and migration trends in the south. The edge in growth until 2004 compared to Austria has since been lost. Cross-border contacts were intensified, but there are language and cultural barriers. The proximity to the western Hungarian towns could not be fully exploited as a stimulus for economic development.

EQ2d: What have been the complementarities and synergies of ERDF interventions with ESF, EAGGF / EAFRD, and with domestic regional policy interventions?

Until 2006, the Objective 1 programme for Burgenland was an integrated programme of ERDF, ESF and EAGGF. This integration helped to reinvigorate 'regional governance'. Synergies are evident in foreign direct investment projects (ERDF), which were supplemented with training measures for workers (ESF), with joint sectoral priorities for example in tourism, 'green jobs' and 'information technology' as well as in the field of education infrastructure. Between ERDF and rural development, there have been important synergies in the area of conservation, renewable energy and tourism. Due to the retention of the coordination mechanisms introduced in 1995, the dissolution of the ESF and EAGGF into their own programmes did not lead to a reduction in these synergies.

The smaller Community Initiative programmes have made it possible to supplement the major investment projects through diffusion-oriented measures. They also allowed experimentation with policy innovations that were not afforded much space, time or effort in the Objective 1 programmes. Interviewees mainly highlighted the experimental character of LEADER+ (up to 2006). The border location in the east meant that cross-border funding by INTERREG had a strong significance, particularly with Hungary, but also with Slovenia and Slovakia. A dynamic could be stimulated through a more strategic approach primarily from the 2000-2006 period.

The Objective 1 programme for Burgenland led to closer institutional coordination with the regional policy of the federal government. The implementation of the programmes was executed through the integration of existing funding agencies and federal programmes, for example in R&D funding. Overall, therefore, there was a close integration of EU regional policy and national regional policy. In the context of the coordination mechanisms introduced under Objective 1 funding, the involvement of the federal government in the regional development policy of Burgenland was significantly enhanced and more systematically organised. The tangible impact of this is a 'supplementary programme' run in parallel with the EU programme, and which follows the same goals and strategies as the EU programme, but is funded solely by national funds from federal and state governments.

EQ2e: What has been the overall contribution of ERDF programmes to regional development?

Burgenland has developed a good macroeconomic performance. With convergence towards the GDP per capita of the EU15 and a good growth momentum in the wake of Austrian economic development, investment levels are relatively high, as are business start-up rates. The region has changed significantly since the 1990s. Enhancements in the image of the region are also seen in the online survey. The transition from a problem-oriented to a potential-oriented view is discernible. Programmes no longer speak only of deficiencies, but of opportunities and strengths on which to build. In the economic crisis, Burgenland has so far proved relatively resilient due to the growing emphasis on domestic markets.

Much of this advance is due to the positive impact of development trends, such as the stronger suburbanisation of Vienna, the increasing recreational needs of the urban population, or national interventions such as improved transport connections in the northern part of the country.

In reference to the interviews, workshop and survey, the EU programmes undoubtedly made central contributions to modernising the location, constructing a modern infrastructure (e.g. business parks, IT infrastructure, and tertiary education), and the modernisation and relocation of companies. Above all, they provided the stimulation for the development of tourism as a growth sector, which is reflected in the strong growth in overnight accommodation levels in health-and-wellness tourism.

The Objective 1 funding primarily produced a type of 'enabling' effect, as well as network and learning effects. The award of Objective 1 status enabled the mobilisation of resources and led to new institutional arrangements and rules in 'regional governance'.

All the public funds[1] were leveraged with a large private participation of approximately €2.8 billion of investment (approximately €1.9 billion from ERDF), which corresponds to about 13 percent of the annual investment volume in Burgenland.

Through the programmes, there was involvement in the national and international discussion process and involvement in transnational projects. From this learning, impacts on policy design and implementation have been demonstrated as well as new network effects. The stakeholders have come to know and understand the respective logics. This has generated overall positive effects on policy-making.

Other key issues for the development of the location, namely the improvement of accessibility, were achieved through national financing in the northern part of the country, but in the southern part remain largely unresolved.

Overall, an economic transformation of Burgenland can be identified with distinct stimulation from EU programmes and the ERDF. However, the transformation process of Burgenland is far from complete. Although the overall programme objectives were met to a large extent, in many areas only 'interim steps' have been achieved in a long-term development perspective. The structures are fragile and above all not linked in to a synergistic location-development system. That also makes it vulnerable and susceptible to future developments that suggest a further intensification of

[1] ERDF, ESF, EMFF, Rural Development.

location competition and increased demands on the ability to innovate. There was a delayed recognition of the shift in the regional needs to an enhanced focus and support for innovation, and of the transition from infrastructure and relocation to a more complex form of location development.

7.2 EQ3: What are the main lessons learned on the effectiveness and utility of ERDF interventions?

Between linear development models and complex location development

It became very clear that although the development of infrastructure represents an important prerequisite, it is not sufficient to secure successful development. The model of infrastructure development, networking & clustering, and the knowledge region, was too linear in its approach and also put too much emphasis on an external stimulus from the relocation of large technology companies. The development in total would be more effectively supported if an initiative had been launched at an early stage to increase the level of innovation of existing businesses and thus the activation of endogenous potential. A parallel approach was required for strategic projects and their regional integration - a regional change management approach.

Inward investment and endogenous development

It turned out that the establishment of large international technology companies ultimately fell well short of expectations. Some of them have since been lost or have reduced much of the employment, and expectations have not been met. In part, it proved impossible to build up forward-and-backward economic linkages. This would also have required systematic location development that at the time was probably not considered a priority. By contrast, a positive trend is seen mainly from the relocation of medium-sized and large enterprises in a national context (e.g. location extension from the Vienna Central Area) and stronger regional ties. Here, success stories of strong business growth can be found. Güssing provides an interesting example of a successful integrated location-development approach. The regional workshop assessment also confirmed that it takes more than funding. Therefore, the lesson learnt is that the focus should be more on an endogenous development approach supported by a selective strategy to attract inward investment more though locational advantages than by financial support. The target groups would be more medium-sized companies in a more medium-technology sector, which might fit much better into the economic fabric of Burgenland than high-tech multi-internationals.

Incentives provided by the EU programmes

The challenge for Burgenland was to take over a new regulatory framework in a short time and link substantial additional funding to good projects. After initial difficulties, a high-level political discussion followed. It seems rational in such a situation, under constraints of limited staff and time, to place the focus on large, high-investment strategic projects, rather than on complementary soft measures to raise awareness, change attitudes and improve networking. In fact, the efficiency could have been increased by a parallel strategy, if inter-sectoral networking etc. could have been engaged in the early strengthening of the innovation capacity of SMEs, as well as in change management related to attitudes.

The importance of intangible effects

In addition to 'hard investments', 'intangible effects' must be mentioned. Preparation for (and as a result of) EU membership and the adoption of Objective 1 status led to institutional changes, and new governance mechanisms within Burgenland and between the federal government and Burgenland. There was a learning effect in terms of planning and monitoring of programmes that contributed beyond the EU programmes to systematised and increased rationality of regional development. However, experience shows that without pressure from the EC some of these effects could also be lost. Although in principle the instrument of evaluation is well established, without a binding framework in the current period there are no systematic programme evaluations.

Between continuity and lock-in effects

The basic continuity in the content of programmes without frequent strategic changes was seen as positive for the effectiveness of the programmes. Development cycles for larger locations and projects usually go beyond programme execution times. The continuity of the key players is also an important success factor. This enables the build-up of tacit knowledge and communication via short routes. This is particularly important in the area of complex conditions, as is the case with EU funding. Once again, the risk of lock-in effects cannot be underestimated. To a large extent, this also led to the fact that the need for a comprehensive promotion of innovation was only recognised much later. Here, however, the task of the EC is seen as giving stimulation to 'innovative measures' or exchange of experience and to continuously bring a new stimulus to regions.

EQ3a: What are the main good / bad practices?

Good practices

Using the impetus of Structural Funds for governance and institutional changes: The granting of Objective 1 status was seen as an opportunity to make an **economic leap forward,** and it united the political parties of Burgenland in an exemplary manner. The pro-active handling of this new framework resulted in an 'enabling effect' for Burgenland, i.e. a cohesive implementation of policy, the mobilisation of additional national and regional resources, and the design of a cross-sectoral strategy and planning processes. The planning cycles were adopted and are now used for the general on-going renewal of strategic direction.

Continuity of actors and stability of overall programme objectives: The relative consistency of the priorities is viewed as a key factor. The basic continuity in the content of programmes without frequent strategy changes was seen as positive for the effectiveness of the programmes. This was also supported by the continuity of key players in Burgenland, which enabled direct paths of communication and the development of tacit knowledge. This enables the build-up of tacit knowledge and short lines of communication.

Good examples can be found in the area of tourism development: A substantial catch-up and a new growth sector have been generated through a comprehensive strategy for Burgenland, which benefited from its proximity to urban areas (see case studies). The regional workshop participants concluded, 'We have definitely succeeded in implementing a quality campaign'. The project sample case study shows that a strategic development project requires continuity and a stable

development in order to reach a critical mass and to ensure that a new tourism tradition or culture can develop in this agricultural region.

Another example is the expertise and **location development** already demonstrated in the **renewable energy sector in Guessing**: Crucial factors for this were the favourable constellation of (i) initiatives and visionary people, (ii) technological know-how (from the outside), and (iii) the availability of sufficient financial resources. In this case, in one of the most peripheral regions of Austria, targeted location management has enabled the conversion of deficiencies (lack of connection to the national power supply) into new location advantages. Through skilful management, new competitive advantages for locally-based businesses have been achieved, while at the same time technological know-how has been built up and marketed internationally. Financial resources are a prerequisite in such situations, but they can only provide an impetus for development when they encounter regional potential.

The points mentioned previously as critical of the achievements are briefly summarised below (see also lessons learned).

- ***Focus on investments in strategic projects without soft measures:*** The strategy focused for too long on hard investments and larger projects. In addition, the time required a change in mentality, for instance, prevailing attitudes towards services and innovation were underestimated. The strategy could have been more effective with a stronger parallel and concurrent approach. In the regional workshop, the absence of accompanying measures were seen as a deficiency, e.g. with respect to transport and accessibility, or training and awareness.
- **Focus on multinationals and external impetus in the first period:** In the first period the focus was too skewed toward large international technology companies. The impetus of foreign direct investment was overestimated. Subsidies are no longer enough to attract and retain mobile investments, and there is need to develop local and regional innovation systems.
- ***R&D, Innovation:*** There was a lack of a real vision about RTDI or an implementation strategy in the context of a small region without a major conurbation (in the regional workshop, it was stated that the 'true spirit of R&D and innovation was missing for too long').
- **Internal orientation versus functional areas:** With some exceptions the alignment of programmes hardly extended beyond the functional areas of Burgenland. The use of the potential of the surrounding metropolitan areas, such as the connection to the cluster and research facilities in Vienna and Graz, were barely considered.
- **National schemes versus EU programmes:** Programme targets e.g. related to business start-ups could not be achieved. The main reason was overlapping and a shift of funding to national schemes. A concurrence which should be avoided by programming thoroughly.
- **Increasing and excessive administrative burden of EU programmes**: An increasing demand for documentation and the audits associated with the policy are perceived as a growing problem that adversely affects the 'achievements', especially in the current 2007-2013 period. Many decision-makers see the relationship between strategic alignment, flexibility and necessary controls as out of balance. This has had a negative impact on the 'achievements' through the EU programmes, as highly innovative action at national level has been displaced. During the current period, this has mainly occurred in R&D activity.

From the experience of previous programmes, the following **recommendations** for future periods are given.

With the Innovation Offensive Burgenland 2020, a new generation of 'innovation funding' will be developed for Burgenland that allows a new approach and is aimed at broadening the innovation base in Burgenland. This concept should be a cornerstone of the next programme period. Innovation service provision and the necessary manpower are an important requirement.

External networking has to be expanded. As already included to a certain extent in the innovation initiative, specific links must be forged to the research and cluster structures in the neighbouring regions. Overall, more consideration must be given to the functional features and links to the sub-regions. This requires not only cross-border cooperation with neighbouring countries (Hungary, Slovakia), but also cross-border cooperation within Austria.

In addition to the expansion of external networking, a debate needs to be initiated on 'smart specialisation' for Burgenland. In what areas can indigenous research and innovation be built up? Logically, this should only be in areas where the regional identity of Burgenland can be reinforced. The dominant area for this is renewable energy, but building construction could equally be strengthened through links to the University of Technology, as could the food and beverage sector. Furthermore, knowledge-based services in tourism, especially in health tourism, can be leveraged through links to science and research.

Inter-regional convergence should be abandoned as a goal. This is particularly the case if there is an even stronger focus on innovation, as it creates significant risk of increased opportunities in the northern part of the country compared to the south. It would be more appropriate to formulate structural policy objectives based on the exploitation of inner regional development opportunity and potential. [1]

Linked to this is a discussion on 'alternative models' for the southern part of the country in which new forms of services, recreational functions, second homes, and nursing services, etc. play a role. There are potentials for a focused regional strategy. It should be recognised that one cannot build on an 'industrialisation strategy' in the south of Burgenland any longer.

With regard to objectives and targets, further development is required, which is evaluated against a more innovation-oriented funding portfolio. High-level support to business should incorporate monitoring of the performance of companies in order to properly assess effects of business-related subsidies.

Lastly, the EU programmes have had a positive impact in structuring regional development processes, and this stimulus is undisputed. These processes are now part of the regional system of Burgenland and Austria in general. However, a reverse effect is also occurring, and there is a

[1] At the beginning of the 1990s Austria's regional policy concept shifted from a static concept, emphasising the reduction of regional disparities, to one of structural policy, which implies a more dynamic view of regional development. The new philosophy concentrates more strongly on the promotion of the endogenous potential of regions than on the mere transfer of capital into poorer regions. Since then, the objective has no longer been the attainment of equal economic and living conditions as it is unrealistic to achieve this across all regions.

growing perception that EU regulation is becoming counterproductive. There is a need to find a new balance between control and the appropriate level of flexibility of the strategies.

EQ3b: What conclusions can be drawn for improving ERDF programme design, implementation, results-based management, achievements?

The ERDF programme has, over time, increasingly become a programme devoted to single-firm aid. With regard to programme design, a reorientation towards a strategy with a greater emphasis on the **quality of Burgenland as a location for business** can be recommended. This should go hand in hand with a stronger focus on RTDI. In this respect Burgenland could build on the 'Innovation Offensive Burgenland', which was developed in reaction to low take-up rates in R&D and innovation measures. The 'Innovation Offensive Burgenland' should be based on a clear vision and the definition of a limited set of authentic R&D themes for Burgenland (e.g. renewable energy, energy management and housing technologies). This would not only complement the 'Innovation Offensive Burgenland' but also lead to a real smart specialisation strategy. A twofold competence and diffusion-oriented strategy could be followed, in the fields of energy and low-carbon technology. Foci would include R&D, innovation and the adoption of new technologies in private and/or public buildings.

Another conclusion which can be drawn which would improve design and implementation in Burgenland is that differentiating **development strategies** between the north and the south of the region would be advantageous. In the southern part, an **alternative development path** based on new forms of services, recreational functions, second homes and nursing services, etc., and following community local lead development approaches, should be discussed, together with better integration with the urban area of Graz. In general it is important to strengthen external networking and the creation of **functional regions** within a group of adjacent regions**.** The use of the potential of the surrounding metropolitan areas, such as the connection to the cluster and research facilities in Vienna and Graz, should be more thoroughly considered in the future.

There should be a **division of labour** between national and EU Cohesion policy programmes. This should be combined with the development of strategic projects which are able to change the 'locational quality' of Burgenland. Consequently, a future programme could focus on a limited number of measures and more **strategic projects.** Additional national resources and support schemes could be allocated to complementary themes (such as soft measures and tourism), which are no longer focussed upon through Cohesion policy in Burgenland, but still are important for the region.

More proactive approaches should be used in **project delivery**, investing in human resources for project development. This implies cooperation with institutions such as the University of Applied Sciences and existing R&D centres which focus on renewable energy. This proactive approach could also be reinforced through stimulation of innovation in enterprises, or through consultation on energy efficiency with municipalities or companies.

The continuity of key players in Burgenland, which enabled direct paths of communication and the development of **tacit knowledge**, was a success factor. Due to the retirement of some key players this fabric of relations is changing. Now, the challenge is to keep policy intelligence in the network, to integrate new actors and to use this opportunity to generate new perspectives from new people.

With respect to **results-based management,** monitoring and evaluation activities should be targeted more towards behavioural change and impacts in supported companies. There is a need for more accurate monitoring data at firm level. The focus on single-firm aid creates the opportunity to cope with more advanced evaluation methods (e.g. impact measurements).

A final conclusion, regarding achievements, is that **reducing the excessive administrative burden of EU programmes** would be beneficial. The main imperative is the reduction of the administrative burden related to the ERDF-programmes, and the articulation of clear rules for financial control. In the current (2007-2013) period, the increasing demand for documentation and the audits associated with the policy are perceived as a growing problem that adversely affects achievements. As already mentioned, many decision-makers see the relationship between strategic alignment, flexibility and necessary controls as out of balance. Solving this is a challenge at all levels: EU, national and regional.

8 ANNEX I – ANALYSIS OF PROJECT SAMPLES

The authors are grateful to Johannes Kohlmaier for his remarkable support with the project samples.

8.1 Project: Model region Güssing

8.1.1 Summary description

The project sample of Güssing deals with a project cluster that is focused on the use of renewable energy (RE) from local resources and raw materials and the 'development of knowledge' by building a research centre dedicated to this field of study. The use of synergies in expertise and resources led to regional development, in one of the most peripheral regions in Austria that received international acclaim.

This development had its origins back in 1990, when the city of Güssing passed a **resolution** to phase out fossil fuels. Güssing was one of the pioneers in this field.

In 1993, a further resolution was passed to conduct an energy study on the future of energy supply. The basis for the emergence of the 'Güssing Model' was therefore laid before accession to the EU. However, as a result of gaining Objective 1 status, the necessary financial conditions to implement large projects and to accelerate development arose in 1995.

Since 1995, a total of approximately €170 million have been invested in Güssing, with a public participation of around €59 million. The funding support from ERDF under the Objective 1 INTERREG/ETC programme amounted to around €34 million (RMB, 2012).

In the last three programme periods, a large number of projects and activities have been promoted, from the development of new technologies and the construction of facilities in the area of RE, through to the development of (research) networks and (foreign) direct investment, concept and feasibility studies and training programmes. Interviewees noticed that major infrastructure projects have frequently been supported by the ERDF.

8.1.2 Underlying problem and context

The region of Güssing has been characterised for decades by the extreme peripheral location and its proximity to the former Iron Curtain. The town is located only 8 km from the Hungarian border. Güssing was one of the weakest economic regions of Austria, with poor infrastructure and few jobs, a lack of business and industry, very low per capita income as well as a commuter share of 70 percent and a high rate of migration (EEE, no date).

With the resolution of the municipal council at the beginning of the 1990s to phase out the use of fossil fuel, the critical first step was taken toward counteracting the problems of the region and to developing a new vision for the city. The use of RE should become the solution to improve the economy of the region. Domestic resources should be used to produce power and energy instead of fossil fuels supplied from elsewhere, thus keeping the added value in the region, in addition to reducing dependence on energy imports. The lack of a local gas network as well as the high availability of biomass in the surrounding woods also worked in favour of this development.

While Güssing was not directly cited in the first programme, it was explicitly included in the second generation of programmes. For example, a specific objective was to continue the already chosen development path, 'to make the region a European centre for renewable energy' (OP 2000-2006).

In the **third programme period,** regional focus, in general, has not been set out in the OP, and this is the reason why Güssing is not included as explicitly as in the previous period. However, there are many overlaps and similarities in the objectives of the OP with the activities in Güssing, for example in the reference made in the OP to the long-term aspirations of Burgenland in the direction of energy independence.

8.1.3 Detailed Description

A key goal of the 'Güssing model' was, and still is, to be independent of fossil fuels and in turn to build a local and decentralised energy supply using the existing resources of the region. This will keep value-added in the region, create jobs, and address the problems of the region, in terms of outward migration and the high level of commuters.

Furthermore, for example, explicit reference is made in the objectives of the OP 2000-2006 that the chosen path already included in the previous period, for the development of Güssing as a 'European Centre for Renewable Energy', is to be continued. Within this, the focus for the region of Güssing is in the field of biomass.

In 1992, the newly elected Mayor Peter Vadasz and the mechanical engineer Reinhard Koch were the central figures in the development of the Güssing model. Following the decision to phase out fossil fuel energy supply, from 1992 the first small district heating plants and a biodiesel plant were built in the nearby villages of Güssing. This development was also an endeavour to sensitise the population to the new technologies (EEE, no date). Parallel to the first tangible implementation projects, the municipal council passed a resolution in **1993** to **conduct an energy study** on the future of energy supply. By the beginning of the Objective 1 programme period, from 1995, the necessary financial conditions were set for the implementation of large projects.

The following table provides an overview of the investment of ERDF-funded projects and the amount of ERDF, national and private funds over the three programme periods.

Table 27: Summary of the investments and funding related to the RE activities for the Güssing Project sample (the nearest 0.1m. EUR in 2000 prices)

	Total Expenditure	Total Public	EU	National	Private
1995-1999	18.9	7.5	3.7	3.8	11.4
2000-2006	86.4	29.0	20.8	8.2	57.4
2007-2011	6.8	1.4	1.0	0.4	5.4
All Periods	112.1	37.9	25.5	12.4	74.1

Source: Monitoring data, Convelop calculation.

District Heating Network and Industrial Parks

The next major and very important step for Güssing was the construction of the Güssing Biomass District Heating plant in 1996 (using ERDF funds) together with the associated construction of a district heating network in the city. This step was also a major challenge. On the one hand, it was necessary to convince the population of the district heating concept and on the other a small town with approximately 4000 inhabitants now had to be supplied and not just a small village with 200 inhabitants. Despite initial scepticism, a series of public seminars, plus the connection of public buildings in the city (school, kindergarten, hospital, etc.) to the new system and the strong message it conveyed, soon convinced the population of the concept.

Next to public and private consumers, trade and industry were represented, which are very important partners and customers for the district heating network. The Municipality of Güssing had the advantage that it could guarantee favourable heating prices to businesses that relocated to the Industrial Park. One interviewee declared that the district heating network and the associated cost-effective provision of heat, in combination with Objective 1 funding, have become an important **relocation factor** for new companies in the region, despite the poor transport links. Furthermore, synergies were cleverly used. Amongst the newly established business were two large flooring manufacturing plants whose waste wood can conversely be used in the district heating plant; this is a partnership from which both sides benefit.

In addition to the investment in the district heating network and the relocation of business, the **Güssing Technology Centre** (funded by the ERDF supplementary programme) has further extended the infrastructure for businesses and start-ups since 2002.

Research & Development

In addition to these very important business relocations and the infrastructure measures for the region, and despite its peripheral location, Güssing has developed, over the last two decades, into one of the most important **research locations for RE**, which in the meantime has gained international recognition. In the course of expansion of equipment and systems in the area of renewable energy in Güssing in the early 1990s, it soon became apparent that there was a lack of technical systems on the market. Therefore, from 1995, targeted research partners were brought to Güssing for technical development (Schrenk, 2010). A personal contact to Vienna University of Technology led to a key milestone, **the construction of the biomass cogeneration** plant in 2001 (using ERDF funds), which incorporated a newly developed wood-gasification technology producing electricity and heat. This power station is the 'heart of the research and development in Güssing'

and formed the starting point for further innovative developments (EEE, no date). In addition, in 2009, a new research centre, the 'Technikum', was opened in Güssing (using ERDF construction funds). This is a K1 Centre for Bioenergy 2020+, and the K1 network is one of the most prestigious research networks in Austria. One of the precursors for this K1 centre was the K-net network RENET (Renewable Energy Network) Austria. One interviewee pointed out that this network was crucial in the establishment of applied research in Güssing. Besides promoting the RENET Austria K-net network, through the ERDF supplementary programme, a **cornerstone for cooperation** was already funded by the ERDF in the first programme period - the skills network working group, 'Energy from Biomass'.

Next to these developments the European Centre for Renewable Energy was an important interface from the beginning in the area of R&D for various research partners, industries and equipment suppliers.

The European Centre for Renewable Energy (EEE)

The challenges and opportunities that have arisen due to the dynamics after EU accession went far beyond the normal experience and skills of the community. Therefore, in 1996 the European Centre for Renewable Energy (EEE) was created as a management and coordination unit for the operational implementation of the development projects. This was formed legally as an association, with a wholly-owned subsidiary operating as the contracting party (Schrenk, 2010). The EEE is nowadays based at the Güssing Technology Centre and provides the following functions:

- Coordination of research and development activities
- Consulting services
- Support of pilot plants
- Educational activities
- Green Energy Tourism

The EEE applies its expertise through individual and corporate energy consulting and through the development of energy concepts for municipalities and regions. In addition, it supports pilot plant demonstrators in which training is also offered. Another important area is the coordination of research and development activities, and the EEE has built up an international reputation as a coordinator in the area of RE and operates in different networks at national and European levels. The pilot plant demonstrators, and the special technology expertise applied to them (e.g. a new wood-gasification technology) have led to growth in 'excursion tourism'. EEE also manages the activities associated with this so-called 'Green Energy Tourism' and in addition to guided tours they also run seminars, lectures and conferences in Güssing. Due to the resulting growth in demand for accommodation on the one hand, and a lack of adequate facilities on the other, a 3-star business hotel was built in the industrial park with ERDF funding.

In addition to creating jobs and applied research in the field of RE, the work of EEE also clearly illustrates how widely these activities are developed in Güssing.

The following table shows the 10 most important ERDF funding carriers for Güssing in the last three programme periods.

Table 28: The 10 most important ERDF funding carriers in the last three programme periods related to the RE activities in Güssing (to nearest 0.1 m. EUR in current prices)

Funding Carriers	Total Expenditure	Total Public	EU	National	Private
Blue Chip Energy GmbH	46.7	13.9	12.1	1.8	32.7
Vulcolor Naturfarben GmbH	16.0	3.7	2.6	1.1	12.3
Biomasse-Kraftwerk Güssing GmbH u. Co KG	10.9	6.9	3.6	3.2	4.0
Parkett Company GmbH & Co KG	10.2	3.0	1.8	1.2	7.2
Gebrüder Meyer Parkettindustrie GmbH	9.4	3.0	2.1	1.0	6.4
Güssinger Fernwärme GmbH	7.9	3.9	1.3	2.6	4.0
Parador Parkettwerke GmbH	6.4	1.9	1.1	0.8	4.5
Südburgenländische Holztrocknungs GmbH	5.2	1.5	1.1	0.5	3.7
Hotel Güssing GmbH & Co KG	3.0	0.7	0.5	0.3	2.3
Technologiezentrum Güssing GmbH	1.4	0.8	0.6	0.2	0.6

Source: Monitoring data, Convelop calculation.

8.1.4 Outputs and Achievements

Since the beginning of the 1990s, the following projects have been implemented from a local initiative (co-financed to a large extent by ERDF):

- Construction of a district heating network and construction of a large biomass district heating plant
- Re-location of businesses through the provision of affordable warmth in combination with the Objective 1 funding
- Construction of the biomass plant with an unique original technological solution in cooperation with the Vienna University of Technology
- Construction of a business hotel (for Green Energy Tourism) due to the increasing number of visitors to the research and demonstration facilities
- Establishment of the technology centre and the 'Technikum' (Location of the K1 centre)
- Development of R&D at the location of Güssing and participation in the EU Framework Programme and national research programmes
- Establishment of EEE as a coordination and network hub in the areas of R&D, training and professional development, test and demonstration facilities, renewable energy tourism and as a provider of consulting services.

Today, these skills are marketed internationally through an independent business 'Güssing Renewable Energy' that has founded subsidiaries in Europe, Asia and America.

It is noteworthy that this development was possible in one of the least-developed regions of Austria, rather than in an urban location.

Since the early 1990s, some 1,000 jobs in 50 companies have been created.[1] Many of these jobs are due to activities in the field of RE (Loibelsberger, 2006). For example, through the smart strategy described above and the reputation of Güssing as a pioneer in the field of RE, two large flooring manufacturing plants and a natural colours manufacturer have re-located to the area since the early 1990s. In addition, the solar cell manufacturer Blue Chip has located here, receiving funding of €12.1 million, by far the highest single ERDF funding in the three funding periods for Güssing. Unfortunately, however, the international company filed for bankruptcy in 2011 and the company's future is uncertain at present.

Although some jobs have been created for the higher-skilled, most of the new jobs created fall under general industry and business, and there are still too few opportunities in the regional labour market for higher-skilled people. In this respect, the bankruptcy of the solar cell manufacturer, Blue Chip, was particularly painful for the region. Through this facility, Güssing had hoped to create high-quality jobs on a larger scale. Despite this, an interviewee noted that the re-location of business, and the resulting jobs created, has in part revived the region. However, in Güssing as a whole, the general trend in migration away could not be halted, and Güssing is still an outward migration region. It should be noted that without the various activities in Güssing, outward migration would be much greater than it is.

Alongside the jobs created, the successes in R&D in Güssing are remarkable. Despite the peripheral location, it has been able to build up a **research centre with an international reputation**. A foundation for this development was the collaboration with the Vienna University of Technology. Meanwhile, Güssing is part of one of the most prestigious research networks in Austria, the K1 network.

An important achievement and a crucial part of the Güssing story was the early stage visibility of the self-generated ideas and initiatives. While Güssing was not sufficiently recognised in the first period, in the second generation of programmes in 2000-2006 it is cited explicitly. Next to the growing debate on energy, climate change and resource scarcity, the development in Güssing became an impulse for the development of a national programme for model regions in climate and energy, which today involves up to 80 local regions. It was also a catalyst for the spread of thinking on 'energy independence' and the use of local resources.

In addition to collaboration on international projects and excursion tourism, the international visibility of Güssing has led to business activities at an international level, for example representation of the Güssing Renewable Energy Company by subsidiaries in other parts of Europe, Asia and America.

8.1.5 Value-Added

Güssing is an example of a highly innovative project cluster where, in a peripheral and predominantly agrarian region beset with little prospects for regional growth, it has been possible to follow a new path for development. The early resolution passed by the municipality, to phase out fossil fuel supply, was at the time and in its context especially courageous and visionary.

[1] This figure is a rough estimate of gross jobs based on the information provided by EEE (2008) and the interviews. This estimate includes jobs unrelated to RE.

Since then, through its many activities and achievements in the field of RE and the associated national and international high reputation, as well as through successful marketing, Güssing has developed to become an example of best practice for many other regions in Europe.

The level of added value in the project sample Güssing is very high. This perspective is confirmed by all the interviews, but the interviewees also agree that without the Objective 1 programme, the Güssing model in its present form would not have been possible 'because the first brick would have never been laid'.

Given the range of activities and projects, as well as the high level of expertise in project development (and the resultant use of different funding), synergies between different projects and different funding opportunities in Güssing are particularly pronounced. While many tough measures and major infrastructure projects have been supported by the ERDF, further funding support came from EAGGF/EAFRD, ESF, LEADER, INTERREG, the ETC the ERDF supplementary programme and other national channels of funding.

8.1.6 Conclusion

For the Güssing project sample, there were no clear objective indicators, but there was significant development including:

- Construction of the district heating system and a large biomass district heating plant
- Locational advantages and successes in business relocation through favourable heating supply in combination with Objective 1 funding
- Success in the field of R&D: the construction of the biomass power plant in which a newly developed wood-gasification technology is used; the K1 centre and its precursor; participation in national and international research projects
- Construction of the Technikum and technology centre
- Emergence of Renewable Energy Tourism
- Job creation of around 1000 jobs in 50 companies
- Establishment of EEE as coordination and network hub

Looking at the benefits from a current perspective, the Güssing of today is due more to an evolutionary development rather than to the implementation of a master plan. Some of the key success factors for Güssing could not have been planned, especially the favourable set of circumstances that existed, made up of visionary initiatives and people in combination with available resources and outside know-how. The funding resources were a precondition and a catalyst for development, but not sufficient. That is to say, money on its own is not enough to foster development.

Güssing has operated true **location management**. The specific focus allowed the development of technology (biomass and new wood-gasification technology) and locational advantages were created in the energy sector. Furthermore, appropriate businesses were relocated to the area and matching infrastructure provided.

An R&D capability has been built up in Güssing that now has a very strong interaction with academic institutions, companies and other users. Güssing is now recognised for technology development and not just application in the border region of Austria. This has created the

opportunity for growth and export from the region. However, this in turn required technical expertise and specialisation (new wood-gasification technology) that could also create a competitive advantage. The acquisition of this core technology was only possible through the cooperation with the Vienna University of Technology (Prof. Hofbauer), which in turn benefited from the testing facilities. The know-how from outside was therefore essential for the development of Güssing.

The experiences of Güssing were multiplied and became crucial to the establishment of an Austria-wide programme for model regions in climate and energy, in which up to 80 regions have participated so far.

One interviewee pointed out that the history of the development of Güssing indicates, however, that the level of diversification was perhaps too great. A wide variety of projects and activities in many areas also resulted in some failures. However, in a development of this magnitude it is not uncommon to have failures as part of development processes. The region was hit hard by the bankruptcy of the solar cell manufacturer Blue Chip. In the field of photovoltaics, Güssing does not have the same location-factor conditions as those present in the field of biomass. The newly located business had little relevance to the existing strengths, and there was hardly any expertise or experience to complement it.

Transferability of the Güssing model to other regions is only possible under certain conditions. The exceptional factor conditions must be taken into account. Following accession to the EU and the declaration of Objective 1 status, Güssing had access to funding opportunities that made realisation of the large projects possible in the first place. In addition, Güssing has a particularly high level of expertise in project development. The Güssing energy strategy is therefore unlikely to be directly transferable to other regions, but much can be learned by other regions about the development of strategy.

8.2 Project: Thermal spa Lutzmannsburg-Frankenau

8.2.1 Summary description

The project sample comprises a **cluster of projects** around the Lutzmannsburg-Frankenau strategic project. The thermal spa resort was designed specifically for a target group of families with small children. It was opened in 1994, prior to Austria's accession to the EU. There have been several extensions in 1999, 2003 and 2012. ERDF funds were used to support the development stages in 1999 and 2012, but above and beyond this also for hotels, apartments and other tourism-related investments since 1995. From 1995 to mid-2012, investment in the strategic project and other tourism projects in the communities of Lutzmannsburg and Frankenau-Unterpullendorf totalled around € 95 million, with public funds contributing a share of around €33 million. The proportion of ERDF funds in this period amounted to approximately €14 million. It has led to strong increase in overnight stays in the region. However, it also shows the limits of regional initiative projects for opening up 'new tourist territory'.

8.2.2 Underlying problem and context

The region around Lutzmannsburg-Frankenau is close to the Hungarian border and is heavily influenced by agriculture. The economic potential is limited. In addition to its border location and

poor transport access, it lacks the resources of well-trained skilled workers for operating at higher technical levels (Kreutzer and Siegl, 2007). Apart from the thermal spa resource and unspoilt nature areas, the region has hardly any competitive location factors.

Construction of the spa began in 1993. Up to this time, the region had only a few points of attraction for tourism. The lack of a tradition in tourism was one reason why the construction of the thermal spa initially met with scepticism even in the communities that would benefit.

The Lutzmannsburg-Frankenau thermal spa was always part of a larger tourism-and-health spa development strategy for Burgenland, which was implemented with the help of EU funding.

- In the first programme period (1995-1999), a push in development was achieved thanks to the relocation of a number of leading companies.
- The strategy of the second programme period (2000-2006) provided for the further expansion of the health-and-thermal spa sector, in order to gain critical mass. Furthermore, differentiation of the product and service offerings for each spa was necessary.
- In the third programme period (2007-2013), thermal spas are no longer a strategic priority in the tourism sector, but rather the expansion and development of regional undertakings in the central region, particularly in the area of health-and-thermal spas.

8.2.3 Detailed Description

One objective of the establishment of the Lutzmannsburg-Frankenau thermal spa was the creation of jobs in order to counter issues such as migration and the high proportion of weekend commuters.

Table 28, below, provides an overview of the volume of investments and the amount of ERDF, national and private funds in the three programme periods. In this summary, only investments where ERDF funds were also applied are considered.

Table 29: Summary of investments and funding in the Lutzmannsburg-Frankenau thermal spa project sample (rounded to nearest 0.1 m. EUR in 2000 prices)

	Total Expenditure	Total Public	EU	National	Private
1995-1999	30.9 (29.4)	11.5 (11.5)	5.8 (0)	5.8 (11.5)	19.4 (17.9)
2000-2006[1]	44.5	15.5	3.4	12.2	29.0
2007-2013	19.7	5.9	4.5	1.5	13.8
All Periods	95.1	33.0	13.6	19.5	62.1

Source: Monitoring data, Convelop calculation.

The thermal spa was first opened in 1994. The financing of construction was carried out by the Thermen GmbH Lutzmannsburg Company, in which the state of Burgenland owns a majority shareholding. An initial momentum was created as private investors responded to the impulse and

[1] The development of the Lutzmannsburg-Frankenau thermal spa in 2000-2006 period was supported by the ERDF supplementary fund. The proportion of this development is shown in brackets.

started to build hotels around the spa and to extend the product-service offering. This was first supported by ERDF and was followed by further steps:

- The first expansion phase in 1999, supported by ERDF funding, 'established competitive critical mass' for the thermal spa from this point in time, as an interviewee mentioned, and targeted families and young children as a specific consumer group.
- The second development phase 2003/2004, without the use of ERDF funds, included the construction of a hotel by the public sector.
- The third stage, which was delayed due to attempts at privatisation, was completed in 2012.

Public funding support for spa resorts have been focused on Lutzmannsburg-Frankenau with the attached Hotel Sonnenpark, with about two-thirds of the funding allocated to this leading business.

Since 2000, the thermal spa has been incorporated into the 100-percent state-owned WIBAG. The Lutzmannsburg thermal spa therefore still remains an infrastructure project under public ownership. The recent history of the spa has been characterised, amongst other aspects, by attempts at privatisation. Unlike other thermal resorts (e.g. Stegersbach) the privatisation of Lutzmannsburg thermal spa has not been successful.

Parallel to the development of the thermal spa, the existing hotel services have been continuously expanded and new facilities constructed, also with the use of ERDF funds.

Table 30: The eight most important ERDF funding projects over the last three programme periods relative to tourism in Lutzmannsburg (rounded to nearest 0.1 m. EUR in current prices)

	Total Expenditures	Total Public	EU	National	Private
Thermal Spa Lutzmannsburg-Frankenau (of which extension in 2003)[1]	68.5 (29.4)	25.6 (11.5)	8.7 (0)	16.9 (11.5)	42.9 (17.9)
Thermal spa Hotel Kurz	7.4	2.1	1.3	0.8	5.3
All in Red	6.3	1.6	1.0	0.6	4.7
SEMI	5.8	1.7	1.0	0.7	4.1
Thermal spa Hotel Vier Jahreszeiten	3.8	1.1	0.7	0.4	2.7
Derdak Georg	2.3	0.7	0.5	0.2	1.6
Stifter & Mark KEG	2.1	0.6	0.4	0.1	1.5
Galuska	2.0	0.5	0.3	0.3	1.4

Source: Monitoring data, Convelop calculation.

8.2.4 Outputs and achievements

The ERDF investment in the spa resort has so far led to the establishment and expansion of:

- The Lutzmannsburg-Frankenau thermal spa, with a total of three stages of expansion and a total investment of around €69 million, including the building of a hotel directly connected to the spa within the second phase.
- 7 accommodation units (hotels and apartments) in the spa location with an investment volume of around € 30 million.
- Other minor tourism investments in the communities of Lutzmannsburg Frankenau-Unterpullendorf with a total investment volume of around €2 million.

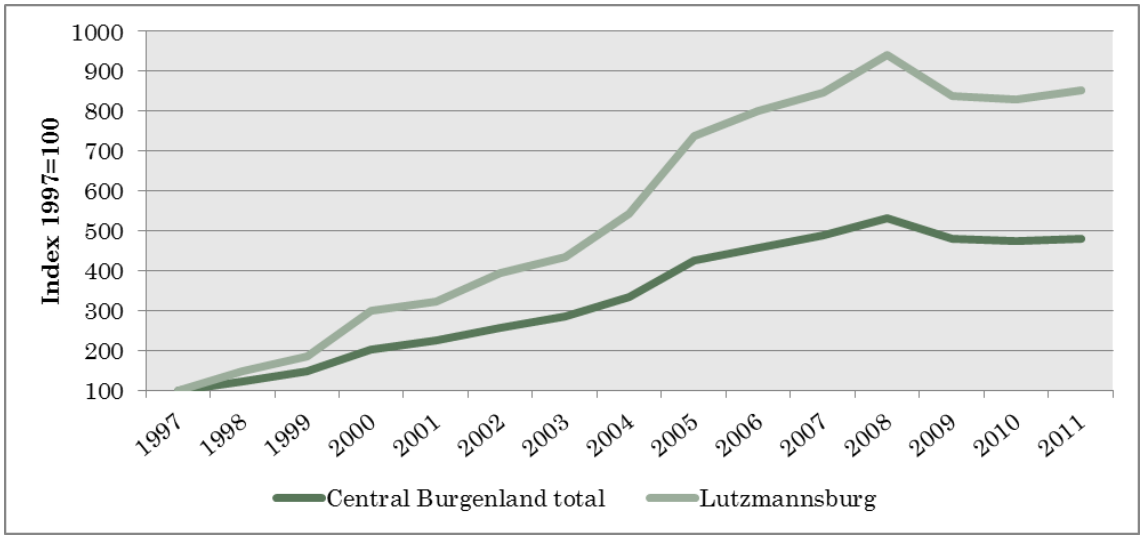
Figure 12: Development of the Lutzmannsburg-Frankenau thermal spa from 1994-2012.

[1] The development in 2000-2006 period was supported by the ERDF supplementary fund. The proportion of this development is shown in brackets.

Source: Sonnentherme BetriebsgesmbH 2012.

The overnight stays in the town rose from 1,603 in 1996 to 247,801 in 2011. The community of Lutzmannsburg is therefore responsible for about 86 percent of the overnight accommodation of the entire district, a feature that also underpins the character of the Lutzmannsburg-Frankenau thermal spa.

Figure 13: Development of overnight stays in Central Burgenland and Lutzmannsburg.



Source: Statistik Austria and Fritz & Hierländer, 2010.

Based on the evaluation by Fritz & Hierländer (2010) of the regional economic impact of tourism-specific pilot projects in Burgenland in the 1995-2009 period, an estimate of the value-added created by the thermal spa location of Lutzmannsburg-Frankenau can be derived for the periods of operation, with regard to employment, tax and social security.

In the periods of operation of the spa resorts, an annual value-added of €24 million, together with associated employment of around 575 jobs, is generated for Burgenland through thermal spas, tourist accommodation and additional spending of spa visitors. Thus, around €10 million to €11 million in taxes and social security charges are raised annually. Due to the sub-contracting arrangements, not all of these jobs are fully attributable to the region.

Although the investments in tourism have created many jobs, not all of these are fully covered by employees from within the region. The region does not have a background in tourism, and the core competences required in the tourism sector (e.g. service-orientation and flexibility in working hours) are not anchored in the work ethic of many people. Therefore, the proportion of foreign workers, mainly from neighbouring Hungary, is relatively large and amounts to approximately 50 percent (Kreutzer and Siegl, 2007).

The trend in outward migration could not be reversed, but through building the thermal spa many new and important job opportunities for people in the region could be created. It will take several generations to embed a culture of tourism in the region and thereby increase the regional availability of workers in tourism. This trend must therefore be regarded over the long term, and an assessment of whether this strategy is successful will take more time.

The thermal spa exhibits a specific 'resort-character'. The development of additional facilities in the region is difficult. Several factors are crucial. Close to the spa, there is insufficient higher-quality accommodation available. The average period of residence for visitors to the thermal spa is about 2.7 days. During this short time, hardly any use is made of additional attractions. Thus, there is a lack of demand arising from the spa resort, to stimulate the development of new product and service offerings. Interviewees saw greatest potential in regional foods and regional wines.

Overall, **integration** in the region is very limited. The thermal spa is successful in its own right, but, as one interviewee noted, 'for the local population we are outsiders'.

8.2.5 Value-Added

The development of the spa resort is a classic leading project development in tourism by the public sector. The establishment and investment in the spa resort is part of the larger strategy of Burgenland and the OP. With the help of ERDF funds, expansion of the thermal spa could be significantly accelerated.

The spa resort is successful in its own right and, through the thermal baths, tourist accommodation and additional expenses of spa visitors, it has created employment of around 575 jobs for Burgenland.

However, spillover effects for the region are still limited. The possibilities of synergies with other attractions and product-service offerings in the surrounding region were rated higher than could be achieved in reality. A key factor for this is the short length of stay in the Lutzmannsburg-Frankenau thermal spa, with an average of about 2.7 days. On the one hand, other regional attractions and facilities are barely used during these short periods of stay, while on the other hand the number of products and services available of a higher quality level are too few. Synergies were mainly present with the ESF, e.g. through a certification system.

Thermal spa tourism in general has become a mainstay of tourism in **Burgenland**. Over the last two decades, it has largely been responsible for the increase in overnight stays. Whereas the share of the overnight stays in spa resorts compared to the entire number of overnight stays in Burgenland was around 15 percent in 1980, by 2009 the share was over 40 percent.

In Burgenland, there are five major spa locations. For the thermal region in Burgenland, a capacity increase to reach a critical mass is vital in order to be internationally visible and marketable. On the other hand, the increase in the overall capacity in Burgenland Thermal Spa tourism has led to cut-throat competition from which the Lutzmannsburg-Frankenau thermal spa has suffered, making continued investment necessary to survive in the market place.

8.2.6 Conclusion

Through the construction of the spa resort, a significant development momentum was created for the region in which the focus on tourism is new, but otherwise it makes little use of other location advantages. With an investment total of around €95 million, the Lutzmannsburg-Frankenau thermal spa was built together with a hotel and seven additional collective accommodation establishments within the area of the spa environment, as well as other small tourism investments in the communities of Lutzmannsburg and Frankenau-Unterpullendorf.

This has meant that the overnight stays have risen dramatically and important jobs have been created. At the same time, the region around the Lutzmannsburg-Frankenau thermal spa has little tradition in tourism, one of the reasons why the jobs created could only be filled in part by the regional labour force, and why many people from neighbouring Hungary are employed.

The Lutzmannsburg-Frankenau project sample shows that a development project like this requires continuity and a stable development in order to reach a critical mass. At the same time, there is also a need to work on regional integration. Within this area of activity, there is still a degree of catching-up to be achieved. In addition, considerable time is needed to ensure that a new tourism tradition or culture can develop in this agricultural region. This is a further reason why regional integration must be started early.

8.3 Project: Technology centres

8.3.1 Summary description

The Technology Centres project sample deals with the establishment and expansion of technology centres (TCs) in Burgenland. From a starting point of two centres, a total of six regional centres have eventually been established. Currently there are some 1,700 people working in more than 180 companies in the centres. From 1997 to date, around €93 million has been invested in the Burgenland TCs of which around €23 million is from ERDF. It should however not be forgotten that this is a sparsely populated region with some 270,000 inhabitants and few conurbations. The technology centres have been selected as a project sample not because of their particular success or level of innovation, but because the centres are representative of the pattern of ERDF investment in Burgenland. They are part of the Burgenland catching-up process that has been led by infrastructure investments. Although similar facilities have been widely available in Austria for some time, no such infrastructure existed in Burgenland until 1997. They have acted primarily as 'property development'. Only in 2009 were the centres tasked with the role of 'innovation service provider' for the 'mobilisation of endogenous potential'.

8.3.2 Underlying problem and context

Up to the mid-1990s, Burgenland did not have a 'technology centre infrastructure', despite the already widespread use of such developments both internationally and in Austria. Under Objective 1, ERDF structural assistance was used to initiate a catch-up process and establish a number of centre locations.

8.3.3 Detailed Description

1995-1999

The construction of two TCs, one in the Eisenstadt area in northern Burgenland and the other in the area around Pinkafeld, in southern Burgenland, was already included at the outset of the OP for the 1995-1999 period. Under the second Priority 'Research and Development', the third Measure on the 'Creation and extension of centres for technology transfer and of institutions for higher education' focused on TCs in Burgenland. In the OP, it is mentioned that the establishment and development of the TCs should make a significant contribution to the establishment of technology clusters in Burgenland. While in northern Burgenland, the focus was on the electronics and control systems and new materials and logistics cluster, in southern Burgenland the focus was on the energy technology cluster (other clusters in southern Burgenland include biotechnology and environmental technology).

Technology Centres 1995-1999

- The first TC was built in 1997 in Eisenstadt. Two extension phases followed: the technology park in 1999 and the Techlab in 2001. In addition, in 2003, the University of Applied Sciences in Burgenland was located in the immediate vicinity of the TC 'to actively support a symbiotic interdependence between science and industry' (Technologiezentren Burgenland, no date). The Eisenstadt TC now comprises rentable premises with an area of approximately 25,000 m^2. The emphasis of the Eisenstadt TC is specifically aimed at the area of information and communications technology, but there is a wide range of industries among the tenants.
- The construction of the Pinkafeld TC also commenced in the first period, opening in early 2000 and further extended in 2008. Today, it extends to approximately 3800 m^2 of rentable accommodation. The University of Applied Sciences in Burgenland, with a focus on Building Technology, Energy & Environmental Management, is also located at the Pinkafeld site, together with a federal college for further education, which provides important synergy. The emphasis is on cooperation between business and science.

In the OP for the 1995-1999 period, the plan specified a proposed floorspace of 10,000 m^2, with 60 companies and 300 employees. However, in the assessment in the final report, only the floorspace created is reported, which at 30,470 m^2 exceeds the projected target by a factor of three (Final Report 1995-1999).

2000-2006

In this period, in the second Priority 'Research, Technology & Development', the second Measure, 'Technology centres, incubator centres and higher technical schools', provides for the completion, extension and addition of technology centres and business incubators. The establishment and expansion of technology and business-oriented skills centres was intended to provide synergies in the regional economy.

Technology Centres 2000-2006

- The focus of the **Jennersdorf TC** is in the field of Optoelectronics and LED technologies. After its establishment in 2001, it was subject to two phases of expansion in 2006 and 2012 (Technologiezentren Burgenland, no date). By the end of 2011, the Jennersdorf TC offered a total of 4,300 m^2 of rentable accommodation[1] (WIBAG, 2012).
- The **Güssing TC** was operational from 2002 with a focus in the field of renewable energy. A further extension was opened in 2009 as the 'Güssing Technikum', and since then a total of 4,500 m^2 of rentable space has been available (WIBAG, 2011).

Similarly, in 2002, the **Mittelburgenland TC** was opened in Neutal, offering approximately 4,100 m^2 of rentable space (WIBAG, 2012). The focus of the TC is on computer science and e-business (Technologiezentren Burgenland, no date).

[1] The further extension in 2012 is not included here.

- The **Neusiedl am See TC** is the last of six TCs to be opened in Burgenland, and it was also expanded in 2011/2012. By the end of 2011, the TC offered approximately 6,788 m² of rentable accommodation. The Neusiedl TC is focused on biotechnology (life sciences) and offers attractive conditions for innovative companies active in this area, as well as technology start-ups, business consultants, legal business advisors, IT service providers and enterprises with East/West connections (WIBAG, 2012; Technologiezentren Burgenland, no date).

Following a budget increase of 68 percent of ERDF, progress in development, under the programme Measure 'Technology centres, business incubators and technical colleges', is classified as generally favourable in the FIR for this period. The expansion and the establishment of all the TCs in Eisenstadt, Pinkafeld, Neutal, Jennersdorf, Neusiedl am See and the Güssing Technikum are cited under the development of technical colleges.

2007-2013

In the third period of 2007-2013, there was a significant reduction of investment in technology infrastructure. In the case of the TCs, this has meant 'for example, only demand-driven expansion of technology centres and ICT infrastructure' (OP 2007-2013). The existing TCs need to be improved and enhanced based on actual demand, and to build up areas of strength in Burgenland for further development of the sites.

Table 31 shows an overview of the investments made so far in the establishment and expansion of the TCs in Burgenland, divided into the three programme periods and the various sources of funding.

Table 31: Summary of Investment and Funding in the Technology Centres Project sample (rounded to nearest 0.1m. EUR in 2000 prices)

	Total Expenditure	Total Public	EU	National	Project Holders
1995-1999	38.2	22.2	8.3	13.9	15.9
2000-2006[1]	51.3	22.1	14.2	7.9	29.3
2007-2011	3.0	0.9	0.7	0.2	2.1
All Periods	92.5	45.2	23.2	22.0	47.3

Source: Monitoring data, Convelop calculation.

Up till now, six TCs have been established in Burgenland with varying levels of size, development and focus.

[1] Funds from the supplementary programme were also used in the establishment of the Güssing TC.

Table 32: Summary of Investment and Rentable Accommodation in the six Burgenland TCs (rounded to nearest 0.1m. EUR in current prices)

Technology Centre (TC)	Total Expenditure	Total Public	EU	National	Project Holders
Eisenstadt	45.2	22.5	10.1	12.4	22.7
Pinkafeld	6.2	3.6	1.5	2.0	2.6
Jennersdorf	9.2	4.1	2.9	1.1	5.2
Güssing[1]	7.1	3.8	0.6	3.2	3.4
Mittelburgenland	9.3	4.5	3.2	1.3	4.8
Neusiedl am See	17.6	7.3	5.4	1.9	10.4
Total	**94.6**	**45.7**	**23.8**	**21.9**	**48.9**

Source: Monitoring data, Convelop calculation.

Until 2004, the management of the six TCs was under individual control and decentralised. As part of a major strategic realignment from 2004, all activities and tasks related to the six TCs were concentrated under the Facility Management Burgenland GmbH. The aim of this concentration is to improve the effectiveness and lower the costs of property management of the Burgenland TCs (WIBAG, 2005 & 2012). Facility Management Burgenland GmbH is a subsidiary of WIBAG, a wholly state-owned company.

8.3.4 Outputs and Achievements

By investing a total amount of approximately €95 million in Burgenland, six TCs have been constructed and extended, resulting in a total rental space of around 48,784 m² by late 2011. The average utilisation level in the Burgenland TCs at the end of 2011 was 92.1 percent (WIBAG, 2012). The following table provides a summary of the TCs and occupancy and the rental accommodation actually leased as at the end of 2011.

Table 33: Utilisation of the TCs at the end of 2011

Technology Centre (TC)	Rentable Accommodation (in m^2)	Space Let (in m^2)	Occupancy
Eisenstadt	25,238	23,980	95.0%
Pinkafeld	3,849	3,849	100.0%
Jennersdorf	4,313	4,150	96.2%
Güssing	4,516	3,175	75.4%
Mittelburgenland	4,080	3,471	85.1%
Neusiedl am See	6,788	6,322	93.1%
Total	**48,784**	**44,947**	**92.1%**

Source: WIBAG, 2011.

[1] Funds from the supplementary programme were also used in the establishment of the Güssing TC.

The TCs are spread from north to south throughout Burgenland (see Figure 14).

Figure 14: Location of TCs in Burgenland

Source: http://www.wibag.at/index.php?id=56 (accessed 16/09/2012).

Today, a total of approximately **1,700 people** are employed at the Burgenland TCs, in **182 companies** as tenants, which collectively have the following structure:

- 55 percent technology companies;
- 20 percent service businesses;
- 20 percent education and training; and
- 5 percent small businesses and start-ups.

The centres primarily function as a source of property. Nevertheless, the centres in the southern part of the country are struggling with utilisation. The opportunity to attract (and the availability of) technology companies as tenants for the various locations is limited; however, with a broader mix of industries, a good level of technical cooperation can be achieved.

For a prolonged period, TCs in Burgenland have mainly been run like conventional property services (e.g. the OP 2000-2006 states that 'the meaning of technology centres is normally understood to be the construction and operation of infrastructure facilities'). This has given rise to repeated criticism, both from the Ministry and from evaluations of progress.

Extract on the subject of Technology Centres in the mid-term evaluation for the 2000-2006 period (Wagner et al. 2005)

Furthermore, more attention and focus should be given to projects and initiatives that further strengthen the innovative potential of Burgenland's economy. Consideration should also be given to additional features of the technology centres that facilitate networking amongst companies in Burgenland.

Infrastructural measures such as the establishment and development of technology centres clearly dominate (Measures 1.3 and 2.2). These measures and the promotion of individual R&D projects (Measure 2.4) run very well, but there remain many barriers to innovation that cannot be achieved by these measures.

8.3.5 Conclusion

The development of Burgenland technology centres primarily followed a traditional project approach of building technology-based infrastructure. In this respect, Burgenland has caught up through a process that internationally and nationally began in the late 1980s.

At the start of the Objective 1 funding for Burgenland, the impetus and the means were present to commence this catch-up process with the technology-based infrastructure of Burgenland. Up until now, this has resulted in the following achievements:

- the establishment and strengthening of six TCs in Burgenland with a total investment of approximately €93 million;
- a total employment of about 1,700 jobs working in 182 companies in the TCs; and
- a share of around 55 percent for technology companies within the tenancy structure of TCs.

The building of the technology infrastructure has also created the backbone for a higher-level Burgenland development strategy. Furthermore, the Eisenstadt and Pinkafeld Technology Centres, with their connection to further education and applied R&D, have aimed at creating a certain level of synergy effect through a research, education and business triangle. In the second period, however, the original strategy was amended and substantially expanded, building an entire 'String of Pearls' of technology parks in Burgenland.

However, it is important to retain a sense of proportion. This is a region of 270,000 inhabitants, with a very limited research and education infrastructure. The rationale behind the development strategy was questioned by interviewees and in one instance was also associated with the role of international consultants and formulaic solution strategies advocated on the part of the EC.

The technology centres are ultimately part of the 'Burgenland catch-up process' that was controlled via infrastructure investment. Until 1997, there had been no similar infrastructure in Burgenland, while in Austria similar facilities were already widely available. They are largely 'just'

property, but the strength of the symbolic commitment of the public sector should not be underestimated in regions. It is only very recently, with the Burgenland Innovation Offensive in 2009, that the centres have been tasked with an enhanced role for 'innovation services' and the 'mobilisation of endogenous potential'.

9 ANNEX II – STRUCTURE OF PROGRAMMES 1995-2013 IN BURGENLAND

Table 34: Priorities and Measures of 1995-1999 multifund programme

Priority	Measure	Fund
Priority 1: Industry & crafts	Measure 1.1: strengthening the economic development (+biomass)	ERDF
Priority 1: Industry & crafts	Measure 1.2: infrastructure activities supporting the priority	ERDF
Priority 1: Industry & crafts	Measure 1.3: creating industry and business zones for the attraction of enterprises	ERDF
Priority 1: Industry & crafts	Measure 1.4: establishment, extension and improvement of infrastructure for education and training in economic and training centres building or extension and improvement of infrastructure for initial training or continuous training in specific centres for professional and economic training	ERDF
Priority 1: Industry & crafts	Measure 1.5: training of the middle and higher levels of management in SMEs	ESF
Priority 2: Research & Development	Measure 2.1: support to enterprises active in the field of technology and innovation	ERDF
Priority 2: Research & Development	Measure 2.2: telecommunication networks and telecommunication application	ERDF
Priority 2: Research & Development	Measure 2.3: creation and extension of centres for technology transfer and of institutions for higher education	ERDF
Priority 2: Research & Development	Measure 2.4: running of centres for technology and technology transfer on the basis of a regionalised strategy	ESF
Priority 2: Research & Development	Measure 2.5: training of the unemployed with the perspective of creating jobs in R&D, the technology sector or young start-ups in the R&D business	ESF
Priority 3: Tourism	Measure 3.1: extension and improvement of the tourist offer	ERDF
Priority 3: Tourism	Measure 3.2: extension of the tourist infrastructure	ERDF
Priority 3: Tourism	Measure 3.3: extension of the organisational structures for tourism	ERDF
Priority 3: Tourism	Measure 3.4: cultural measures linked to tourism development	ERDF
Priority 3: Tourism	Measure 3.5: infrastructure activities supporting the priority	ERDF
Priority 4: Agriculture and forestry, nature conservation	Measure 4.1: development of agriculture and forestry, processing and transformation as well as marketing strategy towards value-added local or regional products of agriculture and forestry	EAGGF
Priority 4: Agriculture and forestry, nature conservation	Measure 4.2: promotion of rural areas and rural infrastructure, utilization of regional energy and regional raw materials as well as diversification	EAGGF
Priority 4: Agriculture and forestry, nature conservation	Measure 4.3: environment and natural conservation, conservation of traditional landscape	EAGGF
Priority 4: Agriculture and forestry, nature conservation	Measure 4.4: agricultural and forestry education and counselling as well as research and technical development	EAGGF
Priority 5: Developing economic growth and stability of employment	Measure 5.1: general training, counselling and guidance of the labour force in SMEs, of those threatened by unemployment and of the unemployed, training of educational personnel	ESF
Priority 5: Developing	Measure 5.2: integration of the long-term unemployed, of young people and of	ESF

economic growth and stability of employment	those exposed to exclusion from the labour market, equal opportunities	
Priority 5: Developing economic growth and stability of employment	Measure 5.3: adaptation of employees to the structural change in the industrial productive system	ESF
Priority 5: Developing economic growth and stability of employment	Measure 5.4: creation and extension of regional training and communication centres	ERDF
Priority 6: Technical assistance and evaluation		all funds (mainly ERDF)

Source: OP.

Table 35: Priorities and Measures of 2000-2006s multifund programme

Priority	Measure	Fund
Priority 1: Business and industry	Measure 1.1: strengthening the economic development	ERDF
Priority 1: Business and industry	Measure 1.2: support SMEs for structural changes and marketing	ERDF
Priority 1: Business and industry	Measure 1.3: economic infrastructure supporting priorities of the OP	ERDF
Priority 1: Business and industry	Measure 1.4: information technology, telecommunication	ERDF
Priority 1: Business and industry	Measure 1.5: new financial instruments to increase equity capital of SMEs	ERDF
Priority 2: Research, technology & development	Measure 2.1: economic clusters and competence centres	ERDF
Priority 2: Research, technology & development	Measure 2.2: technology centres, incubator centres and higher technical schools	ERDF
Priority 2: Research, technology & development	Measure 2.3: innovative services	ERDF
Priority 2: Research, technology & development	Measure 2.4: research and development projects	ERDF
Priority 3: Tourism & Culture	Measure 3.1: development of tourism business sector	ERDF
Priority 3: Tourism & Culture	Measure 3.2: extension of tourism infrastructure	ERDF
Priority 3: Tourism & Culture	Measure 3.3: marketing and networking	ERDF
Priority 3: Tourism & Culture	Measure 3.4: cultural resources and exploitation for tourism purposes	ERDF
Priority 4: Agriculture and forestry, nature conservation	Measure 4.1: : agriculture and forestry	EAGGF
Priority 4: Agriculture and forestry, nature conservation	Measure 4.2: rural development and diversification	EAGGF

Priority 4: Agriculture and forestry, nature conservation	Measure 4.3: fisheries and aquaculture	FIFG
Priority 5: Human resources	Measure 5.1: reduction of unemployment	ESF
Priority 5: Human resources	Measure 5.2: equal opportunities for all and no exclusion on the labour market	ESF
Priority 5: Human resources	Measure 5.3: improvement of vocational training	ESF
Priority 5: Human resources	Measure 5.4: flexibility on the labour market	ESF
Priority 5: Human resources	Measure 5.5: support to equal opportunities for men and women at the labour market	ESF
Priority 5: Human resources	Measure 5.6: extension and improvement of vocational education infrastructure	ERDF
Priority 6: Technical assistance	Measure 6.1: technical assistance for programme implementation	all funds (mainly ERDF)
Priority 6: Technical assistance		all funds (mainly ERDF)

Source: OP.

Table 36: Priorities and Measures of 2007-2013 ERDF monofund programme

Priority	Measure	Fund
Priority 1: Competitiveness and innovative regional economy structures	Activity 1.1: Research development & innovation projects	ERDF
Priority 1: Competitiveness and innovative regional economy structures	Activity 1.2: economic clusters and competence centres	ERDF
Priority 1: Competitiveness and innovative regional economy structures	Activity 1.3: soft measure for innovative capability, gaining access to technology and markets	ERDF
Priority 1: Competitiveness and innovative regional economy structures	Activity 1.4: repositioning of SMEs	ERDF
Priority 1: Competitiveness and innovative regional economy structures	Activity 1.5: innovative and productive investments	ERDF
Priority 1: Competitiveness and innovative regional economy structures	Activity 1.6: strengthen the equity structure	ERDF
Priority 2: Infrastructure and sustainable regional development	Activity 2.1.1: extension of existing technology centres	ERDF
Priority 2: Infrastructure and sustainable regional development	Activity 2.1.2: Extension of ICT infrastructure	ERDF
Priority 2: Infrastructure and sustainable regional development	Activity 2.1.3: transport infrastructure	ERDF

Priority 2: Infrastructure and sustainable regional development	Activity 2.1.4: research infrastructure	ERDF
Priority 2: Infrastructure and sustainable regional development	Activity 2.1.5: adult education projects	ERDF
Priority 2: Infrastructure and sustainable regional development	Activity 2.1.6: sustainable firm investments promoting the environment	ERDF
Priority 2: Infrastructure and sustainable regional development	Activity 2.1.7: implementation of regional governance	ERDF
Priority 2: Infrastructure and sustainable regional development	Activity 2.1.8: Ecodynamic rehabilitation of Lake Neusiedl	ERDF
Priority 2: Infrastructure and sustainable regional development	Activity 2.2.1: single-firm investments, innovation and strategic tourism projects	ERDF
Priority 2: Infrastructure and sustainable regional development	Activity 2.2.2: tourism infrastructure	ERDF
Priority 2: Infrastructure and sustainable regional development	Activity 2.2.3: tourism marketing and tourism organisation	ERDF
Priority 2: Infrastructure and sustainable regional development	Activity 2.2.4: cultural resources an d offers in linked to tourism	ERDF
Priority 3: Technical assistance		ERDF

Source: OP.

Table 37: All funding at priority level for all 3 periods (I is Initial, F is Final, rounded to nearest m. EUR* in 2000 prices).

Priority	All sources [Mio. Euro]		Public [Mio. Euro]																		Private [Mio. Euro]	
			EU										Domestic									
	Total (I)	Total (F)	Total (I)	Total (F)	ERDF (I)	ERDF (F)	ESF (I)	ESF (F)	Rural (I)***	Rural (F)***	Fish (I)****	Fish (F)****	Total (I)	Total (F)	Nat. (I)	Nat. (F)	Reg. (I)	Reg. (F)	Other (I)	Other (F)	Private (I)	Private (F)
1995 - 1999*																						
Industry & crafts	382	528	60	61	57	57	3	4	-	-	-	-	121	105	50	105	43	-	29	-	201	362
Research & Development	87	114	16	22	13	19	3	3	-	-	-	-	28	30	12	30	16	-	-	-	43	62
Tourism	203	208	41	43	41	43	-	-	-	-	-	-	67	48	26	48	23	-	18	-	95	117
Agriculture & forestry & protection of natural resources	132	206	26	26	-	-	-	-	26	26	-	-	51	49	29	49	22	-	-	-	56	131
Developing economic growth & stability of employment	67	66	28	29	1	1	27	28	-	-	-	-	28	35	18	35	10	-	-	-	11	3
Technical assistance & evaluation	9	9	4	4	2	2	2	1	1	1	-	-	4	5	2	5	3	-	-	-	-	-
Total 1995-1999	879	1.132	175	185	114	122	35	36	26	27	-	-	300	273	137	273	116	-	47	-	404	675
2000 - 2006																						
Business & industry	319	472	83	93	83	93	-	-	-	-	-	-	28	47	14	47	14	-	-	-	209	331
Research, technology & development	68	84	28	22	28	22	-	-	-	-	-	-	9	7	5	7	5	-	-	-	31	54
Tourism & Culture	185	218	48	51	48	51	-	-	-	-	-	-	16	30	8	30	8	-	-	-	121	137
Agriculture, nature protection fisheries	149	162	39	40	-	-	-	-	38	40	1	0	13	13	8	13	5	-	-	-	97	108
Human resources	77	84	52	54	2	2	50	53	-	-	-	-	21	24	16	24	5	-	-	-	5	6
Technical assistance	7	5	5	4	3	2	1	1	1	1	-	-	2	2	1	2	1	-	-	-	-	-
Total 2000-2006	805	1.025	253	265	163	170	51	54	39	41	1	0	88	124	50	124	38	-	-	-	463	636
2007 - 2013**																						
Competitiveness & innovative regional economy structures	180	157	50	32	50	32	-	-	-	-	-	-	17	11	6	11	10	-	-	-	114	113
Infrastructure & sustainable regional development	176	127	49	31	49	31	-	-	-	-	-	-	16	12	7	12	9	-	-	-	110	84
Adaptability of employees & companies	12	3	7	2	-	-	7	2	-	-	-	-	2	1	1	1	1	0	-	-	3	1
Integration into the labour market & social inclusion	42	18	31	14	-	-	31	14	-	-	-	-	10	5	9	4	1	1	-	-	1	-
Support structures, access to knowledge & knowledge transfer, labour market-related partnerships	5	1	4	1	-	-	4	1	-	-	-	-	1	0	0	0	1	0	-	-	0	0
Technical assistance	8	6	6	4	4	4	2	0	-	-	-	-	2	1	0	1	2	-	-	-	-	0
EAFRD+EFF (aggregated)	-	246	-	136	-	-	-	-	-	136	-	0	-	47	-	28	-	19	-	-	-	63
Total 2007-2013	423	559	146	220	103	67	43	16	-	136	-	0	49	78	25	57	24	20	-	-	228	261
Total 1995-2013	**2.107**	**2.716**	**575**	**669**	**380**	**359**	**130**	**106**	**65**	**204**	**1**	**0**	**437**	**474**	**212**	**454**	**178**	**20**	**47**	**-**	**1.095**	**1.572**

Source: FIR, AIR, Monitoring data, Ex-post Evaluation; RMB 2011

*Exchange rate ATS → EUR: EFRE/ESF: 13,7603 ATS = 1 EUR; EAGGF: 13,770469 ATS = 1 EUR; private expenditures estimated on the basis of funding quotas in ex-post evaluation, monitoring data and experiences from period 2000-2006 ** ERDF values are commitments based on monitoring data from 20.02.2012; ESF values are expenditures until 31.12.2010; EAFRD and EFF values are expenditures based regional AIR; private expenditures of EAFRD and EFF are estimated on the basis of funding quotas in the regional AIRs; *** EAGGF and EAFRD; **** FIFG and EFF

Table 38: ERDF expenditures at measure level for1995-1999 period (rounded to nearest m. EUR* in 2000 prices).

	Total	Total public	ERDF	National	Private**
Priority 1: Industry & crafts	**519**	**159**	**57**	**100**	**362**
Measure 1.1: strengthening the economic development (+biomass)	*422*	*92*	*36*	*56*	*330*
Measure 1.2: infrastructure activities supporting the priority	*63*	*41*	*11*	*31*	*22*
Measure 1.3: creating industry and business zones for the attraction of enterprises	*31*	*23*	*10*	*14*	*7*
Measure 1.4: establishment, extension and improvement of 118infrastructure for education and training	*4*	*2*	*1*	*1*	*2*
Priority 2: Research & Development	**109**	**47**	**19**	**27**	**62**
Measure 2.1: support to enterprises active in the field of technology and innovation	*34*	*11*	*5*	*5*	*24*
Measure 2.2: telecommunication networks and telecommunication application	*36*	*13*	*5*	*7*	*23*
Measure 2.3: creation and extension of centres for technology transfer and of institutions for higher education	*39*	*24*	*8*	*16*	*15*
Priority 3: Tourism	**208**	**91**	**43**	**48**	**117**
Measure 3.1: extension and improvement of the tourist offer	*123*	*41*	*21*	*21*	*80*
Measure 3.2: extension of the tourist infrastructure	*26*	*10*	*4*	*4*	*18*
Measure 3.3: extension of the organisational structures for tourism	*2*	*1*	*1*	*1*	*1*
Measure 3.4: cultural measures linked to tourism development	*11*	*10*	*4*	*5*	*2*
Measure 3.5: infrastructure activities supporting the priority	*45*	*30*	*13*	*17*	*2*
Priority 5: Developing economic growth and stability of employment	**2**	**1**	**0**	**1**	**0**
Measure 5.4: creation and extension of regional training and communication centres	*2*	*1*	*0*	*1*	*0*
Priority 6: Technical assistance and evaluation	**4**	**4**	**2**	**2**	**0**
TOTAL	**843**	**301**	**122**	**178**	**540**

Source: FIR;
*Exchange rate ATS → EUR: ERDF/ESF: 13,7603 ATS = 1 EUR; EAGGF: 13,770469 ATS = 1 EUR.
**values estimated on the basis of funding quotas in ex-post evaluation.

Table 39: ERDF expenditure at Measure level for 2000-2006 period (rounded to nearest m. EUR in 2000 prices)

	Total	Total public	ERDF	National	Private
Priority 1: Business and industry	**471**	**140**	**93**	**48**	**331**
Measure 1.1: strengthening the economic development	*310*	*88*	*56*	*32*	*222*
Measure 1.2: support SMEs for structural changes and marketing	*92*	*20*	*12*	*7*	*72*
Measure 1.3: economic infrastructure supporting priorities of the OP	*23*	*16*	*8*	*7*	*8*
Measure 1.4: information technology, telecommunication	*17*	*4*	*3*	*1*	*13*
Measure 1.5: new financial instruments to increase equity capital of SMEs	*29*	*13*	*13*	*0*	*16*
Priority 2: Research, technology & development	**83**	**30**	**22**	**7**	**54**
Measure 2.1: economic clusters and competence centres	*1*	*1*	*0*	*0*	*0*
Measure 2.2: technology centres, incubator centres and higher technical schools	*65*	*24*	*19*	*6*	*40*
Measure 2.3: innovative services	*2*	*1*	*0*	*0*	*2*
Measure 2.4: research and development projects	*16*	*5*	*3*	*1*	*11*
Priority 3: Tourism & Culture	**218**	**80**	**51**	**30**	**138**
Measure 3.1: development of tourism business sector	*180*	*48*	*35*	*13*	*131*
Measure 3.2: extension of tourism infrastructure	*19*	*13*	*6*	*7*	*6*
Measure 3.3: marketing and networking	*8*	*8*	*5*	*4*	*0*
Measure 3.4: cultural resources and exploitation for tourism purposes	*11*	*11*	*6*	*5*	*0*
Priority 5: Human resources	**3**	**2**	**2**	**1**	**1**
Measure 5.6: extension and improvement of vocational education infrastructure	*3*	*2*	*2*	*1*	*1*
Priority 6: Technical assistance	**4**	**4**	**3**	**1**	**0**
TOTAL	**780**	**256**	**170**	**86**	**524**

Source: FIR, AIR.

Table 40: ERDF commitments at Measure level for 2007-2013 period (rounded to nearest m. EUR in 2000 prices)

	Total	Total public	ERDF	National	Private
Priority 1: Competitiveness and innovative regional economy structures	**157**	**44**	**32**	**12**	**113**
Activity 1.1: Research development & innovation projects	2	1	1	0	1
Activity 1.2: economic clusters and competence centres	0	0	0	0	0
Activity 1.3: soft measure for innovative capability, gaining access to technology and markets	1	0	0	0	0
Activity 1.4: repositioning of SMEs	4	2	2	1	2
Activity 1.5: innovative and productive investments	136	32	23	8	105
Activity 1.6: strengthen the equity structure	13	8	7	2	5
Priority 2: Infrastructure and sustainable regional development	**127**	**43**	**31**	**12**	**84**
Sub-Priority 2.1: Infrastructural improvements	*12*	*4*	*2*	*1*	*8*
Activity 2.1.1: extension of existing technology centres	3	1	1	3	2
Activity 2.1.2: Extension of ICT infrastructure	3	1	1	3	2
Activity 2.1.3: transport infrastructure	0	0	0	0	0
Activity 2.1.4: research infrastructure	0	0	0	0	0
Activity 2.1.5: adult education projects	0	0	0	0	0
Activity 2.1.6: sustainable firm investments promoting the environment	5	2	1	5	3
Activity 2.1.7: implementation of regional governance	1	1	0	1	0
Activity 2.1.8: Ecodynamic rehabilitation of Lake Neusiedl	0	0	0	0	0
Sub-Priority 2.2: tourism & recreation economy	*115*	*39*	*28*	*11*	*76*
Activity 2.2.1: single-firm investments, innovation and strategic tourism projects	102	29	21	8	74
Activity 2.2.2: tourism infrastructure	2	2	1	0	1
Activity 2.2.3: tourism marketing and tourism organisation	5	3	2	1	2
Activity 2.2.4: cultural resources an d offers in linked to tourism	7	7	5	2	0
Priority 3: Technical assistance	**6**	**6**	**4**	**2**	**0**
TOTAL	**289**	**92**	**67**	**25**	**197**

Source: FIR, AIR, Monitoring data from 20.12.2012.

10 ANNEX III: REPORTED ACHIEVEMENTS

10.1 1995-99 Single programming document

Priorities / Measures	ERDF Indicator	Quantification of the material indicators		
		A OP target	B Reported Achievements	% B:A
Priority 1: Industry and crafts				
Measure 1.1: strengthening the economic development (+biomass)	Jobs safeguarded*	*	5,133	-
	Planned new jobs	*	1,439	-
	SMEs	*	151	-
	Creation of new businesses	*	2	
	Settlement of enterprises	*	6	-
	Enlargement of production	*	43	-
	Improvement of structures	*	118	-
Measure 1.2: infrastructure activities supporting the priority enterprises	Planned amount of fresh water provision in WVE	*	5,000	-
	Planned amount of sewage water treated in EGW	*	206,000	-
Measure 1.3: creating industry and business zones for the attraction of	Surface of business parks in m^2	*	488,000	-
Measure 1.4: establishment, extension and improvement of infrastructure for education and training	Usable surface in m^2	*	5,821	-
Priority 2: Research and development				
Measure 2.1: support to enterprises active in the field of technology and innovation	Environmental projects in enterprises	*	1	-
	R&D projects (of which in SMEs)	*	11 (3)	-
	Counselling projects	*	13	-
	Creation of sustainable jobs	1,000	**	-
Measure 2.2: telecommunication networks and telecommunication application	Infrastructure projects	*	2	-
	Industry and commercial projects	*	3	-
	Planned new jobs	*	379	-
Measure 2.3: creation and extension of centres for technology transfer and of institutions for higher education	Planned usable surface in m^2	10,000	30,470	304,7
	Number of enterprises in technology centre	60	**	-
	People working in the technology centre	300	**	-
	Students at institutes for higher education	1,000	**	-

Priority 3: Tourism				
Measure 3.1: extension and improvement of the tourist offer	Jobs safeguarded	*	754	-
	Planned new jobs	*	398	-
	Secured quality beds	*	2,179	-
	Planned new quality beds	*	956	-
	Creation of new businesses	*	13	-
	Modernisation	*	93	-
	SMEs	*	105	-
	Hotels at the spa in Lutzmannsburg	5	4	80
	Beds in hotels at the spa in Lutzmannsburg	350	296	84,6
	Hotels at the spa in Stegersbach	2	1	50
	Beds in hotels at the spa in Stegersbach	700	172	24,6
Measure 3.4: cultural measures linked to tourism development	Tourism infrastructure projects	*	3	-
	Other infrastructure projects	*	6	-
Measure 3.5: infrastructure activities supporting the priority	Planned amount of fresh water provision in WVE	*	16,000	-
	Planned amount of sewage water treated in EGW	*	63,000	-
Priority 5: Developing economic growth and stability of employment				
Measure 5.4: creation and extension of regional training and communication centres	usable surface in m^2	*	320	-
Priority 6: Technical assistance and evaluation				
ERDF Measures	General counselling projects covering several enterprises	*	5	-
	OP implementation (Technical assistance)	*	25	-

Source: FIR 2000-2006 *) no objective available at measure level **) not registered by the monitoring system ***) only partly registered for the ERDF.

Indicator	**Quantification of the material indicators**			
	OP Initial values	**A OP target**	**B Reported Achievements**	**% B:A**
Total				
Jobs safeguarded[1]	-	7,300	8,103	111
Commuter rate	1991: 32,4%	decrease	***	-
Unemployment rate	1993: 8,1%	decrease	2000: 7,9%	-
Standard of life in Burgenland – EU 15	70%*	increase	2000: 73,2%	-
Female labour force participation rate (increase by 2% points)	1993: 44%	46%	2000: 46,2%	100
Regional standard of life **GDP p.c. (EU 15 level) – the North** **GDP p.c. (EU 15 level) – the Centre** **GDP p.c. (EU 15 level) – the South**	 72%* 62%* 61%*	Reduce regional disparities	 ** ** **	 - - -
National GDP share	1991: 2,2%	increase	2000: 2,2%	--
Export rate in %	1993: 395,2	increase	2000: 682,8	-

Source: FIR 2000-2006 **) 1990-1992 average **) no objective available.

[1] Secured jobs represents the number of jobs that were present after funding support of an existing company.

10.2 2000-06 Single programming document

Priorities / Measures	Type of indicator	ERDF Indicator	A OP target	B Reported Achievements	% B:A
Priority 1: Business and industry					
Measure 1.1: strengthening the economic development	output	Number of projects	20	33	165%
	result	Total level of investment costs financed	223,149,051	331,320,805	148%
	result	Level of private investment costs financed *	131,755,953	237,152,873	180%
	impact	No. of actual new jobs created	400	1,125	281%
	impact	No. of employees before start of project	1,250	1,401	112%
	impact	Project location = city area		0	
	impact	Project location = rural area		33	
	impact	Project location = non-geographic		0	
	impact	Project = environmentally neutral		13	
	impact	Project = environmentally friendly		11	
	impact	Project= mainly non-competitive		9	
	impact	Project = equal opportunity neutral		33	
	impact	Project = focused on equal opportunities		0	
	impact	Project = equal opportunity project		0	
Measure 1.2: support SMEs for structural changes and marketing	output	Number of projects	45	48	107%
		...of which location and city marketing projects	15	5	33%
		...of which environmental projects	10	4	40%
	result	Total level of investment costs financed	75,900,496	98,311,688	130%
	result	Level of private investment costs financed *	56,519,944	77,298,366	137%
	impact	No. of actual new jobs created	200	465	233%
	impact	No. of employees before start of project	500	664	133%
	impact	Project location = city area		0	
	impact	Project location = rural area		48	
	impact	Project location = non-geographic		0	
	impact	Project = environmentally neutral		11	
	impact	Project = environmentally friendly		17	
	impact	Project= main environmental orientation		20	
	impact	Project = equal opportunity neutral		48	
	impact	Project = focused on equal opportunities		0	
	impact	Project = equal opportunity project		0	
Measure 1.3: economic infrastructure supporting priorities of the OP	output	Number of projects	3	4	133%
		...of which business park projects	1	1	100%
		...of which exhibition projects	1	1	100%
		...of which water supply projects	1	2	200%
	result	Total level of investment costs financed	23,311,824	25,405,565	109%
	result	Level of private investment costs financed *	11,447,518	8,706,502	76%
	impact	Project location = city area		0	
	impact	Project location = rural area		2	
	impact	Project location = non-geographic		2	
	impact	Project = environmentally neutral		3	

	impact	Project = environmentally friendly		1	
	impact	Project= main environmental orientation		0	
	impact	Project = equal opportunity neutral		4	
	impact	Project = focused on equal opportunities		0	
	impact	Project = equal opportunity project		0	
Measure 1.4: information technology, telecommunication	output	Number of projects	40	21	53%
		...of which R&D projects	10	11	110%
		...of which cooperation projects in R&D	3	0	0%
	result	Total level of investment costs financed	11,987,917	18,383,166	153%
	result	Level of private investment costs financed *	8,064,234	14,347,056	178%
	impact	No. of actual new jobs created	75	35	47%
	impact	No. of employees before start of project	150	29	19%
	impact	No. of actual new products/processes developed	10	11	110%
	impact	Project location = city area		0	
	impact	Project location = rural area		13	
	impact	Project location = non-geographic		8	
	impact	Project = environmentally neutral		20	
	impact	Project = environmentally friendly		0	
	impact	Project= main environmental orientation		1	
	impact	Project = equal opportunity neutral		21	
	impact	Project = focused on equal opportunities		0	
	impact	Project = equal opportunity project		*0*	
Measure 1.5: new financial instruments to increase equity capital of SMEs	output	Number of projects	3	1	33%
	result	Total level of investment costs financed	22,802,267	30,713,984	135%
	result	Level of private investment costs financed *	8,908,283	16,820,000	189%
	impact	Project location = city area		0	
	impact	Project location = rural area		1	
	impact	Project location = non geographic		0	
	impact	Project = environmentally neutral		1	
	impact	Project = environmentally friendly		0	
	impact	Project = main environmental orientation		0	
	impact	Project = equal opportunity neutral		1	
	impact	Project = focused on equal opportunities		0	
	impact	Project = equal opportunity project		0	

Priority 2: Research, technology & development					
Measure 2.1: economic clusters and competence centres	output	Number of projects	18	27	150%
	result	Total level of investment costs financed	1,279,336	1,279,337	100%
	result	Level of private investment costs financed *	495,486	495,487	100%
	impact	Project location = city area		0	
	impact	Project location = rural area		6	
	impact	Project location = non geographic		21	
	impact	Project = environmentally neutral		23	
	impact	Project = environmentally friendly		3	
	impact	Project = main environmental orientation		1	
	impact	Project = equal opportunity neutral		27	
	impact	Project = focused on equal opportunities		0	
	impact	Project = equal opportunity project		0	
Measure 2.2: technology centres, incubator centres and higher technical schools	output	Number of projects	8	12	150%
		...of which technology, innovation and incubation centres	4	6	150%
		...of which existing technology centres	2	5	250%
		...of which university of technology centres	2	1	50%
	impact	Total level of investment costs financed	67,773,297	69,157,616	102%
	impact	Level of private investment costs financed *	39,482,678	43,419,609	110%
	impact	Project location = city area		0	
	impact	Project location = rural area		12	
	impact	Project location = non geographic		0	
	impact	Project = environmentally neutral		2	
	impact	Project = environmentally friendly		8	
	impact	Project = main environmental orientation		2	
	impact	Project = equal opportunity neutral		12	
	impact	Project = focused on equal opportunities		0	
	impact	Project = equal opportunity project		0	
Measure 2.3: innovative services	output	Number of projects	20	25	125%
		...of which innovative development projects	20	19	95%
	result	Total level of investment costs financed	2,000,000	2,016,080	101%
	result	Level of private investment costs financed *	1,481,500	1,507,541	102%
	impact	No. of actual new R&D jobs	40	45	113%
	impact	No. employees in R&D before project	30	41	137%
	impact	No. of actual new products/processes developed		19	
	impact	Project location = city area		0	
	impact	Project location = rural area		25	
	impact	Project location = non geographic		0	
	impact	Project = environmentally neutral		24	
	impact	Project = environmentally friendly		1	
	impact	Project = main environmental orientation		0	
	impact	Project = equal opportunity neutral		25	
	impact	Project = focused on equal opportunities		0	
	impact	Project = equal opportunities project		0	

Measure 2.4: research and development projects	output	Number of projects	35	23	66%
		...of which innovative development projects	25	18	72%
		...of which cooperation projects technology7business	10	5	50%
	result	Total level of investment costs financed	15,000,000	16,862,378	112%
	result	Level of private investment costs financed *	10,523,488	12,196,330	116%
	impact	No. of actual new R&D jobs	30	34	113%
	impact	No. employees in R&D before project	20	154	770%
	impact	No. of actual new products/processes developed		23	
	impact	Project location = city area		0	
	impact	Project location = rural area		23	
	impact	Project location = non geographic		0	
	impact	Project = environmentally neutral		23	
	impact	Project = environmentally friendly		0	
	impact	Project = main environmental orientation		0	
	impact	Project = equal opportunity neutral		231	
	impact	Project = focused on equal opportunities		0	
	impact	Project = equal opportunity project		0	
Priority 3: Tourism & Culture					
Measure 3.1: development of tourism business sector	output	Number of projects	30	74	247%
		...of which projects with existing businesses	30	46	153%
	result	Total level of investment costs financed	169,905,023	191,731,969	113%
	result	Level of private investment costs financed *	121,429,493	140,384,816	116%
	impact	No. of actual new jobs created	300	939	313%
	impact	No. of employees before start of project	500	719	144%
	impact	No. of actual new quality beds created	2,000	3,395	170%
	impact	Project location = city area		0	
	impact	Project location = rural area		74	
	impact	Project location = non geographic		0	
	impact	Project = environmentally neutral		34	
	impact	Project = environmentally friendly		40	
	impact	Project = main environmental orientation		0	
	impact	Project = equal opportunity neutral		74	
	impact	Project = equal opportunity focus		0	
	impact	Project = equal opportunity project		0	
Measure 3.2: extension of tourism infrastructure	output	Number of projects	10	12	120%
	result	Total level of investment costs financed	16,038,077	20,112,055	125%
	result	Level of private investment costs financed *	8,206,887	5,874,002	72%
	impact	Project location = city area		*0*	
	impact	Project location = rural area		*5*	
	impact	Project location = non geographic		*7*	
	impact	Project = environmentally neutral		10	
	impact	Project = environmentally friendly		2	
	impact	Project = main environmental orientation		0	
	impact	Project = equal opportunity neutral		12	

	impact	Project = focused on equal opportunities		0	
	impact	Project = equal opportunity project		0	
Measure 3.3: marketing and networking	output	Number of projects	10	13	130%
	result	Total level of investment costs financed	8,982,434	9,382,520	104%
	result	Level of private investment costs financed *	2,935,607	327,267	11%
	impact	Project location = city area		0	
	impact	Project location = rural area		0	
	impact	Project location = non geographic		13	
	impact	Project = environmentally neutral		13	
	impact	Project = environmentally friendly		0	
	impact	Project = main environmental orientation		0	
	impact	Project = equal opportunity neutral		13	
	impact	Project = focused on equal opportunities		0	
	impact	Project = equal opportunity project		0	
Measure 3.4: cultural resources and exploitation for tourism purposes	output	Number of projects	7	8	114%
	result	Total level of investment costs financed	8,287,362	12,047,987	145%
	result	Level of private investment costs financed *	208,329	390,059	187%
	impact	Project location = city area		0	
	impact	Project location = rural area		5	
	impact	Project location = non geographic		3	
	impact	Project = environmentally neutral		8	
	impact	Project = environmentally friendly		0	
	impact	Project = main environmental orientation		0	
	impact	Project = equal opportunity neutral		8	
	impact	Project = focused on equal opportunities		0	
	impact	Project = equal opportunity project		0	
Priority 5: Human resources					
Measure 5.6: extension and improvement of vocational education infrastructure	output	Number of projects		3	
	result	Total level of investment costs financed	2,651,824	3,356,507	127%
	result	Level of private investment costs financed *	322,780	1,027,463	318%
	impact	Project location = city area		0	
	impact	Project location = rural area		3	
	impact	Project location = non geographic		0	
	impact	Project = environmentally neutral		3	
	impact	Project = environmentally friendly		0	
	impact	Project = main environmental orientation		0	
	impact	Project = equal opportunity neutral		3	
	impact	Project = focused on equal opportunities		0	
	impact	Project = equal opportunity project		0	

Source: FIR;
* without private expenditures of public promoters

11 ANNEX IV: LIST OF INTERVIEWEES AND WORKSHOP PARTICIPANTS

Table 41: List of interviewees

Name	Position (current and former roles where relevant)	Category	Period	Place	Date	Form (face to face / telephone)
Manfred Breithofer	Deputy regional managing director of public employment service Austria (AMS) in Burgenland	beneficiary	1995-99; 2000-06; 2007-13	Eisenstadt	03.05.2012	face to face
Werner Eckhardt	retired; former CEO of WiBAG and in the Austrian Economic Chambers (WKO) – former managing director of the industry division in Burgenland	operational	1995-99; 2000-06; 2007-13	Bad Sauerbrunn	04.05.2012	face to face
Patricia Feucht	Regional management Burgenland - Head of the EU administrative authority division	operational	2007-13	Eisenstadt	03.05.2012	face to face
Sigrid Hajek	WiBAG – Head of the financial aid unit, responsible for Phasing-out	operational	1995-99; 2000-06; 2007-13	Eisenstadt	03.05.2012	face to face
Hermann Hofbauer	Dean for chemical engineering and Dean of studies for technical chemistry at the Vienna University of technology – Academic partner in Güssing for R&D projects and activities in renewable energies	beneficiary	1995-99; 2000-06; 2007-13	Vienna	05.06.2012	telephone
Franz Kast	CEO of WiBAG	operational	1995-99; 2000-06; 2007-13	Eisenstadt	04.05.2012	face to face
Reinhard Koch	CEO of the European Centre for Renewable Energy in Güssing	beneficiary	1995-99; 2000-06; 2007-13	Güssing	22.05.2012	face to face
Andreas Maier	Austrian Conference on Spatial Planning (ÖROK) - Researcher and coordinator for EU regional policies and cohesion policies	strategic	1995-99; 2000-06; 2007-13	Vienna	22.10.2012	telephone
Thomas Novoszel	Austrian Economic Chambers (WKO) – Head of the regional office in Güssing	beneficiary	1995-99; 2000-06; 2007-13	Güssing	02.05.2012	face to face
Jürgen Rathmanner	Austrian Economic Chambers (WKO) - Managing director of the trade division in Burgenland	beneficiary	1995-99; 2000-06; 2007-13	Eisenstadt	03.05.2012	face to face
Gerhard Rathpoller	Chamber of Labour in Burgenland – Head of the economic policy and EU division	beneficiary	1995-99; 2000-06; 2007-13	Eisenstadt	03.05.2012	face to face
Herbert Rosenitsch	Austrian Economic Chambers (WKO) – Head of the regional office in Oberpullendorf	beneficiary	1995-99; 2000-06; 2007-13	Oberpullendorf	22.05.2012	face to face
Wolfgang Rupp	Pannonian Development Partners and Chairman of the Association of Austrian Technology Centres VTÖ	external	1995-99; 2000-06; 2007-13	Eisenstadt	27.09.2012	Face to face
Georg Schachinger	CEO of the regional management Burgenland	operational	1995-99; 2000-06; 2007-13	Eisenstadt	03.05.2012	face to face

Otto Sebestyén	Regional management Burgenland - Head of the monitoring division	operational	1995-99; 2000-06; 2007-13	Eisenstadt	03.05.2012	face to face
Christof Schremmer	External expert for urban and regional development, regional economy	external	1995-99; 2000-06; 2007-13	Vienna	18.09.2012	face to face
Wolfgang Stündl	CEO of the thermal bath in Lutzmannsburg	beneficiary	1995-99; 2000-06; 2007-13	Lutzmannsburg	02.05.2012	face to face
Robert Tauber	Director of Burgenland's state government's office	strategic	1995-99; 2000-06; 2007-13	Eisenstadt	04.05.2012	face to face
Michaela Tesch	CEO of the Tourist association Blaufränkisch – Central Burgenland	beneficiary	2007-13	Lutzmannsburg	02.05.2012	face to face
Peter Zaininger	Former responsible for RIF-programme – regional infrastructure support	strategic	1995-99; 2000-06; 2007-13	Vienna	19.05.2012	face to face

Table 42: List of workshop participants

Name	Organisation
Angelika Haselbauer	Regionalmanagement Burgenland
Beate Felkl-Tritremmel	Regionalmanagement Burgenland
Christian Horvath	Technologieoffensive Burgenland
Dagmar Schmalzbauer	ERP-Fonds
Franz Kain	Wirtschaftsservice Burgenland AG – WiBAG
Georg Schachinger	Regionalmanagement Burgenland
Gerhard Lackner	Siemens
Gerhard Rathpoller	Chamber of Labour in Burgenland
Hans Artner	Burgenland's state government's office – Division Tourism
Harald Polak	Forschungsförderungsges.mbH FFG
Helene Sengstbratl	Public employment service Austria (AMS) in Burgenland
Ingrid Puschautz-Meidl	Federation of Austrian Industries in Burgenland
Joachim Hacker	European Centre for Renewable Energy in Güssing
Jörg Dworschak	Burgenland's state government's office – Division Tourism
Manuela Schumich	Regionalmanagement Burgenland
Martin Hofstetter	Austrian Hotel Tourismusbank GmbH
Michael Baumgartner	ÖRÖK - Researcher and coordinator for EU regional policies and cohesion policies
Patricia Feucht	Regionalmanagement Burgenland
Peter Schmitl	P. Schmitl Invest Consult GmbH
Roland Pasterk	Technologieoffensive Burgenland
Rudolf Luipersbeck	Kurbad Tatzmannsdorf AG
Sigrid Hajek	Wirtschaftsservice Burgenland AG – WiBAG
Teresa Kritsch	Regionalmanagement Burgenland
Wolfgang Rupp	Pannonian Development Partners and Chairman of the Association of Austrian Technology Centres VTÖ
Wolfgang Stündl	Themal spa Lutzmannsburg

Photographic documentation of the workshop








12 ANNEX V: OVERVIEW OF SOURCES USED FOR THE CASE STUDY

Table 43: List of Sources (official Programmes, implementation reports, interviews)

Programme name	OP	AIR	FIR	Spend (by measure & year)	Evaluation reports	Strategic interviews	Operational interviews	External interviews	Stakeholder/ Beneficiary interviews	Workshop
Objective 1 Burgenland Austria - Single programming document 1995 - 1999	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Objective 1 Burgenland Austria - Single programming document 2000 - 2006	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Operational Programme Phasing-out Burgenland 2007 – 2013 ERDF	Yes	Yes	n/a	Yes	Yes	Yes	Yes	Yes	Yes	Yes

13 ANNEX VI: REFERENCES

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14 ANNEX VII: SUMMARY OF SURVEY RESULTS

A total of 258 contacts were invited to take part in the online survey for Burgenland. This number includes 20 who were interviewed by the case study team, plus 238 additional invitees. The 238 additional **invitees** were broken down as follows: 26 percent were local authority contacts (selected senior administrators and political leaders in local authorities and bodies representing them); 57 percent were firms (whether beneficiaries or unsuccessful applicants); 4 percent were regional/local level political party representatives; 6 percent were regional/local social partners, third sector organisations and trade unions; and the remaining 9 percent were from other local interest groups.

The overall response rate (i.e. those who started the survey and answered at least one question) was 21.3 percent, though the percentage of invitees who completed the entire survey (i.e. up to and including the final question) was - expectedly - lower at 12.8 percent. For the questions applicable to all, the response rates varied between 0.4 percent and 21.9 percent (there were also questions that related to each specific programme period only and these were filtered accordingly).

Within the above-mentioned categories, the breakdown of **respondents** was as follows (fully completed responses): 28 percent were local authority contacts; 51 percent were from the sample of firms; 0 percent were regional/local level political party representatives; 6 percent were from the category regional/local social partners, third sector organisations and trade unions; 2 percent were from the 'other local interest groups' category, and 14 percent were from other organisations.

Proportionally speaking, regional/local level political party representatives were the least responsive group (of non-interviewees). Individuals from the sample of firms had the highest completion rate, of 100 percent (i.e. progressing up to and including the final question). Those from the category regional/local social partners, third sector organisations and trade unions had the lowest completion rate, of 50 percent.

The following tables summarise the responses received for some of the main questions.

1. What type of organisation do you represent? Please tick all that apply, e.g. if you have changed status throughout the period or if more than one condition applies (e.g. beneficiary and unsuccessful applicant, beneficiary and representative of local interest group).

#	Answer		Response	%
1	Federal Government Department/Agency		6	12%
2	Land-level Government Department/Agency		7	14%
3	Local Authority (*Kommunale Behörde*)		1	2%
4	Political party or political constituency		0	0%
5	Firm		25	51%
6	Socio-economic organisation		3	6%
7	Interest group (e.g. environmental or social association/citizens' movement)		1	2%
8	None of the above (please describe)		7	14%

None of the above (please describe)
Coordination institution of the Federal and Land level as well as Secretariat to the Monitoring Committee
European Commission
Land level service-sector firm
AMS Burgenland
Pensioner
Federation of Industries

3. Please specify which firm type you represent:

#	Answer		Response	%
1	Micro (<10 employees, up to €2 million turnover)		4	16%
2	Small (<50 employees, up to €10 million turnover)		10	40%
3	Medium (<250 employees, up to €50 million turnover)		4	16%
4	Large		7	28%
	Total		**25**	**100%**

4. Please specify which type of socio-economic organisation you represent:

#	Answer		Response	%
1	Trade union		1	33%
2	Entrepreneurial association		2	67%
3	Third sector organisation		0	0%
4	Other (please specify)		0	0%
	Total		**3**	**100%**

5. What type of interest group do you represent?

#	Answer		Response	%
1	National		0	0%
2	Regional		1	100%
3	Local		0	0%
4	Other (please specify)		0	0%
	Total		**1**	**100%**

6. Was your involvement in the ERDF programmes direct or indirect?

#	Answer		Response	%
1	Direct		30	63%
2	Indirect		14	29%
3	Both direct and indirect		4	8%
	Total		**48**	**100%**

7. Please indicate how you were directly involved:

#	Answer		Response	%
1	As a political decision maker		0	0%
2	As an administrator		13	38%
3	As a beneficiary		20	59%
4	Other (please specify)		1	3%
	Total		**34**	**100%**

Other (please specify)
Elaboration of development programmes

8. Please indicate how you were indirectly involved:

#	Answer		Response	%
1	As a politician (not directly involved in the programmes)		0	0%
2	As an indirect recipient of support (not receiving directly resources from the programme)		5	33%
3	As a stakeholder (e.g. member of an organisation representing specific interests)		6	40%
4	As a member of the public		3	20%
5	Other (please specify)		1	7%
	Total		**15**	**100%**

Other (please specify)
Handling of ERDF-funded projects

9. Please indicate in which of the following period/s your involvement in ERDF programmes took place (please tick all that apply):

#	Answer		Response	%
1	1995-99		14	31%
2	2000-06		22	49%
3	2007-13		44	98%

10. Could you please assess the extent to which the ERDF programmes delivered achievements in the fields outlined below (across the entire period, i.e. 1995 to date)?

#	Question	Very significant	Significant	Quite significant	Modest	None	Don't know	Responses
1	Increase in numbers of new firms	2	13	13	2	3	4	37
2	Increased growth of existing firms	5	14	13	4	0	1	37
3	Enhanced competitiveness such as increased exports	6	8	18	1	1	3	37
4	Enhanced internationalisation, better marketing	4	14	13	3	1	2	37
5	Attraction of foreign investment	2	4	11	10	5	4	36
6	Site reclamation and premises for industry	3	7	12	8	4	3	37
7	Job creation	15	5	13	3	0	1	37
8	Shift to growth clusters	1	5	17	3	1	9	36
9	Growth in manufacturing	2	8	11	5	1	8	35
10	Growth in professional services	6	7	12	5	2	4	36
11	Growth in tourism and creative industries	10	11	8	2	4	1	36
12	Increased R&D and provision of technical support from public and non-profit sector	3	10	12	5	2	3	35
13	Increased R&D and innovation in business	5	10	12	5	0	4	36
14	Enhanced adoption of process technologies	2	8	13	4	0	8	35
15	Adoption of good practices in managerial processes	1	5	11	7	1	11	36
16	Improvement of environmental quality (e.g. waste and water treatment, decontamination of land, enhanced biodiversity.)	3	6	9	8	1	9	36
17	Reduction of energy consumption and Co2 emission in productive processes	3	8	15	4	3	3	36
18	Development of environmental friendly transport systems, sustainable lighting/heating etc.	1	3	13	9	5	3	34

19	Labour market inclusion (e.g. re-integration of long-term unemployed and marginalised groups etc.)	3	9	8	8	4	4	36
20	Provision of community services for disadvantaged areas	2	7	14	2	5	5	35
21	Community development/social enterprise	2	5	8	9	6	6	36
22	Communications and infrastructure to improve accessibility to wider markets (e.g. ports, airports etc.)	0	4	10	4	9	9	36
23	Regional communications infrastructure for improved accessibility within the region	2	5	14	5	5	5	36
24	Overall improvement in image for the region	7	13	13	1	1	1	36
25	Other (please specify)	0	1	1	0	0	1	3

Other (please specify)
Increase the visibility of the region

11. In your view, did the objectives of the ERDF programmes address regional needs?

#	Period	Yes, very significantly	Yes, significantly	Yes, quite significantly	Yes, but to a limited degree	No, not at all	Don't know	Responses
1	1995-99	5	9	7	4	0	11	36
2	2000-06	5	15	7	1	0	8	36
3	2007-13	3	16	15	1	0	1	36
4	Across the entire period	6	11	10	3	0	6	36

12. In your view, was there ever a mismatch between regional needs and the ERDF support provided?

#	Question	Yes, a considerable mismatch	Yes, but not too considerable	No, ERDF programmes met the needs	Don't know	Responses
1	1995-99	1	13	7	15	36
2	2000-06	0	14	10	12	36
3	2007-13	2	16	11	7	36
4	Across the entire period	1	15	11	9	36

13. Feel free to elaborate if you wish:

Text Response
The educational and learning levels have not received enough weight.
The needs of the region are always intrinsically contradictory. Even in good programmes there is always some discrepancy between ambitions and support measures.
The North-South divide has in no way been reduced. The South allowed the entire Land to become an Objective 1/Phasing out region, but it is the North which has benefitted more. The North always had economically good figures similar to the Vienna agglomeration.

16. For the period 1995-99, please rate the following statements. When a statement does not apply, please choose 'N/A' (not applicable)

#	Question	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree	N/A	Responses
1	The programme entailed an appropriate strategy/ies	3	6	1	2	0	0	0	0	12
2	The programme targeted support appropriately (via the selection criteria adopted)	0	7	4	1	0	0	0	0	12
3	The allocation of funding was in line with needs	3	3	4	2	0	0	0	0	12
4	The concentration of funding on selected fields enhanced the programme's effectiveness	1	5	5	0	1	0	0	0	12
5	The concentration of funding on few, large projects enhanced the programme's effectiveness	0	2	3	5	1	1	0	0	12
6	The design of the programme was improved by the involvement of stakeholders	1	5	3	2	1	0	0	0	12
	The programme's strategy was enhanced by the use of evaluation evidence	1	4	5	1	1	0	0	0	12
8	Implementation was effective	1	5	5	1	0	0	0	0	12
9	The performance of the programme was enhanced by ongoing monitoring of its implementation	1	2	7	1	1	0	0	0	12
10	The implementation of the programme was enhanced by the involvement of partners/stakeholders	1	4	6	0	1	0	0	0	12
11	The programme achieved a fruitful integration with other EU policies	1	5	3	2	1	0	0	0	12
12	The programme achieved a fruitful integration with domestic policies	2	7	1	0	1	1	0	0	12
13	The programme was flexible enough to accommodate changing socio-economic needs	1	4	5	2	0	0	0	0	12
14	The programme was flexible enough to accommodate changing recipients' needs	0	2	6	3	0	1	0	0	12
15	Other (please specify)	0	0	0	0	0	0	0	1	1
16	Other (please specify)	0	0	0	0	0	0	0	1	1

17. For the period 2000-06, please rate the following statements. When a statement does not apply, please choose 'N/A' (not applicable)

#	Question	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree	N/A	Responses
1	The programme entailed an appropriate strategy/ies	2	13	1	1	0	0	0	0	17
2	The programme targeted support appropriately (via the selection criteria adopted)	3	9	5	0	0	0	0	0	17
3	The allocation of funding was in line with needs	1	7	7	1	1	0	0	0	17
4	The concentration of funding on selected fields enhanced the programme's effectiveness	2	10	2	2	1	0	0	0	17
5	The concentration of funding on few, large projects enhanced the programme's effectiveness	1	4	5	4	2	1	0	0	17
6	The design of the programme was improved by the involvement of stakeholders	3	7	4	1	1	0	0	1	17
7	The programme's strategy was enhanced by the use of evaluation evidence	1	6	5	3	1	0	0	0	16
8	Implementation was effective	3	6	6	2	0	0	0	0	17
9	The performance of the programme was enhanced by ongoing monitoring of its implementation	2	5	6	3	1	0	0	0	17
10	The implementation of the programme was enhanced by the involvement of partners/stakeholders	2	5	7	2	1	0	0	0	17
11	The programme achieved a fruitful integration with other EU policies	2	7	6	2	0	0	0	0	17
12	The programme achieved a fruitful integration with domestic policies	3	6	5	2	0	0	0	0	16
13	The programme was flexible enough to accommodate changing socio-economic needs	1	7	6	3	0	0	0	0	17
14	The programme was flexible enough to accommodate changing recipients' needs	0	6	6	4	0	1	0	0	17
15	Other (please specify)	0	0	0	0	0	0	0	1	1
16	Other (please specify)	0	0	0	0	0	0	0	1	1

18. For the period 2007-13, please rate the following statements. When a statement does not apply, please choose 'N/A' (not applicable)

#	Question	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree	N/A	Responses
1	The programme entailed an appropriate strategy/ies	5	17	6	4	0	0	0	2	34
2	The programme targeted support appropriately (via the selection criteria adopted)	5	19	6	3	1	0	0	0	34
3	The allocation of funding was in line with needs	3	14	11	3	0	1	1	1	34
4	The concentration of funding on selected fields enhanced the programme's effectiveness	5	9	12	3	2	1	0	2	34
5	The concentration of funding on few, large projects enhanced the programme's effectiveness	3	5	8	8	2	3	0	4	33
6	The design of the programme was improved by the involvement of stakeholders	3	8	8	6	0	2	0	7	34
7	The programme's strategy was enhanced by the use of evaluation evidence	3	7	10	5	2	0	0	5	32
8	Implementation was effective	4	14	8	4	4	0	0	0	34
9	The performance of the programme was enhanced by ongoing monitoring of its implementation	4	10	13	3	1	1	0	2	34
10	The implementation of the programme was enhanced by the involvement of partners/stakeholders	3	9	9	5	0	2	0	5	33
11	The programme achieved a fruitful integration with other EU policies	5	6	7	8	1	0	0	7	34
12	The programme achieved a fruitful integration with domestic policies	5	13	6	8	0	0	0	2	34
13	The programme was flexible enough to accommodate changing socio-economic needs	1	13	7	4	4	1	2	2	34
14	The programme was flexible enough to accommodate changing recipients' needs	0	11	6	6	4	1	2	3	33
15	Other (please specify)	0	0	1	2	0	0	0	3	6
16	Other (please specify)	0	0	0	2	0	0	0	3	5

19. For the entire period (i.e. 1995 to date), please rate the following statements. When a statement does not apply, please choose 'N/A' (not applicable)

#	Question	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree	N/A	Responses
1	The programme entailed an appropriate strategy/ies	2	16	6	2	1	0	0	6	33
2	The programme targeted support appropriately (via the selection criteria adopted)	2	11	9	3	1	1	0	6	33
3	The allocation of funding was in line with needs	4	8	12	1	0	1	1	6	33
4	The concentration of funding on selected fields enhanced the programme's effectiveness	2	12	3	7	0	2	0	7	33
5	The concentration of funding on few, large projects enhanced the programme's effectiveness	2	6	5	8	2	2	0	8	33
6	The design of the programme was improved by the involvement of stakeholders	2	8	9	4	0	2	0	8	33
7	The programme's strategy was enhanced by the use of evaluation evidence	3	9	8	4	1	1	0	7	33
8	Implementation was effective	4	12	8	0	2	0	0	7	33
9	The performance of the programme was enhanced by ongoing monitoring of its implementation	3	10	9	3	1	1	0	6	33
10	The implementation of the programme was enhanced by the involvement of partners/stakeholders	3	6	11	3	2	1	0	7	33
11	The programme achieved a fruitful integration with other EU policies	3	8	8	5	0	1	0	8	33
12	The programme achieved a fruitful integration with domestic policies	5	11	5	4	1	1	0	6	33
13	The programme was flexible enough to accommodate changing socio-economic needs	4	7	10	3	1	2	0	6	33
14	The programme was flexible enough to accommodate changing recipients' needs	1	8	9	5	1	2	0	7	33
15	Other (please specify)	0	0	3	2	0	0	0	8	13
16	Other (please specify)	0	0	2	2	0	0	0	8	12

20. On the whole, could you assess the impact of ERDF programmes? For current programmes, please assess the level of impact which you anticipate they will have

#	Question	Very positive	Positive	Quite positive	None / negligible	Quite negative	Negative	Very negative	Don't know	Responses
1	1995-99	10	11	3	1	0	0	0	8	33
2	2000-06	12	12	2	1	0	0	0	6	33
3	2007-13	10	13	8	1	1	0	0	0	33
4	Across the entire period	12	10	6	1	0	0	0	4	33

21. Looking to the future, are there any aspects of ERDF design and implementation that would need to be improved to increase the extent to which support meets regional needs and enhance achievements?

#	Answer		Response	%
1	Programme design more responsive to regional needs via more use of evaluation evidence		12	36%
2	Programme design more respondent to regional needs via improved involvement of local authorities		9	27%
3	Programme design more respondent to regional needs via improved involvement of socio-economic partners and stakeholders		15	45%
4	Better targeting of interventions		9	27%
5	Increased funding concentration on key priorities		10	30%
6	Increased funding concentration on key target groups		15	45%
7	Increased funding concentration on fewer, bigger projects		3	9%
8	Increased funding of smaller projects		13	39%
9	Increased packaging of smaller projects		12	36%
10	Increased flexibility during the programme period to adapt programmes to changing needs		20	61%

11	Increased flexibility during the programme period to accommodate changing beneficiary needs		16	48%
12	Widening of eligible expenditure categories		12	36%
13	Better integration with other EU funding sources		9	27%
14	Better integration with domestic funding sources		10	30%
15	Simpler administration of the funds for programme authorities		21	64%
16	Simpler administration of the funds for programme beneficiaries		24	73%
17	Increased transparency in project selection		13	39%
18	Increased competitiveness in project selection		4	12%
19	Increased results-orientation in project selection		11	33%
20	Increased upfront funding for project beneficiaries (advances)		17	52%
21	Increased clarity on administrative requirements for project holders		12	36%
22	Other (please specify)		1	3%
23	Don’t know		0	0%

Other (please specify)
Reduction oft he complex administrative requirements, especially for smaller projects.