

Border Orientation Paper

Italy-Slovenia



1. INTRODUCTION

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

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

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

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

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

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

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

2. ANALYSIS OF THE BORDER AREA

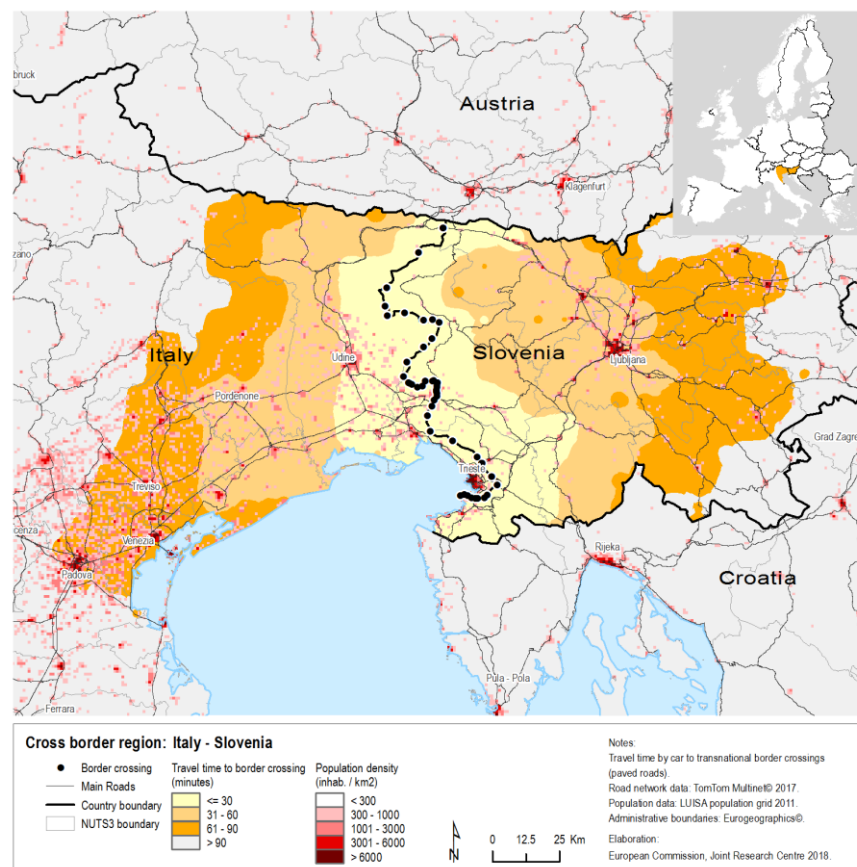
Top characteristics

- The border between Italy and Slovenia is a relatively short border of 232 km but extremely diversified in terms morphology as it crosses mountains, plains and coastal zones.
- As regard the economic situation, the area is not far from EU standards, the Italian side being slightly above the EU average of GDP per capita and the Slovenian side being slightly below. Similarly, the situation of labour market, as regards employment, unemployment and long-term unemployment rates is also close to the EU 28 averages.
- While physical accessibility to the border is not perceived as a major obstacle to cooperation (notably for Slovenians), only 12% of the population declared to cross the border for work or business, showing a medium/low level of economic integration compared to other border regions.
- Based on the Eurobarometer survey, the **legal and administrative differences** are perceived as main obstacles to cooperation by more than 50% of the population while 68% (among the highest rates in Europe) consider **language as a strong barrier** to cooperation. Nevertheless, the historical existence of Italian and Slovenian speaking minorities is recognized and promoted in both countries.
- This region shares a long and **complex history** which affected also the definition of national borders long time after the II World War. However, while the memory of past events is still vivid, the “porosity” and accessibility of the area also encourages the development of cooperation since the accession of Slovenia to the EU. Institutionalised examples of cooperation already exist as the EURO-GO EGTC (between Gorizia and Nova Gorica), the Julian Alps transboundary Ecoregion, the North Adriatic Port Association or the Permanent EURES office promoting job mobility across the border.

3. TERRITORIAL DIMENSION

- *Typology of region*

1. The IT-SI border region has a **non-homogenous profile**. It is characterised by the presence of quite diverse natural landscapes and the existence of both predominantly densely populated areas on the Italian side and more predominantly rural areas on the Slovenian side.
2. Based on the 2011 census, population in the border area was increasing, essentially on the Slovenian side, and mainly due to positive net migration. Nevertheless, 2016 data from Eurostat show on the contrary **ongoing negative population change trends** along the border areas especially on the Italian side, where population is everywhere decreasing and ageing is a growing issue.
3. If we consider the 2014-2020 programme area, the region across the IT-SI cross-border region has a **polycentric development** with few functional urban areas (Ljubljana, Venezia, Padua and Trieste, all above 200.000 inhabitants), many smaller medium/small cities located close to the border (Monfalcone, Koper, Udine, Gorizia/Nova Gorica, Pordenone) and rural/mountain areas.
4. Connectivity of the region is high thanks to the many border crossings existing along the full length of the border. As described in the map below, they are easily accessible considering the travel time (by road), including from the biggest urban centre of Ljubljana (up to 1 hour), Venice and Padua (up to 1 hour and a half).



5. The close proximity to Austrian and Croatian borders confirms the Middle European nature of this cross-border region where different linguistic and cultural communities co-exist. This strategic location represents today a real potential for the development of the region.
6. The natural environment is a relevant shared asset as the region offers a variety of different ecosystems from the alpine belt to Mediterranean coastal areas, including hills, karstic ecosystem, plains and lagoons. Many protected natural areas with good connectivity exist and provide a particularly favourable habitat for a rich biodiversity.
7. Cultural and historical heritage is also an important strength of the area including both internationally recognised historical sites and famous traditional gastronomy and products.
8. Tourism is a relevant and strongly increasing economic sector on both sides of the border, but with differences with regard to targets (seaside, mountain, and cities), types (leisure, green tourism, cultural trip) and dimensions. In this respect, Venice represents alone a unique tourist attraction with, based on recent data, above 10 million visitors (and above 30 million overnight stays) per year, which also constitutes a problem in terms of management. The region of Friuli-Venezia-Giulia (FVG) also attracts about 3 million visitors per year and in Slovenia (with around 5 million visitors) tourism represents about 12% of the national GDP.

- ***Functional areas***

9. The cross-border region is not strictly limited to the administrative borders of the programme but may have a **flexible geography** depending on the topic the concerned and the required competence. For some topics, the solution can only be found if partners outside the current programme area are involved (e.g. to reduce the risks of floods, wetlands or dams upstream of a river but outside the programme area may be necessary; to test a new cross-border health service neighbouring regions or national authorities involvement may be required).
10. For some other topics, the solution is purely local, corresponding to an area much smaller than the programme (e.g. to increase forests connectivity, establish a public transport link among two cities). This is the general idea of functional area.
11. Problem-solving should be based on the functional areas rather than on the administrative scale defining the programme area (which is only used to define ERDF allocations). This requires the **development of a strategic approach** to think solutions in a wider context of multilevel governance and having always in mind the expected **cross-border impact and benefit**. This is a new approach in the post-2020 regulations and has three main benefits: (1) It enables the projects to be more effective as they can build on the experience of a wider range of relevant partners and as they can be located where the impact is bigger; (2) It clearly shows that Interreg is a policy tool supporting projects to improve the situation and not a mere funding tool for the benefit of local authorities sharing a budget; and (3) It avoids that programmes re-create new borders outside the programme geography.

12. On the IT-SI border, different functional areas could be identified either along the existing **cross-border natural areas** (i.e. forests, mountain belts, walking trails, touristic ports coastal areas) or by **topics of common relevance** (i.e. ageing population, access to urban services, SMEs clustering, innovation in agri-food sector, risks prevention and management, sustainable transports, etc.).
13. The approach adopted under the on-going 2014-2020 cooperation programme with the development of **strategic investments** in a number of targeted sectors (as creative industries, nanotechnologies, historical heritage and many other) and with the adoption of an ITI (see related chapter below) in the cross-border urban area of Gorizia/Nova Gorica goes precisely in that direction. The effectiveness of the approach currently implemented should be assessed, adjusted where needed, and it should be consolidated in the future programme.
14. Tourism development is a good an example of potential functional area to invest in with a more strategic approach. The IT-SI cross-border region is rich in protected natural areas as well as historical and cultural heritage and tourism capacities are quite developed but complementarities and/or thematic niches can be further developed.
15. For instance, the local authorities from the areas of Collio and Brda, covered by terraced hills and famous for vines production, have decided to prepare a common application (expected in 2019) to UNESCO to be labelled as World Heritage Site. This could be a starting point for the development of new services to boost the attractiveness of the area, including support to local SMEs and targeted training for young people. Similarly, the application of Nova Gorica and Gorizia as European Cultural capital in 2025, conceived within the existing ITI (Integrated Territorial Investments) strategy, can also be a leverage for the development of a larger cross-border strategy promoting common labelling and identity for tourism and economic development.
16. Another example could be **innovation**. The performance of the region with regard to the framework conditions to support innovation is mixed (see further dedicated chapter): some indicators are better scored on the Slovenian side (a s tertiary education) while others on the Italian (market size) but on both sides, due to the structure of the local economy based on SMEs and a high number of middle-small cities, there is a need to build critical mass and complementarities.
17. Cooperation activities could therefore support clustering and boost internationalisation of enterprises. For example, the recent establishment of a cross-border rail connecting Udine to Ljubljana through Trieste airport and other relevant cities (project Crossmoby funded under 2014-2020 programme), opens up further possibilities to address needs and potentials in different sectors and develop a common set of services for instance for tourism, commuters or enterprises.
18. Driven by a common need and/or potential, the functional approach could apply also in other sectors like agri-food, logistics or healthcare.

- **Macro-regional Strategy**

19. Macro-regional strategies are supported by the highest political levels of the EU, the Member States and the regions concerned and have become an integral part of EU regional policy. The two levels of cooperation are very much interlinked by nature, hence, the concerned 2021-2027 Interreg programmes should support those actions arising from the macro-regional strategies, under any relevant policy objective, provided that they also contribute to the specific objectives of the cross-border region.
20. The IT-SI cross-border area is part of the EU Strategy for the Alpine Region (**EUSALP**) and the Strategy for Adriatic-Ionian Region (**EUSAIR**). Moreover, Slovenia is involved in the Danube Strategy. They all focus on objectives and concerns also relevant for cross-border cooperation. Coordination and mutual support should therefore be strengthened following the identified priorities for future investments under the IT-SI cooperation programme.
21. Competitiveness, labour market, mobility, preservation of biodiversity, adaptation to climate change, are all possible topics for potential synergies. Synergies with specific on-going projects could also be considered for example in relation to the promotion of cultural routes (Routes4U) and in the field of logistics (SMARTLOGI).

- **Spatial planning and territorial tools**

22. Regulations of structural funds support innovative tools to improve the efficiency of territorial development like the Integrated Territorial Investment (ITI) for piloting integrated set of measures, or the Community-led Local Development (CLLD) for strong bottom-up approach and others. In a nutshell, those instruments provide local authorities with a framework that help the adoption of a more strategic approach to investments in a context of multi-level stakeholder governance.
23. Under the coordination of the EGTC-GO, created in 2011 between the municipalities of Gorizia, Nova Gorica and Sempeter-Vrtojba, a joint strategy for the development of the area was established. Along those lines, the 2014-2020 cooperation programme approved an **ITI managed by the EGTC-GO** with a total allocation of about EUR 10 million and different pilot actions to implement, notably to promote cultural heritage and to improve accessibility to healthcare services.
24. This is a quite unique and advanced example of cross-border cooperation. Although, projects are currently implemented, the first results seem to confirm the pertinence and the interest of such a strategic and integrated approach. The future programme should therefore consolidate and build up from that experience with any necessary improvement needed.

ORIENTATIONS:

- *Identify existing and potential functional areas in relevant sectors (as urban development, sustainable tourism, innovation, biodiversity, etc.) and for relevant targets (as ageing population, SMEs, etc.) and build targeted strategies and priorities to overcome specific border obstacles and to develop cooperation activities*
- *Draw lessons from the on-going strategic projects and the ITI experience and identify measures for consolidation and further development*
- *Coordinate with the existing priorities under EUSALP and ADRION macro-regional strategies to create possible synergies*

4. GROWTH, COMPETITIVENESS AND CONNECTIVITY

- *Innovation*

25. Referring to the "Regional Competitiveness Index" (RCI) and the so-called "pillar scores" (institutions, macroeconomic stability, infrastructure, health and basic education) which provide information on the **framework conditions** for innovation and competitiveness, the situation in the IT-SI border is rather mixed with differences between NUTS2 regions on both sides depending on the indicator.
26. Compared to EU standards, the Italian regions underperform on institutions and macroeconomic stability, basic and higher education while with respect to infrastructures, Veneto is above the EU average and Friuli-Venezia Giulia is below. The Slovenian regions also underperform on institutions and infrastructures but score well above the EU average in basic and higher education (with up to 24% difference from the worst score in Veneto). On both side of the border regions perform quite well on indicator related to health.
27. The share of human resources employed in science and technology (measured as a percentage of the economically active population) is below the EU average with poorer score in the Italian regions. R&D intensity (measuring R&D expenditure as a percentage of GDP) is also low in the entire cross-border area. Regarding the level of patent applications, the information available at NUTS3 regions reveals a quite scattered performance but generally lower than EU average, with the notable exception of Pordenone.
28. Critical mass is also an important framework condition and the situation is here mixed, as there are no large cities in the area (the biggest one is Ljubljana with about 280.000 inhabitants). However, on the Italian side of the border there are a number of smaller cities which are well connected and with a relatively high population density. Market size is also above the EU average in Italian regions, while is lower in Slovenia.
29. In terms of potential, the ESPON Territorial Review undertook Knowledge-Economy (KE) cluster analysis at the NUTS 2 level to provide a categorisation of the type of competitive knowledge economies at the regional level. On that basis, the cross-border areas is mainly categorised as "**Less competitive with potential in KE**", with the only exception of Veneto, considered "Competitive and KE-related economy".
30. Existing R&D and Innovation systems on both sides of the border can benefit of the presence of several universities, research institutes, scientific and technological parks, having already developed exchanges and cooperation activities.
31. Regional Smart Specialisation Strategies for Veneto, Friuli-Venezia-Giulia and Slovenia were established and should be considered. In shared priority sector as agri-food, ICT and creative industries, logistics, health and sustainable tourism, the future cooperation programme should explore the development of cross-border synergies or clustering, having in mind that innovation is not limited to high technology and research activities but could also touch production processes or organisational patterns in the supply chain.

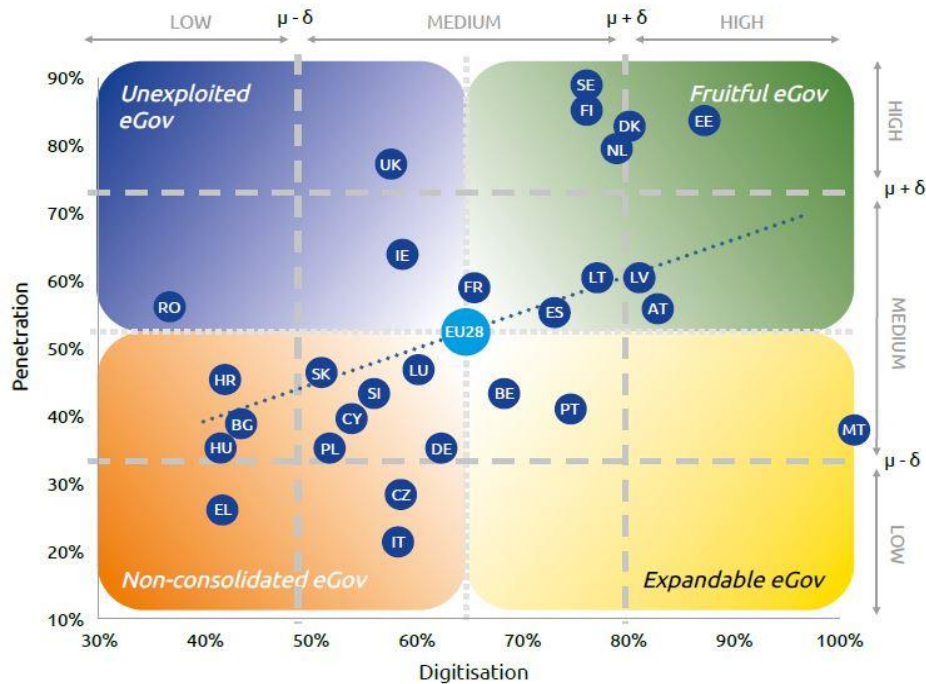
- ***Enterprises/entrepreneurship***

32. With respect to entrepreneurship, data on enterprise birth rates (available at the NUTS 2 for Italy and at national level only for Slovenia) shows a more positive trend in Slovenia, with an average 10-12%, compared to Italian regions where it stuck at 8%. However, death rates are quite similar. The share of high growth enterprises is in a medium/low range (6-8%) in Italian NUTS 2 regions compared to other EU regions.
33. The RCI indicators again show that business sophistication (measuring the degree to which SMEs are involved in innovation co-operations with other firms and/or research bodies) is slightly below the EU average in Veneto and Vzhodna Slovenija, slightly above the EU average in Friuli-Venezia Giulia and significantly higher than the EU average in Zahodna Slovenija. The values of the technological readiness indicator are below the EU average for all regions.
34. The sectoral focus and structure of the economies show that the “Manufacturing” sector is the most important in the cross-border area. The Italian regions have a stronger focus on “Retail” and “Real estate” and the Slovenian regions have a stronger focus on “Transportation” and “ICT”.

- ***Digitisation***

35. In terms of digitisation, available information is only at national level. Therefore, it is not possible to make any informed observations with regard to the situation at the regional level in the border region. However, some national trends can be noted to sketch the most likely situation in border regions and the potential area for investments.
36. On “digital in the private sector” Italy is in the medium-low range in relation to the EU average but the value for “penetration” is among the lowest within the EU. The values for these two indicators are in mid-range for Slovenia.
37. In terms of the “e-commerce” index (taking into account enterprises selling online, receiving/serving orders via computer mediated networks, electronic sales both domestically and to other EU countries) Slovenia is 8th best among EU countries, while Italy is 5th lowest. Slovenia performs well in relation to sales to other EU countries compared with the EU average while Italy ranks below the EU average.
38. In terms of user characteristics, Slovenia is ranked as “medium” on both digital skills and ICT usage. Italy scores “low” on both dimensions.
39. Accordingly, the Digital Economy and Society Index (DESI) identifies Italy at the bottom of the list as regard connectivity (measuring deployment and quality of broadband infrastructure) and use of internet services on-line. As well, with respect to R&D expenditure in the ICT sector (2015 data) Slovenia ranks above the EU average while Italy ranks below. The ICT sector share of GDP is lower than the EU average for both countries.

40. As regard **eGovernment** both countries are assessed as “non-consolidated” (see picture below , with Italy lagging behind and Slovenia scoring below but relatively close to EU averages. Slovenia scores slightly below the EU average on both dimensions of eGovernment, penetration and digitisation¹. Italy has the lowest score with respect to penetration of any EU country, and digitisation is slightly lower than the EU average. Availability of eHealth services is a notable exception in Italy to a quite gloomy picture.



- **Connectivity**

41. **Road connectivity** measured as access to regional centres by car is within the medium range in comparison to EU averages but it is an issue in the Northern part of the Slovenian cross-border area, the Northern parts of Udine and Pordenone.
42. In terms of the percentage of the population having access to cross-border **rail services**, this was rated as in the low range compared to other EU border regions. The frequency of rail connections is in the low range compared with other EU border regions. The speed of connections is also in the low range compared with other border EU regions.
43. The analysis of existing rail connections and missing cross-border links carried out by the Commission identified the **most promising rail connections for development**. In the Italy-Slovenia border region, the Gorizia - Nova Gorica freight connection is considered relevant for the concerned area and of medium importance for the two countries involved. The connection could also link directly close cities.

- ¹ **Penetration** captures the adoption of eGovernment services online. The overall European level of Penetration is 53%, with countries showing a wide range of scores. **Digitisation** proxies the digitisation level of the back and front offices of public administrations. It encompasses the four eGovernment Benchmark’s top-level benchmarks. Europe’s Digitisation level marks at 63%, with countries obtaining more similar scores than for Penetration

44. Based on available information, preparatory studies to assess the feasibility and sustainability of this missing link were carried out already and confirmed the interest for investing in it. If transport is a supported priority in the future cooperation programme, this potential link should be considered in coordination with the existing joint development strategy developed under the EGTC-GO but also taking into account possible synergies with the mainstream operational programme (see dedicated chapter under governance).
45. The study on border obstacles assessed the “**Long waiting times through non-harmonised technical and organisational railway systems**” for several border areas including Italy-Slovenia. The border obstacle has a “high negative impact” on cross-border integration and affects the “South East Transport Axis” (SETA) corridor connecting Central Europe and the North Adriatic Ports, notably Koper.
46. Several problems emerge at the cross-border sections of this corridor. Different electrification systems and missing interoperability as well as lengthy train handover procedures cause long waiting times for passenger and freight trains at border crossing points or stations.
47. As previously mentioned, it should be noted here that under the 2014-2020 cooperation programme a project of rail connection between Ljubljana and Udine via Trieste has been implemented (Crossmoby). The future cooperation programme should consider how to consolidate the new connection and fully develop the untapped potential for tourism, businesses, commuters and possibly further intermodal logistic links.

ORIENTATIONS:

- *Identify specialisation niches where cross-border activities to support innovation have a clear added value. Involve relevant partners in a functional and multidisciplinary approach.*
- *Focus on targeted business advisory services to SME, including digital-based ones, to promote enterprise cross-border networking, internationalisation, clustering, technology transfer and upgrading digital skills.*
- *Invest in eGovernment solutions which can facilitate the daily life of citizens in the identified sectors of priority for cross-border cooperation (i.e. SMEs, health, labour market, tourism, etc.).*
- *Explore the possibility to support investments in rail including infrastructures (i.e. Gorizia – Nova Gorica link) and measures to improve interoperability and procedures at border crossing.*

5. GREENER, LOW CARBON ECONOMY

- *Energy transition*

48. In terms of renewable energy, available information for the area shows a non-homogenous situation across the IT-SI border. There is some low carbon potential, especially in terms of solar on both sides, biomass (straw in Italy and wood in Slovenia) and geothermal within a long term perspective.
49. However, the relatively high investments costs rates in Italy (WACC, weighted average cost of capital for investments, is at 7-9%) and even more for Slovenia (WACC at 11%) could be a disincentive for investments. In terms of framework conditions, cross-border cooperation to support renewable energies does not seem to be a priority.
50. As regard energy efficiency, the actual cross-border dimension of potential investments is not obvious. As relevant they can be for energy savings, the development of mirroring projects on the two sides of the border, with no clear cross-border value added should be always avoided.
51. Nevertheless, the current 2014-2020 cooperation programme has targeted investments, including a strategic project, to support transition to low carbon economy, including smart and sustainable transports, renewable energies and energy efficiency measures. The further evaluation of the programme implementation should provide some evidence (or not) to support new investments along those lines.

- *Circular economy*

52. In terms of waste generation and management, data is only available at the national level. Overall, Italy and Slovenia performs better or in line with EU averages as regard waste generation (except for hazardous waste in Italy), recycling and disposal, but 2030 Circular Economy targets are still far and need to be promoted.
53. On the assumption that the border regions are in line with national levels of performance, the needs of investments to improve the situation could be substantial. Nevertheless, considering the high investments costs required for waste management infrastructures and the different governance systems in place, the possibility as well as the opportunity to address this issue at cross-border level seem rather limited.
54. Nevertheless, specific needs of cross-border relevance may exist in relation to waste generated by tourism which could be particularly harmful to regional ecosystems. Common approaches for raising awareness and capacity building on circular economy may be considered, notably in some protected natural areas and some urban functional areas close to the border (as Trieste and Gorizia/Nova Gorica).

- ***Climate adaptation and risk management***

55. Based on current available estimations, climate change is a significant threat on the different existing ecosystems on the Italy-Slovenia cross-border area and could heavily affect the local economy and citizens' quality of life if not properly managed. Increase of extreme weather events will also increase the potential risks of drought, forest fires, soil and coastal erosion, melting of glaciers, floods, biodiversity loss with serious impact on environment and local economies.
56. Considering that the environmental landscape and the natural protected areas are a strong asset of this area, developing synergies in risks prevention capacities and preparedness to disaster management across the border should be a shared concern.
57. Therefore, gathering detailed information on the actual level of vulnerability of IT-SI border areas and more particularly on the existing risk management capacities on both sides (by type of risk) would be essential to identify complementarities and synergies and thus to drive cross-border investments, including in Green Infrastructures (see point below) where relevant.
58. Under the 2014-2020 programme, 2 strategic projects have already been identified to support cooperation for civil protection activities and for the implementation of the Flood Directive.

- ***Natural areas and biodiversity protection***

59. Within the Italy-Slovenia cross-border area, there is a number of Natura 2000 sites, mostly in Julian Alps Transboundary Ecoregion, as well as several "Ramsar" sites (internationally important wetland sites). The area provides favourable habitats to large mammals, but more significantly on the Slovenian side of the border, and it includes some territories which qualify as "top 10% wildest areas" in the EU.
60. Forest connectivity is high compared with other EU regions, but connectivity is low along the coastline of the Adriatic, especially on the Italian side of the border.
61. A common relevant water body exists between Slovenia and Italy, i.e. the international Soca/Isonzo river basin. Joint management plans and projects have been developed over the years (financed also by the INTERREG programme) under the coordination of the Italian-Slovenian Permanent Bilateral Commission for Water Management. Based on last reporting of the Water Framework Directive, joint monitoring of surface and groundwater sources should be continued and strengthened while reporting of qualitative status, notably as regard risks related to abstraction and pollution from human activities, can be improved.
62. Under the 2014-2020 programme a strategic project was notably identified with the aim to capitalise on the natural and cultural assets of the Isonzo-Soca river basin and establish a cross-border natural Park.

63. The IT-SI border region is assessed as having high levels of Green Infrastructures networks, with high capacity to provide habitat and connectivity for large mammals. Most of the cross-border area on the Slovenian side of the border as well as the Northern parts of the Italian border regions qualify as “core green infrastructure” with high capacity to deliver ecosystem services. That capacity is lower in Italian regions close to the Adriatic.
64. In this respect, the Commission adopted an EU strategy on Green Infrastructures (GI) in 2013 to enhance economic benefits by attracting greater investment in Europe’s natural capital. GIs are strategically planned networks of natural and semi-natural areas with environmental features designed and managed to deliver a wide range of ecosystem services. They incorporate green spaces and other physical features in terrestrial and marine areas.
65. In certain sectors, in particular climate change mitigation and adaptation, GI approaches can offer complementary or more sustainable alternatives than those provided through conventional civil engineering. As GIs do not know borders and as they require a good planning with many stakeholders, they can be supported through Interreg programmes where appropriate (e.g. cross-border flood plains to prevent flood risks).

ORIENTATIONS:

- *Map the actual level of vulnerability of the IT-SI border areas, by type of risk, as well as the existing disaster management capacities, to identify priorities.*
- *Define cross-border strategies for climate change adaptation, including Green Infrastructures where relevant and build-up from the on-going experience with strategic projects.*
- *Continue promoting shared approaches and complementarities to the management of protected areas along the border to increase habitat quality and interconnectivity, including in coastal areas, and improve the overall capacity to deliver ecosystem services.*
- *Support transboundary cooperation for the coordinated achievement of the Water Framework Directive objectives in the international Isonzo-Soča river basin.*

6. EMPLOYMENT, EDUCATION, HEALTH AND INCLUSION

• *Employment*

66. Employment rates in the IT-SI area are within a low-medium range (60-70% of labour force) in all NUTS 2 regions with the exception of Western Slovenia, where employment rates are higher (70-75%). Unemployment rates are in the low-medium range (between 5-10%) in all four NUTS 2 regions and long-term unemployment rates are in a low range between 2.9% and 3.3%.
67. Overall, there are no significant challenges related to employment or unemployment levels in the border regions while the Labour market productivity (measured by Gross Value Added per person employed) is quite unbalanced between 50%-75% of the EU average in both Slovenian NUTS 2 regions and 100-125% in the Italian NUTS 2 regions.
68. With regard to labour market indicators (at NUTS 2 level) included in the assessment of the Regional Competitiveness Index (i.e. health, basic education, higher education and lifelong learning and labour market efficiency), the situation is not homogeneous between Italian regions and Slovenia. Notably, on basic education Slovenia ranks higher than the EU average and the Italian regions fall behind slightly. The scores for Higher Education and Lifelong Learning show a similar pattern, with Slovenian regions surpassing the EU average value and Italian regions lagging behind the EU average.
69. In total, 12% of the population in the border area declared having travelled across the border for work or business purposes, 14% from Slovenia to Italy and 10% viceversa. On that basis, the cross-border integration of the labour market has been assessed as lower than the EU average, which leaves scope for improvement.
70. It can therefore be considered that there is an untapped potential for developing cross-border labour mobility on the IT-SI border, which can also benefit from an existing EURES office located in Slovenia. Such a mobility has many benefits (reduce unemployment, increase activity in enterprises, keep people in the region, etc.) but touches many dimensions from the recognition of skills/ qualifications/ diplomas, social security, pensions, taxations, transport, schools/ kindergarten, etc. that need to be tackled with a strategic approach using the appropriate level of cooperation and tools.

• *Education*

71. For basic education Slovenia ranks higher than the EU average and the Italian regions fall slightly behind. The scores for **Higher Education and Lifelong Learning** show a similar pattern, with Slovenian regions surpassing the EU average value and Italian regions lagging behind the EU average.
72. The share of active population aged 25-64 with tertiary educational attainment level in the EU-28 is 30.7%. Regions on the Slovenian side of the border have a share of population with tertiary educational attainment of 26.8% and 35.3% in Vzhodna Slovenija and Zahodna Slovenija, respectively. On the Italian side of the border the shares are 16.2% and 17.4% in Veneto and Friuli-Venezia Giulia, respectively. These rates are low compared with the EU average.

73. As regard early leavers (of population aged 18-24) from education and trainings, available national data shows that Slovenia has amongst the lowest rates (below 5%) while Italy is amongst the highest (14%), with Friuli-Venezia-Giulia and Veneto reflecting the national trend. Similarly, the share of young people (aged 18-24) neither in employment nor in education and training is below 7,5% in Slovenia, but about two (in Friuli-Venezia-Giulia) or up to three (Veneto) times higher in the Italian regions.
74. Nevertheless, as already mentioned, a quite extended offer for higher education and training exist along the border. Cooperation activities could therefore more strategically support the coordination between enterprise and the tertiary education systems to **match the cross-border labour market' current needs** and also the potential future developments in relevant sectors (i.e. ICTs, tourism, healthcare, agri-food,). Similarly, **vocational training** could also be better targeted.
75. Investments in education and training with cross-border relevance should in principle promote the objective of **bi/multilingualism**. Whereas language is often seen as a barrier, notably along the IT-SI border, the ability to speak foreign languages is a strong asset to boost employability and mobility of workers and to increase competitiveness of labour markets. Cross-border areas, where bilingual population already exists, have great potential to capitalise on.
76. Investing in bilingualism is also a way to build trust among communities and public authorities. Solutions for many of the existing border obstacles could be more easily identified in a context of increased mutual understanding. Not to mention the potential benefit in terms of economic growth (see dedicated chapter on governance). In a long term perspective, cross-border initiatives promoting bi/multilingualism should invest in new generations and target children at early stage of their education.
77. Education, together with SMEs and ICTs, was considered in the 2014-2020 programme as a cross-cutting issue transversally addressed across different priority axis. The future programme may also consider more specifically dedicated actions to support cross-border investments in education.

- **Health**

78. In all NUTS 2 regions life expectancy at birth is overall high, between 78 and 83 but **ageing population** is an increasing challenge, notably in Italy.
79. Friuli-Venezia Giulia faces the biggest challenges in this respect, and more particularly Trieste with the share of population aged 65 and above at 33% (when EU average is 22%), but all NUTS 3 regions in Italy have an unfavourable age structure compared with the EU average. Veneto is also facing a challenge in terms of ageing. Here the share of population 19 or under is 18.38%, the share of 20-35 year olds is 14.99%.
80. In Slovenia the problem seems less urgent, as all NUTS 3 regions have an age structure broadly similar to the EU average.
81. Available information on provision of public healthcare services in the border areas is quite limited, but some areas in Goriška and Gorenjska are identified as problematic as regards access to doctors. Access to hospitals is also an issue in Goriška as well as along the coast of the Adriatic on the Italian side of the cross-border area.

82. It should be noted that one of the strategic projects supported by the 2014-2020 cooperation programme is promoted by EGTC-GO precisely to increase quality and accessibility of healthcare services in the related area. The future programme could capitalise on the experience to further address accessibility concerns but also develop potential synergies and complementarities in other areas, for example eHealth services, where both Slovenia and Italy perform above the EU averages.

- **Inclusion**

83. Overall, existing values for marginalisation indicators (e.g. at risk of poverty rate, material deprivation, low work intensity, long term unemployment) provide a picture of border regions which are generally below EU averages and no significant challenges have been identified.

84. However, analysis shows that access to health services is problematic in Goriška, Gorenjska and the Italian coastal area, while access to education services is a challenge in Goriška and Pordenone. Those area are identified as inner peripheries.

ORIENTATIONS:

- *Identify and tackle specific barriers to cross-border employability (such as recognition of skills, qualifications, diplomas, social security, transports, etc.), involving the existing cross-border EURES office.*
- *Map existing labour shortage in identified sectors of priority for cross-border development, promote labour mobility and encourage synergies between universities and vocational bodies to increase the attractiveness of tertiary education curricula and propose new professional opportunities.*
- *Focus on young people to support the cross-border labour market with targeted education and training measures.*
- *Explore the development of an integrated strategy to address ageing population needs (i.e. healthcare, inclusion, ICTs skills) and potential (i.e. specialised tourism, targeted services).*
- *Build up from ITI experience to support additional healthcare services within the same area or to disseminate and develop similar approaches in other parts of the border.*
- *Create basis to promote bi-multilingualism in a structured manner, both targeting labour market needs and primary and secondary education.*
- *Promote information services to raise awareness and facilitate cross-border mobility and access to public services in sectors close to citizens' needs (like labour market, education, patient mobility for care).*

7. GOVERNANCE

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

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

- *Working on border obstacles and potential*

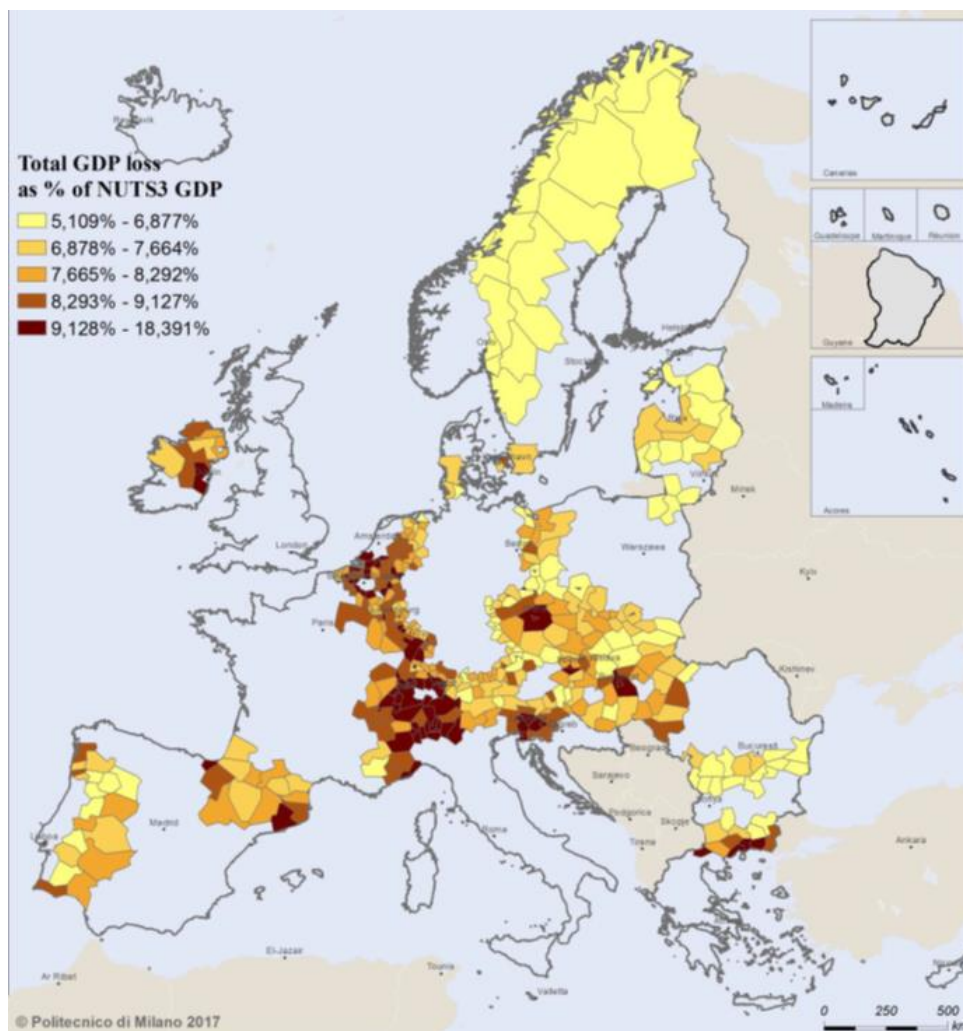
86. As illustrated in the Commission Communication "Boosting Growth and Cohesion in EU Border Regions", there are many different types of obstacles to cross-border cooperation. There is also scope for greater sharing of services and resources in cross-border regions and to intensify the cooperation between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

87. Few border obstacles relevant in the IT-SI area were already identified in the study and related mainly to legislation for business and labour market.

88. In particular, the border obstacle "**Difficult national and regional business legislation in the Alpine Adria Region**" was assessed for Italy-Austria and Italy-Slovenia jointly. Not all conclusions may be equally applicable to the Italy-Slovenia border but the border obstacle has a "high negative impact" on cross-border integration. It is caused by the fact that economic development and cross-border business activities in the Alpen Adria Region are hindered by complex business funding systems and frequent changes in domestic business legislations. These aspects hamper existing cross-border business relations and also prevent companies from becoming active in the markets of neighbouring countries (i.e. companies close to the border continue to have a smaller or interrupted market area).

89. Adverse effects also result from different economic structures on either side of the borders (i.e. product differentiation of the local economies) and from weak transport infrastructure. The small size and purchasing power of the markets on the Slovenian side of the border is mostly an issue for businesses in Italy, while the geographical conditions in border areas are an issue for Slovenian businesses.

90. The study proposes more intense and also widespread cooperation in order to foster cross-border economic development. This should involve the establishment of good personal relations, the improvement of business funding structures (simplification of rules; availability of joint funding mechanisms), a lowering of transaction costs for businesses, similar business structures and the provision of cross-border advice (e.g. through closer cooperation among regional and local administrations, expert pools etc.).
91. The Study on "Quantification of the effect of legal and administrative border obstacles in land border regions" provided an estimation of the percentages of GDP losses at NUTS 3 level due to sub-optimal or insufficient use of regional growth assets (as agglomeration economies, productive capacity, accessibility or trust). The estimated loss for IT-SI ranges from 8 to 18% of the concerned NUTS3 GDP. **The potential for economic growth is therefore quite significant** and certainly deserves further analysis on the specific causes to shape targeted solutions for the next programming period.



ORIENTATIONS:

- *Identify the key obstacles to a more effective use of the existing regional growth assets as well as the untapped potentials for cross-border cooperation (i.e. cross-border labour market deficiencies, business support, transport connections, training and skills, etc.).*
- *Bring the relevant actors together (e.g. authorities at national/ regional/ local levels, enterprises, users, etc.).*
- *Facilitate the process of finding ways to reduce these obstacles or exploit the potential (e.g. by funding meetings, experts, pilot projects, dedicated technical assistance, etc.).*

- ***Links with existing strategies***

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

ORIENTATIONS:

Explore the possibility to develop an overall cross-border strategy in coordination with existing macro-regional, national, regional or sectoral strategies (e.g. with an analysis on how to translate these in a cross-border context). This requires a coherent overview and mapping of all existing strategies affecting the border area.

- ***Role of existing cross-border organisations***

93. Several regions have cross-border entities which can be established under EU law (e.g. European Groupings of Territorial Cooperation – EGTC), national law (e.g. private law associations or public law bodies) or international law (e.g. under bilateral agreements). One example of this are the Euroregions under national law, which cover many of the borders in the EU. Many of these entities have a legitimacy (established by public authorities), an experience (many exist for years) and expertise that should be put to good use.
94. On the IT-SI border the EGTC-GO, already mentioned, has a strategic focus for the development of the concerned areas and is actively involved in many cooperation projects and strategy. It is clearly a valuable asset and could serve as example for the creation of other cross-border bodies.

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

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

ORIENTATIONS:

Establish (or participate to) a strong coordination mechanism with the authorities managing mainstream programmes. This coordination implies exchange of information and cooperation and should happen at all stages: planning (e.g. designing complementarities), implementation (e.g. building on synergies and avoiding double or inefficient investments) and communication (showing the benefits for the citizens and the region).

- ***Cross-border data***

97. Good public policies must be based on evidence (i.e. data, studies, mapping). Whilst this is generally available at national level, it is not always the case at regional/local level and even less at cross-border level. Some of this evidence is particularly important: economic flows, transport flows and trends, labour mobility and mapping of competences, of citizens’ health, mapping of important infrastructures and services, natural areas, relevant risks and mapping of the main inclusion difficulties and challenges (marginalised communities, ageing, etc.).

ORIENTATIONS:

Identify the areas where important cross-border data on the IT-SI border is missing and support projects that would fill the gap at the latest by 2027 (e.g. in cooperation with national statistical offices, by supporting regional data portals etc.).

Section 2: Governance of programme

98. The implementation of the 2014-2020 did not evidence structural deficiencies in the governance of the programme, but clear tensions, notably during the starting phase, revealed a lack of trust and insufficient transparency in the internal communication flows with the managing authority, between Italian and Slovenian delegations and also within the Italian delegation representatives.
99. Open dialogue, focus on the definition shared objectives and consistent methods in the preparatory phase should facilitate decision-making and a smoother kick –off of the future 2021-2027 programme.

- ***Partnership principle***

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

- ***Role of the monitoring committee***

101. The monitoring committee is the strategic decision-making body of the programme. In 2021-2027 the monitoring committee will be given a more prominent role in supervising programme performance.
102. The composition of the monitoring committee must be representative for the respective cross-border area but having in mind the strategic orientation of the programme. It should therefore also **include partners relevant to programme objectives** (i.e. priority axes), e.g. institutions or organisations representing environment, SMEs, civil society or education. When the programme is relevant for the development of a macro-regional strategy, macro-regional key stakeholders should also be regular members of the monitoring committee of the programme.

ORIENTATIONS:

- *Boost strategic guidance of monitoring committee besides project selection. The future IT-SI programme monitoring committee is invited to widen its scope of action and take on a more strategic role (i.e. including dedicated strategic points in the agenda point, inviting contact points of institutions playing a key role in the border area, organising project visit).*

- *Promote strategic thematic discussions to cover relevant horizontal issues and deficiency to be tackled (i.e. identified border obstacles, cross-border data needs, participation of specific target groups/beneficiaries of the programme).*
- *Encourage an enlarged participation of civil society representatives to programme monitoring as well as relevant organisations in relation to programme objectives and priority (support to capacity building through TA support may be considered).*

103. Project selection shall take place in the monitoring committee or in steering committee established under the monitoring committee in full respect of the partnership principle. It is crucial that key stakeholders are involved in the project selection process. **Selection criteria** and their application must be non-discriminatory and transparent. They should also be clear and they must enable the assessment of whether projects correspond to the objectives and the strategy of the programme. They are to be consulted with the Commission and communicated to applicants in a clear and systematic way. **The cross-border dimension should be compulsory in every selected project.**

104. **Strategic / flagship projects** (i.e. designed and implemented by public authorities without a call) may be pre-defined in the future IT-SI programme strategy or selected via a transparent and agreed procedures that are consistent with the objectives. In the 2014-2020 programme the consistence between the requirements for the definition of strategic projects, essentially top-down driven, and the selection approach chosen, i.e. open calls more suitable for bottom-up approach, created some concerns. This should be better addressed and organised by the future programme.

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

ORIENTATIONS:

- *Establish appropriate project selection processes in accordance with the top-down or bottom-up approach adopted to achieve the expected results.*
- *Ensure the effectiveness and transparency of the project selection, reporting and monitoring systems. The use of Interact's Harmonised Implementation Tools and electronic monitoring system (eMs) is recommended, if relevant.*

- **Role of the managing authority**

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

107. Therefore, it is always recommended that the Member State hosting the programme authorities is represented in the monitoring committee separately from the managing authority (i.e. a different person).

- ***Role of the Joint Secretariat***

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

- ***Trust-building measures***

109. Effective cross-border cooperation requires a good level of trust between partners. Overall, the IT-SI programme has clearly shown some conflict burdening the effectiveness of programme bodies. Beyond the recurrent and natural difficulties raised by any cross-border cooperation activities, the problem here seems also linked to the **sub-optimal level of trust** existing between the involved stakeholders.

110. Trust-building is a long-term investment which aims at fostering cooperation-minded future generations. The future IT-SI programme can make a substantial contribution by providing financial support for trust-building activities such as linking up schools, sports clubs, cultural organisations, etc. The beneficiaries of such activities are often not equipped to manage full-blown Interreg projects.

ORIENTATIONS:

Promote trust building putting in place mechanisms to finance small or people-to-people projects that make a strong contribution to the social and civil cohesion of the cross-border region. This can be done using the new tool proposed by the Commission (the Small Projects Fund) or via specific calls managed by the Managing Authority itself.

- ***Conflict of interest***

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

- ***Communication and publicity***

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

Existing Sources of information

- Border needs study (Commission, 2016) – [Collecting solid evidence to assess the needs to be addressed by Interreg cross-border cooperation programmes - Regional Policy - European Commission](#)
- Flash Eurobarometer 422 – Cross-border cooperation in the EU – 2015
http://data.europa.eu/euodp/en/data/dataset/S1565_422_ENG
- EC ex-post evaluation of ETC 2007-2013
http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#11
- Quantification of the effects of legal and administrative border obstacles in land border regions (Politecnico Milano, 2017)
https://ec.europa.eu/regional_policy/en/information/publications/studies/2017/quantification-of-the-effects-of-legal-and-administrative-border-obstacles-in-land-border-regions
- Easing legal and administrative obstacles (Commission, 2017) – [Easing legal and administrative obstacles in EU border regions - Regional Policy - European Commission](#)
- Comprehensive analysis of the existing cross-border transport connections and missing links on the internal EU borders (Commission, 2017-2018) – https://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/cb_rail_connections_en.pdf
- ESPON's Targeted Analysis on Cross-Border Public Services [CPS - Cross-border Public Services | ESPON](#)
- Smart Specialisation Strategies: <http://s3platform.jrc.ec.europa.eu/>
- The Digital Economy and Society Index: <https://ec.europa.eu/digital-single-market/en/desi>
- eGovernment Benchmark 2018 – European Commission (Digital Single Market), 2018
<https://ec.europa.eu/digital-single-market/en/news/egovernment-benchmark-2018-digital-efforts-european-countries-are-visibly-paying>
- COMMISSION SWD - International Cooperation under the Water Framework Directive (2000/60/EC) - Factsheets for International River Basins, SWD(2019)32 final
https://eur-lex.europa.eu/resource.html?uri=cellar:6cfb451c-39d3-11e9-8d04-01aa75ed71a1.0001.02/DOC_2&format=PDF