



## Building a Modern Danube Region

### Success factors of the EUSDR

#### Perspective for PA 10 activities for 2015 and beyond

## 1. Introduction

The EUSDR is not a Program but a Strategy, it is about the improvement and the better use of existing institutions, legislation and funding for the development of the entire macro-region based on the Action Plan, in general it is about political leadership and ownership.

"The implementation of the Strategies includes tasks such as facilitating generation and implementation of initiatives and projects, setting of indicators and targets, reinforcing bridges to the relevant funding programmes, such as the European Structural and Investment Funds, Horizon 2020, LIFE, COSME, CEF, EU Investment Plan and participation in programme committees, where appropriate. Synergies with EU external instruments, and notably the Pre-Accession Instrument (IPA) and the European Neighbourhood Instrument (ENI), should be sought. Thematic experts and their Steering Groups are **the key force to drive implementation forward** in a thematically sound way."<sup>1</sup> A Program is a success when at the end of the period a specific amount of money is entirely spent, according to the rules, the tasks and objectives of the program. The EUSDR is not a financing instrument and the factors of success are totally different to the ones of a program.

### **A Strategy is a success when the political level addresses the real issues.**

"Coordinators are at the interface between concrete projects and activities and the political level. Together with their Steering Groups they should be facilitated to act as the thematically competent body for the macro-region, advising policy level, and bringing the insights from the ground into the political and strategic debates."<sup>2</sup>

The success factor of the Coordinators is the impact of their recommendations on the political and strategic debates addressing the real issues and the degree of perception of the Strategy in the respective client markets.

## 2. The needs (PA 10 - Stepping up institutional capacity and cooperation)

### 2.1 Adapting the working structure

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<sup>1</sup> Brussels, 20.5.2014, COM(2014) 284 final, Report From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions concerning the governance of macro-regional strategies.

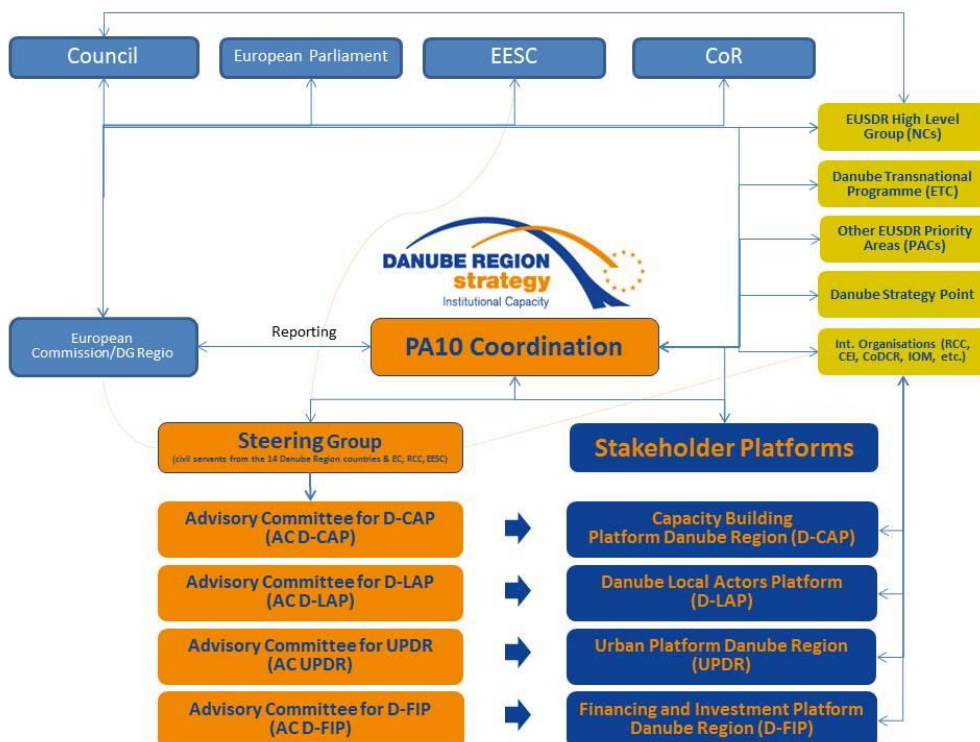
<sup>2</sup> High Level Group on Macro-regional Strategies, 13 February 2014 Non paper on governance of EU macro-regional strategies.



Within PA 10, a new strategic direction was taken in December 2012 within the Steering Group. PA 10 decided **to move from the interpretation of the EUSDR as a pure project development mechanism towards the interpretation as an inclusive, result oriented political process.**

PA 10 switched the internal working structure **to a more client-oriented and more outward visible working structure** using the initiated and implemented structure of the established platforms (D-LAP, UPDR, D-FIP and D-CAP). This was a step to **invite the Working Groups becoming members of the Advisory Committees (AC) of the Platforms** and to provide thus the preparation of policies as well as a project oriented co-operation and communication to fulfil our tasks of the Action Plan, which still is our basic working document. The platforms should be developed to an instrument at the interface between EUSDR, ESI and other EU funding, the relevant parts of the Danube Transnational Programme as well as for co-operation between already existing networks like CEI, RCC and Visegrad Group also for providing inputs to the Danube Strategy Point.

We do not conceal that we looked into some documents of our very concise "sister strategy", the SEE 2020, which also is using the tool: "Platform - transparent and efficient regional mechanism which will supervise and govern the implementation and updating of the strategy and its action plans"<sup>3</sup>.



### PA10 of the EUSDR: New organisational structure as agreed by the SG on 23 October 2014 in Brussels

<sup>3</sup> RCC Strategy and Work Programme 2014-2016, Sarajevo 25 April 2013.



## 2.2 Lessons learned

Being positioned “**at the interface between concrete projects and activities on the political level**”, the knowledge about the client side is crucial. The political-administrative system, the world of relevant networks in the region and the governance structure is easy to describe and well defined as far as the structures are concerned in which the ongoing policies have to be studied. The positive reaction of this group of clients on the established platforms and their willingness to become actively involved in the work and perspective of the platforms as well as the preparedness of already existing experienced networks to take over responsibilities by participating in the Advisory Committees indicates the potential of these tools to become thematic “**gravity centres**” in the EUSDR, which can contribute to the relevant thematic leadership influenced by the input of the PACs.

This is quite different to the world of project owners or owners of project ideas at least related to the issues PA 10 and most of the other PAs are dealing with. The main characteristic of this market is its in-transparency and size because it covers everything between administration, local actors, small business and civil society. **In-transparency means that future individual stakeholders cannot be identified systematically**, but remains a matter of mere chance, which is not a good prerequisite for structuring PAC’s limited potential for action.

Fortunately, we have got the opportunity to get some insights into three different segments of this client market by implementing the pilot projects – Danube Financing Dialogue (DFD), Technical Assistance Facility for the Danube Region Projects (TAF-DRP) and Danube Small Projects Fund START.

The overall experience is that

- there is a widespread bottleneck between **the intention to do something** and the know-how to do it efficiently, and to relate it to financial supportive sources and to make it visible,
- individual demand mainly becomes visible if the supply side introduces a certain relevant tool **proactively and** fully in line with the success factor of the networked economy: “feed the net first”.

If this experience is proofed by others and if this experience shows the truth it must have the consequence that those PAs working in a non-transparent demand market have the possibility to define **their specific success factors** on the macro-regional level, because “one does not fit all”.

## 2.3 General direction

Using the new structure of PA 10, it will be possible to fulfil the task of taking over thematic leadership which will be guided by the following general direction:



- EUSDR is an instrument to build the **Modern Danube Region** and to improve and accelerate the cohesion process, the task of administrative reforms has to be on top of the agenda as a necessary top down procedure, caring for a clear distinction between the political level and the administrative level for stabilisation of the administration and opening the window for competence and knowledge accumulation and the development of **institutional capacity and memory**, based on a decent salary structure and attractive career perspectives for employees. The **Modern Danube Region** will provide a transparent political administrative system, informing and servicing the clients on a non-discriminating basis, including civil society on all relevant levels of decision making and reducing such the need for anticorruption activities to a minimum.
- Cities and metropolitan regions are the driving forces in regional development processes. They are also locations of concentrated population and potentials the networks of the EUSDR should be used for the development of specific urban policies having **people as their main focus** with a special emphasis on job creation, social infrastructure development and prioritising youth employment, the inclusion of civil society, implementation of social housing programs and the improvement of the environment for a better and continuously increasing standard of living.
- Multifarious small projects and SMEs contribute most to the urban and regional economy and the urban life and culture. The adaption and improvement of access to relevant financing and subsidising frameworks is of high relevance for business activities as well as non-profit activities. The demand for seed money and other types of pro-active support for project development has been evident and should be supplied by the EC and its institutions as a signal of optimism, trust and incentive to stakeholders to **venture a leap forward** in developing the Region. We are used to talk in the context of Cohesion Policy about procedures of “making up (for lost time)”, which means to make the same others are already doing, but faster. The problem is that there is no overall stand still in the global economy, there is no waiting for until the gap of development has been closed. For really reaching something we have to change our paradigm of “making up” to a new orientation, to **“venture a leap forward in development”** by looking for and using the relevant hidden potentials and implement endogenous growth patterns by inventing new types of value-chains which cover rural and metropolitan areas based on upgraded accessibility structures.
- EUSDR should contribute to improving the performance of the Regional Policy of the EU thereby fostering economic, social and territorial cohesion in the Danube Region. It is a task of PA 10 in co-operation with NCs and the Danube Strategy Point (DSP) to open and establish a communication culture with relevant actors in the field of cohesion policy concerning capacity building. PA 10 intends to stimulate and support the preparation of relevant line ministries meetings including in general issues of public administration, their capacity, which seems to be crucial for further progress in managing European public money.

**“Venture a leap forward in development”** by accelerating socioeconomic and political-administrative reform will be one of the future headlines of PA 10 aiming at the **Modern Danube Region with people as their main focus**.

Priority Area 10 | Institutional Capacity and cooperation

[www.danube-capacitycooperation.eu](http://www.danube-capacitycooperation.eu)



### 3. Capacity Building

Target (1) PA 10: "Maximum 4 weeks for business start-up permissions by 2015"

**New target** proposed: "Improve World Bank governance indicators related to government effectiveness, regulatory quality and control of corruption in comparison to 2011"

- Action: "To combat institutional capacity and public service related problems in the Danube Region."

#### 3.1 The issue

Development gap between the countries and regions of the Danube Region is substantial. Beyond the macroeconomic conditions, the institutional environment in the region has fallen back with regard to World Competitiveness Report global ranking indicator "Burden of government regulation" and also the World Bank Governance Indicators. Improving the quality of public service and optimizing governance mechanisms for international cooperation is the aim of the D-CAP. By quality of government we mean lack or control of corruption, strength of the rule of law and government effectiveness (bureaucratic quality). Quality public administration leads to better economic performance, higher environmental sustainability, and lower income inequality (poverty, better education and health, higher level of happiness and lower probability of armed civil conflict)<sup>4</sup>.

Public sector modernization is a top priority, as the quality of public administration strongly affects the competitiveness and growth of our economies and also citizens' trust in public institutions that has continually been decreasing in the last years due to economic downturn. Key elements which can affect public sector modernization are open government and cross-national comparison and exchange of practices / knowledge in reform implementation. Open government has been recognized as a key driver for reform as it increases transparency, accountability and collaborating with citizens which also improves quality of regulation. It is also a catalyst for public sector innovation utilizing new technologies as a tool.

#### 3.2 Recommendation (success factors)

Increased cooperation within the Danube region in search of synergies can support the development of public administration institutional capacity and improvement of governance by:

- capacity building by promoting excellence in public administration in the Danube region through informal cooperation, sharing and embracing experiences and joint activities can help foster reform efforts contributing to more effective and efficient public administrations;

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<sup>4</sup> Powering European Public Sector Innovation: Towards a New Architecture, Report on Expert Group on Public Sector Innovation, 2013



- involving sufficient number of representatives ranging from ministries dealing with public administration issues, regional and local level administrations and academia;
- including the experience and involvement of existing cooperation networks and initiatives in the sphere of public administration and better governance (e.g. NispaCEE, RCC, NALAS).
- Support project development through networking activities and relevant programmes such as the Danube Transnational programme and ESF and other programmes;
- closely collaborate with Danube Strategy Point and other PA 10 platforms, in particular to issues related urban dimension concerning local administrations (UPDR), civil society – participation and inclusion (D-LAP) and issues related to project development and ESI funds (D-FIP).

#### 4. Financing

Target (5) PA 10: “Establish a Danube Financing Platform by 2013”

New proposed target: “Increase the average absorption rate of EU funds in the Danube region in comparison to 2007-2013 period”

- Action: “To review bottlenecks relating to the low absorption rate of EU funds and to ensure better coordination of funding.”
- Action: “To support the development of local financial products for business and community development”
- Action: “To examine the feasibility of Danube Investment framework.”

##### 4.1 The issue

The low absorption of EU funds is remaining an outstanding issue all over the EU and in particular in the some of the EU countries of the Danube region that had the lowest rates of absorption in 2007-2013 financing period. The problem has been addressed by the member states as well as the Commission. Also the non-EU countries of the Danube region which have access to limited EU funding are facing challenges in absorbing available funds. All EUSDR countries are facing administrative capacity challenges such as project planning and execution, changes in legislation and inconsistent political ownership.

EUSDR can also act as a catalyst for improving the capacity to actually spend the EU funding earmarked for this region. One third of the 350 billion euro to be spent on cohesion until 2020 is to flow to the Danube region, up from one quarter in the last financing period<sup>5</sup>. Ministers of Foreign Affairs of the participating states of the EUSDR and the European Commission will put this item high on the agenda at their May 13, 2015 meeting in Brussels.

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<sup>5</sup> EUSDR Annual Forum 2014.





#### 4.2 Recommendation (success factors)

With involvement and cooperation with the NCs, DSP and Commission services the D-FIP will:

- support capacity building in the area of project financing, planning, sharing of good practice and experiences as well as financial transparency;
- support pilot initiative EuroAccess Danube Region, which is online tool for searching EU funding options
- support matchmaking events (DFD) for Danube project promoters and relevant stakeholders representing the Managing Authorities, Joint Secretariats of transnational and cross border programmes and country-specific operating programmes and other interested stakeholders;
- continue to provide technical assistance for project development (TAF-DRP) and seed money for project development and implementation (START).

### 5. Local actors

Target (3) PA 10: Establishing a platform including civil society organizations and open governance networks by 2013.

**New target** proposed: 80 % of participating countries involve the national, regional and local authorities and CSOs through annual National (provincial) EUSDR Hearings in cooperation with the National Coordinators of the EUSDR.

- Action: "To improve the trust of citizens and stakeholders in political authorities".
- Action: "To establish a Danube Civil Society Forum."

#### 5.1 The issue

The inclusion of civil society and local actors in the implementation of the EUSDR is of utmost importance in several regards. First, civil society matters with in relation to project development and in making the multi-level governance of the EUSDR a reality. Second, civil society matters bearing in mind the European principles enshrined in the Treaties such as participation, transparency and subsidiarity. Third, civil society has a crucial role to play in the Danube Region when it comes to completing processes of political transformation and EU accession as well as sustaining capacity and ensuring institutional memory. With the Danube Local Actor's Platform, PA 10 is setting up a wide and open network of civil society in the Danube Region, which assembles project leaders from different PAs, academia, local actors and CSOs such as the Danube Civil Society Forum. Moreover, it establishes sustainable links to the parliamentary dimension of the EUSDR and with the European Economic and Social Committee (EESC) and thereby increases the level of information and interest about the macro-regional level of EU policies.



## 5.2 Recommendation (success factors)

One of the key challenges with regard to civil society involvement will be the integration of existing structures within on-going EUSDR processes. This implies the following approaches, which PA10 and its D-LAP advisory committee propose to carry out in cooperation with the upcoming Danube Strategy Point (DSP):

- Involve **European bodies** dealing with the topic, e.g. DG REGIO, DG COM, DG NEAR, EC representations in the Danube Region, Europe Direct, the EESC, the CoR, etc. Furthermore, relevant institutions in third countries should be involved, such as the Regional Cooperation Council (RCC) or the Central European Initiative (CEI);
- Involve the **National Contact Points for the Europe for Citizens programme** in the 9 EU-MS of the EUSDR and the other EUSDR countries (Serbia, Montenegro<sup>6</sup>) participating in this programme;
- Involve the national, regional and local authorities and CSOs through annual **National EUSDR Hearings** in cooperation with the **National Coordinators of the EUSDR**;
- Involve each of the **Priority Areas of the EUSDR**, where civil society is relevant;
- Ensure the **parliamentary dimension** of the EUSDR through involvement of the EP as well as national and regional parliaments;
- Create a strong link and exchange of experience with **other macro-regional strategies and research on macro-regional strategies**;
- Make the **Participation Day for local actors and CSOs** an integrated part of each Annual Forum of the EUSDR;
- Support **project development**, e.g. through networking activities and relevant programmes such as the Danube Transnational programme and other ESIF programmes;
- Support **capacity building** in the Danube Region, in cooperation with the PA10 Danube Capacity Platform (D-CAP).

## 6. Urban development and cooperation

Target (4) PA 10: To facilitate a network of metropolitan areas and systems by 2014.

**New target** proposed: The UPDR helps to generate, through the exchange of information and the support, on all levels, of cooperation, for 25% of UPDR-Member-organisations at least one Urban Danube Project, furthering the aim of “better spending”.

- Action: “To build metropolitan regions in the Danube region”.
- Action: “To improve the trust of citizens and stakeholders in political authorities”
- Action: »To facilitate the administrative cooperation of communities living in border regions«
- Action: »To ensure sufficient information flow and exchange at all levels.«

<sup>6</sup> See [https://eacea.ec.europa.eu/europe-for-citizens/news/europe-for-citizens-programme-participating-countries\\_en](https://eacea.ec.europa.eu/europe-for-citizens/news/europe-for-citizens-programme-participating-countries_en)





## 6.1 The issue

Urban policies are at the core of European development policies, which has been recognized in the new structural fund programmes, where a noticeable part of the funding is earmarked in one way or the other for urban affairs. Within the current governance of the EUSDR, urban affairs play a role with regard to multi-level governance, as well as integrated policy and project development.<sup>7</sup> PA 10, with its Urban Platform, currently implements four actions of the Action Plan<sup>8</sup>:

However, the Urban Agenda interacts with many of the Priority Areas of the EUSDR.

In 2013, together with the Council of Danube Cities and Regions (CoDCR), EUSDR Priority Area 10 created the "Urban Platform Danube Region" as a pilot project, financed by the cities of Vienna and Ulm; The Urban Platform Danube Region (UPDR) aims at strengthening and improving synergies, bolstering the exchange of information and the development of joint projects, as well as making the Danube Cities a strong stakeholder in the EU Strategy and on the European level.

- The Urban Platform Danube Region, together with the Council of Danube Cities and Regions, supports the interests of Cities in the Danube Region, backs the institutions of the EUSDR and the EU-Commission in the sense of multi-level governance and serves as a strategic partner to the national governments in their implementation of the EU Strategy for the Danube Region.
- The efficiency of the Urban Platform is strengthened through a top-down approach by the CoDCR and the inclusion of associations of cities in the member states.
- Bottom-up projects and collective cross-border actions should develop from cooperation and shared knowledge between city administrations, other networks or institutions and the inclusion of civil-society associations and academia.

## 6.2 Recommendation (success factors)

The long-term aim of the UPDR should be to help developing a sustainable, capable and inclusive urban landscape in the Danube Region, cooperating over geographical and political divides as well as developing strategies for capacity building in the context of cities in transition and migration in the EUSDR. - The UPDR should aim at integrating as many cities, city associations and city networks as possible of the Danube Region, especially those who are not able to access the European or even transnational and national level for their information and implementation in the actions of the EUSDR, serving as a European and macro-regional super-structure for multilevel information exchange and cooperation ("one stop shop")

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<sup>7</sup> Cf. Council conclusions on the governance of macro-regional strategies of 21 October 2014, 16207/14

<sup>8</sup> SEC(2010) 1489 final



- The UPDR, with the Council of Danube Cities and Regions, should act, on the political and the administrative level, as a strategic interface with existing European Urban Networks (CEI, RCC, Visegrad..), relevant European Institutions (EC, EP, CoR, EESC, RGRE..), and Urban networks of other MRS.
- The UPDR, with the Council of Danube Cities and Regions, should generate and bring to the fore at relevant levels, on the political and strategic level, recommendations and declarations reflecting the specific needs and challenges of the Cities in the Danube Region
- The UPDR should help generate, through the exchange of information and the support, on all levels, of cooperation, as many urban projects as possible, furthering the aim of "better spending" for the Danube Cities

## 7. Conclusions

The overall strategic orientation of PA 10 is the use of the Thematic Platforms to launch improvements in capacity in a combination of top-down and bottom-up activities on all appropriate levels. Thematic Platforms will be developed as gravity centres for stakeholders and already existing networks in the Region functioning also as interfaces to other relevant policies.

The Urban Platform Danube Region will take over an integrative role related to the other platforms. There are several reasons for this:

- urban policies cover all elements of the Action Plan of the EUSDR and concern the majority and an increasing part of the Danube Region's population (currently around 80 million people),
- urban policies are broadly discussed within the upcoming European framework of Urban Agenda and taking into account the relation to the Council of Danube Cities and Regions, it is the only platform which has a direct link to the local political level and thereby to the specific urban challenges and opportunities in the Danube Region,
- moreover, the Urban Platform Danube Region intends to be a horizontal tool of the Strategy which provides an interface of cities and metropolitan regions towards most of the other Priority Areas and specific topics such as transport, culture, migration, poverty, inclusion, etc.

The EUSDR should contribute to improving the performance of the Regional Policy of the EU and thereby fostering economic, social and territorial cohesion in the Danube Region. It will be a task of PA 10 to open and establish a communication culture with relevant actors in the field of cohesion policy concerning capacity building. PA 10 intends to stimulate and support the preparation of relevant line ministries meetings including in the agenda the general issues of public administration, their capacity, which seems to be crucial for further progress in managing European public money. Especially in this case intensified communication and cooperation with all the other PACs and the Danube Strategy Point will be on the agenda of PA 10.



We are used to talk in the context of Cohesion Policy about procedures of “making up (for lost time)”, which means to make the same others are already doing, but faster. For really reaching something we have to change our paradigm of “making up” to a new orientation, to “venture a leap forward in development” by looking for and using the relevant hidden potentials primarily of our cities and metropolitan regions. **“Venture a leap forward in development”** by accelerating socioeconomic and political-administrative reform will be one of the future headlines of PA 10 aiming at the **Modern Danube Region with people in the focus.**

For **bottom-up** activities, the message is that **a real Danube Project** always consists of two parts: the technical solution and the capacity building element. This should be made a high-level message to all programs and program authorities relevant for the EUSDR. This definition contributes also to the clarification of roles and responsibilities in the EUSDR governance structure: **PACs are responsible for policy development and stakeholder relations, Program Authorities for program success and selection of projects.**