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**Impact Assessment Report**

*Accompanying the*

**COMMUNICATION FROM THE COMMISSION  
TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN  
ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE  
REGIONS**

**European Union Strategy for the Danube Region**

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## **1. INTRODUCTION**

The Member States expressed the need for the Commission to prepare an EU Strategy for the Danube Region<sup>1</sup>. This request follows the EU Strategy for the Baltic Sea Region, developed under the coordination of the European Commission in 2008/2009 and currently in the phase of implementation. It specifically underlines the importance of sustainable development which should be pursued using an integrated approach.

The Danube Region can be defined in several ways. This point will be analysed in detail in the options (chapters 5. and 6.).

## **2. PROCEDURAL ISSUES AND CONSULTATION OF INTERESTED PARTIES**

### **2.1. Lead DG**

The EU Strategy for the Danube Region is coordinated by DG Regional Policy. The Impact Assessment has therefore also been prepared by DG Regional Policy.

### **2.2. Consultation of interested parties**

#### **2.2.1. Consultation process**

The Impact Assessment and the Strategy will be based on three main information sources:

- a. A socio-economic analysis (identifying the needs of the Danube Region)

The socio-economic analysis is drafted by DG Regional Policy, in cooperation with external experts from the Region. The first results were presented to DG Regional Policy in February 2010 and are incorporated in this Impact Assessment Report.

- b. Internal and external expertise

Internal expertise is available within DG Regional Policy. It draws on the experience gained in the preparation of the EU Strategy for the Baltic Sea Region. The unit which coordinates the work on the Baltic Sea Region Strategy is coordinating the work on the Danube Region Strategy ensuring first-hand transfer of lessons learned. Internal expertise is also gathered in meetings of the Inter-Service Working Group consisting of 22 DGs and the European Investment Bank<sup>2</sup>. Cooperation with the Secretariat General, DG Enlargement, DG Enterprise, DG Environment, DG Employment and Social Affairs, DG Research and Technological Development, DG Transport and DG Energy is especially close. Other EU Institutions, in particular the European Parliament, the Committee of the Regions and the

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<sup>1</sup> The European Council has formally asked the European Commission to coordinate an EU Strategy for the Danube Region, stating in its conclusions of 19 June 2009: “Sustainable development should also be pursued through an integrated approach to the specific challenges facing particular regions (...). It (...) invites the Commission to present an EU strategy for the Danube region before the end of 2010.”

<sup>2</sup> The following DGs take part to the Inter-Service Working Group: AGRI, EAC, ECFIN, ELARG, RELEX, AIDCO, ECHO, EMPL, ENTR, ENV, CLIM, INFSO, JLS, MARE, MOVE, ENER, MARKT, RTD, SANCO, TAXUD, TRADE and SG

European Economic and Social Committee are making their views available through their resolutions, opinions and debates.

The Impact Assessment Report and the Strategy also draw on six experts from the Danube Region in the fields of transport, environment, innovation and governance. Each provided a synthesis paper on their specific field of experience that covered: (a) the main problems and governance weaknesses in the Region (for the topic that they cover) - this includes an assessment of the effectiveness of the existing inter-governmental bodies -; (b) the main solutions (concrete actions / projects) and improvements to the governance systems; and (c) an assessment of the added-value for the EU to be involved. The inputs of the experts were discussed in a joint meeting with them in May 2010. The results from the consultation with these experts are incorporated in the present Impact Assessment.

c. Consultation of interested parties

To understand the main challenges of the Region, DG Regional Policy also consulted the main stakeholders from the Region as well as the general public through meetings, conferences and a public consultation.

- Member States and non Member States were asked by DG Regional Policy to nominate a National Contact Person. They were further asked to present the national views, priorities and actions realised or planned for the development of the Danube Region through written position papers<sup>3</sup>. In addition regular meetings with the National Contact Persons take place.
- Five conferences with substantial public participation were organised by DG Regional Policy in the Region. Each conference had a thematic focus and enabled consultation with key stakeholders. Outcomes from discussions in the workshops were incorporated in the Impact Assessment and in establishing cooperation needs<sup>4</sup>.
- The main inter-governmental bodies (e.g. International Convention for the Protection of the Danube River - ICPDR -, Danube Commission and Danube Cooperation Process) and key non-governmental organisations were consulted with specific meetings organised.
- A call for inputs was also published on the Commission website. For the consultation, the stakeholders were provided with information about the Strategy, the context and aims of the consultation and the timetable. They were furthermore provided with a set of open questions regarding the Strategy (Annex 1). The call was open for 10 weeks from 2 February until 12 April. It addressed all interested parties, especially regional and local authorities, inter-governmental and non-governmental bodies, international financial institutions, and the private sector. It was also open to individuals. The consultation was widely announced at conferences, prominently advertised on the homepage of DG Regional Policy and communicated through the channels of National Contact Points in the Member States to guarantee broad publicity. The results of the consultation and the more

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<sup>3</sup> Available on the homepage of DG Regional Policy:  
[http://ec.europa.eu/regional\\_policy/cooperation/danube/documents\\_en.htm](http://ec.europa.eu/regional_policy/cooperation/danube/documents_en.htm)

<sup>4</sup> Summaries of the discussions at the conferences are available on the homepage of DG Regional Policy:  
[http://ec.europa.eu/regional\\_policy/cooperation/danube/events\\_en.htm](http://ec.europa.eu/regional_policy/cooperation/danube/events_en.htm)

than 100 received contributions will be published on the website of DG Regional Policy. The list of the authorities / organisations / citizens who replied is in Annex 2.

## 2.2.2. *Consultation results*

The challenges identified in the consultation are markedly of a cross-border nature and thus show cross-border externalities<sup>5</sup>. Externalities (such as market failures) in the Danube Region are especially prominent in the fields of mobility and accessibility, energy, environment and risk management. For example, pollution of the Danube River by a country upstream has negative external effects on the environmental situation of countries downstream. Improving flood protection demands investments in one particular country but carries advantages or disadvantages also for other countries.

The public consultation furthermore showed that certain challenges not only have cross-border impacts but influence other parts of the economy. One example given relates to improvements in navigability, which can have important effects on the environmental status of the river or on energy supply (hydro-electric power plants). Another example was a growing tourism industry that potentially affects biodiversity and natural habitats. To solve these problems in the Danube Region, consultation has revealed that coherent, integrated solutions are necessary. Sector approaches alone have often become blocked in their implementation. For these solutions, strong political support and governance systems are needed to implement actions at the macro-regional level. Where existent, macro-regional structures should be reinforced. In other areas these structures still need to be created.

Apart from the identification of key areas for action, the inputs also argued that:

- (1) It is crucial to focus / prioritise on main actions for each topic;
- (2) Given the different priorities set by countries in the Region, a coherent approach must cover a reasonable range of topics so that all parties can identify gains for themselves. In particular this implies that the issues to be covered are wider than the river-related ones;
- (3) The integrated approach, which links issues that are in reality inter-related (e.g. environment ⇄ mobility ⇄ economic development ⇄ human resource development etc.), may facilitate resolution of issues otherwise blocked in stand-off. It allows for political trade-offs and permits better planning;
- (4) An implementation oriented approach delivering concrete results would reinforce the implementation of EU policies in a Region characterised by the most recent enlargement process;
- (5) An inclusive approach, covering also neighbouring non Member States, could improve the effectiveness of actions in the whole Region, aligning all relevant policies and funds, and could facilitate the accession process and support the European Neighbourhood Policy;

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<sup>5</sup> In economics, an externality is defined as a spillover effect (a cost or benefit) impacting a party, who is not participating in the decision regarding the action which has resulted in the effect, and where no payment is made to compensate for the effect: A cross-border externality occurs when an action implemented by one country has positive or negative impacts on other countries.

- (6) As the Danube River and the Black Sea are interlinked in many ways, a coherent approach for the Danube Region should also take into consideration the impacts of policies on the Black Sea. This should take account of linkages with existing initiatives in the Black Sea Region, but should not replace them.

Overall, the countries expressed the need to address the common challenges and opportunities together. Whilst there are some differences regarding the priorities, they can be explained through recent history and also through different institutional capacities. However, for each country to achieve its objectives, it clearly requires input and cooperation from the others, and balancing of differing priorities in a coordinated and beneficial way, which can only be provided within an overall cooperation framework.

In relation to certain issues, there is at times a particular emphasis due to different situations: in the consultations, Germany focuses on trade and innovation; Austria navigability of the Danube and innovation; the countries in Central Europe on transport in general as well as on energy; Romania and Bulgaria on infrastructures, especially ports; Hungary emphasises the quality of water, especially groundwater, as crucial and in need of a common approach, due to its physical geography and situation. Non Member States underline linkages to the EU. A global approach allows these differences in emphasis to be addressed overall and mutual benefits to be identified and achieved.

### **2.3. Timetable for the preparation of the Impact Assessment**

The Impact Assessment Report is drafted according to the following timetable:

10/2009 – 06/2010	Consultation phase with Member States and stakeholders, collection of expertise from external experts and discussion of inputs, development of the draft Impact Assessment Report;
21/01	1 <sup>st</sup> meeting with the Impact Assessment Steering Group;
30/04	Report from the experts;
12, 18/05	Meeting with the experts;
4/06	2 <sup>nd</sup> meeting of the Impact Assessment Steering Group: Discussion on the first draft Impact Assessment Report;
4-16/06	Informal consultation of the Directorates General;
16/06	Submission of Impact Assessment to the Impact Assessment Board;
14/07	Meeting of the Impact Assessment Board;

This is followed by the following timetable for the Communication itself:

15/09 - 12/11	Inter-Service Consultations;
15/12/2010	Adoption of the Communication in relation to the Strategy (with accompanying Action Plan) by the Commission.

## **2.4. Recommendations by the Impact Assessment Board on the Impact Assessment Report**

On 15 July 2010, the Impact Assessment Board provided a positive Opinion on the Impact Assessment Report highlighting that "the level of analysis in the Impact Assessment Report is in general proportionate to the objective of the initiative". However, the Board highlighted areas on which the Report required further work. This work has been done by DG Regional Policy and the present Impact Assessment Report includes these additional elements. In particular:

- (1) The implementation and coordination problems which have been identified in the Danube Region are better explained in § 3.2 on the "Problem definition by topic". Examples are given in different policy fields such as mobility, environment, energy and socioeconomic development. The conclusion is that if nothing is done there will be a considerable lost potential in the Region, leading to long-term indirect costs – especially in socio-economic matters.
- (2) The different interests and priorities of the countries in the Danube Region are better explained in § 2.2.2 on the "Consultation results". Whilst the countries expressed the need to address the common challenges and opportunities together there are some differences regarding priorities. For example: Germany focuses on trade and innovation; Austria on navigability of the Danube and innovation; the countries in Central Europe on transport in general as well as on energy; Romania and Bulgaria on infrastructures, especially ports; Hungary emphasises the quality of water, especially groundwater. Non Member States underline linkages to the EU.
- (3) The coordination mechanism and the role of the Commission is better explained in the Conclusion especially under the paragraph "Sustainable framework for cooperation". The Commission would facilitate the process (e.g. brokering agreements between partners as an independent player), coordinate the work (e.g. by working on the alignment of organisations, policy-making and EU funds to the actions of the Strategy), monitor (e.g. through an Annual Forum with all the stakeholders) and report on progress.
- (4) The role of the participating countries is better explained in the Conclusion especially under the paragraph "Sustainable framework for cooperation" which confirms that the organisation proposed is similar to the one used (and being tested) for the EU Strategy for the Baltic Sea Region. The latter is explained in § 6 on the "Analysis of the impact of the different options" (option n°3). The implementation is facilitated by the countries themselves. The coordination of each Priority Area would be done by a Member State with the involvement of the Commission.
- (5) The role of the Inter-governmental Bodies is better explained in the Conclusion especially under the paragraph "Sustainable framework for cooperation". This covers the International Convention for the Protection of the Danube River (ICPDR), the Danube Commission (DC) and the Danube Cooperation Process.
- (6) The administrative costs are better explained in § 7 on "Comparing the options". Since the approach is built on re-alignment of existing efforts, the administrative costs of additional coordination are comparable to existing levels of administrative activity.

- (7) The comparison of the options is better explained in § 6 on the "Analysis of impacts of the different policy options" where the impact on non-EU countries is presented and also where a new table compares the impacts of the different options including the different possible geographical scopes.

### **3. PROBLEM DEFINITION**

In the following, the identified challenges of the public consultation (including the input from the experts) will be set out in detail, putting emphasis on the specific problems in the Danube Region and the need to cooperate. Each issue is screened through 3 criteria (a) is there a need to cooperate between different countries?; (b) is the issue specific to the Danube Region?; and (c) is the issue in line with the policies of the EU? The results are summarised in a table. The chapter furthermore analyses already existing intergovernmental bodies in the Region and finally presents the conclusions on identified problems.

#### **3.1. Problem definition for the governance**

In the Danube Region, a key problem is governance, especially transnational governance which under-emphasises cooperation (lack of shared interests and even some conflicting issues). The EU already provides a frame (through legislation and financial instruments) which should address major challenges and opportunities. In addition, there are already existing inter-governmental frameworks which facilitate cooperation on certain issues. However, there is a lack of institutional capacity, and there are implementation gaps (for example, some EU Directives are transposed in law but not in place in reality). The result is a fragmented approach to many of the challenges of the Region, and under-performance in terms of its potential.

##### ***Analysis of existing inter-governmental cooperation frameworks***

The main inter-governmental bodies in the Danube Region are the International Commission for the Protection of the Danube (ICPDR), the Danube Commission (DC) and the Danube Cooperation Process (DCP).

The broad consultation process, including the consultation of experts in the field of governance in the Danube Region, and a discussion with these inter-governmental bodies underlined the following:

- The International Commission for the Protection of the Danube River (ICPDR), created in 1991, includes all the countries along the Danube as well as the European Commission. It focuses mainly on environmental aspects of the Danube River. In its specific field, certain progress has been made. The most prominent is the adoption of the Danube River Basin Management Plan. It has developed, together with the Danube Commission, guiding principles for the development of inland navigation and environmental protection in the Danube River Basin. The ICPDR is well-established, and should be used when designing and implementing policies regarding the environmental status of the river. Its main drawback is its difficulty to ensure the necessary political commitment to implement its approach when considered alongside other policies (economy, agriculture, etc.).
- The Danube Commission (DC), created in 1948, focuses on the navigability aspects on the Danube River. It has developed, together with the ICPDR, guiding principles for the development of inland navigation and environmental protection in the Danube River Basin. The DC is not however active in developing legally binding documents or in implementing projects. In addition, the political support is problematic. Nevertheless, the DC provides good technical expertise on navigability questions, which could be used in the development of joint actions.

- The Danube Cooperation Process (DCP), created in 2002, is a policy coordination process at ministerial level. It has however only met three times since its creation. The geographical scope covers the entire Danube Basin and the thematic scope is wide. It is not equipped with a permanent secretariat and appears to lack resources to sustain an ongoing cooperation process. Its links to sector policies, appears to be problematic. During the consultation process members of the DCP (Foreign ministers, Regional Cooperation Council) have repeatedly stated that the process has weaknesses in delivering on the set priorities. One main difficulty seems to be the missing link to the implementation side, i.e. to the respective line ministries as well as to possible funding instruments/ programmes. In a recent statement the DCP notably declares that it welcomes the increasing role of the European Commission. In general, there is an assessment that an intergovernmental approach has not led to the desired results.

One of the clear consequences is the insufficient alignment of EU and national funds. In particular, EU and national funds are currently almost exclusively used for national projects. This is confirmed by the fact that the possibility to have interregional cooperation under the ERDF Regulation (article 37(6)b of R. 1083/2006) is not used in the countries of the Danube Region. Regarding the substance, existing EU and national funds are not always used for clearly-identified priorities of the Danube Region as a whole. An example of this are Information Society measures, which have been identified as priority for the Danube Region, but for which the Structural Funds are not used to anything like their full potential.

As mentioned, another consequence is the fact that the EU Directives are not implemented fully on the ground in all Member States. This goes for the main Directives in the fields of transport, environment, energy, Single Market, etc. For example, we understand that the use of electronic signatures should be facilitated by the EU Services Directives, but that there is a lack of coordination between the countries so that the rules differ from one to another, thereby hindering rather than facilitating cross-border e-commerce.

### **3.2. Problem definition by topic**

Through this analysis, we have identified several issues for which cooperation is needed: mobility and accessibility, energy, environment and risk management. These problems in principle must be covered by any Strategy. In addition, in the public consultation - especially of Member States - it became clear that other issues should or could be also covered either because of cross-border externalities<sup>6</sup> (innovation and competitiveness, implementation of the Single Market, human capital, security, tourism) or as it is clearly beneficial to exchange experiences (information society, institutional capacity or marginalised communities). The inclusion of these issues enables the partners / stakeholders to counterbalance actions they consider are of lesser priority with others that are essential: politically, it is important to include a range of other issues to secure agreement on the whole 'package'.

#### Examples of poor implementation or poor coordination of policies agreed

- Mobility: There are several EU policies supporting mobility and accessibility, in particular the TEN-T networks, the EU transport corridors and NAIADES (Inland Waterway Action and Development in Europe) and Structural Funds provide good funding opportunities for projects. However, infrastructures and policies do not always deliver. Implementation gaps in the TEN-T networks occur particularly at cross-border

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<sup>6</sup> Cross-border externalities mean that the actions of one country on these issues have an impact on other countries. For example, if the trade barriers for the implementation of the Single Market are reduced by one country, it affects trade of its neighbours.

sections and for East-West European connections, in particular in the TEN-T Priority Projects 6, 22, and 23 (rail), and 7 and 25 (road). Regarding the navigability on the Danube, the Danube Commission should be supported in finalising the process of reviewing the Belgrade Convention (which created the Danube Commission in 1948), to be of better effect for the promotion of inland navigation.

- Environment: There are several EU policies supporting the environment, in particular the various EU Directives (in particular the Water Framework Directive, the Habitat Directive, the Birds Directive, Natura 2000) or Action Plans (Biodiversity Action Plan, Sturgeon Action Plan, work of the International Convention for the Protection of the Danube River (ICPDR)). In addition, the Structural Funds provide good funding opportunities for projects. However, there are many implementation gaps, as well as practical or organisational difficulties leading to regulations often not followed up on the ground. The EU Water Framework Directive obliges countries to develop national water management plans and the International Commission for the Protection of the Danube (ICPDR) coordinates these national water management plans in the Danube Basin. However being comprised of Environment Ministries only, the ICPDR lacks the links to other sectors and other ministries. Political commitment at the overall level is also problematic. These links are however crucially important to make water management plans actually deliver results on the ground.
- Energy: There are several EU policies supporting energy, in particular the TEN-E networks, the European Recovery Plan, the third energy package, the Directive on the promotion of the use of energy from renewable sources and the EU2020 Strategy. In addition, the Structural Funds provide good funding opportunities for projects. However, energy infrastructures are not well interconnected, which hinders development of a well-functioning energy market. One example is the Pan-European Oil Pipeline (PEOP) where the Memorandum of Understanding (signed by Croatia, Italy, Romania, Serbia and Slovenia) has been in place since 2007 and little has since advanced.
- Socioeconomic development: EU programmes such as the Framework Programme for Research and Technological Development support excellence in the EU, making it difficult for regions with less developed innovation infrastructure to participate. There is too little involvement of partners from new Member States in these programmes, which is a particular issue in the Danube Region. The investment that is undertaken is often widely dispersed, lacks coordination and linkages, and fails to achieve the concentration needed for excellence. If coordinated and targeted to the needs of the Danube Region, national and regional funds could reach a critical mass to support the catching up process in the Region. Such a coordinated approach is currently missing in many such fields, from Information and Communication Technologies to enterprise development, and particularly crucially, in the missing links between research, innovation and business. In fact, the relatively recent accession (2004 or 2007) of the majority of Member States in the Region means that the Strategy can contribute substantially to reinforcing the integration of the Region into the EU overall (while also helping to prepare Candidate or pre-Candidate Countries). Movement of goods, services and people is still less developed in the Region than elsewhere in the EU (e.g. an integrated employment market is still very distant and mobility of researchers a particular issue). Even cooperation on obvious matters (e.g. tourism, culture, etc.) and vital matters (e.g. security) is still much below its potential. In addition, the European Council conclusions formally requesting the Strategy underline the need for an integrated approach to promote sustainable development.

All of the above leads to considerable lost potential in the Region, leading to long-term indirect costs – especially in socio-economic matters – if nothing is done.

### *3.2.1. Issues for which cooperation must happen as they cannot be addressed alone*

#### **• Mobility and accessibility**

##### Why is the issue important?

There is general agreement that good, inter-linked and sustainable transport systems are important for the Region.

For inland navigation, the Danube River is clearly not used to its full potential. Freight transported on the Danube is only 10% of that on the Rhine. This potential could be better exploited by a series of measures such as greater inter-modality, improved management, better equipment and availability of qualified staff. As well as a lack of demand, there is also a lack of supply. The Danube channels are not always navigable (for example due to variations in the depth of the water), the ports are often not efficient (need for modernisation, need for adapting to multimodal solutions), the boats are not numerous and often in a bad state and there is not enough crew (especially captains and pilots) due to insufficient training facilities. At the same time environmental issues have to be taken into account.<sup>7</sup>

For roads and railways, infrastructure is often not efficient or simply missing, especially regarding cross-border connections (to which national authorities do not give priority). There is a lack of investment on cross border links.

There are several EU policies supporting mobility and accessibility, in particular the TEN-T networks, the EU transport corridors and NAIADES (Inland Waterway Action and Development in Europe). In addition, the Structural Funds provide good funding opportunities for projects. However, infrastructures and policies do not always deliver. One of the reasons is the lack of cooperation when it comes to planning and implementing transnational projects. For example, many TEN-T projects are implemented nationally but without taking fully into consideration the need to be interlinked across borders. In addition, there is a need to plan the links between the TEN-T and the transport links in non Member States (e.g. to further stimulate trade connections with the Caucasus and Central Asia through the Black Sea ports)<sup>8</sup>.

##### How can cooperation help?

The problem is linked to lack of coordinated planning, funding and implementation. There is a failure of the market, as the benefits of the investments often fall elsewhere (for example investments to improve the navigability in downstream countries will also be of benefit for countries upstream). The existing inter-governmental bodies do not deliver sufficient concrete results.

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<sup>7</sup> As expressed in the "Joint Statement on Inland Navigation and Environment Protection in the Danube River Basin".

<sup>8</sup> This can be facilitated as Romania and Bulgaria are signatory parties to the 'Transport Corridor Europe-Caucasus-Asia' (TRACECA) Multi Lateral Agreement constituting the development of a transport network connecting the EU through the Black Sea region with the Caucasus and Central Asia.

Furthermore, mobility and accessibility require costly investments. Therefore, it is important to plan so that these investments are used to their full potential (e.g. joint investments with shared costs and benefits). This is higher if considered transnationally. Indeed, the more users, the more efficient investments become. In addition, if these investments are linked together, there can be economies of scale.

Mobility and accessibility are also linked to other policy fields such as environment, and socio-economic development. A cooperation approach means overall benefits are more realistically assessed, to include the benefits for all the countries concerned.

- **Energy**

Why is the issue important?

Energy prices are high in the Region<sup>9</sup>. Much of it is imported, and its transport is costly; in addition, markets are fragmented resulting in small markets with large companies able to set prices higher than the competitive ones. In addition, the Danube Region is specifically vulnerable regarding security of supply, as in January 2009 when gas supplies were cut. At the same time, energy is a source of pollution. There is a challenge to improve energy efficiency (and savings) and for increased production from renewable energy.

Therefore there is need for improvement of infrastructures, market organisation and energy efficiency, and for increased use of renewable energy that are sustainable also as regards for instance the environmental protection such as of water. This needs action at a level above the national, to overcome fragmentation of markets and gaps in the infrastructure networks, especially in terms of interconnectors.

There are several EU policies supporting energy, in particular the TEN-E networks, the European Energy Programme for Recovery, the third energy package, the promotion of the use of energy from renewable sources and the EU2020 Strategy. In addition, the Structural Funds provide good funding opportunities for projects. However, energy infrastructures are not well interconnected and energy markets need better coordination. There is also lack of expertise in many parts of the Region regarding energy efficiency measures and renewable energies.

Several measures, which would help to protect environment and prevent other risks can be done through better implementation of the Rural Development Policy in all EU Member States. If the measures will be implemented on ground sufficiently, it can reduce and prevent other environmental damages in the future and save finances for their solving later on. How can cooperation help?

Regarding investment in infrastructure, cooperation is necessary in relation to planning, funding and implementation. Reinforcement of the TEN-E network (especially in the context of the upcoming revision) and implementation of the Energy Recovery Plan using the Structural Funds in a coordinated manner is essential.

Regarding market organisation, the benefits of cooperation are to ensure security of supply, to better balance supply and demand and to realise economies of scale on investments. The

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<sup>9</sup> i.e. prices corrected with purchase power index.

development and integration of the energy market in the Region is promoted by the Energy Community. The Energy Community extends relevant parts of the EU *acquis communautaire* to the Region.

Regarding energy efficiency and renewable energies, there is a need to better integrate these sources in the energy market. In particular, there is a potential to increase security of supply by reducing energy demand and increasing the share of energy produced in the Danube Region. In addition exchanges of experiences and practices, especially for eco-innovations need to be reinforced.

This underlines the benefits of sound planning integrating all the aspects (energy prices, clean energy, innovations, prices, jobs created, etc.).

- Furthermore, cooperation with the Energy Community should be sought. South-East European countries as well as Moldova and Ukraine are now parties to the treaty of the Energy Community which extends the EU internal energy market to these countries on the ground of a legally binding framework. It thereby provides a stable investment environment based on the rule of law, and ties the Contracting Parties together with the European Union. Through its actions, the Energy Community contributes to security of supply in wider Europe, including in particular the Danube Region countries.**Environment**

### Why is the issue important?

The EU emphasises the need for sustainable policies preserving the quality of water, soils, air as well as landscapes and biodiversity. This matters for the quality of life and for future generations.

In many Member States of the Danube Region, the water quality is often poor, both in the rivers and in the ground. There are many pollutants, in particular nutrients. It is similar for soils, especially in cross-border industrial areas, and for the air in urban areas. Apart from the contamination, the soil is also subjected to other threats, in particular the erosion which also has a negative impact on water quality. In fact, erosion from arable lands is the main source of the agricultural diffuse pollution in the Danube river basin.

Landscapes and biodiversity are also threatened through losses of natural areas, especially untouched mountainous areas, which lead to a diminution of species and ecosystem services. In the rivers, fish are caught at unsustainable levels and migration is prevented by hydromorphological changes. The existence of sturgeon species, an important migratory fish for the whole Danube basin, is particularly at risk.

This situation is due to long periods of economic development without sufficient environmental concern, to the absence of Waste Water Treatment Plants and to the low starting point for implementation of EU Directives. Indeed, as environmental costs were not properly included in production costs, the market failed to generate sustainable production systems.

Environmental issues have a clear transnational dimension: if a river is polluted upstream, it has an impact downstream; if factories emit pollutants, this affects neighbouring countries; if soil is polluted it leaches regardless of administrative boundaries.

There are several EU policies supporting the environment, in particular the various EU Directives (in particular the Water Framework Directive, the Habitat Directive, the Birds Directive, Natura 2000) or Action Plans (Sturgeon Action Plan, work of the International Convention for the Protection of the Danube River (ICPDR)). In addition, the Structural Funds provide good funding opportunities for projects. However, there is often implementation gaps, practical or organisational difficulties leading to regulations often not properly followed up on the ground.

### How can cooperation help?

As many of the issues are transnational, solutions should be transnational. A good cooperation framework should avoid that efforts made only by some result in benefits enjoyed by all. It is important to encourage rules to agree joint decisions (including a real political support at the highest level), tools to monitor the progress, and a commitment to implement EU Directives.

In particular, the work of the International Convention for the Protection of the Danube River (ICPDR), such as the River Basin Management Plan, should be supported so that their actions - agreed by all countries in the River Basin as well as the Commission - are implemented effectively (providing political, technical and financial support where appropriate). This requires a commitment to cooperate. In this regard, it is also important that there is real dialogue or contact between people working on the protection of the river waters and those polluting these waters (industry, farmers, ships,...). In addition the different ministries and other bodies must cooperate better both transnationally and cross-sectorally.

- **Risk management**

### Why is the issue important?

The Danube Region faces three main risks: floods, droughts and industrial pollution. None of this respects borders. The aim is to manage both the prevention (avoid that the risk occurs) and the reaction (assist when the risk occurs).

The main cause of floods is that the Danube River and its tributaries are, to a large extent, rivers where the banks are channelled artificially, not allowing for the additional water to flow freely over larger areas (so that the water level increases). The main cause of droughts is its semi-continental climate, vulnerable also to climate change. The main cause of industrial risks is outdated enterprises provoking accidents, which can significantly pollute neighbouring countries. For example in 2000, gold exploitation in Baia Mare (northern Romania) polluted the whole Tisza river downstream with cyanide causing very extensive damage to the fauna, with over 1000 tonnes of fish killed. The issue was not only environmental, the commercial fishing activity was severely affected. Another recent disaster, alkali sludge depository dyke breach in Hungary in October 2010, brought tragic loss of human lives as well as contamination of large areas of land and losses for biodiversity in the Danube river basin. In the case of a flood or an industrial risk it is also important to react quickly and strongly. Coordination of effort is needed, and availability of information, expertise, personnel and equipment are important. As time matters, all this needs to be planned in a coordinated way.

There are some EU policies concerning risk management such as the Floods Directive. In addition, the Structural Funds provide good funding opportunities for projects, as well as the European Solidarity Fund. However, the impact of these policies is limited if the countries do not cooperate.

## How can cooperation help?

River floods and pollution clearly have a transnational dimension. Policies in these matters must therefore be organised transnationally (as addressed by the Floods Directive which includes a solidarity clause between Member States). This should be addressed by the public sector as the market cannot lead to a proper solution (those who will benefit from the preventive actions are not necessarily those who will implement them), and real risk is not often correctly assessed / considered in costs.

In order to prevent these risks, there is a need for a coordinated approach. Countries need assurance that their neighbours do their best to prevent the risks occurring. It is important to work jointly on the means to reduce the risks (if needs be financially) as the impacts will be shared. Whilst some plans already exist, there should be sustainable frameworks to cooperate on these matters both to prevent and to react in case the risks materialise.

To combat floods, in particular, it is necessary to create sufficient retention areas and to give land back to the river where excess waters can flow (by re-transforming agricultural land into wetland and by reducing the urbanisation of river banks), to strengthen management capacities for forecasting and early action for limiting impacts of flood waters, including joint activities for research and experience sharing for developing innovative solutions that are also responsive to climate change impacts. This requires wider cross-border planning and integrated burden-sharing efforts, often of a substantial nature. For droughts, there are limited actions to reduce their occurrence but better water management could limit the consequences. For industrial risks, it is necessary to ensure that the sites at risk meet all the EU Directives' requirements and to ensure - through appropriate joint spatial planning and land use choices - that the locations are suitable to minimise risks or to reduce costs of mitigation. Overall, there is a need to cooperate across borders to take the most effective actions. The ICPDR plays an important role in international flood risk management and prevention of accidental pollution, but further efforts and commitment are needed to reinforce this.

### *3.2.2. Issues for which cooperation should be done as there are cross-border externalities*

#### **• Innovation and competitiveness**

The Danube Region is characterised by a pronounced divide across the Region with great disparities in cooperation intensity (between and within the research sector, enterprises and the public sector), entrepreneurship, capitalisation on innovations and investments in Research and Development<sup>10</sup>. The close geographic proximity and the need for research in some common areas should be a distinct asset and opportunity for developing also longer term joint and shared research infrastructures and actions. Whilst there are some cooperation structures between universities and research institutes already in place, common resources are often lacking, both financially and institutionally. Therefore, joint research cooperation between universities, business and the public sector should be much more strongly encouraged.

Regarding competitiveness, significant differences can also be observed across the Region. National innovation policies supporting the competitiveness of enterprises through centres of excellence and clusters, do not sufficiently take into consideration the international dimension

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<sup>10</sup> European Innovation Scoreboard (EIS) 2009

of business cooperation and research networks, thus leaving cross-border innovation potentials unused. Innovation policies and actions would benefit if better coordinated, pooled and inter-linked.

- **Implementation of the Single Market**

Regarding the Single Market, different national regulations make it less common for service providers to establish operations in other Danube States than it should be, or to provide their services across borders. Small and Medium-size Enterprises often lack resources to overcome the administrative and other hurdles to access external markets. This is more pronounced in the Danube Region than in other parts of EU27, with the majority of countries in the Region having joined the EU relatively recently. However there is clearly a large potential for future growth and economic integration in the area. Therefore, the functioning of the Single Market should be reinforced and improved in the Danube Region.

- **Human capital**

The share of highly educated people in the Danube Region is lower compared to the EU27 average, again with a pronounced divide. Mobility, especially of researchers and students, of highly qualified workers and skilled workers, is still limited. However, the Region currently benefits from a high share of dynamic workers, presenting a potential so far not fully used. Therefore, the quality of education systems in the New Member States should be improved in particular through exchanges of experiences, and mobility should be facilitated. Existing contacts and cooperation in the area should be built upon.

- **Security**

Growing economic integration and rising cross-border trade bears the danger of a rise of organised crime in the Region (smuggling, trafficking of human beings, black market,...). Besides the immediate damage it causes, organised crime also leads to higher transaction costs for business in the whole Region and thus limits the possibility of further economic growth. The recent history and the different stages of EU integration of the Region make this issue a particular problem. Different types of legislation and differences in existing policies also make cross-border law enforcement lengthy and cumbersome and facilitate organised crime. Therefore, frameworks of international cooperation, and existing initiatives should be reinforced.

- **Tourism**

The Danube Region has a striking cultural, ethnic and natural diversity. Much of this could be of great interest to visitors. However, this touristic potential is not used to its full capacity. Existing initiatives are not linked to each other and have no common strategy for aligning their efforts. This potential could be better coordinated, in particular seeking to develop a critical mass in terms of support structures and services to attract tourists to the region.

### *3.2.3. Issues for which cooperation could be done as it is useful to exchange experiences*

- **Information Society**

The Information Society is not well developed in the Danube Region compared to the rest of EU27. People have less access to computers, to internet connections and to e-content.

Thereby, the countries concerned are not benefiting fully from a source of growth, cohesion and sustainability. Availability of computers in homes, enterprises and administrations should be improved; the broadband coverage and penetration should be extended, especially in rural areas; and the content available such as e-government, e-health, e-education, e-commerce and e-inclusion should be expanded, and existing initiatives reinforced.

- **Institutional capacity**

The transnational, national, regional and local governance systems in the Region are at times still evolving and developing, often continuing to overcome the profound changes of recent years. This covers the ways the decisions are taken (stability of the public sector staff, transparency, consultation, planning, financial engineering, project preparation, spatial planning,...) and the ways the actions are implemented (on time, efficiently, effectively, economically, without corruption,...). In most countries of the Danube Region the systems had to be radically modified after the regime change (or also after the break-up of Yugoslavia). Although the accession to the EU (or the prospects for accession) has improved the situation, new systems take time to be implemented as they require changes in mentalities, building confidence amongst stakeholders and facilitating skills improvements. Therefore the functioning of political bodies and administrations, combined with a greater involvement of the civil society / stakeholders also at decentralised smaller, remote regional levels, should be improved (for example by involving better the non-governmental bodies and civil society in the decision-making process so that these decisions have fuller support from stakeholders before their implementation). As the recent crisis shows, this also extends to financial governance, which needs reinforcing in all countries of the region, as part of EU wide efforts.

- **Marginalised communities**

In the Danube Region, there are several marginalised communities such as minorities or the Roma (10 million Roma inhabit the Danube Region representing 80% of Roma in Europe). These communities often live in poor conditions without basic infrastructure. Discrimination, social exclusion and spatial segregation are observed as well as social tensions. Public authorities however often lack the resources and experience to address these challenges in a holistic manner. Coordination of policies and actions is not evident, either within the countries or between communities with similar challenges. In addition, comprehensive studies to collect comparable data on the situation of these communities have not been conducted so far. This is due to limited public awareness and low political interest. Therefore, a coherent strategy, putting emphasis on the challenges and providing good examples and tools to tackle these challenges should be established. This could benefit considerably by working together.

### **3.3. Subsidiarity analysis**

In general, decisions are best taken at the appropriate level and the actions should be implemented by those who have the knowledge and competence to do so. For Europe-wide issues, this can be done with the institutions of the European Union, for national issues, this can be done by the national governments and for regional and local issues, this can be done by the regions and cities. However, for macro-regional issues (which concern several countries, but at different levels depending on the issue, and also non Member States), there is a need for a specific cooperation framework at the level of the macro-region. Experience shows that, without this, there are significant implementation gaps.

As mentioned, there is already cooperation between the countries, be it through inter-governmental organisations or be it through cooperation on specific issues. However, these are not efficient, do not cover all the issues which would require cooperation and are not considered in a strategical perspective. In effect, this is why the Member States themselves asked, through the Council, that the Commission prepares a macro-regional strategy for the Danube Region.

### **3.4. Conclusions of the problem definition**

Summing up the above, there are important common problems in the Danube Region. These would benefit from common solutions. There is an absence of a common governance approach to address these challenges or indeed to develop potential. This has led to implementation gaps, particularly in areas that have a cross-border dimension. The following main problems can be identified:

#### **Lack of political solution beneficial for all states in the Danube Region**

The consultation, especially with Member States and regions, has shown that distinct economic differences in the macro-region result in different priority settings of the countries. Recently joined Member States tend to put emphasis on actions that above all foster economic growth, whereas the protection of natural wealth, natural resources and ecosystems - above all the Danube River itself - still receive insufficient attention and need to rank higher on the political agenda (especially as they are indispensable for a sustained socio-economic development). During the consultation process it was argued that the success of any coordinated approach depends on coverage of a range of topics, so that all countries can identify benefits for themselves, i.e. allowing for political trade-offs and equitable profit / burden sharing based on a wider Danubian solidarity.

#### **Lack of good coordination between different policy fields**

Inter-governmental bodies and the national ministries have developed coherent policies for the Region in their field of activity. However, these policies face implementation gaps as investment decisions or binding agreements are often blocked by other policy fields with seemingly conflicting interests. The most often cited conflict of interest during the consultation phase was the one between navigability and environmental policies. There is a need to find a solution supporting the objective of longer term sustainable development in a wider territorial context on the political level. Agreements are more likely to be reached, if a balanced political trade-off can be obtained in the frame of an integrated territorial approach and in a reciprocally beneficial way.

#### **Lack of good coordination of national, regional and EU funds**

To date, Member States have often defined their policies and taken their investment decisions individually and in an uncoordinated way. Consultation showed that there is a need to act in a more coherent way to allow national actions and policies to be mutually reinforcing, increasing their effectiveness and efficiency. This holds true for EU co-funded programmes, for funds of International Financial Institutions, and for many other sources of public (and private) funding. Funding instruments could provide effects of improved return on investments and synergy and secondary benefits if they could be deployed to support commonly agreed objectives and related investments.

## **Lack of full implementation of EU policies**

The major part of the Danube Region is characterised by the most recent EU enlargement process. The majority of countries are in an evolving process in respect of economic competitiveness and the implementation of EU policies. Stronger cooperation in areas where implementation gaps are important obstacles should be tackled urgently to make the Region more consistent with the EU policy objectives of sustainable development and notably EU2020.

## **Lack of cooperation with non Member States**

The Danube River Basin consists of 8 Member States and 6 non Member States, 4 of which are candidate or potential candidate countries and the other two participate in the European Neighbourhood Policy, thus all of them share similar challenges and opportunities. Consultation has shown the desirability to include all countries in the Region. With their involvement, policies and investments in the whole Region can be more effective, as they will be coordinated and will follow common objectives.

## **Lack of links between policies in the Danube Region and those of the Black Sea**

The Danube River and the Black Sea are linked through a common eco-system and common interests to develop inland and maritime routes for transport and energy. Whilst there is an existing joint task-force (the Danube and Black Sea task force (DABLAS)) to develop investment projects in the field of environment, its scope is limited, and cooperation needs to be strengthened. Although the Danube has by far the most rigorous nutrient loads monitoring programme of all rivers flowing into the Black Sea (and it is likely that nutrient loads from other rivers are underestimated) it appears that as much as 80% of the river-borne inorganic nitrogen load and around 50% of the river-borne phosphate load enters the Black Sea from the Danube - hence the need to link policies especially for environmental matters.

## **4. OBJECTIVES**

The general objective ('vision') is to develop a long-term cooperation and integration mechanism between the countries, towns and regions of the Danube Region to tackle the challenges, and to profit from and share the opportunities in common. An added-value should be demonstrated in cooperating closer and in joining forces that require longer term commitment and acceptance of lasting interdependencies. This can evolve from a political and practical territory-specific framework, allowing for political trade-offs in order to be mutually beneficial.

Concretely, the countries can benefit from a better basis to jointly discuss, decide and implement actions, which address common challenges and opportunities. A more coordinated approach in each policy field is possible, however, bearing in mind the interlinkages with other parts of the economy (e.g. transport - environment - economic development - agriculture).

The aim is to overcome current blockages by addressing common development interests in a wider territorial context. National policy objectives can be better achieved and can be enhanced through joint implementation oriented approaches, i.e. going "from words to

action". These can reinforce already existing EU-wide or region-wide policies that have lacked political support until now. Resources may also be better utilised by working together.

To achieve this, the focus should be on three specific objectives:

- (1) **Effectiveness: Improved coordination and coherence.** Analysis of existing overlaps; definition of competencies and roles; planning and development of an integrated approach; improved coordination of investment priorities;
- (2) **Efficiency: To strengthened institutional capability to ensure implementation of actions.** Reinforcing existing institutions with a good track record; intensifying cooperation where governance structures are missing; jointly agreeing on strategically important projects; pooling of human and infrastructural structural resources using existing centres of excellence and areas of competence; creating ownership, affordability and access to well equipped and functioning institutions and services; strengthening longer term interests and commitments.
- (3) **Political acceptance: To ensure a long term, politically supported cooperation process.** Improve visibility and accountability; continuous monitoring and evaluation of expected results; review and update of strategically important plans, activity packages and projects.

## 5. POLICY OPTIONS

The challenges identified above point towards the need for increased coordination, cooperation and integration between different sectors and between Danube countries, cities and regions. Enhanced capacity is needed to implement and enforce existing policies. Given this analysis, the options and mechanisms to be analysed below are most likely to deliver the defined objectives. These options concern the possible frameworks for cooperation in the Danube Region. Among other differences the level of involvement of the Commission varies in the different options.

### **Option n°1: The Commission is not involved (baseline scenario)**

The Commission does not prepare a strategy for the Danube Region. Under this option two possible scenarios have been developed as it cannot be excluded that the countries themselves will prepare such a strategy.

#### *Scenario 1.1: There is no strategy for the Danube Region*

A strategy for the Danube Region is not prepared. Policies are designed and implemented at EU and national level. In the mid-term, cooperation between the countries of the Danube Region may be organised by the countries themselves.

#### *Scenario 1.2: There is a strategy, but not prepared by the Commission*

A strategy for the Danube Region is developed by the countries of the Danube Region themselves, through an intergovernmental agreement or a stronger cooperation between regions.

## **Option n°2: The Commission's role is limited to preparing a strategy**

The Commission prepares a strategy but the implementation happens solely at inter-governmental level, without the EU.

## **Option n°3: The Commission coordinates actions at EU level (using the EU structures)**

A coordinated strategy is developed using the existing EU structures, with the Commission playing a facilitating role. The strategy is prepared by the Commission as a communication to the European Council, European Parliament, Committee of the Regions and to the European Economic and Social Committee. Future decisions are taken by the institutions in partnership.

## **Option n°4: The Commission supports the creation of a new body with financial and legislative powers**

A new international organisation is created with the power to adopt new legislation for the Danube Region and to manage funds to finance transnational projects.

### *Geographical options*

#### **Option a: Limited to the Danube River**

The approach covers the territories immediately along the river (Member States and non Member States) and thus only concentrates on issues related to the river such as navigability and the environment.

The approach is based on the Danube River (the river and the river basin) but for some issues considers extended interdependence (e.g. transport systems/ intermodal hub/ hinterland connections) in combination with planning focus (soft measures) for the wider area e.g. Danubian management plans (water, waste, energy, tourism, biodiversity, nature conservation, civil society networking, agriculture).

#### **Option b: Extended to functional geographical area**

The approach covers the Danube Region as a whole, (Member States and non Member States) and can thus address a range of challenges related to the area. In certain cases it is appropriate to include regions adjacent to the above mentioned (for example on trade, transport or environment issues) as they link Black, Adriatic and Baltic Sea Regions. Following this option, the 'Danube Region' is a functional area, including actors necessary to ensure cooperation on different issues, whether they are EU-Member States or not. Under such an option, the strategy covers issues where countries and stakeholders have signalled their intention to cooperate and which are not directly related to the river (e.g. innovation).

#### **Option c: Extended to the Member States of the Danube Region**

The approach is based on option b, but is limited to EU Member States of the Danube Region. Hence it can cover issues on which the EU has already some legal and financial instruments. In addition, it can cover a broad range of issues, including those not related to the river.

## 6. ANALYSIS OF IMPACTS OF THE DIFFERENT POLICY OPTIONS

This section compares the options by analysing how each of them would ensure that the objectives outlined in chapter 4 are met (effectiveness); how easily they are achieved (efficiency); and whether there is likely commitment (political acceptance). This analysis is based on the geographical option b where the Danube Region is extended to functional geographical areas. A full analysis (for each geographical option) is included in the summary table at the end of the chapter 6. “Analysis of impacts of the different options”.

### Option n°1: The Commission is not involved (baseline scenario)

*Scenario 1.1: There is no strategy for the Danube Region*

Scenario n°1.1: The Commission is not involved (baseline scenario) - There is no strategy for the Danube Region					
	--	-	0	+	++
Effectiveness			✓		
Efficiency			✓		
Political acceptance	✓				

Under this scenario, the situation of the Danube Region will probably not improve significantly. Joint challenges are unlikely to be addressed in a coherent way and joint opportunities will not be seized as sector policies and national interests will continue to block each other. Limited advances could be made in non-controversial issues. The effectiveness of this baseline scenario, what regards reaching the objectives is therefore in general limited. This option would not create any additional direct costs to either Member States or European Commission. The indirect, long term costs relate however to the unused potentials with regard to mobility and accessibility and socio-economic development, to the damages of the environment and to dangers of natural disasters such as floods. Due to limited advances there is a likelihood that the environmental, socio-economic and accessibility situation will, in relation to other regions in Europe, worsen. As this approach will not require additional resources, will however also not create any considerable outputs, it can be regarded neutral what concerns efficiency. Given the request of the European Council to prepare a coherent strategy (and the continuous support to the idea received since), this option would create political pressure on the Commission from the Member States.

⇒ Role of non-EU countries: unchanged.

*Scenario 1.2: There is a strategy, but not prepared by the Commission*

Scenario n°1.2: The Commission is not involved (baseline scenario) - There is a strategy, but not prepared by the Commission					
	--	-	0	+	++
Effectiveness				✓	
Efficiency			✓		
Political acceptance		✓			

Under this scenario a strategy would be developed and be implemented by the countries using existing or new inter-governmental processes. There is little or no involvement of the

European Commission, the European Council, the European Parliament or other EU Institutions.

There is a danger that consultation of stakeholders, as conducted for EU initiatives, may be neglected and that the Strategy would thus not take into account the full range of challenges and opportunities of the Region. This option may however have the capacity to deliver on commonly agreed priorities in the long run, given there is consensus on the issues and political will. Experience could show that such an approach can be effective for small, relatively homogenous regions (e.g. Alpine Region) that enjoy a long history of cooperation and can build on well established structures. However, the consultation of countries, experts and stakeholders reveals doubts that this option could be successful in the Danube Region, given its size and heterogeneity, and given the lack of well established governance structures to build upon. The inter-governmental bodies already in place may not be appropriate for reaching viable compromises on controversial issues, as they either have a sector approach (International Commission for the Protection of the Danube River (ICPDR), the Danube Commission (DC)), or they work primarily on the diplomatic level with less emphasis on the implementation dimension (Danube Cooperation Process). They may also need reinforced resources and/or political support (e.g. Danube Rectors Conference, Danube Tourism Commission). As the intergovernmental bodies already in place also largely consider issues directly connected to the river, it is likely that only such issues would be addressed under the strategy. What regards effectiveness, this option may thus be able to deliver on some of the defined objectives but is likely to be weak in reaching agreements on controversial and/or interrelated issues.

As the European Commission will not be involved, no additional administrative costs will fall on the European Commission. Costs for the preparation of the Strategy will need to be borne by Member States. In addition, without the European Commission playing an active part, the alignment of EU policies and funds from EU programmes to proposed actions may prove to be difficult, as the leverage effect of EU funds would be missing. Hence it can be presumed that this option would be neutral what concerns efficiency.

⇒ Role of non-EU countries: The non Member States are likely to be involved in the preparation and implementation of the Strategy. As appropriate, they will be invited to align with the Member State efforts, though the *acquis* base and availability of funding is evolving and diverse in the different countries.

### **Option n°2: The Commission's role is limited to the preparation of the strategy**

Option n°2: The Commission's role limited to the preparation of the strategy					
	--	-	0	+	++
Effectiveness				✓	
Efficiency			✓		
Political acceptance		✓			

Danube states create a new inter-governmental body to cooperate closer on Danube Region related issues, organise regular meetings by policy fields to coordinate their work, develop and regularly update a list of prioritised strategic projects. The European Commission prepares the Strategy, but does not have a facilitating, steering or monitoring role in the follow-up. This option creates limited direct costs for the European Commission but needs considerable long term commitment and stable resources from the Danube countries. Past

experience, e.g. with the Danube Cooperation Process, has however shown that such an approach is vulnerable to changing political interests in the countries and that the cooperation process is difficult to maintain. The effectiveness of this option to deliver on the objectives can thus be positive only with continuous political support in the Danube states.

As in scenario 1.2., the European Commission does not play an active part in the implementation of the Strategy, so here again, the alignment of EU policies and funds from EU programmes to proposed actions may prove to be difficult. The leverage effect of EU funds is therefore missing. It can therefore be presumed that this option will be neutral what concerns efficiency. Furthermore, the approach lacks an independent facilitator to organise and manage the cooperation process in the future. This would likely result in a static strategy, which would not evolve further in the future.

Again, as with option 1.2., such an approach might be suitable for regions with a long history of cooperation, building upon long-standing and well-functioning processes or networks. This seems however not to be the case for the Danube Region. On the contrary, stakeholders underline the weaknesses of an inter-governmental approach. This appears to be an important reason for the request from the Member States formally, through the European Council, for an active involvement of the European Commission in the process.

⇒ Role of non-EU countries: The non Member States are involved in the preparation of the Strategy. The other elements mentioned under option 1, scenario 1.2 remain valid.

### **Option n°3: The Commission coordinates actions at EU level (using the EU structures)**

Option n°3: The Commission coordinates actions at EU level (using the EU structures)					
	--	-	0	+	++
Effectiveness					✓
Efficiency				✓	
Political acceptance					✓

This option actively involves the European Commission as a facilitator to the process, supporting the Danube countries in developing a coherent Strategy for the Region. The development of such an EU Strategy is done in close cooperation with the involved countries and with all relevant services of the European Commission. The process is assisted by a broad open consultation process of all stakeholders of the Region and a consultation process with regional experts.

With the active involvement of the European Commission such an approach could reinforce the implementation of EU policies in the Danube Region. This closes existing implementation gaps and makes EU policies more effective. The coordinating role of the Commission furthermore allows for an alignment of national, regional and EU funds to support the implementation of the Strategy, thus raising the efficiency of the available funds.

An implementation oriented approach also allows the Commission to develop, together with the Danube countries, an evolving action plan, providing examples of actions and projects that should be implemented in the Region. Given the availability of national, regional, EU funds and the financial instruments of International Financial Institutions for the Region, given the existence of a number of inter-governmental bodies and institutions and given the legislative framework of the countries and the EU, the approach emphasises better use of what is already

in place. This approach thus raises the efficiency and effectiveness of given funds and structures and closes implementation gaps related to legislation, without creating new funds, structures or institutions. This also raises the potential political acceptance of this approach.

The direct costs of this approach for the Commission are related to the personnel resources needed for facilitating the process in the development and implementation phase. The option can be regarded as efficient regarding administrative costs in the sense that one central body coordinates the overall work.

In terms of effectiveness, this option is considered likely to deliver on common objectives. The EU institutions are relatively independent, competent (covering many policy fields through the DGs) and credible (through the experience in designing transparent policies and implementing them). Therefore, the EU Institutions have the potential to create a stable form of cooperation among stakeholders in the Region.

Regarding the governance mechanism, this option could draw on the experiences of the EU Strategy for the Baltic Sea Region, which was developed during 2009 and is now in the phase of implementation. This is described in further detail in Annex 4.

⇒ Role of non-EU countries: The non Member States are involved in the preparation and implementation of the Strategy. The Commission can promote the alignment of EU funds, and facilitate the financing by International Financial Institutions, as well as assisting them in the speedier and correct implementation of the *acquis*.

#### **Option n°4: The Commission supports the creation of a new body with financial and legislative powers**

Option n°4: The Commission supports the creation of a new body with financial and legislative powers					
	--	-	0	+	++
Effectiveness					✓
Efficiency		✓			
Political acceptance		✓			

A new body with financial and legislative power is created to support the development and implementation of common objectives. With this option, the objectives of the Strategy are met through the financial and legislative powers of this body. Given that countries agree on the means of financing, location of the body, staffing and decision making procedures, this option could indeed be effective in reaching common goals. However, as such political processes are lengthy, especially with the large number of countries involved, this approach is likely to suffer a substantial delay until agreements can be reached and actions implemented. There is also the danger of countries not agreeing on the conditions for setting up such a body.

With fresh funds, this approach is likely to produce concrete outputs. However, the direct costs associated with this approach are also substantial. Given that the Region is well provided with EU funds and instruments of the International Financial Institutions, this option would however have weaknesses what regards cost efficiency. In addition, given current economic circumstances, it is unlikely that governments will be able to release fresh funds. The political acceptance of this approach could therefore be viewed as rather limited.

- ⇒ Role of non-EU countries: The non Member States could be involved in the process, although it is unlikely that they could have the same decision-making power. Differentiations between member States and non Member States could become over-institutionalised, which is not particularly desirable.

### Geographical options

#### **Option a: Limited to the Danube River**

Following an approach only limited to the river, this option aims to strengthen already existing inter-governmental bodies dealing with these issues and would encourage their cooperation: the Danube Commission (navigability) and the International Convention for the Protection of the Danube River (ICPDR). Whilst the situation of the river could be improved, the other policy fields relevant for the Danube Region are not addressed. In particular, the potential to reinforce the socio-economic development of the region post-enlargement is overlooked.

In addition, if the Strategy was limited to the issues directly relevant to the Danube River, those who have little interest to the navigation/ environmental issues would have less incentive to cooperate. For example, countries without significant current waterborne trade are little interested in ensuring navigability, though their river stretch is vital for others; placed in an overall socio-economic development context this perspective is changed. In fact, previous concentration of efforts limited to the river has been at the root of slow progress to date. In general, if the Strategy covers different topics, there are much greater opportunities for countries to advance/ reinforce their own needs, in cooperation and/ or trade-offs with the interests of others. Hence, it considerably opens the space for compromises, and increases the opportunities to develop good and mutually-acceptable solutions. This integrated approach is specifically underlined in the European Council conclusions formally requesting the Strategy. This is one of the key reasons for the importance of socio-economic issues, a particular priority in the lower Danube.

#### **Option b: Extended to functional geographical areas**

With this option a wider range of topics is covered, relating to the challenges of the Danube Region and not only the Danube River. As the consultation process has shown, the wider approach may facilitate resolution of issues otherwise blocked in stand-off (navigability vs. environment) and allows all parties to identify gains for themselves, i.e. this approach allows for political trade-offs. By doing so, it is possible to have an outcome which is broader than the lowest common denominator. In addition, there is the benefit of addressing the policy fields in an integrated way taking into account the interactions between them. There is potential to reinforce the EU integration of the region, both in administrative / judicial terms and also in relation to socio-economic development. This option is thus likely to enjoy broader political acceptance and advance in fields characterised by conflicting political agendas.

#### **Option c: Extended to the Danube Region Member States**

Whilst this option would facilitate the implementation of the actions as the whole territory covered has a common legal framework (the EU Directives) and common funding instruments (especially, the Structural Funds), it would not be able address fully the

challenges and opportunities of the Danube Region. For example, the improvement of navigability would be limited as the Danube River flows through Croatia and Serbia.

## **Summary table on the analysis of the impacts of the different options**

Option	Geographical scope	Effectiveness	Efficiency	Political Acceptance	Comments
1.1 - The Commission is not involved; there is no strategy	Not applicable	0	0	--	This option would not improve the situation of the Danube Region and opportunities will be lost.
1.2 - There is a strategy, but not prepared by the Commission	a) Danube river	+	0	-	This option could lead to some positive results, but given the lack of existing cooperation results, it is not likely to be very efficient. If this option was limited to the Danube River its effectiveness would be limited as opportunities to address issues not related to the river would not be seized. The same goes if it was limited to the Danube Member States, and this would result in substantial gaps.
	b) Functional geographical areas	+	0	-	
	c) Danube Member States	+	0	--	
2 - The Commission's role is limited to the preparation of the strategy	a) Danube river	+	0	-	The same arguments go as for the option 1.2. In particular, the strategy would not deliver the same level of results as there would be no independent and stable player, to facilitate the cooperation and the alignment of policies and funding and to monitor / report on the progress.
	b) Functional geographical areas	+	0	-	
	c) Danube Member States	+	0	--	
3 - The Commission coordinated actions at EU level (using the EU structures)	a) Danube river	+	+	-	This option is clearly the one which the countries prefer, since it is most likely to facilitate concrete results. With a governance framework (cf. the proposed one in the Impact Assessment), an Action Plan with key actions and the involvement of the Commission it is considered most likely to be both effective and efficient. If it was limited to the Danube river or to the Member States, it would be much less, but less effective as the number of issues which would be covered would
	b) Functional geographical areas	++	+	++	
	c) Danube Member States	+	+	--	

Option	Geographical scope	Effectiveness	Efficiency	Political Acceptance	Comments
					be limited. In particular the non participation of non Member States would result in gaps, and substantially reduce impact.
4 - The Commission supports the creation of a new body with financial and legislative powers	a) Danube river	+	-	-	Theoretically, this option could be effective. However, in practice, it would be complicated to agree on the powers of this body, on its funding, on its location, etc. In addition, the coordination of its work with the one of the European Commission would be complex. If it was limited to the Danube river or to the Member States, it would be less effective as the number of issues which would be covered would be limited. In particular the non participation of non Member States would result in significant gaps.
	b) Functional geographical areas	++	-	-	
	c) Danube Member States	+	-	--	

0 is the baseline scenario

+ and ++ means that the impact is positive compared to the baseline scenario

- and -- means that the impact is negative compared to the baseline scenario

## **Environmental, Social and Economical Impact Assessment**

### *Environmental Impact Assessment*

The environmental impact of actions within the framework of the EU Strategy for the Danube Region is expected to be positive for the following reasons:

- The preservation and restoration of the environment is one of the underlying principles on which the Strategy is built. This follows the specific request made by the Member States that it aims at a sustainable development. In particular, the Action Plan will contain specific actions in the environmental field, including improving the Strategic Environmental Assessments and Environmental Impact Assessments made in the Danube Region;
- The Strategy underlines the integration of policy fields so that the environmental point of view is systematically taken into account when deciding on a project or when implementing it;
- The Strategy aims at improving the implementation of EU legislation and EU funding instruments which have undergone an Environmental Impact Assessment when required;
- The actions and projects deriving from the Strategy have to follow the requirements of the EU legislation and will hence have to undergo Environmental Impact Assessments;
- Finally, the Strategy itself, and in particular the Action Plan, is systematically reviewed by DG Environment and DG Climate Action.

### *Social Impact Assessment*

The social impact of the EU Strategy for the Danube Region is also expected to be positive for the following reasons:

- The content has been proposed and validated by national authorities, stakeholders and DGs of the Commission (including DG Employment and Social Affairs);
- One of the aims of the Strategy is to provide better social conditions especially by improving the human capital, the labour market and the conditions of marginalised communities, especially the Roma;
- Finally, overall, the Strategy should generate growth and jobs by improving the competitiveness of enterprises, and of the Region generally.

### *Economic Impact Assessment*

The Economic Impact Assessment of the EU Strategy for the Danube Region is as well expected to be positive for the following reasons:

- There has been a strong demand by the countries involved that economic development is prioritised. The Commission intends to include actions in these matters such as removing the bottlenecks for the functioning of the Single Market, promoting research and innovation, and making the labour market more efficient;

- The Strategy follows the objectives of Territorial Cohesion<sup>11</sup> including the reduction of territorial disparities, facilitating equivalent living conditions, allowing for a fair access to infrastructures and services, strengthening polycentricity, and building good links between urban and rural areas.

## 7. COMPARING THE OPTIONS

In view of the analysis of impacts of the different policy options (chapter 6.) we conclude that the best options are:

- For the involvement of the Commission: option n°3 (the Commission coordinates actions at EU level, using the EU structures);
- For the geographical scope: option b (extended to functional geographical areas).

Given the results from the broad consultation process, the identified problems and the above presented impacts of various options, this report concludes that the most suitable option is an active involvement of the European Commission, facilitating the development and implementation of a long-term cooperation process in the wider Danube Region.

These options are preferred to the other options presented in relation to:

- **Efficiency**, allowing for a better alignment of policies and funds for the Region;
- **Effectiveness**, facilitating the implementation of concrete actions through the guiding role of the Commission, the broad ownership of the Strategy on the ground, as well as the feasibility of actions;
- **Political acceptance**, using existing funds, institutions and legislation and applying an inclusive approach making it possible for all parties to identify with the Strategy.

In terms of **administrative costs** this option requires more commitment than the baseline scenario, but is less resource intensive than other options creating new institutions. The central coordination role of the Commission allows more effective implementation of policies and funds, which can result in better use of resources overall.

Since the approach is built on re-alignment of existing efforts, the administrative costs of additional coordination are comparable to existing levels of administrative activity. Improved coordination and coherence, although they will require a combination of contacts at working

<sup>11</sup> Territorial Cohesion is an objective of the European Union as a basis for sustainable development. The Strategy is expected to contribute specifically to this. For reference, the objectives of territorial cohesion are namely: reduction of territorial disparities, ensuring equivalent living condition, building on the territories, recognising diversity as an asset, acknowledging the potential of the regions, allowing for a fair access to infrastructures and services, strengthening polycentricity, building good links between urban and rural areas, promoting good governance with equal participation and the sharing of common resources. Given the wide scope of these objectives, it requires a framework of multi level governance for the integrated development of the area (namely through spatial planning), horizontal coordination between sectoral plans and agendas (so as to assure a coherence of sectoral policies); and vertical coordination between levels (European Union, Member States and regional and local authorities). It is expected that the Strategy can reinforce this.

and political level, result in more effective use of resources and the development of common approaches both within and across sectors to achieve better impact. Much data collection, planning, monitoring and reporting is a question of wider utilisation of existing efforts, e.g. extracting and combining information available from the development and monitoring of EU Structural Funds programmes, but in an aggregated way. On the side of the Commission, functions related to managing high level groups, coordinating and facilitating the meetings of the Priority Areas, producing annual reports and maintaining an integrated approach is based on improving internal coordination of Commission services and re-alignment of existing efforts.

Related to the defined objectives as presented in chapter 4, this option **improves the coordination and coherence** of policies and investment decisions, **strengthens the institutional capacity** of the Region (as it makes use of existing structures and institutions and as it intensifies cooperation between countries) and **improves the visibility and accountability** (as it will be continuously monitored and evaluated by the European Commission and the Member States).

In terms of geographical scope, to give an idea of the territory concerned, one can use as a proxy to the Danube Region the countries in the Danube River Basin (therefore, it is not limited to the river), used by the Danube Cooperation Process, which is widely accepted in the area. The territory concerned is: Germany (especially Baden-Württemberg and Bavaria), Austria, the Slovak Republic, the Czech Republic, Hungary, Slovenia, Romania and Bulgaria as Member States and Croatia, Serbia, Bosnia and Herzegovina, Montenegro as candidates and potential candidates countries and the Republic of Moldova and Ukraine (the regions along the Danube) as third countries. This does not exclude neighbouring countries (or maritime areas) participating on certain issues. It is to be emphasised that the Danube Region is not limited to the Danube River. Finally, the scope of the Strategy remains open for extension to other countries.

## 8. MONITORING AND EVALUATION

The implementation of the EU Strategy for the Danube Region could be monitored at three levels:

- Milestones for putting in place the necessary structures (putting in place thematic working groups, establishing responsible actors for the collection of data, establishment of communication arrangements within region and contact points for stakeholders). A reporting framework and timetable should be established.
- Monitoring indicators set out under each of the priorities in the Action Plan with a detailed framework to allow assessment of the implementation process. These milestones / indicators would be adopted with the Action Plan.
- Headline indicators defined to assess the general evolution in the Danube Region in respect of the key challenges. These would form the basis for the establishment of baselines against which progress on achieving objectives in the field of environment, prosperity, accessibility and security could be evaluated.

Reporting arrangements would need to be established. The Commission could report on a regular basis on progress towards achieving the monitoring indicators set out in the Action

Plan. A timetable for evaluation (perhaps after 3 years of implementation) could also be set out. In line with its role in supporting the peer review process, the Commission could identify areas where progress is slow, and, where appropriate, make proposals to the Council on specific measures to address. There should be an opportunity to update the Strategy regularly in light of the effectiveness and efficiency of the governance structure in delivering collective action, and in light of the adequacy of targets.

## 9. CONCLUSION

This Impact Assessment Report proposes therefore to establish an EU Strategy for the Danube Region, as a sustainable framework for cooperation to support sustainable development and integrated action in a transnational context. The Strategy should be accompanied by a rolling Action Plan that features concrete examples of where and how cooperation should be intensified.

As outlined, the design of the EU Strategy for the Danube Region is based on several elements: (a) an extensive consultation process; (b) Communication and Action Plan; (c) Proposed Framework for Cooperation; and (d) involvement of EU Funds. For each of these elements, the experiences from the preparation and implementation of the EU Strategy for the Baltic Sea Region (EUSBSR) have been used as inspiration, while acknowledging the differences and specific needs of the Danube Region.

- Consultation process: The consultation processes are similar. Indeed, from the EUSBSR it was clear that the acceptance level of the actions proposed was high due to the wide and open consultation process. Therefore, the Commission used the same tools and the same approach: Meetings with specifically-nominated National Contact Points, creation of a Commission Inter-Service Working Group (over 20 services and the European Investment Bank), series of conferences, public consultation, bilateral meetings with each country and an ‘open doors’ policy.
- Communication and Action Plan: The Structure and the organisation of the Action Plan are similar because this is shown to work well in the implementation of the EUSBSR. In particular, the idea to have a Priority Area Coordinator organising the work is seen as especially useful, as it crystallises leadership and responsibilities for progress.
- Proposed Framework for Cooperation: The proposed framework is based on the one proposed for the EUSBSR with Member States’ involvement via the Council, follow-up of the Strategy done by a High-Level Group, the coordination for each Priority Area done by a Priority Area Coordinator, and the Commission facilitating the process, coordinating the work, monitoring and reporting on progress.
- Involvement of the EU Funds: From the EUSBSR experience, it was clear that e.g. the Structural Funds programmes should be involved early on in the process to secure their readiness to align funding to the Action Plan. This has been done through the Monitoring Committees of the programmes and through an advisory group which also organises regular wider practical discussions.

In addition, the EUSBSR experience has also facilitated organisation of the work taking into account principles of competence and subsidiarity, notably in respect of security and institutional capacity, but also in respect of cooperation on education and culture.

## Sustainable framework for cooperation

The organisation proposed is similar to the one used (and being tested) for the EU Strategy for the Baltic Sea Region (cf. Annex 4). There is existing support for this approach. It is particularly useful as a point of reference.

Overall, the Commission is a key actor in ensuring that the process advances, providing leadership and, in cases of disagreements, facilitating the discussion as a relatively independent, legitimate and credible partner. As it is present in e.g. the Monitoring Committees of EU Structural Funds programmes, it has a key opportunity to work with programmes to realise the objectives established by the Strategy, whether by re-programming or other means.

In addition, the monitoring and reporting would be done by the Commission on the basis of information from the ‘Priority Area Coordinators’ (and also by compiling material from other regular sources, e.g. the annual reports of EU programmes). The Commission intends to draft a yearly report indicating the state of play regarding the implementation of the Action Plan.

Finally, the Commission also intends to organise regularly a Forum to report on progress, to consult on new / updated actions and to network (trans-nationally, inter-sectorally and inter-institutionally). This forum would include the countries, the EU Institutions, the stakeholders (namely non-governmental and inter-governmental bodies), the private sector and civil society.

### How would the “division of labour” among existing cooperation frameworks be changed?

The main objective is to better coordinate and reinforce the efforts of many existing organisations, following the practice already established as worthwhile in the Baltic Sea Region. By providing a common framework and reinforcing practical commitment (within an EU context with its policies and funds), the Strategy can significantly increase the impact of existing bodies (a point they themselves consistently make). For example;

- International Commission for the Protection of the Danube River (ICPDR): The ICPDR would not be changed but would be a key partner for the implementation of the Priority Area on water. By supporting the work of the ICPDR, the Strategy should reinforce its influence on individual countries and local decision-making and its access to funding.
- Danube Commission: The European Commission could develop a similar relationship as with the ICPDR, to increase impact.
- The Danube Cooperation Process (DCP): The Danube Cooperation Process is reinforced (or even replaced, if agreeable to its members), with more credibility in political terms and easier access to funding.
- The European Commission: The Commission would facilitate the process (e.g. brokering agreements between partners as an independent player), coordinate the work (e.g. by working on the alignment of organisations, policy-making and EU funds to the actions of the Strategy), monitor (e.g. through an Annual Forum with all the stakeholders) and report on progress.

## Action Plan

Again, with reference to the EU Strategy for the Baltic Sea Region, the Action Plan can be one of the concrete outputs of a macro-regional strategy. Its aim is to go from ‘words to

actions' by identifying the concrete priorities for the macro-region (those which are important for the Commission and the countries of the Danube Region, those which have a macro-regional nature and those which are realistic / feasible). Once an action or project is included in the Action Plan, it should be implemented by the countries and stakeholders concerned. In that sense, the Action Plan should be stable for a certain period of time. However, over the years, the priorities may evolve and hence, the actions and projects may be updated, transformed or replaced (these decisions will be taken by the countries and the Commission who will meet regularly during the implementation phase). The Action Plan will be regularly reviewed (i.e. the Action Plan presented by the Commission is just a first attempt and will be improved over time). It has no legally binding value, but being approved by the Commission, endorsed by the Council and supported by the European Council it has a certain status making its implementation easier.

The Action Plan covers the priorities of the Strategy, likely to be mobility and accessibility issues (waterways, road, rail, air), environmental issues (climate change, water, biodiversity), economic issues (trade, innovation, labour market, education), energy issues (interconnections, supply, clean energies, energy efficiency), cultural issues, security issues, the information society, the institutional capacity as well as the issue of the marginalised communities. By doing so, it operationalises the priorities for the Danube region and facilitates the cooperation between countries as well as attracting a critical mass of investments in those areas.

The Action Plan also can underline the importance of an integrated approach whereby actions have to be considered with other policy fields. Concretely, for the implementation of these actions, it can encourage broad consultation of the bodies in charge of other policy fields.

In conclusion, the EU Strategy for the Danube Region can deliver concrete results based on clear political support (Commission, Heads of State). It can facilitate concrete improvements, as it has been prepared with technical expertise (DGs, Ministries, stakeholders) and a specific Commission involvement. It can build on a process leading to actions seen as open, transparent and legitimate. Finally, it can benefit from significant impact through policy alignment and through funding alignment of existing instruments. It needs however to continue foster the cooperative attitude of the countries and stakeholders of the Danube Region, in a partnership, with shared aims and responsibilities.

## ANNEX 1

### **Justification of the inclusion of a priority area in the EU Strategy for the Danube Region**

The following table analyses whether each topic should be treated in a macro-regional framework. To do so, it uses three criteria: is there a need to cooperate between different countries on specific issues (a strategy being a process to agree and implement concrete actions)?; is the topic specific to the Danube Region?; and is action in this topic in line with priorities / policies at EU level?

Cooperation in the following policy fields should also facilitate an integrated approach, valuable in addressing challenges and opportunities in a holistic way. In particular, sustainable development and territorial cohesion approaches (e.g. spatial planning) can be usefully reinforced.

Priority area	Need for strategy (cooperation)	Specific to Danube Region	In line with EU policies
<i>Issues for which cooperation is a <b>must</b> due to strong cross-border externalities</i>			
<b>Mobility and accessibility</b>	<ul style="list-style-type: none"><li>- Make the Danube River navigable to the Black Sea</li><li>- Have a Danube Region Transport Development Plan</li><li>- Transnational road and rail networks</li><li>- Reinforcement of air connections</li><li>- Exchange of experiences (e.g. on multimodality)</li></ul>	<ul style="list-style-type: none"><li>- Infrastructure not always efficient</li><li>- Potential of the Danube River</li><li>- Access to markets in the Balkans, Turkey and Central Asia</li></ul>	<ul style="list-style-type: none"><li>- TEN-T</li><li>- Sustainable EU transport Corridors</li><li>- NAIADES (Inland Waterway Action and Development in Europe)</li><li>- ERDF and Cohesion Fund</li></ul>
<b>Energy</b>	<ul style="list-style-type: none"><li>- Reduction of energy intensity, energy saving and efficiency in a wider regional context (joint approaches / programmes to avoid externalities and to obtain synergy effects)</li><li>- Need for energy security</li><li>- Lack of interconnectors</li><li>- Need to coordinate the demand / supply</li><li>- Economies of scale to produce and sell clean energies (sharing investment costs, bigger market to make action profitable for enterprises)</li><li>- Exchange of experiences</li></ul>	<ul style="list-style-type: none"><li>- Infrastructures not always efficient or sufficient</li><li>- Vulnerability of the gas supply via pipelines from Russia</li><li>- Potential for biomass and hydropower</li><li>- Specific potential to improve energy efficiency (insulation of buildings, decentralised power generation, greater Danube area action plans, common building standards etc.)</li></ul>	<ul style="list-style-type: none"><li>- EU2020</li><li>- Renewable energy directive</li><li>- Opening of EU electricity markets</li><li>- TEN-E</li><li>- ERDF and Cohesion Fund</li><li>- European Recovery Plan</li></ul>

Priority area	Need for strategy (cooperation)	Specific to Danube Region	In line with EU policies
	- Renewable energy directive provides for the possibility of joint projects		
<b>Environment</b>	<ul style="list-style-type: none"> <li>- Water pollution concerns several countries</li> <li>- Soil and air pollution concerns several countries</li> <li>- Biodiversity and landscapes are transnational</li> <li>- Cooperation is needed to avoid destroying biodiversity and landscapes to be more competitive in the short-term</li> </ul>	<ul style="list-style-type: none"> <li>- Environmental issues are transnational</li> <li>- Rich and unique biodiversity and landscapes</li> <li>- Hydromorphological modifications</li> <li>- Large untouched territory but strong pressures to use of the natural resources (due to economic development)</li> </ul>	<ul style="list-style-type: none"> <li>- Natura 2000</li> <li>- Habitat Directive</li> <li>- Birds Directive</li> <li>- Water Framework Directive</li> <li>- Sturgeon Action Plan</li> <li>- 6th Environment Action Programme, Thematic Strategies</li> <li>- ERDF and Cohesion Fund</li> <li>- Common Agricultural Policy and European Agricultural and Rural Development Fund</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>- Risks concerns several countries at the same time as risks and their impacts traverse boundaries</li> <li>- Need to coordinate prevention</li> <li>- Need to coordinate the reaction (civil protection)</li> <li>- Exchange of experiences</li> </ul>	<ul style="list-style-type: none"> <li>- Specific vulnerability and exposure due to climate change impacts</li> <li>- Floods due to semi-continental climate</li> <li>- Rivers without wetlands aggravating floods</li> <li>- Industrial sites which are not modernised</li> <li>- Population located along rivers</li> </ul>	<ul style="list-style-type: none"> <li>- Flood Directive</li> <li>- ERDF and Cohesion Fund</li> <li>- European Recovery Plan</li> <li>- Common Agricultural Policy and European Agricultural and Rural Development Fund</li> </ul>
<b><i>Issues for which cooperation <b>should</b> strengthened, due to common challenges, cross-border externalities and political trade offs</i></b>			
<b>Innovation and competitiveness</b>	<ul style="list-style-type: none"> <li>- Need to promote joint R&amp;D projects for common challenges of the Region</li> <li>- Need for a comprehensive approach to support excellence in research and support the catching up process of innovation</li> <li>- Need to develop incentives for closer cooperation in knowledge transfer</li> <li>- Pooling of resources (limited staff and markets for e.g. eco-innovation, green economy)</li> </ul>	<ul style="list-style-type: none"> <li>- Regional disparities in terms of innovation indicators – potential for knowledge exchange, potential for regional specialisation</li> <li>- Common challenges that can be tackled through a comprehensive approach and joint incentives</li> <li>- Responsible use of specific development potential / seize opportunities in a territorial context</li> </ul>	<ul style="list-style-type: none"> <li>- EU 2020</li> <li>- ERA – European Research Area</li> <li>- European Research Framework Programmes</li> <li>- Competitiveness and Innovation Programme (CIP)</li> <li>- European Research Framework Programmes</li> <li>- ERDF and Cohesion Fund</li> <li>- Common Agricultural Policy and European Agricultural and Rural Development Fund</li> </ul>
<b>Implementation of the Single Market</b>	<ul style="list-style-type: none"> <li>- Need to systematically address the implementation gaps concerning Single Market</li> </ul>	<ul style="list-style-type: none"> <li>- Recent enlargement, strong disparities</li> <li>- Close trade links but limited knowledge transfer hinders the catching up process of parts of the Region</li> </ul>	<ul style="list-style-type: none"> <li>- EU 2020</li> <li>- Single Market / Service Directive</li> </ul>
<b>Tourism</b>	<ul style="list-style-type: none"> <li>- Need to capitalise on natural and cultural heritage jointly to promote the common region</li> <li>- Need for a cooperative approach to reach</li> </ul>	<ul style="list-style-type: none"> <li>- Vast natural heritage along the Danube River and the Carpathian Mountains</li> <li>- Weakly developed touristic market</li> </ul>	<ul style="list-style-type: none"> <li>- EU 2020</li> <li>- The European Agenda for Culture</li> <li>- Culture Programme</li> </ul>

Priority area	Need for strategy (cooperation)	Specific to Danube Region	In line with EU policies
	<p>critical masses in terms of structures and services</p> <ul style="list-style-type: none"> <li>- Need for exchange of experience in the restoration and preservation of natural and cultural heritage</li> </ul>	<ul style="list-style-type: none"> <li>- Marketing "Danube area" image / identity</li> </ul>	<ul style="list-style-type: none"> <li>- Sustainable tourism policy</li> <li>- European Agricultural and Rural Development Fund</li> </ul>
<b>Human Capital</b>	<ul style="list-style-type: none"> <li>- Need to address common challenges (migration, population decline, weaknesses in education systems, lack of recognition of diplomas) through cooperation and specialisation</li> </ul>	<ul style="list-style-type: none"> <li>- Large socio-economic disparities trigger brain drain</li> <li>- High density of relatively weak tertiary education institutions</li> <li>- Recent enlargement results in limited mutual recognition of diplomas and professions</li> <li>- Issuing of Danube specific diploma /certificates ( e.g. post graduation, chambers of commerce, business, environmental management to ensure homogeneity, exchange, employability)</li> </ul>	<ul style="list-style-type: none"> <li>- EU 2020</li> <li>- Education and Training 2020</li> <li>- Bologna Process - Towards the European Higher Education Area</li> <li>- Common Agricultural Policy and European Agricultural and Rural Development Fund</li> </ul>
<b>Security</b>	<ul style="list-style-type: none"> <li>- Need for stronger cooperation against organised crime and to promote increased economic integration</li> </ul>	<ul style="list-style-type: none"> <li>- Difficulties in cross-border law enforcement</li> <li>- Differences between Member States and non Member States</li> </ul>	<ul style="list-style-type: none"> <li>- EU 2020</li> <li>- Stockholm Programme</li> <li>- Vienna Action Plan on Organised Crime</li> </ul>
<i>Issues for which cooperation <b>could</b> be done as it is useful to exchange experiences</i>			
<b>Information Society</b>	<ul style="list-style-type: none"> <li>- Need to coordinate planning and investment regarding broadband infrastructure</li> <li>- Need to have joint strategies</li> </ul>	<ul style="list-style-type: none"> <li>- Low broadband penetration</li> <li>- Low level of IT equipment</li> <li>- Low level of content</li> </ul>	<ul style="list-style-type: none"> <li>- EU2020</li> <li>- Digital Agenda</li> <li>- ERDF and Cohesion Fund</li> </ul>
<b>Institutional capacity</b>	<ul style="list-style-type: none"> <li>- Exchange of experiences on common problems</li> </ul>	<ul style="list-style-type: none"> <li>- Enlargement and regime change have been prominent elements in the region's development</li> </ul>	<ul style="list-style-type: none"> <li>- EU promotes good governance</li> <li>- Institutional Capacity building financed by the Structural Funds</li> <li>- Important to improve the use of EU funds</li> </ul>
<b>Marginalised communities</b>	<ul style="list-style-type: none"> <li>- Need to support local communities in cooperating on common challenges</li> <li>- Need to jointly develop a comprehensive strategy on Roma inclusion and Roma living and health conditions, including a joint effort to collect reliable data</li> </ul>	<ul style="list-style-type: none"> <li>- The majority of Roma live in the Danube Region</li> <li>- Roma settlements face severe health and environmental risks and are subject to discrimination, social and spatial segregation, leading to social and environmental issues and tensions</li> </ul>	<ul style="list-style-type: none"> <li>- EU 2020</li> <li>- Territorial Cohesion policy</li> <li>- European Year for Combating Poverty and Social Exclusion</li> </ul>

## **Scoping Paper for the public consultation**

The European Council has formally asked the European Commission to present an EU Strategy for the Danube Region, stating in its conclusions of 19 June 2009: “Sustainable development should also be pursued through an integrated approach to the specific challenges facing particular regions (...). It (...) invites the Commission to present an EU strategy for the Danube region before the end of 2010.”

### ***Objectives of the EU Strategy for the Danube Region***

The Danube Region is one of the most important areas in Europe. It covers several Member States and neighbouring countries in the river basin and in the coastal zones on the Black Sea. The area of the whole River Basin can be considered to be 800.000 km<sup>2</sup>, with a population over 100 million, centred on - but not exclusive to - the 3.000 km of river passing through ten countries (more than any other European River). On it lie four capital cities, and significant other important centres are part of the Region. There are many major issues to be addressed in the Region including economic and social disparities, infrastructure deficiencies, environmental status, prevention against risks, etc.. Following the accessions of 2004 and 2007, there is a need and an opportunity to overcome the legacy of former divisions and for the potential of the Region as an integral part of the European Union to be more fully realised. This EU Strategy for the Danube Region is also within the EU 2020 framework being adopted at the Spring European Council. In addition, it is in line with the adopted Lisbon Treaty which states that the EU shall promote economic, social and territorial cohesion, and solidarity among Member States. Macro-regional strategies are prime test cases of what territorial cohesion means in practical terms. In particular, the cross-sectoral integrated approach is overarching the whole process of the strategy development.

### ***Context and aims of the consultation***

The European Commission is therefore actively seeking the contributions of all those interested (including Member States, neighbouring countries, regions, municipalities, international organisations, financial institutions, the socio-economic partners and civil society). This is why the Commission is organising a wide consultation including a series of public events starting in Ulm in February and concluding in Romania in June 2010, also incorporating this public consultation through internet. The purpose of this Scoping Paper is to guide those providing a contribution by identifying the main issues to be discussed.

Below (in the section ‘specific questions’) are the main topics suggested, together with examples of questions to be raised and on which input would be welcomed. Please feel free also to raise other issues. When considering the questions, ideally, it is important to keep in mind that the actions and projects to be proposed should (a) concern the Danube Region as a macro-region - as opposed to the national or EU level -, (b) have a positive impact on the citizens, enterprises, and the environment and (c) be feasible in the short to mid-term. The actions and projects should also consider the different issues as much as possible in an integrated manner, for example looking at how research can be taken into account in policy fields such as the environment, the energy, the human capital, health, etc., as well as how cooperation can be reinforced across borders.

### ***Next steps***

All contributions will be analysed by the Commission, and a report summarising the inputs will be available on internet shortly after the end of the consultation. These will also be further discussed in the frame of the conferences organised before the Summer 2010 (full list of these events available at [REGIO-EU-DANUBE-STRATEGY@ec.europa.eu](mailto:REGIO-EU-DANUBE-STRATEGY@ec.europa.eu)). The Strategy will be adopted by the Commission by December 2010.

## **OVERALL QUESTIONS**

### **Topics**

- What are the main challenges and opportunities in the Danube Region?
- Which topics should be covered by the Strategy?
- What are the main concrete actions and projects to be recommended in the coming years?

### **Implementation**

- How is it possible to cooperate better, to coordinate more and to exchange good practices?
- How can the cross-border links and the transnational policies be improved?
- What would be the added value of this Strategy to the existing mechanisms in the Region?
- What would be expected of the different EU policies and their financial instruments?
- What are the needs in terms of funding and how to improve the use of existing financial instruments to achieve the objective of the strategy?

### **Approach**

- How could the Strategy contribute to improve the situation?
- What are the advantages / disadvantages of an approach going beyond national boundaries?
- What is the value - if any - of an approach which covers several topics together and looks at their interrelationship (e.g. how economic and environmental issues interact?)
- What is the added value of the EU in the process?

## **SPECIFIC QUESTIONS**

### **To improve connectivity and communication systems (within and outside the Region)**

*For the following topics, in addition to the specific questions, you are invited to indicate:*

- *The main challenges / opportunities;*
- *The main concrete actions and projects to be recommended in the coming years.*

*You are also invited to indicate how these topics might be considered together and how they can interact positively with each others and with the other topics mentioned below.*

1. Inland waterways, road and rail systems
2. Intermodal nodes (including ports and airports)
3. Energy systems and security of supply

4. Increased use of renewable and clean energies, energy efficiency and savings
5. Information Society

### **To protect the environment, preserve water resources and prevent against natural risks**

*For the following topics, in addition to the specific questions, you are invited to indicate:*

- *The main challenges / opportunities;*
- *The main concrete actions and projects to be recommended in the coming years.*

*You are also invited to indicate how these topics might be considered together and how they can interact positively with each others and with the other topics mentioned below.*

6. Environment of the water (especially rivers)
7. Quality of air and soils (including waste)
8. Biodiversity and landscapes
9. Natural risks (floods and droughts)
10. Mitigation and adaptation to climate change

### **To reinforce socio-economic, human and institutional development**

*For the following topics, in addition to the specific questions, you are invited to indicate:*

- *The main challenges / opportunities;*
- *The main concrete actions and projects to be recommended in the coming years.*

*You are also invited to indicate how these topics might be considered together and how they can interact positively with each others and with the other topics mentioned below.*

11. Internal market / trade
12. Competitiveness of economic sectors (agriculture, industry and services)
13. Innovation / research
14. Human capital (including job markets, education and health)
15. Institutional capacity
16. Danube identity / culture (including tourism)
17. Roma community and other disadvantaged groups

Please also feel free to add other relevant topics or suggest improved approaches.

Your contributions in relation to these questions will be most useful to us in developing an EU Strategy which addresses the critical concerns of the Danube Region. These contributions can be sent to [REGIO-EU-DANUBE-STRATEGY@ec.europa.eu](mailto:REGIO-EU-DANUBE-STRATEGY@ec.europa.eu) before the 12 April 2010.

**Thank for your contributions!**

## **ANNEX 3**

### **List of the authorities / organisations / citizens who replied**

No	Name of the person/organisation
1	Bundesarbeiterkammer Österreich/ Labour Union Austria
2	Evolaris Centre of Excellence
3	Juliane Gierach, Johann-Jakob Wulf
4	Zentrum für Allgemeine Wissenschaftliche Weiterbildung (ZAWiW)
5	Baden Württemberg - Ministry for the Environment
6	Donaubüro Ulm
7	International Association for Danube Research
8	Umweltdachverband Österreich
9	Donauhochschule Ulm
10	Danube Rectors Conference I
11	Verband Region Stuttgart
12	Handwerkskammer Niederbayern-Oberpfalz
13	Croatian Employers Association
14	AFM-Verband
15	N. Anastasijevic
16	European Sea Ports Organisation
17	European Federation of Inland Ports
18	Assoc of churches
19	IOM Migration
20	PL Ministry for Regional Development
21	Inland Navigation Europe (INE) I
22	Inland Navigation Europe (INE) II
23	Council of the Danube Cities and Regions I
24	Council of the Danube Cities and Regions II
25	Centre for efficient transport (CEDOP)
26	Danube Commission
27	Kartographie Huner
28	ÖBB
29	ALADIN
30	G4
31	Verein Projektwerkstatt für Umwelt und Soziales
32	High-Tech Alliance Ulm e.V
33	Donau Büro Ulm
34	Europäisches Verbands der Donau-Journalisten
35	Deutschen Industrie- und Handelskammern
36	Wirtschaftskammern Österreich (WKÖ)
37	Austrian Länder (Burgenlan, NÖ, OÖ, Vienna)
38	Foster Europe
39	Corridor VII
40	European Federation of Inland Ports
41	Common NGOs position
42	Tirol Adria K.G.
43	Bund Naturschutz in Bayern e.V
44	Mikhail Stoyanov
45	Watermode
47	Anonymous
48	Union pétrolière européenne indépendante (UPEI)
49	Jürgen Koppers
50	Centr aEurop ass border regions
51	Hungarian Civil Society organisations (Joint statement)
52	Pilis-Dunakanyar microregion
53	Attila Agh
54	Office for the European Representation of Hungarian National Minorities - HUNINEU

No	Name of the person/organisation
55	Foster Europe
56	Acta Danubiana - Hungarian Chamber of Engineers
57	MGYOSZ - Confederation of Hungarian Employers and Industrialists (Joint Statement)
58	Municipality of city Szentendre
59	Vadkacs Children's Fleet Ltd.
60	Danube Partnership Network
61	Association of Hungarian Settlements' and Regions' Developers
62	Hungarian National Parks along the Danube
64	Danube Women's Network
65	Danube Women's Network
66	Joint Contribution of the Church and Society Commission of the Conference of European Churches (CSC of CEC), of the Secretariat of the Commission of the Bishops' Conferences of the European Community (COMECE) and of the Community of Protestant Churches in Europe (CPCE) (Joint Statement)
67	Austrian Federal Ministry for Education, Arts and Culture
68	Danube Tourist Commision
69	Central European Service for Cross-Border Initiatives
70	German Chambers of Industry and Commerce and the German Chamber Network along the Danube
71	Vier Pfoten
72	Austrian Länder Burgenland, Lower Austria, Upper Austria and Vienna
73	UNEP - Interim Secretariat of the Carpathian Convention
74	NNA Germany (Alfred Topfer Akademie fur Naturschutz)
75	DANUBEPARKS network
76	Environment-People-Law
77	Global Water Partnership CEE
78	REGIO-In
79	VIRUS Environmental NGO
80	WWF Danube and Carpathian Programme
81	WWF Hungary
82	ECOVAST Rural Network
83	M-Teampannon Kft
84	Regional Future
85	EcoResource
86	International Convention for the Protection of the River Danube
87	City of Cernavoda
88	Bouygues
89	Interact
90	European Maritime Pilots' Association (EMPA)
91	Ms Irina Korolkova, journalist
92	Danube Connects
93	South Moravian Region
94	Agency Danube Dialogue
95	Ulmer Beirat des Donau-Frauen-Netzwerks
96	Czech Institute of Public Health
97	Ad Hoc Expert Group on the Transition from Institutionalised to community care, Report by REGIO
98	Donauschwäbisches Zentralmuseum Ulm
99	Danube Rectors Conference - Novi Sad Declaration II
100	European Association of Mutual Guarantee Societies
101	Danube Competence Centre
102	Danube Environmental Forum (DEF)

## **Cooperation framework for the EU Strategy for the Baltic Sea Region (EUSBSR)**

- (a) Development of the Strategy: The Strategy was prepared by the Commission as a Communication to the European Council, European Parliament, Committee of the Regions and to the European Economic and Social Committee. An Action Plan accompanied the Communication. This format is also proposed for this Strategy, which is based on the same principle of extensive consultation.
- (b) Coordination: The coordination of the Strategy is done through a ‘High Level Group’ with representatives of all Member States and the Commission. This is also proposed for this Strategy.
- (c) Implementation: The implementation is facilitated by the countries themselves. The coordination of each Priority Area would be done by a Member State (sometimes together with a non Member State) or an inter-governmental body, with the involvement of the Commission. This ‘Priority Area Coordinator’ would ensure that the implementation progresses (e.g. by agreeing on roadmaps with milestones and timetables, and through regular meetings with all the countries / stakeholders concerned). This coordination should be trans-national, inter-sectoral and inter-institutional. It should be based on serious planning (e.g. spatial planning), consultation and involvement of all relevant stakeholders (e.g. including the private sector) and exchange of experiences (e.g. in the transposition of EU Directives). The Baltic experience shows this to be one of the most successful aspects of implementation, with the leadership role particularly appreciated.
- (d) Monitoring and Reporting: The monitoring and reporting is done by the Commission on the basis of information from the ‘Priority Area Coordinators’, and other sources such as the Annual Report of EU programmes. The Commission drafts a regular report to the other EU Institutions. This ensures a realistic and independent process.
- (e) Facilitation: The Commission is involved in the coordination process through the ‘High Level Group’ and through an active participation in the implementation work of the ‘Priority Area Coordinators’. By doing so it maintains the process. In case of disagreements it can facilitate the discussion as an independent, legitimate and credible partner. Again, this will be replicated in this Strategy, since mobilising Commission expertise has been especially useful.
- (f) Consultation: The Commission organises regularly a forum to review the progress, consult the stakeholders and review the Action Plan. This will be replicated in the Danube Region.

### *Use of existing legislation, existing institutions and existing funds within the EUSBSR*

The existing instruments (legislation, institutions and funds) are respected and utilised. Existing agreements are maintained. The Strategy may recommend that these existing instruments are streamlined to the objectives of the Strategy which is then followed-up under the usual processes, with the aim that they be better used to implement these objectives.

### *Funding for the implementation of actions and projects within the EUSBSR*

Regarding the Structural Funds, for example, the Strategy recommends that the funds are better aligned to the objectives of the Strategy as set out in the Action Plan. This means that the programme authorities are encouraged to give priority to the projects that support the Strategy.

In relation to the Danube Region, There are several existing funding opportunities: (a) National and regional funds; (b) private funds; (c) EU instruments: Structural Funds (in the Danube Region there are EUR 100 billion through Structural Funds 2007-2013, of which a certain proportion has not yet been committed), TEN-T/E funds, 7th Research Framework Programme, EAFRD, LIFE, Competitiveness and Innovation Programme, European Investment Bank (in the Danube Region, the EIB provides 30 billion EUR 2007-2009), etc.. The experience of the Baltic sea Region is that this is a challenging alignment task, but is of great benefit when it is achieved.

## ANNEX 5

### Map of the Danube Region

