

**EUSDR Report June 2014**

**Priority Area 10**

*Stepping up institutional capacity and cooperation*

**Governance, Funding, Civil Society**

## **LIST OF ABBREVIATIONS**

CEF	Centre of Excellence in Finance
CEI	Central European Initiative
CoDCR	Council of Danube Cities and Regions
CoR	Committee of the Regions
DFD	Danube Financing Dialogue
DG	Directorate-General
DG JUST	Directorate-General for Justice
DG Regio	Directorate-General for Regional and Urban Policy
EC	European Commission
EESC	European Economic and Social Committee
EIB	European Investment Bank
ESIF	European Structural and Investment Funds
ERDF	European Regional Development Fund
ETC	European Territorial Cooperation
EU	European Union
EUSAIR	EU Strategy for the Adriatic and Ionian Region
EUSBSR	EU Strategy for the Baltic Sea Region
EUSDR	EU Strategy for the Danube Region
GAC	General Affairs Council
IMF	International Monetary Fund
MRS	Macro-regional strategies
NCP	National Contact Point
NISPACee	Network of Institutes and Schools of Public Administration in Central and Eastern Europe
OECD	Organisation for Economic Cooperation and Development
PA9	Priority Area 9 “Investing in People and Skills”
PA10	Priority Area 10 “Stepping up Institutional Capacity and Cooperation”
PAC10	Coordinator of Priority Area 10 of the EUSDR
ReSPA	Regional School of Public Administration
RCC	Regional Cooperation Council
SEE	Southeast Europe
SG	Steering Group
SME	Small and Medium Enterprises
START	Danube Region Project Fund
TAF-DRP	Technical Assistance Facility for Danube Region Projects
UNDP	United Nations Development Programme
UPDR	Urban Platform Danube Region
WBIF	Western Balkans Investment Framework
WG	Working Group

## **OVERALL PROGRESS**

### **1.1. State of play**

Since June 2013, the development of Priority Area 10 “stepping up institutional capacity and cooperation” (henceforth to be referred to as “PA10”) was substantial and a number of milestones have been achieved. Moreover, PA10 is working with a clear commitment to developing policies in order to provide the best implementation framework, so that appropriate measures can be implemented on time. Nevertheless, this commitment requires a smooth embedding of the Priority Area Coordinator’s (PAC) work into the political and administrative structures. This can be seen as a challenging task, since PA10 covers a wide range of thematic areas and encompasses action on the levels of structures (polity), processes (politics) and content (policy). This wide definition of the PAC’s tasks is also true for the thematic fields of PA10 as horizontal area of the EUSDR, but also provides room for manoeuvre in order to contribute to an ever closer Union within the Danube macro-region. The macro-regional approach is closely linked to the process of European integration and to the targets of the EU2020 and SEE2020 strategies.

The work of the PACs is inter-institutional, inter-sectoral and transnational, while complying with the principles of the three NOs of the Strategy (no new institutions, no new funding, and no new legislation). It also should provide a link between the project level of the Strategy and the political level. The Steering Group of PA10 acts as the body which is competent for the respective thematic field. Within PA10, a new strategic direction was taken in December 2012 within the Steering Group of PA10. PA10 decided in 2012 to move from a pure project development mechanism towards the implementation of political processes, where necessary, for the interim period 2013-2014, in view of the upcoming multiannual financial framework. This strategic dimension was confirmed in the current reporting period 07/2013-06/2014.

The PAC’s work can be seen as a truly European task which deepens the on-going European integration and adds an additional momentum to a process that is first and foremost legislative and economic. In this regard, the MRS can also be seen as an additional layer between the national and the supranational level, but at the same time between the project and the political levels. In the current reporting period, PAC10 has also put forward the idea of macro-regional strategies (MRS) through several meetings with members of the European Parliament and other European institutions such as the European Economic and Social Committee (EESC) or the Committee of the Regions (CoR). In addition to this, synergies have been sought with institutions established in the region and relevant for other macro-regional strategies, such as the Central European Initiative (CEI) and the Regional Cooperation Council (RCC).

### **Discussion on governance of MRS**

After the set-up phase, during which the governance of PA10 and projects/project ideas were identified along the Action Plan, the second half of 2013 and first half of 2014 were dedicated to the continuation of the reorientation of the project-related work towards strategic policy development with a view to the upcoming multiannual financial framework. After the GAC conclusions on MRS and the discussion process on the governance of MRS launched at the 2<sup>nd</sup> Annual Forum on 26/27 October 2013 in Bucharest, PA10 – as the horizontal and governance-related Priority Area of the EUSDR – contributed to this process through a number of interventions. Within the PA10 governance process, there is a need to clarify the role of different EUSDR stakeholders and to strengthen the SG as key body, especially with regard to the Action related to bottlenecks in funding.

The overall process of reorientation of the PA10 SG, which was started in 2012, was continued without any basic change, but under better framework conditions. The Commission’s report concerning the governance of macro-regional strategies of 22 May 2014 states i.a. that a higher involvement on the national policy level is required. With the SG of PA10 being composed mainly by representatives from regional ministries and with regard to PA10 Action 7 “removing bottlenecks related to low absorption rate of EU funds” and Action 1 referring to an increased institutional capacity, PA10 has a key role to play in the process mentioned above. This sustained direction of PA10 towards strengthened EUSDR governance on the national level was also supported by a number of papers disseminated and by PAC10’s active participation at the NCP meeting held in Vienna on 16/17 January 2014 as well as the PAC-NCP meeting in Vienna on 11-12 March 2014. This approach has revealed that with regard to better spending in the macro-region,

overcoming national boundaries and fostering European Integration is not only related to the development of transnational policies, initiatives and projects, but also to the integration of the macro-regional dimension into the national institutional system, including integration of the EUSDR into strategic planning, programming and funding mechanisms. The latter requires government decisions on the political level which cannot be provided by the different administrative levels. Once a decision in favour of a MRS was taken, PACs can implement a thematic field and create important links between the multi-level governance of the MRS and the project level. PAC10 has continuously supported and put forward the idea of creating simple and reliable funding and support mechanisms for the Priority Area Coordinators and horizontal action leaders in accordance with the GAC conclusions of 22 October 2013 on the added value of macro-regional strategies. Such a mechanism could e.g. take the form of a project in order to comply with the “no new institutions” rule and it could rely on existing transnational and regional institutions which are active in the macro-region.

### **Next steps and challenges**

The overall work of the PA10 SG can be continued without major changes. This includes the initiation of political processes, but also the involvement of a vast variety of stakeholders from the private sector regional, local and civil society stakeholders in the implementation of the Strategy. In order to assess the state of play in all the Danube countries and obtain a clearer picture PAC10 has formulated a questionnaire (see annex 8) and submit it to the SG members of PA10, which is mainly constituted by civil servants from ministries in charge of Structural Funds. Some of the SG members also took part in the Working Groups of PA10. In most countries, national platforms have been set up in which the SG members participate. Some see the main challenge of EUSDR implementation in ensuring better communication flows and, linked to that, the lack of personal continuity as well as political recognition. Moreover, one key challenge has been stated in identifying appropriate funding to implement the Strategy’s Action Plan. Awareness of the Strategy should be raised not only among the general public, but also among key stakeholders within the Danube country’s administration. Thus, the implementation of the Strategy can be seen as a goal which is primarily political. Among the SG of PA10, major concerns are being addressed regarding the visibility of the Strategy. Some refer to potential overlaps with goals of other main EU Strategies, such as the EU2020 or the Roma Inclusion Strategies, but rather see the advantage of joint efforts and synergies in this regard. There is a common tendency to identify the added value of MRS in a better international coordination and in sustained international networking. Nevertheless, since there is no concrete funding, it might be challenging to create a continuous link between the political level and the project level, which is one of the key tasks of the PACs, with PAC10 having an even more integrated role related to horizontal issues and general topics of the Strategy such as governance and financing, but also the involvement of civil society.

There is clear evidence that SG members from countries which have already organized or will organize Annual Fora are more committed to the Strategy and generally also state a higher degree of its visibility. In most countries, the EUSDR has been mentioned in the partnership agreements and is part of an on-going discussion process among civil servants, some of which are specifically appointed to the Strategy. Among PA10 SG members, there is a common attitude that the Strategy contributes mainly to transnational cooperation, but should also focus on specific action related to the Danube Region as functional macro-region (e.g. flood management or Roma Inclusion). Specific attention should be paid to action in the fields of co-ordinated spatial planning on the macro-regional level<sup>1</sup>, sustained absorption of EU funds and capacity building. Regarding better spending in the Danube Region, respondents of the SG stressed i.a. that administration structures should be simplified, project preparation be supported and the EUSDR be mentioned in the OPs.

Transnational cooperation is also highlighted when it comes to the question of funding. Most of the respondents have identified the European Territorial Cooperation goal of the ERDF as main funding source for future action in the framework of the EUSDR, some also mention the ESF. The importance of the

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<sup>1</sup> E.g. similarly to the European Spatial Development perspective (ESDP), which was agreed at the Informal Council of Ministers responsible for Spatial Planning in Potsdam, May 1999, see [http://ec.europa.eu/regional\\_policy/sources/docoffic/official/reports/pdf/sum\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/pdf/sum_en.pdf), as of 22 June 2014.

Danube transnational programme was highlighted by several respondents. It should also be borne in mind that responding PA10 SG members spend very diverse amounts of time for the EUSDR implementation, ranging from 2 hours per month up to 140. In general, SG members of PA10 are most likely to intervene on their respective national levels, only few SG members see their room for manoeuvre on the supranational or project levels. The majority of the SG members fulfil mainly communicational tasks in their respective Danube countries and inform their units, colleagues and NCPs as well as actors of the civil society about on-going EUSDR activities.

### **Lessons learned, positive or negative**

An overall assessment of the SG member's answers to the PAC10 questionnaire shows that there is a clear commitment to drive the Strategy forward and to make it a success. The Strategy also proves to be an innovative combination of bottom-up and top-down processes, which may make it an important contribution towards European integration in a rather heterogeneous macro-region<sup>2</sup>, both in Central and in Southeast Europe. Specific attention should be paid to the involvement of (potential) candidate countries on the Western Balkans and to countries of the European Neighbourhood in the Danube Region, which is why a stronger involvement of the RCC might contribute to the implementation of the EUSDR.

The Strategy can be seen as an innovative process of macro-regional policy making and project development, including the identification of policy issues at the national level. With its entirely new structure and participants from EU-Member States, (potential) candidate countries and countries of the European Neighbourhood, it evolves into a specific kind of path dependency, i.e. it is not the unanimity of responses that is the driving force within the EUSDR discourse and implementation process, but the shared preoccupation. The experimental character of MRS should therefore be seen as strength and not as weakness. The continued awareness-raising is therefore even more important, also with regard to the adoption of other MRS.

National debate is needed and can be facilitated, but not alone, by PAC10. It is essential that SG and Working Group members have the capacity, resources, and political backup to organise and initiate such debate in the Danube countries, and to implement the actions agreed at SG and WG meetings (e.g. identification of stakeholders relevant to a certain topic, collection of needs, dissemination of information etc.). It is also crucial that NCPs in the Danube Region countries and the European Commission relay such needs to the political level.

### **Added-value**

At this stage, the existence of the Strategy and its overall acknowledgement can be considered to be a key-element to speed up certain discussions, such as the need to establish a coordinated platform of and for civil society actors in the Danube Region, the need for match-making opportunities for Danube Region projects, or the urgent need to address issues faced by the Roma and other marginalised communities throughout the Danube Region. Also the three pilot actions implemented by PAC10 indicate the need to establish such support and match-making schemes as standard instruments of the Strategy, as many stakeholders do not have the capacity, resources, knowledge or know-how to develop initiatives on their own. Such schemes should increase the absorption rate of EU funds in the Danube Region, which has been rather low in some countries and sectors, which would definitely prove the added-value of the EUSDR.

### **Measuring**

As reported in the previous annual report, it remains challenging to connect the targets with the actions, milestones and projects: there has not been much progress on the side of the projects, as most projects identified so far are still at the stage of ideas (due to the need for funding); two targets are not directly

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<sup>2</sup> Cf. Centre for Economic Research (2014), *Socio-Economic Assessment of the Danube Region: State of the Region, Challenges and Strategy Development. Final Report Part I*. Mannheim.

interlinked with the existing actions; the development of milestones depends also on the type of commitment from the Steering and Working Groups members and cannot pragmatically be derived from the actions; project ideas do not all directly relate to a specific action but are relevant for Priority Area in general. As PA10 actions relate mostly to soft measures, it is also challenging to define measurable indicators for each of the milestones including facts and figures. For this reason, the strategic focus of PA10 with identification of a limited but concrete set of actions appears as the most realistic and feasible approach for the time being.

### **Embedding the EUSDR in 2014-2020 programming**

PAC10 has been active in raising awareness about the need to integrate EUSDR topics and stakeholders (e.g. the civil society) in the programming of future programmes, and will continue to do so. The “no new money” principle requires bundling and alignment of funding. Partnership Agreements and Operational Programmes have taken or will take the EUSDR, its objectives and actions into account. Those SG members who responded to the PAC10 questionnaire have stressed that the EUSDR is mentioned in the partnership agreements of their Danube countries. PAC10 has also made a contribution towards the URBACT III programme and participated in the meetings related to the Danube Transnational programme, where it called for its topics to be included into Priority Axis 4 which complies with thematic objective 11 related to institutional capacity of the ESIF regulations.<sup>3</sup>

### **Media Coverage – visibility of the EUSDR and PA10**

In order to increase the visibility of the EUSDR – which still seems to be at stake and is one of the major findings of the PAC10 questionnaire distributed at the 6<sup>th</sup> SG meeting of PA10 – PAC10 undertakes strategic action in the field of publicity measures, both specifically for the topics of PA10, but has also given a number of interviews.<sup>4</sup>

The representation offices of the City of Vienna in the Danube Region undertake an on-going analysis of the EUSDR media coverage (see figure 1 of this report, page 5). The analysis shows that in many countries which are highly committed to the Strategy, EUSDR is also mentioned with a high frequency in the newspapers and online journals. In addition to this, a close look at the articles reveals that the EUSDR serves as a common umbrella to

- Provide events covered by the media with an additional political impact (e.g. flooding, cultural events);
- Embed bilateral or international events in a broader European and territorial context;
- Attach more importance to political and civil society claims (e.g. better spending of ESIF).

Thus, whereas the Strategy is being used to increase the visibility of events and claims, its own visibility might be improved. The on-going involvement of the civil society can be a major contribution to increase both the transparency and the participative character of the EUSDR.<sup>5</sup> SG members of PA10 have pointed out that the Strategy has an average visibility in their respective Danube Region countries. In order to increase its visibility, the large projects could be showcased and successes be told to a wider public, e.g. through national information campaigns. The EUSDR might be more visible as soon as it provides concrete results. For instance, projects or investments that contribute to some of the aims and goals of EUSDR should be labelled and promoted as EUSDR projects and best practice within the on-going multiannual financial framework. In addition to this, PA10 has continuously involved public figures in its events, such as writer György Konrad at the conference “Building the Urban Future of the Danube Region” held on 9-10 December 2013 in Vienna or former Italian state minister for territorial cohesion Fabrizio Barca at the “participation day” on 25 June 2014 in Eisenstadt, Austria.

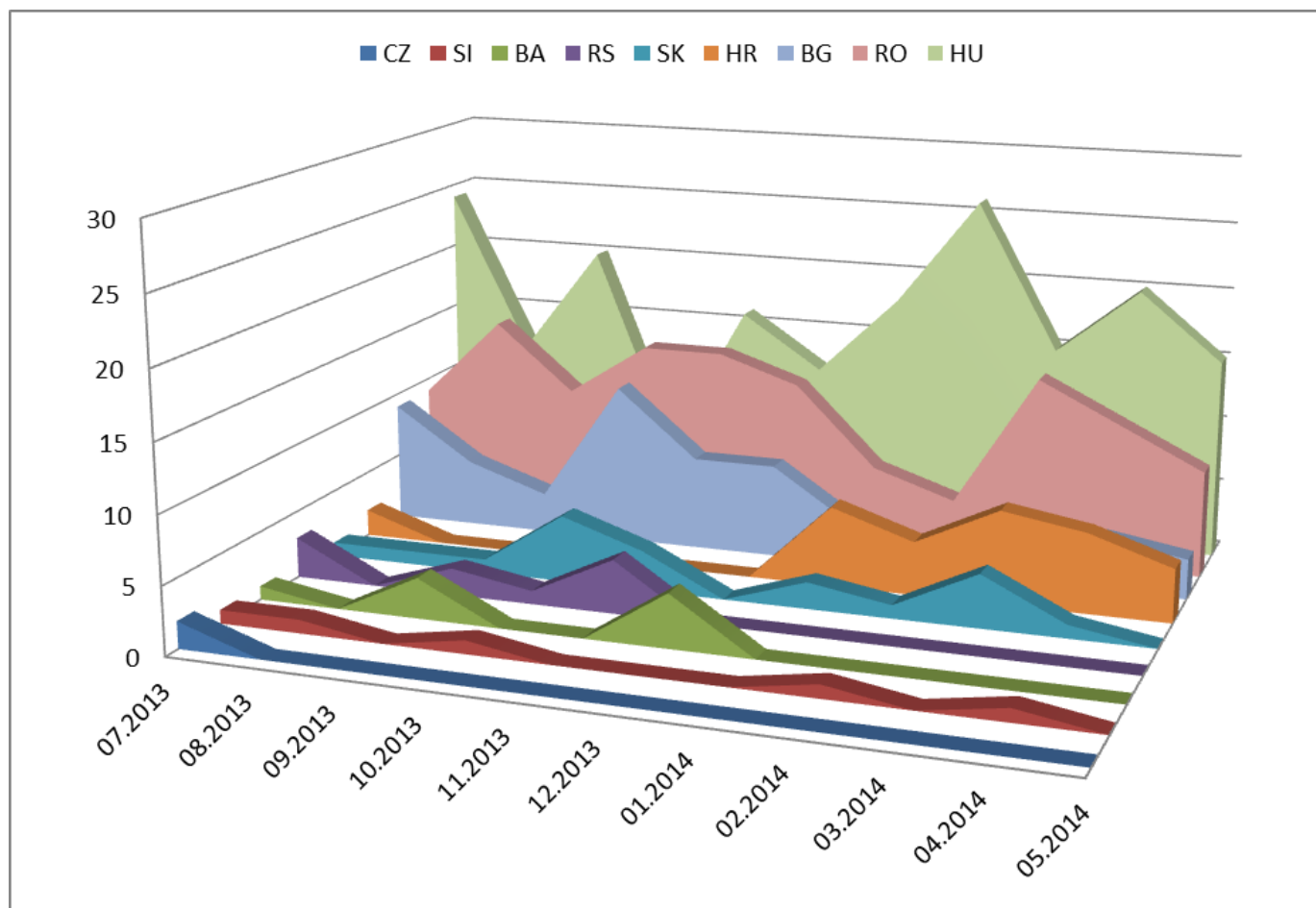
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<sup>3</sup> REGULATION (EU) No 1301/2013, article 5 and REGULATION (EU) No 1299/2013, article 7 b).

<sup>4</sup> Cf. i.a. <http://www.wieninternational.at/en/aktuell/interview-with-kurt-puchinger-en> , as of 22 June 2014.

<sup>5</sup> These are main principles of the EU which are set down in the Treaties (art. 15 TEU and 11 TFEU).

A specific project dealing with the EUSDR and journalism was given support by the Technical Assistance Facility for Danube Region Projects (TAF-DRP) through PAC10 (CEF).



**Figure 1 EUSDR media coverage in selected Danube Region countries | July 2013 - May 2015  
number of articles in the press**

### **Progress made on PA-relevant projects**

A number of strategic actions were defined in an orientation paper/roadmap for 2013-2014, validated by the Steering and Working Groups. This document reinterprets each of the nine actions relating to PA10 in the direction of policy procedures and processes.

For each of the nine actions, a number of initiatives have been started by PAC10, with the support/involvement of its Steering and Working Groups.

#### ***1.1.1. Projects***

Over 80 projects had been identified by PA10 since mid-2012. PAC10 questionnaire has proved that there is a common approach that a focus on few strategic projects might help to increase the visibility of the EUSDR and gain momentum in its implementation. With regard to this, specific attention should be spent on the projects supported by PAC10 through the TAF-DRP. In addition to this, PAC10 is still actively supporting some PA-relevant projects that are in the preparation or implementation stage. For instance, PAC10 provided advice in the preparation phase of the cross-border project Danube Excellence (Austria-Hungary) and is a member of the Steering Committee.

### *1.1.2. Pilot actions*

PAC10 implements three pilot actions, entrusted by the European Commission: the Danube Financing Dialogue, the Technical Assistance Facility for Danube Region Projects (TAF-DRP), and the START Danube Region Project Fund. Major progress was achieved during the last 12 months, with the organisation of the third Danube Dialogue in Bucharest (October 2013) and the continuation of the TAF-DRP as well as the preparation of the START facility. The management of horizontal projects which relate to all Priority Areas was granted to PA10, which can be seen as positive sign for sustaining the cross-sectoral role played by PA10 and the relevance of the horizontal issues tackled.

### **3<sup>rd</sup> Annual Forum of the EU Strategy for the Danube Region**

The Annual Forum 2014 was jointly organised by the European Commission, the City of Vienna and the Republic of Austria. Smooth implementation was ensured through regular contact with National Contact Points, Priority Area Coordinators and other key stakeholders.

The 3<sup>rd</sup> issue of the Annual Forum of the EUSDR was held on 26 and 27 June 2014 in accordance with the GAC conclusions of 13 April 2011, which invite the Commission to “to safeguard an involvement of stakeholders concerned from all levels in the region, for example through an annual forum with the aim of helping the Commission in its tasks.” Similarly to the 1<sup>st</sup> and the 2<sup>nd</sup> Annual Forum in Regensburg and Bucharest, the objective of the 3<sup>rd</sup> Annual Forum was to increase the visibility and communication of the EUSDR to a wide range of stakeholders and thereby ensure both political commitment and transparency.

The implementation report on the EUSDR published on 8 April 2013<sup>6</sup> confirms the role of the Annual Forum as “the main event of the year giving strategic direction, creating linkages and common approaches, and publicising achievements.” The 2014 forum has put an emphasis on inclusive and sustainable growth, which complies with the priorities of the City of Vienna as the main organiser and host, but also with the EUSDR Priority Areas which are coordinated by Austrian institutions. The development of the “Danube Cosmos” has contributed to a structured bottom-up approach with an increased room for manoeuvre for the Strategy’s stakeholders, but also a lot of space for project consultancy and face-to-face meetings.

### **Danube Financing Dialogue**

The Danube Financing Dialogue brings together project promoters (e.g. small and medium-size enterprises or else) from the whole Danube Region with international financing institutions and national funding sources. The Dialogue is providing a unique platform for stimulating match-making of project leaders’ financing needs and financing possibilities offered by financing institutions. After the first edition held in Vienna in March 2012, the second edition was organised on 24-25 January 2013 in Belgrade and hosted by the National Bank of Serbia. The third issue of the Financing Dialogue was held on 30-31 October 2013 back-to-back with the 2<sup>nd</sup> Annual Forum in Bucharest. The next DFD is going to be held in Zagreb in early 2015.

With more than 600 stakeholders involved in its first three editions, the DFD has contributed significantly towards the mutual exchange of information in the Danube Region, and shows the need for a sustainable platform on financing to accompany the development of initiatives in the Danube Region in 2014-2020. A report issued by Lechner + Reiter Social Research in 2014 has shown that most participants see a clear added-value of the Danube Financing Dialogue and consider it to be a unique opportunity for targeted networking (see annex 7).

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<sup>6</sup> COM(2013) 181 final



### **Technical Assistance Facility for Danube Region Projects (TAF-DRP)**

The implementation of the Facility, a project preparation scheme, was entrusted by the European Commission to the City of Vienna (PAC10 Vienna). With an overall budget of 1 million €, the Facility has supported more than 40 project ideas (stemming from all Priority Areas and Danube Region countries), into a further stage of project preparation, through the provision of consultant expertise. After the first call on 24 May 2013, PAC10 launched a second call at the beginning of 2014. All Priority Area Coordinators are closely associated to this pilot action, as they are in charge of the pre-selection of project ideas from their respective area. PAC10 organised several information and training sessions for all PACs. The Facility was also presented at several occasions, e.g. the PAC-NCP meeting in March 2014 and stakeholder meetings of the PACs, e.g. the PA9 stakeholder conference on 6 December 2013.

PAC10 prepared and disseminated a comprehensive information pack to all PACs and DG Regio EUSDR team (presentation, guidelines for PACs and applicants, application form, letter of commitment), through the intranet of PA10. The call was also announced on the website of PA10.

In parallel, after finalisation of the EC Agreement for 2013-2015 (which covers the financing of the Facility), PAC10 has prepared a Europe-wide tender procedure for the selection of consultant services that were or will be provided to selected projects. The tender is organised as a two-step procedure and has led to the selection of offers, corresponding to the thematic lots to be covered.

### **START - Danube Region Project Fund**

The realisation of projects and initiatives is essential for the success of the EU Strategy for the Danube Region (EUSDR). In order to foster the project development on the macro-regional level, START – Danube Region Project Fund was created as a new pilot initiative of the EUSDR. It provides seed money for the development and implementation of Danube Region projects. Beneficiaries receive an early pre-financing in order to cover the project expenses from the beginning. This helps especially small organisations with limited resources to initiate their projects. START is coordinated by PAC10 of the City of Vienna, with the involvement of all Priority Areas. The implementation of START will run until the end of 2016. Two calls for project proposals are foreseen. START was presented at numerous occasions, such as the PAC-NCP meeting in March 2014.

## **1.2. Process**

The governance of PA10 is ensured by the two PACs, located in Vienna and Ljubljana, supported by a Steering Group and four Working Groups. After the establishment of the governance structure and of related processes, following progress has been achieved since July 2013.

### *1.2.1. Priority Area Coordination*

The coordination office in Vienna was reinforced in autumn 2012. A dedicated PA secretariat was established, including recruitment of a part-time assistant and a full-time project manager in 2014. This enables PAC10 to implement more actions in-house, rather than to rest on external service providers. External support is still needed, mainly for the implementation of the three pilot actions, the Danube Financing Dialogue, the TAF-DRP and the START facility.

The good cooperation between the two PACs has to be mentioned as a considerable contribution to the implementation of the macro-regional approach. Thus the high commitment of the City of Vienna and the Centre of Excellence in Finance of Slovenia has also to be pointed out. It is essential to underline that such commitment is not only political but is also concretely translated into action, such as the allocation of staff and financial resources, and the setup of the dedicated secretariat in Vienna mentioned above.

### *1.2.2. Steering and Working Groups*

#### **Steering Group**

Since June 2013, two Steering Group (SG) meetings were organised by PA10, which amounts to six meetings since the start of the Strategy implementation. Participation was satisfactory and one SG meeting was held back-to-back with a conference on the UPDR.

#### **5<sup>th</sup> meeting of the Steering Group, Vienna, 11 December 2013 (see annex 1)**

The meeting was characterized by a satisfying participation and discussion followed the four Working Groups of PA10. There was a mutual understanding that the Strategy must be embedded into the upcoming programmes 2014-2020. The question of the governance of the EUSDR was at the heart of the discussions. In relation to this, the role of different EUSDR stakeholders must be clarified. With regard to the future implementation of the Strategy, a troika system was discussed. It could provide an improved political visibility of the Strategy. One finding of the discussions was that strengthening the role of NCPs might improve the Strategy's implementation, but also require an improved support. This aspect of the discussions can also be found in the EC's report on MRS issued in May 2014.<sup>7</sup>

#### **6<sup>th</sup> meeting of the Steering Group, Ljubljana meeting, 8 May 2014 (see annex 2)**

The 6<sup>th</sup> meeting of the SG of PA10 was held in Ljubljana on 8 May 2014. In addition to regular SG members, it involved i.a. the NCPs of Slovenia and Romania as well as two representatives from the EESC, both from the political and the administrative level. The EESC is referred to in the EUSDR Action Plan in relation to labour market and civil society issues, and it is especially with regard to the latter that the EESC would like to take over an active role.<sup>8</sup> Several participants of the SG meeting stressed that the political level must be more coherently involved into the EUSDR implementation. In this context, a rotating presidency of MRS was put forward at several occasions. PA10 Actions, Working Groups and pilot projects make it an essential and innovative Priority Area with a key role to play in the upcoming governance of the EUSDR. In PA10, activities seems to be of interest for a large majority of countries and stakeholders, as shown e.g. by the relatively high level of attendance in SG meetings so far, including the NCP level of the Strategy and representatives from embassies. PA10, when needed, covers travel costs of participants from

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<sup>7</sup> COM(2014) 284 final

<sup>8</sup> On 16 October 2013, the EESC has issued an opinion on the added value of MRS, which i.a. questions whether the three 'NOs' of MRS are still required. Moreover, the EESC points out that MRS can contribute to boost the EU's credibility, under the condition that they are given an appropriate support See COM(2013) 468 final.

third countries in the Danube Region. The main challenge is to keep such momentum on a long-term basis, to deal with turn-over and to engage members in-between the meetings as well (e.g. feedback to documents, provision of information to PAC10 on requested topics, etc.). An online questionnaire was provided in order to assess the current state of play within the SG.

### **Working Groups<sup>9</sup>**

The four PA10 Working Groups were established at the beginning of 2012 (first meeting January 2012), based on designation of members by the Steering Group members. Working Groups work on the main topics addressed by PA10, namely capacity building (WG 1), civil society (WG 2), regional cooperation (WG 3) and financing (WG 4). The second edition of Working Group meetings, originally planned for the autumn 2012, was postponed to March 2013, so that the new orientation paper/roadmap of PA10 for 2013-2014 could be discussed and endorsed. The other reason was the large number of meetings and events already happening in autumn 2012 throughout the Danube Region. All Working Groups were also held in the framework of the 3<sup>rd</sup> Annual Forum in Vienna on 26-27 June 2014. In addition to this, a Working Group on Roma Inclusion and ESIF was organised at the occasion of the Annual Forum together with Romanian partners.

### **Working Group 1 (Capacity Building, see annex 15)**

The work on institutional capacity issues was mostly related to developing project ideas of the Working Group members that are public administration academies, specialized training institutions and others. Thus, a project idea to increase capacities on public procurement in the Danube region was supported by the Technical Assistance Facility for the Danube Region Projects (TAF-DRP). Another project related to building capacities of the local level governments in the Danube region was prepared and will be submitted for financing. The Working Group also actively contributed to the 3<sup>rd</sup> Annual Forum of EUSDR with two workshops on practical aspects of institutional capacities in the Danube region and e-governance. In cooperation with PA9, a workshop for local level governments on migration management was organized at the sides of the Participation Day in Eisenstadt (24-25 June 2014).

### **Working Group 2 (Civil Society, see annex 3)**

The 3<sup>rd</sup> meeting of Working Group 3 dealing with civil society issues took place in Vienna on 18 March 2014. The importance of the involvement of civil society was stressed i.a. in the last report of the EC on governance of MRS<sup>10</sup> as well as in the GAC conclusions on the added-value of MRS of 22 October 2013. Participants called for a further implementation of the EUSDR also as a bottom-up process according to the principles of transparency and participation which are also laid down in the Treaties. It was also recalled that the civil society dimension should be reflected in the partnership agreements. Moreover, it was concluded that civil society also encompasses the academia which should be given a coherent role within the EUSDR governance. WG2 members agreed to sustain civil society involvement in the EUSDR in their respective countries, e.g. through National Platforms of the EUSDR. The 3<sup>rd</sup> meeting of Working Group 2 focussed extensively on the preparations of the 1<sup>st</sup> participation day which was held on 25 June in Eisenstadt back-to-back with the 3<sup>rd</sup> Annual Forum in Vienna. In relation to this, a common position paper was developed and adopted at the participation day in Eisenstadt on 25 June 2014. It was also presented at the Annual Forum in Vienna.

PAC10 intends to enlarge WG2 towards a Civil Society Platform and thereby transform it into horizontal think tank for the EUSDR through involving not only regional ministries and the civil society, but also the

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<sup>9</sup> Results of PA10 Working Groups can be found on the PA10 website: <http://www.danube-capacitycooperation.eu/pages/working-groups>

<sup>10</sup> COM(2014) 284 final

academic world in order to have a sound analytic basis for improved transparent cross-sectoral action in the framework of the Strategy and also in order to create stable links with other MRS, especially the EUSBSR and the EUSAIR, which are both also dealing with transition countries and/or (potential) candidate countries of the EU and therefore face similar challenges and opportunities as the EUSDR.

### **Working Group 3 (regional cooperation)**

This Working Group is closely linked to the Action which deals with an increased absorption of EU funding, especially the ESIF.

During the current reporting period, no meeting of WG3 was held. Nevertheless, action in the field of regional cooperation and transnational spatial planning is under way and a project related to this received support by the TAF-DRP. The project “Building institutional capacities for metropolitan areas networking in Lower Danube area – a new model of governance for cooperating and networking” (GOCONET) is led by a Serbian institution and intends to optimise the governance of metropolitan areas in the lower Danube area. Thus, best practice is to be exchanged with metropolitan areas in the upper Danube, e.g. the City of Vienna. In this respect, the on-going development of the UPDR should also be taken into consideration.

### **Working Group 4 (financing, see annex 16)**

The work in this Working Group has been practical and focused on building capacities in EU funds management, project selection and similar issues with a goal to better implement the EUSDR. In the reporting period, a high-level dialogue on tax administration and compliance was organized in Ljubljana. The event was attended by 9 high-level representatives from Danube Region tax administrations, 3 other SEE countries and the OECD, EC, IMF and academia. The results of this dialogue represent a solid basis for needs assessment of tax administrations in the region as it turns out that the most pressing issues are related to their institutional capacities (e.g. skills shortage, aging, low attraction of positions for young people). The participants concluded these issues should be discussed and tackled top down, starting at finance ministers’ level.

#### *1.2.3. Links with projects and initiatives from other Priority Areas*

Most of the actions addressed by PA10 are of horizontal nature and also relate to one or more other priority areas and thereby comply with the cross-sectoral approach of the Strategy.<sup>11</sup> With the 1<sup>st</sup> EUSDR Participation Day on 25 June 2014 in Eisenstadt, PAC10 has started a close cooperation with PA9 “People and Skills” which will be continued on 9-10 October 2014 with an event dealing with the relation between ESIF and Roma Inclusion, organized jointly by the Austrian Federal Chancellery as National Contact Point for Roma Inclusion and the Austrian Ministry for Labour, Social Affairs and Consumer Protection (PA9) and PA10. DG Justice as Coordinator of the National Roma Strategies was closely involved. Moreover, PA10 cooperates with PA9 in terms of projects related to migration, Labour market issues, trade union issues and with PA3 in relation to projects linked to cultural and heritage policy.

The pilot actions implemented by PA10 (DFD, TAF-DRP, START) are also related to every other Priority Area of the EUSDR and every of the Danube countries.

Several examples can be provided:

- Involvement of civil society: PAC10 has advocated the idea to integrate the civil society into the Austrian EUSDR platform at the Federal Chancellery. At the occasion of the 3<sup>rd</sup> WG2 meeting mentioned above, PAC10 called for the WG2 members to bring forward this idea also on the National EUSDR platforms in their respective Danube countries. In Austria, the Danube Civil Society Forum

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<sup>11</sup> Cf. GAC conclusions of 8 April 2011.

was successfully integrated into the National EUSDR Platform, which makes the EUSDR implementation more transparent and participative.

- TAF-DRP: With the TAF-DRP, PAC10 has established a targeted and operational network of all PACs. The Facility foresees support to project ideas from all Priority Areas. PACs have a central role in the pre-selection of project ideas to receive support, and they will also be involved in the monitoring of the Facility. PAC10 will seek a thematic balance between selected ideas, so that projects from all priority areas can be developed.
- PAC10 Vienna holds a regular and intensive cooperation and coordination with other PACs located in Austria, regarding general EUSDR matters as well a project-specific coordination. PAC10 Vienna also cooperates regularly with PAC 8 (Baden-Württemberg), for instance by participating in the Monitoring Committee for the socio-economic study organised by PAC8.
- PAC10 is developing a promising network of heritage sites throughout the Danube Region, in close cooperation with Priority Areas 3 “Culture and Tourism” and 9 “People and Skills”.
- PAC10 is currently planning a joint high-level meeting on ESIF and Roma Integration on 9-10 October together with the Austrian Federal Chancellery, PA9 and DG JUST.

#### *1.2.4. Networks*

PAC10 has initiated new forms of cooperation, for instance:

- Cooperation between the Diplomatic Academy in Vienna and the Diplomatic Institute in Bucharest, initiated in April 2013.
- Cooperation with important partners in **Romania** (esp. Romanian NCP and City of Bucharest) and in Serbia (national level, City of Belgrade, National Bank of Serbia, etc.).

Cooperation with existing networks was also strengthened during the reporting period on the topics addressed by PA10:

- **Financing:** cooperation with respectively the National Banks of Serbia and Romania for the preparation of the Second and Third Danube Financing Dialogues. Working meetings took place with Head of the Vienna Office of the European Investment Bank, in particular regarding potential cooperation with the Danube Contact Point in Budapest.
- **Programming:** PAC10 provides concrete support to the preparation of the upcoming transnational “Danube Programme”. PAC10 Slovenia hosted the joint meeting of Danube Programme Task Force and Priority Area Coordinators on 21 May 2013, Slovenia, facilitated by INTERACT.
- **Cooperation between cities:** Council of Danube Cities and Regions (COCDR), ARGE Donauländer, Austrian Federation of Cities (Städtebund): cooperation in order to establish the Urban Platform Danube Region (UPDR), with a kick-off conference held in December 2013. The Urban Platform Danube Region was presented at the CoDCR meeting on 26 June 2014 and presented at the 3<sup>rd</sup> Annual Forum of the EUSDR on 27 June 2014 (see annex 14, declaration of the establishment of the UPDR).
- **Capacity Building:** meetings and networking with public and specialized training institutions from the Danube region, such as Euro Institut (Kehl), ReSPA - Regional School of Public Administration (Danilovgrad), UNDP Europe and CIS (Bratislava), NISPACee.
- **Civil Society:** Cooperation with the European Economic and Social Committee (EESC) has been continued and PAC10 has been proposing at several occasions to initiate a Danube Group at the EESC, with the support of the European Commission. PAC10 participated in Roma-related network and exchange meetings and presented the EUSDR on these occasions. As previously mentioned, PAC10 also plans an event related to Roma Inclusion, the EUSDR and better spending of ESIF in close cooperation with DG JUST, the Austrian Federal Chancellery and PA9.

- **International Networks:** PAC10 has an on-going information exchange with the RCC and the CEI, and has therefore a close look on the consistency of the EUSDR with the EUSAIR and enlargement processes on the Western Balkans.

#### *1.2.5. Publicity measures*

- **Web:** PA10 uses its website, which was proposed by the INTERACT programme in 2011, as the main communication instrument towards the general public and EUSDR stakeholders. Information relating to the activities of PA10 (e.g. Danube Financing Dialogue, launch of the TAF-DRP Facility, START, CoDCR etc.) as well as news and events submitted by external stakeholders for publication are published. The website now features a new dedicated section on the TAF-DRP and START. A specific website was developed for the Urban Platform Danube Region.<sup>12</sup>
- **Media monitoring:** PAC10 receives a monthly press review provided by the agency Compress, which provides a print media coverage of the Danube Region. Several interviews with PAC10 were published in regional or national newspapers, which is essential to reach out to a broad audience and raise awareness about the EUSDR in general and more specifically PA10.

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<sup>12</sup> See [www.updr.eu](http://www.updr.eu)

### 1.3. Funding

With the beginning of the new MFF 2014-2020, there are potential new funding opportunities ahead. Several initiatives of PA10 could not be financed, such as a feasibility study on civil society, a training project for project promoters from civil society organisations (with University of Burgenland, Austria) or the Danube Managers projects. However, the EUSDR does not solely rely on Structural Funds, and for this reason PA10 has been very active in the actions below:

- **Capacity support:** PAC10 Slovenia organised a workshop “From project design to implementation”, in July 2012 in Ljubljana. The workshop addressed project facilitation and financing challenges faced by EUSDR stakeholders and exchanged experiences developing projects from the idea stage through to implementation with the Western Balkans Investment Framework.
- **Danube Financing Dialogue (DFD):** this initiative addresses specific funding needs of SMEs and funding possibilities outside Structural Funds (international financing institutions). The next round of DFDs is starting in 2015 with a conference in Zagreb organised by the Croatian National Bank in close cooperation with PA10 and the Croatian Ministry for Foreign Affairs.
- **EIB:** PAC10 is in continuous contact with the European Investment Bank and the Budapest “Danube Contact Point”, and a small project fund cooperation project is now in reflection. Networking with the Western Balkans Investment Framework – IFI Coordination Office, Slovenian Ministry of Finance and Management Authority is also taking place.
- **Technical Assistance Facility for Danube Region Projects:** This initiative should help project promoters to identify possible funding sources and financing options for their project ideas, within but also outside of the ESIF. In the years 2015-2016, a second round of TAF-DRP is going to provide support for another approximately 35 projects.
- **START:** This pilot project provides seed money for project development in the Danube Region.

As regards Structural Funds, PAC10 has continuously advocated including the topics of the EUSDR and more specifically of PA10 (civil society, Roma Inclusion, city networks) into the upcoming DANUBE TRANSNATIONAL programme of the ERDF. Moreover, PA10 called for consistency of the URBACT III programme with MRS. SG members of PA10 have pointed out that the absorption of EU funding includes a large variety of prerequisites, i.a. the simplification of administration procedures, simplification; support of project preparation; better preparation of administrative capacities. Moreover, the place-based approach as well as analyses and concrete suggestions for structural or other type of measures and reforms should be proposed. The availability of supporting tools and actions for the EUSDR throughout the programming period would certainly be of great value to increase project quality and foster better spending in the Danube Region, which would also ensure the innovative character of the EUSDR.

## 2. PROGRESS BY TARGET

As reported last year, two targets for PA10 in the EUSDR Action Plan could be reached: (1) Maximum 4 weeks for business start-up permissions by 2015, and (2) Establishing benchmarks for e-government and reducing excessive bureaucracy by 2012.



**Figure 2 PA10 Targets & Actions**

### 2.1. **Target: Maximum 4 weeks for business start-up permissions by 2015**

#### Action 1 “To Combat Institutional Capacity and Public Service Related”

##### **Milestone 1: Identify stakeholders**

One of the ways to step up institutional capacity is through training, knowledge sharing and exchanging of experiences that are typically carried out by public administration and specialized training institutions. Additional stakeholders have been identified utilizing networks, WG meetings and referrals. Since 2012, 5 additional members have joined WG 1 “institutional capacity” that currently comprises 21 members from 11 Danube region countries and 2 international organizations. In 2011 those members were responsible for building capacities of over 70.000 public officials on local and central government levels. The identification of stakeholders in the framework of the EUSDR should be seen as a long-term challenge and task. The online platform of PA10 currently comprises more than 1500 contacts.

##### **Milestone 2: Identify areas of institutional capacity needs / gaps in the Danube region**

Due to different economic, social and other factors, the Danube region countries have achieved very different levels of institutional capacity and therefore also needs. Areas of particular attention for institutional capacity were broadly identified.

##### **Milestone 3: Paper “Institutional Capacity Development through Implementation of the EUSDR”**

The paper was written for the purposes of the 2012 NESPACEe Annual conference by PAC10 Slovenia.

##### **Milestone 4: Event / workshop “EUSDR Project Facilitation and Exchange of Experiences”**

The first workshop was organised by PAC10 Slovenia in 2012. The workshop addressed project facilitation and financing challenges faced by EUSDR stakeholders. Case studies of how to develop and mature projects from the idea stage through to implementation of the Western Balkans Investment Framework (WBIF) and how WBIF seeks to identify and support those projects with the most value added were also presented and discussed. More than 20 PACs and their support team participated.



**Milestone 5: Perform institutional capacity needs assessment in the Danube region; prioritize needs based on a common interest and existing initiatives in the Danube region.**

Areas of particular attention for institutional capacity were broadly identified (see Milestone 2). The WG1 members participated at a workshop by UNDP on needs assessment methodologies and latest trends. Follow-up work was done in the course of 2013.

**Milestone 6: Share and develop concrete training programs**

This concerns e.g. procurement, train the trainer workshops, as well as other areas of institutional capacity development (e-government solutions, promotion of democracy, public financial management). It was agreed that projects will be concrete and based upon methodological capacity needs assessment and existing initiatives in which the PA10 stakeholders have interest to cooperate.

**2.2. Target “Establishing benchmarks for e-government and reducing excessive bureaucracy by 2012”**

*Action 4 “To ensure sufficient information flow and exchange at all levels”*

**Milestone 1: Establish an Open-Government platform concerning EUSDR issues**

PA10 has identified existing initiatives and forums for regional cooperation, and participates in some of them (e.g. Steinbeis Foundation). Cooperation with the European Economic and Social Committee (EESC) and the proposed setup of a Danube Group is an ongoing process, and PAC10 contacted DG Regio to get support in initiating such institutional cooperation between the EESC and the EUSDR.

Regarding the specific topic of e-government, PAC10 presented the Austrian initiative on e-government “help.gv” at several occasions, in order to promote such initiative in other EUSDR countries. Baden-Württemberg, Bavaria and Slovenia are interested in participating in this pilot project.

**Milestone 2: Wide public awareness campaign of the European Strategy for the Danube Region (EUSDR)**

Active participation of PA10 in various events and meetings, as well as the co-organisation of a workshop at the annual forum of the EUSDR in Bucharest, October 2013 and the organisation of 5 workshops at the Annual Forum in Vienna on 26-27 June 2014 have increased awareness of the EUSDR and of PA10 among stakeholders (EU institutions, NGOs, foundations, financing organisations, national banks etc.). Participation in national events and meetings in Austria and Slovenia are also relevant. A wide public awareness campaign would certainly be more sustainable if there was a person to represent the Strategy to a wider public, or if there was a rotating presidency for the Strategy. The public awareness of the EUSDR is subject to an on-going assessment in selected countries through the Compress offices of the City of Vienna.

**Milestone 3: Gather project examples in a project database using an online tool**

The project database is still available online. No new projects have been added since the last reporting period. As indicated above, such collection is not a high priority for the time being but this will change with the start of the new programming period.

*Action 5 “To facilitate the administrative cooperation of communities living in border regions” <sup>13</sup>*

**Milestone 4: Elaborate a feasibility study prior to the project “Establishment of the efficient cross-border cooperation model(s) on different levels”**

PAC10 is collecting information on existing cross-border cooperation projects and initiatives from the INTERACT KEEP database, which is the main source of information on the topic. The data available so far is not comprehensive but will be a useful basis.

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<sup>13</sup> It is not possible to associate this Action with any of the mentioned targets.

### **Milestone 5 (new): Organise the 3<sup>rd</sup> Annual Forum of the EUSDR**

PAC10 has organised the Annual Forum with more than 1000 participants. In addition to this, PA10 has contributed to two major side-events (participation day on 25 June; joint CoDCR and UPDR meeting on 26 June) and five workshops of the Annual Forum. The two side-events and two of the five workshops gathered each around 100 EUSDR stakeholders or more.

### **2.3. Target “Establishing a platform including Civil Society Organisations and open governance networks by 2013”**

*Action 2 “To improve the trust of citizens and stakeholders in political authorities”*

#### **Milestone 1: Building the TransCity Network for Public Relations for EUSDR Issues**

PAC10 Vienna is supporting initiatives taking place in the Danube Region. PAC10 Vienna also participated in the workshop “Enhancing communication within and for the Danube Region” on 24 June 2013 and is supporting such cooperation initiative.

#### **Milestone 2 –Develop common ground rules for the future of Danube Region cities (new)**

Based on the success of the “Vienna Charter”, a local participatory initiative which provides a framework for good neighbourly relations, actively promotes the dialogue between the citizens and builds solidarity, PAC10 has started to promote and export this initiative in other Danube cities, under the motto “Vienna Charter goes Danube”. PAC10 presented the Charter to its working and Steering groups, and Bratislava, Sofia and other Bulgarian cities are already interested. The initiative was publicised at a high-level meeting on 9 September 2013 in Vienna.

*Action 3 “To establish a Danube Civil Society Platform<sup>14</sup>”*

#### **Milestone 3: Elaborate a feasibility study prior to the establishment of the Danube Civil Society Forum**

Due to the lack of funding available for such feasibility study, PAC10 has taken further steps towards establishing such platform, both online and as a network. Working Group 2 of PA10 endorsed the approach and will act as Monitoring Committee for the Platform. For this, the WG2 will meet in September in Ruse. One of the Working Group 2 members, FosterEurope, has offered to provide the online tool and to open access, free of charge, to all civil society organisations of the Danube Region. The development of this tool, which is facilitated by PAC10 Vienna, is currently under way.

#### **Milestone 4: Institutionally and financially strengthening the already existing Young Citizens Danube Network (YCDN)**

This milestone will be implemented together with the creation of the civil society platform for the Danube Region, where the YCDN will be involved in project cooperation. The YCDN is also involved in WG2 which deals with civil society issues.

### **2.4. Target “Facilitate a network of metropolitan areas and systems of cities by 2014”**

*Action 6 “To build Metropolitan Regions in the Danube Region”*

#### **Milestone 1: Establish a network of Danube Cities and Metropolitan Regions (renamed)**

On 9-10 December 2013 in Vienna, the Urban Platform Danube Region (UPDR) was initiated jointly by PAC10 and the CoDCR. It was presented the enlarged network to a wide range of stakeholders. The establishment of the online platform is currently under way and all the major capital cities of the Danube Region have committed themselves to act as thematic leaders and thereby drive forward the implementation of the UPDR. The UPDR was kicked-off on 26 June 2014 at the CoDCR/UPDR meeting and presented on 27 June 2014 in the framework of the 3<sup>rd</sup> Annual Forum of the EUSDR. The UPDR’s target is to represent

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<sup>14</sup> The word Forum was renamed Platform, in order to differentiate it from the “Danube Civil Society Forum - DCSF” initiative of Foster Europe.

the cities of the Danube Region in the framework of the EUSDR, foster urban development and make cities work jointly towards the targets of the EU2020 strategy. It also brings the political framework of the CoDCR on the administrative level. At the occasion of the conference on 9-10 December, Commissioner Hahn stressed the importance of the urban dimension of the EUSDR. He also pointed out the urban dimension of regional policy is crucial when it comes to analysing and assessing challenges and opportunities in the Danube Region and therefore welcomed the establishment of the UPDR.

### **Milestone 2: Establish a Danube Region Network of world heritage sites**

PAC10 is developing a promising network of heritage sites throughout the Danube Region, in close cooperation with Priority Areas 3 and 9. The Steering Group of PA3 has already validated their support. The idea is to restore sites, while providing training opportunities to the persons involved in the restoration works, and then to jointly promote the restored sites. The project will be an example of cooperation between Priority Areas 3, 9, 10 and possibly 7, who will work together to enhance micro-economic and social development. This project showcases the horizontal approach of PA10.

## **2.5. Target 5: “Establish a Danube Financing Platform by 2013**

*Action 7 “To review bottlenecks relating to low absorption rate of EU funds and to ensure better coordination of funding”*

### **Milestone 1: Review bottlenecks in EU funds absorption**

One of the challenges addressed by the EUSDR is low absorption of EU funds. Even though there is a large variation among EU member countries, candidates, potential candidates, and European neighborhood policy countries, the absorption of EU funds is overall disappointing. The WG reflected on the reasons, such as operational, administrative, problems related to transparency and corruption etc. Important constraints in using EU funds originate also in insufficient administrative capacity and inadequate knowledge of how to prepare and implement projects. According to the PAC10 online questionnaire, high consistency and added value of the EUSDR in relation to ESIF is stated by SG members of those Danube countries which have difficulties in the absorbing the funds. Unsurprisingly, most of the SG members see a strong relation between the Strategy and the transnational cooperation of the European Cooperation Goal of the ERDF. Nevertheless, it should be borne in mind that only a small share of ESIF is dedicated to the ETC goal.

### **Milestone 2: Event / workshop “EUSDR Project Facilitation and Exchange of Experiences”**

The workshop was organized by PAC10 Slovenia from 5-6 July 2012. The workshop addressed project facilitation and financing challenges faced by EUSDR stakeholders. Case studies of how to develop and mature projects from the idea stage through to implementation of the Western Balkans Investment Framework (WBIF) and how WBIF seeks to identify and support those projects with the most value added were also presented and discussed. More than 20 PACs and their support team participated.

### **Milestone 3: Identify ways to ensure better coordination of funding**

The programming of a new Danube transnational programme has begun in spring 2013. PAC10 Slovenia hosted the joint meeting of Danube Programme Task Force and Priority Area Coordinators on 21 May 2013, Slovenia. It was a first meeting where PACs and Task Force members where it was discussed where the goals of the EUSDR and the priorities of the future Danube Transnational Programme could be integrated. PAC10 has continuously advocated the idea that the Danube Programme should provide support for the Strategy in accordance with article 7 b) of the ETC regulation. Nevertheless, specific support for PACs should be as independent as possible and comply with the “no new institutions” rule set out in the GAC conclusions of 13 April 2011. It might therefore take the shape of a long-term project.

Action 8: “To support the development of local financial products for businesses and community development”.

**Milestone 4: Review available financial products for SMEs in local communities**

Economic development policies are usually nationally driven. Countries and regions create and implement strategies that correspond to their economic goals and disparities they want to bridge by implementing those policies. Banking sector plays an important part – either by complementing government business support initiatives (e.g. soft loans, grants) or adjusting their lending policies to meet the market demand. However, the extended financial crisis and pressures it brought on the banking sector has caused an extended credit crunch where governments have been quite ineffective to influencing banks loan policies. Therefore, it is also unrealistic to expect that the EUSDR will support the development of local financial products but can review various initiatives in the region and study their impact. The upcoming round of DFDs has a crucial role to play when it comes to identifying financial support for SMEs.

Action 9: “To examine the feasibility of a Danube Investment Framework”

**Milestone 5: To establish a matchmaking platform bringing together project promoters and financiers**

After the first edition of the Danube Financing Dialogue (DFD) held in Vienna in March 2012 and hosted by the Austrian National Bank, the second edition was organised on 24-25 January 2013 in Belgrade and hosted by the National Bank of Serbia. The third edition took place in Bucharest, back-to-back with the 2<sup>nd</sup> Annual Forum of the EUSDR. For the second round of DFDs, an evaluation was conducted by L+R Social research which evidenced a high degree of satisfaction of the more than 600 participants of the first three DFDs (see annex 6).

**Milestone 6: To develop and implement a Technical Assistance Facility for Danube Region Projects (TAF-DRP)**

The first two calls of the TAF-DRP Facility were launched in launched by PAC10 in 2013 and 2014. All Priority Area Coordinators are closely associated to this pilot action, as they are in charge of the pre-selection of project ideas from their respective area, and they will also be associated to the monitoring of the Facility. PAC10 organised information and training sessions for all PACs. See more details on the PA10 website and in annex 11.<sup>15</sup>

**Milestone 7 (new): Setting up an Danube Region Project Fund (START)**

PAC10 has set up a Danube Region Project Fund. This action provides seed money and does not require any pre-financing. For more information, please see annex 12.

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<sup>15</sup> See [http://www.danube-capacitycooperation.eu/pages/technical\\_assistance\\_facility-drp](http://www.danube-capacitycooperation.eu/pages/technical_assistance_facility-drp)

## **Annexes**

- Annex 1 Minutes of the 5<sup>th</sup> meeting of the Steering Group of PA10, December 2013
- Annex 2 Minutes of the 6<sup>th</sup> meeting of the Steering Group of PA10, May 2014
- Annex 3 Minutes of the 3<sup>rd</sup> meeting of Working Group 2 “Civil Society” of PA10, March 2014
- Annex 4 PA10 Working Paper for the SG meeting in Ljubljana, May 2014
- Annex 5 Amended road map for the implementation of Working Group 2
- Annex 6 Evaluation of the Danube Financing Dialogue, June 2014
- Annex 7 Overview on relevant meetings, speeches and inputs of PAC10
- Annex 8 PAC10 questionnaire, May 2014
- Annex 9 Progress Report “Technical Assistance”
- Annex 10 Progress Report “Danube Financing Dialogue”
- Annex 11 Progress Report “Technical Assistance Facility I”
- Annex 12 Progress Report “START – Danube Region Project Fund”
- Annex 13 Progress Report “3<sup>rd</sup> Annual Forum of the EUSDR”
- Annex 14 Declaration for the establishment of the Urban Platform Danube Region
- Annex 15 Minutes of the 3<sup>rd</sup> meeting of Working Group 1 “Institutional Capacity” of PA10, March 2014
- Annex 16 Report on the High-Level Dialogue on Tax Administration and Compliance, a Working Group 4 “Financing” of PA10 event, December 2013