

**EU Strategy for the Danube Region**

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| Speech Dr. Johann SOLLGRUBER  European Commission Representation in Austria  Member of Board of Management Institute for Danube and Middle Europe  Belgrade 26 January 2013  2nd Danube Finance Dialogue  National Bank of Serbia |

“First and foremost I am very pleased to see that the blueprint of the Danube Finance dialogue clearly becomes a permanent platform serving the finance needs of project implementers in the Danube Region.

We started in Vienna with this pilot project and attracted 400 applicants, in Belgrade we count nearly 200 and we will move to Bucharest, maybe linking the finance dialogue with the Annual Forum of the Danube Region.

We need this instrument:

When I was driving form the Belgrade Airport to the Conference venue at the National Serbian Bank the taxi driver stated: \*We have had economic crisis here since 4 years and maybe 18 years. We get used to that\*.

This is unacceptable to me. The European Commission and countries of the EUSDR must do the utmost to avoid brain drain and keep young talents in the Region, offering opportunities for their future.

Some of the Danube States are fragile in their response to the persisting economic crisis. Credit crunch rates rocket up to 60% in some of the countries. Inward Foreign Direct Investment into countries like Croatia, Serbia, Bulgaria and also Romania has been halved between 2008 and 2012, with forecasts not showing an improvement of the situation.

Second, the event has clearly shown that we need to increase access to finance and close the information gap in relation to funding opportunities at all levels. A one stop-shop was requested. That is why we are gathered today.

A response must be at macro regional level: The EU takes the macro regional work for the Danube and the role of SME’s very seriously:

Third, alignment of funding is the underlying principle and the absorption rate of Structural funds unacceptably low in some of the Danube Countries. However, additionally, the European Commission will propose a programme, specifically dedicated to the Danube countries. The Danube Transnational Programme will cover all 14 countries and serve the successful implementation of the strategy from 2014 to 2020.

In order to bridge the gap between 2013 and 2014 a Small Project implementation Facility is being prepared by Mr Kurt Puchinger and Gianni Ballette, serving more than 40 projects with 25.000 EUR at local and regional level.

3.48% of the future budget for Structural funds will be earmarked for European Cooperation. IPA and ENI Funds will complement the finance offer in the Danube Region.

Where can we go in future?

There seems to be a need for innovative financial engineering, non-banking instruments like Venture Capital funds, equity, seed capital and a Danube Innovation Fund.

Fourth, I want to see in future a joint Danubia Venture Capital Fund managed by the EIF with a presence in one of the financial centres in the Danube Region.

My dear ladies and gentlemen, we are sitting in the same boat on the River Danube River. The crisis has hit the Region more than many countries in the North and West of the Union. We need to stimulate FDI, avoid brain drain and and make the place an attractive one.

*Let me sum up and conclude:*

I like the Danube Region. I have been travelling up and down the 2700 km of the river basin in the last 3 years, was accompanying Commissioner Hahn in Croatia, Serbia, Bulgaria and Romania

Danube is worth investing in special efforts, it deserves setting aside financial means and intelligent solutions, maybe more transnational instruments encompassing a group of Danube Regions and countries for investors.

Danube countries have their own identity and will only further develop on this basis of its rich history, if we bundle all our ideas, concepts, solutions and creative approaches in the context of this EU strategy, which constitutes a unique opportunity for all of. Then we will create a win-win situation for all.

Hvala , thank you, danke”.