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

concerning the European Union Strategy for the Danube Region

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1. INTRODUCTION

The Danube Region covers 14 countries, eight of them EU Member States. It is home to more than 100 million people, a fifth of the EU's population. The countries are different in terms of economic strength, but the Region is strongly interlinked, with potential for further integration and growth.

The Region has been transformed by the two last rounds of EU enlargement: Croatia is soon to join. There are a further five countries developing their political, socio-economic and sectoral links with the EU in various ways. The Region has a strategic position, opening the EU to its neighbours, the Black Sea region, the South Caucasus and Central Asia. It hosts the world's most international river, which is a major transport axis, a vital inter-connected hydrological basin and a world-renowned ecological corridor.

The Region is thus connected through opportunities and challenges. The policies of the countries are interdependent. They could however benefit greatly from further improved cooperation, for example, in completing missing transport links, reducing pollution and danger from floods, lowering dependency on energy providers from outside the Region, and addressing demographic change or brain drain. The competitiveness of the Region could also profit substantially from joint action in the fields of SME, labour market policies, education and security. There is a need to improve institutional capacity at all levels.

The European Council requested the Commission to prepare an EU Strategy for the Danube Region (EUSDR), in the Presidency Conclusions of 18 June 2009. The Commission responded to the Council request in its Communication of 8 December 2010. In April 2011, the Council endorsed the Communication with its annexed Action Plan, which identifies concrete actions and examples of projects in 11 thematic Priority Areas. It follows the approach pioneered by the EU Strategy for the Baltic Sea Region.

The Strategy provides a robust integrated framework for countries and regions to address issues which cannot be handled satisfactorily in an isolated way, but instead require transnational strategic approaches, projects and networking. It allows for better cooperation to improve the effectiveness, leverage and impact of policies, at EU, national and local level, utilising existing policies and programmes and creating synergies between them.

The Strategy operates at an intermediate level between national and EU-wide work on topics such as research and innovation, migration or security. It strengthens the integration of countries with the EU, and brings countries in the Western Balkans, Moldova and regions of the Ukraine closer to the Union.

After 18 months of implementation, significant achievements are evident. The Strategy:

- promotes concrete transnational projects with impacts on the Region and gives new impulse to action in the Region;
- supports the coordination of different national and EU policies and funds, and paves the way for more coherence and better results, with more impact for 2014-2020;

- develops a wide-ranging cooperation platform, addressing challenges that have been identified as needing joint attention. There are 24 Priority Area Coordinators and 14 National Contact Points driving implementation forward;
- highlights the political importance of the Region, through strategic support at ministerial level and concrete advances in terms of implementation;

The following chapters report on these achievements, giving concrete examples, while identifying areas that need more attention. Chapter 5 summarises lessons learnt and Chapter 6 suggests recommendations for the future.

2. PROJECTS, POLICIES AND NETWORKS FOR THE DANUBE REGION

The Strategy focuses particularly on concrete and strategic projects and initiatives with a macro-regional impact. The Strategy and its Action Plan are organised around four pillars to address the major issues. It facilitates new projects, gives new momentum to existing projects and supports networks for the Region¹.

2.1. Connecting the Danube Region

New projects

- New research projects on innovative vessels, such as the project NEWS, are developing technological solutions to renew the Danube fleet, with more competitive and environmentally friendlier approaches, e.g. through more efficient, cleaner engines, and better ship body design. This contributes to the overall goal to increase sustainable cargo transport on the river by 20 % by 2020, compared to 2010;
- Shipwrecks are being removed from the Danube, Sava and Tisa, improving navigation and ecological conditions. The project to remove wrecks totalling some 15 000 tons, initiated by the Serbian Chamber of Commerce as part of the Strategy, also involves the private sector;
- Work on the Bulgaria-Serbia gas interconnector project has advanced, linking the Baltic Sea area to the Adriatic and Aegean Seas and further to the Black Sea. The gas pipeline will be 150 km long. It contributes to gas supply diversification, ensures gas supply security and completes the important regional gas supply ‘ring’.

New momentum to existing projects

- The cooperative approach has facilitated the completion of the Calafat-Vidin Bridge, linking Romania and Bulgaria. The bridge is co-financed by European Funds and is only the second bridge along the 630 km river section of the border, providing an important missing link in the Trans-European Transport Network (TEN-T).

New policy coordination initiatives

- At the invitation of the Commission, the ministers of transport of the Danube Region on 7 June 2012 adopted a Declaration on maintenance of the Danube waterway, committing themselves to concrete measures, including surveillance of water depth and signalling navigation routes in shallow sections. This has in turn led to an agreement between Romania and Bulgaria to plan work together jointly and to share equipment;

¹ A full report by each Priority Area can be downloaded on the website of the EU Strategy for the Danube Region (www.danube-region.eu/pages/reports)

- A Danube Region Gas Market Model has been developed to quantify the regional impact of the gas infrastructure projects planned in the Region, resulting in the Danube countries now agreeing on a set of policy recommendations for future such projects.

2.2. Protecting the environment in the Danube Region

New projects

- The Commission Directorate General for Research and Innovation has launched a call for research projects, to design environmental research and improve the uptake of results in the Region. This has mobilised significant actors and resources from public (national and EU) and private sources for efficient river-delta-coast-sea management overall;
- The Danube Sturgeon Task Force has been created to secure viable populations of this important fish in the river, facilitating projects, measures and initiatives for bringing sturgeon back. It promotes a cross-cutting approach, linking biodiversity to policy areas such as water quality, permeability of habitats, economic development, environmental education, and even prevention of crime (related to the illegal caviar trade).

New momentum to existing projects

- The DANUBE FLOODRISK project explores methods and databases on which countries can work together jointly. In all, 19 institutions in 8 Danube countries are participating, and accelerating progress towards shared databases and flood mapping. The European Flood Awareness System (EFAS) is also carrying out complementary work.

2.3. Building prosperity in the Danube Region

New projects

- The Commission Directorate General for Communication Networks, Content and Technology has launched a new e-infrastructure project under the 7th Framework Programme to improve access to and provision of advanced computing services to researchers. The new e-infrastructure will act as a bridge to the supercomputer facilities of the European PRACE initiative for countries in the Danube region, and indeed also for some Caucasus countries. The SEERA-EI project capitalises on this, placing it and other work on a Danube regional agenda;
- The Danube Region Business Forum, coordinated by the Austrian Chamber of Commerce, provides an important networking platform for over 300 SMEs. It encourages business-to-business meetings, and supports links with knowledge providers such as research institutes and universities.
- Technology transfer centres are being established in the Danube Region, with five pilot projects attached to important Danube Region universities, to improve links between academia and the private sector;
- In another pilot project, Danube schools and students are jointly developing innovative training courses and creative educational programmes to promote transnational contacts between cultures, with an emphasis on active citizenship and commitment to sustainable development. An innovative guide for teachers is being developed to apply throughout the whole Danube Region.

New policy coordination initiatives

- Work has started to create a Danube Research and Innovation Fund, pooling national and regional funds, building on the experiences of the BONUS programme in the Baltic Sea Region. A joint Declaration of Danube Region Ministers for Research was signed in Ulm on 9 July 2012, paving the way for preparatory work. The Directorate General for Research and Innovation and the Directorate General for Regional and Urban Policy supports this work, notably through a Danube INCO.net and other assistance.

2.4. Strengthening the Danube Region

New projects

- The Joint Research Centre has launched an initiative to provide scientific support to the Strategy, in cooperation with key scientific partners from the Region. Work has started on setting up a Danube-wide reference data and service infrastructure on common challenges such as environment protection, navigability, irrigation and agricultural development and energy production. Four thematic scientific clusters are being launched to foster scientific cooperation and to streamline research activities. A special focus on Smart Specialisation Strategies supports countries and regions in setting up regional innovation strategies;
- With the aim to improve the access to finance in the Region, the Danube Financing Dialogue matches project ideas to funds, bringing project promoters, such as SMEs, together with banks, international financing institutions and funding programmes.

New policy coordination initiatives

- A police chief meeting in January 2012 launched an initiative to intensify cooperation among police authorities in the Danube Region, improving measures against river-related crimes (including organised crime), and setting up a transnational law enforcement platform. In addition, EUROPOL has developed a specific project on threat analysis for the Danube Region.

3. MAKING THE MOST OF WHAT IS THERE: ALIGNING FUNDING SOURCES AND CREATING SYNERGIES

The work has been achieved through improving the way in which resources and knowhow, often already available to the Region, are utilised through better coordination. Building on this approach, the Strategy aims to achieve better results and greater impact by aligning existing funds and policies at EU, national and regional level. Examples include:

- infrastructure projects, such as the wastewater treatment plant in Budapest, ensuring better water quality throughout the Region, financed from European Structural and Investment Funds;
- cross-border programmes, such as Romania-Serbia, and Hungary-Serbia, are increasingly aligned with the Strategy, using specific calls or attributing extra points in selection procedures. Serbia alone earmarked EUR 19 million for Strategy-specific projects in the 2011 IPA cross-border cooperation component;
- transnational cooperation programmes, such as South East Europe and Central Europe, have financed new Danube Strategy projects;
- the 7th Framework Programme for Research has launched three calls specifically addressing Danube Region challenges, on an innovative fleet, on environmental solutions, and on the coordination of science and technology policies;

- projects co-financed by the Directorate General for Enterprise and Industry have supported transnational sustainable tourism in the Danube Region;
- the entire length of the River Danube is now taken into account in the draft revised guidelines for the Trans-European Transport Network;
- in the context of the Western Balkans Investment Framework funded under the Instrument for Pre-Accession, priority is given to projects that comply with the Strategy;
- the European Parliament supports pilot projects and preparatory actions for the Danube Region, providing Priority Area Coordinators with technical assistance, and encouraging innovative approaches for implementing the Strategy;
- regions, such as Baden Württemberg, have themselves set aside funds to support the Strategy, including for the initial phase of projects with an explicit macro-regional impact;
- the European Investment Bank has, together with Hungary, set up the Budapest Danube Contact Point to facilitate the development of transnational investment projects;
- similar work is on-going towards an overall Danube Region Technical Assistance Facility, facilitating the project preparation phase.

With regard to the important upcoming programming period 2014-2020, it is crucial that programmes and policies can be further utilised to implement the Strategy:

- macro-regional strategies are being highlighted in the Common Strategic Framework covering the coordination of the European Structural and Investment Funds (ESIF). This provides the programming process with strategic direction, and facilitates sectorial and territorial linkage for funds under shared management, namely the Cohesion Fund, the European Regional Development Fund, the European Social Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund;
- the macro-regional approach is being featured in Partnership Agreements, for the individual countries, to ensure that national/regional and cooperation programmes all take the approach into account. This provides funding for the Strategy in future through ESIF, and thus ensures sustainability for the coming years;
- a re-defined and specific transnational cooperation programme is created for the Danube Region, to finance networking projects, and to provide institutional support for implementation and governance.

4. A COOPERATION PLATFORM

For the first time in the Region, therefore, following conflicts and divisions, and building on enlargement, the Strategy puts in place an operational cooperation structure to address challenges the Danube Region shares in a cooperative way. As well as consisting of projects and programming, this is also an important new platform, involving a wide range of stakeholders, including countries of the Danube Region politically committed at the overall level.

Without creating new institutions, this platform allows key stakeholders of national and regional administrations to drive the day-to-day implementation forward:

- the Strategy is organised in 11 functional Priority Areas bringing together expertise and responsibility: (1) Inland waterways and rail, road and air transport; (2) Energy; (3) Culture and tourism; (4) Water quality; (5) Environmental risks; (6) Biodiversity; (7) Knowledge society and information technologies; (8) Competitiveness and cluster development; (9) Investments in people and skills; (10) Institutional capacity; (11) Security.
- These are run by Priority Area Coordinators (PACs), high-level officials of national and regional administrations, experts in their thematic areas. They are supported by counterparts from the Danube Region, and are organised in 11 Steering Groups, one per Priority Area. These are important new cooperation platforms in their own right;
- at national and regional level, implementation is ensured by National Contact Points (NCP), embedding the Strategy in national and regional settings and making policy-makers ‘think macro-regional’. Political commitment is obtained through meetings of Ministers of Foreign Affairs as well as sector ministers, and through initiatives by cities and regions;
- the European level facilitates implementation, as well as embedding the Strategy in EU policies, through contact with stakeholders in the Danube countries, establishing links to EU decision makers, for example, through regular fora for members of the European Parliament, by having Commission officials regularly taking part in Danube-wide meetings, and through institutional support provided by the EU budget;
- the EU programme INTERACT provides capacity-building and organisational support, as well as communication tools (e.g. visual identity, website, newsletter) publicising results of the Strategy in the media and to the general public;
- building on what has already been established, the Strategy also gives prominence and operational support to existing institutions in the Region, such as the International Commission for the Protection of the Danube River (ICPDR), addressing environmental and water quality issues, and the Danube Commission, working on navigability. Civil society actors are included in the work, including in stakeholder seminars, Steering Groups and the Annual Forum, and particularly in Priority Area 10, ‘Institutional Capacity’.

5. LESSONS LEARNED

After the initial period of implementation, the following key lessons learned can be identified:

Implementation structure

- National Contact Points, Priority Area Coordinators and their Steering Groups form the implementation core of the Strategy. Their work needs further embedding in political and administrative structures. Their visible, central role requires institutional stability, political recognition and allocation of sufficient human resources. Adequate staff and support from ministries to enable them to fulfil their role is crucial;
- Experience shows that national coordination works better in countries that have set up inter-ministerial working groups for coordinating Danube work at national level, particularly where platforms have been set up at political or senior civil servant level, and where a technical secretariat supports their work. This is good practice, which should be encouraged throughout the Region;
- The EU budget can provide limited direct funding for the implementation structure until 2014. However, as funding is not guaranteed after that, other means of support

need to be found, such as national sources, the future Danube transnational cooperation programme and the future INTERACT programme.

Political support

- High-level political support launched the Strategy and remains crucial for its implementation. Ministerial meetings (on transport, research and innovation, energy) have significantly advanced maintenance of the River Danube, coordination of national and regional research and innovation policies and support for non-EU Member States implementing the 3rd Energy Package under the Energy Community;
- Meetings of Foreign Ministers have emphasised overall political support for the Strategy. The active role of Hungary during its Presidency accelerated the work. This is particularly useful when the political level is linked to the cycle of Strategy events.

Financing concrete actions

- Making best use of existing policies and programmes, such as European Structural and Investment Funds (ESIF), the Instrument for Pre-Accession, the TEN-T programme, the Framework Programme for Research and Development or private funds is crucial. With regard to 2014-2020, it is essential to integrate the Strategy systematically in programmes. There needs to be a joint effort from Danube countries, regions and the European Commission;
- Important initiatives have been launched to support projects in their preparation phase and to improve access to finance, such as the Danube Region Technical Assistance Facility, funds from the State of Baden-Württemberg, the Budapest Danube Contact Point or the Danube Finance Dialogue. Links between the initiatives should be enhanced.

Strengthening existing initiatives

- Synergies with existing bodies and initiatives, such as the ICPDR, the Energy Community or the International Organisation for Migration have been established, and need to be strengthened. Involving existing institutions, bodies and networks builds on positive experiences elsewhere, notably in the Baltic Sea Region. This is increasingly being facilitated by the High Level Group, set up for macro-regional initiative guidance, advising on this work, which reinforces available expertise, avoids parallel structures and makes best use of available resources.

Result orientation and targets

- Targets, milestones and roadmaps prioritise work, contribute to timely implementation and facilitate communication of the Strategy's potential. They should be continuously reviewed and monitored.

Integrating policies and funds

- There is specific value in integrative approaches, for example in combining navigation and environmental interests in the development of the river, such as on the stretch east of Vienna. The Commission facilitates cross-sectoral cooperation, for example in the scientific field through the activities of the Joint Research Centre, involving the relevant services and multiple funding sources. In general, more use should be made of EU-level frameworks, emphasising that the Danube Region comprises much more than just the river.

Integration of non EU countries

- The Strategy involves six non-EU countries at an equal level, supporting integration processes and increasing cooperation in the Region. Innovative solutions to facilitate the participation of these countries and to finance project implementation need to be found and strengthened. This already includes full participation in Priority Area coordination and in Steering Groups, where support in relation to participation is receiving special attention. Funds have been identified from EU allocations for Danube Strategy activities by at least one non-EU countries and this is good practice for others to follow.

Communication

- The common visual identity, the comprehensive website covering all Priority Areas, the newsletter, and promotional material developed with the strong support of the programme INTERACT, have increased visibility and facilitated communication. It would be useful to centralise information about Danube meetings and conferences to allow more concerted communication of these.
- The first Annual Forum, held in Regensburg in November 2012, confirmed political support for the Strategy and provided an opportunity to showcase and discuss its implementation. There is added value in holding such a conference on a regular basis and as the main event for the Strategy, combined with a meeting of ministers for Foreign Affairs.

6. RECOMMENDATIONS

The EU Strategy for the Danube Region has demonstrated clear potential in its first phase of implementation. It has put the spotlight on a Region with considerable potential for development and further integration, addressing joint challenges such as sustainable use of resources or climate change in a cooperative way. To ensure continued work on the main issues facing the Region, and based on the experience reported here, as well as in the discussions at the first Annual Forum, the Commission recommends that participating countries and regions:

- strengthen their internal implementation structures, providing adequate financial support, political backing, and increased institutional stability;
- ensure continuity and adequate mandates for representatives sent to the Steering Groups, utilising the European Structural and Investment Funds programmes of 2014-2020 to support implementation structures;
- establish sustainable leadership and strategic planning for the Strategy, assisted by the European Commission, so that participating countries and regions fully assume their responsibilities. The implementation of the Strategy should be made more self-sustaining with its structures ensuring continuity even if persons involved change;
- continuously monitor the implementation of all Priority Areas, including commitment at political level and in terms of concrete achievements, with a view to concentrating on specific challenges, and ensuring focus as well as providing the basis for prioritisation and a leaner, more results-oriented structure;
- ensure there is more focus on results through paying further attention to appropriate targets and indicators, milestones and roadmaps;
- ensure systematic embedding of the Strategy in EU, national and regional programmes for the period 2014-2020, especially European Structural and

Investment Funds, Horizon 2020, COSME and the Connecting Europe Facility, using the expertise of Danube networks and key stakeholders in programming and implementation;

- strengthen the Strategy's contribution to Europe 2020 through concrete Danube Region actions linked to smart, sustainable and inclusive growth;
- reinforce the coherence of Danube actions with EU policies by ensuring that Strategy work is discussed by existing institutions, in relevant sectoral Councils, and where necessary in specific ministerial meetings;
- increase communication activities to reach a broader audience;
- establish the Annual Conference as the main event of the year, giving strategic direction, creating linkages and common approaches, and publicising achievements;
- strengthen, together with the European Commission, coordination and coherence with existing and possible future EU initiatives of this or similar macro-regional and sea-basin type.