

## **EUSDR - Strategic Management Opportunity For Financing European Projects**

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**Abstract:** The study is based on the analysis of the funding opportunities provided by the EU through various programs under the European Union Strategy for the Danube Region (EUSDR). The funds may be attracted by the countries bordering the Danube and they will help to reduce the socio-economic disparities between them. The integration principle is the basis for EUSDR. There can be funded various domains: infrastructure development, human resource development, environmental protection, etc. The study contributes to the identification of integrated projects that could get funding from the European Union and it could lead to stimulating the managers in Romania to exploit this opportunity.

**Keywords:** European strategy; socio-economic integration; Danube Countries

### **1 Introduction**

European Union Strategy for the Danube Region is an important mechanism to boost the consistent development of the riparian states by strengthening the implementation of EU policies in the region. This macro-regional strategy is intended to contribute to economic, social and territorial cohesion of the EU.

EU Strategy for the Danube Region was launched in April 2011 at the initiative of Romania and Austria. It brings together the Danube countries, both in the EU (Austria, Bulgaria, Czech Republic, Croatia, Germany, Romania, Slovak Republic, Slovenia and Hungary) and outside the EU (Bosnia and Herzegovina, Republic of Moldova, Montenegro, Serbia and Ukraine). It is based on the idea that the best way of solving common challenges facing certain regions - either environmental, economic or security - is the collective approach.

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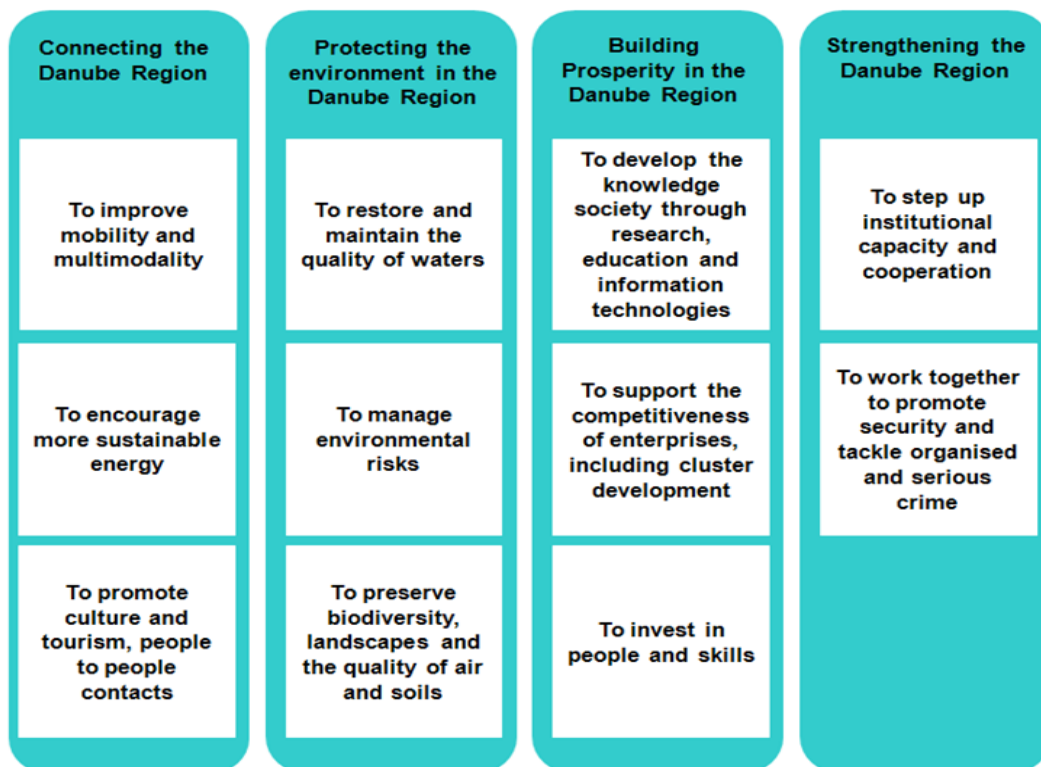
## **2 The Competitiveness of the Danube Region**

### **2.1 Macroregion's Objectives**

The Strategy and the Action Plan annexed thereto contain a variety of proposals for action of cooperation and it represents the result of a vast and dynamic process of ideas and interests collection of all types of stakeholders in the Danube region, reflecting the different issues of macro-regional importance and the needs to improve the cohesion policy in the riparian countries. The main problems identified in the Danube Region were grouped into four pillars, in order to achieve common objectives of the macro-region:

- Connecting the Danube region;
- Environmental Protection in the Danube region;
- Building prosperity in the Danube region;
- Strengthening the Danube Region.

Each of the four pillars contains priority areas for action, totalling 11 areas covering vast domains with various problems:



**Figure 1. The Pillars and Priority Areas of the EUSDR**

*Source: (Schneidewind P. & all., 2012)*

Each area has a coordinator, which should work closely with relevant stakeholders such as the European Commission (EC), regional and local authorities, non-governmental organizations and inter-governmental bodies, and so on. Romania coordinates the hinterland within the priority area of improving mobility and multimodality within Pillar 1, together with Austria. It also coordinates along with Bulgaria the promotion of culture and tourism, under the same pillar. Within Pillar 2, Romania coordinates environmental risk management with Hungary.

Each priority area has to be considered with other policy fields. The Strategy encourages an integrated approach (e.g. environment - mobility - economic development – human resource development etc.). For example climate change mitigation and adaptation have an impact on transport, energy, tourism, research, etc. policies whilst the latter also have an impact on climate change. Therefore, for the implementation of each Priority Area, it is important that there is involvement of bodies and institutions representing other policy fields (European Commission, 2010).

## **2.2 Financing the Strategy**

The Danube Strategy was created under the imperative of “the three no's” - no new funding, no new institutions and no new regulation, later it had to face the challenge of adapting in order to ensure the implementation of projects by exploiting the existing European funds. During the design stage, the aspect on financing the strategy was extensively debated by the Member States and the Commission.

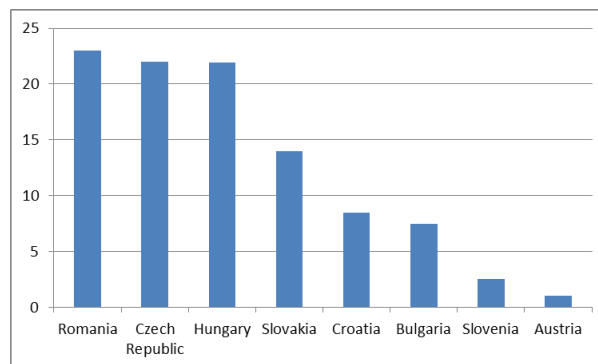
Thus it was agreed that financing should be made from the existing funds. In the Danube region there are a number of different financial instruments to support the implementation of EUSRDP projects such as grants, reimbursable loans and guarantees. Most tools are available at regional, national and European level. At the macro-regional level, for trans-national projects there are a very few tools, they identify primarily with the European Territorial Cooperation programs.

### **The Availability of Structural Funds in the Danube Region**

Among the Danube countries, eight are EU Member States and beneficiaries of European funding mechanism for macro-regional strategies, called structural funds. The Funds are implemented under the umbrella of three objectives: “Convergence”, “Regional Competitiveness and Employment” and “European Territorial Cooperation” so it comes in a wide spectrum - from urban reconstruction to rural development, from renewable energies to transport infrastructure, from the support of small and medium enterprises to providing enterprises.

The Structural Funds contribute to the implementation of EU cohesion policy. The most important of these funds are the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF). According to documents by the European Commission, the objective of the ERDF is to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. Its financing contributes to regional convergence across the EU, regional competitiveness and employment and territorial cooperation. The objective of the ESF is to improve employment and education opportunities across the European Union; the ESF also aims to improve the situation of the most vulnerable people at risk of poverty. Finally, the CF aims to reduce economic and social disparities and to promote sustainable development. It is directed at Member States whose Gross National Income (GNI) per inhabitant is less than 90% of the EU average.

In the period 2014-2020 period, about EUR 100bn will be allocated to the Danube Region (again excluding Baden-Wurttemberg and Bavaria). This is slightly more than in the previous programming period and accounts for about 28.8% of the total available budget for cohesion policy. Within the Danube Region, Romania will receive the largest share of the funds 23.0 bn euro (Figure 2).



**Figure 2. Cohesion policy allocation to Danube Region countries 2014-2020 (in bn €)**

*Source: European Commission, EU cohesion funding – key statistics*

Other sources of financing (EU programmes):

- Trans European Transport and Energy Networks (TEN-T and TEN-E), -7th Research Framework Programme;
- the Instrument for Pre-Accession Assistance (IPA) National;
- Cross-border Cooperation and Multi-beneficiary country programmes;
- several programmes of the European Neighbourhood and Partnership Instrument (ENPI);

- the European Agriculture Fund for Rural Development (EAFRD);
- the European Fisheries Fund (EFF);
- the Competitiveness and Innovation Programme.

The new transnational ETC programme DANUBE 2014-2020 set up for the Danube Region provides an operational programme as another instrument to implement the goals of the EUSDR. Besides contributing to the Strategy's thematic goals by realising relevant cooperation projects, the programme might also support the institutional cooperation of stakeholders and institutions of the Danube Strategy.

National, regional and local policies are also financing important projects. In addition, significant financing is already provided to a large number of projects via lending and/ or co-financing from various International and Bilateral Finance Institutions:

- the European Investment Bank (EIB);
- the European Bank for Reconstruction and Development (EBRD);
- the World Bank;
- the Council of Europe Development Bank (CEB) or other lenders.

More recently, for the countries of the Western Balkans, additional efforts have been made to better coordinate and blend instruments for grants and loans via the Western Balkans Investment Framework (WBIF). A similar instrument to the WBIF, the Neighbourhood Investment Facility operates for the Republic of Moldova and Ukraine.

### **3. Case Study – the Identification of Integrated Projects**

The study contributes to the identification of integrated projects which could get funding from the European Union and Romania it leads to the stimulation of managers to exploit this opportunity.

There can be financed various fields and examples of projects that might be proposed for funding by various local actors (managers) which will contribute to economic and social cohesion in the vicinity of the Danube region:

#### **a) Infrastructure development in the Danube Region:**

- Improving waterways in the Danube Basin;
- Modernizing the fleet on the Danube;
- Coordinate national transport policies in the Danube Basin;
- Transforming the Danube Basin ports multimodal centers;
- Improving the management of the Danube waterway;

- Improving traffic on the existing infrastructure in the region;
- implementation of services, technologies and applications consistent in the Danube Basin;
- Improving access to waterways in the Danube Basin - roads, bridges, railways;
- Spatial European corridors connected to the Danube Region;
- Increasing the attractiveness of the Danube regions through the development of the transport system;
- Improving cross-border transport infrastructure;
- The development of multimodal transport connections.

b) Investment in energy systems in the region:

- connecting gas networks in the Danube Region;
- developing the capacity of gas storage;
- Increasing energy efficiency and renewables in the region;
- Transfer of best practices, technologies and know-how between Danube countries;
- The development of alternative energy resources;
- exploration of renewable energy sources in the Danube Region;
- Promoting energy efficiency of buildings;
- creating cooperation networks between national authority in the domain of renewable energy.

c) promotion of tourism and culture in the Danube Region

- Multiculturalism in the Danube Region;
- intercultural cooperation in the region;
- The importance of the cultural patrimony of the Danube countries;
- Exchanges of experience in the field of culture and tourism;
- quality development in the Danubian tourism;
- Promoting the weekend tourism by cruises on the Danube;
- Improving the infrastructure in the region for tourism;
- Promoting sustainable tourism in the Danube Region;
- The development of spa tourism in the region.

d) Protecting the environment in the Danube Region

- Combating pollution of waste water into the Danube;
- Assessment of sediment from the Danube;
- Promoting measures to limit the uptake of water resources;
- flood management in the Danube river basin;
- Development of a warning system in case of floods;
- Promoting response actions in the event of accidental pollution of water;
- Research on climate change;
- Biodiversity Conservation in the Danube Region;
- protection of Natura 2000 sites and of protected natural areas;
- promoting integrated waste management;
- Reducing air pollution in the Danube countries;
- Raising public awareness on the environmental protection.

e) Human resources development and education:

- the development of education in the field of navigation on the Danube;
- stimulate the excellence in research in the Danube Region;
- the development of research infrastructure;
- promoting the exchange of experiences between students and researchers between the Danube countries.

f) the competitiveness of enterprises, information technology:

- Improving business support for SMEs;
- efficient use of information technology for public services;
- promotion of e-health in the region.

g) cooperation and strengthening the institutional capacity

- Promoting the development of clusters in the region;
- Promoting innovative services in the region.

#### **4. Conclusions**

The importance of the Strategy was underlined in the documents issued by the European Commission, as follows:

- it promotes concrete transnational projects with impact on the region and it gives new impetus to action in the region;
- it assists in coordinating various policies and national and EU funds and it prepares the ground for better consistency and better results, with a stronger impact for this programming period (until 2020);
- it develops broad cooperation platform to face the challenges that have been identified as needing common attention. There are 24 priority areas coordinators and 14 national contact points that stimulate implementation;
- it highlights the political importance of the region through strategic support at ministry level and it has tangible progress in terms of implementation.

According to the National Coordinator of EUSDR (Ministry of Foreign Affairs of Romania), the major benefits that the Strategy brings to Romania are:

- Developing the quality of life by increasing competitiveness and attractiveness of cities and villages along the Danube;
- Obtaining economic advantages through business partnerships and “cross” cooperation between the public and private sectors;
- Organizing annual economic forums;
- Attracting investments in strategic domains such as transport, environment and energy infrastructures.

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