

International Stakeholder Conference. To Invest in People and Skills: Empowerment through Co-operation and Networking in the Danube Region

Funding and Financial Aspects, Project Development, Panel 3

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Background of the Analysis of needs for financial instruments in the EU Strategy for the Danube Region (EUSDR)

With the start of the implementation phase of the EUSDR, the question of how to finance the actions planned under the Strategy became ever so relevant. The main objective of this Analysis was the identification of existing gaps in the implementation of the Strategy.

The study is based on an analysis of the current project landscape of the EUSDR informed by the Strategy's Action Plan and a series of interviews with key stakeholders (project leaders, Priority Area Coordinators, Steering Group Members, etc.). The key finding here is that most of the 124 project examples from the Action Plan are still at the stage of an idea or in the preparation phase (88%) which highlights the importance of identifying the persisting needs for implementing the Strategy.

Furthermore, the analysis consists of a screening of existing financial instruments relevant for the Danube Region. We identified a number of 38 financial instruments available throughout the Danube Region including non-repayable grants, repayable loans or guarantees.

Key outcomes of the Analysis

Composing the existing financial instruments with the results of the interviews, we identified however a reasonable amount of gaps:

- (1) **Financial resources are arguably limited**, especially addressing capacity building projects and Technical Assistance as well as very small projects (under 200.000 EUR).
- (2) **Incompatibility of regulations for funding** instruments in the Member States and outside the EU (IPA, ENPI) inhibiting cooperation across some Danube Region Countries.
- (3) **Bureaucratic barriers**, such as administrative burden, timing of calls (e.g. 4th call of the Central Europe Programme only open from June to October 2011), lack of qualified/ experienced staff, etc.
- (4) The **lack of pre-financing** poses major challenges for many applicants who have to finance preparation and implementation from their own resources until reimbursed, frequently after more than 6-8 months.
- (5) **Co-financing** involves complex process everywhere, and it has become increasingly difficult especially in the context of the economic recession.
- (6) **(Very) small projects** face significant difficulties in finding the appropriate funding mechanism and overcoming administrative barriers.
- (7) **Project preparation** requires further support given that the study has demonstrated that the large majority of planned projects are still at conception stage or face difficulties in being launched.
- (8) **Information about financing opportunities** is insufficiently well disseminated.
- (9) The **commitment** of Danube Countries to the EUSDR is unevenly distributed in the Danube Region.

Opportunities and bottlenecks in financing projects related to the EUSDR

Very small projects ranging from 10,000 up to about 200,000 EUR cannot afford the numerous bureaucratic challenges or time-consuming procedures involved for accessing funding but because barriers to apply for any EU funding are too high. These “very small” transnational or cross-border cooperation projects and activities are however highly relevant for generating the value-added of the Strategy through network and cooperation activities, transfer of know-how, and so forth, throughout a wide range of sectors. Therefore a Danube Region **small project fund** should be established possibly outside the SF framework should support such projects at a very early stage.

Given that 88% of the project examples are still at conception or preparation stage, there is a strong need for early support of project ideas. The study therefore recommends to launch a **Technical Assistance Implementation Facility** to support project preparation (financial analysis, cost-benefit analysis, procurement planning), the application process (conception of the project, grant applications, budget) or provides advice on compliance with EU law (e.g. competition). Evidently this facility should target projects with a volume below EUR 25 mill. in order to avoid overlap with JASPERS.

In order to attract potential applicants and to inform applicants about existing opportunities and application processes, **new transparent and user-friendly information tools** should be developed to support information dissemination. The study recommends that, in addition to an integrated information tool for the entire Danube Region, the management and implementing bodies of existing OP organise project generation seminars focusing on the EUSDR. The study also recommends that “one-stop shops” are developed to offer applicants a range of information about funding opportunities. They may take the form of a web-space which provides an overview of the funding opportunities offered by the EU along with the conditions.

Based on the finding that the private sector and, in some of the Priority Areas also non-governmental organisations (NGO) are underrepresented in implementing the EU Strategy of the Danube Region, a **matchmaking platform** could be set up to bring together mainly the private sector with financiers such as the European Investment Bank, the European Investment Fund, the World Bank, the European Council Bank, European Bank for Reconstruction and Development (EBRD).

First steps recommended when searching for an appropriate financing instrument

(1) Internet research

- Tools for funding opportunities: <http://www.danube-region.eu/pages/useful-tools-for-funding-opportunities>
- EU Funds: http://europa.eu/policies-activities/funding-grants/index_en.htm
- Support for Small Businesses: <http://portal.enterprise-europe-network.ec.europa.eu>

(2) Talk to people and disseminate your ideas

- Visit network meetings, matchmaking-platforms or conferences: <http://www.danube-region.eu/pages/calendar>
- Contact the respective Priority Area Coordinator of the EUSDR: <http://www.danube-region.eu/pages/priorities>

(3) Trainings

- Welcome Europe: <http://www.welcomeurope.com>
- Europa Media: <http://www.eustrainingsite.com>
- Center of Excellence in Finance: <http://www.cef-see.org>

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