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Socio-Economic Assessment of the Danube Region: Challenges and Recommendations for cooperation towards sustainable development



Findings from a study

A study of ZEW Mannheim, IAW Tübingen, and
wiiw Vienna on behalf of PA 8 Competitiveness of
Enterprises Including Cluster Development

ZEW



Minster of Ulm

The EU Strategy for the Danube Region (EUSDR)

The EUSDR is a joint macro-regional strategy of the 14 countries of the Danube Region supported by the European Commission. It aims at addressing common challenges by coordinating existing policies and initiatives. Its main goal is to improve the socio-economic situation by increasing network activities to expand the beneficial use of existing funding opportunities.

The study has been commissioned by the coordinator of Priority Area 8 ("To support the competitiveness of enterprises including cluster development"), located within the Ministry of Finance and Economics Baden-Württemberg. It is financed by the Directorate-General for Regional and Urban Policy of the European Commission and co-financed by the Ministry.

It has been carried out by the Centre for European Economic Research (ZEW) Mannheim together with the Institute for Applied Economic Research (IAW) Tübingen and the Vienna Institute for International Economic Studies (wiiw).



Aims of the study

One aim of the study is to analyse the current situation in the Danube Region with respect to prosperity, entrepreneurship/SMEs and cooperation activities to identify the obstacles which hinder the improvement of the situation. It is also elaborated what – in the view of regional experts and political and administrative decision makers – are sensible areas for activity which can be pursued as part of the EUSDR.

Approach

The scrutiny of the current situation with respect to the above mentioned areas, which is based on a well-founded analysis of all available empirical information to the concerned topics. In order to identify possible cooperation activities and their restrictions qualitative inquiries (e.g. focus groups, interviews, online discussion) have also been carried out so that the view of regional experts (policy, public administration, academia, business) is incorporated into the study.

Initial situation

- High degree of heterogeneity of the Danube Region countries with respect to wealth, legal framework conditions for doing business, firm dynamics, labour market conditions, and funding opportunities for projects
- Below average GDP per capita compared to the EU-28 countries
- Weak cluster and business networks

In particular, in the new EU member states, accession and neighbouring countries:

- Weak performance of the public administration
- Rather high levels of corruption
- Low degree of long-term thinking and willingness to take responsibility
- Little trust between economic agents
- Lacking business skills in the population
- Mismatch between labour demand and labour supply in terms of qualifications

Challenges

- Receiving substantial policy support for cooperation within the Danube Region
- Improving the governance of the EUSDR, reducing the administrative burden that comes along with EU projects
- Build up the awareness for the value-added from interregional cooperation
- Reform and consolidate the admirations of the new EU-countries in the Danube Region in order to:
 - Increase efficiency and effectiveness
 - Reduce the level of corruption
 - Establish incentives for long-term thinking and taking up responsibility
- Create financial transparency about the opportunities of existing programs
- Increasing the trust between economic agents, particularly by improving the legal framework conditions for doing business

Recommendations

- Build up cross border networks with respect to qualifications and advanced education
 - Closer cooperation between science, public and private institutions to increase knowledge. Establish exchange programs for students and also for trainees and officials
 - Introduce a system of dual vocational training
- Strengthened networks for innovation and cluster building
 - Develop common R&D projects between science and business
 - To enhance the capabilities for knowledge absorption
- Upgrade the capabilities to request projects e.g. EU Programs
 - Provide assistance in formulating project proposals and managing successful projects
 - Define topics that are eligible to get funding under established EU Programs
 - Establish mentoring programs for the public administration and businesses
 - Install trainings for developing applications especially for EU Projects



Budapest City