Baden Agenda
for the promotion of the business dimension in the
Danube Region Strategy

Background

The Danube Region has a total of 110 Million inhabitants and some 4,6 Million businesses producing a turnover worth around 1,9 trillion € every year. The productivity and competitiveness within the region, however, differs widely. Nevertheless, the strategy creates a certain common identity with an intrinsic mandate for joint actions in the interest of the Danube Region in its own right.

The EU Danube Region Strategy has been set up in 2011 with the objective to “address common challenges together and create synergies and coordination between existing policies and initiatives taking place across the Danube Region.”

More communication and a closer cooperation among the countries along the Danube seem to bear a lot of potential for better integration within Europe. The intensity of integration or even of bilateral co-operation is much higher between the "old" member states than between the recent ones. An intensified cooperation at macroregional level stands a good chance to fill this gap. At the moment this important potential seems to be significantly underexploited.

With the real economy being an important constituent of society and of day-to-day life, there is a need to also ensure adequate participation of the real economy in the common activities along the Danube in the European setting. Even though economy is intrinsically more international, there are a lot more opportunities for intensification due to proximity, similar culture & history and the Danube River itself.

In particular small and medium sized businesses (SMEs) need targeted and specific support to help them to go across border and exploit the full potential of the Danube region. Furthermore, the quality and timeliness of the support services available to SMEs should be increased in certain regions.

The workshop held in Baden in September 2016 discussed the challenges and opportunities to promote the business dimension of the EUDRS and came forward with the following:
Main Action Lines

A. Business Cooperation

The level of cooperation between all sizes of businesses has significantly increased since the fall of the iron curtain. Nevertheless, it is far behind what is happening in other parts of the EU. Thus, there is a need to promote further cooperation between different businesses, particularly small businesses, along the Danube on a more comprehensive basis, starting from simple matchmaking to facilitating more sophisticated ways of co-working.

B. Private Equity Facilitation

In the regions along the Danube, financing of businesses is predominantly provided through loans. Equity financing in particular in the form of "Smart Money", i.e. combining equity funding with mentoring, is little known and thus rarely used. A co-operation between the relevant actors and a verification of the business environment for such alternative means of financing should be established. The potential for a cross border fund for business angels (Danube Business Angels Co-investment Fund) should be tested.

C. Professionalization of Cluster Management

Business Clusters are an important tool to foster innovation and for the commercialisation of research results. They have a proven track record in the "old" Member States. Initiatives to establish High Quality business clusters have however not always been successful in some of the Danube regions. Reinforced participating in the EU Cluster Excellence Program and the related cluster manager training programs should help lagging regions

D. Targeted Action to involve SMEs more directly into R&D projects and increase the EIT Participation in the Danube Region

Evidence shows that participation of SMEs in the R&D process and technology transfer is behind the EU average. Also the involvement of the Danube Region countries in the activities of the European Institute of Technology (EIT) such as KICs and Co-location centres are below others. This results in the region as a whole even more falling behind the EU average in technological and innovation excellence. Specific initiatives are needed help the affected regions to catch up.

E. Strengthening the process of Regional specialisation and focus through Smart Specialisation

RIS³ has been showing excellent results in many EU regions to better focus and increase the efficiency of the EU Structural Funds. Many parts of Danube Region
are still at an early stage of the RIS³ process. Therefore, business development should assist and accelerate the smart specialisation process in these regions.

F. Spreading the Dual System to combat skilled labour shortage

The so-called dual system is recognised to be a very efficient tool to combat unemployment at the same time as the lack of skilled workers. Some of the most experienced regions in the EU with the Dual system are in the Danube region. Yet there are many countries where it has not even started to be used or it has been forgotten. Renewed efforts across borders should help to promote and accompany the (re-) introduction of the system at a practical level.

G. Promoting the entrepreneurial Spirit

New businesses do not appear by themselves, they are created by motivated and skilled individuals with the necessary drive to overcome the difficulties on the way. Entrepreneurial attitudes and mind-sets need to be developed from an early age. At the moment, the entrepreneurial attitudes as measured by the Eurobarometer surveys are very low in many countries in the EUDRS. Others suffer from a lack of learning and training facilities for entrepreneurs.

H. Improving and Standardising business support services

Small businesses cannot solve all their problems alone, they need outside support. Developing a Danube region wide standard for different levels of business support services should help to increase and expand the level of business support services offered.

I. Promoting the exchange of young would-be entrepreneurs

Young entrepreneurs, just starting their businesses should get an opportunity to learn to know different ways of doing business in different countries. Working with entrepreneurs in other countries can widen their experience and horizon, solidify the starting of their own business and provide the basis for cross-border cooperation at a later stage of their business.

J. Joint development of training program materials

Companies need well trained staff both in terms of technical knowledge as well as in terms of social skills. In order to improve the quality of training materials, a joint initiative should be launched to learn from the best and create relevant training courses as well as teaching material for training all levels of staff as well as entrepreneurs. "Danube Curriculum for Quality Vocational Training"

K. Platform for Communication and Exchange of Danube Business Support Actors
To ensure a constant flow of information between all actors in the Danube Region Business Support Actors, a permanent Networking Platform should be created, which helps to exchange relevant information and start and develop new initiatives in an effective and efficient way. This platform should allow for easy access and registration and facilitate the flow of information and peer-learning.

L. Better public governance for a more conducive business environment

Businesses depend on efficient public services for many aspects of their operation. This affects start-up procedures, licence granting, efficiency of inspections, timely management of payments – both for contracts and grants, clear, concise permissions and reduced administrative burdens. There is strong potential for learning good practices in different parts of the Danube region.

M. Improving the Danube as a logistic and touristic waterway

Compared to length and geographical area covered, the potential of the Danube as a river is grossly underdeveloped. More targeted actions should be taken to increase the usability for logistical transport but also for touristic exploitation.

N. Simplification of Procedure for Applicable INTERREG Programs

Activities and Projects of the Danube Region Strategy are often financed by the various INTERREG Programs (DTP, Central Europe, Bilateral Programs, Interreg Europe, etc.), however, procedures and mechanisms to obtain co-financing are complicated and inconsistent and different between programs and countries. Harmonisation and simplification would facilitate joint future activities under the Baden Agenda. There should also be professional support available for optimizing projects to meet all the requirements.

Baden Plan for Action

1. Connecting SMEs to Research in the Danube Region
2. Danube Region Social Impact Awards
3. Increasing Cross-Border R&D Co-operation (Eureka) in the Danube Region
4. Cooperation on Smart Specialisation Across the Danube Region
5. Capacity Building for Business Angels & Entrepreneurs
6. Strengthening the Cooperation of Chambers
7. Improving Public Governance to Serve Enterprises and Business Cooperation

For further information please consult [www.bmeia.gv.at/danube-business-actors](http://www.bmeia.gv.at/danube-business-actors) and select Baden-Agenda