

**Partnership agreement between Germany and the
European Commission for the implementation of the
European Structural and Investment Funds in the 2014-
2020 funding period**

Summary

Table of contents

1.	Vorbemerkung	3
2.	Entwicklungschancen und Wachstumspotenziale	4
3.	Thematische Ziele und erwartete Ergebnisse.....	4
4.	Verteilung der Finanzmittel in Deutschland auf Europäische Struktur- und Investitionsfonds, die thematischen Ziele und die Regionen	7

1. Preface

The European Union has set itself the goal of ironing out the differences between strong and weak regions, reducing social and economic inequalities within the Union and ensuring and improving the environmental sustainability of the measures it puts in place. The work of the European Structural and Investment Funds (ESIF) is based on these goals.

This ties in the European Structural and Investment Funds closely with the Europe 2020 strategy, which aims to achieve smart, sustainable and inclusive growth for the European Union. Structural policy measures thus form a key pillar for the achievement of an economically strong, social and sustainable Europe.

In order to achieve these goals, the EU provides financial support to the Member States. The most important financial instruments are the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD), the Cohesion Fund (CF) and the European Maritime and Fisheries Fund (EMFF). With the exception of the Cohesion Fund, all of these instruments are used in Germany.

On 1 January 2014 the new 2014-2020 funding period began. Over this funding period, funding amounting to EUR 19.2 billion from the ERDF and the ESF and EUR 8.3 billion from the EAFRD will be deployed in Germany to meet the European Union's economic, social and environmental policy aims.¹ Subsidies under the ERDF and the ESF vary region by region based on economic conditions. Higher levels of funding in Germany are by and large the preserve of the eastern *Länder*. The EAFRD supports rural areas and the development of agriculture and forestry, while the EMFF supports the fisheries sector.

The basis for the use of subsidies in Germany is laid down in the partnership agreement between the EU and Germany. The partnership agreement, as an instrument, is an important innovation in connection with the European Structural and Investment Funds for the 2014-2020 funding period. As well as forming the strategic basis for funding awards in Germany, it incorporates agreements concerning the coordination of the different funds and coherence in the use of resources.

In Germany the implementation of the policies is by and large performed by the *Länder* as part of multiannual funding programmes. A total of 48 funding programmes are being put in place, focussing on specific regional and sectoral circumstances. For the ERDF and the ESF, there are 15 operational programmes in the *Länder* and one multi-fund programme – a joint ERDF/ESF programme for Lower Saxony. There is also one national programme under the ESF. When it comes to the EAFRD, there are 14 development programmes for rural areas. The EMFF consists of a single national programme.

This summary provides an overview of European structural and investment fund policies in Germany, the partnership agreement and its content.

2. Development opportunities and potential for growth

Despite positive current macroeconomic trends, Germany and its regions face major challenges. They are diverse in nature and represent common challenges for the nation. One particularly important

1 The planned funding level for the EMFF will be established in the course of 2014.

challenge is demographic change, particularly in eastern Germany, although it is also a major concern for parts of western Germany. In order to ensure regional competitiveness, weaknesses in innovation must be overcome, while innovative capacity needs to be improved and regional innovation gaps closed. The same applies to the on the whole unsatisfactory levels of entrepreneurialism and to development in the regions and cities.

Although the macroeconomic trends for employment are positive, even here there are specific problem areas that need to be tackled. One particular challenge is to counter the impending shortage of skilled workers in various industries and regions due to demographic change. Key focus areas to achieve this are the better utilisation of the potential labour supply, the training and education of the young generation and the integration of disadvantaged groups.

The development of rural areas is also affected by the regional differences in economic and labour market policy trends, as well as by demographic change. The safeguarding and development of rural areas, better networking of infrastructure-poor rural areas with their surrounding regions, the raising of innovation potentials, the improvement of sectoral and regional competitiveness and the conservation and sustainable use of biodiversity and protection of the environment represent significant work to be done in the future.

In the shadow of global climate change and against the backdrop of the energy transition that is underway in Germany, the replacement of fossil fuels by renewable energy sources, efficient energy generation and technologies to increase energy efficiency and energy saving, as well as the protection and conservation of the environment, will have a key role to play and a significant contribution to make in achieving ecologically sustainable growth under the Europe 2020 strategy. This represents a major challenge in every region of Germany.

There are significant regional differences in income levels, especially between eastern and western Germany, although there are also considerable differences in income within western and within eastern Germany. Due to the positive macroeconomic developments, incomes in eastern Germany has risen so far, in comparison with the rest of Europe, that the eastern German *Länder* no longer qualify as among the least developed regions in the European Union. However, there continue to be significant barriers to development, such as intraregional differences, in particular between infrastructure-poor rural regions and prospering growth regions within Germany, and these barriers must be overcome.

3. Thematic objectives and results expected

The basic strategic focus of the ESIF for the 2014-2020 funding period has been shaped on the basis of the strengths, weaknesses and future challenges and opportunities that have been identified in Germany.

In the said funding period, the planned activities will partly take place through tried and trusted measures, in terms of the continuation of successful measures that served the objectives of European structural policies. This is in line with the evaluations of the 2007-2013 funding period. There are also new or crecive challenges – in particular demographic change, the shortage of skilled workers, the energy transition and global climate change – that are creating needs for different action and the application of new focuses for intervention.

European structural and investment fund policies in Germany will be concentrated, in the forthcoming funding period, on a few key thematic objectives specific to each fund, in order to ensure the efficacy of the measures with a limited budget compared to national funding.

Given the different starting positions, development potentials and development needs of Germany's regions and the responsibility of the *Länder* for implementing the measures, the specific measures envisaged under the ESIF in Germany are on the whole diverse and varied. Despite this, both the operational programmes and the rural development programmes clearly exhibit this thematic concentration.

In order to improve regional competitiveness and break down regional disparities, measures are being taken under the **ERDF** that essentially focus on the following thematic objectives:

- Objective 1: 'Strengthening research, technological development and innovation'
- Objective 3: 'Enhancing the competitiveness of SMEs'
- Objective 3: 'Supporting the shift towards a low-carbon economy in all sectors'

Around 83% of ERDF funding (not counting expenditure on technical assistance) will be used to support these three objectives. Of the remaining 17%+, a good third will be spent on each of Objectives 6 'Preserving and protecting the environment and promoting resource efficiency' and 9 'Promoting social inclusion, combating poverty and any discrimination'. Under Objectives 6 and 9, together with Thematic Objective 5, attempts are above all made to promote the sustainable development of regions and cities.

The funding is used to improve regional conditions in general in order to improve the position in supranational competition and satisfactorily tackle the new challenges.

The measures and expected results are consistent with the key demands of the Europe 2020 strategy, namely improving the conditions for research, development and innovation, cutting greenhouse gas emissions and promoting employment, by promoting the requisite commercial investment for these things. In view of the European Commission's country-specific recommendations for Council recommendations for the 2013 NRP, the ERDF funding will help achieve the objectives relating to renewable energy and climate protection and, through energy efficiency measures, will help reduce costs for the energy transition. Moreover, the measures are a boost to regional development and innovation and regional specialisations in areas with potential for development.

To promote human resources and for the benefit of social cohesion, the funding awards from the **ESF** in the 2014-2020 funding period will focus on the following thematic objectives:

- 8 'Promoting sustainable and quality employment and supporting labour mobility';
- 9 'Promoting social inclusion, combating poverty and any discrimination'; and
- 10 'Investing in education, training and vocational training for skills and lifelong learning'.

In order to achieve the common objectives, all ESF funding (excluding technical aid) is to be put towards these three thematic objectives. The analyses of the needs for action and funding turn out to some extent to be very varied between eastern and western Germany, but also between individual *Länder* in the eastern and western parts of the country. At the national level for Germany, the preliminary figures indicate that there is close to a one-third weighting for each of the thematic objectives 8, 9 and 10: 33.3% for objective 8; 33.1% for objective 9 and 33.6% for objective 10.

For Germany as a whole, the ESF-supported *Investitionen in die Köpfe* [Investment in minds] will make visible contributions to smart, sustainable and inclusive growth and to adaptation to demographic change. In particular, results are to be expected from the mobilisation of additional economic potential, with a key role to be played by hitherto unutilised economic potential among women. The development of human resources is supported on the supply side and the demand side in order to help secure the skills base and improve the situation of the disadvantaged.

Improving the sustainable management of natural resources and climate protection policy, plus economic and social development in rural areas, represent the core concerns of funding awards under the **EAFRD**. With this in mind, the following thematic objectives – among other objectives – are relevant:

- Objective 5: ‘Promoting climate change adaptation, risk prevention and management’
- Objective 6: ‘Preserving and protecting the environment and promoting resource efficiency’
- Objective 9: ‘Promoting social inclusion, combating poverty and any discrimination’.

When it comes to thematic concentration, around two thirds of the total expenditure allocated to the EAFRD (excluding technical assistance) jointly covers objectives 5, 6 and 9. A further 19% is allocated to thematic objective 3 in order to increase the competitiveness of SMEs.

As for the expected results of EAFRD assistance, both the sustainable management of natural resources and climate change policy are being bolstered, as are competitive food production and balanced rural development.

In the **EMFF**, thematic objectives 3 (enhancing competitiveness) and 6 (sustainability) will be put at the heart of funding awards, as significant strategic objectives. It is anticipated that the various measures as prioritised by the participating *Länder* will help contribute towards the Europe 2020 strategy.

Overall, it is apparent that, for the forthcoming funding period, the ESIF are to contribute to the Europe 2020 strategy directly and even more strongly than before. At the same time, a concentration on key thematic objectives is being undertaken, coincident with the Council’s country-specific recommendations. The said objectives relate to the strengthening of research and development, the enhancement of competitiveness, energy generation and the efficient use of energy, demographic change, securing a skilled workforce and making provisions for disadvantaged groups.

4. Distribution of funding in Germany by ESIF, thematic objective and region

Below is the indicative financial programming for the European Structural and Investment Funds by thematic objective and the distribution to each of the *Länder* and the Federal ESF programme. It is worth reiterating that the funding for the EMFF has not yet been finalised.

Table 1:
Indicative allocation of EU funds to thematic objectives at national level, by ESIF in euro
(including performance reserve)

Thematic objective pursuant to Article 9 of the 'ESIF Regulation', which lays down common provisions on the European Structural and Investment Funds; Regulation (EU) No 1303/2013, Article 5	ERDF	ESF	EAFRD	EMFF	ESIF
	EUR	EUR	EUR	EUR	EUR
Objective 1: Strengthening research, technological development and innovation	3,824,457,099	0	219,458,596		4,043,915,695
Objective 2: Enhancing access to, and use and quality of, ICT	0	0	377,439,920		377,439,920
Objective 3: Enhancing the competitiveness of SMEs in the agricultural sector (EAFRD) and the fisheries and aquaculture sector (EMFF)	2,353,800,264	0	1,565,991,820		3,919,792,084
Objective 4: Supporting the shift towards a low-carbon economy in all sectors	2,423,529,266	0	480,105,085		2,903,634,351
Objective 5: Promoting climate change adaptation, risk prevention and management	437,949,667	0	1,656,813,728		2,094,763,395
Objective 6: Preserving and protecting the environment and promoting resource efficiency	685,788,911	0	1,729,143,506		2,414,932,417
Objective 7: Promoting sustainable transport and removing bottlenecks in key network infrastructures	0	0	0		0
Objective 8: Promoting sustainable and quality employment and supporting labour mobility	0	2,394,417,711	27,412,075		2,421,829,786
Objective 9: Promoting social inclusion, combating poverty and any discrimination	644,714,251	2,384,131,275	1,996,224,571		5,025,070,097
Objective 10: Investing in education, training and vocational training for skills and lifelong learning	0	2,417,280,298	39,647,872		2,456,928,170
Objective 11: Enhancing institutional capacity of public authorities and stakeholders and efficient public administration	0	0	0		0
Technical assistance	403,603,355	299,787,037	210,813,877		914,204,269
Total**	10,773,842,813	7,495,616,321	8,303,051,050		26,572,510,184

Source: Questioning the managing authorities for the ERDF, ESF and EAFRD, December 2013/January and February 2014.

Table 1:
Indicative allocation of EU funds by *Land* and ESIF in euro (including performance reserve)

Recipient/Programme	ERDF	ESF	EAFRD
Baden-Württemberg	246,585,038	259,657,066	617,955,862
Bavaria	494,704,308	297,878,586	1,292,421,451
Berlin	635,213,023	215,088,592	965,810,161**
Brandenburg	845,643,228	362,418,526	
Bremen	103,021,352	76,161,404	***
Hamburg	55,472,740	78,176,271	
Hessen	240,723,366	172,204,566	268,275,991
Mecklenburg-Western Pomerania	967,806,184	384,589,073	846,982,072
Lower Saxony*	690,789,930	287,518,635	938,592,554
North Rhine-Westphalia	1,211,731,011	627,000,596	512,072,729
Rhineland-Palatinate	186,025,744	109,055,968	258,733,232
Saarland	143,289,081	73,951,945	28,628,276
Saxony	2,089,020,063	662,701,657	816,860,146
Saxony-Anhalt	1,427,495,230	611,783,670	777,610,363
Schleswig-Holstein	271,244,600	88,790,767	348,435,164
Thuringia	1,165,077,915	499,319,106	625,673,049
Rural areas network			5,000,000
Federal ESF programme		2,689,319,893	
Total	10,773,842,813	7,495,616,321	8,303,051,050

Note: * The funding listed equates to the ERDF/ESF share of the multi-fund Lower Saxon OP.

** The figures relate to the joint Berlin/Brandenburg rural development programme

*** The funding for Bremen is included in the figures for Lower Saxony (joint Lower Saxon/Bremen rural development programme)