The European Union (EU) comprises 27 Member States forming a community and single market of 493 million citizens. However, great economic and social disparities still remain among these countries and their 271 regions. European Cohesion Policy is at the centre of the effort to improve the competitive position of the Union as a whole, and its weakest regions in particular.

Through the European Regional Development Fund (ERDF) and the European Social Fund (ESF), otherwise known as the Structural Funds, as well as the Cohesion Fund, it invests in thousands of projects across all of Europe’s regions to achieve its primary task: to promote economic and social cohesion by reducing these disparities between Member States and regions. With a budget of €347 billion for 2007–13, Cohesion Policy represents the single largest source of financial support at EU level for investment in growth and jobs, designed to enable all regions to compete effectively in the internal market.

However, as the challenges facing Europe’s regions have changed over time, so too has the policy. Against a background of momentous change in the Union as a result of enlargement and of increasing globalisation, concerns about energy supplies, demographic decline, climate change and more recently, world recession, the policy has evolved, in step, as a key part of the response to meet these new realities.

**IMPACT AND RESULTS OF COHESION POLICY IN GERMANY**

Cohesion Policy investment channelled through the Structural Funds has supported a large number of projects in Germany. Some examples of achievements from 2000–06 include:

More than 1 500 small and medium-sized enterprises (SMEs) received direct investment support and about 800 business start-ups received initial funding.

A total of nearly €1 billion was spent on major road infrastructure and road rehabilitation investments, including several important trans-European transport network (TEN-T) links, such as from Dresden to the Czech border.

More than €760 million was invested in developing or modernising rail transport, including the important east-west connection between Berlin and Frankfurt/Oder on the Polish border.

Thanks to Cohesion Policy investments in the area of Research & Development (R&D), several thousands of research jobs were created in Germany.

More than 1.5 million participants benefited from training measures supported by Cohesion Policy, improving the skills of workers and unemployed people.

Saxony alone invested more than €230 million in 80 universities and research institutes, enhancing the competitiveness of the region.

In Thuringen, 460 investment projects in the area of water and waste water treatment worth €370 million improved the drinking water of tens of thousands of citizens.

Many years of cross-border cooperation programmes have improved cooperation between German border regions and their neighbours, especially in the Benelux countries and France, improving the services available for citizens, especially cross-border workers.

**A SNAPSHOT OF ACHIEVEMENTS**

- €1 billion spent to improve roads
- Direct investment support for 1 500 SMEs
- €760 million to modernise the railways
- Over 1.5 million people received training to improve their skills with the help of the funds

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For the 2007–13 period, Germany has been allocated €26.4 billion in total: €16.1 billion under the Convergence Objective\(^1\), €9.4 billion under the Regional Competitiveness and Employment Objective and €850 million under the European Territorial Cooperation Objective. Brandenburg, Mecklenburg-Vorpommern, Sachsen, Sachsen-Anhalt, Thüringen and Lüneburg fall under the Convergence Objective. All other regions fall under the Competitiveness and Employment Objective. There are 15.26 million citizens living in ‘Convergence regions’ in Germany.

Germany has translated its strategic priorities into **36 programmes**:
- the ERDF and the ESF support 18 programmes each; one regional programme for each of the 17 Bundesländer + Lüneburg;
- in addition, there are two programmes at federal level: one for Transport and one for Education and Training Activities;
- furthermore, Germany participates in 23 European Territorial Cooperation programmes.

### Funds for Germany in billion € 2007–13

<table>
<thead>
<tr>
<th>Objective</th>
<th>Fund</th>
<th>EU</th>
<th>National Public</th>
<th>National Private</th>
<th>Total</th>
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<tr>
<td>Convergence</td>
<td>ERDF</td>
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<td>3.7</td>
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<td>ESF</td>
<td>4.7</td>
<td>1.2</td>
<td>0.3</td>
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<tr>
<td><strong>Total Convergence</strong></td>
<td></td>
<td><strong>16.1</strong></td>
<td></td>
<td></td>
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<tr>
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<td>4.7</td>
<td>3.7</td>
<td>2.4</td>
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<tr>
<td></td>
<td>ESF</td>
<td>4.7</td>
<td>3.6</td>
<td>1.2</td>
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<tr>
<td><strong>Total Regional Competitiveness and Employment</strong></td>
<td></td>
<td><strong>9.4</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Territorial Cooperation*</td>
<td>ERDF</td>
<td>0.9</td>
<td>-</td>
<td>-</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>26.4</strong></td>
<td><strong>12.2</strong></td>
<td><strong>4.4</strong></td>
<td><strong>43</strong></td>
</tr>
</tbody>
</table>

Figures have been rounded up
* Each Territorial Cooperation programme includes a minimum of 15% co-financing from each participating Member State.

### Delivering the Lisbon Strategy for Growth and jobs

The relaunch of the Union’s Lisbon Strategy in 2005 aimed to bolster the competitive position of EU regions in the world economy by placing growth, jobs and competitiveness at the top of the Union’s agenda. For the 2007–13 period, European Cohesion Policy has attached increasing importance to delivering the so-called ‘Lisbon objectives’.

Germany has made a strong commitment to gear its Structural Funds investment towards Lisbon-related activities to promote growth and jobs, with a focus inter alia on the promotion of innovation, the knowledge economy, and sustainable public transport.

### Main Priorities of Cohesion Policy in Germany, 2007–13

Germany has one of the highest allocations in relative terms for support directed at SMEs, amounting to some €3.7 billion. More than 127 000 SMEs are expected to receive support.

A further €1 billion of funding at both federal and Länder level is targeting business start-ups through coaching and training.

Several new financial engineering instruments specifically for SMEs, as well as loan schemes, are available, worth a combined total of €1.3 billion.

Some €8 billion will be invested in activities directly linked to Research & Development (R&D) and innovation. The focus will be on helping research and business networks develop research-intensive products and services. Over five thousand R&D projects are to be supported.

Over the 2007–13 period, €2.9 billion of Community funds will be spent on improving education and training. Given Germany’s federal structure, 80% of these funds will be managed under the regional programmes of the Länder.

More than three million young people are expected to benefit from education and training measures, especially in the areas of preventing pupils from leaving school early (for example Saxony, Rhineland-Palatinate) and vocational orientation and training (for example Thuringia, Berlin, Saarland).

### The Essentials, 2007–13

- **€3.7 billion** for SMEs
- **€8 billion** for R&D and innovation
- **€4.3 billion** to improve the environment and fight climate change
- **€3 billion** to make the transport infrastructure more environmentally friendly

EU funds will contribute **€4.3 billion** to actions targeted at improving the environment. These actions include measures to combat climate change which will benefit from some €2 billion. Investments in energy-efficiency measures and renewable energy sources have been allocated €480 million.

Some **€3 billion** will be invested in environmentally-friendly transport infrastructure, constructing missing links and extending access to major transport networks.

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\(^1\) The Convergence Objective concerns regions characterised by low levels of GDP and employment, where GDP per head is less than 75% of the EU average as it stood between 2000 and 2002. It applies to 99 regions representing 35% of the EU-27 population and aims to promote conditions conducive to growth and ones which lead to real-time convergence in the least-developed Member States and regions. The Regional Competitiveness and Employment Objective is applicable to the rest of the EU, or to 172 regions, representing 65% of the EU-27 population. It aims to enhance the competitiveness and attractiveness of regions, as well as boost their employment levels. It should be noted that the rural development and fisheries policy are separate and do not form part of this brochure.
BUILDING BRIDGES BETWEEN NEIGHBOURS

In Europe today, economic success is often dependent on a region’s capacity to develop networks with other regions. Cooperation and sharing experience between regions can be a key trigger in stimulating a dynamic, forward-looking regional development process. The EU has an important role to play in brokering and supporting such partnerships, both between regions within the Union, and with neighbouring regions outside. Thousands of projects developed over many years under the INTERREG initiative have demonstrated the benefits for regions of working in partnership, sharing ideas and charting new and innovative ways of harnessing European investment.

The European Territorial Cooperation Objective is financed through the ERDF for the period 2007–13 and supports cross-border, transnational and interregional cooperation programmes to encourage regions and cities across the EU and further afield to work together and learn from each other.

Germany and its Länder participate in 23 territorial cooperation programmes with a total EU contribution of €851 million:

- Four cross-border cooperation programmes
  Germany’s Länder participate in 14 bilateral or multilateral cross-border cooperation programmes with all of its numerous neighbours: two programmes with Denmark; the South Baltic programme involving Sweden, Denmark, Poland and Lithuanian regions; three programmes with Poland; two programmes with the Czech Republic; one programme with Austria; one programme with Switzerland, Liechtenstein and Austria; one programme with France/Switzerland, the ‘Grande région’ programme with France, Belgium and Luxembourg; the Euregio Meuse-Rhine programme with Belgium and the Netherlands; and one German-Dutch programme.
  For an overview of the programme areas, consult the map to the right.

- Five transnational cooperation programmes
  German regions participate in five transnational cooperation programmes, which cover larger areas of cooperation: ‘Alpine Space’, ‘Baltic Sea region’, ‘Central Europe’, ‘North Sea region’ and ‘North-West Europe’.

- Interregional cooperation
  Germany participates in all four interregional cooperation programmes (total budget for all the 27 EU Member States: €443 million)2: INTERREG IVC, URBACT, INTERACT and ESPON.

THE EU ON CALL

The European Union Solidarity Fund was created after the floods which hit Central Europe in summer 2002. It grants emergency aid to Member States and acceding countries in the event of a major natural disaster.

In 2002, Germany suffered €9 billion in damage from flooding, and received €444 million in aid from the Solidarity Fund. In 2007, Germany suffered €4.8 billion in damage from the storm ‘Kyrill’ and received €167 million in aid from the Solidarity Fund.

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2 INTERREG IVC promotes exchange of experience and good practices among the regions, URBACT – thematic city networks, INTERACT – support for cooperation programme management organisation, ESPON – an observation network for spatial planning.
Regional Policy on the ground

‘PHÖNIX LOCATION OF THE FUTURE’ (ZUKUNFTSSTANDORT PHÖNIX)

Technology companies are being wooed into a former blast furnace and steelworks site at the heart of the Ruhr area by top-notch infrastructure, targeted consultancy and a highly-skilled workforce.

The area to the south of Dortmund has been turned into one of the most vital investment locations in North-Rhine Westphalia. Up to 15 000 new jobs will be created at the ‘PHÖNIX location of the future’ (Zukunftsstandort Phönix), a site of approximately 2 million m² used by heavy industry for over 150 years. The emphasis is on micro-systems technology (MST) and information and telecommunications technologies (IT), two key industries of the future.

Overall, the project breaks down into three parts. In Phönix West, a technology and services park will focus on micro-systems technology and IT, whilst in Phönix East, 1 300 new dwellings are being built, along with a lake, leisure facilities and recreation areas. The third part of the project, Phönix Nature, is an ecological nature park and is part of the Emscher landscape park.

The MST.factory, a 6 400 m² skills and incubator centre, is the first major construction project on the Phönix site, offering office space and laboratories to micro-systems technology suppliers and users, as well as access to equipment, services and know-how for developing micro-technology components and products. Micro-systems companies find ideal conditions here for reducing the cost and duration of prototype development and shortening the time to market. A common pool of equipment offers access to a wide range of differing technologies.

The MST.factory, which opened in April 2005, is the first project to be completed on the Phönix site. Another eight companies with around 70 employees have agreed to move in.

The European Union has made a financial contribution of €4.5 million to this project, out of a total budget of €11.3 million.

For more information, contact:
Ziel 2 Verwaltungsbehörde im Ministerium für Wirtschaft, Mittelstand und Energie von Nordrhein-Westfalen
Website: http://www.Phönixdortmund.de/de/home/

HESSIAN NANOTECHNOLOGY LAB KIT ‘LEARNING NANO’ (HESSISCHER NANOTECHNOLOGIE-EXPERIMENTIERKOFFER)

A comprehensive regional innovation strategy has been developed, resulting in a joint Nanotech Programme co-financed by the EU and Hessen: NanoHE.

An innovative hands-on science kit to introduce nanosciences and nanotechnologies into the chemistry, physics and biology school curricula was developed, designed and produced by the communications agency Flad & Flad Communication Group (Frankfurt a.M.), the TransMIT Zentrum für Kunststoffforschung und Nanotechnologie (Marburg) and the Philipps-Universität Marburg.

Packed in a briefcase, the kit contains material, such as nanomaterials and chemicals for 18 experiments, a printed tutorial for teachers, a CD-ROM, presentation charts, laboratory protocols for 18 experiments, further reading and a glossary.

The European Union has made a financial contribution of €74 000 to this project, out of a total budget of €303 000.

Website: www.learning-nano.de

EU Regional Policy
http://ec.europa.eu/regional_policy/

Cohesion Policy in Germany

National website
http://www.bmwि.de/BMWi/Navigation/europa.html

European Social Fund
http://ec.europa.eu/social/