



**EXPERT EVALUATION NETWORK  
DELIVERING POLICY ANALYSIS ON THE  
PERFORMANCE OF COHESION POLICY 2007–2013**

**TASK 2: COUNTRY REPORT ON  
ACHIEVEMENTS OF COHESION POLICY**

**GERMANY**

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**A report to the European Commission  
Directorate–General Regional Policy**

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## EXECUTIVE SUMMARY

The so called “Joint Task” is the backbone for regional development policy in Germany. It is an instrument of economic policy targeted at the creation of balanced living conditions by supporting investment in enterprises. Additionally a number of other policies mainly at the Länder level have an effect on territorial cohesion. ERDF programming provided a platform for the strategic coordination of the different instruments affecting territorial development at the Länder level. Except in one case all German Operational Programmes are regional ones covering a broad range of policies. The main elements in most programmes consist of support for investment, R&D, environmental aspects, education (equipment and infrastructure), and integrated territorial development. Typically the German ERDF programmes apply a broad set of instruments. Some 20 different funding guidelines per programme are not exceptional.

Programme implementation has been delayed in most cases compared to the financial plans. At the same time, Managing Authorities (MAs) are not worried about this and most of them are sure that programmes will catch up. A number of ‘natural’ sources of the delay can be identified: first, during the overlap of the funding periods all Länder gave priority to spending the last period’s funds – which caused delay in starting the new period. Second, many programmes introduced a few new funding instruments. Third, certain types of project (infrastructure ones especially) require a certain time-span between approval and payment. In general, MAs do not foresee major problems – though minor adjustment might be needed.

So far hardly any major changes to programmes have occurred. Only single programmes have been changed so far and a few adjustments are on their way. Even in these cases, the economic crisis was only one factor among others underlying the adjustments. Most MAs emphasise that Structural Policy does not need to be changed as a result of business cycles. They see ERDF programmes as stable strategic policies addressing long-term structural development problems.

It is difficult to establish coherent evidence on output and results. Given the several tens of thousands of projects, aggregate information is needed, but indicator-based data are both flawed and of poor quality. This applies equally to financial data. This is not to say that the indicator systems of single programmes are not of good quality – but as soon as we try to establish a comprehensive picture across programmes, we face severe problems due to the inconsistency of indicators and the varying quality of data.

Nonetheless, the information available suggests that in the policy areas of enterprise support, human resources development, transport and telecommunication, environment and energy, and territorial development significant effects might already have been achieved. For instance, 1,640 R&D projects are being funded, with an investment of EUR 4,046 million leading to the creation of an estimated 12,872 jobs, 5,415 students are benefiting from investment in education systems, 572 projects on transport infrastructure are being funded, 1,301 projects for integrated urban development schemes have already been funded.

As regards the effects of the interventions, macroeconomic models can help to provide a realistic picture of the likely net effects. For the Convergence regions in East Germany, GDP is estimated to be some 1.5% higher than it would have been without the intervention and employment to be 1.2% to 1.4 % higher in the years 2009 to 2015, as result of the combined effects of EU financial support in the current programming period and the previous one. Arrangements for carrying out evaluations vary across the country. Some Länder have decided to establish ongoing evaluations, others are sticking to having one mid-term evaluation. Those with ongoing evaluations in particular have produced a number of studies, which all deal with specific issues instead of whole programmes. Eleven studies from six Länder are already available. A number of studies are currently being prepared. Additional ones will be commissioned soon. They will include several typical mid term-evaluations covering whole programmes. So the freedom given to Member States in the present programming period to decide their own evaluation systems has not led to any reduction in evaluation efforts. The new form of more specifically targeted evaluations allows for smaller and quicker evaluations. The MAs with ongoing evaluations report that they benefit from the continuous support that this more flexible system provides.

This Country report on EU Cohesion Policy is based on information collected between July and September 2010. The text uses boxes to go into detail on selected aspects to give background information or the author's comments.

The report is mainly based on the information from the Annual Reports 2009 which relates to the situation at end-2009. In some cases – mainly when information from the Strategic Report 2009 is used – the data refer to the situation at-2008 is used. Complementing this information, a number of interviews with Managing Authorities have been conducted to obtain their assessment of several aspects.

## SECTION 1 – SOCIO–ECONOMIC CONTEXT

At the national level, Germany is continuing to perform comparatively well: GDP per head in 2009 was still 16% higher than the EU–average (Table 1)<sup>1</sup>, while productivity (GDP per person employed) was 7% above the average.

But at the regional level, there are significant disparities: GDP per head in Brandenburg, for example is only 76% of the EU–average, while Hamburg, where it is 92% above the EU average, is among the most prosperous regions in Europe. At a NUTS 2 level, the following general pattern of differences in GDP per head is evident:

- In the German Convergence regions, GDP per head is below 90% of the EU–average (marked grey in Table A). None of the Länder, however, has a GDP per head below the 75% threshold any longer. The only Convergence region in West Germany is Lüneburg (a part of the Land of Niedersachsen).

### Box A – The specific case of Lüneburg

The region of Lüneburg is not a typical Convergence region. Firstly, it is the only West German Convergence region. Secondly, commuting has a substantial effect on GDP per head (Applica et al. 2010:13): Nearly a third of the people in employment living in Lüneburg work in other regions, the largest proportion in the EU. If GDP per head is adjusted for commuting, it is above rather than well below the EU average, highlighting an important weakness of GDP per head as an indicator of regional welfare. Conditions in the region, therefore, differ markedly from other Convergence regions in Germany.

- The Competitiveness Regions in Germany have a GDP per head of between 94% and 192% of the EU–average.

**Table A – GDP per capita at NUTS 2 level**

Land	NUTS 2	GDP per capita (PPSKS, EU27=100)
BB	Brandenburg – Nordost	76
	Brandenburg – Südwest	87
BE	Berlin	98
BW	Freiburg	114
	Karlsruhe	132
	Stuttgart	141
	Tübingen	125
BY	Mittelfranken	132
	Niederbayern	116
	Oberbayern	165
	Oberfranken	113

<sup>1</sup> See Excel file for Table 1.

Land	NUTS 2	GDP per capita (PPSKS, EU27=100)
	Oberpfalz	122
	Schwaben	121
	Unterfranken	118
HB	Bremen	159
HE	Darmstadt	156
	Gießen	107
	Kassel	115
HH	Hamburg	192
MV	Mecklenburg-Vorpommern	81
NI(1)	Lüneburg	84
NI(2)	Braunschweig	111
	Hannover	111
	Weser-Ems	101
NW	Arnsberg	106
	Detmold	109
	Düsseldorf	128
	Köln	118
	Münster	98
RP	Koblenz	98
	Rheinhessen-Pfalz	106
	Trier	94
SH	Schleswig-Holstein	99
SL	Saarland	115
SN	Chemnitz	83
	Dresden	88
	Leipzig	89
ST	Sachsen-Anhalt	84
TH	Thüringen	83
D		116

Compared to other countries, the regional dispersion of GDP per head in Germany is not extreme (Applica et al. 2010:5): in the EU 15, the overall regional dispersion in 2005 measured by the Mean Log Deviation Index is 3.5. Germany has a value of 2.5.<sup>2</sup> The same pattern applies to regional productivity.

The main dividing line so far as regional development is concerned is still between the Eastern part (the former GDR) and the Western part of Germany: nearly all regions at NUTS 3 level in East Germany have lower GDP per head than nearly all West German regions. But the dividing line becomes increasingly blurred: on the one hand, GDP per head in some of the East German regions is relatively close to or even exceeds the German average (in Dresden for instance), on the other hand, GDP per head in some predominantly rural and peripheral parts in West Germany is below the average and is tending to fall further.

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<sup>2</sup>The main disparities on regional level in Europe are caused by a) the distance in GDP per head between old and new Member States and b) the disparities between capital and peripheral regions in the new Member States.

Despite the evolving new patterns, even 20 years after unification economic development problems are still concentrated in East Germany: productivity per working hour remains some EUR 10 lower than in West Germany, and the East German enterprises are far smaller on average. High levels of unemployment are a consequence of this. The legacy of the economic structure of the former GDR is still visible in these aspects. Simultaneously, disparities in other areas, like for instance infrastructure has been significantly reduced over recent years. At present, disparities within East Germany are growing, which makes it increasingly difficult to talk about the Eastern part as one more or less uniform region.

A trend that is often lost sight of is the significant growth of disparities within the Western part of Germany. GDP per capita at NUTS 2 regional level since the early 1990s show that disparities within West-Germany are wider than in East Germany and have been increasing over the years (as measured by the coefficient of variation)“Regions are diverging” (Leßmann 2005:32).

Although for a long time the East-West divide was by far the most important aspect of regional disparities within Germany, other aspects have become increasingly important – and this is changing the territorial pattern: disparities within West Germany as well as within East Germany are gaining importance.

An example for the changing patterns of regional disparities can be found in the current OP of Nordrhein-Westfalen. Besides the “traditionally” problem region of the old-industrialised Ruhrgebiet, a second region within the Land has been identified as being threatened by severe and lasting structural problems. The so called “Ber-gisches Städtedreieck” has poor performance according to a number of relevant indicators and needs careful monitoring and if possible early intervention to prevent a widening of disparities.

To get an idea of the likely development, one should also take account of the spatial distribution of different factors influencing growth potential (Maretzke, 2006):

- The widest disparities in both East and West Germany are to be found in population potential: this is the number of people that can be reached within a 100 km radius. Population potential is an important factor for long-term development prospects, as it influences both the availability of labour in the region and the demand-potential of regional markets<sup>3</sup>. Wide regional disparities in population potential indicate a huge variation in development potential in the long run. The importance of this factor makes demographic trends an important dimension in regional policy. One of the most important evolving patterns in Germany is the discrepancy between (growing or

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<sup>3</sup> Population potential encompasses both population density within a region and the population which can be easily reached from the region concerned.

stable) urban areas and the increasingly sparsely populated periphery. Given this situation, one of the main questions in East Germany and one becoming increasingly important in the Western part is how to ensure equivalent living conditions in sparsely populated regions and how to react to emigration.

- Mainly in the Eastern part, transport infrastructure (accessibility) shows significant disparities. Mainly the larger cities can easily be reached, but the peripheral parts are more difficult to access.
- In the Western part enterprise size varies more than in the East. This reflects the clear dominance of small enterprises in the East. As an appropriate mix of enterprises of different size is important, the lack of larger enterprises is hindering development in East Germany.

These are some selected factors affecting regional disparities. But also other factors that cannot be discussed in detail here, like economic structure, contribute to the development of more diffuse patterns of disparities in both West and East Germany.

The economic crisis caused a singular decline in GDP (*Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung* 2009:46 ff.). The immediate effects of the crisis hit the Länder to differing degrees. While Saarland for instance – strongly dependent on automotive and related industries – faced a sharp decline in GDP, Berlin – with strong pharmaceutical companies but with a weak industrial sector overall – only felt comparatively modest effects. Although the German economy is recovering more quickly than other EU countries, there remains a risk of so called “second round effects” on the labour market and in the financing system.

The macroeconomic policy pursued to counteract the effects of the crisis made use of existing national instruments of regional policy (the Joint Task) to give an additional demand impulse: an increase in the budget of the Joint Task of EUR 200 million was included as part of the first package of measures to counter the crisis in January 2009.<sup>4</sup> But regional policy played only a small role in the two packages that were implemented (a fiscal stimulus of EUR 50 billion on two occasions). Länder policies to support economic and regional development for the most part have remained unchanged despite the crisis, though some Länder made an effort to speed up public investment. The funds supporting regional development have remained unchanged up to now in the fact of budgetary consolidation –, except for the temporary increase in response to the crisis noted above.

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<sup>4</sup> This means an increase in the original Federal budget for the Joint Task in 2009 of nearly one sixth (of EUR 624 million). Federal and Länder governments share the financing of the Joint Task. The Länder, therefore, also needed to contribute by adding another EUR 200 million.



## SECTION 2 – THE REGIONAL DEVELOPMENT POLICY PURSUED, THE EU CONTRIBUTION TO THIS AND THE POLICY ACHIEVEMENTS OVER THE PERIOD

Under German Federalism, state activities not assigned to the Federal level by the German constitution (*Grundgesetz*) generally fall to the Länder to undertake. For regional policy, the Federal level collaborates insofar as the community as a whole is concerned. This affects the structure of policy: the backbone of regional policy in Germany is the so called Joint Task “Improvement of Regional Economic Structure”: based on collaborative formulation and implementation; the Federal and Länder governments finance this instrument together.

The main aim of the Joint Task is to reduce disparities and create “balanced living conditions”. To achieve this, a composite indicator is used to identify the different categories of assisted area. The intervention is strictly in line with economic rationale: to invest in enterprises with the potential to export and thus to attract additional financial resources to the region. To support economic development, business related infrastructure (e.g. industrial areas and roads) are financed too. Since the mid-1990s, the scope of the Joint Task has been broadened and includes policies such as regional management or networking. But the instrument remains part of an economic development policy, the main aim of which is to influence the structure of the economy.

The Joint Task has existed since 1969. The Structural Funds have – mainly in Eastern Germany – been closely coupled with the Joint Task in previous funding periods. For instance, in the preparation phase of the 1994–1999 funding period, there was an intense debate on “de-coupling” ERDF and Joint Task<sup>5</sup>. The Joint Task remains an important element in nearly all ERDF-programmes, but with limited financial weight. For example, Brandenburg reports some 30% of ERDF finance being spent under the Joint Task (Berlin 22%, Thüringen 25%).

There is a broader variation of instruments in Länder ERDF programmes. Two factors are mainly responsible for this:

- Regional development policy instruments have been diversified mainly since the 1990s. A number of new approaches (clusters and network, regional management, training, start-ups, etc.) complement the traditional funding by grants for investment. Recently, revolving financing instruments expanded the tool box. Different Länder apply these tools in different mixes.

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<sup>5</sup>There is a broad literature on the interrelationship between domestic and European regional policy, mainly in the 1990s (a few selected works pointing to other literature are: Knodt 1998; Kohler-Koch 1998, 2003; Lang 2003)

- All funding instruments at Länder level have the potential to influence regional development, even if they are not exclusively targeted at this objective: so the ERDF goes not only on economic policy measures, but also on urban development measures, research policy measures, and so on.

Given this situation, one of the most important effects of ERDF is to provide a platform for strategic coordination of the policies with regional effects. The interviews with Managing Authorities (MAs) highlight this as one of the most important aspects contributing to its added-value.

The implementation of the ERDF in Germany is embedded in the system of regional policy:

- First, Convergence and Competitiveness Objectives are predominantly included as part of economic policy and most MAs are in the Ministries of Economy. The Territorial Cooperation Objective is often implemented by the units responsible for planning, often State Chancelleries or Ministries of the Interior.
- Second, ERDF Operational Programmes have a broader strategic approach than domestic regional policy (at least so far as it is understood as economic policy).
- Third, this implies a need for coordination between different Ministries. In most cases, neither a strategic framework nor coordinating mechanisms were been in place before the ERDF.

## **THE REGIONAL DEVELOPMENT POLICY PURSUED**

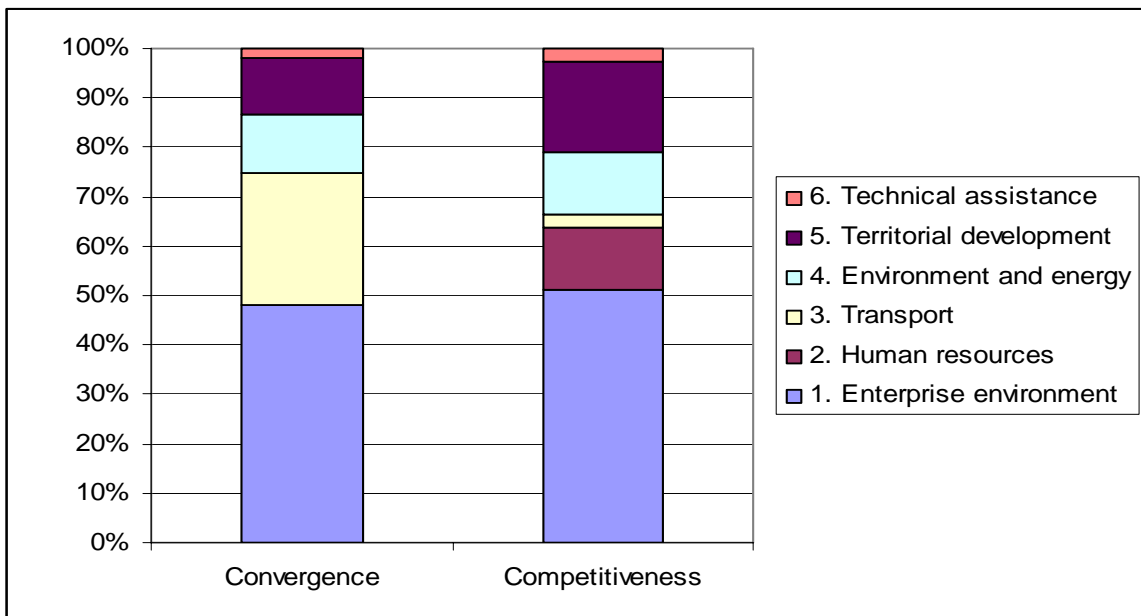
The strategic documents from the NSRF to the OPs state rather general overall objectives. Two aspects are to be found in most strategies at the level of overall objectives: competitiveness and employment. They are relevant for both Convergence and Competitiveness regions.

As regards the policy mix applied, there are some similarities, but also striking differences in the priorities between Convergence and Competitiveness Objectives (see Figure 1):

- The development of the Enterprise Environment is the cornerstone for the policy mix for regional development under both Objectives. In Convergence regions 48% of the ERDF-Funds are allocated to this, in Competitiveness regions 51%. Although the overall share is nearly the same, the internal composition differs: in Competitiveness regions, RTDI plus Support for innovation in SMEs account for 37% of total funding, in Convergence regions for only 26%. Convergence regions focus more on traditional support for investment, Competitiveness regions more on Research and innovation.

- Human resource development co-financed by the ERDF is only relevant in Competitiveness regions (12%) and plays no role in Convergence regions.
- Transport has a weight of 27% in Convergence regions and only 3% in Competitiveness regions. Transport is the focus of the only sectoral programme at national level.
- The weight of environmental infrastructure is larger in the Convergence regions, while Competitiveness regions invest more in Energy infrastructure.
- The share of territorial development in Competitiveness regions is nearly 1.5 as large as in Convergence regions.

**Figure 1 – Financial allocation by policy area**



Source: Financial data from the European Commission, reprocessed by Applica/ISMERI, own calculation

Table B gives an overview of the most important types of instrument applied in the different Structural Fund programmes in Germany. It is evident that the programmes make use of a broad range of instruments: up to 30 different funding instruments are used to implement one single OP.

**Table B – Instruments applied in the German Structural Fund programmes**

Group of Instruments	Typical Instruments	Competitiveness			Convergence		
		Progs	ERDF (EUR million)	% of total*	Progs	ERDF (EUR million)	% of total *
<b>Enterprise support – R&amp;D and Cluster</b>							
– R&D and innovation	Single and joint R&D projects / Early phase projects / Knowledge transfer	11	823.6	17.4	6	1,594.8	16.2
– Innovative Financing Instruments	Risk/venture capital funds / Loan, credit, micro-credit instruments / Loan guarantee instruments	8	313.5	7.7	4	338.8	3.4
– Research Infrastructure	investment in equipment / various others	5	189.3	7.8	5	756.4	8.2
– Networks and Cluster	Studies, Concepts / Information, competitions / Managements / Platforms	11	184.8	3.9	6	165.2	1.7
<b>Enterprise support – Investment and Start-Ups</b>							
– Investment in Enterprises	Grants / Loan / Investment funds	10	825.4	17.9	6	2,317.7	23.6
– Start ups and entrepreneurial climate	Seed and venture capital funds / Loan and credit funds / Grants	10	168.4	3.4	6	27.7	0.7
– SME-Coaching	Support for consultancy and coaching / export related activities	8	197.5	4.3	4	85.5	1.6
<b>Human Resources</b>							
– Modernising infrastructure	modernising infrastructure / IT-equipment	6	134.7	4.0	6	429.1	4.4
<b>Transport and Telecommunication</b>							
– Infrastructure development	Regional and local transport infrastructure	8	499.0	15.2	6	2,056.0	20.9
<b>Environment and Energy</b>							
– Preservation and management of natural resources	Water infrastructure 7 risk prevention / nature protection	5	280.3	6.5	4	927.0	9.4
– Climate Change and Clean energy	Support for renewable energy – grants and credits / consultancy and information	11	213.6	7.5	5	212.2	2.5
<b>Territorial development</b>							
– integrated urban and regional development	integrated development concepts / revitalising fallow land	11	649.3	13.7	6	670.4	6.8
Source: Bundesministerium für Wirtschaft und Technologie 2009, own calculation							
* The percentage refers to the total of all the programmes where the respective type of instrument is part of these, not to the total of all programmes. Therefore, the single values cannot be summed up.							

Besides the Convergence and Competitiveness Objectives, Germany is participating in 15 cross-border cooperation and 9 transnational cooperation programmes. Only the 6 cross-border programmes with a German Managing Authority are covered here. Three of the cross-border programmes are located in Convergence regions, three in Competitiveness regions.<sup>6</sup> The main objective of cross-border cooperation is according to the NSRF to reduce the separation caused by borders to be able to tackle joint problems together. The programme's strategic objectives often refer to a balanced, joint development of the whole border region.

By developing economic and social integration in border areas, this funding is expected to contribute to a reduction of economic disparities. In broad terms, cross-border cooperation uses the same types of instrument as regular ERDF programmes with the only, but essential, difference being that they support either cooperation or create the (infrastructure) preconditions for it. Cooperation networks play an essential role.

Although using the same funding instruments as under the Convergence or Competitiveness Objectives, cross-border cooperation is in most Länder clearly delimited from the other Programmes and there are arrangements for ensuring that the same project is not funded twice.

#### *Financial allocations in line with stated objectives*

To discuss the general link between objectives and the allocation of funds in German programmes, we can consult the strategy of the NSRF (Bundesministerium für Wirtschaft und Technologie 2007), where the general system of objectives is developed. Most programmes relate their hierarchy of objectives to the NSRF. At a general level, financial allocation is in line with the objectives and the situation of the respective programmes. Both Competitiveness and Convergence regions have a strong strategic block supporting enterprise development. This relates to the first and second strategic objective of the NSRF to “support innovation and the knowledge society and improve competitiveness”, and to “improve the attractiveness of the region for investors and inhabitants”. The fact that Competitiveness and Convergence regions emphasise different aspects within this area reflects the different socio-economic situations in the regions. Environmental protection and energy as well as territorial development are also relevant under both Objectives. These activities can complement economic development. Both pursue the second objective of the NSRF. Overall, 70–80% of the Funds are allocated to the three areas mentioned.

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<sup>6</sup>The programmes are Mecklenburg-Vorpommern/Brandenburg/Poland, Sachsen/Poland, Sachsen/Czech Republic, Bayern/Czech Republic, Alpenrhein/Bodensee/Hochrhein, Deutschland/Netherlands.

**Box B – Strategic approach – but embedded in context**

Financial allocation reflects the stated objectives of a policy. Policy development starts from an analysis of the situation, deduces objectives and selects the appropriate instruments and allocates funds to achieving the objectives. But in reality, policy is being implemented in a situation where context plays a role (Pollitt, 2008): in particular, the development of a strategy, the selection of instruments and the policy mix as well as financial allocation are divorced from what has been done before: policy development is to a certain extent path dependent. Indeed all German programmes support the interpretation of path dependent policy development: a basic set of very familiar instruments is applied and only minor changes and extensions tend to be made.

*Geographic concentration within Competitiveness regions*

While Convergence programmes do not focus their strategy on specific parts of a Land, several Competitiveness programmes, set aside a part of the financial resources to specific, geographically defined areas. (e.g. focus on comparatively weak developed parts of the land in Bayern, Hessen, and in Nordrhein–Westfalen, and the four town focus in Baden–Württemberg). Normally, this territorial focus is set as part of a growth oriented strategy. In terms of objectives and instruments, therefore, the same policy approach is applied, but to overcome specific development problems selected parts of the Land receive particular attention. This can go to such lengths as defining a certain proportion of Funds to be spent in the area concerned.

*ERDF delivered through existing national mechanisms*

The question as to whether the ERDF supports or complements domestic policy can be answered by looking at the implementation system (Taylor et al. 2000:15f.). One can distinguish systems where Structural Funds and national co-financing are allocated differentially from those where the allocation of the Structural Funds is decided by existing national “decision making channels” (subsumed system). While Taylor et al. developed the typology of differentiated and subsumed systems to analyse project selection mechanisms, one can also apply it to decision-making on the strategic allocation of funds: in Germany, all processes of implementing Structural Funds normally use existing national programme delivery mechanisms. Thus ERDF becomes closely linked to national policy and supports, rather than complements, the national instruments by adding resources.

*No fundamental policy changes due to crisis*

So far, none of the programmes have experienced basic changes in the policy approach. Minor adjustments have been made but of a rather technical nature. The economic crisis did not immediately lead to changes in regional policy. The main response has been implemented outside regional policy – regional policy is seen as a long-term intervention. A

prompt reaction to economic fluctuations requires different instruments. Efforts to speed up spending, through accelerating the procedures involved (project selection and implementation) in order to increase demand is one of the few visible responses to the crisis which directly made use of Structural Fund interventions.

## POLICY IMPLEMENTATION

Certified expenditure amounted to EUR 3,312 million by the end of 2009. At programme level, implementation can be expressed as the ratio between certified expenditure and the total amount of funding allocated to the programme. The following figures relate to the total (ERDF + national co-financing).

**Table C – Implementation rate**

<b>Competitiveness and Employment</b>	
Baden-Württemberg	6.8%
Bayern	7.1%
Berlin	6.4%
Bremen	19.2%
Hamburg	0.8%
Hessen	8.0%
Niedersachsen-Ziel2	9.7%
Nordrhein-Westfalen	6.8%
Rheinland-Pfalz	13.9%
Saarland	3.7%
Schleswig-Holstein	12.2%
<i>TOTAL</i>	8.3%
<b>Convergence</b>	
Brandenburg	11.8%
Bund	14.1%
Mecklenburg-Vorpommern	30.6%
Niedersachsen-Ziel1	16.9%
Sachsen	10.4%
Sachsen-Anhalt	21.9%
Thüringen	9.9%
<i>TOTAL</i>	15.5%
Source: data supplied by Applica/Ismeri, own calculation	

The average implementation rate of the Competitiveness Objective programmes was 8.3% as at the end of 2009. Individual programmes vary between 0.8% (Hamburg) and 19.2% (Bremen) with the majority ranging between 6% and 10%. Convergence programmes are more advanced in implementation with an average implementation rate of 15.5%. Again the rates for programmes vary widely ranging from 9.9% to 30.7%.

These figures relate to certified expenditure. On the one hand, this is a meaningful indicator as it measures the amount that can be included in the application for payment to be submitted to the Commission. But on the other hand, the indicator tends to give an incomplete picture of programme implementation: certified expenditure can only be measured in the very last phase of project implementation. Projects need to be selected and approved, project activities need to be carried out, the costs need to be paid and reported, and the expenditure needs to be audited before it can be reported as certified. An additional indicator of programme progress could be the amount of funds granted (to projects). Unfortunately, data quality raises serious questions that force us to refrain from trying to interpret this indicator.

**Box C – Data on Commitment of funds in projects**

First of all we need to distinguish two different aspects of commitment of Funds: 1) Commitment of the Commission in relation to the programmes and 2) Commitment of the programmes in relation to the projects. As regards discussing policy implementation, the latter is the more relevant.

The data available do not seem to be reliable for the German programmes. In a few programmes figures are missing completely, but more importantly, nearly half of the programmes report figures that exceed the amount of certified expenditure and the other half figures that are lower than certified expenditure. This differing pattern makes the figures highly unreliable.

It is evident that Regulation 1828/2006 fails to give clear advice as to what data should be reported in the Annual reports in this case. Annex XVIII on the Annual Implementation Reports is only very general, pointing to Annex II, but Annex II does not give clear information on what should be reported.

Since there is no reliable source of information to assess progress in quantitative terms, the focus here is on the qualitative information contained in the Annual Reports in conjunction with the non-comparable quantified data. Given the information available, it is evident that there is a delay in implementation. Compared to the financial plans, all German programmes, even the most advanced ones are delayed. But the Managing Authorities interviewed made clear that this delay is for the most part not seen as a serious problem. Several reasons were mentioned for implementation delays:

- There is an overlap with the previous funding period. All Länder gave priority to spending funds from the 2000 to 2006 period. This is led to a delayed start in selecting projects and getting them started in the new funding period.
- Different project types have different patterns of implementation. It is mainly investment in infrastructure where a long time-span between approval and actual payment is normal due to requirements of planning and procurement.



- New instruments normally start with a delay. Partly this is due to official notification, partly to the fact that new programmes need be made known to the potential applicants.

The Managing Authorities see implementation speeding up and are confident programmes can be implemented within the time. All in all, the MAs generally do not regard the overall progress of programmes as problematic. There might be a need to fine-tune programmes due to problems as regards particular measures, but it is widely accepted and seen as normal that programme implementation shows a different pattern than the official financial plan. Indeed, the argument that the overlap between funding periods is the main cause of delay is compelling, but ultimately this means that the financial plan is not realistic from the very outset.<sup>7</sup>

The influence of the economic crisis on programme implementation is somewhat unclear. The MAs gave no clear picture:

- Most Länder – but not all – report a decline in demand for grants to support investment in enterprises.
- Simultaneously many MA report growing demand for network-type and cluster activities, and some Länder report a growing demand for R&D funds.
- In terms of implementation procedures, some MA – but again: not all – report effects of an overload on those responsible for implementation mainly in those areas where the funding goes to public authorities (e.g. infrastructure): the national programmes started as a reaction to the crisis took precedence over ERDF co-financed programmes and in some cases the implementing authorities could not cope with managing both types simultaneously.

Overall, the crisis is not seen as a major factor behind the delay in programme implementation. It might have affected particular measures within a programme, but not all or even most of them.

## **ACHIEVEMENTS OF THE PROGRAMMES SO FAR**

There are number of issues to be considered under this heading, mostly relating to the output and results of the expenditure under Cohesion Policy in the 2007–2013 period. They also include, however, the issue of how far the measures and projects being funded are in

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<sup>7</sup>In Berlin, a specific study on the reasons delayed implementation was undertaken and one of the central results was that the financial plan for many measures was so unrealistic that it is not taken seriously by the authorities involved. More information on the study is given in Section 4 below.

line with the policy objectives set. This is discussed first before considering the evidence available on achievements.

### **Appropriateness of instruments**

Given a total of 17 Convergence and Competitiveness programmes with some 10 to 20 single instruments each, we cannot discuss the appropriateness of every individual one here. In general, the programmes are built around an established and broadly accepted set of core measures: grants for investment in enterprises (Joint Task), R&D-projects in enterprises, business-related infrastructure, R&D-infrastructure, and environmental infrastructure. For most of the measures the appropriateness has been confirmed by ex-ante-evaluation studies. Not a single programme was criticised in the ex ante-evaluations for including completely inappropriate instruments. Important new instruments – like for instance the revolving instruments – are declared as appropriate in the ex-ante-evaluations. These instruments are broadly accepted as suitable for the purposes of ERDF interventions.

The above mentioned trend to develop programme strategies in a path-dependent manner implies a certain risk of relying on established measures at the expense of questioning their appropriateness – whether its appropriateness as such or its relative weight in the chosen mix. Give this, the main question seems be whether or not the policy mix is suitable rather than whether or not any particular measure is.

Although no detailed assessment was undertaken of the appropriateness of particular measures, there is no reason to disagree with the ex ante-evaluation conclusions. There may be a case, however, for taking a closer look at infrastructure investment, since in some cases, the financial weight given to this does not seem to be justified by deficiencies in infrastructure being shown to be a major obstacle to development. Another general aspect is that some programmes seem to be ‘over-differentiated’ in the sense of combining a too broad set of funding measures. For small-scale projects, doubts might be raised about them making a significant contribution to strategic objectives. These two aspects should in our view be a focus when reviewing the programme strategy.

### **Available Evidence**

When trying to establish a coherent picture of the achievement of the Structural Funds in Germany, there are serious problems of data availability at national level.

All programmes and all annual reports comprise a set of indicators defined to measure programme progress. All German ERDF programmes (except the Federal Programme for transport infrastructure) comprise a policy mix consisting of typically some 10 to 20 or more different instruments. When trying to establish a picture of the results and effects of ERDF intervention, three main problems arise from this situation:

- First, indicator based information is mostly confined to outputs. There is little information on results and outcomes except in a few selected areas.
- Secondly, information at the programme level is generally very limited. This is true for every programme. The underlying problem is that even an apparently similar indicator like “jobs created” can mean different things for different types of intervention or at different levels of aggregation (see Box D).

**Box D – “jobs created” – limits to comparing and aggregating a standard indicator**

This indicator can measure completely different effects in different areas:

In the case of grants for investment in firms, it is meant to grasp the effects of these on employment. In Germany, this indicator has been developed over decades in relation to the Joint Task and we can be relatively sure that “jobs created” really reports new jobs established from the investment. The Joint Task also includes a control five years after to check if the jobs still exist – which gives access to outcome data at project level.

In the case of grants for research projects, if data are collected during project implementation, the indicator “jobs created” merely reports “R&D jobs created”: other employment effects of R&D projects emerge only after a new product or service has been developed, produced and sold – so they cannot be reported during project implementation.

These are only two examples showing that “jobs created” can mean different things.

Due to the different meanings, figures on job created cannot easily be summed up at the programme level to give meaningful results. A few years ago, for example, by summing data on jobs created in the different projects supported, we ended with a figure close to total of employment in the Land concerned, which is obviously nonsense. At a programme level, the indicator should ideally measure all cumulative employment effects. In the case of a programme consisting of a variety of very different instruments, these effects cannot simply be estimated by aggregating the results of individual projects.

An alternative approach is to try and measure effects not at the project level, but at a meso- (e.g. industry) or macro-level. To do this, the theories of what action is intended to achieve in the different cases need somehow to be merged into one coherent model, which is what model-based approaches are endeavouring to do,

But even if these problems are resolved, there is a danger of producing misleading information by relying too much on gross estimates of effects. From model-based approaches we know that the net employment effects of a programme normally are considerably smaller than gross effects reported by indicator based approaches: perhaps only some 10% of the gross figure in the case of support for investment by firms – i.e. a gross value of some 30,000 jobs created may imply only 3,000 net jobs created.

- Thirdly, indicators and data are not comparable between programmes. All indicator sets have been developed independently, without serious coordination across programmes. Therefore indicator sets vary, and even when the same indicator is used, its definition differs in many cases.<sup>8</sup> Given this situation, the preparation of the pre-

<sup>8</sup> For instance, although there are only six programmes under the Convergence Objective, we can only identify one indicator (jobs created) that is available for all programmes (and then not for the Federal programme for transport).

sent report required the development of a new schema to organise the different instrument into a common framework. It is symptomatic that the Strategic Report for Germany – although being the most ambitious effort to establish a picture of the effects at the national level – hardly uses any indicator data except financial indicators (Bundesministerium für Wirtschaft und Technologie 2009).

**Box E – Physical indicators – remarks on data quality**

An attempt was made to establish a picture of programme achievements analysing the physical data from the AIRs. The following factors limit the validity of the data:

- Länder do not agree whether the data reported should be when a project is approved or when it is finished. Mostly, data seems to come only from projects that are finished, but in some cases, data seem to be reported for projects that are approved.
- For some Länder the data are presented in a cumulative way, in others, annual values are reported separately. This requires additional calculations to produce comparable values.
- In several cases, the units used are unclear. In Brandenburg for example, the target value for investment induced is given in Euros but the reported figure of “64.18” in 2009 is obviously EUR millions rather than Euros.
- In other cases, values are implausible: Sachsen reports a project number for one single measure (projects supporting renewable energy) of 101.866.<sup>9</sup> Bayern for instance reports that an area of 78,898 square kilometres has been rehabilitated – which is more than the surface area of the region.
- The tables in German contain misleading indicator descriptions. For instance “research jobs created” translates as “*Geschaffene Arbeitsplätze suchen*” (looking for jobs created), “Investment induced” as “*Durch Investitionen ausgelöst*” (induced by investment).

Taken together, the above points raise serious questionmark over the quality and reliability of the data. Moreover, the uncoordinated way in which indicators are defined and data are reported seriously limits the overall analysis which can be carried out.

An attempt was made to collect the data for the core indicators proposed in Working Document 2 of the DG Regio guidelines (*Europäische Kommission, Generaldirektion Regionalpolitik* 2006)<sup>10</sup>. Annex Table A shows how limited the available data are: only 11 of the German Programmes report data for the indicator “jobs created” at programme level, only six of them have a target for this. For other indicators, the situation is similar or even worse. There is therefore hardly any systematic evidence on output or results in the Annual Implementa-

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This is due to the established procedure to count jobs in the Joint Task. The Joint Task standardises the reporting of data for this indicator, but this is not the case for the others.

<sup>9</sup> According to the MA, there was a failure in data collection that has meanwhile been resolved.

<sup>10</sup> See Annex Table A

tion Reports. Furthermore, indicator data from the Annual Reports are affected by serious problems of data quality.

Given the situation described above, we need to draw on other sources than AIRs to analyse the achievements and effects of the programmes. Three recent reports and studies can be used for this purpose:

- The strategic report at NSRF-level is the only document that covers all the ERDF interventions (under both the Convergence and Competitiveness Objectives) in Germany (*Bundesministerium für Wirtschaft und Technologie* 2009). It is used as the basis for organising evidence and information in what follows and relates to data as at end- 2008.
- A study has been undertaken, commissioned by the Federal Ministry of Economics to analyse the implementation and effects of the funding in the Competitiveness and Employment Objective regions (Bornemann, Rautenberg, Winter, et al. 2010). It mostly assesses the expected effects on the basis of an ex-ante-type methodology complemented by some selected results based on indicator data.
- Another specific study has been undertaken on the effects in the Convergence Objective regions (GEFRA *Gesellschaft für Finanz- und Regionalanalysen et al.* 2010). Here the methodology combines a summary of available results from the 2000-2006 period and a macroeconomic, model-based assessment of the effects (using the HERMIN-model). The results of the latter are presented in the next section.

In addition, evidence from studies on ERDF co-financed measures, but undertaken separately, and a very few specific evaluations and studies from the current programming period are also used.

### **Number of Projects funded**

There is no source for the total number of projects funded so far. Table D gives the figures from the AIRs for indicators relating to project numbers from the list of core indicators. It is important to note that in most cases only a limited number of programmes report the relevant data.<sup>11</sup>

The data available indicate that in Convergence programmes 14,927 projects have been funded, in Competitiveness programmes 2,677. As the typology does not cover all projects

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<sup>11</sup> Furthermore it is not clear which projects are to be reported in the annual report. It could be all projects approved or all projects finalised. Our impression is that there is no coherent way to deal with this question: some reports seem to refer to approved, some to finalised projects. It is clear that at a given point in time, the figure for the projects approved normally is higher than for the projects finalised.

and not all programmes are reported, the actual figure for projects funded in the current period is significantly higher.

**Table D –Number of projects reported in the AIRs**

Number of projects...	Convergence		Competitiveness	
	Number of Programmes reporting	Number of Projects	Number of Programmes reporting	Number of Projects
... R&D	5	1,214	7	426
... direct investment	3	770	4	861
... information society	4	52	4	18
... transport	4	561	2	11
... renewable energy	2	101	5	80
... prevention of risks	3	11,652*	2	24
... tourism	3	211	3	72
... education	3	227	1	23
... urban (sustainability)	3	90	5	850
... urban (business)	1	34	2	36
... urban inclusion	1	15	3	276
Total		14,927		2,677
Source: Annual Reports 2009, own calculation				
* This figure seems to be questionable as it is on a completely different scale than all the others.				

### Target Achievement

The way individual programmes define their indicators and set their targets varies. The AIRs for 2009 report between 12 (Schleswig-Holstein) and 107 (Niedersachsen) indicators. Many programmes use additional indicators for management purposes, which they do not include in the Annual Reports.

#### Box F – Use of quantified objectives

The Managing Authorities use quantified objectives in different ways for programme management. The most demanding procedure is perhaps that in Thüringen, where a divergence of 20% compared to the target value automatically prompts a review process, where the MA together with the unit responsible analyse the potential reasons. The results are discussed in the evaluation steering group. If necessary, an evaluation study is launched. In other Länder, such as Niedersachsen, Nordrhein-Westfalen or Berlin, there are also systematic, but not so standardised ways of using monitoring data. In the current programming period, several Länder formally linked monitoring and evaluation in the sense that monitoring results trigger evaluations or immediately induce evaluation activities.

The indicator sets reported can be related to the set of 41 core indicators in the Commission's Working Paper of the guidelines (*Europäische Kommission, Generaldirektion Regionalpolitik* 2006). The number of core indicators used in individual programmes varies from 2 to 24, the number of related quantified objectives from 1 to 19.

**Table E – Core indicators**

Programme	Number of Core Indicators	Number of Core Indicators with quantified targets	Band with of Target achievement-rates
Competitiveness and Employment			
Baden-Württemberg	17	15	0% to 2%
Bayern	19	1	23%
Berlin	9	3	0% to 37%
Bremen	10	7	16% to 179%
Hamburg	-	-	-
Hessen	5	5	10% to 430%
Niedersachsen-Ziel2	15	5	0% to 137%
Nordrhein-Westfalen	2	2	14% to 20%
Rheinland-Pfalz	-	-	-
Saarland	-	-	-
Schleswig-Holstein	9	8	7% to 500%
Convergence			
Brandenburg	6	6	2% to 30%
Bund	8	-	-
Mecklenburg-Vorpommern	20	-	-
Niedersachsen-Ziel1	24	8	20% to 167%
Sachsen	17	14	0% to 3%
Sachsen-Anhalt	19	19	0% to 160%
Thüringen	14	14	15% to 145%
<p>Note: From the tables of indicators submitted with the Annual Reports 2009, we selected those indicators that were labelled as core indicators and tried to assign them to the Indicator list in the Working Paper. The three Länder of Hamburg, Rheinland-Pfalz and Saarland did not report any data on results or output.</p> <p>Most of the programmes use additional indicators and nearly all of them quantify additional targets.</p>			

The target achievement rate – relating the achievement by end 2009 to the overall target for the programming period – varies widely: between zero and 500%. For many indicators the achievement rate is below 35%. A general interpretation of the achievement rates without taking into account additional information is not feasible: first, they need to be related to the progress in financial implementation. Secondly, a divergence between objectives and achievement cannot be interpreted without more context information (e.g. it is not possible to distinguish between implementation problems being the reason for poor performance and external factors such as the crisis). For a number of indicators that already exceed the target, the value set for the target seems questionable.

### ACHIEVEMENT BY POLICY AREA

To discuss achievements by policy area, the structure developed in the Strategic Report is used (Bundesministerium für Wirtschaft und Technologie 2009). The strategic report follows the structure of the NSRF at priority level, but it uses a specific schema to group the meas-

ures. These groups are then rearranged to match the policy areas adopted for comparing across national reports.

### Enterprise support – R&D and Cluster

Enterprise support is by far the most important single area of intervention. Both Convergence and Competitiveness regions allocate 50% of the Funds to this. From the structure of the Strategic Report as many as eight different groups of intervention can be assigned here. To arrange the material more clearly, we split this group up: first we consider R&D-related measures and then other enterprise support.

#### *R&D- and innovation support*

Typical Instruments:., Support for R&D-projects (single and joint), High-risk and early phase projects, Knowledge transfer				
	<b>Competitiveness</b>		<b>Convergence</b>	
Financial Data (end of 2008)				
Number of Programmes with this type of intervention	11 out of 11		6 out of 6	
ERDF budget	823,625,147		1,594,860,266	
Share of the overall budget	17.4 %		16.2 %	
ERDF granted to projects	18.9 %	155,925,279	26.3 %	419,492,533
ERDF spent	2.7 %	17,038,422	4.9 %	77,792,517
Physical data (end of 2009)				
	Nr of progs.	Value	Nr. of progs.	Value
Number of R&D Projects	7	426	5	1214
Number of cooperation projects enterprises-Research institutions	7	547	6	155
Research jobs created	2	61	4	38
Sources: Bundesministerium für Wirtschaft und Technologie 2009, Annual Reports 2009, own calculations				

This group consists of support to R&D-projects (either projects of single enterprises or joint projects of several enterprises, possibly also including research organisations), including early phases of the innovation process and technology transfer. Such measures are included in all programmes. Convergence programmes allocate 16% of their Funds to this group, Competitiveness programmes 17%. By the end of 2008, in the Competitiveness Programmes, 19% of the available funds had been granted to projects (Competitiveness: 26%). Only 3% of the Funds had been spent by the end of 2008 (5% under the Competitiveness Objective).

According to the Annual Reports, by end-2009, a total of 1,640 projects had been approved in 12 programmes and 375 cooperation projects (in 14 programmes). In 6 programmes, a total of 99 jobs had been created.

The Competitiveness programmes altogether plan to support 2,200 joint research projects (Bornemann, Rautenberg, und Breuer 2010:51). Of the 400 projects approved by end-2008,



some 100 were in Niedersachsen. With the funding allocated so far, 5,000 R&D-jobs are expected to be created. For the whole funding period the creation of 20,000 R&D jobs is expected. From the activities in environment-related innovation, that are analysed separately in Bornemann et. al. (2010:64), 200 more R&D jobs had been created by the projects approved by end-2008. Over the whole funding period 1,100 additional R&D jobs are expected to be created.

### *Innovative financing instruments for innovation*

Typical Instruments: Risk and venture capital funds, , Investment funds, Loan and credit, Micro-credit, Loan guarantee				
	<b>Competitiveness</b>		<b>Convergence</b>	
Financial Data (end of 2008)				
Number of Programmes with this type of intervention	8 out of 11		4 out of 6	
ERDF budget	313,529,144		338,767,643	
Share of the overall budget	7.7%		3.4 %	
ERDF granted to projects	47.3 %	148,448,009	32.3 %	109,263,983
ERDF spent	19.0 %	89,468,467	8.6 %	29,229,858
Sources: Bundesministerium für Wirtschaft und Technologie 2009, Annual Reports 2009, own calculations				

This group of instruments consists of risk and venture capital funds, investment funds, micro-credit and similar instruments. 8 out of 11 Competitiveness programmes and 4 out of 6 Convergence programmes contain instruments of this kind. The funding allocated to this type of intervention amounts to 7.7% of the Competitiveness budget in Germany and 3.4% of the Convergence budget. By the end of 2008, 47% of the funding allocated had already been granted to projects in Competitiveness regions (Convergence regions, 32%). Some 19% of the funding had been spent in Competitiveness regions and 8.6% in Convergence ones.

### *Modernising Research infrastructure in universities*

Typical Instruments: Competitiveness: Specific approaches in each programme, either focused on construction or on staff Convergence: Investment in equipment in research organisations.				
	<b>Competitiveness</b>		<b>Convergence</b>	
Financial Data (end of 2008)				
Number of Programmes with this type of intervention	5 out of 11		5 out of 6	
ERDF budget	189,349,633		756,383,901	
Share of the overall budget	7.8%		8.2%	
ERDF granted to projects	10.0 %	18,844,824	18.3 %	138,108,545
ERDF spent	0.8 %	1,451,769	5.6 %	42,726,903
Sources: Bundesministerium für Wirtschaft und Technologie 2009, Annual Reports 2009, own calculations				

This group of instruments supports application-oriented research infrastructure. The support is often used to acquire technical equipment. How far this is linked to staff or the construction of infrastructure differs between programmes. 8% of funding goes to these instruments in Competitiveness regions, 8% in Convergence regions. 18% of available funding under the Convergence Objective and 10% under the Competitiveness Objective had been granted to projects at end 2008, but only 5.6% (Convergence) and 0.8% (Competitiveness) had been spent.

In the Competitiveness regions, 254 research organisations and competence centres are planned to be supported over the programming period (Bornemann, Rautenberg, und Breuer 2010:51). By end 2008, 56 projects had been approved.

### ***Support for Networks and Cluster***

Typical Instruments: Studies and analysis Information campaigns, competitions, prototypes Technology transfer centres and competence centres Technology and cluster platforms Cluster management				
	<b>Competitiveness</b>		<b>Convergence</b>	
Financial Data (end of 2008)				
Number of Programmes with this type of intervention	11 out of 11		6 out of 6	
ERDF budget	184,753,692		165,161,134	
Share of the overall budget	3.9 %		1.7 %	
ERDF granted to projects	22.2 %	40,931,514	11.6 %	19,195,069
ERDF spent	4.3 %	7,938,691	2.6 %	4,372,762
Sources: Bundesministerium für Wirtschaft und Technologie 2009, Annual Reports 2009, own calculations				

This group of instruments consists of different kinds of measure to support networks and clusters. The approaches range from studies and analysis to the establishment of technology transfer and competence centres. Some 4% of the ERDF was allocated to this area under the Competitiveness Objective and just under 2% under the Convergence Objective. Under the latter, 11.6% of available funding had been granted to projects by end-2008, and under the former, 22.2%. Funds spent amounted to 2.6% under the Convergence Objective and 4.3% under the Competitiveness Objective.

The Competitiveness programmes are aimed at establishing some 100 new networks and clusters (Bornemann, Rautenberg, Winter, et al. 2010). In part, these activities are closely linked to the development of R&D cooperation. By the end of 2008, 56 projects in this area had been approved.

A recent evaluation in Bremen of the ERDF contribution to the development of regional innovation systems (Bornemann, Rautenberg, und Breuer 2010) shows that the successful development of areas of competence in a region depends on the interplay of different factors, such as research infrastructure, R&D projects, networks and clusters. One of the strengths of the ERDF approach is to provide a strategic platform for coordinating the different measures applied.

## Enterprise support – Investment and start-ups

### *Investment in enterprises*

Typical Instruments: Grants (under the Joint Task), Loan (including micro-credit), Investment (Funds)				
	Competitiveness		Convergence	
Financial Data (end of 2008)				
Number of Programmes with this type of intervention	10 out of 11		6 out of 6	
ERDF budget	825,366,909		2,317,679,078	
Share of the overall budget	17.9 %		23.6 %	
ERDF granted to projects	22.4%	184,479,820	41.3%	956,248,477
ERDF spent	9.3%	76,417,090	11.7%	272,286,430
Physical data (end of 2009)				
	Nr of progs.	Value	Nr. of progs.	Value
Number of projects	4	861	3	770
– of this: start-ups	5	326	4	151
Jobs created	4	7317	5	5555
Investment induced	7	1,821,100,000	5	2,500,219,369
Sources: Bundesministerium für Wirtschaft und Technologie 2009, Annual Reports 2009, own calculation				

This group of instruments consists of grants for enterprises, loans and investment funds, all directly targeting enterprises and supporting their investment. The Competitiveness programmes allocate 18% of their budget to this kind of measure, the Convergence regions 24%. By the end of 2008, more than 40% of the funds had already been committed to projects in the Convergence regions (22% in Competitiveness regions), but only 12% has been spent by then (9% in Competitiveness regions).

From the data for 7 programmes, by end-2009 a total of 1,631 projects had been supported and the figures from 9 programmes show that 477 start-ups had been funded. The data in the AIRs for 9 programmes indicates that an estimated 12,872 jobs had been created and a total investment of EUR 4,321 million had been induced.

By comparison, in the Competitiveness regions total investment of some EUR 1,000 million had been induced by end 2008 solely through Joint Task grants (Bornemann, Rautenberg, und Breuer 2010:86). Some 40,000 jobs had been created as a result. It is expected to

achieve a total investment of EUR 6,100 million by 2013. The expected number of jobs created by then is estimated at 240,000.

By using EUR 345.7 million of ERDF, revolving funds totalling EUR 1,270 million will be created by 2013 according to Bornemann et al. By the end of 2008, revolving funds of EUR 260 million had been created. If fully spent, these funds can help to create an estimated 6,000 to 24,000 new jobs.

### ***Improving the entrepreneurial climate and supporting business start-ups***

Typical Instruments: Seed- and venture capital funds, Loan and credit funds, Indemnity instruments for banks, Grants				
	<b>Competitiveness</b>		<b>Convergence</b>	
Financial Data (end of 2008)				
Number of Programmes with this type of intervention	10 out of 11		6 out of 6	
ERDF budget	168,457,029		27,725,936	
Share of the overall budget	3.4 %		0.7 %	
ERDF granted to projects	28.8%	48,456,627	43.9%	12,185,286
ERDF spent	13.1%	22,093,120	5.2%	1,442,378
Sources: Bundesministerium für Wirtschaft und Technologie 2009, Annual Reports 2009, own calculations				

This group of measures consists mainly of revolving instruments to support start-ups, but also comprises indemnity instruments for banks and direct grants. Support of start-ups accounts for 3.4% of the funding allocated in Convergence programmes and 0.7% in Competitiveness programmes. Of the total available in Competitiveness programmes, 44% had been committed by end of 2008 and 52% spent. In the Convergence regions, the commitment rate was 29% of the programme budget and 13% had been already spent.

In the Competitiveness regions, financing instruments and consultancy together had only led to 87 business start-ups by end-2008 (Bornemann, Rautenberg, und Breuer 2010:81). Altogether 4,850 start-ups are expected to be initiated by 2013.

### ***SME Coaching and Consultancy, Export***

This group of instruments consists of consultancy and counselling for SMEs in innovation, management systems and so on. Support of export activities is of special importance. Competitiveness programmes allocate 4% of their Funds to this group and had committed 21% of the budget by end-2008 and had spent 3%. Convergence regions allocate less to this group of activities (1.6%) and 22.5% of funding had been committed in these regions and 24% spent.

Typical Instruments: Support for Consultancy and Counselling (on specific issues like innovation, management systems, etc.), Export related measure (opening up of new markets, networks,...), Export training and coaching				
	<b>Competitiveness</b>		<b>Convergence</b>	
Financial Data (end of 2008)				
Number of Programmes with this type of intervention	8 out of 11		4 out of 6	
ERDF budget	197,548,891		85,500,000	
Share of the overall budget	4.3%		1.6%	
ERDF granted to projects	20.5%	40,570,884	22.5%	19,267,706
ERDF spent	2.8%	5,521,984	13.8%	11,822,633
Sources: Bundesministerium für Wirtschaft und Technologie 2009, Annual Reports 2009, own calculations				

The Competitiveness regions had funded 7,650 counselling interviews for SMEs by end-2008 (Bornemann, Rautenberg, und Breuer 2010:89). Some 4,000 start-ups had received advice. It is planned to increase the number of counselling interviews to 66,000 by end-2013 and the number of start-ups receiving advice to 50,000. According to Bornemann et al., the number of 66,000 interviews means that two out of every five existing enterprises will be counselled between 2007 and 2013.

## Human Resources

### *Modernising schools and infrastructure for vocational training*

Typical Instruments: Modernising infrastructure, often linked to IT-use				
	<b>Competitiveness</b>		<b>Convergence</b>	
Financial Data (end of 2008)				
Number of Programmes with this type of intervention	6 out of 11		6 out of 6	
ERDF budget	134,730,605		429,080,127	
Share of the overall budget	4.0 %		4.4%	
ERDF granted to projects	12.6%	17,009,850	28.6%	122,542,807
ERDF spent	1.7%	2,312,337	3.7%	15,666,261
Physical data (end of 2009)				
	Nr of progs.	Value	Nr. of progs.	Value
Number of Projects	1	23	3	227
Number of benefiting students	1	1,600	1	3,815
Sources: Bundesministerium für Wirtschaft und Technologie 2009, Annual Reports 2009, own calculations				

The ERDF-contribution to the development of human resources in Germany mainly consists of investment in infrastructure and IT-equipment. The investment mainly goes to secondary and vocational schools. Both Convergence and Competitiveness Programmes allocate some 4 % of their Funds to this type of instrument. By end of 2008, 12.6% of the available amount had been granted to projects in Competitiveness programmes and 28.6% in Convergence programmes. Competitiveness programmes had spent under 2% of the funds allocated and Convergence programmes under 4%.

In Competitiveness regions, the capacity to provide training to 2,500 people had been created in vocational schools by end of 2008. 20,000 more training places will be created over the funding period (Bornemann, Rautenberg, und Breuer 2010:61). But the figures from the annual reports for 2009 only sum to 1,600 students benefiting from such measures. The reason for this difference remains unclear. The Convergence Programmes report 3,815 students benefiting. By end of 2009, 23 projects had been funded in Competitiveness regions and 227 in Convergence regions.

### Transport and Telecommunication

The transport and telecommunication policy area relates to the group of measures for infrastructure development as defined in the Strategic Report.

#### *Infrastructure development*

Typical Instruments: Regional and local transport infrastructure, Business related infrastructure, including IT services, Cultural infrastructure and tourism				
	Competitiveness		Convergence	
Financial Data (end of 2008)				
Number of Programmes with this type of intervention	8 out of 11		6 out of 6	
ERDF budget	499,025,393		2,055,954,184	
Share of the overall budget	15.2 %		20.9 %	
ERDF granted to projects	11.8%	59,133,507	50.5%	1,038,608,715
ERDF spent	2.3%	11,327,299	18.8%	387,520,184
Physical data (end of 2009)				
	Nr of progs.	Value	Nr. of progs.	Value
Number of projects in transport	2	11	4	561
Km of new roads	1	11	5	93.78
Km of reconstructed roads			4	94.89
Km of new railroads			2	147.00
– of which TEN			1	122
Value of time savings in EUR/year (roads)			1	153,400
Value of time savings in EUR/year (rail-road)			1	151,000
Number of projects in tourism	3	211	3	72
Number of jobs created			1	2,091
Sources: Bundesministerium für Wirtschaft und Technologie 2009, Annual Reports 2009, own calculations				

Investment in infrastructure supports three different areas: transport infrastructure, business related infrastructure (commercial areas, start-up centres, etc.) and cultural infrastructure and tourism. 15% of the total Competitiveness budget is allocated to this type of measure and 21% of the Convergence budget. The only sectoral ERDF programme (and the only one implemented at Federal level) relates to transport infrastructure. In the Conver-

gence regions, implementation is already well advanced: over 50% of the funds have been committed and nearly 19% spent.

Two Competitiveness programmes report 11 projects funded in this area by end –2009, while at the same time 4 Convergence programmes report a total of 561 projects. For the Convergence projects, 9.8 kms of new road are reported to have constructed (11 kms for the Competitiveness programmes). Additionally, in the Convergence programmes 94.9 kms of road have been reconstructed and 147 kms of new railway lines built (122 of them part of the TEN). The time savings achieved by the road projects is estimated to be EUR 153,400 a year in one Convergence programme, while time savings from the rail projects amounts to an estimated EUR 151,000 a year. In tourism, 72 projects had been funded in Convergence programmes and 211 in Competitiveness programmes.

According to a study on the Competitiveness regions, infrastructure development is aimed at (re-)constructing 73 kilometres of railway lines and 28 kms of road (Bornemann, Rautenberg, und Breuer 2010:77f).

By end–2008, only 216 hectares of industrial real estate had been created to strengthen regional development. By 2013, some 1,000 hectares are intended to be created. If the 216 hectares are fully used by enterprises, an estimated 5,200 jobs will be created and 30,000 if the planned investment for the period as a whole is completed.

In the Convergence regions, 3,250 hectares of industrial real estate were created in the 2000–2006 period (GEFRA *Gesellschaft für Finanz- und Regionalanalysen et al.* 2010:183). The figures are not complete for this type of intervention, but the study summarises the results from Brandenburg, Mecklenburg–Vorpommern and Thüringen, where 1,186 hectares were created, with 658 being in use by September 2009. The enterprises located in these areas in Thüringen had 6,500 employees (on 208 hectares), in Mecklenburg–Vorpommern, 1,760 employees (on 180 hectares).

### **Environment and Energy**

This policy area is supported by various measures. Three broad areas can be distinguished: the preservation and management of natural resources, climate change and clean energy.

A number of different types of measure contribute to the preservation and management of natural resources:

- Investment in infrastructure, mainly for water and waste water, is part of 3 of the 11 Competitiveness programmes and 5 of the 6 Convergence programmes. By end–2008, the additional population served by waste water projects totalled 241,405.

- 5 of the 11 Competitiveness programmes and 4 of the 6 Convergence programmes invest in Risk prevention, mainly flood prevention, and 29 projects had been supported. In Convergence regions, 37,745 people benefited from flood prevention.
- 4 of the 11 Competitiveness programmes and one of the 6 Convergence programmes invest in nature protection and biodiversity.

### *Preservation and management of natural resources*

Financial Data (end of 2008)				
	Competitiveness		Convergence	
ERDF budget	280,251,287		926,995,999	
Share of the overall budget	6.5 %		9.4 %	
ERDF granted to projects	21.8%	60,983,345	18.4%	171,021,525
ERDF spent	3.1%	8,764,633	4.5%	41,581,914
<u>Typical Instruments:</u> Investment in public infrastructure, mainly water related (waste water treatment) Studies and concepts				
Number of Programmes with this type of intervention	3 out of 11		5 out of 6	
Physical data (end of 2009)				
	Nr of progs.	Value	Nr. of progs.	Value
Additional population served by waste water projects	3	93,246	1	148,159
Area rehabilitated (square metres) <sup>12</sup>	4	1,812.62	5	79.305,25
<u>Typical Instruments:</u> Risk prevention, flood prevention				
Number of Programmes with this type of intervention	5 out of 11		4 out of 6	
Physical data (end of 2009)				
	Nr of progs.	Value	Nr. of progs.	Value
Number of projects	2	2	3	27
Number of people benefiting from flood prevention	2	11,650	3	26,104
<u>Typical Instruments:</u> Nature protection and biodiversity (grants)				
Number of Programmes with this type of intervention	4 out of 11		1 out of 6	
Sources: Bundesministerium für Wirtschaft und Technologie 2009, Annual Reports 2009, own calculations				

All regional programmes support the use of renewable energy either through financial incentives or counselling and consultancy. Competitiveness programmes allocate 10.5% of their Funds to this type of measure, Convergence programmes, 8%. By end-2008, 2% of the

<sup>12</sup> These figures are reported as square kilometres in the AIR.



budget had been spent in both Competitiveness and Convergence regions. By end-2009, a total of 181 projects had been undertaken and additional capacity of 41,342 MW created.

### *Climate change and clean energy*

Typical Instruments: Supporting use of renewable energies (credits, model projects, grants), Counselling and Consultancy				
	Competitiveness		Convergence	
Financial Data (end of 2008)				
Number of Programmes with this type of intervention	11 out of 11		5 out of 6	
ERDF budget	213,562,760		212,227,307	
Share of the overall budget	7.5 %		2.5 %	
ERDF granted to projects	10.5%	22,329,208	8.1%	17,161,801
ERDF spent	2.,2%	4,637,671	2.1%	4,357,063
Physical data (end of 2009)				
	Nr of progs.	Value	Nr. of progs.	Value
Number or Projects (renewable energy)	6	144	2	101
Additional capacity (MW)	2	1,346	2	39,996
Sources: Bundesministerium für Wirtschaft und Technologie 2009, Annual Reports 2009, own calculations				

## Territorial Development

### *Territorial development in Competitiveness and Convergence programmes*

Integrated development projects and the regeneration of fallow land are grouped under this heading. All programmes have measures in this area. Competitiveness programmes allocate 13.7% to them and Convergence Programmes, 6.8%.

Typical Instruments: Integrated development concepts (urban or regional), Revitalising of fallow land				
	Competitiveness		Convergence	
Financial Data (end of 2008)				
Number of Programmes with this type of intervention	11 out of 11		6 out of 6	
ERDF budget	649,281,843		670,362,085	
Share of the overall budget	13.7 %		6.8%	
ERDF granted to projects	24.8%	160,847,924	11.2%	75,051,684
ERDF spent	2.2%	14,382,107	2.1%	14,246,448
Physical data (end of 2009)				
	Nr of progs.	Value	Nr. of progs.	Value
Number of projects ensuring sustainability and attractiveness	5	850	3	90
Number of projects to promote business, entrepreneurship, new technologies	2	36	1	34
Number of projects offering services to promote equal opportunities and social inclusion	3	276	1	15
Sources: Bundesministerium für Wirtschaft und Technologie 2009, Annual Reports 2009, own calculations				

By end- 2009, 940 projects for increasing sustainability and attractiveness, 70 projects to promote business, entrepreneurship and new technologies and 291 projects to promote equal opportunities had been funded.

In Competitiveness regions, 659 projects were being carried out for integrated urban development by end-2008 (Bornemann, Rautenberg, und Breuer 2010:72). For the whole funding period, a total of 1,530 are expected to be carried out. From the 659 projects funded so far, 190 jobs have been created and for the whole funding period, 15,000 jobs are expected to be created.

### Cross-Border Cooperation

Table F shows the commitment rates for the Cross-border Cooperation programmes under the Territorial Cooperation Objective with a managing authority located in Germany. Perhaps surprisingly, this information is more systematically available in the AIRs than for the other Objectives.

**Table F – Commitment rates for the Cross-border Cooperation programmes (only for programmes with the managing authority located in Germany)**

Programme	ERDF-Plan	ERDF-Commitment	Commitment-rate
Cross-Border Cooperation			
Germany-Poland (Mecklenburg-Vorpommern / Brandenburg / Rzeczpospolita Polska)	125,183,524.00	12,389,570.70	9.90%
Germany-Poland (Sachsen/Polen)	98,804,340.00	15,877,495.85	16.07%
Germany-Czech Republic (Sachsen/Tschechien)	194,953,128.00	68,166,993.92	34.97%
Germany-Czech Republic (Bayern/Tschechien)	115,510,449.00	84,827,056.94	73.44%
Germany-Austria-Switzerland (Alpenrhein-Bodensee-Hochrhein)	23,871,170.00	16,972,218.00	71.10%
Germany-Netherlands (Deutschland/Nederland)	138,653,853.00	78,573,646.01	56.67
Interregional Cooperation			
Baltic Sea	195,500,000.00	115,900,000.00	59.28%

The commitment rates were between 10% and 73% by end-2009. The two programmes at the German-Polish border have the lowest rates. The other programmes show reasonable progress in financial implementation – at least on the commitment side – except perhaps the Sachsen/Czech Republic programme.

As both the content of the programmes and the way the achievements are being reported varies, we give a short overview of the situation as the AIRs for 2009 present it:

- The programme of Mecklenburg-Vorpommern, Brandenburg and Poland has the largest share of funds approved by the end of 2009 in the development of human resources. 7 projects with a budget of altogether EUR 8,888 million had been ap-

proved. An example of a project is a contact and information centre facilitating contact with public authorities in the other country. In addition, one infrastructure project and 4 cooperation projects in economic development had been approved.

- In the Sachsen–Poland programme, there has been much demand for support for social integration projects. Typically these are planned and implemented by NGOs and cover such issues as education, cultural activities and security. 17 projects had been approved in 2009.
- The same general pattern is true for the Sachsen and the Czech Republic: programme, 51 projects in respect of the integration of the two communities had been approved. In economic development and tourism, 8 projects had been launched and in environmental protection, 9.
- In the Bavaria–Czech Republic programme, 65 projects had been approved on education, research, healthcare, cultural activities and social affairs and 31 on tourism and leisure activities, while 21 projects had been approved on environmental protection and similar activities.
- In the Alpenrhein–Bodensee–Hochrhein programme, 61 projects had been approved by end of 2009, 41 of them directly supporting cross-border cooperation, 33 developing joint infrastructure, 43 contributing to joint public services and 22 for increasing cross border mobility.
- Compared to the other programmes, the projects in the Germany–Netherlands programme are evenly distributed across policy areas, with 23 projects approved on the economy, technology and innovation, 18 on sustainable regional development) 18 and 24 on social integration.

In all programmes, development in “soft” areas like cultural activities, education and social integration seems to generate demand for funding. The picture is less clear for “harder” areas such as economic cooperation or R&D. Here the programmes for border regions between Germany and EU15 countries seem to be a little more advanced. Factors such as population density, which affects the German–Polish programme in particular (in the sense of density being low), are likely to play a role in the progress made in implementation.

### **Innovative aspects**

An effort was made during the interviews to get an idea of the innovative aspects linked to ERDF intervention. Interviews with Managing Authorities made it clear that innovation should also be seen as regards the design and implementation of the strategy. The findings are

presented in a summary form here. They are intended only as illustrations since only a few MAs were interviewed:

- Revolving financing instruments, which are applied in most German programmes are not generally seen any longer as being particularly innovative. In part, Managing Authorities highlight the fact that the ERDF contributed to the spread of this kind of measure. Some Länder would not have introduced them without incentives from the ERDF. But the discussion with Managing Authorities revealed some scepticism about their efficiency. The high administrative costs and the risk of default raised doubts about how far expectations about being able to use this instruments over the long-term are realistic.<sup>13</sup>
- Examples of innovative measures can be found in:
  - support for creative industries and services
  - the better linking of education and the economy
  - support for cluster and network development
- In Thüringen, the ERDF provides strong support for transnational cooperation, the aim being to make ‘external’ competences available to enterprises in the region. An agency initiates competitive procedures (four over the funding period) to select the firms concerned. Experience is good so far: applications are of good quality and new target groups have been reached. The initiative will be assessed in a specific evaluation.
- In Brandenburg, innovation in the ERDF is mainly seen in the coordination of different instruments which are under the responsibility of different government departments. This has led to an “innovation eco system”. Sachsen in a similar way has used the Operational Programme to develop a coherent innovation strategy.
- In Niedersachsen, every administrative district has been given a budget of EUR 5 million (depending on its status as a Convergence or Competitiveness region, the ERDF share is EUR 2.5 million or EUR 3.75 million. Districts can choose from a set of different instruments and select their own projects according to standard procedures. First results (Prognos AG et al. 2010) show that this way of distributing funding gives access to new groups and can be efficient in creating jobs.

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<sup>13</sup> Our impression is that in some cases revolving instruments might have been introduced without thoroughly analysing the need for this type of instrument. Currently the European Court of Auditors is undertaking a comparative analysis of revolving instruments in several Member States.

- For the rest of the funding implemented at Land level, Niedersachsen applies a scoring system for project selection. This helps to make criteria transparent and leads to good quality projects being approved (*Niedersächsisches Institut für Wirtschaftsforschung et al.* 2009).
- In Nordrhein–Westfalen as well, innovations can mainly be found in implementation procedures. Here competitive tendering has been introduced for nearly all funding instruments. This leads to good quality applications and helps to reach new groups. Effects beyond the direct beneficiaries have been noted (e.g. through the accompanying PR activities). On the other hand, competitions require more time and effort and a final calculation of the net benefits is still to be made.

These selected aspects make clear that innovation is not limited to the introduction of new measures but extends to implementation processes. The examples quoted suggest that it could be worthwhile to invest more in making innovations more visible and allowing for exchange of exchange of experience.

### **Summary of achievements**

The available evidence on achievements is incomplete: not all programmes are covered in a comparable way by the data available. In addition, there are inconsistencies in the data as described above and some figures raise doubts about reliability. We can summarise the information available as follows:

- Various measures to support R&D are an important part of nearly all programmes. This group of instruments shows comparatively good progress in implementation. Studies show that these interventions help significantly to develop regional innovation systems and have effects on the regional economic structure (Bornemann, Rauteberg, und Breuer 2010).
- Investment in SMEs is central to nearly all programmes. The Joint Task is regularly complemented by innovative financing instruments. Support for investment is essential when trying to bring about structural adjustment. There is only limited evidence on the effects of this which relates directly to ERDF interventions (Prognos AG und Niedersächsisches Institut für Wirtschaftsforschung 2009; Ramböll Management Consulting 2010). Other studies draw on a broader range of literature to confirm the effectiveness of this approach (GEFRA Gesellschaft für Finanz- und Regionalanalysen und MR Gesellschaft für Regionalberatung 2010; GEFRA Gesellschaft für Finanz- und Regionalanalysen et al. 2010).
- Investment in different types of infrastructure is a third cornerstone of most Länder strategies. The emphasis has shifted from transport and business related infrastruc-

ture to environmental aspects (mainly reducing greenhouse gas emissions). Investment in education infrastructure is becoming increasingly important.

- An aspect that is not entirely evident when considering the programmes through the lens of indicator data and annual reports is the integrated approach. Several programmes support strategic approaches at a local level. This is not only the case for urban development, but also for other types of area. By mobilising local communities in pursuit of common objectives, this kind of approach can increase the effects achieved.

In order to obtain an overview of Structural Funds interventions in Germany, it is necessary to describe results at an aggregated level. The discussion by policy area tends to hide an important perspective: the interplay of the policy measures included in individual programmes. To get a complete picture of achievements, a more detailed discussion of added-value at programme level is required. Both Managing Authorities in the interviews and evaluations (mainly the up-dates of the mid-term evaluations of the last funding period) underline the importance of applying an integrated and coherent set of measures. An assessment from this perspective necessarily needs to take the regional context into account, since to be effective, any strategy has to meet the specific needs of regions.

### SECTION 3 – EFFECTS OF INTERVENTION

The most reliable study available on the effects of Structural Fund intervention in methodological terms is that by GEFRA on East Germany (2010:296 ff.). Using the HERMIN macroeconomic model, the authors estimate the effects of Structural Funds (ERDF plus ESF!) spending in the current funding period<sup>14</sup>. The main findings are:

- Compared to a baseline scenario without the spending from the Convergence programmes, GDP in East Germany is estimated to be between 1.4% and 1.5% higher in the years 2009 to 2015 (the years 2007 and 2008 are influenced by the overlapping of funding periods and therefore, GDP in these years is estimated to be some 2% above the baseline).
- Employment – again compared to the baseline – is estimated to be 1.2% to 1.4 % higher in the years 2009 to 2015.
- These figures include both demand and supply side effects. Since the demand side effects disappear as soon as the money is spent, only supply side effects last in the

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<sup>14</sup> The study analyses the cumulative effects of the spending since 2000, so effects of the previous period are included.

longer-term: in the years 2015 to 2020, a long term effect of 0.7% of GDP (declining to 0.5%), and of 0.4% for employment (declining to 0.3%) is estimated.

- The extent of the long term effects depends on the design of programmes and their implementation, which are increased if activities lead to high spill-over effects. A sensitivity analysis shows that the long-term effects vary widely depending on the spill-over effects that can be achieved: for the same amount of funding, the GDP effect in 2030 is estimated to vary from virtually zero to 1%.

## SECTION 4 – EVALUATIONS AND GOOD PRACTICE IN EVALUATION

In the new funding period, the regulatory framework for evaluation has become looser: the obligatory mid-term evaluation has been abolished and an evaluation is no longer a necessary precondition for changing a programme. The effect of this looser regulatory framework in Germany is the development of a variation of different approaches to evaluation.

Most of the Länder – but not all – formulated an evaluation plan. The plans are normally comparatively short documents of some 10 pages or so. The content varies, but all plans somehow link evaluation work to monitoring and are so incorporate evaluation better into programme management procedures.

**Table G – Länder Evaluation Plans**

Land (Objective: 1 = Convergence, 2 = Competitiveness)	Evaluation Plan (in written form)
Bayern (2)	No Evaluation Plan
Baden-Württemberg (2)	No Evaluation Plan
Berlin (2)	Monitoring and Evaluation Plan, describing how monitoring data is processed and how it is used for feed back. Ongoing evaluation with annual thematic studies complemented by a programme-wide analyse in 2011 (to be undertaken a different independent evaluator)
Brandenburg (1)	There is an evaluation plan (not published). Evaluation is based on analysis of monitoring data. Evaluation reports built on this basis. Although planned as ongoing, the external evaluation has not yet commissioned (due to shortage in administrative capacities). The tender procedure will be opened in 2010.
Bremen (2)	No Evaluation Plan published
Hamburg (2)	No Evaluation Plan published
Hessen (2)	No Evaluation Plan
Mecklenburg-Vorpommern (1)	Joint evaluation plan for ERDF, ESF and ELER. Annual reports are foreseen. The plan differentiates according to a phase model. It emphasises preparation work (establishing report formats, etc.) in the first years. In 2010 a midterm evaluation is planned. The ongoing evaluation continues until 2015 and includes an ex post evaluation.
Niedersachsen (1 +2)	The evaluation plan refers to both Convergence and Competitiveness regions. Evaluation builds on results of monitoring. The ongoing evaluation is delivering different types of report (on cross-cutting issues, on specific issues, annual implementation reports, best practice reports)

Land (Objective: 1 = Convergence, 2 = Competitiveness)	Evaluation Plan (in written form)
Nordrhein–Westfalen (2)	Monitoring and evaluation are both part of control of success. The evaluation plan defines the main focus of the evaluations (Clusters, SMEs, regional disparities...). The plan comprises a concrete timetable for the years 2008 to 2010. Together with a steering committee, it will be continuously updated.
Rheinland–Pfalz (2)	No Evaluation Plan published
Saarland (2)	No Evaluation Plan
Sachsen (1)	Evaluation plan, covering step by Step all activities for the programme. A working group of the Monitoring Committee follows the evaluation process. A series of evaluations related to the programme's priorities is being undertaken. A summary study synthesises these separate evaluations.
Sachsen–Anhalt (1)	An evaluation plan was drafted in 2008. A steering group follows the process. An ongoing evaluation has been commissioned.
Schleswig–Holstein (2)	No evaluation plan published
Thüringen (1)	The evaluation plan combines internal and external activities. The achievement of targets is the main aspect monitored at a first level. If necessary, external analysis can be initiated. The evaluation process involves a working group of the MC.

A plurality of approaches to evaluation has developed in the Länder. Although it is not possible to describe every single approach in detail, the differences can be illustrated by considering a number of different dimensions of the systems:

- *Ongoing versus punctual evaluation:* A 'punctual' evaluation system is mainly used in smaller programmes (e.g. Bayern, Baden–Württemberg, Hessen). In these cases, evaluation is undertaken if it seems necessary. The necessity is identified either by progress in financial implementation or outcomes falling short of quantified objectives. In most Länder something similar to a mid–term evaluation (or an update) from the last funding period is planned.<sup>15</sup> There are a number of evaluations being undertaken in 2010 and 2011. An ongoing evaluation approach is used in other Länder (e.g. Niedersachsen, Berlin, Nordrhein–Westfalen, Sachsen). In these regions, a continuous, mostly external evaluation process is organised. The way it is arranged technically differs. There are Länder where one long–term contract has been signed, others like Sachsen commission the evaluation work in 2–year packages.
- *Internal versus external evaluation:* the way that internal and external activities are linked differs widely. Some Länder (e.g. Baden–Württemberg, Hessen) undertake all the ongoing work of monitoring internally. If a problem is detected and defined, or a need for support (e.g. in preparing the next funding period) is identified, an external evaluation is commissioned. While in most Länder the decision on whether to undertake an external evaluation or not is not formalised, there is at least one Land, where

<sup>15</sup> Mainly the update seems to be an example for a useful evaluation: most MA highlight the importance of this evaluation for drafting the strategy for the new period.



- a formalised procedure has been established. In Thüringen, there is a continuous monitoring of target achievement. If a target is missed by 20% a procedure of investigating the reasons for this is initiated. A working group of the Monitoring Committee is involved and can decide to commission an external evaluation. In those countries with long-term contracts for external evaluation in particular, a contrary development can be seen, since they tend to externalise not only evaluation but also monitoring activities (such as processing monitoring data).
- *Monitoring and evaluation:* most of the Länder with an explicit plan for their evaluation activities define the link between monitoring and evaluation in some way. In some cases, the evaluator is involved in processing monitoring data for reporting purposes, such as for the AIR, in other cases, there is a structured procedure to analyse target achievement and to initiate evaluations when necessary. In addition, the external evaluators in some cases are involved in developing the indicator systems. Compared to the last funding period, this indicates a better integration of the evaluation function into the implementation system for the programmes. Instead of complying with rules set by the Commission, evaluation is now better coordinated with programme implementation and management.
  - *Involvement of the MC:* there are a few examples where a working group of the Monitoring Committee is part of the ongoing evaluation process. The accompanying involvement of the partnership structure in programme management is strengthened by these arrangements. From the perspective of the MA, coordination with the partners involved in programme delivery can help to identify and solve problems.

So far, only a limited number of evaluations have been undertaken for the current funding period. What is striking is that none of these evaluations covers a whole programme. In the ongoing evaluation systems, evaluation questions are broken down to smaller parts and answered in smaller, up-to-date studies.

**Table H – Evaluations undertaken under the current programming period**

Study	Content, Method and Findings
Bremen, 2010 Analyse zu den Wirkungen der EFRE-Förderung auf das regionale Innovationssystem im Land Bremen und daraus abgeleitete Handlungsoptionen für die Fortführung des RWB-Ziels nach 2013 (Bornemann, Rautenberg,	1) Evaluation Questions The study analyses in how far ERDF contributes to the development of regional innovations systems, and specific competence areas. The aim is to identify the role of ERDF and the interplay of different types of intervention. 2) Method The method is based on case-studies in three selected competence fields. In each case, a description of ERDF-projects is combined by information collected in interviews and socio-economic data describing the overall development. 3) Findings The core statement is that a combination of different instruments is needed in order

und Breuer 2010)	to develop competence fields. The case studies show how R&D-projects, support for research organisations, transfer and networks, as well as infrastructure and urban development tools interact. Success factors are being deduced, amongst others: integrated multiannual approach, focus on selected issues, flexible development of funding, orientation to SME, support for transfer (as catalyst for development), etc.
Berlin, 2010 Die n+2-Problematik im Berliner EFRE-Programm – Ursachen und Ansätze zur Abhilfe (Schwab et al. 2010)	<p>1) Evaluation Questions The study analyses the factors contributing to delay in the implementation of ERDF leading to a risk of losing money according to the n+2-rule.</p> <p>2) Method Based on a model of process-chains, the study carries out several case-studies to analyse the financial management of different ERDF-financed programmes. A number of risk factors are being identified.</p> <p>3) Findings There is no single factor being responsible for delay in implementation. The concrete mix varies between instruments. But there are a number of factors leading to a higher risk: mainly the overlapping of funding periods and the discrepancy between the official financial plan and the actual planning on instrument level.</p>
Niedersachsen, 2009 Abschätzung der ökonomischen Effekte der EFRE-Programme zur Verbesserung der Rahmenbedingungen für KMU in Niedersachsen 2007–2013 (Prognos AG und Niedersächsisches Institut für Wirtschaftsforschung 2009)	<p>1) Evaluation Questions The study tries to assess the economic effects of ERDF intervention (both Competitiveness and Convergence) on enterprises taking into account all relevant instruments (grants, funds, network, consultancy).</p> <p>2) Method Based on logic models and indicators, the level of output is analysed. To discuss result and impact, results of other studies and statistical data have been used. Furthermore, case studies were undertaken to analyse selected instruments. Results are presented as index values for jobs created per million EUR public investment, differentiated per instrument.</p> <p>3) Findings As a result, the single instruments are grouped according to their temporary and durable job creation. In addition the direct employment effects for the whole programme have been calculated: This leads to an expected creation of 44.780 new jobs (Convergence + Competitiveness).</p>
Niedersachsen, 2009 Sonderuntersuchung Scoringverfahren. Evaluation der Projektauswahl für EFRE- und ESF-Projekte in Niedersachsen mithilfe von Scoring-Modellen (Niedersächsisches Institut für Wirtschaftsforschung et al. 2009)	<p>1) Evaluation Questions To improve the quality of selected projects, a scoring procedure has been introduced for both ERDF and ESF. The purpose of the study is to analyse in how far the expected effects have been achieved.</p> <p>2) Method Analysis of the documents and tools used for selection, analysis of the scoring results, interviews.</p> <p>3) Findings Firstly, Scoring improves transparency of the selection. Secondly, the scoring can identify projects of good quality. It needs to be analysed in how far the selection of good proposal leads to good effects.</p>
Niedersachsen, 2010 Sonderuntersuchung zu den Regionalisierten Teilbudgets (Prognos AG et al. 2010)	<p>1) Evaluation Questions The evaluation is mainly focused on the implementation of the regionalised budgets in Niedersachsen. An assessment of the expected results complements the analysis.</p> <p>2) Method Analysis of documents, Financial data. Interviews, Case Studies.</p> <p>3) Findings The regional strategies in terms of allocation of funds show significant variations. The involvement of local actors helps to address actors (enterprises, etc.) that have</p>

	so far not been intensively involved in grant policies. All in all there is a high administrative effort required. Direct employment effects of 3,000 jobs created have been counted. The target group of this support doesn't overlap with those reached by other instruments (Joint Task): both in terms of sector and size the recipients differ.
Nordrhein-Westfalen 2010 Zukunft der Europäischen Strukturfonds in Nordrhein-Westfalen (GEFRA Gesellschaft für Finanz- und Regionalanalysen und MR Gesellschaft für Regionalberatung 2010)	<p>1) Evaluation Questions Analyse the effects of Structural Funds intervention in Nordrhein-Westfalen in a long-term perspective.</p> <p>2) Method General overview of Structural Funds intervention in Nordrhein-Westfalen, Case Studies, analytical discussion of the value added.</p> <p>3) Findings ERDF was contributing significantly to structural adjustment by improving infrastructure and environmental situation, they allowed for an active contribution to structural change and helped to develop a place-based innovation policy.</p>
Sachsen, 2009 Bewertung des Querschnittszieles Chancengleichheit und Nichtdiskriminierung von Menschen mit Behinderungen (Gisa - Gender-Institut Sachsen-Anhalt und PriceWaterhouseCoopers 2009)	<p>1) Evaluation Questions Analysis of the role of equal opportunities in ERDF implementation.</p> <p>2) Method Model based process analysis, Interviews</p> <p>3) Findings The rather general findings of the evaluation suggest a potential to intensify the implementation of equal opportunities.</p>
Sachsen, 2009 Ad-Hoc-Bewertung zum Änderungsantrag des Freistaates Sachsen für den Europäischen Fonds für Regionale Entwicklung (EFRE) im Ziel „Konvergenz“ in der Förderperiode 2007 bis 2013 (PriceWaterhouseCoopers 2009)	<p>1) Evaluation Questions Evaluation accompanying an adjustment of the programme, Analysis of significant change in socioeconomic context, update of the SWOT-analysis, short analysis of implementation so far, strategic evaluation of the planned programme change</p> <p>2) Method Socioeconomic analysis, SWOT-analysis, iterative interactive evaluation, expert assessment</p> <p>3) Findings The evaluation assesses the planned adjustment as relevant and consistent. It confirms the need for adaptation of the programme</p>
Sachsen-Anhalt, 2009 Stand und Umsetzung des Demografie-TÜV (Ramböll Management Consulting 2009)	<p>1) Evaluation Questions Sachsen-Anhalt introduced the so called "Demografie-TÜV" to improve the alignment of ERDF interventions to the demographic development. The study analyses implementation and makes suggestions for further development.</p> <p>2) Method In a mixture of process-analysis and case studies, the study analyses the implementation of the "Demografie-TÜV" in several instruments.</p> <p>3) Findings Not all implementing units and agencies take the new procedure really serious. Different understandings and interpretations exist. But the procedure is being applied and can be developed.</p>
Sachsen-Anhalt, 2010 Evaluierung der einzelbetrieblichen, kapitalorientierten Förderinstrumente: GRW	<p>1) Evaluation Questions The evaluation of selected instruments targeting enterprises is focused on implementation and output: can the targets be achieved? What characteristics have the enterprises funded so far? What are the first results?</p> <p>2) Method</p>

gewerblich, KMU–Darlehensfonds, Risikokapitalfonds IBG II (Ramböll Management Consulting 2010)	Data and document analysis, interviews, survey (516) enterprises 3) Findings The instruments are suitable to achieve the targets set. The enterprises funded are larger, more innovative and modern than the average – showing the potential for development. The results visible so far are slightly below the target values.
Sachsen–Anhalt, 2009 Evaluation Städtische Dimension – Interim Report (Ramböll Management Consulting 2009)	1) Evaluation Questions Analysis of the role of cities in Structural Funds delivery and strategy 2) Method Data and document analysis, interviews 3) Findings Interim report, no findings and conclusions.

## SECTION 5 – CONCLUDING REMARKS – FUTURE CHALLENGES

With a view to the future development of EU Cohesion Policy, a few points can be made based on the above analysis:

1. There is a need to be aware that analysing disparities by using GDP figures only offers one perspective on territorial disparities. In particular GDP is an outcome rather than a driver: developments can occur a long time before they affect differences in GDP. For Germany, the East–West disparities are becoming less important and tend to be overlain with other patterns. Demographic trends and structural change are the important driving forces.
2. By dividing the Operational Programmes into different policy areas, there is a danger of losing sight of the presumably most important quality of ERDF: the integrated regional approach to development policy. It was highlighted again and again in the interviews that this strategic framework for coordinating policy at the regional level is the decisive strength of the approach. This allows for a regional innovation strategy focused on the economic use of innovations as well as integrated approaches. This essential part of the policy is difficult to assess if programmes are broken down. But at least the MAs express their strong appreciation for programming at regional level. And there are good arguments to follow the rationale of a “place–based” policy (Barca 2009).
3. For Germany, the inter–policy coordination at Länder level that was made possible by the programming process was an innovation when it was introduced the first time. It has now become established and adds an important element to link the (narrow) economic approach of regional policy of the Joint Task with the different policies affecting territorial aspects at Länder level. Here, the programme approach has a specific strategic purpose – and provides a suitable basis for dealing with new challenges.

4. Data availability and data quality are both poor which limit the possibility of compiling information across several programmes. It has been shown that even financial commitment data is deficient and defective and the error rate may be even higher across the whole of the EU. This is not surprising given the multi-level structure of the reporting system. Already for an individual programme the number of people involved in producing the data might well go into the hundreds and since they are working in different contexts, it is not really surprising that discrepancies in definitions and understanding occur, which affect data quality. From national policy, we know that complex monitoring and reporting systems require years before they produce reliable data. Our conclusion from this is *not* necessarily to put more effort into managing the system (by defining indicators, training people, managing data quality). Rather it is to think about the limits of indicator-based monitoring systems: They report information out of context and it is mainly the context of regionally defined strategies which is essential for the ERDF. So there is a need to look instead for other ways of reporting rather than relying too much on indicators. On the other hand, this is not to say that the indicator based approach should be abandoned completely.

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## INTERVIEWS

Interview in....	Interview Partner	Position	Date
Thüringen	Frau Awe/Frau Wille	Head of MA	11.8.
Brandenburg	Frau Viehrig	Head of MA	13.8.
Niedersachsen	Herr Franz	Head of MA	10./12.8.
Sachsen	Frau Majehrke Herr Handmann	MA staff member, substituting Frau Nonnemberg, head of MA	10./12.8.
Bayern	Herr Dr. Haslbeck	Head of MA	9.8.
Berlin	Frau Sternberg/Herr Walch	Head of MA	several working meetings of the ongoing evaluation
Hessen	Herr Cuny	Head of MA	19.8.
Nordrhein– Westfalen	Herr Hennicke	Head of MA	18.8.
Baden– Württemberg	Herr Ris	Head of MA	16.8.

## TABLES

See Excel file for Table 1 and 2.

Table 1: Regional disparities and trends

Table 2: Macro-economics developments

### Annex Table A – Core Indicators – data from Annual Reports 2009

Area	Indicator	TH Target	TH 2009	TH Zielerreic	BB Target	BB 2009	BB Zielerreic	MV Target	MV 2009	SN Target	SN 2009	SN Zielerreic	Bund Target Bund 2009	Bund Zielerreic	Ni(1) Target Ni(1) 2009	Ni(1) Zielerreic	ST Target	ST 2009	ST Zielerreic	BY Target	Ziel 1	Anzahl	Ziel 1	Summe
1 Programme	Jobs Created	7500	4905	65%	7500	420	6%	9009	24760	65	0%				1465	#DIV/0!	13610	1298	10%	7343	6		17.162,00	
2 Programme	- of this men	5000	3525	71%						40	#DIV/0!				771	#DIV/0!					3		4.336,00	
3 Programme	- of this women	2500	1380	55%						9	#DIV/0!				468	#DIV/0!	3376	155	5%		5		6.119,00	
4 R&D	Number of R&D projects	810	271	33%						131	1036	7	1%		24	#DIV/0!	3484	781	22%		5		1.214,00	
5 R&D	Number of cooperation projects enter	200	74	37%	60	10	17%	37	586	2	0%				35	16	46%	10	16	160%		6		155,00
6 R&D	Research Jobs created				1200	19	2%		759	0					19	#DIV/0!	600	0			4		38,00	
7 InvestmentSME	Number of projects (direct investment)									261	1182	32	3%									3		770,00
8 InvestmentSME	-of this: start-ups	190	65	34%					85						1	#DIV/0!	100	0			4		151,00	
9 InvestmentSME	Jobs Created				7500	420	6%	2847	9000	49	1%					1289	#DIV/0!	2040	950	47%		5		5.555,00
10 InvestmentSME	Investment induced	2500000000	1372000000	55%	2700000000	641800000	2%	6699000000	29545000000	2139368,7	0%				445000000	392000000	88%				5		2.500.219.368,70	
11 InformationSociety	Number of projects								6	330	10	6%				1	#DIV/0!	17	26	153%		4		52,00
12 InformationSociety	Number of additional population covered by broadband access								487						0							1		0,00
13 Transport	Number of projects								487						21	#DIV/0!	7					4		561,00
14 Transport	km of new roads	53	19,74	37%				1,94	180	0			63,1	#DIV/0!	45	9	20%					5		93,76
15 Transport	- of which TEN																					1		0,00
16 Transport	km of reconstructed roads	29	3,89	13%	300	90	30%		120	0					1	#DIV/0!						4		94,89
17 Transport	km of new railroads												29	122	420,7%	15	25	167%				2		147,00
18 Transport	- of which TEN												25	122	488,0%							1		122,00
19 Transport	km of reconstructed railroads														0							1		0,00
20 Transport	Value for timesavings in Euro/year (roads)								153400	#DIV/0!												1		153.400,00
21 Transport	Value for timesavings in Euro/year (railroads)								151000	#DIV/0!												1		151.000,00
22 Transport	Additional population served with improved urban transport																					0		0,00
23 Renewable energy	Number of Projects	1						101	1600									204	0			2		101,00
24 Renewable energy	Additional capacity of renewable energy production (MW)							39996										250	0			2		39.996,00
25 Environment	Additional population served by water projects																	0	0			2		0,00
26 Environment	Additional population served by waste	210000	81654	39%				614							10978	#DIV/0!	20000	0				4		93.246,00
27 Environment	Number of waste projects																	250	0			1		0,00
28 Environment	Number of projects on improvement of air quality																					0		0,00
29 Environment	Area rehabilitated (qkm)	1250	1812	145%											0			149,79	0,02	0%		4		1.812,62
30 Climate Change	Reduction greenhouse emissions							26488	5550	52,98	1%		446,8	#DIV/0!								3		26.887,76
31 Prevention of risks	Number of projects								70	0	3%							130	0			2		2,00
32 Prevention of risks	Number of people benefiting from flood	40000	11650	29%						700000	0											2		11.650,00
33 Prevention of risks	Number of people benefiting from forest fire protection and other prote																					0		0,00
34 Tourism	Number fo projects							153							25	11	44%	100	47	47%		3		211,00
35 Tourism	Number of Jobs created							2091														1		2.091,00
36 Education	Number of projects	915	138	15%				12	2240	0					5	#DIV/0!	614	77	13%		6		239,00	
37 Education	Number of benefiting students	8500	3815	45%	950	0												17399	0			3		3.815,00
38 Health	Number of Projects														1	100%						2		21,00
39 Urban, Physical and Er	Number of projects ensuring sustainability and improving attractiveness							8							230	62	27%	280	20	7%		3		80,00
40 Urban, Competitiveness	Number of projects to promote business, entrepreneurship, new techn														25	34	136%					1		34,00
41 Urban, Social Inclusion	Number of projects offering services to promote equal opportunities an														15	#DIV/0!						1		15,00

Area	Indicator	BY Target	BY 2009	BY Zielereiz/SI Target	SH 2009	SH Zielereiz	BE Target	BE 2009	BE Zielereiz/HE Target	HE 2009	HE Zielereiz	HB Target	HB 2009	HB Zielereiz/NW Target	NW 2009	#WERT	BW Target	BW 2009	BW Zielereiz/NI(2) Target	NI(2) 2009	NI(2) Zielereiz/Target	RP 2009	RP Zielereiz	Ziel 2 Anzahl	Ziel 2 Summe				
1	Programme Jobs Created	7343	1712	23%			10200	1	0%			500	748	150%	95000	20983	22%	6800	106	2%	4664	#DIV/0!	628	#DIV/0!	7	26.839,00			
2	Programme - of this men									0	0										2628	#DIV/0!		5	21.198,00				
3	Programme - of this women									0	0										1469	#DIV/0!		5	4.734,00				
4	R&D Number of R&D projects		30	#DIV/0!	7	11	157%	550	202	37%		75	28	37%	400	64	16%	120	0		89			7	426,00				
5	R&D Number of cooperation projects enterprises-research		57	#DIV/0!	12	14	117%		13	#DIV/0!		50	10	20%	60	10	20%	60	0		300	214	72%	20	1	5%	8	320,00	
6	R&D Research Jobs created		190		13		7%					75	19	25%											3	80,00			
7	InvestmentSME Number of projects (direct investment - of this start-ups		498	#DIV/0!	345	279	81%		44	#DIV/0!					44	#DIV/0!		2510	40	2%					4	861,00			
8	InvestmentSME Jobs Created		496	#DIV/0!	4200	1729	41%		1	#DIV/0!								385	3	1%					5	320,00			
9	InvestmentSME Investment induced		245000000	#DIV/0!	590000000	332000000	56%		1330000000	101000000	8%							1618000000	21000000	2%					4	7.317,00			
10	InvestmentSME																				630000000	820000000	156%		7	1.821.100.000,00			
11	InformationSociety Number of projects		2	#DIV/0!	30	2	7%		13	#DIV/0!								1618000000	21000000	1%	630000000	820000000	156%		4	18,00			
12	InformationSociety Number of additional population covered by broadband access		0	#DIV/0!	1	5	500%																		2	0,00			
13	Transport Number of projects		11	#DIV/0!																					3	11,00			
14	Transport km of new roads																								1	11,00			
15	Transport - of which TEN																								0	0,00			
16	Transport km of reconstructed roads																								0	0,00			
17	Transport km of new railroads																								1	0,00			
18	Transport - of which TEN																				8	0			0	0,00			
19	Transport km of reconstructed railroads		0																						2	0,00			
20	Transport Value for timesavings in Euro/year (roads)																								0	0,00			
21	Transport Value for timesavings in Euro/year (railroads)																								0	0,00			
22	Transport Additional population served with improved urban transport																								0	0,00			
23	Renewable energy Number of Projects		4	#DIV/0!																					6	144,00			
24	Renewable energy Additional capacity of renewable energy production (MW)																								2000	1346	67%	2	1.346,00
25	Environment Additional population served by water projects																								1	0,00			
26	Environment Additional population served by waste water projects																								1	148.159,00			
27	Environment Number of waste projects																								0	0,00			
28	Environment Number of projects on improvement of air quality																								0	0,00			
29	Environment Area rehabilitated (dam)		78888	#DIV/0!																					5	79.305,25			
30	Climate Change Reduction greenhouse emissions																									2	86.600,00		
31	Prevention of risks Number of projects		26	#DIV/0!	1	3	300%																		3	23,00			
32	Prevention of risks Number of people benefiting from flood protection m		23104	#DIV/0!	4600	3000	65%																		3	26.104,00			
33	Prevention of risks Number of people benefiting from forest fire protection and other																									0	0,00		
34	Tourism Number of projects		48	#DIV/0!																					3	72,00			
35	Tourism Number of jobs created																									0	0,00		
36	Education Number of projects		23	#DIV/0!																					1	23,00			
37	Education Number of benefiting students		1600	#DIV/0!																					1	1.600,00			
38	Health Number of Projects																									0	0,00		
39	Urban Physical and Environment Number of projects ensuring sustainability and imprc		41	#DIV/0!																					6	860,00			
40	Urban Competitiveness Number of projects to promote business, entrepreneurship, new in																									2	36,00		
41	Urban Social Inclusion Number of projects offering services to promote equal opportunit																									4	276,00		