



Federal Institute for  
Research on Building,  
Urban Affairs and  
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Building and Regional Planning



# The urban dimension in the EU Cohesion Policy in Germany

EU Funding Period 2014–2020



## IMPRINT

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# The urban dimension in the EU Cohesion Policy in Germany

EU Funding Period 2014–2020

A project within the research programme “Experimental Housing and Urban Development (ExWoSt)” conducted by the German Federal Ministry of the Interior, Building and Community (BMI) supervised by the Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR) within the Federal Office for Building and Regional Planning (BBR).





Image: Schafgans DGPh, Bonn

**Dear Reader,**

The EU provided in the funding period 2014–2020 approx. 325 billion EURO for Cohesion Policy and thus for the development of cities and communities. Germany received as the fifth largest funding recipient of the EU 10.7 billion by the European Regional Development Fund (ERDF) and 7.5 billion by the European Social Fund (ESF).

The study points out the positive effects that Structural Funds produce for the integrated urban development in large, medium-sized and small cities and communities in Germany. The funds are used for upgrading deprived neighbourhoods, mobility and climate protection, education and training or intermunicipal as well as interregional development strategies. The Structural Funds constitute together with the Operational Programmes at national and Länder level an effective instrument for strengthening integrated urban development.

The principal investigators of this research project analysed the approval and flow of the programme's funds, interviewed responsible decision-takers on the Länder level and in projects and screened case studies in cities and communities of different sizes. Structural Funds flowed for example towards a mobility centre located at the central railway station in Cottbus (Brandenburg). A MINT Campus establishing a tech hub and student research centre was built in St. Ingbert (Saarland) in the same way as the respective local authority instituted a family care centre as part of the community work in Rostock-Lichtenhagen (Mecklenburg-West Pomerania). The Kistner Area in Bremerhaven (Bremen) underwent revitalisation work as former industrialised zone.

Based on the case studies and even going further, the research shows that EU Cohesion Policy is to a particular extent also a policy for cities and communities. The study emerged in the context of Germany's EU Presidency and it served preparing the New Leipzig Charta on The Transformative Power of Cities for the Common Good.

I wish you a stimulating reading.

A handwritten signature in black ink, appearing to read 'M. Eltges'. The signature is fluid and cursive.

**Dr. Markus Eltges**

Director of the Federal Institute for Research and Building, Urban Affairs and Spatial Development (BBSR)



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# 1 Introduction

This study was created as part of the Experimental Residential Construction and Urban Development (ExWoSt) programme by order of the German Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR) within the Federal Office for Building and Regional Planning (BBR). It was processed by a project team made up from the specialist field of Urban Management of the Brandenburg Technical University Cottbus-Senftenberg (BTU) and the German Association for Housing, Urban and Spatial Development e. V. (DV). The study comprises an analysis of the funding period 2014–2020 of the Structural and Investment Funds Promotion of the European Union (EU). Therefore, in many points it is only able to provide interim results because use of the Structural Funds will continue in projects up until 2023. The basis for the knowledge set out below was the investigation of the Operational Programmes (OP) of the states, primarily of the European Regional Development Fund (ERDF) and the European Social Fund (ESF) and, on a secondary basis, of the European Agricultural Fund for Rural Development (EAFRD), which set the regional framework for the use of funds of the European Structural and Investment Fund (ESIF). The states act both in respect of the alignment in terms of themes within the funding focus already addressed by the EU requirements and in respect of the type of procedure for awarding funds. These framework conditions, correlations and options of the respective fundal fund terms are prepared by way of project examples to present this in a coherent and lucid way. In addition, the document analyses, workshops and in-depth interviews can be used to provide references to the arrangement of the coming 2021–2027 funding period as part of the Partnership Agreement, the OP and for the negotiations with the EU. However, in view of the ongoing dialogue between the the Euro-

pean Commission, the European Parliament and the European Council only a snapshot can be taken as a basis for the status of September 2020.

## 1.1 Starting situation

In Germany the EU-financed funding of projects involving integrated urban development has proven successful since the introduction of the Community Initiative URBAN 1994 and mainstreaming in the regional funding of OP of the states in 2007, and gave significant impetus to new fundal approaches and measures in integrated urban development in the individual EU Member States. The so-called Barca Report “An agenda for a reformed Cohesion Policy”, named after Fabrizio Barca, who commissioned DG Regio with the task of assessing the efficacy of the Cohesion Policy to date, very significantly criticised the customary top-down fundal policy to date of the EU Member States and regions (Barca 2009). Based on this criticism and the call for a stronger integrated place-based approach, from 2014 in addition to the upward revaluation of neighbouring urban quarters the call for inter-communal and urban regional development strategies therefore became the focus of the funding policy.

In the Leipzig Charter, agreed by the EU Member States on the occasion of the informal ministerial meeting on urban development and territorial cooperation in Leipzig in May 2007, the “old” and “new” European Member States committed themselves for the first time to a joint understanding of sustainable urban development (policy) and territorial cooperation. Accordingly, sustainable urban development is understood to mean an integrated process of coordinating central urban policy fields in a spatial, factual and time sense in which parties engaging in economic activity, interest groups and the public are integrated. In this process whole, urban, integrated urban development programmes or concepts that comprise the entire range of



urban tasks are recommended as the basis for action. In qualitative terms, the climate objectives of the Europe 2020 strategy have already been set out in the Leipzig Charter under the heading “Modernisation of the infrastructure networks and increase in efficiency”. In terms of time, the national and European coordination processes regarding the Leipzig Charter ran almost in tandem with the preparations for the Structural Funding period 2007–2013. Therefore, a significant amount of the Leipzig Charter content has found its way as an argument in the OP. The New Leipzig Charter “The transformational power of cities for the common good”, which is being drawn up under a German Council Presidency in 2020, will exert a comparable influence on the design of the urban dimension as part of EU-funded urban development projects.

The urban dimension has been incorporated in the EU Structural and Investment Fund by way of the ERDF Regulation of 2013 and the associated minimum quota of 5 % of the ERDF funding, at national level, for the financing of projects involving sustainable urban development. Urban development has also become the focus of attention by way of the EAFRD,

i.e. the funding for development of rural areas, and as a result of the newly created instruments such as the Integrated Territorial Investment (ITI) and the community-led local development (CLLD). The stated regulations are geared towards the basis of Article 174–178 of the Treaty on the Functioning of the European Union (TFEU), the legal framework for the funding or integrated urban development on the 2014–2020 funding period. The objective consists of implementing participative, sustainable and social projects in an urban environment as well. In addition, these regulations ensure that the five core objectives set out in the Europe 2020 Strategy can be implemented for intelligent, sustainable and integrative growth (see 2.1).

### 1.2 Procedure, steps and methods of the investigation

This study shows how the states in the 2014–2020 funding period have implemented the urban dimension established in the ERDF-OP – and in part also in the ESF-OP – or which instruments were used for the implementation. The differentiated consideration of the programme planning and project implementation are aimed at

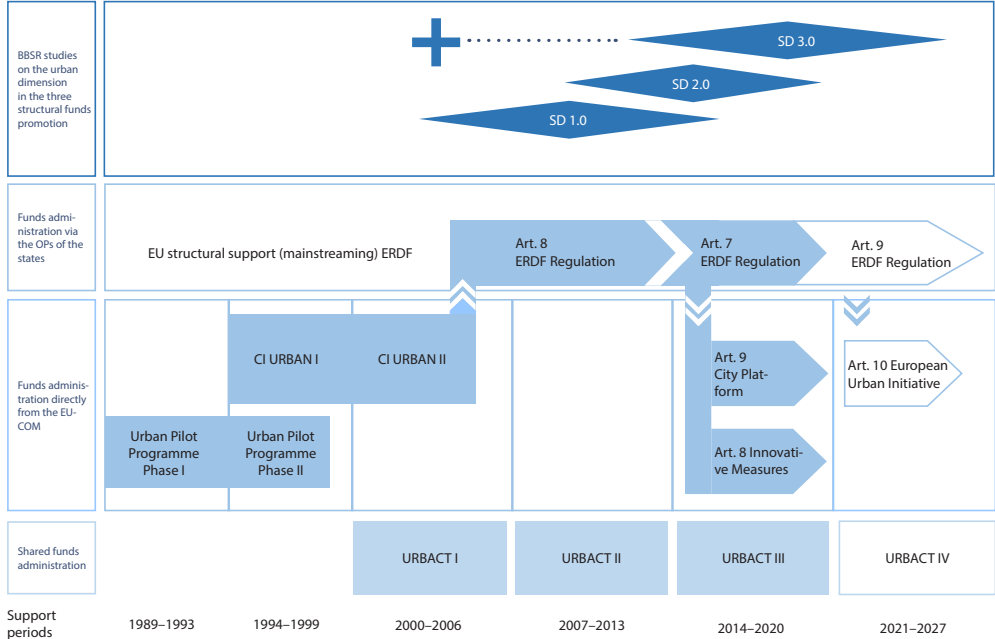


Figure 1:  
Funding structure of the ERDF and the urban dimension from 1989

Source: Own illustration

**Note:**  
Right status in accordance with the current discussion autumn 2020

illustrating which adjusting screws were utilised at EU, federal or state level and which project ideas, constellations and complexities this led to. Qualitative and quantitative surveys via several calling up (timeframes) of funds and granted funds were taken as a basis as urban surveys for the juxtaposition. Written and telephone guideline interviews with decision-makers at state level (specialist ministries) and project level (municipalities), who were largely responsible for the arrangement of the ERDF programmes or the project implementation, provided information about correlations and backgrounds of the recorded values, about the system of implementing the projects, administrative challenges at state and project level and the added value that arose by way of application of the urban dimension. Based on this knowledge and the experience gained from the two studies on the urban dimension that were set up in a similar manner (BMVBS 2010; BMUB, BBSR 2014), a long-term consideration can, in addition, be applied.

To illustrate this funding approach, at the operative level (project level) representative project examples are selected that address a broad range of funding backgrounds, territorial types and action and theme fields in various urban and spatial categories.

A further central plank of this investigation was the conducting of two workshops on the direct exchange with national and European involved parties. The first workshop was based on reports of the German Federal Ministry for Economic Affairs and Energy, the German Federal Ministry of the Interior, Building and Community and the representatives of the states on the funding period 2014–2020 and on the arrangement of the pending 2021–2027 funding period. Interim results and field reports already facilitate a discussion about and reflection against the backdrop of deducing information about continuation of the urban dimension in the coming

funding period.

A second workshop, now geared towards the European dialogue, was staged with Members of the European Parliament, representatives from the European Commission, numerous specialists from European cities, from the European offices of various associations, from institutions such as the European Investment Bank (EIB), the Committee of the Regions (CoR), national ministries of other Member States as well as experts from the URBACT programme. This workshop was primarily geared towards exchanging experience of European cities and regions (e.g. from Italy, Poland, France, Germany and the Czech Republic) that have used ERDF funds in the 2014–2020 funding period for sustainable urban development with differing objectives and instruments.

This study is divided into four sections. The first section introduces the strategic and legal circumstances, and those that set the framework, of the 2014–2020 funding period (Chapter 2). In the second section (Chapter 3) by way of incorporating the knowledge gained from the precursor study “Urban dimension in the German Structural Fund Programmes 2.0” (BMUB, BBSR 2014), the programming of the 2014–2020 funding period of ERDF and SEF at federal and national level is prepared analytically and considered as a comparison with regard to the budget, the investment priorities and implemented measures. In the third section (Chapter 4 and 5), the investigated programme planning and budgeting are presented and illustrated inter alia on the basis of selected project examples of the funding period 2014–2020. The fourth section (Chapter 6) addresses the direct pending 2021–2027 funding period. This sets out the options and challenges by way of which the drafts of the new EU Regulations and the Multiannual Finance Framework (MFF) 2021–2027 are to be expected for the programming that the states will be subject to for the coming funding period as framework conditions. Initial action

recommendations are derived here in respect of the programming and implementation of the ERDF Structural Funds for sustainable urban development in the coming 2021–2027 funding period.



Image: Thorben Mielke



Image: Silke Weidner



Image: Silke Weidner

## 2 Strategic and legal framework for the urban dimension in the 2014–2020 funding period

With regard to the consideration of sustainable urban development under the aspect of the Structural Funds via the European Structure and Investment Fund, it is helpful to initially address the political and strategic requirements. The path leads from the Europe 2020 Strategy, which was accepted as a declaration of principle by the European Commission, the European Parliament and the Member States, via the national, federal and state, levels to the municipalities in whose responsibility the urban dimension projects are implemented.

### 2.1 Europe 2020 strategy

The Europe 2020 strategy was published by the European Commission in March 2010 and sets out the strategic foundation of the European policy of the entire last decade. The heading “A strategy for intelligent, sustainable and integrated growth” alone illustrates the topics that are the focus of attention. Accordingly, the background and alignment are, inter alia, the strong influence of the financial crisis of 2009 and the continuation of the previous political framework document, the Lisbon Strategy (2000-2010). While “intel-

ligent” in this context highlights the economic development, based on innovation and knowledge, the term “sustainable” addresses a resource-conserving, ecological and competitive economy. In addition, by way of the “integrated growth” a Europe is envisaged with a high employment level and pronounced social and territorial cohesion. This results in the following binding objectives up to 2020, which all Member States have agreed to:

- 75 % of the population aged between 20 and 64 years should be in gainful employment
- 3 % of the GDP of the EU should be spent on research and development
- The 20-20-20 climate protection/energy objectives should be achieved (including the emission reduction objective to 30 % if the corresponding preconditions are met)
- The share of school drop-outs should be reduced to less than 10 % and at least 40 % of the young generation should have a university degree



Figure 2:  
Ranking of framework setting for urban development projects

Source: Own illustration

- The number of persons at risk of poverty should be reduced by 20 million

However, the programmes for each individual Member State for achieving these objectives have been individualised and created in agreement with the Commission. In addition, seven further initiatives were established that substantiate the content objectives: the “Innovation Union”, the “Youth on the Move” programme, the „Digital Agenda”, the „Recourse-efficient Europe” and “Industrial Policy in the Age of Globalisation” initiatives, the “Agenda for New Competencies and New Employment Opportunities” and the “European Platform for Combating Poverty”. All the instruments and Structural Funds programmes at the EU’s disposal are allocated to these strategies, agendas and initiatives. The EU Cohesion Policy as a central investing Union instrument is aimed at achieving these objectives. The Europe 2020 Strategy therefore stands at the top of a cascade-like overall structure made up of European, national and regional strategies and programme documents.

The content and strategic linking of the integrated urban development was consequently geared towards these guiding objectives in the phase of the programme creation for the 2014–2020 funding period, on the basis of which ultimately the Structural Funds measures of all OP were geared towards the objective accomplishment of the Europe 2020 strategy. Furthermore, the ESIF regulations indicate an increasing level of urbanisation in Europe and assume that, in particular, in urban areas unemployment, segregation, poverty and serious detrimental environmental effects will pose long-term challenges. It calls for an integrated urban development approach to adequately counter these problematic situations (European Commission 2014).

## 2.2 Common Strategic Framework

The Common Strategic Framework (CSF) puts into concrete terms the political objectives of the Europe 2020 Strategy and simultaneously guarantees the coherence to other action fields of the EU Cohesion Policy. To that end it describes which precautions the Member States are to adopt in respect of:

- The integrated use of the ESI Funds
- The coordination with other Union strategies and instruments
- The implementation of horizontal objectives
- Coping with the key territorial challenges for urban and rural territories as well as territories with negative demographic developments

In conjunction with the call for integrated approaches the CSF points out that the Member States have already been able to bundle the ESI Funds in integrated “packages” at local or regional level in the Partnership Agreement to gear them precisely towards specific territorial circumstances. In that respect reference is made to incorporation of the EAFRD and the ITI and CLLD instruments. The Common Agricultural Policy (CAP), the Horizon 2020 research programme, the LIFE environmental programme, the ERASMUS+ programme for general and vocational education, the Programme for Employment and Social Innovation (EaSI) and the Connecting Europe facility are, in particular, examples of the interaction of the ESI Funds with other Union strategies/ action fields (see Annex I on the Common Provisions Regulation).

Urban themes are also addressed in the aforementioned Annex 1 under “Precautions for coping with the key

territorial challenges”. To take account of the territorial cohesion, accordingly a guarantee is nevertheless to be given such that the general concept of intelligent, sustainable and integrated growth shall be implemented and therefore

- reflect the role of cities, urban and rural territories (...) and territories with specific geographic or demographic disadvantages as well as
- address the linking of urban and rural territories by way of infrastructure and services of high quality but also problems of regions with a strong concentration of societal fringe groups.

### 2.3 Partnership agreement

The CSF shall be implemented at Member State level by way of the Partnership Agreement (Partnership Agreement, Article 14-17, Common Provisions Regulation) as a central set of agreements entered into by respective Member State and the European Commission. Based on the objectives of the CSF and a comprehensive national strengths-weaknesses analysis in respect of economic power; income; productivity; unemployment; threat of poverty; school, vocational or university training, regarding demographic change, research and development, climate and the environment, the agreement sets out the compulsory objectives for realising the EU objectives and contains the strategic requirements for the funding via the ESI Funds. In Germany, the states are developing from this corresponding action approaches for the OP of the ESI Funds with consideration given to the special regional and sector features.

In this context the Partnership Agreement sets out sustainable urban development as follows: “The objective of the interventions associated with the ESI Funds in the field of integrated regional and urban development is made up of providing a contribution towards opportunity and

balance-oriented development of the supported territories. The measures integrated in regional and local development concepts are intended to contribute to the strengthening of the endogenous potentials of the cities, regions and rural areas, and better use them and, in addition, play a part in stabilising or improving the situation of disadvantaged urban territories. As a result of cost savings they are to lead to greater efficiency and acceptance of the EU by citizens and involved parties on site” (BMWV 2014).

In this framework some action fields are particularly relevant: the increase in energy efficiency, the use of renewable energies and the reduction in CO<sub>2</sub> emissions, measures for improving urban mobility and the urban environs, regeneration of neighbouring urban territories, combating poverty and local employment initiatives. The Partnership Agreement specifies that 5 % be used throughout Germany for such a Structural Funds focus on sustainable integrated urban development.

With regard to the Structural Funds, in the ESI Funds it is taken for granted that a corresponding agreement has been entered into in the Partnership Agreement (Article 14(3), Common Provisions Regulation). In respect of the operations of the states, this means a close link to the Partnership Agreement to the extent that in the run-up comprehensive coordination processes are therefore necessary, which in addition to the federal and state departments also affect the leading municipal associations and federal associations from industry and agriculture, unions, welfare care and environmental protection.

#### **Spatial and thematic aspects as well as concentration of funds in the funding**

Distribution of funds from the ESI Funds is geared towards the economic power (GDP) of the regions in the Member States. A distinction is made according to three categories:

- Less development regions: GDP/head < 75 % (EU-27)
- Transitional regions: GDP/head 75–90 % (EU-27)
- Better developed regions: GDP/head > 90 % (EU-27)

In the 2014–2020 funding period the west German states and Berlin and the district of Leipzig are categorised as better developed regions. Accordingly, transitional regions are the east German states and the region of Lüneburg. In Germany there are no so-called regions with weaker development. In the 2007–2013 funding period there were only slight differences between the regions eligible for Structural Funds. In this respect Leipzig was marked as transitional region. In the coming 2021–2027 funding period there will be no significant changes. The district of Trier will then be categorised as a transitional region.

As a matter of principle, the financial funds of the EU shall be distributed via this three-way categorisation: Accordingly, regions characterised by weaker structure will receive higher subsidisation than those that are more strongly developed. For Germany this means the following using the ESIF funds for 2014–2020 as an example: In the case of overall volume for Germany of approximately EUR 19.2 billion, approximately EUR 9.7 billion apply to the transitional regions and approximately EUR 8.6 billion to the better developed regions. The remaining difference of approximately EUR 0.9 billion flows into the area of the European territorial cooperation (ETC) for cross-border projects (INTERREG A) and transnational projects (INTERREG B). In addition to achieve the greatest possible efficiency in respect of use of funds, the funds focus via quotas on the thematical objectives for which the European Union believes there is a particular need for action.

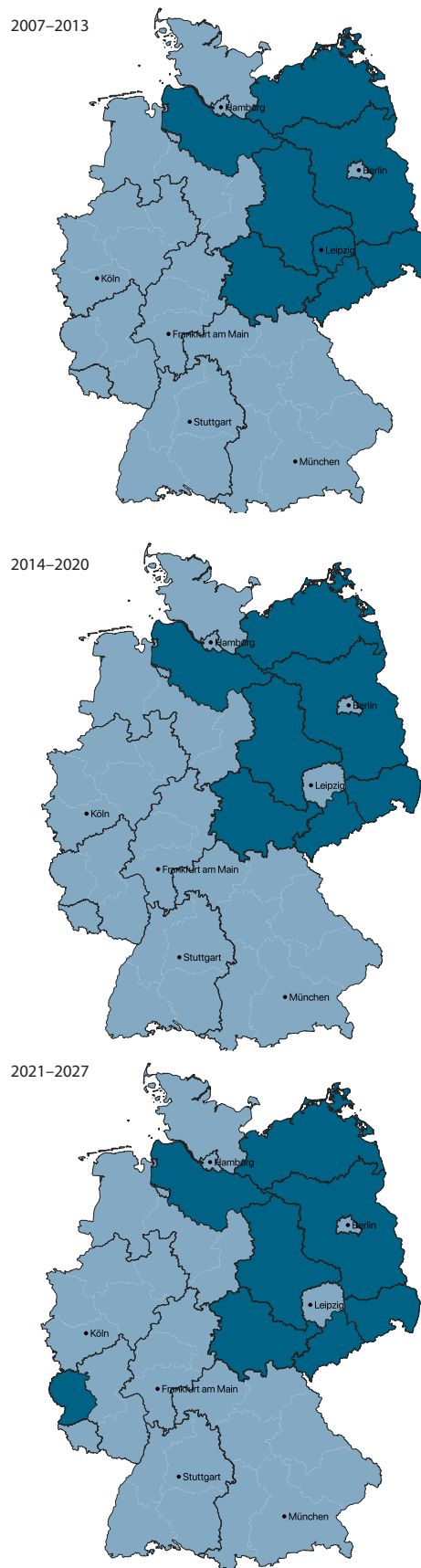


Figure 3:  
Eligible regions in Germany compared with the last three funding periods

Source: Own illustration based on maps of the Federal Office for Cartography and Geodesy

**Note:**  
Transitional regions are shown in a dark blue tone, more developed regions are brighter.

## 2.4 The Multiannual Financial Framework

The EU's Multiannual Financial Framework (MFF) for 2014–2020 has a volume of approximately EUR 960 billion. In that respect the financing of the EU Cohesion Policy is, alongside agricultural policy, the greatest challenging item and at approximately EUR 325 billion accounts for about one third of the entire budget. The funds earmarked for Germany for the ERDF and ESF 2014–2020 to about EUR 19 billion (thereof EUR 10,7 billion for the ERDF and EUR 7,5 billion for the ESF), which shall be distributed to the states. Germany is therefore the fifth largest recipient of Structural Funds in the EU. Nevertheless, therefore this ushered in a significant reduction in the German Structural Funds shares, which continues to this day. While the Federal Republic still received around 26 billion EUR from the Structural Funds in the 2007–2013 programming period, the current state of negotiations for the 2021–2027 programming period shows around 9.68 billion EUR from the ERDF and 5.79 billion EURO for the ESF+. One of the main reasons for this is the statistical effect as a result of the EU east-west expansion: Compared to the EU average, Germany now has significantly better economic indicators. In addition, the former east German convergence regions (regions with weaker development) have been classified in the newly created category with the region Leipzig even in the region with better development. This is associated with considerable financial cuts for the states. To reduce these negative effects, the German federal government has implemented a “special bonus”, which by way of a further EUR 710 billion was allocated as a safety net for the former convergence regions and EUR 200 billion for the region Leipzig. As a result of the departure of Great Britain, the aforementioned effect will be even stronger. In addition, in the past few years there were

increasing financial needs for other areas, for instance in security and foreign policy, which will result in a further reduction in the cohesion budget.

This means that in content and spatial terms the funding facts have been channelled in an ever-increasing manner. The EU Structural Funds will therefore have a noticeable effect above all as a result of project-related individual impetus or serve as a funding lever combined with national or regional Structural Funds. This is demonstrated, for example, in the special Structural Funds introduced in 2014 by way of Article 8 of the ERDF Regulation for specially innovative urban development projects. By way of annual call-ups in total EUR 330 billion are awarded and administered by the EU Commission in a Europe-wide competition. During the funding period 2014–2020 from Germany only the city of Landshut was able to assert itself (see Chapter 5).



## 2.5 ESIF regulations

The joint provisions for all ESI funds in the general regulation (Common Provisions Regulation) are to guarantee the implementation of the objectives of the Europe 2020 Strategy, the content and financial concentration of the Structural Funds and the uniform administrative use of the funds. To that end in addition to the horizontal objectives “Equality of men and women” and “Sustainability”, eleven “thematic objectives” were set out as the focus of Structural Funds (Article 9):

These objectives shall be transmitted in specific priorities for each ESI Funds. For the ERDF in Germany, the objectives 1–10 are relevant, while this applies to the objectives 8–10 for the ESF.

### Thematical alignment of sustainable urban development

The thematic objectives 4, 6 and 9 are, in particular, authoritative for the urban dimension. The thematic objective 4 covers

the areas improvement of energy efficiency and use of renewable energies. The thematic objective 6 is geared towards the conservation and protection of the environment, an increase in resource efficiency and sustainable urban development. Objective 9 focuses on the funding of social inclusion and combating poverty. In that respect the objective considers redevelopment measures for disadvantages urban quarters and economic and social recovery. The outcome is, overall, an improvement in the attractiveness of disadvantaged areas, preventing social segregation and supporting social integration.

### ERDF Regulation

The ERDF Regulation specifies investment priorities for this fund, which are geared towards the eleven thematic objectives of the Common Provisions Regulation (Article 5). With regard to sustainable urban development, prime importance is attached to measures for improving the

| Thematical objective (TO)  | Quota in ERDF (in %)   |  | Quota in ESF (in %)                                     |   |
|--|--|--|---|---|
|  | Transitional regions   | Stronger developed regions   | Transitional regions                                    | Stronger developed regions                              |
| TO 1: Strengthening of Research, Technology and Innovation       |  |  |   |   |
| TO 2: Use and quality of ICT                                     |  |  |   |   |
| TO 3: Strengthening the competitiveness of SMEs                  |  |  |   |   |
| TO 4: Reduction of CO2 emissions                                 | At least 60 % of the funds must be allocated to two of the TO 1-4, at least 15 % must be allocated to TO 4 | At least 80 % of the funds must be allocated to two of the TO 1-4, at least 20 % must be allocated to TO 4 |   |   |
| TO 5: Adjustment in line with climate change                     |  |  |   |   |
| TO 6: Environmental protection                                   |  |  |   |   |
| TO 7: Sustainability in traffic                                  |  |  |   |   |
| TO 8: Promotion of high-quality employment                       |  |  |   |   |
| TO 9: Promotion of social inclusion and combating poverty        |  |  |   |   |
| TO 10: Investment in education, training and vocational training |  |  |   |   |
| TO 11: Improvement of the capacities in public administration    |  |  | At least 70 % of the funds must be allocated to TO 8-11 | At least 80 % of the funds must be allocated to TO 8-11 |

Figure 4: Thematic objectives and their quotas in ERDF and ESR

Source: Own illustration

urban environment and the upward revaluation of socially disadvantaged areas (European Parliament, Council of the European Union 2013). By way of the specific interventions of the ERDF described here, a direct link is also established to sustainable urban development by way of the EU's strategic development objectives.

Furthermore, by way of Article 7 of the ERDF Regulation, a specific Structural Funds framework is allocated to sustainable urban development on the basis of which "Measures for coping with economic ecological, climate, demographic and social challenges" can be supported in cities and in urban areas with their environs. This means that for the first time the cities are no longer defined as an area for Structural Funds by way of administrative limits but rather functionally-related urban areas and the neighbouring municipality environs can be jointly considered and promoted.

Four options are offered for implementation in the OP:

- An own "Sustainable urban development" OP
- Promotion via an own priority matter in the OP
- Creation of a Structural Funds focus in a mixed priority matter
- Promotion as "Integrated territorial investment"

In Germany, all four options are taken up. Some countries work according to the basic idea of Art. 7 or an ITI, but do not directly assign themselves to funding under Art. 7. During the development process of the OPs, the attitude towards Art. 7 changed to some extent. Art. 7 (5) ERDF Regulation formulates a far-reaching responsibility of the municipalities for the selection and implementation of urban development projects. "Innovative measures" (Urban Inno-

vative Actions) are anchored for the first time in sustainable urban development in the ERDF Regulation. The same applies to the "urban development network", which is designed to promote capacity building and the exchange of experience between the relevant municipal authorities throughout Europe (see Chapter 5).

### ESF Regulation

The ESF is aimed at improving employment opportunities, promoting social inclusion, education, skills and life-long learning and combating poverty and therefore contributing to economic, social and territorial cohesion and implementation of the Europe 2020 Strategy. As in the ERDF, intervention areas are also specified in the ESF, here in the form of 19 investment priorities. Furthermore, supporting measures are defined for the areas, including those eligible for ERDF support, CO<sub>2</sub>-low industry, information and communication technologies (ICT), research and development (R&D) and funding of small and medium-sized enterprises (SMEs). The support areas "Social innovation" and "Transnational collaboration" are granted special status by way of an increase in the maximum cohesion financing rate by 10 % if a priority matter of the ESF OP in total is proposed for social innovation or transnational cooperation.

## 2.6 Programming of the Operational Programmes

In the federal system in Germany and in accordance with the Partnership Agreement, each federal state draws up at the start of the EU funding period an OP in each case for the ERDF, the ESF and the EAFRD. In Germany, there are no own theme or territory-specific OP at national level for urban development as, for example, in Italy, the Czech Republic or Poland. The ESF federal programme BIWAQ (education, industry and work in the quarter) is an exception that was again set up for the

2014–2020 funding period) (see Chapter 2.2). The majority of states established the urban dimension as an own axis for sustainable city or urban-rural development or as an own objective in a mixed matter.

The formation of the OP of the states applies as part of the findings of the Partnership Agreement and the EU Regulations and the requirements of the Europe 2020 Strategy (see Chapter 2.1). Additional political requirements and support objectives are set by the state governments and ERDF administrative authorities. The priority alignment (PA), which bring about a weighting of the available funds and the thematic alignment of the programmes constitute a central elements of the OP. In that respect each federal state sets its own content focus.

## 3 The urban dimension in the 2014–2020 funding period

### 3.1 Programming and budgeting in the European Fund for Regional Development (ERDF)

In view of the requirements for implementing the Europe 2020 Strategy and the increasing significance in the Member States of the integrated territorial approach, the urban dimension has been reinforced in the 2014–2020 funding period. The positive experiences gained from the integrated urban development measures in the three previous funding periods from 1993 (BMUB, BBSR 2014) were crucial in that respect.

In the 2014–2020 funding period, the funding of integrated urban development approaches therefore saw fundamental instrumental and conceptual further development, which is largely attributable to the European fund regulations. The expansion of the spatial perspectives was an important point. To date the ERFD/ESF support focused on stabilising, upward revaluation measures for quarters and areas that face special challenges. The quarters and districts met certain socio-economic indicators and in spatial terms were tailored as a support backdrop. Irrespective of the support backdrop, individual projects or project bundles were supported as part of an overall strategy via the ERFD/ESF. The functional-spatial or city regional concepts additionally gained importance from 2014. This approach, which applied in 2007–2013 more as a pilot, has now been implemented in the area conceptual terms in the EU funding. In addition to the spatial expansion, the EU Funds regulations have resulted in new territorial instruments that are aimed at bundling a combination of different funds and thematic objectives for a certain territory. They are to be understood as a “Geographical” element in the otherwise sector-aligned overall support system.

### Well-meaning strengthening of territorial approaches versus the technical dilemma with the funds regulations

As an overarching matter, the ERFD is to support integrated strategies for sustainable urban development that are aimed at coping with economic, ecological, climate and demographic challenges in the cities. This is formally coded in Article 7 of the ERFD Regulation. This created the legal basis for continuing the urban dimension. An important matter in the structure support also consists of the approach of tailoring the support to the needs of the ultimate end recipients, i. e. the municipalities and regions or their development agencies. This “place-based approach” called for by Fabrizio Barca should, as a consequence be strengthened in the funding period 2014–2020. Therefore, Article 7(5) specifies expansion and cooperation by the municipalities in respect of selecting and implementing urban development projects up to full municipal project responsibility. To comprehend this regulation, it first of all needs to be placed in a European context. Localising the support system in a federal system, as it is established in Germany, is not the case in many Member States. Many states and municipalities do not have any, or have little, experience in establishing integrated approaches and strategies or the support themes were and shall be delegated downwards via national programmes. Therefore, for many of the states these regulations proved an important alibi in dealings with their administrative authorities to have the opportunity to promote spatial and integrated strategies. The German federal government put this requirement into concrete terms in the Partnership Agreement, on the basis of which the selection of the urban projects is to be geared towards the following criteria:

- Conducting and complying with analyses of the existing situation in respect of the strengths and weaknesses of the city and its districts
- Formulating consistent development objectives for the city territory and a vision for the city
- Coordinating the different partial spatial, sector and technical plans and political measures as well as guaranteeing the balanced development of the city area by way of planned investments
- Spatial bundling and coordination of the use of financial funds of public and private parties within the meaning of an urban development policy characterised by partnership and integration
- Coordinating the planning instruments at local/quarter-related and city regional level as well as incorporation of the citizens and other involved parties who can make an authoritative contribution towards the organisation and improvement of the economic, ecological, climate, social, demographic and cultural quality of the areas, including drawing up and implementing strategies for dealing with disadvantaged city quarters and social exclusion, long-term unemployment, educational disadvantages and a weaker local economic (Partnership Agreement, BMWi 2014)

However, the EU Commission's original idea in that respect of strengthening the cities' roles proved a disservice for a successful, federal, system as is established in Germany, and was met with reservation by a raft of states in the beginning. In practical terms this would mean that municipalities therefore determine the project content and project implementation and financing but the respective administrative authorities of the state government retain overall responsibility for the lawful implemen-

tation of the OP and are liable financially to the EU. The municipalities, in particular small and medium-sized ones, had expressed their reservations due to lacking personnel capacities and lacking empirical knowledge.

Consequently, about half of the Länder supported projects of integrated urban development "outside" the scope of Article 7, albeit in accordance with its basic concept. As a result, only about 9 % of the ERDF funds are formally allocated to the states of Berlin, Mecklenburg-Western Pomerania, North Rhine-Westphalia, Saxony and Thuringia, applying Article 7 (5) of the ERDF Regulation (see Figure 5). This rather technocratic or formal consideration and counting of urban projects by the European Commission thus only covers part of the measures funded in Germany.

This rather technocratic or formal consideration and counting method of urban projects by the European Union only addresses part of the measures called for in Germany. As part of this study it was determined that, based on the content criteria, in total about 13 % of the German ERDF funds flow into sustainable urban development.



Figure 5:  
Overview of application of article 7, ERDF Regulation, in the urban dimension in Germany

Source: Own illustration

### Use and acceptance of new territorial instruments from 2014

For the formal implementation of spatial approaches, which similarly facilitate a combination of different funds, the fund regulations contain different implementation procedures. This either applies largely in municipal responsibility in accordance with Article 7(5) ERDF Regulation or in the form of integrated territorial investments (ITI) or by development projects carried by local groups (CLLD).

### Use and acceptance of Integrated Territorial Investments

In accordance with Article 36 of the Common Provisions Regulation, ITI is to promote an integrated approach as a newly created instrument based on an urban development strategy or “another” territorial strategy. In addition, the instrument provides the option of bundling subject areas of different priority alignment of one or more OP. This bundling of Structural Funds is aimed as support for sector-wide funding. ITI’s approach consists of implementing projects that were developed based on location-specific programme

planning and at the responsibility of different administrative levels.

In Germany, merely one ITI was used in Schleswig-Holstein in the 2014–2020 funding period. In spatial terms the so-called “West Coast ITI” comprises four rural districts. However, the content alignment of this ITI focuses less on “urban projects” but rather pursues the objective of a general increase in regional competitiveness. As a result of the deficits in the regional traffic infrastructure and comparatively low economic power, which is largely based on agriculture and tourism, the ITI alignment concentrated on location factors. As a result, the measures are geared towards the expansion of renewable energies and resource-saving tourism. In that respect prime importance is attached to the important port locations in the region. The funds made available from the ERDF are EUR 21.5 billion.

Implementation of a further ITI was considered in Baden-Wuerttemberg during the course of the rather early drawing up of the OP. The “Regional competitiveness by way of innovation and sustainability” programme was originally proposed as an

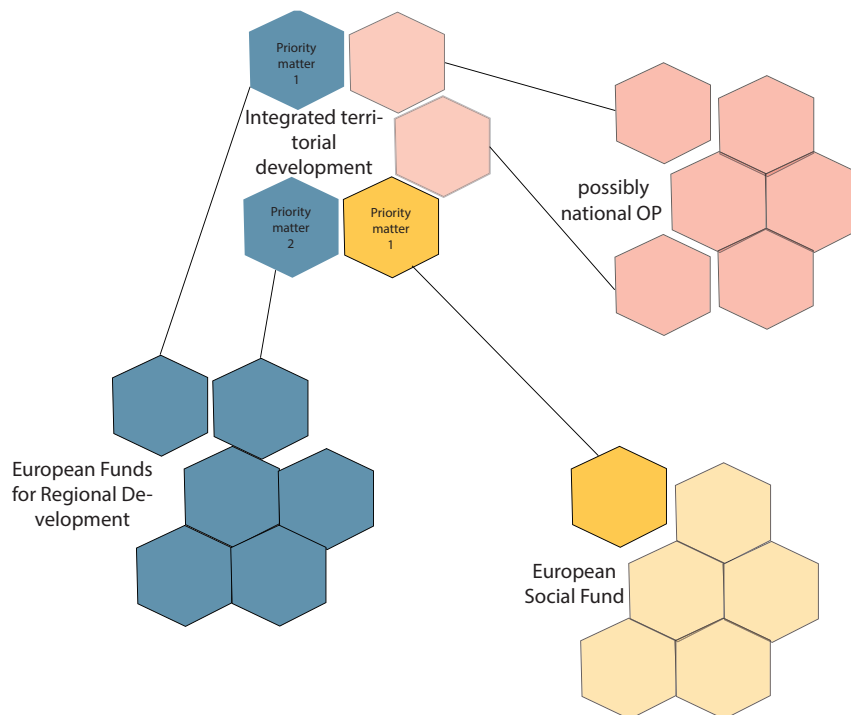


Figure 6:  
Typical ideal illustration of an ITI

Source: Own illustration

**Note:**  
National OP on ERDF in Germany  
not available



ITI. As it became clear two years later that this is associated with the sub-delegation of tasks of the administrative authorities to the municipalities, the state withdrew from Article 7.

### Use and acceptance of Community-Led Local Development

The second “new” spatial instrument of the EU Commission is the so-called CLLD. It constitutes a classic bottom-up model that is based on the activities of local communities or campaign groups to jointly bundle various measures for local development in a single strategy. As a result it is more the case that it can be used selectively and is not suitable for large-scale territorial units. CLLD builds on the LEADER approach already successfully implemented in rural areas, covers it in a wider form and in addition to the support by the EAFRD permits support by way of further ESI funds (European Network for Rural Development 2020). This instrument was also only used one, namely in Saxony-Anhalt. However, the implementation was very successful to the extent that a cabinet decision has already been taken to also continue the instrument in the 2021–2027 funding period. As one of the few states Saxony-Anhalt therefore pursues a genuine multi-fund approach in a combination of ERDF, ESF and EAFRD. However, the projects and measures are largely run separate from the urban dimension. As part

of the ERDF programme they support the retention of the cultural heritage and the upward revaluation and building of sports facilities, however not in the “classic” urban area (Halle and Magdeburg were excluded from the start), but rather they focus on LEADER projects with regard to urban development that were largely implemented in smaller rural communities.

Therefore, in Germany there is hardly any demand for the new territorial support instruments and they shall only be applied selectively in the new 2021–2027 EU funding period. One of the principal reasons was the high level of complexity in the strategic, fund-wide, conception (cooperation and department-wide work, additional administrative costs) as well as the compulsory delegation of administrative tasks at sub-regional level. In addition, almost all states have tried and tested empirical knowledge in respect of spatial approaches from the previous funding periods. By the same token the municipalities have also been applying the range of instruments involving integrated urban development concepts for some time whether during the course of urban support or for other reasons.



Figure 7:  
Overview of application of the ITI in the urban dimension in Germany

Source: Own illustration

Figure 8:  
Overview of application of the CLLD in the urban dimension in Germany

Source: Own illustration

### **Fund combination at programme level**

However, the combination and bundling of different thematic objectives and funds was performed outside the instruments made available in that respect in Germany. Therefore, sector-wide work can already be specified in respect of the programmes at state level, and funds are efficiently linked to each other. However, the objective of the combination of funds is also made up of offering an efficient method for the applicant that permits the linking of building-intensive with social measures, and makes it simpler, i.e. already supports integrated work. If an application is filed for different funds first at municipal level, the cost higher accordingly: Project applications need to be filed for each fund individually. Therefore own regulations, calculation terms and periods apply to the support circumstances.

It is more the case that a programmatic fund combination that would be processed via an integrated competition procedure, as is the case in Brandenburg remains an exception. The state of Lower Saxony developed an integrated multi-fund OP in which both ERDF and the ESF were equally subject to fund-specific provisions. However, there is no conceptional link in place there between the measures from ERDF and ESF. Both fundingal fund measures stand alongside each other and are processed individually. In the 2014–2020 funding period, North Rhine-Westphalia pursued the objective of combining the funds from ERDF, ESF and EAFRD in a strategic sense by way of a common cornerstones. Both urban and rural quarters with particular problematic situations are to receive pronounced support from the state government. As a result, in addition to the ERDF programme “Strong people - strong quarters”, social preventive measures are also possible in ESF and EAFRD as part of the support. However, the projects appeal applied independent of each other. Irrespective of the advantages, the fund-wide activity also remains a challenge for

the authorities at state level. The different requirements and objectives of the individual funds need to be bundled at state level. The requirements of a “Principal or guide fund”, which may also apply as part of a joint strategy to the appertaining parts, has not been possible to date. There is also the necessity of resource harmonisation (this also applies between individual priority alignments), joint processing and consensus in terms of content between the ministries. On the one hand this can generate dialogue and overcome the department thinking to date, while on the other also provoke department egoism, which ultimately hampers integrated working. Accordingly, fund-wide strategies will continue to be the exception in the 2021–2027 EU funding period.



### Example: Fund combination in urban-rural competition Brandenburg

Brandenburg is one of the few states that with the help of a conceptional link between ERDF, ESF and EAFRD has started a joint project call (competition) in which all funds are equally integrated. Under the lead of the Ministry for Infrastructure and State Planning (MIL) the so-called urban-rural competition (SUW) was developed and offered with the objective of identifying forward-looking inter-municipal cooperation and implementing the comprehensive collaboration of the three EU funds in a strategic sense in the state. Solutions were sought for sustainable urban development, viable services for the public, a healthy and intact environment and sustainable mobility and energy supply in line with requirements. In total EUR 213 million Structural Funds are available for the SUW from the three EU funds. This budget was spread over and implemented in the support focus of the three subject areas (1. Infrastructure and Environment; 2. Mobility and Energy and 3. Industry and Tourism) in line with the stipulations in the OP of the ERDF and ESF as well as the development programme for the rural area of the EAFRD. By way of this procedure, the regions are to strengthen their spatial and functional links, improve the urban development qualities in the municipalities and better utilise the common potentials.

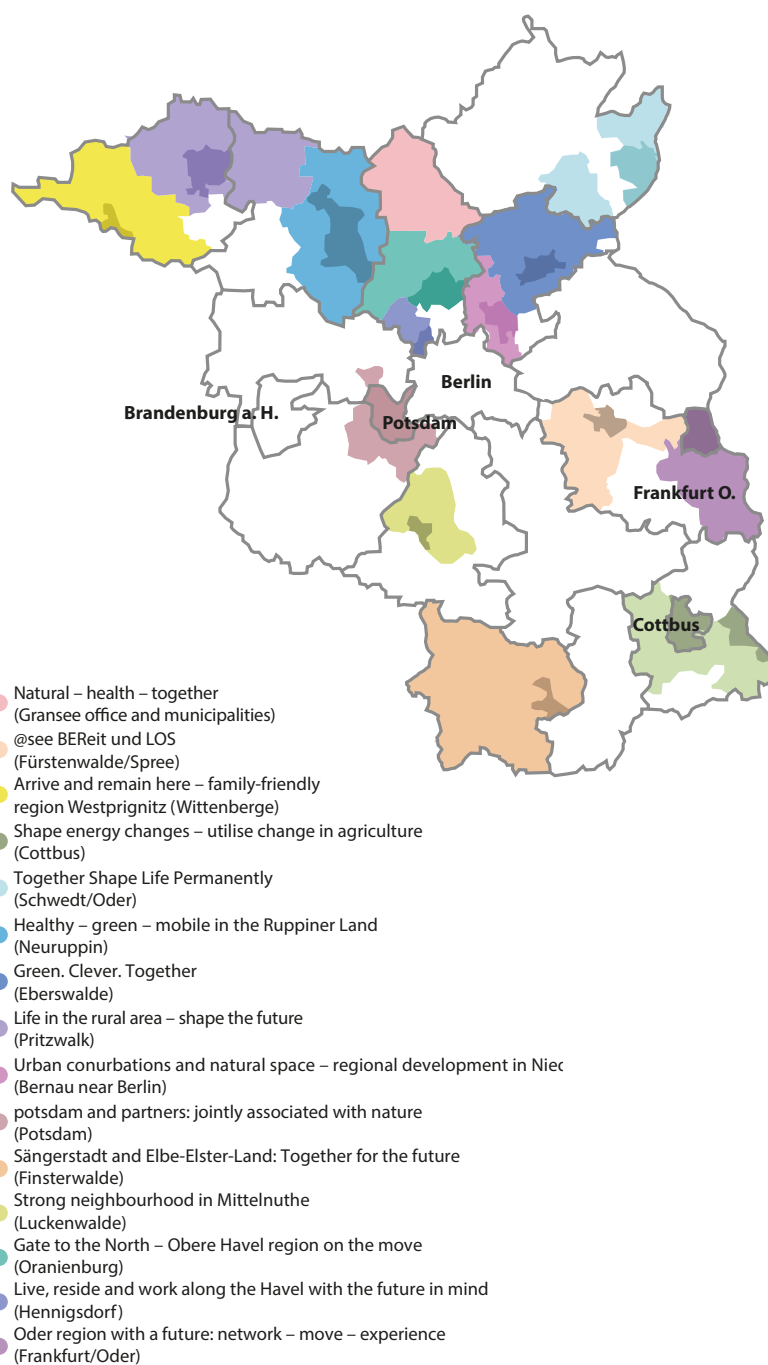


Figure 9:  
Overview of the cooperation in the Urban-rural competition Brandenburg 2014–2020  
Source: Ministry for Infrastructure and State Planning Brandenburg (MIL)



Foto: Juliane Ribbeck-Lampel

## MOBILITY CENTER COTTBUS

### Climate friendly traffic junction Lausitz

Cottbus, Brandenburg

### Project period

2014 to 2021

### Project volume

2,4 Mio. EURO, thereof 1,9 Mio. EUR ERDF funding

### Contact person

Maik Hauzenberg

Mail: [Maik.Hauzenberger@cottbus.de](mailto:Maik.Hauzenberger@cottbus.de)



Foto: Juliane Ribbeck-Lampel

### Description

In several construction phases, Cottbus central station will be developed into a climate-friendly mobility and traffic center. The starting signal for the overall project was the relocation of the previous parking lot from the east side of the station building to the west side and the subsequent concentration of the previous stops from the main road and bus station to the former parking lot area. Furthermore, a new pedestrian tunnel with a barrier-free exit area was developed underneath the tracks. As the last section, the area from the tunnel exit to the northern Wilhelm-Külz-Strasse will be reorganized in terms of urban development. To this end, buildings that have fallen into disuse will be demolished and space will be created for the new development of residential buildings, while existing buildings will be given new uses. The north side of the station in particular has been disorganized and exposed to decay for years. Until the completion of the developments on the north side, a temporary socio-cultural use has recently been established, among other things.



Foto: Juliane Ribbeck-Lampel

## RAILROAD STATION WITTSTOCK/ DOSSE

### Conversion to health, mobility and service station

Wittstock/Dosse, Brandenburg

### Project period

2016 to 2022

### Project volume

3,3 Mio. EURO, thereof 2,3 Mio. EUR  
ERDF funding

### Contact person

Victoria Juraschek

Mail: [v.juraschek@stadt-wittstock.de](mailto:v.juraschek@stadt-wittstock.de)

### Description

The former buildings of the Wittstock/Dosse station area, which had been empty since the beginning of the 1990s, were reactivated in favor of a new use. The unused individual monuments with a central location in the city were developed into the new arrival area. The focus is on the accommodation of mobility, service and health offers as well as public authorities (citizens' office, public order office) and medical practices. In addition, the new bus station was established centrally in the city. The objectives of the project are the upgrading of the area, the creation of a representative entrance to the old town, the centralization of public uses, and the preservation and revitalization of the monuments. Already in 2019, the buildings were temporarily used during the State Garden Show, among other things for the flower hall, ticket sales and as a tourist office. Essential elements of the project could be completed by mid-2020.



Image: City of Wittstock/Dosse



Image: City of Wittstock/Dosse

## Funding the urban dimension

With regard to the examination of the ERDF overall funds and the proportionate budget for the urban dimension, in part a considerable shift is evident in the orders of magnitude. By way of the renewal of the MFF at the start of the 2014–2020 funding period, the overall funds of the ERDF were noticeably reduced for Germany compared to the 2007–2013 funding period. However, as a result of the greater focus of the Structural Funds on integrated urban development, at the same time the share of the urban dimension in the states increased significantly. In the 2007–2013 funding period, in total approximately EUR 14.59 billion from the ERDF were used in Germany. The share of the urban dimension was about EUR 1.18 billion or 8.1 %. In the 2014–2020 funding period, funds in the sum of EUR 10.72 billion from ERDF were proposed, of which approximately EUR 1.49 billion or 13.9 % for sustainable urban development. This meant an increase of about 5 percentage points.

Within the 2014–2020 funding period, both fund losses and fund additions apply as a result of programme changes and the shifting of funds. In the case of fund increases, the states Baden-Wuerttemberg and Bremen should be highlighted. In Baden-Wuerttemberg there was an increase from approximately EUR 68 million to approximately EUR 74.5 million up to the end of the first quarter in 2020. In Bremen the funds available for the urban dimension increased from approximately EUR 17.7 million to about EUR 22 million. This was caused by the change in an originally planned axis in favour of SMEs with use of funds of about EUR 4 million, which

was shifted to the urban development axis as part of the programme changed with the European Commission. However, in addition to these positive examples there were also fund reductions to the detriment of the urban dimension. In Saxony-Anhalt funds were reduced from EUR 100 million to EUR 61 million, and Thuringia from an original figure of EUR 279 million initially to EUR 232 million and the even to EUR 209 million. In Saxony-Anhalt the internal funds re-allocation applied as a result of the poor outflow of funds. In Thuringia funds needed to be re-allocated as a result of the cessation of a project and unachievable indicators in the performance framework needed to be re-allocated internally (see figure 12).

## Integrated urban development these eligible for support and use of funds according to thematic objectives and investment priorities

The overarching thematic objectives and their subordinate investment priorities (IPs) provide the thematic content basis for the programming of the OP. The eleven IPs have, in each case, sub-points that address specific objectives and action fields (specialisations). The quantitative survey from the state questionnaire and the analysis of the OP showed that special requirements apply to the subject areas set out in the following figure for urban development in Germany (from the perspective of the states) in the 2014–2020 funding period. However, consideration should be given to the fact that such requirements must lie within the narrow support framework of the fund regulations and as a result not allow for any conclusions to be drawn



Figure 10:

Overview of the current ERDF funding compared to the 2007–2013 funding period

Source: Own illustration

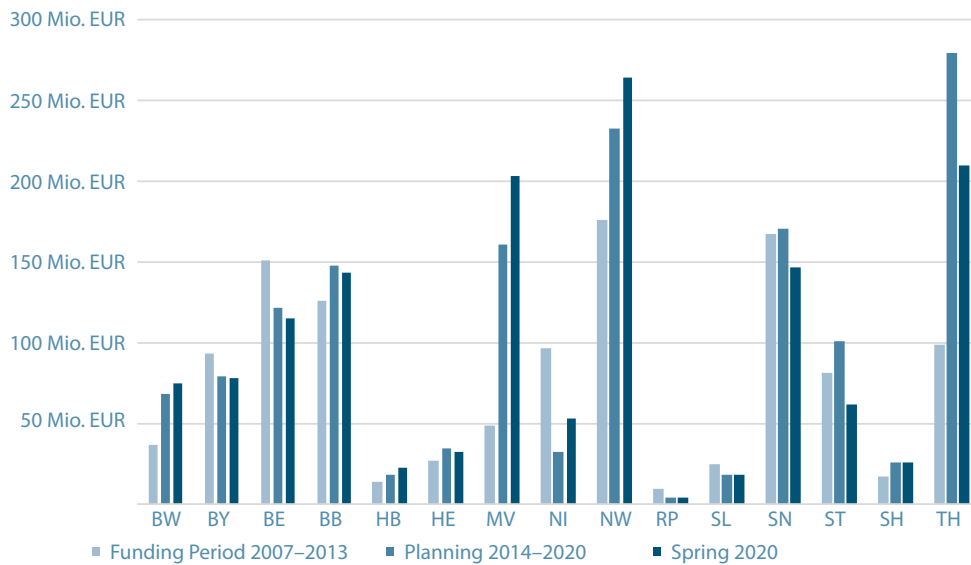


Figure 11:  
Fund planning development in the 2007–2013 funding period and planning and development in the 2014–2020 funding period

Source: Own illustration

about general objectives and trends of the urban development measures. The majority of funds for the integrated urban development is used in the funding of social inclusion and combating poverty and any form of discrimination, at a share throughout Germany of 45 % of the entire urban development and use of funds of about EUR 688 million. Berlin (87 %), Bremen (64 %), Mecklenburg-Western Pomerania (70 %), North Rhine-Westphalia (76 %), Saarland (84 %) and Thuringia (57 %), in particular, have incorporated a high share of their fund volume in this fundings focus. This is followed by the addressing of investment priority 6e (Conserving and protecting the environment and promoting resource efficiency). Area revitalisation, in particular, and the decontamination of former pollutants in the urban environment are financed under this priority. At 22 % or EUR 325 million, EU Brandenburg (52 %), Hesse (64 %) and Saxony-Anhalt (64 %), in particular, have a high share of the budget in this thematic field. About EUR 300 million were earmarked for the investment priority 4 (Promoting endeavours for reducing the CO<sub>2</sub> emissions). Here operations focussed on promoting multi-modal urban mobility and on adjustment measures relevant to climate protection (IP 4e). Only small shares, in each case, within the programmes are attributed to the other IPs.

Baden-Wuerttemberg, North Rhine-Westphalia and Rhineland Palatinate continue to invest in other priorities with regard to urban matters which, however, are not taken into consideration here due to their minor significance for the urban dimension.

#### Fund approval and outflows

To render the dependencies coherent, Figure 16 shows the potential development of an ERDF project as a chart from publication of the fund regulations to implementation of the projects. The project procedures are not comparable without restrictions due to the varied nature of the fundings approaches in federal system in Germany. As a result of longer negotiations at EU

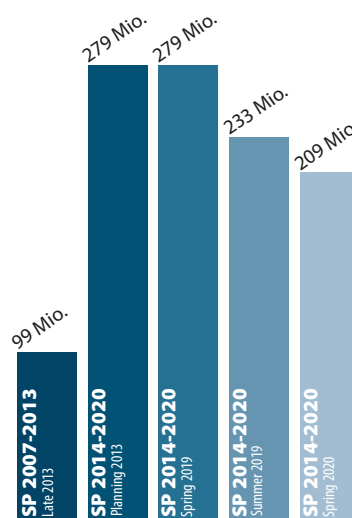
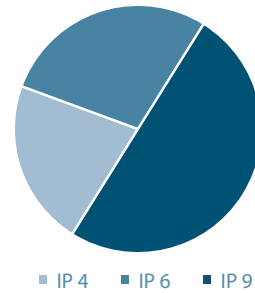


Figure 12:  
Course of the availability of funds in Thuringia since the Funding period 2007–2013 as well as planning and course in the funding period 2014–2020

Source: Own illustration

Figure 13:  
Breakdown of ERDF funding by investment priority

Source: Own illustration



level and the appertaining legal uncertainties, the entire phase of the programming at federal and state level was significantly delayed. For example the state OP were only authorised in the later part of 2014, the implementation provisions were not made available for a long time, which also applied to the delegated legal acts, which in part were only retroactively enacted in 2015. This resulted in considerable planning uncertainty at state and municipal level. This conflict situation appears to lead to the to date rather weak authorisation of funds and, above all, fund outflows. In some states, the status of the authorisation in the spring of 2020 is 50 % of the planned fund appropriation. Experience shows that these values are subject to a certain dynamic and can change very quickly. However, implementation of the urban dimension is, in general, subject to a high level of complexity, which requires time. The drawing up of state funding guidelines, the preparation of, in part, multi-tiered competition procedures and project calls pushed the start of the funding in some states far into 2015. Based on the qualitative surveys of the municipalities and project evaluations, it is clearly the case that the building management planning process in comparison are significantly more time consuming than authorisation procedures in the case of basic individual project funding, for example in SME funding. A further factor for the delayed outflow of

funds is the high capacity utilisation of the German building industry in the period in question, which led to a considerable delay in building measures associated with above-average increasing building prices. This resulted in replanning and new planning, in part coupled with new tenders as part of a new award procedure.

A further administrative challenge applied as a result of the introduction of a “Performance reserve” in the funds regulations. By way of this the Commission wanted to create an incentive system for better and faster implementation of the support programmes. As a result, 6 % of the ESIF funds were retained for each OP and only released if specific stage objectives (results indicators) for implementing the OP had been achieved by the end of 2018. The review was conducted at the end of 2018 by the EU Commission and meant that the performance-related reserve in sustained urban development could not be called up by a majority of the stated, and is therefore lacking in respect of the project implementation. The consequences were funds reductions in certain areas and the re-al

Figure 14:  
Thematic objectives in the urban dimension

Source: Own illustration

| Thematic objective  | Thematic alignment  |
|---|---|
| TO 4: Reduction of CO2 emissionsconstruction              | 4c: „Promotion of energy efficiency, intelligent energy management and use of renewable energies in public infrastructure, including public buildings and in residential construction”  |
|   | 4e: “Promotion of strategies for reducing the CO2 emissions for all buildings, in particular urban areas, including promotion of sustainable multi-modal urban mobility and adjustment measures that are relevant to climate protection”        |
| TO 6: Environmental protection                            | 6c: „Preserving, protecting, promoting and developing the natural and cultural heritage”  |
|   | 6e: „Measures for improving the urban environment, revitalising city centres, re-construction and de-contamination of industrial brownfield sites (including conversion areas) to reduce air pollution and to promote noise reduction measures” |
| TO 9: Promotion of social inclusion and combating poverty | 9b: „Support for reorganisation as well as economic and social revitalisation of disadvantaged communities in urban and rural areas”  |



Figure 15: Distribution of funds by thematic objectives of exemplary countries

Source: Own illustration

**Note:** Overall, there are essentially three typical funding combinations in Germany.

- 1) Funding with a clear focus (e.g. Berlin)
- 2) Integration of other IP into the urban dimension (e.g.: Baden-Württemberg)
- 3) Broad dispersion across all IPs of the urban dimension (e.g. Brandenburg)

location of funds in other priority alignments.

However, at the end of the regular funding period it can be established with cautious optimism that almost all advised funds have been appropriated to projects. The funds regulations therefore specify an n+3-regulation, i. e. funds from the funding period 2014–2020 may be further used for measures up until 2023. As a result the retention of this regulation in the coming funding period as well will probably constitute a key element in binding and implementing funds because at present there are already indications of delays in framework regulations.

Overall it is the case that compared to the 2007–2013 funding period, the content variety of the themes has decreased. On the one hand this is attributable to a stringent system of quotas for certain support areas, which significantly hampers integrated

approaches. On the other the, in part, necessary combination of two support priorities in a single measure was a hindrance because it did not always possible to render it adaptable at project level. In addition, the EU's support offers were not called up by the states because the municipalities were unable to generate any projects in that respect.

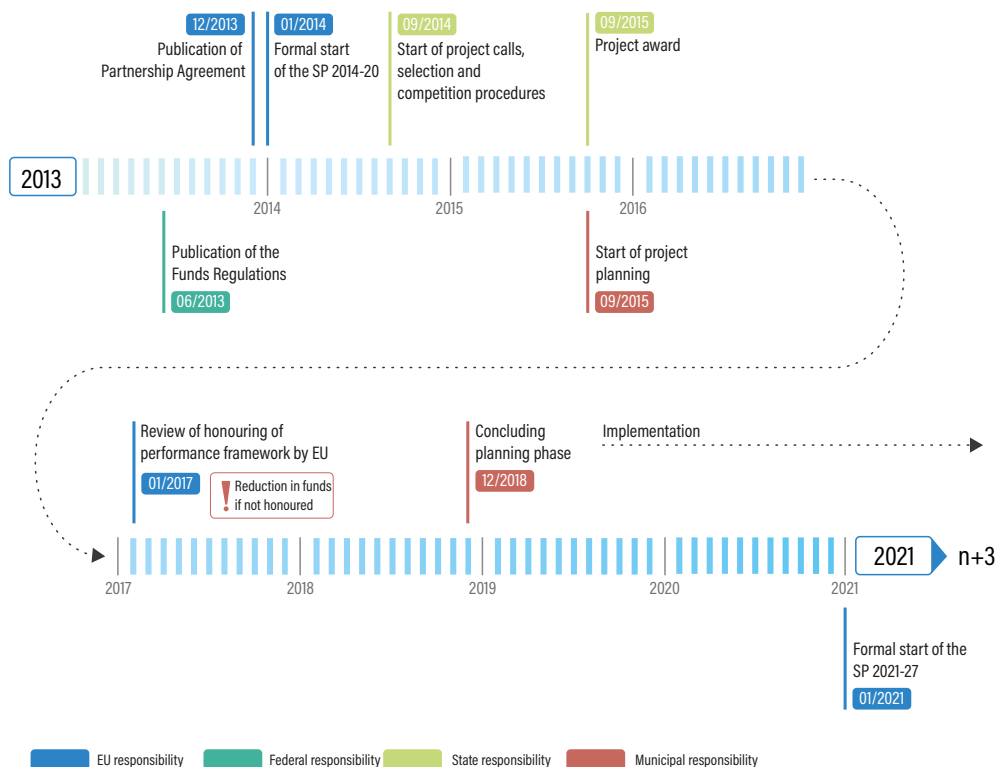


Figure 16: The funding period 2014-2020 with its framework documents in the timeline based on an exemplary project progress

Source: Own illustration

### Important matters at a glance:

- In a comparison of the 2014–2020 funding period with the 2007–2013 funding period, there are clear differences in the funding of the urban dimension. Due to the stronger focus on the urban development axis through Art. 7 of the ERDF Regulation, it was possible to place a higher proportion of funds in this thematic field in 2014–2020. The share of the urban dimension has increased from EUR 1.18 billion (8.1% of the total German ERDF budget) to EUR 1.49 billion (13.9% of the total German ERDF budget).
- Funding under Art. 7 of the ERDF Regulation is only applied by some countries. Due to the high degree of complexity and the well-established funding system, some states (e.g. Saxony-Anhalt and Baden-Württemberg) participate in the funding according to the basic idea of Art. 7, but do not formally adhere to the requirements. As a result, only approx. 9% of the ERDF funds are formally allocated in the states of Berlin, Mecklenburg-Western Pomerania, North Rhine-Westphalia, Saxony and Thuringia, applying article 7 (5) of the ERDF Regulation.
- The availability of ERDF funding is constantly subject to extremely dynamic processes. For example, funds from the urban development axis had to be released again because certain indicators were not met when the performance framework was reviewed. Conversely, however, individual countries have also seen increases in funding.
- Investment priority 9b (funding of social inclusion and the fight against poverty and all forms of discrimination) was used more often than average in the countries' OPs. One of

the reasons for this is that it reflects the continuing high demand for the development of socially disadvantaged neighborhoods. Investment Priority 6e (revitalization of brownfield sites, revitalization and upgrading of the urban environment) is applied especially in the eastern German states and old industrial regions to revitalize brownfield sites. IP 4 (funding of efforts to reduce CO<sub>2</sub> emissions) has been blended in some states (Lower Saxony/Bavaria) for energy efficiency measures outside the priority axes planned for urban development. The focus was on the renovation of public buildings and infrastructure, technical upgrading and renewable energies.

- The new territorial instruments ITI and CLLD are only used to a very limited extent in Germany. After the withdrawal of Baden-Württemberg, only one ITI is implemented in Schleswig-Holstein. Within the framework of the so-called „West Coast ITI“, the state is striving to increase the region's competitiveness and to harmonize living conditions in the structurally weak area. In Saxony-Anhalt, rural development is supported by a CLLD in the context of bottom-up processes. Based on the LEADER approach, local action groups are supported in the implementation of rather small-scale projects. In this context, the CLLD broadens the existing LEADER approach and can be coupled with other ESI funds. Due to the success of the program, its continuation for the 2021-2027 funding period has already been confirmed.



## 3.2 Arrangement of the procedural and project calls

### Design of the process and project calls

In Germany in the 2014–2020 funding period largely four different procedural types were applied for selecting projects. The predominant number of states selected the projects based on an application or competition procedure. In Berlin, Hesse and North Rhine-Westphalia a combination of application and tendering procedures applied. In North Rhine-Westphalia various selection procedures additionally applied in this respect in the individual priority alignments: Projects aimed at conserving and protecting the environment as well as promoting resource efficiency were, for example, selected by way of a competition and application procedure, while projects aimed at promoting social inclusion and combating poverty and any form of discrimination were selected as part of several appeals. The “Urban-rural Competition” selection procedure in Brandenburg has already been described above (see page 25). The additional approaches in the states are explained below by way of examples:

### Project selection in Saxony-Anhalt

In Saxony-Anhalt only local government projects that are supported as part of the urban funding in the City Redevelopment East programme are authorised and accordingly have already been selected based on spatial planning criteria. The procedure was divided into two phases and was conducted by the state administration office. Phase 1 saw a pre-selection. The programme cities were required to furnish proof of a completed IUDC as well as submit an ERDF support concept with specific measures for the entire funding period. The project proposals are evaluated on the basis of the quality of the IUDC in conjunction with the ERDF support concept, the contribution towards objective accomplishment of the OP of the state as

well as the contribution towards the measure regarding the horizontal objectives sustainable development, equal opportunities, non-discrimination and equal treatment of men and women. Potential synergies and effects on the implementation of further measures of the IUDC and the ERDF support concept were relevant. In the second phase the criteria were characterised in a significantly stronger way by a thematic focus for example on the “Restoration of brownfield sites and conversion sites in cities and in the urban environment”. Of the potential 17 programme states for this procedure, ten cities were selected for the support.

### Project selection procedure in Bavaria

In Bavaria projects were selected via a multi-tiered competition procedure that placed prime importance on inter-community cooperation as a criteria to be met. The selection applied in several phases: 1. Qualification of the declaration of interest, 2. Development of an integrated, spatial, development concept (ISDC) and ultimately the qualitative evaluation of the respective application by an inter-ministerial jury. Of 82 declarations of interest, ultimately 30 cooperations made up of 395 local governments were determined. The support rate is made up of 50 % of EU funds and 10 % to 30 % of state funds. An exception applies to projects as part of the “Support Drive North East Bavaria”. There 40 % of the total costs eligible for support were borne by the state.



Image: City of Würzburg



Image: City of Würzburg

## CONVERSION HUBLAND

### Landmark Belvedere und Inclusion Café

Würzburg, Bavaria

### Project period

2015 to 2020

### Project volume

2,9 Mio. EUR, thereof 1,26 Mio. EUR ERDF funding

### Contact person

Claudia Kaspar

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### Description

Approximately 5 kilometers east of the historic city center is the approximately 140-hectare site of the Leighton Barracks in Würzburg, which was formerly used for military purposes. The new Hubland district has been created on this site. It offers space for housing, green and recreational areas, science, business, as well as sports, social and cultural activities. With the help of the state horticultural show funding, the national urban development funding (program "Stadtumbau West") and the ERDF, the striking building "Belvedere" was realized. The building serves both as a viewing platform with a view of the park landscape as well as the historically important Marienberg Fortress, and as an inclusion café as well as storage, event/curatorium room. The entire area is to be developed into a lively, environmentally friendly urban neighbourhood with short distances to work, study and live in green surroundings.

## REGIOMOVE

### Intermodal mobility platform

Karlsruhe, Baden-Württemberg

### Project period

2017 to mid 2021

### Project volume

7,0 Mio. EUR, thereof 3,5 Mio. EUR ERDF funding

### Description

The Regiomove project describes an intermodal digital mobility platform for the Karlsruhe region. The aim is to increase the attractiveness of local transport and the change to sustainable mobility in the region and the resulting relief of the transport infrastructure. To achieve this, it is necessary to create an intuitively applicable, inexpensive and easily accessible offer. Users should be given the opportunity to access other flexible means of transport in a network in addition to the already existing local bus and train services. To this end, the existing local transport network is and has been expanded to include new car and bike sharing and on-demand services. Intelligent networking should improve the perception of new offers and encourage users to integrate new sustainable means of transport into their everyday lives. A smartphone app will be used to implement the complete travel chain “inform - book - drive - pay” from a single source.

### Project selection procedure in Baden-Wuerttemberg

Even before the official start of the 2014–2020 funding period, in February 2013 Baden-Wuerttemberg started the two-tier competition procedure “RegioWin” for the selection of projects eligible for support. Each region was given the opportunity to state future projects of importance to them as part of the ERDF support regulations. The approach consisted of pushing the balanced and ongoing development of the state and rendering the regions more competitive. As a result of the regional focus it became necessary for the regions, rural districts and cities or local governments to jointly develop an integrated concept with additional civil society parties. In the first phase a joint objective was defined based on a regional SWOT analysis. These strategy concepts brought the regional analyses and concept ideas together, specified objectives to strengthen the regional development and were required to build on the principles of sustainability. Fourteen regions linked in a spatial and functional sense participated in procedures while eleven were selected for the second phase. In this second phase, the regional strategy concepts were deepened and further developed to form a regional development concept geared towards implementation. Significant elements included specifying flagship projects, which were capable of being implemented swiftly at the start of the funding period, as well as a well-founded cost and financing overview with a time schedule.

### **Combination of EU, federal and state funds**

The survey shows that in addition cities and local governments in many states require support from national support programmes for the implementation of EU-supported urban development projects. As a result of the expected lower total ESIF funds for Germany and the reduced EU Cohesion Funding rates, this will continue to gain importance in the future and only enable municipalities to take part in the EU funding in the 2021–2027 funding period. Municipalities characterised by weak finances and are subject to budget balancing are hardly in a position to provide the municipalities' own share because urban development measures do not rank among the compulsory local government tasks.

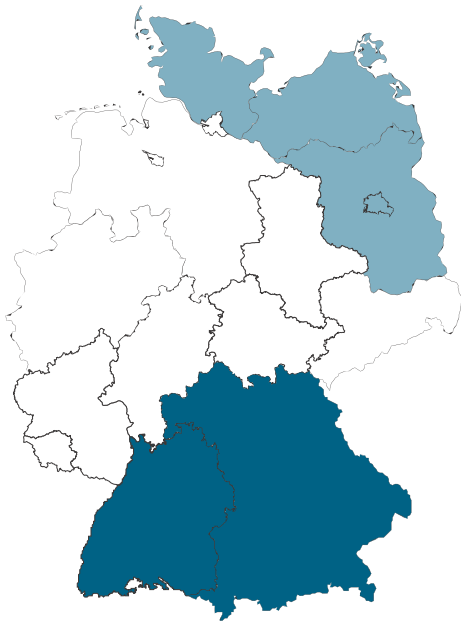
It is therefore customary practice to use joint support area backdrops in development areas to combine both funds from urban development support and from the ERDF or the ESF. Therefore, the states have at their disposal a further instrument with which to control the allocation of Structural Funds in their regions. The disadvantage of this approach is that in particular in the case of innovative projects the joint support is inapplicable because the German support regulations regarding urban development support do not correspond, or only correspond in part, to the EU funding regulations. As a matter of principle the government German Reconstruction Loan Corporation (KfW) programmes can also be used for the national cohesion financing. In view of the fact that in that respect this normally involves credit financing, such a solution is only helpful to a certain extent. Ultimately, there is an opportunity of pre-financing the municipalities' own share from the respective state budget. The theme of municipality cohesion financing will probably continue to become more explosive in view of the drop in tax revenues of the cities and local governments as a result of the Covid 19 pandemic.

### **International components in the state programmes**

The basic idea of the support logic with regard to international components is the fact that as part of the European Territorial Cooperation (ETC), in this case in particular via the INTERREG programmes, investment-preparing themes and measures are addressed and subsequently implemented via the ERDF programmes. That does not apply institutionalised in this form, neither in the OP nor in the projects. As a matter of principle, the ESIF support specifies "that EU funds may only be used in the national programme areas. However, as part of the specified priority axes, projects may also be supported that cross borders between the states and other EU Member States, e.g. in metropolitan or integrated areas, in natural areas that constitute a related tourist destination or in other functional areas or functional correlations such as innovative clusters apply in different European regions. In such cases, functional correlations must be capable of being identified and be comprehensible in relation to the support of the programmes" (Partnership Agreement, BMWi 2014).

All ERDF OP therefore contain the same wording under sub-section 4.4 "Precautions for inter-regional and trans-national measures" the aforementioned "Opening clause" for ERDF financing of international projects outside the ETC programmes. This is followed in each case under sub-section 4.5 by the "Contribution towards macro-regional strategies", which is largely determined by the location of the federal state in Europe. Therefore, the states Schleswig-Holstein, Mecklenburg-Western Pomerania, Berlin and Brandenburg support the Baltic Sea Strategy. By contrast, the Free State of Bavaria and the state of Baden-Wuerttemberg support the Danube and Alp Area Strategy. Support for these strategies frequently applies without direct or project-related monetary support but rather by way of collaboration in commit-

tees and by harmonising and coordinating national measures with affected neighbouring states. For example waterway expansion and flood protection measures in the Bavarian Danube region have, under certain circumstances, effects downstream in all Danube bordering states. In no OP are ERDF funds stated separately for international collaboration; where applicable, use is made of funds from the ETC for support projects in this area.



### Important matters at a glance:

The selection procedure for urban development projects usually consists of application or competition procedures. Coupling of the types of procedures is also applied. Some countries have adapted their procedures to regional and local needs. There are essentially three structures:

- Competition with larger cities and their surrounding areas: In Bavaria, Baden-Württemberg, Brandenburg and Thuringia, cooperations consisting of several municipalities or city and surrounding areas have joined forces to realize various projects together. The range of funding extends from large infrastructure projects to small-scale, localized measures with a strong impact.
- Mix of competition and application procedures: In IP 4 and 6, for example, North Rhine-Westphalia has combined a competitive and an application procedure, and several calls for projects have been launched for IP 9b.
- Development of a separate variant: Saxony-Anhalt has selected projects for ERDF funding on the basis of the national urban development funding (Stadtumbau Ost) in a two-stage procedure. The funding of the selected projects then takes place within a bottom-up approach as a CLLD.

Classic application procedures are found in Lower Saxony, Rhineland-Palatinate, Saarland and Saxony.

Figure 17:

Danube and Alpine Space Strategy (dark blue) and Baltic Sea Strategy (light blue)

Source: Own illustration



Plan: spengler wiescholek architekten und stadtplaner hamburg

## KISTNER-SITE

### Revitalization of former industrial area

Bremerhaven / Bremen

### Project period

2013 to 2021

### Project volume

6,5 Mio. EUR, thereof 3,1 Mio. EUR ERDF funding

### Contact person

Carolin Kountchev

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### Description

The Kistner site is located in the south of the Lehe district, between the main shopping street Hafenstraße and the river Geeste in Bremerhaven. It is an area of about 4.5 hectares (former metal construction industry), which is integrated into the settlement and is of great importance for Bremerhaven's development in terms of both industrial and cultural history. It is conveniently situated on the Geeste river, yet at the same time it is scenically attractive. Due to its history of development and favourable location, it has a potential for mixed-use areas such as housing, non-disturbing trade, retail, services, leisure and culture and is therefore of great importance for the development of the district.

Furthermore, the ERDF project also includes the securing measures for the Geeste - the renewal of the quay -, the construction of the promenade and the public open spaces as well as the renovation of the listed chimney.



Perspective: spengler wiescholek architekten und stadtplaner hamburg

## ENERGY QUARTERS ERFURT

### Expansion of the district heating supply

Erfurt, Thuringia

### Project period

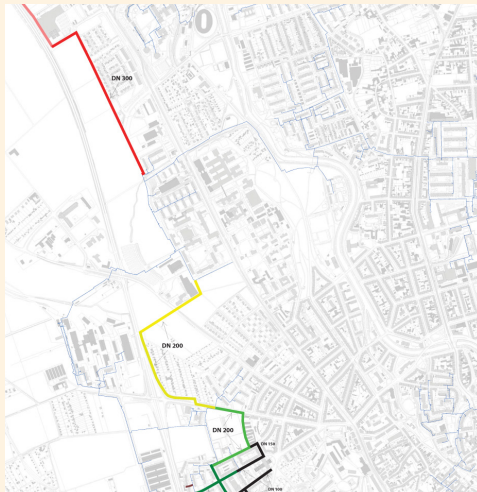
2016 to 2020

### Project volume

9,0 Mio. EUR, thereof 2,4 Mio. EUR ERDF funding

### Contact

Office for Urban Development and Planning Erfurt



route construction planning: Stadtwerke Erfurt

### Description

The development of the Borntal and Blumenviertel quarters in Erfurt West has a high energy consumption and a corresponding CO<sub>2</sub> footprint due to the predominant building fabric from the 1950s and 1960s. The neighbourhoods have now been developed with district heating to reduce emissions from the current individual fireplaces. In addition to the construction of house connections, extensive route construction measures in the district heating network of the residential area itself and beyond were necessary. Within IUDC 2030, the measure is to be assigned to the field of action “Climate protection, climate adaptation and resilience”.

## VIKIHAUS

### District work in Berlin

Berlin

### Project period

2016 to 2018

### Project volume

1,25 Mio. EUR, thereof 0,9 Mio. EUR ERDF funding

### Contact

info@vikihaus.de



Image: SV Rot-Weiß Viktoria Mitte 08 e.V.

### Description

Sport brings people together - on this basis, the Viktoria-Mitte association developed in 2008 from an initiative of parents and is dedicated to child and youth work in the district. In order to offer equal opportunities to all children and young people, intensive district work has started. This now goes far beyond the sports component. Together with partner organizations, voluntary cooperation and private and public institutions, learning support programs, an exercise school and other offers have been realized. In order to make room for these programs, the idea of an “open house”, the so-called VIKIHAUS, was supported by politics, sports institutions, club members, in the direct residential environment and finally also by the neighborhood management.

### 3.3 Programming and budgeting in the European Social Fund (ESF)

#### Structural, content and legal classification

The European Social Fund is, as is the ERDF, one of the five ESIF Funds that as part of the EU's Cohesion Policy in addition to the support for the economic and territorial cohesion supports social cohesion. It aims to promote employment and social inclusion, education, life-long learning and professional qualification, and develop measures for combating poverty (Article 162 AEUV). As a result it is concerned with making a contribution towards a high level of employment and guaranteeing appropriate protection against social exclusion and supporting general and professional training (Article 9, 174 and 162 AEUV).

#### ESF action fields and thematic concentration

Of the eleven thematic objectives of the Common Provisions Regulation, the ESF is normally limited to supporting objective 8 "Promoting sustainable and high-quality employment and supporting mobility of the workforce", objective 9 "Promoting social including and combating poverty and any form of discrimination" and objective 10 "Investments in education, training and vocational training for skills and life-long learning".

The ESF specifies binding provisions in Article 3: The appertaining 19 IPs are stated there that are to be promoted via the ESF funds. In the case of implementing this IP in the OP of the Member States, the funds concentration applies in accordance with region categories (Article 4 ESF Regulation): Better developed regions need to concentrate at least 80 % of the ESF funds to up to five of the stated IPs. In the transitional regions this rate is 70 %, while in regions that are not so well developed it is

60 %. Irrespective of the region categories, 20 % of the ESF budget are to be used for the aforementioned thematic objective 9 "Social inclusion and combating poverty". Irrespective of its limiting character, this regulation is, on the one hand, an offer to the Member States and regions to use available ESF funds relatively flexibly in accordance with the respective applicable regional conditions. On the other hand, it achieves a fund concentration on a (few) focal points and therefore prevents splitting of the Member State programmes.

By way of Article 12 "Special provisions for dealing with territorial special features", the ESF Regulation addresses the area of sustainable urban development. Accordingly, the ESF can support ERDF-supported measures involving sustainable urban development in accordance with Article 7 of the ERDF Regulation, ITI or CLLD. The evaluation of the German ESF state programmes showed that the five stated Berlin, Bremen, Hamburg, Saxony and Saxony-Anhalt specify such support constructions. This applies as follows:

#### Berlin ESF OP

In the specific objective B 2 the "Integration of persons particularly outside the labour market and affected by social exclusion by way of local initiatives" aims to "promote local strategies with which the social participation and the employment capability of (long-term) unemployed persons and those who are not in gainful employment are increased in the long-term. This local approach is complementary to the Berlin ERDF support of sustainable urban development". (State of Berlin 2014)

#### Bremen ESF OP

Under sub-section 4.2, the OP specifies under "Integrated measures for sustainable urban development" that in thematic objective 9 collaboration may occur with the ERDF in the case of supporting disadvantaged city areas. Economic, social, demographic, ecological and traffic aspects



of urban development are to be taken into consideration by way of such a harmonised programme. (Bremen 2014)

#### **Hamburg ESF OP**

Under sub-section 4 of the ESF OP “Integrated approach to territorial development” Hamburg refers to the existing framework programme for integrated city development (RISE) with which the Hamburg City Area Development Programme are grouped together with programme segments of the federal-state urban development support. To that end at last 5 % of the ESF funds are to be made available. (Free and Hanseatic City of Hamburg 2014)

#### **Saxony ESF OP**

The Saxony ESF OP provides for the action option under the specific objective B.3: “Social inclusion and integration in employment in urban development”. This means that low-threshold, informal, projects are supported as part of integrated local development strategies for urban areas with socio-economic problems. (Free City of Saxony 2014)

#### **Saxony-Anhalt ESF OP**

In the Saxony-Anhalt ESF OP, the integrated approach for territorial development applies exclusively to the CLLD. By way of the interventions set up via the ESF funds, the state contributes directly or indirectly to the implementation of the territorial development. (Saxony-Anhalt 2014)

#### **The ESF federal programme**

Via the ESF interventions the German federal government contributes to rectifying the shortage in specialist skills and uses funds in respect of social inclusion and combating poverty. Additional priorities include the funding of independence, establishing small innovative enterprises and education and life-long learning. The target groups are disadvantaged young persons, the long-term unemployed,

women and persons with a migration background, ultra-small firms and SMEs as well as company start-ups in addition to municipalities coping with a large share of new migrants. The ESF federal programme is implemented and jointly financed by more than 20 individual programmes and a budget of EUR 2.7 billion by six federal ministries: Federal Ministry of Labour and Social Affairs (leading), Federal Ministry of Education and Research, Federal Ministry for Family Affairs, Senior Citizens and Youth, Federal Ministry for Economic Affairs and Energy, Federal Ministry of the Interior, Building and Community, and the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety.

### **The “Education, Industry, Work in the Quarter” - BIWAQ - programme**

BIWAQ is one of six ESF federal programmes and is understood as a partner programme of the “Social City” urban development support programme. It focuses on disadvantaged city areas and districts, whereby at quarter level local education, business and labour market projects are linked with urban development investments. Suitable instruments geared towards social space are developed for the requirements of the support areas of the “Social City”. The programme was and shall be implemented in two support rounds (2015 to 2018 and 2019 to 2022). The action fields “Sustainable integration in Employment”, “Strengthening the Local Economy” and “Action Field-Wide Activities” are specified for both support sections in the respective support guidelines of the federal government as the subject matter of support. A key principle is the linking of the BIWAQ activities with measures of the urban development support and urban development investments as well as with the ESF horizontal objective ecological sustainability.

BIWAQ projects are to provide an effective contribution to the development of interdisciplinary and sustainable responsibility communities locally by way of active coordination by the municipalities and via incorporation of project activities in the quarter and city development. Local supporters are the quarter management, job centre, industry, welfare associations, associations and migrant organisations. The support share for the project costs is graded in the support guidelines according to region categories and at most is 90 % of the own share, at least 10 %. As part of the BIWAQ measures shall be conducted in the funding period 2014–2020 in approximately 80 cities with about 70,000 participants.

### **BIWAQ-Project in Solingen**

Solingen just a few years ago was still considered as one of Germany’s most important metal-processing cities. At the end of the 1990s in particular and as a result of the increasing globalisation trends, many companies moved away that have primarily specialised in the manufacture of metal goods for the cutting industries. Solingen’s challenge now consists of reconstructing and strengthening the local economy to the extent that jobs can be secured in the long-term. Therefore, the most important objective is improving access to the labour market for people from 27 in the stated quarters. In conjunction with the project sponsors AWO Solingen, Fuhrgemeinschaft e.V. (non-profit contact point in the district of Fuhr) and Niederrhein University therefore (1) TIQ (contact point in the quarter), (2) Fit in Fuhr (arrangement of the social infrastructure) and (3) funding of the local economy were realised in the northern city. The latter comprises the drawing up and offering of settling concepts for SMEs to counter vacant sites on the one hand and long-term unemployment on the other. While the TIQ assumes the central advice and support tasks in the capacity of contact point for the long-term unemployed, Fit in Fuhr offers low-threshold offers such as language and EDP courses, open application training sessions and social education support formats. By way of the commitment as part of the BIWAQ project in Solingen, not only were involved parties, residents and the image of the neighbouring quarters strengthened, the infrastructure was revalued upwards in equal measure, new development potentials were drawn up and living together characterised by neighbourly relations was promoted. At an overall volume of EUR 1.9 million (thereof 50 % ESF funding, 40 % federal funds and 10 % own share), the measure is a success for the district-free city of Solingen, which was able to realise all three projects in just three years.

### 3.4 Use of the European Agricultural Fund for Rural Development (EAFRD) in selected countries

Regulation No. 1305/2013 of the European Parliament and of the Council dated 17 December 2013 forms the legal basis of EAFRD. In the capacity of a further significant support instrument of the European Union, EAFRD (European agricultural fund for rural development) plays a part in balancing the underlying conditions, creating jobs and retaining or expanding competitiveness in rural areas.

The 2014–2020 funding period is based on three strategic objectives:

- Improvement or agricultural competitiveness
- Sustainable use of natural resources and climate protection
- Balanced territorial development of rural areas

The LEADER approach has been in place since 1991, which supplements the EAFRD support. The objective in this respect is supporting the rural areas of the European Union in the case of independent development and strengthening the regional cohesion of involved parties. The endeavour in this respect involves bottom-up approaches and the expansion of cooperation as well as incorporation of the local population. For example the use of EAFRD in the states of Brandenburg and Saxony-Anhalt is explained below.

Support for measures applies via the EAFRD programme on the one hand as part of the Urban-rural Competition in Brandenburg and on the other in Saxony-Anhalt by way of the so-called “LEADER Method” as CLLD. In the case of the Urban-rural Competition, as a supplement to the support for larger urban development projects or the mobility cen-

tre Cottbus or the health and service station Wittstock/Dosse, smaller projects are processed in communities as the Döbernerland Office with the “Inclusive Expansion of Secondary Area School Centre Döbern” via EAFRD.

As a result of the strong rural structure of Saxony-Anhalt, part of the support for the spatial development is implemented as part of EAFRD. Here support structure is wide-ranging based on the CLLD coupled with the LEADER programme (EAFRD) under the strategic objective of supporting “The development of the rural area against the backdrop of long-term challenges, in particular regarding demographic change. Measures are supported by way of “local development strategies”, which cover a wide range of themes that are the focal point of attention from the adjustment of services for the public, the strengthening of inter-communal collaboration between the cities and their environs to climate protection by way of improving energy efficiency and adjustments in line with climate change. The support rates range from up to 80 % for public law corporations, 75 % for non-profit corporate bodies and recognised religious communities as well as 50 % for other persons under private law. The maximum support amount is EUR 350,000.

## 4 Challenges and opportunities of the ESI Funds at programme level

The survey conducted among the state authorities, the discussions with the representatives of the states as well as the qualitative telephone interviews to assess the processing of the EU funding period 2014–2020 at state and municipal level show, within the thematic support framework, a multi-faceted picture regarding the EU funding for sustainable urban development by the EU structure funds in Germany. Irrespective of the repeatedly emphasised challenges in respect of the administrative processing, all authorities emphasise a clear added value of the EU funding as a complementary supplement to national and regional support.

Therefore, the EU funding is more than just a balancing payment, which is not only aimed at facilitating regions with weaker development within the meaning of the cohesion idea to connect with the competitive capabilities of the regions with better development. From the perspective of all respondents the EU funding provides valuable impetus in respect of consolidating, driving and trialling the approaches involving integrated urban development. In that respect three key governing principles can be stated.

### **Political strategic dimension**

The funding for sustainable urban development by the EU Structural Funds has a long tradition in Germany for almost all states and can look back on a wealth of experience and tried and tested processes from previous funding periods. The states confirmed several times that the own state political objectives can be sufficiently underpinned and consolidated with the investment priorities of the EU Structural Funds, in part also under the own requirements of the thematic focus of the respective state government (Bavaria, Brandenburg) set at the time of the programming. As a result, most of the respondent repre-

sentatives were also able, in this funding period, to derive processes that had already commenced with a logical and strategic derivation of own development objectives (above all in respect of energy efficiency, urban mobility, the upward revaluation of neighbouring quarters and the revitalisation of brownfield sites) from the investment priorities of the ERDF and ESF Regulation. Accordingly, many states witnessed in advance a constructive harmonisation process with the programme supporting authorities of the European Commission. However, a limiting effect was also stated to the extent that the specified strict intervention logic and the wide-ranging quotas resulting from the EU Regulations meant that all objectives could not be achieved at all times. During the course of the OP negotiations between the European Commission and the state authorities, restrictions were repeatedly imposed in the case of the thematic prioritisation (inter alia Lower Saxony, Brandenburg and North Rhine-Westphalia). While some states saw the clear prioritisation rather as helpful in respect of emphasising and accelerating implementation processes, other states experienced this more as a hindrance. Compared to the 2007–2013 funding period, this manner hampered the opportunity of implementing integrated spatial approaches in which different individual measures of varying themes are linked with each other based on the existing urban development instruments.

### **Financial dimension**

In financial terms, not only at the level of the ultimate recipients did the significant added value of the EU funding become clear at local level, this was also the case at state level. Thanks to the EU financial funding, some states were able to strategically supplement (Thuringia) own or national programmes for example the urban devel-

opment support or KfW programmes, and as a result give these additional impetuses towards implementation. In part a leverage effect is created to activate urban development projects that are outside the support but constitute a strategic correlation (Baden-Wuerttemberg). With regard to the broad strategic impact, the picture among the states is multi-tiered. For example it is clear that states such as Baden-Wuerttemberg with a rather low allocation of funds above all use the EU funding to selectively use on the top financing for priority projects. By contrast, for other states with greater financial funding and areas with poor structures that are witnessing long-term structural change (e. g. the Ruhr Area, Saarland, brown coal areas in Lausitz), this constitutes significant support for securing fundamental social or infrastructure measures in the cities.

For the municipal level and irrespective of their geographical location, the EU finances continue to play a crucial role in respect of supporting measures in quarters characterised by particular development challenges and social tensions. Without start-up financing by the EU Structural Funds, many projects, in particular for small and medium-sized municipalities could not have been presented economically or would not have been financially viable. This applies all the more to municipalities with strained budgets.

### **Technical and organizational dimension**

The EU funding applies a start-up financing, which is not to be underestimated, by way of which noticeable and, in part, new impetus is given for the local and regional development, or by way of which existing concepts in respect of integrated urban development can be continued. This applies, for example, to the inter-communal cooperation in Brandenburg or Bavaria. Drawing up an inter-communal strategy applied as a precondition for participation in a competition. Irrespective

of the associated conceptional complexity, many municipalities only managed to draw up strategic content planning concepts with the local governments of their environs. However, the high thematic and administrative complexity frequently prevents innovative specialist or methodical processes. The strict honouring of indicators that needed to be in place at the start of the funding period is frequently cited at a reason in this respect. The smallest difference between the fund application and outflow of funds can lead to a confrontation with the European Court of Auditors. If the agreed indicators are not honoured, in the worst case there was a threat of a reduction in funds, a fact that rather hampers innovation more than promotes it, at least in such dynamic times. The technical opportunities of combining funds of ERDF, ESF and EAFRD, administered in different departments, was difficult in respect of implementation and called for new approaches and structures both at regional and municipal level. This is the reason for the increased time requirements, which consequently leads to considerable delays at the start of project calls or competitions. In addition, it was clear that the associated higher complexity as a result of an area-wide known lack of specialists and personnel in the municipalities is becoming increasingly difficult to cope with, in particular in small and medium-sized cities. One instrument that can be used to provide support in the form of intervention is the URBIS programme (Urban Investment Advisory Support, see Chapter 5).

## 4.1 Project variety in the states

In line with the explained pro in the Partnership Agreement and the OP, the support philosophies and similarly the procedural types and content in the project calls of the states, there is a wide range of programmed, ongoing and completed projects. A project survey of approximately 80 projects arose via a project call at the relevant state authorities with specialist responsibility (see figure 19), which in addition was subsequently researched and supplemented in terms of content by way of discussions and desktop work. The states named selected and from their perspective particularly interesting and complex projects, both within the ERDF support activity and in conjunction with additional development and support approaches in the municipalities. These projects have been sorted into eight clusters:

- Energy
- Revitalisation
- Agriculture
- Mobility and infrastructure
- Digitalisation
- Social infrastructure
- Industry and training
- As well as research

Germany has a broad support spectrum with different focal points (see Chapter 3.1). Some states provide support via programmes geared towards their subject areas. In this way Baden-Wuerttemberg promotes, for example by way of the RegioWin approach, comprehensive projects in respect of the SMEs and mobility themes in correspondingly large cities or regional groupings (Stuttgart region, Karlsruhe region, Mannheim region inter alia).

Bavaria adopts a different approach. Here, relatively comprehensive Structural Funds flow into smaller cities and rural parishes (Konnersreuth, Teuschnitz, Neunkirchen-Balbini, Iphofen and Bad Königshofen) in parts of the state with rather weak structures, frequently associated with energy measures. In addition, Bavaria is the only federal state that is home to an example (drawn up or ongoing) of the so-called Urban Innovative Actions (Landshut; see Chapter 5). Berlin is dominated by support projects from the segment of disadvantaged quarters in the theme cluster of upward revaluation or renewal of the social infrastructure or the closely associated area of business and training. In this respect the project examples are distributed among different urban districts, and in part constitute only smaller interventions. With the sole CLLD (see Chapter Use and acceptance of Community-Led Local Development), Saxony-Anhalt acquires special status at project level as well. In Brandenburg in the Urban-rural Competition city-regional partnerships are supported in the implementation of more complex conversion or mobility projects in larger municipalities as well as small-scale individual measures (e.g. school children expansions) in rural areas. In Thuringia, support very clearly focuses on the expansion of sustainable energy supply coupled with KfW support. Contrary to the very specific support logic, some states such as Lower Saxony, Hesse or Saxony rather provide subsidies in the form broad impact and demand-oriented support.

The spread of the stated selection of 80 projects according to city typologies (see figure 20) shows a clear surplus of large and medium-sized cities compared to smaller municipalities. One possible cause of this is, on the one hand, the formation of regional communities and, on the other, the requirement of being able to present a strategic action concept as well as the huge personnel input that is required to implement the projects and as a result of which

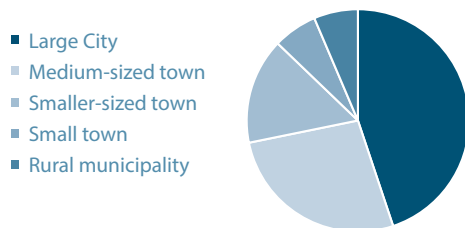


Figure 18:  
Distribution of projects according  
to urban typologies

Source: Own illustration

personnel are lacking in respect of honouring compulsory community tasks. For many, in particular smaller municipalities, this financial and personnel input is not viable.

In part the projects therefore differ starkly from each other in all states in particular in the categories localisation within the settlement structures, city sizes as well as promoted subject areas and incorporation in a strategic framework. Many of the stated projects are still in the process of, in part early, implementation and only a few will be implemented in full at the end of the 2020 funding period.

There are differing reasons for this. On the one hand the Structural Funds lead to immanent processes (see figure 16) while on the other the strong construction activity with a high capacity utilisation of the companies had a dampening effect. In addition, as a result of the long planning phases the land and construction prices exceeded the originally planned cost framework. Ultimately, the high level of project complexity with specified inter-communal stakeholder structure or the combination of different support programmes and techniques lead to costly project development and subsidy phases.



Image: Thorben Mielke

## PHILIPPUS CHURCH

### Renovation of the church and conversion into a venue

Leipzig, Saxony

### Project period

2016 to mid 2019

### Project volume

1,8 Mio. EUR, thereof 1,0 Mio. EUR ERDF funding

### Contact person

Ute Gläser

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Image: Thorben Mielke

### Description

The Philippus Church in the western part of Leipzig was not used any longer by the Protestant community for more than a decade after reunification. In 2012, the Diakonisches Bildungswerk Leipzig gGmbH took over the building ensemble in need of renovation together with the circle of friends and the resulting “Philippus Leipzig” support association. The church was to set an example of inclusion and cohesion. In the course of the reconstruction, large parts of the building were first renovated in accordance with the preservation order and designed to be barrier-free. The meeting and event space thus created is managed by people with and without disabilities, thus giving those in particular the chance to lead an independent working life.

The social and public welfare-oriented management and use of the renovated Philippus Church will strengthen cohesion in the neighborhood. In addition, the historic building was preserved and made accessible to the general public.



## HEIMATHAFEN NORDSTADT

### Integrative consulting and education center in Dortmund's Nordstadt

Dortmund, North Rhine-Westphalia

#### Project period

2015 to 2021 (permanent operation from 2021)

#### Project volume

6,0 Mio. EUR, thereof 3,0 Mio. EUR ERDF funding

#### Contact person

Susanne Linnebach

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#### Description

Dortmund's "Nordstadt" is a high-density old building quarter close to the city center with a total area of approx. 1,450 ha, of which 300 ha are residential areas and about 59,500 inhabitants (status 2019). Dortmund's Nordstadt was and is a preferred destination for immigrants. For their successful integration, they need access to social, cultural and vocational counseling and educational opportunities. The aim of the project is to build a central contact and advice point for newcomers or existing communities and a holistic, integrative support center in the port district. Within the framework of the project Heimathafen Nordstadt, a vacant building is to be prepared for vocational counseling and qualification, offers from the fields of education, language, work and administration, promotion of integration and participation, social and health care, securing in order to improve the economic and psychosocial situation.



Visualisation: HWR Architekten, Dortmund



Image: City of Dortmund



Image: City of Wächtersbach



Image: City of Wächtersbach

## CASTLE HALL WÄCHTERSBACH

### Deconstruction of functional facilities and outbuildings

Wächtersbach, Hesse

### Project period

2016 to 2018

### Project volume

1,9 Mio. EUR, thereof 0,9 Mio. EUR ERDF funding

### Contact person

Nico Agostini

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### Description

Within the framework of the urban development program “Stadtumbau-West” and with the help of ERDF funds, the facilities of a former brewery were dismantled, listed buildings (e.g. the princely horse stable) were uncovered and the area was thus given back its significance in terms of urban history. In the 1970s, the former royal brewery was enlarged on an industrial scale. In the process, historical buildings were also completely converted for brewery use. Since 2008, the brewery has been vacant, leaving behind a large unused industrial wasteland in the middle of the city.

As part of the overall package of measures, the town hall will now find its place on the former brewery site and make the green and open spaces adjacent to the castle accessible to the public. The funding instruments were used as a catalyst to revitalize the old town and make it shine in its old and new splendor. The project was made possible above all by the inclusion of the city in the federal/state urban development funding program in Hesse.

## MINT-CAMPUS ST. INGBERT

### Entwicklung eines Schülerforschungs- und Technikzentrums

St. Ingbert, Saarland

#### Project period

2014 to 2030

#### Project volume

4,8 Mio. EUR, thereof 1,7 Mio. EUR ERDF funding

#### Contact person

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#### Description

St. Ingbert has just under 38,000 inhabitants and, like many cities in Saarland, is characterized by its industrial past. An industrial wasteland of approx. 3 hectares called “Alte Schmelz” in direct proximity to the city center represents the project area. A group of committed professors, city councillors, citizens and teachers developed the project of reviving the fallow area, which is now to be partially converted into a student and research center for the so-called MINT subjects. The lighthouse project “MINT Campus”, (mathematics, computer science, natural sciences and technology) is one of the most modern student research centers in Germany. The initiative is driving forward the content programming and the city is supporting the initiative by applying for ERDF funding for a listed building restoration, while the citizens’ initiative is responsible for the content programming and operation.

The plan is to convert the area into a lively new urban quarter, among other things by developing mobility and green spaces and also tourism approaches. The community is preserving and revitalizing areas of urban historical significance within the framework of a listed building restoration. In addition, the adjacent housing coop-



Image: City of St. Ingbert



Image: City of St. Ingbert

erative is supported and also makes an important ecological contribution through planned PV systems.

## 4.2 Selected project examples

Taking a closer look at individual projects in respect of the subject areas, support logic and sizes, and in that respect including specific characteristics, is informative. To illustrate the variety at project level, 17 examples (of a total of 77) have been selected. These are localised in the following map in an overview and categorised in subject areas. “Descriptions”, which contain the central key factors of the project (classification in strategic planning, project period, project volume pro rate according to programmes and level as well as contact persons) as well as brief descriptions with pictures, are presented for all 17 pro-

jects. These project examples can give suggestions on how ESIF funds, usually in combination with national and/or country-specific financial resources, can promote integrated developments in various directions: as a development stimulus (land consolidation in the case of conversion or the like, development with technical infrastructure), as “top-level funding” for special topics and challenges with radiant power or as a partial component of complex projects and financing.

Overview of the displayed projects (sorted by topic):

- Area conversion**
  - Conversion Hubland** in Würzburg / Landmark Belvedere und Inclusion cafe
  - Kistner-Site** in Bremerhaven / Revitalization of former industrial area
  - Railroad Station** in Wittstock/Dosse / Conversion to a health, mobility and service station
  - Social City Hochfeld** in Duisburg / Upgrading of civil conversion areas
  - Former department store Mainzer** in Heppenheim / New townhouse
  - Fortress Park Ravelin V** in Saarlouis / Conversion of former slaughterhouse facilities
  - Castle Hall** in Wächtersbach / Deconstruction of functional facilities and outbuildings
- Social infrastructure**
  - Campus Ohlenhof** in Bremen / New construction of a sports hall on a new school campus
  - 24-hour day care center** in Demmin / New building of a KITA with flexible opening hours
  - Heimathafen Nordstadt** in Dortmund / Integrative consulting and education company
  - Phillipus Church** in Leipzig / Renovation of the church building and conversion into a venue
  - VIKI-Haus** in Berlin / District work in Berlin
  - Family Competence Center** in Rostock / District work in Rostock-Lichtenhagen
- Mobility and infrastructure**
  - Mobility Center** in Cottbus / Climate friendly traffic junction Lausitz
  - Regiomove** in Karlsruhe / Intermodal mobility platform
- Digitalisation**
  - Digital local!** in Berlin-Spandau / New digital on-site services in the district central library
- Industry and training**
  - MINT-Campus** in St. Ingbert / Development of a student research and technology center
- Energy**
  - Energy Quarters** in Erfurt / Expansion of the district heating supply

Figure 19:  
Listing of the projects illustrated  
in profiles

Source: Own illustration

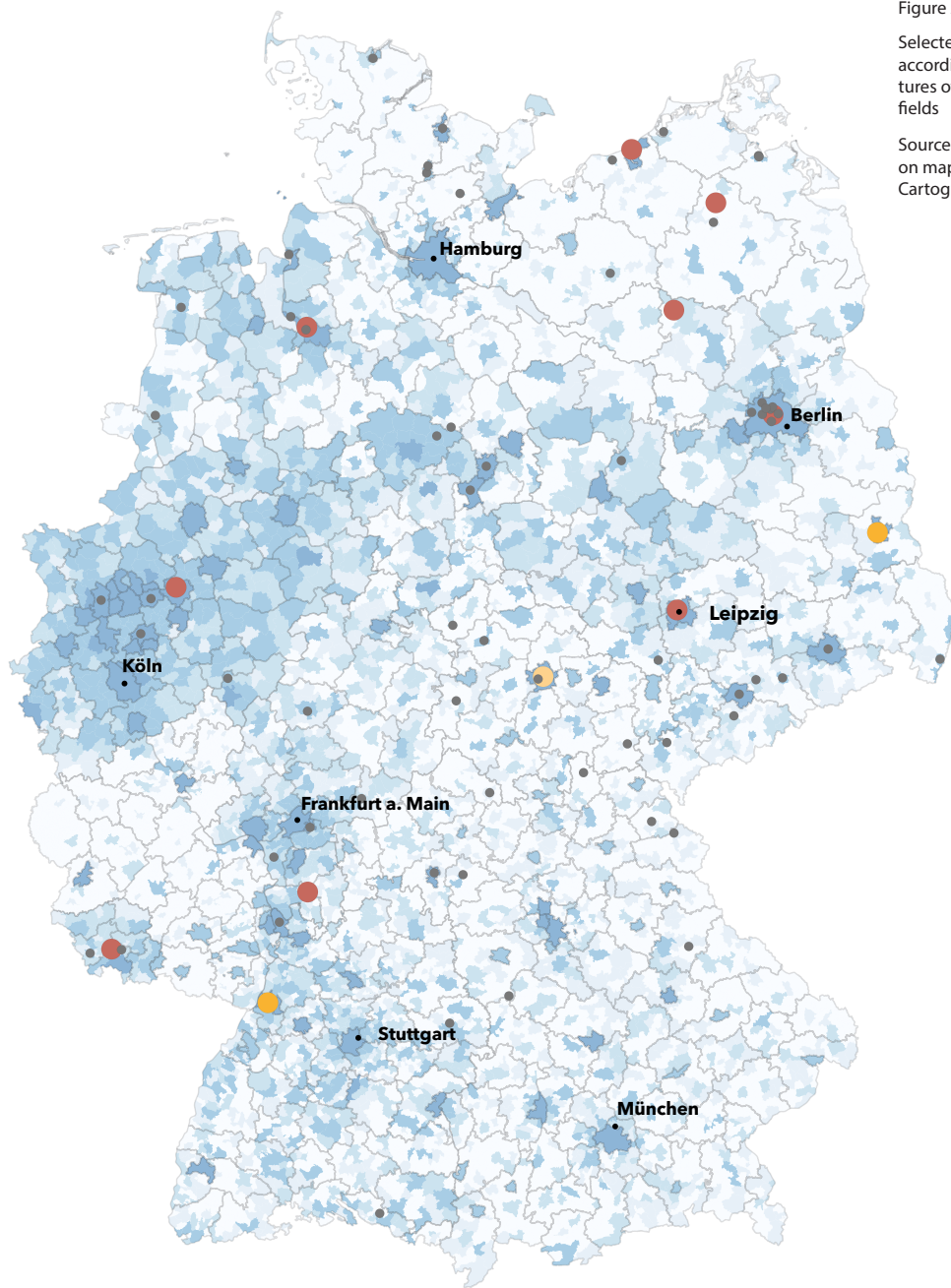


Figure 20:  
Selected ERDF project examples according to the settlement structures of the BBSR and thematic fields

Source: Own illustration based on maps of the Federal Office for Cartography and Geodesy

**Topic:**

- Energy
- Conversion
- Agriculture
- Mobility and infrastructure
- Digitalisation
- Social infrastructure
- Industry and training
- Other projects

**Typology of municipalities:**

- Large City
- Medium-sized town
- Smaller-sized town
- Small town
- Rural municipality

## 5 Special programmes and accompanying instruments for EU-supported urban development

In addition to “conventional” standard funding, which was discussed in Chapters 2 to 4, the European Commission has in recent funding periods repeatedly developed new special funds, financial and advisory instruments and non-investment programmes which can support municipalities in the preparation and implementation of integrated urban development projects. They address specific thematic or political objectives or supplement measures which are not covered by mainstreaming. These include, on the one hand, direct special programmes managed by the European Commission, financial and advisory instruments of the European Investment Bank, or the exchange of expertise across Europe between cities and regions, which is carried out under shared management by the EU Member States.

### Use of financial instruments

A specific financial instrument has been developed for sustainable urban development from 2005: The JESSICA programme (Joint European Support for Sustainable Investment in City Areas) provided Member States the opportunity to invest part

of their EU Structural Funds resources in revolving funds and therefore support urban development projects by way of loans on favourable terms (EIB 2008). The funds only address projects that are fundamentally profitable, but have difficulties in realising conventional loan financing due to market barriers.

JESSICA initially met with little response from the countries including because of the complex fund structure, lack of implementation rules and the lack of suitable projects. From 2010/2011, funds were finally established in Saxony (Lindenauer Hafen project in Leipzig) and in Hesse (12 projects) with a fund volume of EUR 10 million each. Also with a view to the 2014–2020 programming period, several states have carried out extensive preliminary studies to determine the implementation potential for urban development funds. However, no concrete implementation has taken place. The returns from the funds (largely based on projects from the 2007–2013 programming period) are managed by the respective development banks in the states and are allocated to suitable purposes.

| Programmes                      | Objective   | Represented by   |
|---------------------------------|---|--|
| Urbis                           | Consulting programme for municipalities for urban development projects ready for investment                               | European Investment Bank                                 |
| Urban Innovative Actions        | Investment Promotion  | European Commission                                      |
| URBACT                          | Promotion applies to the European specialist exchange between municipalities (methodology, investment-preparing measures) | Member States  |
| Revolving Financial Instruments | Return flows are to be generated by way of promotion of specific projects from the EU Structural Funds                    | Special form within the normal programmes at state level |

Figure 21:  
Overview of special programmes and accompanying instruments

Source: Own illustration

### Urban Innovative Actions (innovative measures in urban development)

Urban Innovative Actions (UIA) is a special programme for innovative actions in urban development, which is implemented through direct ERDF funding from the European Commission and provides financial and non-financial resources to support innovative solutions at urban level. The individual Innovative Actions are based on the thematic content of the Urban Agenda and the Europe 2020 Strategy. From 2016, theme-specific calls for projects have been published annually throughout Europe. With this special programme, the European Commission is pursuing the objective of supporting projects which, due to their high degree of innovation, are subject to greater risk and are therefore not sufficiently mature for investment to be supported by other sources or private investors. According to the UIA, the already scarce public resources would be used less to test innovative/experimental approaches. A decisive criterion is also their transferability to other municipalities. The UIA special fund has a budget of EUR 372 million for the 2014–2020 programming period. In contrast to standard funding, cities or associations of municipalities are only eligible for funding from a minimum number of 50,000 inhabitants. The maximum funding is EUR 5 million with an 80% co-financing rate by the EU.



Perspective: City of Landshut

#### UIA practical example „home and care“ in Landshut

Since the end of 2019, the (only German) UIA project has been running in the Lower Bavarian city of Landshut to implement an innovative concept to combat the risk of poverty among single parents, especially in the care and education sector.

A building with four large day-care facilities and 20 apartments for single parents, working carers and educators is being constructed.

What is special about this is that the apartments of both groups are connected, „door to door“. The child of the shift carer can be supervised at any time by the residential partner working in the educational sector - this ensures that the child is also looked after outside the normal opening hours of daycare centers.

The aim is to improve the situation of all those involved - for single parents to earn their own living; for employers to fill jobs in one of the shortage professions of our time. The main focus is on the child, who is protected from an increased risk of poverty and grows up in a safe environment with clear caregivers.

Contact: [homeandcare@landshut.de](mailto:homeandcare@landshut.de)

### **Assistant platform URBIS**

In cooperation between the European Commission and the European Investment Bank (EIB) and in the framework of the guidelines of the Urban Agenda for the EU, the new assistance platform URBIS (Urban Investment Advisory Support) was launched in November 2017. As an advisory tool for cities of all sizes, it is intended to simplify and accelerate the application for and implementation of EU-funded urban projects. While many funding programmes and the associated advisory centres often provide advice on individual measures in narrowly defined thematic fields, URBIS supports projects that map a strategy across individual projects. This includes support for planning for city-wide project financing and for the implementation of individual measures in an integrated urban development concept (IUDC). The URBIS platform merely adds a holistic and city-specific perspective to the existing offer. The aim is to view strategic urban development plans already drawn up by local actors, to provide information on funding opportunities, to jointly prepare feasibility studies and environmental impact assessments, to test the relevance of the content of application documents or to offer legal advice. URBIS is not so much about the individual practical measures themselves as about holistic strategic urban development in accordance with the Urban Agenda. Priority is given to three- to five-year planning projects of smart, green and socially inclusive investments or packages of measures for sustainable urban development.

### **URBIS practical example Leipzig**

One of the very few German Examples of participation in this program is offered by the city of Leipzig. It has the ambitious objective of becoming a CO<sub>2</sub>-neutral city by 2050 and of phasing out lignite as a fuel by 2030. This vision is underpinned by various strategies and programmes such as the Leipzig Energy and Climate Protection Programme, which has set an important course during the past six years by implementing CO<sub>2</sub> reduction measures. Recent efforts include the testing of decentralised, neighbourhood-based, smart energy solutions co-funded by the EU's SPARCS Lighthouse Project in the Horizon 2020 programme (see <https://sparcs.info>).

Building on this, the European Investment Bank (EIB) decided to support the City of Leipzig under the URBIS programme with a study and investment analysis of the potential of the CO<sub>2</sub> reduction technologies already implemented and those planned. The study will provide an indication of the scalability of climate-neutral and intelligent energy systems in Leipzig. This will be an important step towards a feasible scenario for creating a CO<sub>2</sub>-neutral City of Leipzig by 2050.



### The EU funding programme URBACT

URBACT is a non-investment European funding programme that has been supporting the technical and methodological implementation of integrated and sustainable urban development in Europe since 2002. The programme is jointly managed and politically steered by the Member States and the European Commission. It is financed exclusively by the ERDF and contributions from the EU Member States. The URBACT task consists of promoting the theme-related exchange in city networks in the following areas:

- **Participation: Skills and structures of the cities for a participative urban development policy**
- **Strategy development: Drawing up sustainable and integrated action concepts**
- **Implementation concepts: Methods for implementing integrated urban development concepts**
- **Knowledge transfer: Exchange of specialist knowledge between trainees and expert at all levels**

In that respect, URBACT addresses many cross-cutting issues and covers all eleven thematic objectives of ERDF assistance. The focus is not on investment measures but on participatory integrated action plans or development strategies. They are developed in theme-specific URBACT networks, in working groups with local stakeholders, in exchange with delegates from partner cities at transnational level and with the support of external experts. The programme offers the possibility of a leverage effect, in which potential investment funding can be prepared by supporting planning and methodology processes (URBACT 2019). Such a link is more common in countries where the funding landscape in the urban development sector is largely provided by the EU Structural Funds. An overlap with

other special programmes is also possible. Cities such as Turin, Bologna or Rotterdam have successfully transferred their preparatory URBACT projects into UIA funding (URBACT 2017).

As part of the study, German partner cities in closed URBACT networks were questioned by telephone on a random basis as to whether the integrated concept development resulted in follow-up investment projects under the Structural Funds. One of the successful examples is the city of Bielefeld.

In the URBACT network CityMobilNet, the city has developed a sustainable mobility concept which is now being implemented. The concept development and application of new methodological processes, which was promoted with the help of URBACT, was subsequently transferred to direct ERDF investment measures. In general, direct causality must be judged with caution, as links to transnational programmes in the country OP are also rather exceptional. Therefore, URBACT can also develop a long-term impact which can only lead to an investment measure at a later stage. The following obstacles were identified from the interviews:

- **Distribution of responsibilities within the city administration.** EU funding departments are often located in the economic development department, whereas URBACT projects are mostly in the fields of urban planning, transport or social affairs.
- **The location of an URBACT project within the city administration hierarchy is an important factor for success and perpetuation.** If project responsibility is not at the top level or if parts of the project are outsourced, project approaches are often difficult to implement.
- **The involvement of managing authorities in project activities.**

While the first two factors are ultimately in the hands of the respective municipality and project managers, the closer involvement of the authorities responsible for EU funding at national and state level offers a possible lever to create a structural bridge for potential follow-up support.

If one compares the application of “special forms” of EU funding in Germany during several funding periods, these hardly play any significant role except for the EU funding programme URBACT, which is also attributable to relatively small funding volumes. However, these have become more permanent and are used more selectively. Another important reason is the dense funding landscape provided by national programmes or funding banks.

### **URBACT example Bielefeld**

The city of Bielefeld is the economic center of the Ostwestfalen-Lippe region in North Rhine-Westfalia. In the course of re-urbanization, the city has grown by around 10,000 people since 2010. Forecasts predict that Bielefeld will grow by a further 6 percent by 2025. New settlement developments and increasing traffic flows with bottlenecks in the existing transport infrastructure and supply, however, present the city with new challenges. Many employees already commute to Bielefeld from the surrounding area; in 2015, this figure will be around 78,000 people a day. This corresponds to around 44 percent of all those employed in Bielefeld.

In 2016, the city council decided to develop a sustainable urban mobility plan (SUMP). The main objective is to change the mobility behavior of Bielefeld’s population in order to make the best possible use of the positive effects of the individual modes of transport and to ensure healthy living and housing conditions. The model is the Copenhagen transport model.

An exemplary project from the overall concept is the restructuring of the Jahnplatz. This centrally located square cannot fulfill its function as a public space with recreational and shopping functions due to the heavy traffic load caused by the motorized individual traffic. There are no attractive places to stay and hardly any space for pedestrians and cyclists. With the objective of redesigning the square, EU and state subsidies from the program „Emission-free city center“ amounting to 18 million EURO could be raised.

## 6 Forecast and derivations for 2021–2027 funding period

### 6.1 Thematic and framework-forming bases

The urban dimension has also been legally enshrined in the new EU Structural Fund regulations for the 2021–2027 programming period. The “traditional” political exchange of blows before the start of the regular legislative process took place well before the European Commission started publishing the first new fund regulations. This went so far that some representatives of the EU institutions only wanted to make EU regional policy available to the less developed regions or even questioned it completely. But also the proponents and supporters demanded a substantial simplification of procedures for the continuation of the EU structural policy across institutions. The EU Commission, however, made it clear from the outset that support from the ESIF would be taken up across the board. It justified this not only with the intra-European development compensation, but above all with the securing of global competitiveness of municipalities and regions. In view of the growing EU scepticism of many citizens, the funding of urban development is playing an increasingly important role in the argumentation. Urban development that visibly enhances people’s daily environment with the help of EU funding is more perceptible than other EU policies, which are far more important but more abstract. Under the maxim of creating “a Europe closer to its citizens”, the funding of spatially integrated measures was given its own political objective in the new funding regulations, which was not questioned by either the Parliament or the Council.

#### **„Green Deal, multi-year financial framework and Corona aid as a guideline for support from 2021**

In December 2019, the European Commission published a Communication in which it defines overarching objectives and policy initiatives for the current legislative period under Commission President Ursula von der Leyen. Under the heading “The European Green Deal” COM (2019) 640 (Green Deal), the EU Structural Funds for the 2021–2027 programming period will therefore also receive an overarching thematic concept with an economic growth strategy which will replace the Europe 2020 Strategy. The Green Deal pursues several fundamental objectives:

- **Climate neutrality in the EU by 2050**
- **Decoupling economic growth from an increasingly intensive use of resources**
- **Protection of Europe’s natural capital and protection of health and human well-being from environmental risks and their effects**

The Green Deal should therefore lead to a rethink in society and provide impetus for structural change in the economy. The notice identifies 50 initiatives for this fundamental European structural change, addressing in particular the fields of energy, buildings, industry and mobility, which thus also touch on dimensions of urban development. To support this financially, not only existing forms of financing such as ESIF should make an investment contribution to this objective, but also new support instruments with separate budgets. One of these, which should at least indirectly have an impact on the urban dimension, is the Just Transition Fund. This fund, with a budget of EUR 17.5 billion (Septem-

ber 2020), is intended to support regions which can only achieve sustainable “green” structural change in certain economic sectors with special support. In Germany, these include the coal regions in Saxony, Brandenburg, Saxony-Anhalt and North Rhine-Westphalia, which will receive a total of about EUR 2 billion.

However, the negotiations on financial resources came to a halt with the global corona crisis. In addition to the usual negotiations between heads of state and government, the EU Commission and Parliament on the MFF, the debate was subject to a high degree of complexity due to the simultaneous creation of the historically unique reconstruction fund. In addition, there are now further new financial and support instruments which are already planned under the mantle of the “Green Deal”. Overall, the budget of the MFF is to be set at EUR 1.074 billion between 2021–2027 (European Council conclusions of 21 July 2020, EUCO 10/20).

Allocation of resources to the individual Member States is based on gross domestic product. This is weighted at 85%. Other criteria such as the rate of youth unemployment, the number of migrants and refugees and the effects of climate change are also taken into account. The majority of the funds continue to flow to the southern and eastern European Member States. Although France and Germany are still among the larger beneficiary countries in nominal terms, their total volume of funding will decrease, which will also be reflected in the ERDF and ESE. As a result, it can be assumed that the municipalities will need to operate with a lower total

funding amount in the urban development sector in the coming EU funding period. To assure that municipalities, in particular in the German transitional regions, will continue to receive sufficient funding by way of excessively reducing the available funds, a financial safety net will continue to be in place providing EUR 650 million for areas that have already been declared transitional regions for 2014–2020. The sharp drop in cohesion financing rates is likely to be a severe blow for many municipalities. In the future, transition regions will receive a maximum subsidy of 60 %, while the better developed regions will receive only 40 %. This makes it all the more relevant for municipalities to supplement urban development measures with regional or national support programmes.

Contrary to the concerns and scenarios previously expressed, EU funding will initially remain accessible to all regions in Germany and will continue to be divided into the known regions from 2021 onwards. The Council conclusions mean the n+3 rule shall be maintained until 2027. This will relieve the pressure on major deficits in the timely absorption of funds for all project and programme managers, which would be caused by a multiplying mix of late programme start and long planning and implementation periods.

### Thematic guidelines for the fund-specific regulations

The European Commission first published the content guidelines and technical-administrative requirements for the new generation of Structural Funds on 29 May 2018. These also contain the legal basis

| Area category            | Co-financing rates                  | States  |
|--------------------------|-------------------------------------|---|
| Better developed regions | Maximum 40<br>(so far maximum 50 %) | West German states and the Leipzig and Berlin region                                    |
| Transitional regions     | Maximum 60<br>(so far maximum 80 %) | East German states (except Berlin and the Leipzig region) as well as Lüneburg and Trier |

Figure 22:  
New and „old“ instruments for supporting spatially-integrated instruments

Source: Own illustration

for implementing a territorial or urban dimension, which will also be available as an option from 2021 and which has been laid down with a national minimum quota of 8%. A new framework regulation - also known as the Common Provisions Regulation - defines the general provisions and regulations that apply to all funds. Details are set out in the fund-specific regulations and supplemented by way of delegated acts. Therefore, there is at least the legal and conceptual basis for all states to be given the opportunity to support integrated urban development projects.

**The spatial dimension in the new Common Provisions Regulation**

Articles 22-27 of the proposal for the Common Provisions Regulation (European Commission, 375 final 2018/0196 [COD]) define the relevant instruments and bases for territorial instruments. In the 2021–2027 period it will offer three options for implementing spatially integrated support approaches. In addition to the ITI and CLLD instruments, a third, unspecified instrument “implemented by the Member States” is made available. The requirements for spatially integrated approaches described in Article 23, which are essentially congruent with the instruments established in Germany of an integrated action concept (IHC), an integrated urban development concept (IUDC) or, in

the urban-regional context, an integrated regional development concept (IRDC), are regarded as the conceptual basis:

These requirements represent a conceptual simplification for both states and municipalities in Germany for integrated approaches in EU funding because the approaches and instruments of integrated urban development, which have now been tried and tested for decades and are applied equally to projects under national funding programmes such as the Social City in the context of urban development funding, can also provide the basis for EU funding. This means that ITI and CLLD will probably remain an exception in the coming EU funding period. A further significant facilitation is the elimination of the sub-delegation of tasks of the management and control system to the municipalities, should the selection of funded projects take place at city level.

**Thematic concentration and quotas in the fund regulations**

The individual thematic funding themes are defined in more detail in the ERDF Regulation and are defined under the heading of five overarching “political objectives”. The number of thematic objectives has been significantly merged - in 2014 there were still 11 objectives very much geared towards sectors. By way of the political objective 5, a horizontal objective could

| EU-Instruments                               | Integrated action plan (IAP)   | Integrated urban development concept (IUDC)  | Integrated regional development concept (IRDC) |
|--|--|--|--|
| Description of the geographical area covered | Delimitation of the program area according to economic, social-spatial and urban development aspects | Concrete area reference, partial spatial planning coordination with superordinate spatial levels                     | No uniform definition                          |
| Potential analysis                           | Functional and SWOT analysis   | Description of adaptation requirements, goals and priorities for action  |  |
| Description of the integrated approach       | Derivation of strategic development goals, fields of action and measures                             | Holistic, integrated planning approach considering social, urban, cultural, economic and ecological fields of action |  |
| Integration of partners                      | Concept for involving the population of relevant actors and politics                                 | Develops with public participation and is an interdisciplinary joint task of external and internal actors            |  |

Figure 23: Effects and structures of integrated spatial development instruments in the EU funding

Source: Own illustration

now be defined again, which, inter alia, with the funding of cultural heritage and security in public space, also defines themes but primarily serves as a conceptual component to transfer themes from objectives 1-4 to a spatial strategy. Due to the decreasing funding, initial surveys of the states show that the thematic priorities of digitisation and business development, energy issues and the objective of “a Europe closer to its citizens” are being applied. Objective 4 will be implemented mainly through the ESF. For Germany, support for infrastructure development and mobility will, if at all, only be possible in an urban development context.

From 2021, the new funding period will be much more strongly related to the European semester. This was established as a stabilising “reform programme” in the wake of the economic and financial crisis in 2009/2010 to ensure greater coherence in the overall economic development of the EU and prevent the socio-economic slippage of individual Member States due to delayed reforms.

The national reports in the context of the European semester in 2019 and 2024 are to be taken into account as a basis for discussion when aligning future investment priorities of EU Cohesion Policy in the subsequent Partnership Agreement and the OP of the ERDF and ESF+. In 2019, the European Commission therefore set out the following positions for urban and territorial development: (see European Commission 2019)

- Support in the field of „Intelligent Cities“ (cooperation with universities, experimental projects and intelligent mobility and low-carbon economy)
- Cooperation between cities and rural areas, particularly around growing cities
- Upgrading disadvantaged neighbourhoods, processes of social change and integration of refugees

- Improving access to social housing by supporting community-based solutions and integrated services
- Expanding planning capacity in public administration and broadband deployment in small and rural communities
- Expanding knowledge and skills between large and small cities (at regional, national level and across borders with other EU regions)
- Supplementing the EU Structural Funds in the case of structural change for coal regions

It remains to be seen to what extent the current thematic priorities will be reflected in the Partnership Agreement or in the OP of the countries in the coming EU funding period and cannot be adequately described at the time of writing.

## 6.2 Recommendations for action, opportunities for and challenges of the new funding period

Developments to date for the new funding period indicate that the new regulations have created a conceptual framework which continues to provide the possibility for a large proportion of the German states to receive funding for integrated urban development projects, irrespective of the category of area concerned. The greater thematic breadth within the policy objectives set by the European Commission and the establishment of a more flexible approach to integrated spatial support mechanisms as a separate policy objective should facilitate the programming phase of OP at federal and state level, the preparation of support strategies and the support of projects at local level. This could take some of the complexity out of the EU funding system, which for many municipalities already requires administrative and techni-

cal skills to bring local urban development projects into line with the requirements of EU funding. Cities and municipalities whose task consists of ensuring the upgrading and stabilisation of entire urban districts with the help of long-term strategies can, therefore, expect key impetus from EU funding in the coming funding period as well, in particular with regard to the major issues already addressed in the New Leipzig Charter: the social stabilisation and integration of migrants in urban districts, the upgrading of public space, the safeguarding of the social, digital and educational infrastructure as well as structural measures (e.g. resource cycle management) which enable resource protection and climate protection, but also at the same time mitigate the noticeable climatic changes in cities.

Nevertheless, there is a whole range of mechanisms and framework conditions which, from the current perspective, may act as a constraint in the new funding period and bring new challenges. On the one hand, there will be noticeable cuts in funding, so that it is questionable for some countries to still offer an urban dimension with a recognisable effect in view of the low level of funding. This is associated with a cost-benefit analysis with regard to

the effort required to draw up programmes with relatively low funding amounts. One of the main points of criticism, which was not resolved in favour of the applicants even during the negotiations between the EU institutions, is the sharp drop in co-financing rates. In view of the high pressure on municipal budgets, which is likely to be exacerbated by the noticeable drop in trade tax revenue due to Corona, the financial contribution to be made by the municipalities themselves in return for EU funding is not a matter of course for many municipalities.

Further pressure is again built up by the late start of the funding, especially for the programme managing authorities. Even in this funding period, a swift start to competitions and project calls will hardly be possible. Due to the reconstitution of Parliament and the EU Commission in 2019 and the tough negotiations regarding the 2020 multi-year financial framework, this is ruled out precisely for that reason. Even towards the end of 2020, neither the Partnership Agreement nor the OP of all countries are available. The necessary “translation” into the corresponding state support guidelines, calls for tenders and implementation of competition procedures and project calls must be pushed further into the

| Political objective (PO)            | Possible focal points of funding  | Quotation in %  |
|-------------------------------------|---|---|
| PO 1: „Smarter Europe“              | Research, digitization for citizens, businesses and governments, support for SMEs, skills for structural change       | > 85 % for PO 1 und PO 2, thereof > 30 % for PO 2 (at national level) |
| PO 2: „Greener, carbon free Europe“ | Energy efficiency, renewable energies, energy systems, climate change, disaster control                               |   |
| PO 3: „Connected Europe“            | ICT and mobility: including digital connectivity, intermodal, intelligent, climate-friendly mobility                  |   |
| PO 4: „Social Europe“               | Measures such as social services, integration of migrants and disadvantaged population groups, educational measures   |   |
| PO 5: „Europe closer to citizens“   | Promotion of sustainable and integrated urban development (including cultural heritage and security in public spaces) | at least. 8 % (at national level)                                     |

Figure 24:  
Specific support objectives of the 2021–2027 funding period with quotation

Source: Own illustration

funding period, so that towards the end there will probably be renewed pressure to call for funds and implement individual projects in good time. To ease this pressure, an agreement was already reached at the special EU Council summit on 21 July 2020 to maintain the n+3 rule at least until 2027.

From the qualitative evaluation through interviews, both with state representatives and with colleagues from EU-funded municipalities, a number of conclusions and recommendations for action for the new EU funding period can be derived, which are categorised in the following bullet-points:

### **Be as broad as possible in terms of content to provide truly integrated and long-term support**

- The funding of integrated approaches requires a minimum of flexibility in terms of content and the possibility of linking different subject areas. As an important strategic framework instrument, the Partnership Agreement is seen as a strategic link between the OP at Member State and European Commission level. The integrated approach to urban development must already be anchored here. An effect that is too narrow in thematic terms should therefore be avoided.
- The OP define the strategic funding strategy with a long-term development horizon and must link the content of the EU funding guidelines with concrete local needs. To avoid erroneous allocations or a lack of funds, it is important to coordinate matters with local needs. The same detailed thematic and conceptual requirements cannot be applied to every city; here too, flexibility is needed to take local conditions into account and leave enough room for innovative approaches to be implemented with EU funding.
- The broadest possible approach at programme level is needed to implement truly integrated projects. The political objective 5 „A Europe closer to its citizens“ of the new EU funding period promises to serve as a manageable basis for bundling different thematic fields in advance and to simplify implementation and application for the final recipients, because municipalities are always faced with the challenge of combining funding instruments as a central bundling level, of submitting different applications for the individual funds, which are each subject to



different regulations and examination requirements, terms or aid regulations.

- The combination of resources from different funds at programme level is subject to a high degree of complexity. This is due to the fact that it is difficult to reconcile the different legal requirements of the individual funds or to departmental selfishness within the authorities. The application of multi-fund programmes therefore remains rather an exception in the new programming period, in particular with regard to the EAFRD, which is no longer part of the Common Provisions Regulation. The local authority therefore continues to be the level of concentration. Ultimately, however, there is also the possibility of integrating sectoral support in an overall urban concept via the basis of IHC, IUDS and ISDC of spatially bundled individual projects outside the scope of Article 9. This would make it easier for EU funding to be provided across federal state borders (e.g. metropolitan regions) without having to reckon with complex instruments, cross-Operational Programmes or different support rates.
- The funding of urban regional strategies was taken up by some countries, but did not always lead to the actual implementation of joint projects between municipalities. Nevertheless, a decisive impetus for inter-municipal strategy development was initiated. Inter-municipal cooperation in the functional area has proved successful. Therefore, concepts should not be linked to codified planning or administrative limits, so that cooperation between the municipalities can arise from the purpose.

### **Reinforcing the implementation chances of projects and the innovative added value of EU funding**

- The funding period 2014–2020 has shown in some countries that very long and multi-tier lead times between the competition procedure and project implementation can prove problematic if concrete indicators and projects need to be specified at a very early stage in the strategy development process, but the projects could not be implemented years later (e.g. company insolvencies, staff changes, budget freezes, sharp increases in construction prices and missing building land, etc...) and difficulties arise in meeting the result indicators. Consequently, types of procedures should be examined in order to keep time intervals as short as possible so that projects do not lapse and ultimately jeopardise the planned absorption of funds.
- Sufficient staff at municipalities and project executing agencies. This is a challenge not only for German municipalities, but a comparison with other examples from the Czech Republic, Poland, Italy or France shows that demanding requirements in terms of content, administration and law mean that sufficiently qualified personnel are needed in the municipal administrations or local development agencies. The states should therefore continue to examine how technical assistance can help municipalities to implement the programme successfully.
- EU funding for integrated urban development approaches must not only be available for large cities. This study has shown that small and medium-sized towns in particular have found it difficult to launch larger projects without start-up financing

from the EU Structural Funds. EU funding has two tasks: On the one hand, creative impulses, new approaches and innovative measures for urban development are to be initiated and tested and, on the other, asymmetric regional developments of municipalities are to be balanced out so that equal opportunities, quality of life and services of general interest are maintained for the people living there. Small and medium-sized municipalities in structurally weak regions in particular need development impetus to catch up with the highly competitive „pioneers“.

- One obstacle to the absorption of EU funds and the eligibility of projects is the lowering of EU cohesion financing rates. Without support from federal and state programmes, these municipalities will only be able to cope with the high level of own funds to a limited extent.
- Output and result indicators provide the basis for important control mechanisms for the implementation of EU-supported projects. However, it should be borne in mind that the positive effects of integrated urban development usually have a long-term impact beyond several funding periods, which is difficult to measure in the short term with quantitative indicators. In addition, a strict system, in which indicators in particular must be defined at a very early stage without projects already having been established, tends to create the risk of generating sources of error at programme closure if the indicators cannot be met. It is also to be feared that the stricter performance monitoring will create an incentive to select projects with the lowest possible risk. This thwarts the intention to implement experimental and innovative projects or new forms

of organisation and participation. As a result, dialogue with the responsible authorities should be conducted repeatedly at all levels to develop effective solutions.

### **Linking and building on existing instruments**

- The amount of aid will be lower in the next EU Structural Funds period. In any case, a truly area-wide broad-based support is hardly conducive to achieving the desired results. However, the study has shown that EU funding can create a noticeable leverage effect if it is strategically combined with existing instruments and national funding programmes.
- A link can be made with overlapping regional aid maps, which are combined with both EU funding and urban development programmes; this gives the applicant the opportunity to dock on to existing concepts of already ongoing funding programmes with EU funding.
- The evaluation of the programmes showed that EU funding could also be used as a lever for national funding programmes, such as KfW programmes in the energy efficiency sector. Projects could be initiated or accelerated with the help of the ERDF.
- Another option for creating a leverage effect for projects outside EU funding is the conceptual docking of projects financed exclusively with municipal own resources to the strategic ERDF concept. This gives projects without ERDF support different „ownership“ and helps implement measures that would otherwise „fall by the wayside“.
- The orientation of transnational, non-investment support programmes,

such as INTERREG, will probably take up spatial components to a greater extent in the coming programme period. The German programme areas largely reflect the same ERDF support themes in Article 9. Therefore, local and regional authorities should examine the extent to which the implementation of INTERREG programmes can be effectively linked to the investment support programmes in the medium term as a preparatory measure for investment.

- EU funding programmes and exchange platforms should be better known and used. Although programmes such as URBACT do not offer any investment funds, they do help in the long term to prepare support projects through their conceptual design. The study has shown that, ideally, follow-up funding from the investment measures can be strategically prepared. The programme administering authorities should therefore make greater use of this instrument because it could also provide support, particularly for smaller or local authorities with tight budgets, to prepare applications accordingly and improve their quality.

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## List of abbreviations

|                 |  |
|-----------------|--|
| <b>AdR</b>      | European Committee of the Regions  |
| <b>BBR</b>      | German Federal Office for Building and Regional Planning   |
| <b>BBSR</b>     | German Federal Institute for Research on Building, Urban Affairs and Spatial Development                                     |
| <b>BIWAQ</b>    | Education, industry, work in the quarter   |
| <b>BMI</b>      | German Federal Ministry of the Interior, Building and Community  |
| <b>BMWi</b>     | German Federal Ministry for Economic Affairs and Energy  |
| <b>CLLD</b>     | Community-Led Local Development (von der örtl. Bevölkerung betriebene lokale Entwicklung)                                    |
| <b>CSF</b>      | Common Strategic Framework   |
| <b>DG Regio</b> | Directorate-general for regional policies and urban development  |
| <b>EAFRD</b>    | European Agricultural Fund for Rural Development   |
| <b>EIB</b>      | European Investment Bank   |
| <b>ERDF</b>     | European Regional Development Fund   |
| <b>ESF</b>      | European Social Fund   |
| <b>ESIF</b>     | European Structural and Investment Fund  |
| <b>ETC</b>      | European Territorial Cooperation   |
| <b>EU</b>       | European Union   |
| <b>F&amp;D</b>  | Research and Development   |
| <b>GDP</b>      | Gross domestic product   |
| <b>IKT</b>      | Information and Communication Technologies   |
| <b>IP</b>       | Investment Priority  |
| <b>IUDC</b>     | Integrated Urban Development Concept   |
| <b>ITI</b>      | Integrated Territorial Investment  |
| <b>LCG</b>      | Local Campaign Group   |
| <b>LEADER</b>   | Liaison entre actions de développement de l'économie rurale<br>(link between campaigns for development of the local economy) |
| <b>MFF</b>      | Multi-year financial framework   |
| <b>MIL</b>      | Ministry for Infrastructure and State Planning of the German Federal State of Brandenburg                                    |
| <b>NSFP</b>     | National Strategic Framework Plan  |
| <b>OP</b>       | Operational programme  |
| <b>PA</b>       | Priority Alignment   |
| <b>PO</b>       | Political objective  |
| <b>SME</b>      | Small and medium-sized enterprise  |
| <b>SUW</b>      | Urban-rural competition  |
| <b>TFEU</b>     | Treaty on the Functioning of the European Union  |
| <b>URBACT</b>   | EU network programme for network formation and exchange of experience in urban development                                   |





