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COUNTRY FICHE

GERMANY [DE]

In the 2014-20 period, Germany implemented a total of 134 Territorial Delivery Mechanism strategies. Of these, 103 Sustainable Urban Development (SUD) strategies were executed through a Priority Axis of Operational Programmes (SUD PrAx), primarily using funding from the European Regional Development Fund (ERDF). Integrated Territorial Investment (ITI) was employed in eight strategies, covering coastal areas and islands in the state of Schleswig-Holstein, also supported by ERDF. Additionally, 23 Community-led Local Development (CLLD) strategies were implemented in Saxony-Anhalt, combining funding from ERDF, the European Agricultural Fund for Rural Development (EAFRD), and the European Social Fund (ESF).

POPULATION	STATE TYPE
82.5 million	Federal

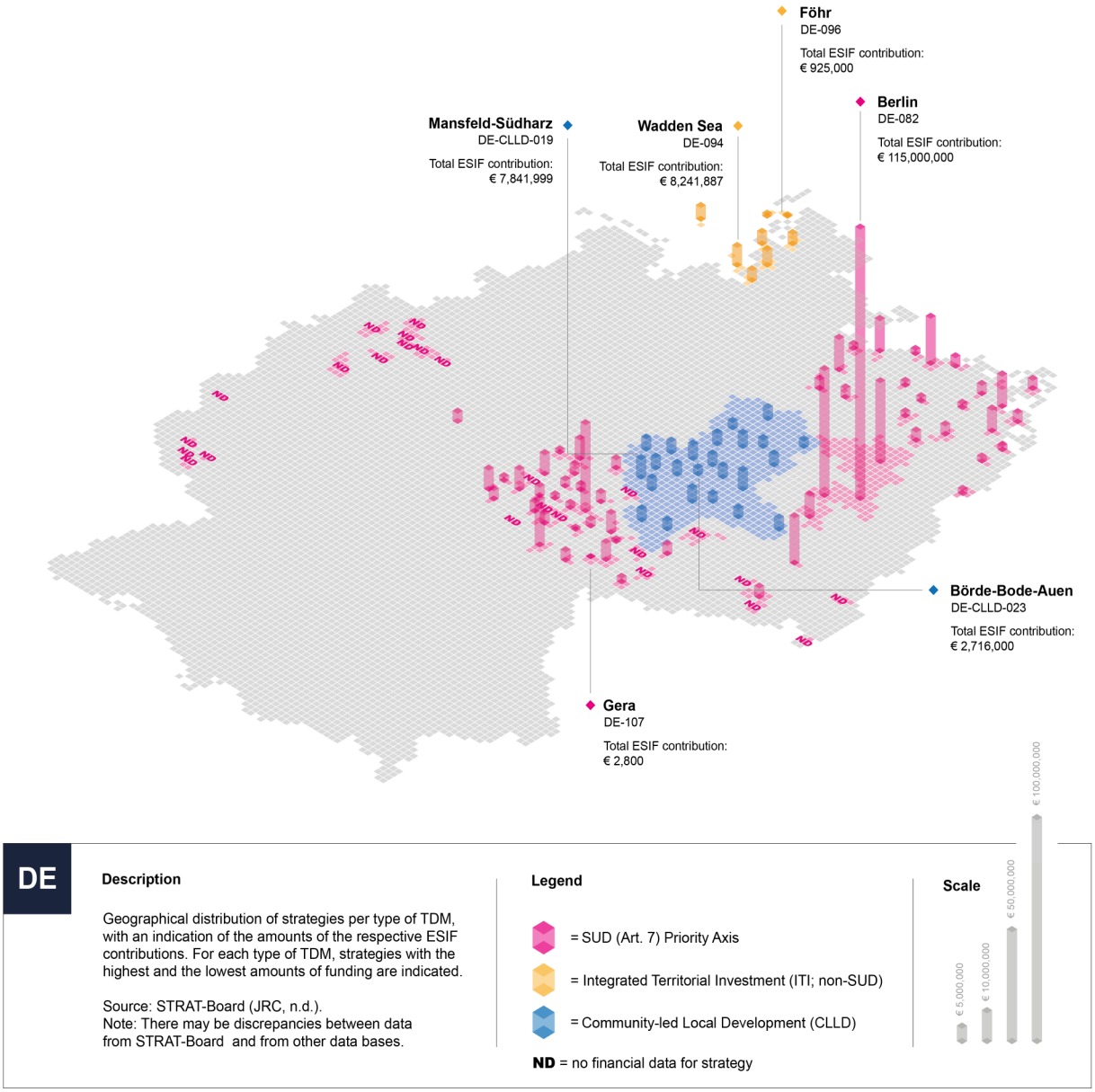
NATIONAL ESIF BUDGET	
EU Contribution (EUR)	€ 34,070,909,195
National Contribution (EUR)	€ 18,016,492,304
Total Contribution (EUR)	€ 52,087,401,499

Note: including all ESIF - ERDF, ESF, EAFRD, YEI, EMFF
Source: Cohesion Open Data Platform (European Commission, n.d.)

Territorial Delivery Mechanism type	No.	ESIF type	Share of ERDF /CF allocation[2]	Share of decided allocations spent (end 2022)
SUD (Art. 7) Operational Programme	0	-	-	-
SUD (Art. 7) Priority Axis	103	ERDF	6.8%	59%
Integrated Territorial Investment (ITI; SUD)	0	-	-	-
Integrated Territorial Investment (ITI; non-SUD)	8	ERDF	0.2%	69%
Community-led Local Development (CLLD)	23	ERDF, ESF, EAFRD	0.2%	82%
TOTAL	**134**	**-**	**7.2%**	**-**

Source: allocations and spending based on Cohesion Open Data Platform (European Commission, n.d.), remaining items on STRAT-Board (JRC, n.d.).
Note: STRAT-Board data is self-reported by strategy holders. There may be inconsistencies between the data reported in STRAT-Board and other databases. Cohesion Open Data Platform data indicates that a small amount of funding was also deployed through SUD ITI strategies implemented in Germany, however these were not covered by this evaluation.

Figure 1. Geographical distribution of Territorial Delivery Mechanism (TDM) strategies



GOVERNANCE CONTEXT

Germany's federal structure grants significant competences to its sub-national authorities. The country is divided into three administrative levels: states (Länder), districts, and municipalities, with municipalities having the right of self-administration. Cooperation across these levels is strong, particularly between districts and municipalities, facilitated by horizontal and vertical fiscal equalisation mechanisms. The federal government also provides various financial support programmes to lower administrative levels. In the context of Cohesion Policy, Germany's federal governance system allows each Land to manage its own ERDF and ESF Operational Programmes (OPs).

Germany has a national urban policy known as the National Urban Development Policy (Nationale Stadtentwicklungspolitik), launched in 2007. This policy, established by the Federal Ministry of Transport, Building and Urban Development, the Conference of Construction Ministers, and the German Towns and Community Association, promotes strong cooperation across government levels and between stakeholders. It integrates various funding sources through initiatives such as the Urban Development Funding programme, which provides federal grants for urban investment projects. One notable example is the Social City Programme (Soziale Stadt), established in 1999, which targets the regeneration of deprived neighbourhoods using a combination of EU, federal, state, municipal, and third-party funding.

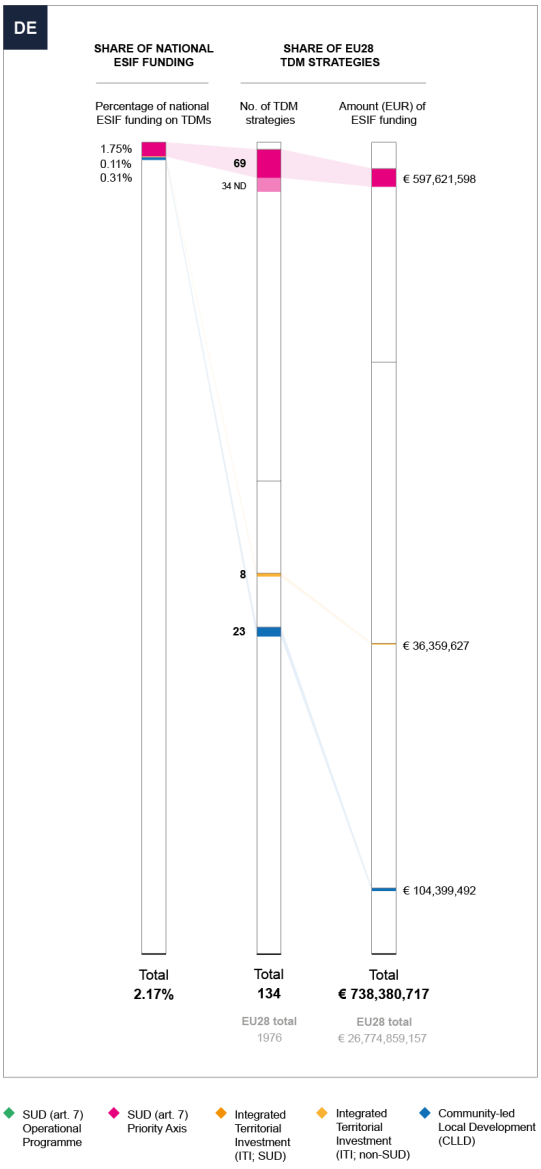
The National Urban Development Policy emphasises an integrated approach, fostering vertical and horizontal collaboration between the public sector, private sector, third sector, and civil society. Germany also prioritises collaboration with academia and industry, particularly in energy and tourism development projects. The policy functions as a platform for exchange on best practices in urban development, bringing together diverse actors to improve the quality of life across urban areas.

COHESION POLICY CONTEXT

During the 2014-2020 period, the implementation of Cohesion Policy in Germany was shaped by the country's federal governance structure, with significant decentralisation and involvement of sub-national authorities. Each German state (Land) managed its own ERDF and ESF OPs, reflecting the regionalised approach to Cohesion Policy governance. This decentralisation allowed states to tailor programmes to their specific regional needs and priorities.

FEATURES OF THE TERRITORIAL DELIVERY MECHANISMS

Figure 2: Types of Territorial Delivery Mechanisms (TDMs) used, amount of strategies and the corresponding shares of ESIF* contributions



Source: STRAT-Board (JRC, n.d.). Notes: On the first vertical bar from the left, the percentage of all ESIF funding for that country allocated to TDM strategies is indicated with colour. The whole bar represents all ESIF funding for that country. On the second bar (middle), the number of each type of TDM strategy implemented in this country is indicated with the corresponding colour, with the whole bar representing all TDM strategies implemented across the EU28 (1976 strategies, as indicated in grey below the bar). On the bar on the right side, the amounts of ESIF funding for the TDM strategies are indicated with the corresponding colour. The whole bar represents the total allocation of ESIF for TDMs in the EU28. Please note that STRAT-Board data set is not always complete and correct. There may be discrepancies between it and other data bases.

Sustainable Urban Development (Art. 7) Priority Axis

A total of 103 SUD PrAx strategies deployed in the states of Berlin, Hessen, Mecklenburg-Vorpommern, North Rhine-Westphalia, Sachsen, Saarland, and Thüringen.

Urban authorities generally favoured a multi-thematic PrAx approach, finding it less complex compared to ITI. These strategies could target either entire cities or specific districts within them. The role of Intermediate Body was assigned to municipal governments, aligning with local development planning and analysis. For instance, in Gelsenkirchen, North Rhine-Westphalia, the SUD PrAx strategy was closely aligned with local plans, effectively identifying and addressing local needs.

Local stakeholder involvement was also robust across these strategies. In Gelsenkirchen, for example, the strategy engaged a wide range of territorial stakeholders through various stages and activities. The approach included information campaigns, public consultations, focus groups, and targeted outreach to specific demographic groups, reflecting a comprehensive and inclusive engagement strategy that met both ERDF and domestic requirements.

Although there was no explicit rationale for using the SUD PrAx instrument—its adoption was based on decisions taken by the regional administrations—these strategies offered practical benefits by integrating local priorities and facilitating cross-sectoral operations to improve socio-economic conditions in targeted areas. The strategies employed flexible territorial boundaries to address local needs effectively, as demonstrated by the Gelsenkirchen case study. This needs-based integration within the local development framework allowed for addressing multiple thematic areas.

However, a limitation was that SUD PrAx strategies remained mono-fund, with no integration with ESF operations. Strong vertical and horizontal coordination was already a common practice in Germany, so the impact of SUD PrAx in this respect was not particularly notable. Nonetheless, drafting SUD PrAx strategies involved extensive engagement with local stakeholders, including those from outside the public sector.

ERDF funding for the German SUD PrAx strategies addressed four main thematic priorities. The largest allocation was for social inclusion (€635 million), followed by environmental protection (€244 million). Support for the transition to a low-carbon economy received €73 million, while the smallest allocation was for enhancing the competitiveness of small and medium-sized enterprises (€4 million). By the end of 2022, 68% of the allocated ERDF funds had been spent, which was slightly below the mainstream Cohesion Policy performance where 71% of the funding had

* In order to reflect the contribution of various funds to TDMs, this graph includes all ESIF funds (ERDF, ESF, CF, EAFRD, EMFF).

Non-Sustainable Urban Development Integrated Territorial Investment

Non-SUD ITI strategies in Germany were implemented solely in Schleswig-Holstein. These strategies aimed to develop complex projects in energy and tourism, enhance collaboration between the public and scientific sectors, and build on existing cross-sectoral networks. However, there is limited information available on the impacts, added value, and challenges associated with these strategies.

ERDF spending under these non-SUD ITIs was concentrated on two thematic objectives. The largest allocation was for environmental protection, with €18.5 million invested, followed by €7.4 million for promoting a low-carbon economy. In terms of financial implementation, non-SUD ITI strategies progressed more slowly compared to mainstream Cohesion Policy. By the end of 2022, only 57% of the allocated ERDF funds had been spent, indicating that significant implementation challenges were encountered.

Community-led Local Development

In Germany, there is a wide range of domestic non-CLLD initiatives for both urban and rural areas, driven by the Länder governments and grassroots movements. These exist alongside EU-funded initiatives like LEADER and, in the 2014-20 period, CLLD, which was implemented primarily in Saxony-Anhalt.

The key goal of CLLD in Saxony-Anhalt was to coordinate different funding instruments effectively. This approach aimed to achieve economies of scale, enhance the efficiency of support measures, and avoid double funding. It also sought to strengthen regional activities, encourage social innovation, improve coordination between projects, and boost the overall acceptance and relevance of CLLD. Key themes in CLLD strategies included sustainable tourism, mobility, housing, social inclusion, employment and skills, culture and heritage, spatial planning, and SME support.

Local Action Group (LAG) territories were largely defined by administrative boundaries. For instance, LAG Harz was one of three LAGs operating within a district of the same name. Previous experience with LEADER was invaluable in setting up CLLD LAGs, and there were strong connections to both higher (district) and lower (municipal) administrative levels, with a notable emphasis on spatial planning.

A dedicated monitoring system was introduced to track progress regularly and systematically. This system focused on both outcomes and processes, with indicators covering various areas such as project numbers, financial volumes, LAG meeting participation, and media engagement.

Incorporating ERDF and ESF into the activities of pre-existing LAGs, originally established for LEADER, was seen as a major advantage, expanding the scope of projects and increasing the range of beneficiaries. This multi-fund approach allowed for the implementation of initiatives that would not have been possible otherwise.

However, the thematic scope of CLLD strategies in Saxony-Anhalt was considered somewhat limited, restricting spending on certain territorial needs. Despite this, cooperation with other LAGs to implement similar projects across administrative boundaries helped create synergies.

The added administrative burden associated with CLLD, particularly due to coordination across different funding sources and areas already covered by national and regional programmes, was a key challenge. The involvement of multiple bodies and additional guidelines complicated the process, with application, approval, and payment procedures adding further strain. As a result, cross-fund projects, which could fully leverage the potential of CLLD, remained rare.

Looking ahead to 2021-27, Saxony-Anhalt plans to build on the success of CLLD from the 2014-20 period. The aim is to continue using this Territorial Delivery Mechanism while simplifying implementation and reducing administrative complexity for both policymakers and beneficiaries. By the end of 2022, 82% of the allocated ERDF funding for CLLD had been spent, surpassing the performance of mainstream Cohesion Policy and other Territorial Delivery Mechanisms in Germany.

Multi-fund approach to CLLD strategies in Sachsen-Anhalt

Unlike (LEADER) LAGs in other German regions, supported only by the European Agricultural Fund for Rural Development (EAFRD) funding and domestic funding sources, Saxony-Anhalt was a notable exception, integrating ERDF and ESF with EAFRD within its CLLD strategies. While CLLD LAGs did not face require major operational changes, the multi-fund system did increase administrative complexity due to the need to manage multiple funding streams. Although relatively few true multi-fund projects were realised, the broader range of single-fund initiatives expanded the LAGs' thematic reach. The inclusion of ESF funding was particularly valuable, enhancing local efforts in areas such as training, networking, business support, and social innovation. ESF-backed projects under CLLD were more diverse than typical ESF-funded programmes, which helped strengthen local-level activities throughout the region (LDnet, 2021).

IN SUM

During the 2014-20 period, Germany employed Territorial Delivery Mechanisms in selected areas, with SUD PrAx being the most widely used instrument. All these mechanisms contributed to more effectively addressing local needs. SUD PrAx strategies were notably well-aligned with urban planning documents and often complemented one another. Similarly, CLLD strategies benefited from the inclusion of ERDF and ESF funding streams, which expanded the scope of interventions and supported local development. However, the territorial delineation based on top-down decisions and administrative boundaries limited the potential for enhancing functional linkages. Despite this, both SUD PrAx and CLLD strategies demonstrated an integrated approach to urban and local development.
There is limited evidence regarding governance impacts, as vertical and horizontal coordination, as well as stakeholder management, were already well-established in Germany before the deployment of Territorial Delivery Mechanisms. Finally, there were notable administrative challenges that slowed the pace of funding absorption.

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