

Summary of ERDF Annual Implementation Report 2018



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Introduction and overview

The European Regional Development Fund (ERDF) aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. The ERDF focuses its investments on several key priority areas. This is known as 'thematic concentration':

- Innovation and research
- The digital agenda
- Support for small and medium-sized enterprises (SMEs)
- The low-carbon economy

The ERDF's operational programme (OP) in Thuringia is aligned with the "Europe 2020" strategy introduced in 2010. The strategy's primary goals are intelligent, sustainable and integrative growth as well as the strengthening of economic, social and territorial cohesion. ERDF funding can be spent on several objectives defined in European Union legislation and known as *thematic objectives*. The programme for Thuringia covers the following objectives:

- Strengthening research, technological development and innovation
- Enhancing the competitiveness of small and medium sized enterprises (SMEs)
- Supporting the shift towards a low carbon economy in all sectors
- Promoting climate change adaptation, risk prevention and management
- Preserving and protecting the environment and promoting resource efficiency
- Promoting social inclusion and combating poverty as well as any discrimination

Under each thematic objective, European Union Regulations define several more specific investment priorities. These investment priorities are combined to form what are known as *priority axes*. These set out indicative activities on which the funding may be spent. The priority axes defined for Thuringia are presented in the following sections:

Funding period 2014-2020

The positive development of the ERDF funding in Thuringia continued in 2018. At the end of 2018 around 3.700 projects in 6 priority axes (PA) had been granted funding and 62% of the financial means had been invested in concrete projects. Of the total funding of € 1.165 Bn. about € 726 M. have been granted.

Priority Axis 1: “Strengthening research, technological development and innovation”

PA 1 allocates € 348 M. of the ERDF funding. Out of this sum, € 240 M. have been granted to 721 individual projects. PA 1 aims at strengthening research, technological development and innovation in Thuringia. In particular, an improvement of the competitiveness of Thuringian research facilities as well as the innovative power of the Thuringian companies should be accomplished.

In order to summarise the implementation, the following shall be stated:

- Successful implementation (planned means/granted funding)
- Appropriate flow of financial means in the area of supporting research-related infrastructure as well as technology support and innovation vouchers
- Delayed flow of financial means in the area of building infrastructure (universities in particular) due to lengthy planning and preparation phases

Regarding the preliminary results, all fixed milestones for 2018 of PA 1 have been reached. No significant issues regarding the implementation of all measures within PA 1 can be reported.

Priority Axis 2: “Enhancing the competitiveness of companies”

PA 2 allocates about € 282 M. of the ERDF funding. € 242 M. have already been granted to 2.017 individual projects. PA 2 aims at an increase in the companies’ competitiveness, especially SMEs in Thuringia. To foster this goal, it is crucial to locate more knowledge- and technology intensive companies in Thuringia and to raise the degree of internationalisation within Thuringian companies as well as support investment into increased productivity and tourist infrastructure.

In order to summarise the implementation, the following shall be stated:

- Appropriate usage of planned financial means
- Partly delayed flow of means within Thuringian Growth Equity Fund, but higher demand of Thuringian Start-up Fund
- Challenges regarding the implementation in the areas of foreign trade promotion and tourism

Regarding the preliminary results, the set milestones for PA 2 have been reached in 2018. The execution of support for PA 2 in the report period, as well as the ongoing funding period, went on without complications. Problems in the area of demand for the Thuringian Growth

Equity Fund have been identified and are to be corrected accordingly by reallocating the funds to the more sought-after Thuringian Start-up Fund.

Priority Axis 3: “Supporting the shift towards a low carbon economy in all sectors of economy”:

PA 3 allocates about € 212 M. of the ERDF funding. € 79 M. have been granted to 769 individual projects. PA 3 supports the shift towards a low carbon economy in all sectors. Energy efficiency and the usage of renewable energies in companies and in the area of public administration are to be increased and supported. About 18% of the whole ERDF funding in Thuringia is designated for PA 3.

In order to summarize the implementation, the following shall be stated:

- Appropriate implementation and acceptance of the support of private investments
- Target shortfall regarding the number of implemented measures to increase energy efficiency in public buildings
- The target for the creation of communal renovation concepts in terms of energetic efficiency has been reached for 2018. Though the ongoing implementation is challenging, the target for 2023 is still reachable.

Regarding PA 3, the milestones exceed the threshold for target achievement halfway. Thus, the defined goals have been missed. In the course of further implementation, an increase in the number of granted and completed projects in this area is to be expected. In addition, in the course of a change in the Operational Programme, funds from the low demand areas are to be shifted to the high demand areas.

Priority Axis 4: “Risk prevention and management, environmental protection and promotion of sustainable use of resources”

PA 4 allocates about € 144 M. of the ERDF funding. € 95 M. have been granted to 202 individual projects. PA 4 focuses on projects which support measures promoting climate change adaptation as well as risk prevention and management. In addition, projects for protection and conservation of the regional environment of Thuringia are supported. This aims especially at measures against floods and the regeneration of local natural ecosystems. In order to summarise the implementation, the following shall be stated:

- Appropriate implementation of granted funding
- Appropriate usage of financial means
- Delayed flow of financial means due to lengthy planning and preparation phases

- For yet no implemented projects in the areas of re-naturalisation and connection of habitats. Approved projects indicate that objectives have been achieved, although the long conception and planning phases are challenging
- Challenges in meeting some of the output indicator targets for 2023.

The 2018 milestones for PA 4 have been reached. Regarding the implementation of all measures within PA 4, no significant issues can be reported. The relatively small number of completed projects are occasioned due to long planning phases and will hence not have been offset until the end of the funding period. In addition, some of the goals set in the programming phase have to be reevaluated.

Priority Axis 5: “Sustainable urban development”

PA 5 allocates € 152 M. of the ERDF funding. € 48 M. have been granted to in 31 individual projects. This PA intends to support sustainable urban development and the attractiveness of Thuringia as an economic and residential location. Furthermore, brownfield sites shall be rehabilitated. In order to summarise the implementation, the following shall be stated:

- Challenges of implementing measures in general
- Delayed flow of financial means in several areas. This due to lengthy conception and planning phases as well as legal uncertainties at the beginning of the funding period.

Regarding preliminary results within PA 5, only the milestone for the indicator CO38 (creation of new free spaces in urban areas) has been achieved. All other milestones have clearly been missed. Overall, PA 5 fails to meet the targets of the performance framework. The considerable problems of PA 5 are caused due to long planning phases and a delayed start of funding as a consequence of the delayed publication of necessary legal documents. Looking at the approved projects, the objectives of the output indicators are, with one exception, within reach towards the end of the funding period.

Priority Axis 6: “Technical Assistance”

PA 6 allocates € 27 M. of the ERDF funding. € 23 M. have been granted to 23 individual projects. This PA covers technological aid, which should provide an efficient programme execution and a publicity-effective implementation of the ERDF. Regarding the preliminary results, there are no milestones scheduled for 2018 within PA 6. The PA-related indicators developed positively. For example, the public awareness for the ERDF has been raised to 44% (based on a survey conducted in 2018) and the error rate of implementation has decreased to a level of 0, 72%.

Cross-cutting principles

In addition to the priority axes, there are two general cross-section-targets, which are supposed to be fulfilled within all areas of the ERDF funding.

1) Sustainable Development

The progress towards the first target of sustainable development can be evaluated as follows:

- Climate protection is a solid component of PA 3
- Other sustainability goals are directly related to PA 4 and 5. Especially, water quality and flood protection
- In PA 1 and 2, certain links with the topic of sustainability have developed as well

2) Equal opportunities and non-discrimination

The progress towards the second target of "gender-equality and non-discrimination" is evaluated as follows:

- The principles of equality and non-discrimination have been considered in all parts of the ERDF implementation and have played a distinct role in certain projects
- Gender equality has been a major aspect of PA 2
- Accessibility was a focus of the PA 1 and 5
- The task group "equal opportunities" contributed to promote women in leading positions with their work on "Female leadership in Thuringia"

A non-discriminatory access to the funding and a fair treatment of its recipients has been ensured.