

Regional Outlook 2019 GERMANY

Regional Development Policy in Germany



General policy approach

Germany's Constitution features a commitment to reducing regional disparities. This translates into several policies, including a reform of the extensive fiscal equalisation system from 2020 onwards. Regional development is mainly the responsibility of the regions (*Länder*); there is no regional policy per se. However, the Joint Task for the Improvement of Regional Economic Structure (GRW) and EU Structural Funds form the basis of national-level regional development policy. In fact, the German Constitution specifies the tasks to be jointly fulfilled by the federal government and the *Länder*. Such tasks are typically important for the general public and require the assistance of the federal government. They comprise two main areas: 1) the improvement of the regional economic structure; and 2) the improvement of the agricultural structure and coastal protection. They are jointly planned, co-ordinated and funded – although they remain under the responsibility of the *Länder*.

The aim of the GRW is to reduce regional disparities in structurally weak regions, so as to reduce overall developmental disparities. The GRW is a consensus-based co-ordination framework where activities are jointly financed by federal and *Länder* authorities. The GRW funds business investment, infrastructure and bottom-up measures.

All *Länder* have a regional programme for the implementation of the European Fund for Regional Development (ERDF). The main focus of the ERDF programmes is to support innovative measures, research and development, and small and medium-sized enterprises. *Länder* are also responsible for rural development, and each *Land* has a regional programme for EU rural development funds.

Recent policy changes

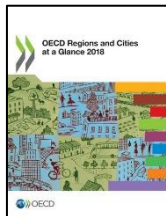
- Specific support mechanisms for East Germany will be phased out in 2019. The federal government's coalition agreement includes an objective to develop a nationwide support system for structurally weak regions that will include the Joint Task for the Improvement of Regional Economic Structure and other policy programmes.
- The recent modification of the German Joint Task for the Improvement of Agrarian Structures and Coast Protection (GAK) paves the way for stronger support to stabilise and extend elementary structures in rural areas.
- Support for structural change in areas with lignite industries became an important theme in 2017-18 in the context of Germany's Climate Protection Plan 2015. The Commission on Growth, Structural Change and Employment, launched in June 2018, aims to propose measures to support structural change in lignite-producing regions.

Institutional arrangements to prepare for global megatrends

At the national level, the Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR) conducts nationwide analyses of spatial development and produces forecasts for future spatial development. For example, the 2017 spatial planning report "Ensuring the provision of public services" contains long-term forecasts on future demographic, infrastructure, digitalisation and other issues. The Regional Planning Forecast 2030 contains regional long-term planning forecasts of trends in population, households and working population.

Looking for statistical information to complement this?

Take a look at our publication Regions and Cities at a Glance:



<https://oe.cd/pub/2n9>

OECD Regional Outlook 2019: Leveraging Megatrends for Cities and Rural Areas

The 2019 edition of the *OECD Regional Outlook* examines the regional dimensions of global megatrends and their implications for the well-being of people living in different places. It discusses how place-based policies, public investment and multi-level governance reforms can respond to these megatrends to revive productivity growth, reduce inequalities, improve quality of life and increase sustainability.

Consult the full publication and the other country profiles on line: <https://oe.cd/pub/2vq>.

