

Future Use of Structural Fonds in the German Federal States

Resolution of the 122nd
Senate on 16 October
2012

HRK German Rectors' Conference

The Voice of the Universities

Ahrstraße 39 Tel.: +49/(0)228/887-0 post@hrk.de
D-53175 Bonn Fax: +49/(0)228/887-110 www.hrk.de
Germany

Signs emerging from European policy discussions on the future of the EU cohesion policy indicate that there will be a reduction in the amount of funds allocated to regions in Germany from 2014. At the same time, the revised priorities setting in EU funding philosophy and the mandatory introduction of regional specialisation strategies open up new possibilities for the German higher education sector to access European funding.

In order to increase the chances of success in attracting these new sources of funding, the HRK Senate has established a cross-state working group under the leadership of the HRK vice president responsible for this area. The following draft statement originates from the work of this group. The demands made herein are principally addressed to the governments of the federal states, and partly also to the European Commission. They build upon the results of a survey among member institutions, which has been conducted by the HRK in cooperation with the State Rectors' Conferences over the past few weeks.

A resolution is required.

German higher education institutions and the future cohesion policy of the European Union

German higher education institutions play a central role in securing the competitive and innovation capabilities of the German economy, as well as in influencing the living standards in the 16 federal states. HEIs are the only institutions that form the knowledge triangle – consisting collectively of education, research and innovation – in one central place and function as future labs and sources of stimulus for regional development through their contributions in research and teaching. In this capacity, German higher education institutions are important proponents of EU cohesion policy and make systematic use of the funding opportunities offered as part of this policy for investment in, for example, research infrastructure, doctoral degree programmes, or in the funding of business start-ups and knowledge transfer.

German higher education institutions have been following the discussions on the future financing of the EU cohesion policy from 2014-2020 with great concern. The basic overall budget of 376 billion euro for the seven-year period as set out by the European Commission would represent a considerable reduction in the funding allocated to the German federal states – adjusting for inflation and taking into account past as well as pending EU accessions – compared with the current budget period. The removal, based principally on statistical grounds, of “convergence regions” (formerly known as: “Objective 1”) predominantly found in former East Germany from their previous advantageous category will further exacerbate this effect.

Against the background of a future tightening of EU finances, it will become even more important to ensure that the available funds are concentrated with greater consistency than ever in the investments fields of research and innovation, from which long-term impulses for growth are to be expected.

For this reason, German higher education institutions support the proposals made by the European Commission for an increased 'earmarking' of ERDF funds. They call upon the governments of the German federal states to make an express commitment in their operational programmes to the "strengthening of research, technological development and innovation" as an investment priority and to make available the funding necessary for their implementation.

A consistent approach to developing "Smart Specialisation Strategies"

Above and beyond these measures, the European Commission is planning to couple the future allocation of Structural Funds to the existence of a so-called "Smart Specialisation Strategy" for the eligible region from 2014. An essential component of this strategy is the setting of regional research and innovation priorities on the basis of a SWOT analysis, as well as the development of a corresponding system to monitor and evaluate the projects funded. The strategies are intended to provide the foundation for operational programmes of the federal states and create a framework for more efficient and sustainable investment policies.

According to the European Commission, these specialisation strategies cannot be defined unilaterally. Instead, the early and extensive involvement of representatives of the regional economy and academia is considered absolutely essential in this process – and not exclusively in their capacity as beneficiaries, but rather as key agents in the regional innovation system. In the relevant publications and guidelines produced by the European Commission, there is a clear emphasis on the significance of full participation of higher education institutions in the various processes of evaluating the regional innovation system, as well as in identifying regional development potential and unique selling propositions with due consideration of the interregional and international operating environments.

Barely six months before the deadline by which the federal states are to have developed their specialisation strategies and operational programmes, it is however apparent that the inclusion of higher education institutions across Germany in the processes of strategy formulation is completely inadequate. Only in a few rare cases, such as in Lower Saxony, do we presently have a satisfactory level of HEI participation in the framework of inter-ministerial working groups and regional conferences, which to a large extent complies with the suggestions made by the European Commission. In a few states, for example Hessen or Saxony-Anhalt there is at least the prospect of some inclusion of higher education institutions in the process of strategy development. In federal states such as Saxony and Berlin individual state HEIs have been involved in the process, and yet others have been excluded. In the majority of states the drawing up of smart specialisation strategies, however, is carried out exclusively by the ministries, with HEIs not even being informed about the EU initiative. If at all, consultations with universities and universities of applied sciences have thus far covered subsidiary issues as regards operational programmes, or questions of procedure.

German higher education institutions, therefore, demand that the state governments respond to the EU initiative on the elaboration of regional specialisation strategies for research and innovation with the appropriate degree of seriousness and allow the representatives of higher education in the region the necessary opportunities for helping to shape such strategies. A key requirement in this process is the appointment of a dedicated steering group involving the State Rectors' Conferences or the individual state higher education institutions. The Smart Specialisation Platform ("S3 Platform") founded by the European Commission and the OECD Working Party for Innovation and Technology Policy (TIP) have compiled numerous recommendations and proven examples of good practice, which are intended to serve as a template for the process of strategy formulation. In addition, the opportunity to access external expertise (workshops, international peer review, etc.) through

membership of the S3 Platform should be used more systematically by the federal states or by the individual funding regions.

Simplifying the use of Structural Funds by higher education institutions

In order to enable higher education institutions to make full use of the instruments of the European cohesion policy there is unavoidable need for a significant simplification of programme administration. The draft legislation put forward by the European Commission for the budget period 2014-2020 includes several promising approaches; for example, the ability to better combine ESF and ERDF funds within so-called “multi-fund programmes” or the introduction of flat rates for overhead costs of 15% or 20%. However, these initiatives can only be regarded as the first steps in an ongoing process of administrative simplification, which must, on the one hand, be driven forward with consistency by the European Commission and, on the other hand, supported by efforts on the part of the German federal states.

German higher education institutions call upon the governments of the German federal states to check their funding policy regulations for provisions that contradict EU requirements or which cause unnecessary duplication of efforts for HEIs, for example in the areas of accounting and the duty of documentation. The integrated use of ERDF and ESF funds in the form of multi-fund programmes is to be made easier, and not already explicitly excluded in the operational programmes or strategic key issues papers. In particular, the reference to a splitting of responsibilities for ERDF and ESF funding and corresponding lines of action across various state ministries should not be allowed to be used as an excuse, but rather justifies the need for a central point of coordination and contact, e.g. in the sense of a “one-stop shop”. Finally, the funding policies of the state governments must take account of the fact that higher education institutions, due to deficits in their basic funding as well as the earmarking of additional third-party funding, have no leeway

whatsoever in supplying the required co-financing contributions from their own budgets. If higher education institutions are forced to “buy” their participation in Structural Fund projects – for instance, through the redirection of external funds – their commitment will turn into a loss-making operation, the consequence of which must inevitably be a withdrawal from the respective funding programmes in the medium term.

Furthermore, German higher education institutions call on the European Commission to follow up with further initiatives on the simplification of programme implementation, particularly with a view to the reimbursement of staff costs. Moreover, the Commission must also guarantee that value added tax – in keeping with current procedure and in accordance with the conditions of the next research framework programme “Horizon 2020” – will continue to be recoverable in the future.