

Policy co-ordination between the national and regional levels in France and Germany: A short overview of the *Bund-Länder* co-ordination in Germany and the French *Contrats de projets État-région*

**Henning Kroll (Fraunhofer ISI)
Andrea Zenker (Fraunhofer ISI)
Jean-Alain Héraud (BETA)**

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Abstract

When discussing about RTDI (Research, Technological Development and Innovation) policy and its implementation, the question of co-ordination and harmonisation of policies on different governance levels needs to be considered since it sets the frame for policy makers' responsibilities, competences and possibilities. This note shortly outlines the co-ordination mechanisms in Germany and France, referring to the German federal structure and its consequences for selected policy fields, and the French instrument of 'project contracts' that co-ordinate policies between the Central State and the *Régions*.

Bund-Länder Co-ordination in Germany

prepared by Henning Kroll, Fraunhofer Institute Systems and Innovation Research Karlsruhe

A basic feature of RTDI Governance in Germany is the **multi-layered nature of the political system** by which governance is exercised and the resulting fragmentation of responsibilities and decision making powers.

This fragmentation of responsibilities for RTDI policy occurs in two forms:

- **Vertically:** i.e. between different “geographical” levels of government, i.e. the federal states’ governments, the federal government and, partially, local governments,
- **Horizontally:** i.e. between ministries that are in charge of different issues relevant for the innovation system. Responsibilities for research policy and industrial policy, for example, do often not lie with the same ministry.

The basis for RTDI Governance is formed by the German constitution which clearly differentiates between policy tasks that are to be performed by the federal government and others that are to be delegated to the federal state (*Länder*) level. However, it also envisages that certain **joint tasks** (*Gemeinschaftsaufgaben*) have to be tackled jointly by representatives of both levels (Deutscher Bundestag, 2009a).

Formerly, there was a **joint task “research promotion”** that was implemented by the “Bund-Länder Commission for Educational Planning and Research Promotion”. The basis for its performance was legally fixed in the **Framework Agreement on Research Promotion** (*Rahmenvereinbarung Forschungsförderung*) (Deutscher Bundestag, 1975) that, for example, stipulated to what extent the *Länder* Governments need to contribute to the funding of the different national research organisations. In its general outline, the Framework Agreements is in force since 1975, while details are regularly amended.

As a consequence of a realignment of the constitutional framework in 2007 (reform of the federal system, *Föderalismusreform*), research promotion is no longer technically a joint task. The Framework Agreement on Research Promotion, however, remains a legally binding guideline. As a follow-up to the former “joint task”, since 2008, actors from the *Länder* and the federal level are required to work together in the **Joint Science Conference (GWK)** (BMBF, 2007) the members of which “shall strive for close coordination on questions of common interest in the field of national, European and international science and research policy with the aim of strengthening Germany’s position as a location for science and research in the international competition”, “act jointly in cases of supra-regional importance” (institutions and projects in the field of non-university scientific research, scientific and research projects at institutions of higher education, the construction of research buildings at institutions of higher educa-

tion) and “inform each other of major plans and decisions which are not the object of joint funding”. (GWK, 2010)

In practice, this often relates e.g. to the federal state governments lobbying for the location of public R&D facilities that, according to the Framework Agreement on Research Promotion, have a favourable mode of financing (i.e. Fraunhofer Institutes whose basic funding is up to 90% financed from the federal level).

Moreover, another joint task has retained its constitutional status: the **joint task for the improvement of the regional economic structure** (*Gemeinschaftsaufgabe "Verbesserung der regionalen Wirtschaftsstruktur"*) (Deutscher Bundestag, 2009b, BMWi, 2010). This joint task allows the federal government the allocation of additional subsidies to disadvantaged regions. Detailed **framework plans** are agreed on by a **co-ordinating committee** in synchronisation with the programming periods of EU Structural Policy. Some of those primarily regional policy oriented funds can be allocated to RTDI relevant projects even though “normal” investment and infrastructure support is more common.

Additionally, there is a very regular institutionalised **Conference of the Länder Ministers of Education** (*Kultusministerkonferenz, KMK*) which was set up to improve the nation-wide harmonisation of education policy (KMK, 2010). The results of its activities, however, remain quite limited – even key characteristics as the duration of secondary education continues to differ among federal states. A similar institution is the **German Rectors' Conference** (*Hochschulrektorenkonferenz, HRK*) (HRK, 2010) which on a regular basis provides a forum for the exchange of experience between German Universities' Rectors and Presidents. In practice, however, federal state level policy makers strongly defend their constitutional right to design education policy according to their specific interests. **For many of them, co-ordination with the federal level or neighbouring Länder is not politically desirable.**

The key question therefore is not only if a federal co-ordination body technically exists **but whether the co-ordination it is set up to promote is compulsory or voluntary and what it involves.** In cases where the German constitution stipulates that the federal states are free to act independently, as a tendency, they have in the past done so without much mutual consultation, irrespective of the fact that a co-ordination body existed. Consequently, the **integrative power of national co-ordination bodies should not be overestimated.** Mostly, they depend on the willingness of federal state level policy makers to meet, agree and later on implement the agreements by means of regional or national legislation which in the end provides the only reliable basis.

As one consequence of this largely ineffective process of co-ordination between the federal states as well as the federal states and the national government, the federal government has in recent years started to increasingly aim at co-ordinating activities under its own auspices rather than to rely on an outcome of multi-level co-ordination that continuously fails to materialise (e.g. Initiative for Excellence in Higher Education).

However, it is important to bear in mind that while many directives can be developed by the federal level alone they remain subject to agreement by the second chamber of parliament, the Federal Council of Germany. This second chamber is composed of delegations from the different federal states. In many cases, therefore, the approval of the federal states will be needed in some step of the process, even if they are not directly involved in the process of policy development. To what extent the federal government can succeed in taking the lead in RTDI policy remains thus unclear.

Finally, the capability of regional governments to devise RTDI policy strategies and implement concrete measures in practice depends on their individual budgetary power, which in turn depends on the German **tax system** (which knows local, regional (federal state-level), national and shared taxes); further the complex German **system of budgetary cross-subsidisation and inter-state fiscal adjustment**

(*Bundesergänzungszuweisungen* and *Länderfinanzausgleich*) (BMF, 2010) as well as the current guidelines that determine the additional allocation of resources from **European Structural Funding** (European Commission, 2010). In Eastern Germany, for example, own fiscal income at the regional level amounted to only 53% in 2008, whereas national cross-subsidies alone amounted to about 25%.

In summary, Germany is not a convincing example of regional co-operation in RTDI policy. There are, however, exceptions from this rule that deserve mention. One of them is the newly set-up inter-regional co-operation in Innovation Policy between the Land of Brandenburg and the City State of Berlin (German Capital Area).

The French *Contrats de projets État-région* as example for national-regional co-ordination

prepared by Andrea Zenker, Fraunhofer Institute Systems and Innovation Research Karlsruhe, supported by Jean-Alain Héraud and Emmanuel Muller, BETA, Université de Strasbourg

The French *Contrats de projets État-région* (CPER) are pluri-annual contracts between the State and the regions fixing projects to be realised on the regional level. They are agreed upon for a given time period and mirror the policy priorities of the region and the Central State. The French Government is represented in the co-ordination process through the regional prefect, the *préfet de région*, via the secretariat for regional affairs (*secrétariat général aux affaires régionales*, SGAR) that negotiates the CPER with the (elected) regional councils.¹ CPER are elaborated simultaneously in every French region for a given time period; currently, the fifth generation of *Contrats* is in use.

In principle, CPER determine financial transfer from the State to the regions. They can be considered as a means to implement superior (national, European) guidelines and specifications to the regional level, and also as a means for the regions to express their own policy priorities and investments. CPER contain measures in all areas of public investment, such as physical infrastructure, education and training, social issues, and also science, technology and innovation aspects – always depending on the degree central and regional authorities in the course of their negotiations consider these as crucial for the territory in question. The defined investments are commonly financed by the Central State (i.e. the ministries concerned) and the regions. European Union funds, for instance Structural Funds transferred to the French regions, are also integrated in the planning and negotiation process of the *Contrats de projets*. In addition to rather large-scale projects at the centre of the contract, smaller projects can be financed through a specific programme (whose national budget originates from the Ministry of the Interior). Though the regions are the principal negotiating partner of the State, further territorial governance levels such as departments or city agglomerations may also be included in the CPER agreement process.²

CPER have been initiated in 1982 as *Contrats de Plan État-Région* in the context of the Central State pluri-annual planning: Regional plans should be coherent with the national plan.³ They were thus conceived as instrument to articulate the national and the regional planning document. The common engagement of both co-funding authorities – the national state and the regions – enabled large-scale in-

¹ Their final negotiation is organized between the *Préfet* and the President of the Region; the latter representing interests and projects of the three sub-national institutional levels: its own, plus the department and the local levels.

² In addition to CPER for each French region, interregional contracts for mountain and for fluvial areas have been developed.

³ The first generation of CPER has been launched in 1984. The second generation was from 1989 to 1993, the third from 1994 to 1999, and the fourth from 2000 to 2006.

vestments. Through this significance of financial transfers, CPER became an important policy instrument. This gain in importance is also reflected in financial terms: National contributions increased from EUR 6.38 billion in the first generation to EUR 19.51 billion in the 2000-2006 period. During the years, CPER developed from an execution instrument of the national plan to a real planning instrument for regional infrastructure and development, also integrating territorial cohesion and spatial planning aspects.

Each "generation" of CPER has specific broad priorities referring to the respective policy objectives. In the preceding 2000-2006 period, CPER focused on synergies between public research and higher education, the development of *pôles de compétitivité* (competitive clusters), technology transfer issues and the acquisition of equipment. Since 2006, their objectives are directed towards (i) competitiveness and attractiveness of the French territories, (ii) support of sustainable development, and (iii) social and territorial cohesion; made explicit through the modification of its name in *contrats de projets*. These objectives are "transferred" into region-specific goals according to the respective situation on the regional level. Further, CPER are supposed to focus on large-scale thematic priorities. The time schedule of the current 2007-2013 CPERs has been co-ordinated with the European Structural Funds programmes in order to harmonise financial flows and strategic objectives on all policy governance levels. From these European funds, 75 % has to be dedicated for measures in favour of innovation and competitiveness (following the Lisbon Strategy) and for sustainable development (following the Göteborg Strategy).

The national-regional agreements for the current 2007-2013 period – the fifth "round" of CPER since 1983 - were signed at the end of 2006/ beginning of 2007 for seven years. The definition of primary projects is based on a regional diagnostic and on concertations between regional actors. They represent a financial volume of EUR 12.7 billion for the French State, and of EUR 12.9 billion from the 26 regions (with different regional contributions, depending on the individual situations on the regional level). Regional investments in the French regions are ranging from about EUR 170 million (Guyane) to about EUR 5.5 billion (Île-de-France). The current CPER of the capital region for instance foresees eight "large projects" in the following fields: (1) Reducing unemployment, (2) Supporting social cohesion, (3) Fostering the attractiveness of Île-de-France, (4) Strengthening the international profile, (5) Contributing to accessibility of public transport, (6) Valorising agriculture and forestry, (7) Fighting against climate change, and (8) Considering environmental challenges. In terms of financial contribution, the project line related to public transport reserves the highest priority (53.7 % of the total funding). The fourth project is sub-divided into five fields, including education, research, sports, culture and competitive clusters (*Pôles de compétitivité*), reserving in total 28.8 % of the foreseen financial means. The Paris CPER foresees EUR 200.8 million, thus 3.7 % of the total budget are devoted to research topics.

On the other side of the spectrum, the Limousin region in central France receives the smallest budget (not considering Corsica and the overseas departments and territories). Limousin foresees EUR 388.8 million for regional projects, to which the French Government contributes with EUR 234.3 million. Limousin's eight large projects are (1) to strengthen research and technology transfer in competitive clusters and sectors of excellence, and support links between professional qualification and employment, (2) to foster international, national and interregional attractiveness of Limousin's higher education, (3) to orient regional agriculture towards economic performance and sustainability, (4) to transform regional forestry and wood production into integrated industrial process structure, (5) to further develop the railway system and to reduce travel time to Paris, (6) to improve public spaces, social housing, (7) to protect biodiversity and fight against climate change, and (8) to foster the attractiveness of Limousin as place of residence through a sustainable development process. In Limousin, the highest priority – in terms of financial contribution – is dedicated to the first project, dealing with re-

search, higher education, technology transfer and networking (20.1 % of the total budget), followed by living conditions and housing (sixth project; 17.1 % of the budget).

This short comparison shows that the French regions have certain degrees of freedom to develop and define their own priorities, based on regional specificities and matched with a given proceeding and structure. Considering the total budgets of Île-de-France and Limousin (in absolute figures), the figures indicate a high priority for the capital region. However, when referring the CPER budget to the regional population, it becomes obvious that Limousin (with about 530 EUR per inhabitant) has a slightly higher sum to spend for regional development projects than the Paris region (about 470 EUR per inhabitant).⁴

Summarising, the CPER measure represents a privileged partnership between the French State and the regions, that additionally associates further public authorities, as well as European Funds and priorities. The CPER is therefore the result of multi-level-governance and negotiations. Its elaboration and implementation can be considered as mixed top-down and bottom-up procedure, in which regional specificities and priorities are matched with European and national specifications. The French regions in this context have an important, but not the exclusive voice in determining regional policies.

⁴ In the French comparison, the Paris region of Île-de-France receives a large share of public investment, particularly in research. Île-de-France was the last region in continental France that adopted a *contrat de projets*.

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