



Executive Summary

Socio-economic analysis of the Land Brandenburg –
recommendations for the intervention of the European
Structural Funds 2007-2013

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1 Introduction

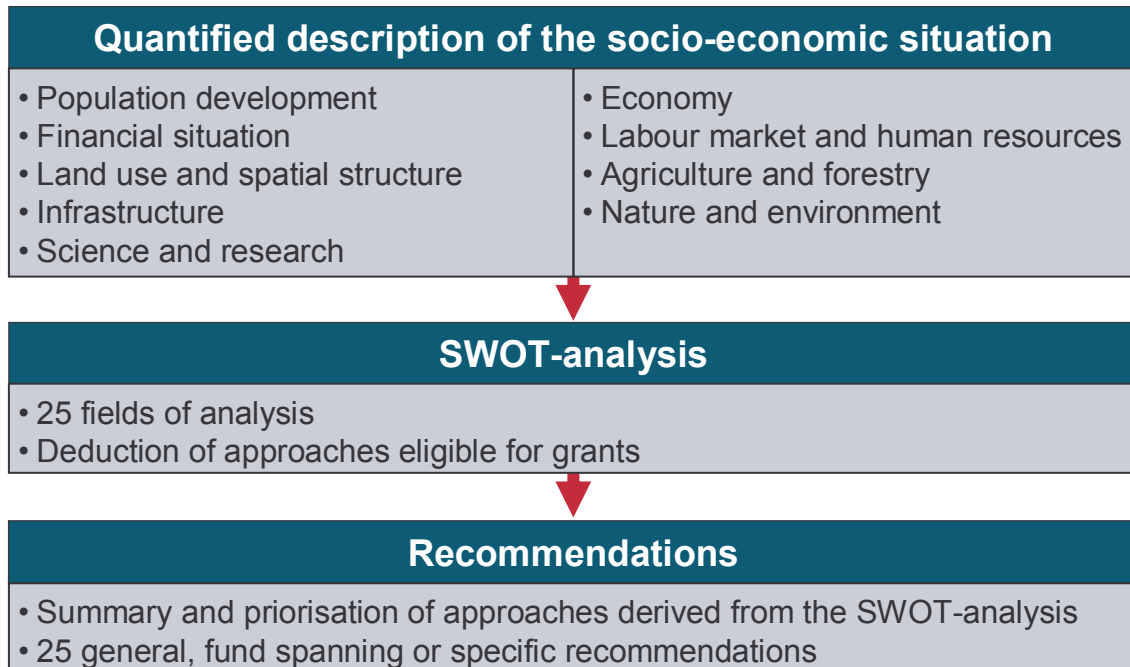
The socio-economic analysis of Brandenburg and the derived **recommendations** provide a basis for the formulation of the Operational Programmes for the intervention of the European Structural Funds and the EAFRD in the period 2007-2013. The Land Brandenburg will be an Objective 1-area, although it can be assumed that the south-western part will be a “Phasing-out-region” and therefore will receive less subsidies. The counties along the border to Poland and the cities of Frankfurt (Oder) and Cottbus build up the border region, which will receive subsidies according to Objective 3.

First of all the results of the current period have been described briefly. Brandenburg as a whole as well as the border region in particular have then been analysed on the basis of available data. Based on this quantified description a SWOT-analysis has been conducted including 25 fields of analysis (cp. Fig. 7).

For the forthcoming period of intervention various approaches have been derived from the SWOT-analysis. They all can contribute to a positive development of Brandenburg in the purpose of in the Structural Funds and the EAFRD. These approaches have been summarised and prioritised – according to their contribution to economic development, employment and social cohesion – resulting in 25 recommendations. These recommendations are classified as being general, fund spanning or specific for one fund.

The following figure 1 shows the structure of the complete report:

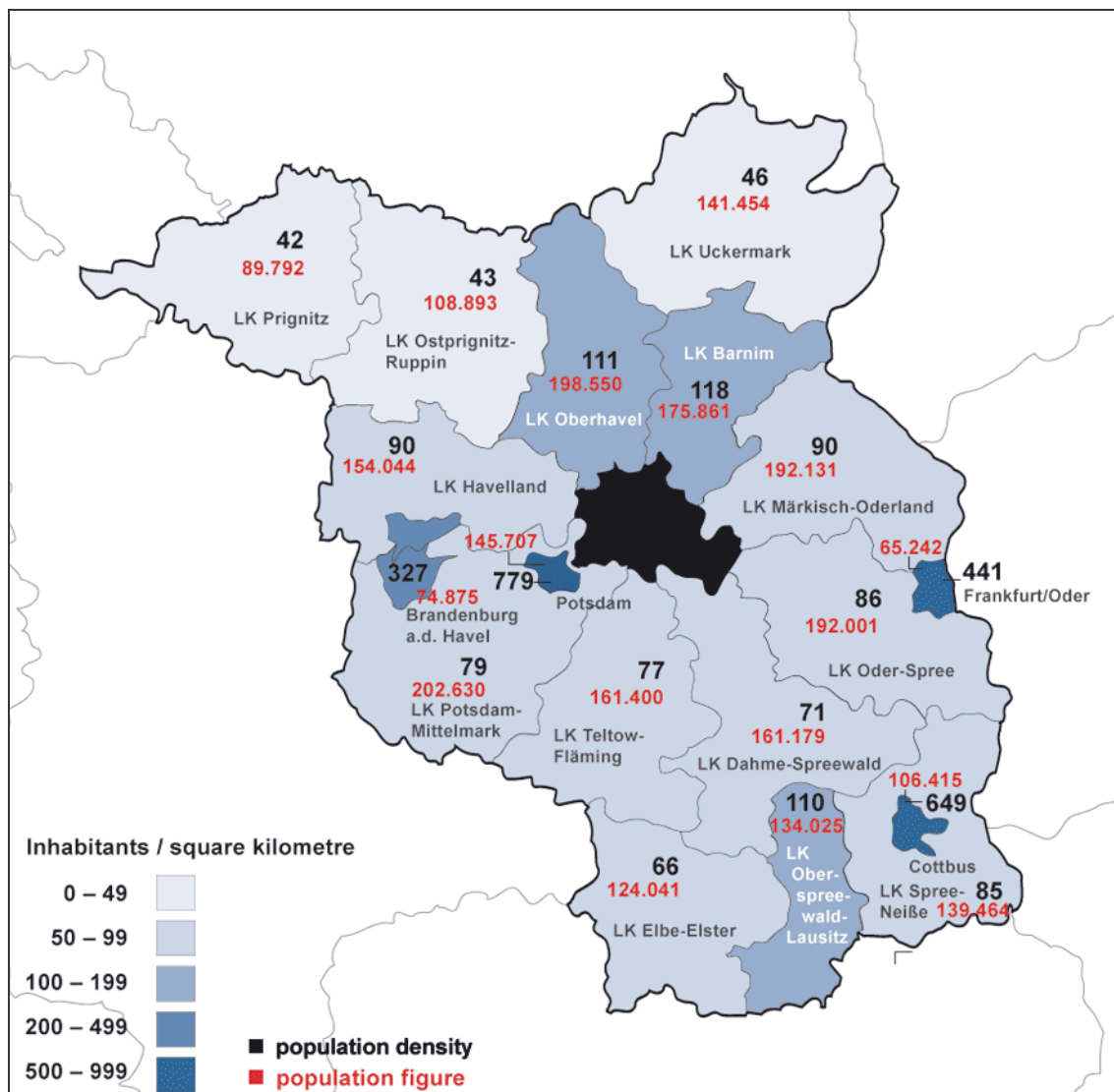
Fig. 1: **Structure of the report**



2 Important results of the quantified description

Brandenburg has the second lowest population density of all German Laender. The population density in the remote areas is lower than in areas near to Berlin and in the cities.

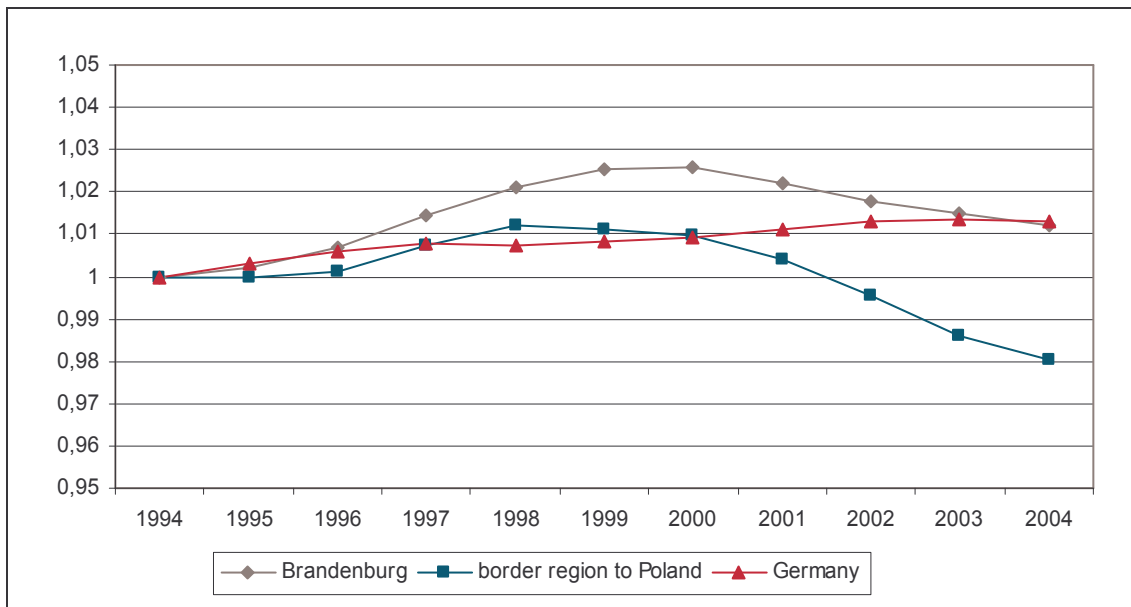
Fig. 2: **Population density in counties**



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In total the population increased slightly between 1994 and 2004. The increase took place until the year 2000. In the following years 2001-2004 the **population decreased** and reached approximately the level of 1997.

Fig. 3: **Population development 1994-2004 (1994=1)**



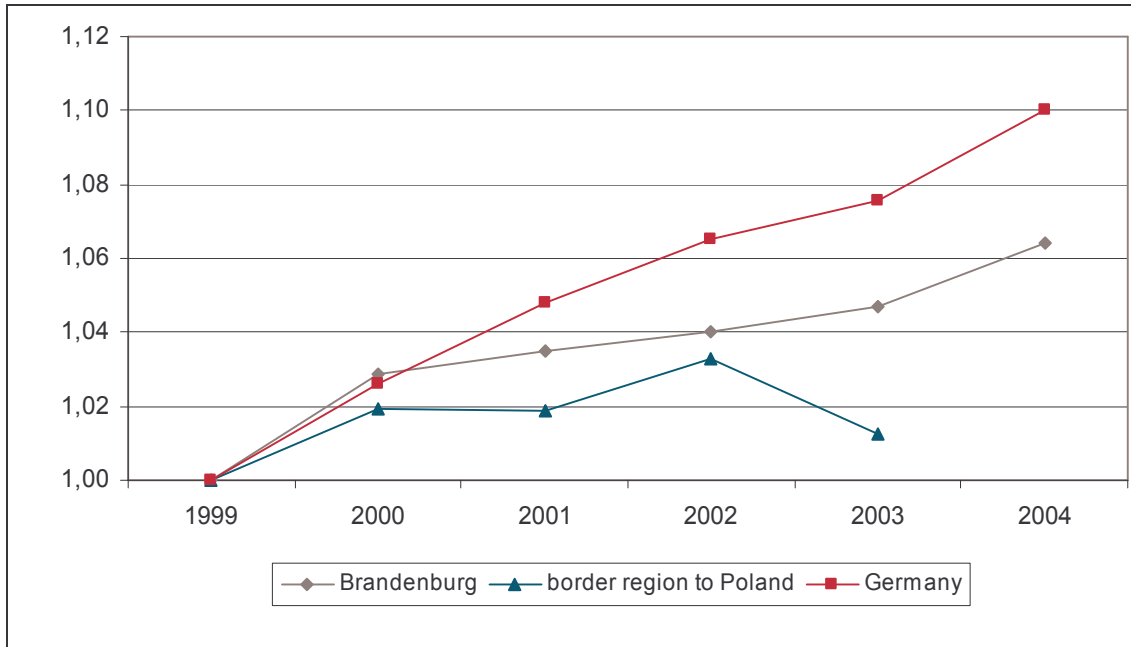
Source: LDS, CD Statistik Regional 2004

The Statistical Office of Brandenburg assumes in its population forecast that the population in Brandenburg will **reduce until 2020 by about 7 %**. In the same time the share of older people will rise.

Infrastructural facilities in Brandenburg are **in general sufficient**. This applies to transport, supply and disposal and economic-related facilities as well as welfare services. Facing the demographic development there will be an increasing **demand to adjust the capacities**.

The **gross domestic product (GDP)** in Brandenburg has increased by about 6.5 % since 1999. This growth is lower than the average growth of the GDP in Germany (about 10 %). The GDP development differs significantly in the counties from about -7 % to more than +10 %.

Fig. 4: **Development of GDP 1999-2004 (1999=1)**



no figures for the border region for 2004

Source: LDS 2005, Volkswirtschaftliche Gesamtrechnungen der Länder (VGR) 2005

The **GDP per inhabitant** in Brandenburg is 17.527 €, which is much lower than the score for Germany (26.388 €).

The **business structure** in Brandenburg is characterised by a very high share of small and very small enterprises (less than 10 employees) and a **lack of major enterprises**. This determines also a low degree of R&D expenditures in the private sector. The share of exports in manufacturing is rising, but it is still clearly below the average in Germany.

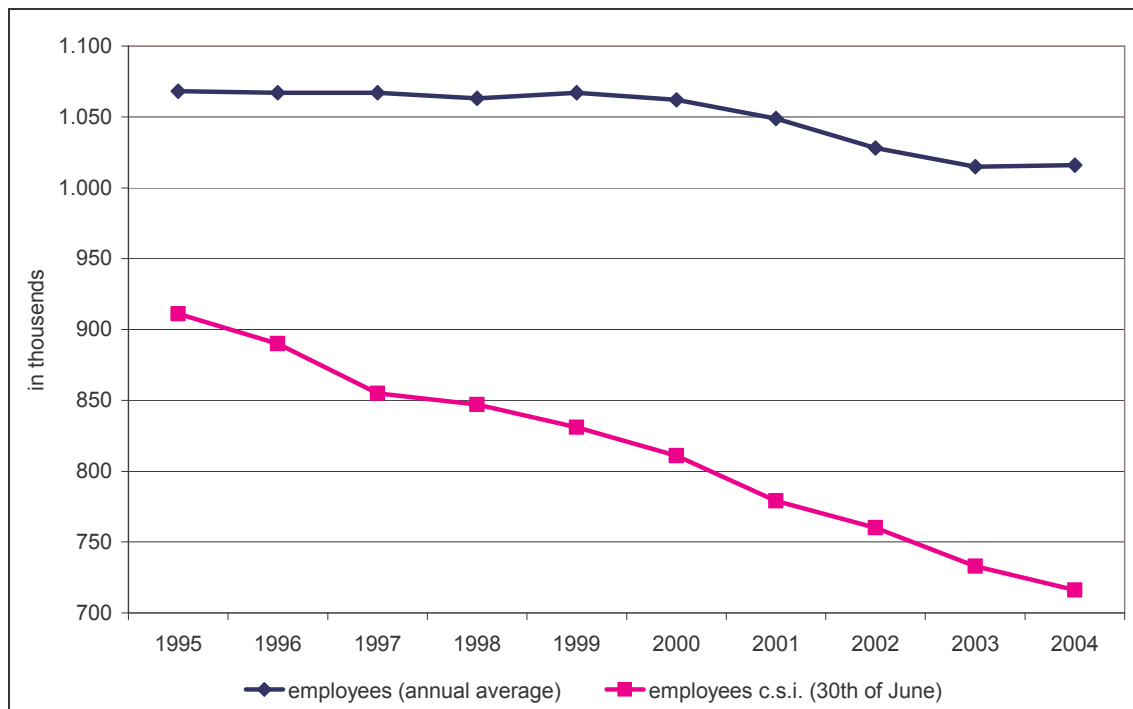
The number of **start-ups has increased** in Brandenburg as well as in Germany by **about 30 %** between 1999 and 2004. This increase took place in the years 2003 and 2004 and is mainly due to the implementation of subsidies for start-ups in the context of the reform of the German labour market. The number of technology-oriented start-ups has decreased in Brandenburg whereas in Germany this specific type of start-ups shows an increase.

Agricultural enterprise structures have stabilised in the last ten years in terms of their legal status, size, livestock and the structure of cultivation. The share of employees in the agricultural sector of all employees in Brandenburg has decreased to 4 %.

Especially the number of fulltime employees declined clearly. Organic farming is growing continuously in terms of the number of companies and acreage.

The **labour market** situation in Brandenburg is very complicated. The number of employees has slightly decreased since 2000 whereas the number of employees contributing to the social insurance (c.s.i.) has declined clearly.

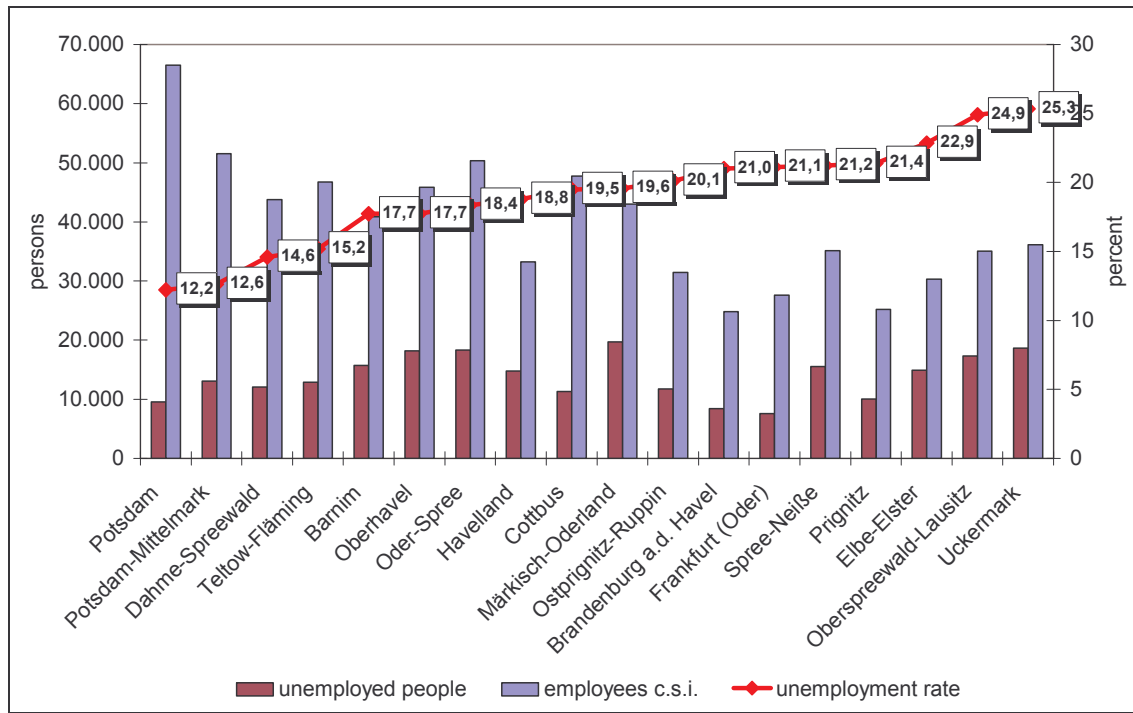
Fig. 5: **Development of employment 1995-2004**



Source: Arbeitskreis „Volkswirtschaftliche Gesamtrechnung der Länder“, Bundesagentur für Arbeit

In total there were slightly more than **250,000 people unemployed** in the annual average of 2004. The unemployment rate differs among the counties from **12 to 25 %**.

Fig. 6: **Unemployment rate, employees contributing to the social insurance (c.s.i.) and unemployed people in counties in June 2004**



Source: Bundesagentur für Arbeit

The level of unemployment among the youth could not be reduced in the recent years, despite extensive interventions in the labour market. The share of older unemployed people has decreased from about one third to a quarter of all unemployed people. Long term unemployment has increased clearly. Concerning gender aspects unemployment has changed. Today more than half of all unemployed people are men.

Brandenburg has a good infrastructure for **science and research**. However the share of students and the number of employees in science and research are below average. The resources provided by the government of Brandenburg have been reduced. The number of applications for a patent are comparatively low. This indicates that the knowledge and technology transfer into the economy can be improved.

6.6 % of the area of Brandenburg are **protected areas**. In total, about 30 % of the whole area of Brandenburg belong to so called "large scale protected areas", the NATURA 2000 areas are of a particular importance. Brandenburg is one of the German Laender with the most inland waters. Therefore the prevention of water pollution is very important, amongst others in regard to the provision of attractive tourism offers. Furthermore there are large areas of forests in Brandenburg.

In many aspects the analysis of the **border region to Poland** in Brandenburg reveals the same problems as for the whole Land Brandenburg, however most of the relevant socio-economic indicators are even worse for the border region:

- Population will decrease stronger than in the average of Brandenburg (-10 % until 2020).
- Cross-border transport infrastructure in general is not sufficient.
- GDP in the border region has decreased, the purchasing power is also under the average of Brandenburg.
- Unemployment in the border region is higher than in the average of Brandenburg

In regard to nature and environment there are some specific aspects for the border region: “large scale protection areas” (especially NATURA 2000 areas), flood protection and environmentally sound tourism. Despite a positive development of the cross-border cooperation in the last years, there is still a lot of potential for further developments.

3 SWOT-analysis and recommendations

Based on the results of the quantified description of Brandenburg a SWOT-analysis has been conducted regarding 25 fields of analysis (cp. Fig. 7).

Fig. 7: **Fields of analysis and the objective/ fund they refer to mainly**

No	Areas of analysis	Objective 1			
		EFRD	ESF	Obj 3	EAFRD
1	Transport	x			
2	Technical and economic infrastructure	x			
3	Social infrastructure	x			
4	Science and research	x	x		
5	Economy	x	x		x
6	Tourism	x	x		x
7	Environment	x			
8	Urban areas	x	x		
9	Supply of human work capacity		x		
10	Economic demand for human work capacity		x		
11	Company demand for human work capacity and personnel policies		x		
12	Employment and unemployment		x		
13	Education	x	x		
14	Structures, institutions and labour market polciy		x		
15	Infrastructure and environment in the border region			x	
16	Economic integration in the border region			x	
17	Human resources in the border region			x	
18	Cross-border cooperation			x	
19	Human resources in rural areas				x
20	Agricultural and forestry enterprises				x
21	Quality of processes and products in agriculture				x
22	Sustainable cultivation				x
23	Natural basis for agricultural production				x
24	Quality of life in rural areas	x			x
25	Rural areas and economy	x			x

The grey boxes indicate the objective/ fund the field refers to mainly

For each field of analysis the references to the regulations for the Structural Funds and the EAFRD are shown. In each field of analysis approaches for the forthcoming period have been derived. All of these 132 approaches are basically worth being supported in the next period, nevertheless their contribution to the objectives of the Structural Funds and the EAFRD is not the same. Therefore the **recommendations** summarise and prioritise the approaches. The recommendations are classified in different categories:

Tab. 1: Classification of recommendations

	recommendations
General recommendations	1 – 3
Fund spanning recommendations concerning priority fields of intervention	4 – 6
Recommendations concerning EFRD interventions according to Objective 1	7 – 10
Recommendations concerning ESF interventions according to Objective 1	11 – 13
Recommendations concerning interventions according to Objective 3	14 – 17
Recommendations concerning EAFRD interventions	18 – 22
Fund spanning recommendations concerning complementary fields of interventions	23 – 25

The recommendations refer to the whole Land Brandenburg respectively to specific parts (e. g. border region). Although it can be assumed that the south-western part of Brandenburg will receive less subsidies than the north-eastern part, there are no differences in regard to the contents of the recommendations. Therefore the recommendations apply to both parts of Brandenburg in the same way.

As the subsidies in total will decrease a **clear focusing and concentration** of the resources is the most important feature of the recommendations. Crucial for the focusing is the contribution of the interventions to economic development and employment. In Brandenburg the highest contribution can be expected in the following fields of intervention: **economy, education, labour market and qualification, science and research and selective fields of infrastructure for transport and economy.**

The recommendations are described on the following pages. They reflect the position of the evaluators concerning the period 2007-2013. A detailed description of the recommendations can be found in the complete report (pages 259-283).

Facing reduced subsidies in the next period, the most important **general recommendation** is that the intervention must be clearly focused on those fields that contribute most to economic development, employment and social cohesion. Furthermore all interventions have to be assessed under the aspect of the demographic development. This assessment should be combined with a sustainability check. Thereby it has to be considered that the costs of an assessment should be adequate. The implementation of equal opportunities is relevant for all interventions but it should also be related to the demographic development. Altogether the following recommendations for the intervention according to Objective 1 and 3 for the Structural Funds and for the EAFRD ensue:

1. Stronger focusing of subsidies on those fields of intervention with a high contribution to economic development and employment: economy, education, labour market and qualification, science and research and selective fields of infrastructure for transport and economy.
2. Consideration of sustainability and equal opportunities in all fields of intervention.
3. Assessment of all interventions under the aspect of the demographic development by using a manageable „demography-check“.

A number of fields of intervention refer to both Structural Funds according to Objective 1 and 3 and to the EAFRD. These fund spanning fields of intervention are divided into priority and complementary fields. **Fund spanning priority interventions** are those where a significant contribution to economic development, employment and social cohesion can be expected. This applies for the following fields: education, science and research, subsidies for enterprises and promotion of start-ups as well as the transfer of knowledge and technology. The following recommendations arise for the Structural Funds in Objective 1 and 3 and for the EAFRD:

4. Synergetic use of subsidies in education, science and research as priority fields of intervention.
5. Priority promotion of enterprises as main focus for the EFRD intervention according to Objective 1, specific promotion of enterprises in the Objective 3-area, development of human capital by using the ESF and promotion of small companies with a specific relation to rural areas by using the EAFRD.
6. Priority promotion of start-ups and the transfer of knowledge and technology.

EFRD promotion according to Objective 1 aims in the first instance at economic development and the creation respectively saving of jobs. Important approaches to implement this aim focus on the promotion of business activities (enterprises, start-ups, knowledge and technology transfer), the infrastructure for education, science and research and for selective fields of transport and economy. Furthermore there are fields of intervention with a complementary contribution to the aims of EFRD: promotion of urban and rural areas, tourism and environment. Thus the following recommendations for EFRD promotion according to Objective 1 ensue:

7. Priority promotion of enterprises, start-ups, knowledge and technology transfer as well as education, science and research.
8. Priority promotion of selective infrastructure for transport and economic development.
9. Complementary promotion of urban and rural areas, tourism and environment considering a justified demand.
10. Focusing on important cities – especially „regional growth nucleuses“ – in the context of the urban dimension according to the EFRD. Promotion focusing in particular on educational respectively labour market approaches in specific districts can be financed by the ESF.

The **ESF promotion according to Objective 1** aims particularly at supporting a labour market policy that is oriented at the future development needs of Brandenburg and at the aim of social inclusion. Thereby a balance must be established between preventive measurements and measurements that focus on specific target groups. This leads to the following recommendations for the ESF promotion according to Objective 1:

11. The ESF promotion should be oriented at the economic development needs and the aim of social cohesion.
12. The intervention should be in line with potentially growing industry sectors and sustainable professions as well as with disadvantaged groups in the labour market.
13. Labour market policy should be seen as a horizontal task that has to be anchored in the regions of Brandenburg.

Objective 3 refers to the promotion of cross-border economic and social activities. The SWOT-analysis revealed important **fields of intervention according to Objective 3**: the improvement of infrastructure and environment, the promotion of cross-border economic integration, the development of human resources and a further improvement of cross-border cooperation. The analysis results in the following recommendations for the promotion according to Objective 3:

14. Improvement of the infrastructural conditions, sharing of infrastructures and improvement of the environmental situation in the border region.
15. Promotion of a cross-border and innovative economic development as well as a stronger integration of enterprises in the border region.
16. Development of human resources in the border region by social inclusion.
17. Encouraging a common identity by cross-border cooperation – especially in the fields of culture, health care and social welfare.

The **EAFRD promotion** aims at the support of a sustainable development of rural areas. Three general objectives are relevant for the rural development: improving the competitiveness of farm and forest enterprises, providing support for the environment and the countryside, promoting the diversification of the rural economy and its quality of life. The established LEADER-approach encompasses these aims. The list of measures intends a sectoral and a spatial approach.

Facing new alignments in agricultural and environmental policies there is a need to restructure in the agriculture and forestry sector. Supporting agricultural enterprises in this process of restructuring is a basic guideline for an integrated and sustainable rural development. The protection of the environment and landscape in combination with other fields of intervention is the basis for measurements on the long run. The following recommendations result for the EAFRD promotion:

18. Area-wide promotion of a sustainable use of agricultural land.
19. Developing multifunctional agricultural structures and concentrating the promotion of investments.
20. Identification of sustainable potentials for a value added and encouraging entrepreneurship in order to develop regional value chains.
21. Investment „in brain-power“ – embedded in a professional regional management and marketing.
22. Integrated village renewal and development – oriented at the needs and target groups, ecological and embedded in an integrated regional development.

Fund spanning complementary fields of intervention are characterised by a supplemental contribution to economic development, employment and social cohesion. These are the following fields: tourism, protection of the environment and nature and coordination of regional initiatives for the development of rural areas. The following recommendations ensue:

23. Tourism – promotion of tourism offers that meet the market demands by the EFRD according to Objective 1 and 3, EAFRD promotion embedded in integrated regional development plans, development of human capital by using the ESF.
24. Protection of the environment and nature – sustainable cultivation promoted by using the EAFRD, infrastructural measures by using the EFRD.
25. Coordination of regional initiatives of the Structural Funds and the EAFRD, main competence for rural development lies within the EAFRD.