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European Association of Development Agencies

Regional Development Agencies in Germany

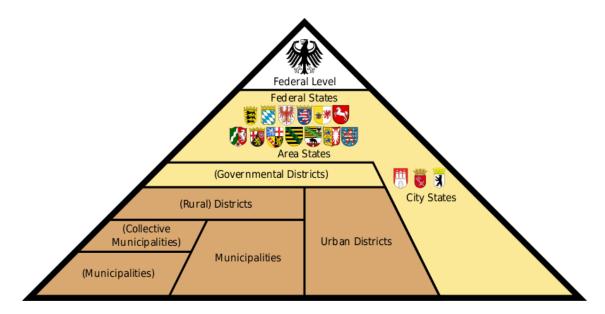
Regional Development Agencies in Germany

INTRODUCTION

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Institutional context

The Federal Republic of Germany comprises, since 1990, 16 partially sovereign states (*Bundesländer*). According to the Nomenclature of Territorial Units for Statistics (by its French acronym: NUTS) developed by the EU, the first territorial hierarchical level (NUTS 1) corresponds to the states, the second (NUTS 2) to the 38 regions, and the third (NUTS 3) to the 401 districts and independent cities (*Kreise* and *Kreisfreie Städte*).



Germany is a country with a long tradition of decentralisation and federalism which could be traced back to the Early Middle Ages and the consensual rule of the Holy Roman Empire. Hence, it shouldn't come as a surprise to anybody the fact that sub-national governments have a great discretional power.

Although there were already local government reforms in the early nineteenth-century Prussia to stimulate economic growth; economic development, or economic promotion (*Wirtschaftsförderung*), as it is known in Germany, is an idea that originated after the Second World War. Then the embryo of the current Regional Development Agencies (RDAs) appeared with the aim of alleviating regional disparities originating from the so called German Economic Miracle. After the decade of the 1980s, regional economic development professionalised more and more. Nowadays the presence of RDAs is ubiquitous in each echelon of the German



administration. Due to the limited length of this study, we will only offer information about the 15 agencies of the federal states (in Niedersachsen the activities normally attributed to an RDA are performed by the Ministry for Economics, Labour and Transport).

Legal status and competences

Economic development is understood in Germany as part of public service and as a contribution to the improvement of the life quality of citizens. Federal states, regions, districts and municipalities are responsible for creating a favourable framework for the development of economic activities that guarantee the quality of the working and living conditions in their territories. The German Basic Law (*Grundgesetz*) provides the legitimisation of self-government both for the states and the regional and municipal governments. On the one hand, article 30 states that "except as otherwise provided or permitted by this Basic Law, the exercise of state powers and the discharge of state functions is a matter for the Länder"; on the other hand, article 28,2 makes clear that the "municipalities must be guaranteed the right to regulate all local affairs on their own responsibility within the limits prescribed by the laws". Nevertheless, in certain activities such as the improvement of regional economic structures or the improvement of the agrarian structure and of coastal preservation, as exposed in article 91a: "the Federation shall participate in the discharge of responsibilities of the Länder, provided that such responsibilities are important to society as a whole".

No law, however, defines how sub-national authorities should conduct their actions to promote economic development. They are free to choose how to structure the organisms that will cope with it and which tasks they will perform. These organisms can be departments or offices inside the public administration, take the form of a state-owned firm or even a private one that stands on its own; in small counties, economic development may be carried out jointly by various administrations. Although the competences of these organisms vary across the territory and the administrative hierarchy, generally they are responsible of: a) transferring information and answering all economic and administrative-related questions, b) troubleshooting crises, c) lobbying in the political and administrative realms, d) advising in financing and economic promotion matters, e) connecting, impulsing and managing new ideas or topics relevant for their territory, and f) creating the necessary conditions to enable and facilitate the foundation of new local companies and the attraction of foreign ones.

National coordination

As we advanced in the previous section, the national government can help regions in areas that concern the German society as a whole. The most relevant instrument the German federal government has at its disposal to carry out the national regional policy is the Joint Federal/Länder Task for the Improvement of Regional Economic Structures (by its German acronym: GRW). The GRW funds are dedicated to support those regions that are relatively backwards, and they are freely allocated by the states and the regions (art. 30).



Besides the agencies of the states, regions, districts and municipalities, the country of Germany counts on its own development agency: Germany Trade & Invest (GTAI). Through their more than 50 offices around the world, they support German companies in their international business activities and foreign companies looking to locate to Germany. GTAI also cooperates with the RDAs of the federal states and together organise delegation trips and participate in trade fairs.

A German association of regional and local development agencies exists under the name of *Deutscher Verband der Wirtschaftsförderungs- und Entwicklungsgesellschaften e.V* (DVWE). It was created in 2001. Nowadays they have a network of 134 members from 14 federal states. Their activities include, among others, the transmission of information and counselling of the members, representation of their interests before the EU, the federal government, the federal states or other organisations; exchange of experiences and further training of the members, or the provision, through the membership, of a seal of approval for competence and qualifications. Since 2008 the DVWE organises every November in Berlin the annual Forum of German Economic Developers (*Forum deutscher Wirtschaftsförderer*), where around 330 economic development practitioners from all over Germany meet to seize on current and future topics and to exchange ideas during two days.



ACTIVITIES

Development of business areas

Industrial, commercial and service companies need large areas for their offices, workshops, warehouses and factories. The RDAs take care of making these areas available to companies, as commercial or industrial areas. The areas can either be made available by the municipality as the property owner or by the RDA, which buys them from private owners. These areas are then prepared for the settlement of companies under contract to the RDA. This includes, for example, road construction, preparation of the building site and connection to public traffic routes.

The areas created in this way are then sold to the growing companies for the expansion of their business activities on site. This safeguards existing jobs and creates new jobs and tax revenues as well as additional direct and indirect income for the city or community.

Real estate construction

The market cannot always meet the demand for suitable real estate. For example, in a city there may be a need for office space for young company founders, but letting individual offices is unattractive for private property investors due to their small size. In such cases, the RDA can build or rents real estate itself - or resell it in case investors should be found. In most cases, it is also the task development agencies to provide an overview of the property market of a location, to talk to interested investors and to bring sellers together with potential interested parties.

Corporate Management / Corporate Service

Taking care of the domestic economy is an essential part of economic development. Local or newly established companies have concerns that go beyond the purchase or rental of office or commercial space. Whether it is about looking for contacts, cooperation partners, building permits, other official formalities, the search for specialists, import and export issues or the like.

Self-employment and start-up creation

People who want to become self-employed have many questions: How do I register a business? Where can I find office space? Which company form do I choose? Where can I find good funding? Who can help me? It is very important that economic development agencies support start-ups because they are the entrepreneurs of tomorrow. Many projects and initiatives have been put into practice on this matter at the Land level. In Bremen, for example, there are institutions that impart knowledge, help with applications or grant funds, or create incubators that provide know-how and affordable spaces. The federal state is following a special path: it founded the Start House, a unique project in Germany. This is where founders have bundled access to all information, funding and contacts with partners, receive further training in seminars and have a personal contact who accompanies them throughout the start-up phase.



Funding Programmes

If companies want to grow or research new technologies, they have to invest - in buildings, machines and processes as well as in workers. In order to raise funds, they can go to their bank, alternatively use support programs - or benefit from both. There are corporate support programs at the state, federal and EU levels. Your goal is to support companies in their growth and development and thus strengthen the location. Bremen has its own development bank that takes on this task, the BAB - the development bank for Bremen and Bremerhaven. An example of such a program is the BAB's Research and Development Program (FEI): medium-sized companies that want to work on new technologies can get cheap loans and grants on request. This makes the risks of new developments more calculable for companies.

Settlement of companies

Another important task is the settlement of new companies. There can be many reasons for moving to another territory: a company wants to open a new branch or branch in the city because it wants to expand its business catchment area, the the current company location is unattractive compared to the new one because there are no qualified workers to be found, the transport connections are too bad or simply the space has become too small. German RDAs support companies in their settlement, help them find the right commercial space or rooms, support them with financing, recruitment or similar matters. This is particularly important for international settlements, because experts with language and cultural knowledge are required.

Location marketing

When it comes to the question of what economic promotion is, location marketing should not be forgotten. In order for a location to be considered for national and international companies, they first have to know it. Economic development agencies are tasked with making their own location known. This can be done in very different ways: through classic advertising, through presence at trade fairs with exhibition stands, through the support of delegation trips or cooperation in networks. The business development agencies often prepare analyzes of their own location so that the work is made easier for investors and they receive the basis for decision-making.



GERMAN DEVELOPMENT AGENCIES

bw-i – Baden-Würtemberg International

bw-i lends support to domestic and foreign companies, research institutions and universities by serving as the central first point-of-contact in all questions relating to internationalisation. Opening up foreign markets for Baden-Württemberg companies and profiling the state globally as an ideal location for industry, business and science are core aspects of their mission. The work they do is aimed at securing and strengthening the position of Baden-Württemberg over the long term – by encouraging foreign capital investment, helping companies to settle there and promoting cooperation between business and science. They also help businesses to recruit the qualified staff they need.

The services provided include the initiation of international cooperation between companies by means of market-penetration measures in the most important global markets, participation in location-marketing campaigns in Germany and abroad, and back-up support for foreign companies wishing to invest in Baden-Württemberg. They also carry out projects relating to business promotion, training, qualification and management in selected target countries.

Bayern Innovativ

Bayern Innovativ (Gesellschaft für Innovation und Wissenstransfer mbH), established in 1995 by representatives of Bavarian politics, business and science - is an important part of Bavaria's innovation policy. They have been providing innovation impulses for over 25 years. They are focused in small and medium-sized in particular, as they often lack the resources for complex innovation management. Bayern Innovativ enables them to implement their ideas more quickly and successfully with customized innovation services.

Bayern Innovativ is the gateway to a lively innovation community: They network companies with universities and research institutes, important companies in the Free State of Bavaria, organisations funded by the Free State and many other technology and knowledge networks to form a strong think tank- the Thinknet Bayern.

Another important element of their daily work is to create transparency about funding opportunities and access to funding providers - at Bavarian, national or European level. They are also the sponsor of several Bavarian funding programs. Their experts advise companies, research facilities and institutions on the most suitable funding programs for their future projects. They also provide competent advice on property rights, international projects or business models in the cultural and creative industries.

Berlin Partner

Their mission is to offer business and technology support for companies, investors and scientific institutions in Berlin. With customized services and an excellent science and research network, their many experts provide an outstanding range of programs to help companies launch, innovate, expand and secure their economic future in Berlin.



A unique public-private partnership, Berlin Partner for Business and Technology collaborates with the Berlin State Senate and over 280 companies dedicated to promoting their city. Berlin Partner is also responsible for marketing the German capital to the world, for example with the successful "be Berlin" campaign initiated in 2008, intended to symbolize the diversity and potential of the city and its people.

Economic Development Agency Brandenburg

Economic Development Agency Brandenburg (WFBB) is the central contact in Brandenburg for investors, entrepreneurs and technology-oriented business Start-ups. With their expert knowledge, their contacts and close networking with their partners as well as tailor-made service packages, they offer all services for business and employment promotion from a single source - individually, confidentially and free of charge.

WFBB provides support with set-up and expansion, innovation, internationalisation and networking, provides referrals for acquiring skilled labour as well as continuing education of employees, provides advice on questions regarding financing and promotion and acts as a guide for bureaucratic procedures. As energy agency, WFBB is also closely involved with implementing Brandenburg's energy strategy. They also engage in location marketing.

They approach these tasks interdisciplinarily and thus provide a decisive basis for the further development of the industry-related economic clusters in Brandenburg and the German Capital Region.

WFB – Bremen Invest

Wirtschaftsförderung Bremen (Bremen Invest) brings Bremen's quality of life and economic appeal to the attention of business and research communities in Germany and abroad. The Bremen Invest team is committed to helping companies in their development. They provide uncomplicated, expert advice on relocations, property searches and innovation projects and they know how to get things done. They act as an interface between business, research and public authorities.

Bremen Invest is divided into two divisions. The first one, Economic development and administrative services, encompass sales and business services, innovation support, land development, high rise construction and real estate. Providing support for companies that are already based in Bremen and attracting new ones to invest in the city are two of the division's main responsibilities. It also implements various funding programmes, supports the Bremen region's innovation cluster and manages the Bremen technology and start-up centres. The second division, Marketing and Tourism, is responsible for promoting Bremen as an exciting place to visit as a hub of science and commerce and for promoting tourism to Bremen in Germany, Europe and around the world (this includes services in Bremen for day visitors and visitors staying overnight, and for delegates at conferences and conventions in partnership with



the Bremen Convention Bureau and the service for businesses, associations and tourism companies).

In addition to its divisions, Bremen Invest has various subsidiaries and equity investments for structural, political and strategic reasons. It also exercises shareholder functions in companies on a fiduciary basis on behalf of the Bremen region.

Hamburg Invest

Hamburg Invest is the one-stop agency for relocation and investment in Hamburg as well as the main partner of Hamburg's business sector on all topics relating to business development. As well as offering a wide range of services for small and medium-sized enterprises in particular, Hamburg Invest is in charge of marketing the city's commercial and industrial spaces – from land development and advertising to targeting clients, acquiring the leasehold and preparing the sales contract. In addition, Hamburg Invest serves as the main port of call for technology- and knowledge-based startup businesses.

They support businesses seeking to relocate to the economic region of Hamburg with comprehensive services that are free of charge. Such services include e.g. location consulting, commercial real estate services, as well as advice and support in the area of investment and development projects.

Hessen Trade & Invest

Hessen Trade & Invest GmbH (HTAI) is the economic development organization of the State of Hessen. Their task is the further sustainable development of the Hessen business and technology location in order to consolidate and expand its competitiveness. Through targeted activities, they contribute to maintain and increase the prosperity and living standard of all Hessian citizens in the long term. To achieve this, they work together as partners with the business, scientific, administrative and political sectors.

HTAI helps companies establish in Hessen providing them with facts about the technologies and innovations that make settling in Hessen attractive as well as advise about various legal regulations. Investors can also benefit from the knowledge accumulated by HTAI experts and their network of economically relevant organisations.

Invest in Mecklenburg-Western Pomerania

Invest in MV is the "One-Stop-Agency" for company investments in Mecklenburg-Western Pomerania. Since 1991, they have been striving to further develop the business location of Mecklenburg-Western Pomerania and to establish it over the long term both in Europe and in the rest of the world. As state-owned economic development company, their service is free of charge. They are the partner of investors interested in the Mecklenburg-Western Pomerania location. No matter whether they are planning to establish a new business or want to expand: they can benefit from their expertise.



Their team consists of 13 consultants in total, each with special in-depth expertise of the industry; they can assist companies and investors from the initial idea up to the laying of the foundation stone and beyond. They offer advice in the areas of: mechanical engineering and electronics, maritime industry, tourism, plastics industry, food industry, life sciences and medical technology, aviation, automotive industry, renewable energies as well as the logistics sector.

ZENIT

ZENIT was founded in Mülheim an der Ruhr in 1984 and is a public private partnership. On behalf of the EU, the federal government and the state, the more than 60 employees, ZENIT primarily supports small and medium-sized technology-oriented companies as well as universities and research institutions in their innovation and internationalisation activities and brings together potential partners from the business and science sectors. But start-ups, SMEs, and large companies are also among their customers. ZENIT's main goal is to pave the way for good ideas to marketable products and services, to help them achieve international success and to strengthen the location factor. In order to meet this requirement, they create and use regional, national and international networks. They are active in the Enterprise Europe Network, the world's largest internationalisation network , initiated by the EU in 2008. As the consortium leader of the contact point "NRW.Europa" responsible for North Rhine-Westphalia , they are not only the contact for individual companies, but also promote cooperation and the growth of many technology-oriented players in the state.

ISB - Invest in Rheinland-Pfalz

The Investitions- und Strukturbank Rheinland-Pfalz (ISB) is the institute of the German state of Rheinland-Pfalz for business and housing development. Among a variety of other support services, they offer support for investors in their search for appropriate sites. All their services are free of charge.

They support companies which would like to invest in Rheinland-Pfalz, providing them with information on the fiscal and legal aspects of setting up a company or entering into a joint venture, and they can also provide contacts to companies and institutions. The ISB also covers a broad spectrum of business support services, including funding support for investments in infrastructure, R&D projects etc. (financing support includes subsidies, loans, guarantees and participations).

IMG – Investment and Marketing Corporation Saxony-Anhalt

The Investitions- und Marketinggesellschaft mbH (IMG) is the economic development agency of the German federal state of Saxony-Anhalt. As a service provider on behalf of Saxony-Anhalt's Ministry of Economic Affairs, Science and Digitalisation, IMG Saxony-Anhalt is marketing the state as a science and business location. It is also responsible for promoting Saxony-Anhalt as a tourism destination at home and abroad.



The settlement of companies in the state of Saxony-Anhalt is actively supported. On behalf of the state, IMG helps the companies based there with their investments if necessary. Their service is confidential and free of charge.

They act as partner for business, helping them:

- to find the right site
- in assisting with funding and financing
- in dealing with the public authorities
- with all queries relating to project implementation

gwSaar – Saarland Economic Promotion Corporation

gwSaar, the state-owned corporation for the promotion of the economy in Saarland, offers a comprehensive range of services for investors: relocation management, business development and real estate businesses work as one within the SHS Group to achieve the fast and effective realisation of relocation projects. The SHS Group is the umbrella holding of gwSaar and other four companies in charge of construction and land projects; housing-related activities; planning, support, project management and facility management, and the management of the Saarhafen port at Saarlouis / Dillingen and the international airport in Saarbrücken.

Its integration in the SHS Group means that gwSaar not only offers classical business development but also all services from purchase consultancy to the development of turnkey property from a single source. It also integrates newly relocated companies into its strong, cross-industry network. gwSaar offers companies from all sectors comprehensive national and international support with its global network.

WFS – Saxony Economic Development Corporation

The Saxony Economic Development Corporation (WFS – Wirtschaftsförderung Sachsen GmbH) was founded in 1991 as a state-owned enterprise of the Federal State of Saxony and has been active in three key fields since that time. The WFS promotes Saxony as a business location and advises potential investors comprehensively from the initial idea all the way to the implementation of their relocation projects.

In addition, the WFS assists Saxony's companies in achieving their export goals and initiates cooperations with companies located outside of Saxony. The objective is to open up new international markets for Saxony's business community and to create new jobs in Saxony. In other words, the Saxony Economic Development Corporation builds bridges between Saxony's companies and foreign customers, between enterprises looking for investment opportunities and the regions and municipalities of the Federal State of Saxony.

An important foundation for the effective work of the WFS is its strategic orientation towards Saxony's key industrial branches. Identifying the relevant technological trends early on and integrating them into its regional and sales promotion measures represent a field of competence which the WFS has been focusing on for several years now.



WTSH – Business Development and Technology Transfer Corporation of Schwelig-Holstein

WTSH is the main business promotion agency in Schleswig-Holstein. As a one-stop agency, tehy assist companies as a competent service provider, particularly in supporting their efforts to successfully implement innovations and open up interesting foreign markets.

The WTSH Business Location Team supports investors in all phases of setting up a business – from searching for the right site and arranging for the right contacts to subsidies and financing advice. This service is provided free of charge and without any obligation. The WTSH team, on the other hand, advises investors on funding for investment and innovation projects in Schleswig-Holstein. Schleswig-Holstein's Business Promotion Programme funds sustainable investment projects to offset the locational disadvantages of companies (including those from the tourism industry) in structurally weak areas. The aim is to create or secure regular jobs (i.e. those subject to social security contributions). These monies come from a German fund for improving regional economic structures and the EU's European Regional Development Fund. This funds are aimed at cushioning the business risks of investment projects and offsetting regional disadvantages to strengthen the competitiveness and adaptability of Schleswig-Holstein's economy.

As a consequence of the increasing affluence of visitors to the Schleswig-Holstein state, WTSH offers a service that is unique in Germany – systematic investment management for hotel projects. This service is the main point of contact for investors, hotel operators, project developers and local authorities.

WTSH can support companies aspiring to export in analysing their target region and help them in realistically assessing the prerequisites for success. They will receive tailored advice beginning with an analysis of the foreign trade situation and a needs assessment. And WTSH will give them an overview of the country-, product- and market-specific conditions in their target region(s). The geographical priorities of our foreign trade consulting service are: Brazil, European markets, Russia, China, India, Indonesia and Malaysia.

LEG – State Development Corporation of Thuringia

Founded in 1992, and with a workforce of almost 250 employees, the State Development Corporation of Thuringia (LEG, Landesentwicklungsgesellschaft Thüringen mbH) drives the development of Thuringia's technology and business environment. It prepares the proverbial ground for companies with jobs, manages international relations, leverages technology opportunities and renders them usable, creates attractive places to live and improves the quality of life for Thuringia's residents, entrepreneurs and skilled workers. As an economic development agency, LEG markets Thuringia, drives technology and innovation transfer, supports the recruitment of skilled workers and provides all-in-one services to attract investors to this region in Europe's heartland.



Through regional management, LEG supports local governments with joint projects and plans, moderates and actively executes projects. In urban development, it develops zoning plans, urban-development strategies, development plans and feasibility studies. It also develops and sells construction land for families, develops and markets urban sites for housing, office, trade, retail and recreational use, and advises buyers and investors, appraises buildings, assesses the required investment and develops prospects. LEG sets the stage for new companies and jobs to move into 80-plus industrial sites with rich traditions. It modernizes the infrastructure, provides industrial buildings and markets the properties to investors. For innovative high-tech firms, it even builds special properties with customized usable space at market rates.

LEG provides all-in-one services for investors who wish to locate their firms in Thuringia. This includes regulatory management and site and incentives consulting. LEG supports the technology ecosystem in Thuringia by assisting technology firms, coordinating technology projects and supporting clusters, among other things. LEG also assists foreign delegations visiting Thuringia; it accompanies Thuringian representatives abroad and manages Thuringia's interactions with partner regions. It presents Thuringia to potential direct investors on the internet, in videos and print, and at events in and outside Germany.



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