

## MASTER THESIS

### **The influence of sub-national actors on European Cohesion Policy**

#### **A Case Study of Saxony**

Study Programme:

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Content

**Acknowledgement** \_\_\_\_\_ I

**Content** \_\_\_\_\_ II

**1 Introduction** \_\_\_\_\_ 4

1.1 **Problem and Objective** \_\_\_\_\_ 4

1.2 **Content and Structure** \_\_\_\_\_ 5

1.3 **Methodology** \_\_\_\_\_ 8

**2 Theoretical Framework** \_\_\_\_\_ 10

2.1 **Regions** \_\_\_\_\_ 10

2.2 **European Integration** \_\_\_\_\_ 11

2.3 **Policy Network** \_\_\_\_\_ 15

**3 Legal context** \_\_\_\_\_ 17

3.1 **German Federalism** \_\_\_\_\_ 17

3.2 **Saxony's channels to influence the European level** \_\_\_\_\_ 21

3.3 **German regional policy** \_\_\_\_\_ 27

**4 Object of research** \_\_\_\_\_ 28

4.1 **European Cohesion Policy** \_\_\_\_\_ 28

4.1.1 **Short history of European Cohesion Policy** \_\_\_\_\_ 30

4.1.2 **Decision making process** \_\_\_\_\_ 31

4.1.3 **The new cohesion policy (2007 – 2013)** \_\_\_\_\_ 33

4.2 **Sub-National Actors** \_\_\_\_\_ 34

4.3 **Measuring Influence** \_\_\_\_\_ 37

4.4 **Saxony** \_\_\_\_\_ 39

**5 Desk research** \_\_\_\_\_ 44

5.1 **SNA officially involved within the European Cohesion Policy Process** \_\_\_\_\_ 45

5.1.1 **European Territorial Cooperation** \_\_\_\_\_ 58

5.2 **Additional SNA** \_\_\_\_\_ 60

5.2.1 **Political and administrative actors** \_\_\_\_\_ 61

---

5.2.2	Economic organisations and associations _____ 64
5.2.3	Research Institutes, donations, cultural clubs _____ 66
5.2.4	Media _____ 67
5.2.5	Church _____ 68
<b>5.3</b>	<b>Influence evaluation _____ 68</b>
5.3.1	Official involved SNA _____ 69
5.3.2	Additional SNA _____ 69
<b>5.4</b>	<b>Sub-conclusion _____ 72</b>
<b>6</b>	<b>Field research _____ 73</b>
6.1	Methodology _____ 73
6.2	General results _____ 77
6.3	Evaluation of the answers given _____ 80
6.4	Sub-conclusion _____ 88
<b>7</b>	<b>Conclusion _____ 91</b>
<b>8</b>	<b>Bibliography _____ 93</b>
<b>9</b>	<b>List of Figures _____ 99</b>
<b>10</b>	<b>Abbreviations _____ 100</b>
	<b>Declaration of Academic Honesty _____ 102</b>
	<b>Annex 1: Questionnaire _____ 103</b>
	<b>Annex 2: Information letter _____ 106</b>

# 1 Introduction

This thesis is part of a project contributing to the dissertation topic: “How can (sub) national and regional actors influence EU Regional Policy?” In total three case studies are conducted: in Latvia, Saxony and Scotland. In each of these regions the actors and institutions, which are involved in European Cohesion policy, are identified and their influence on the decision making process is analysed. The results deliver an empirical component for the dissertation; as well they allow the comparison between the respective regions. Scotland, Latvia and Saxony have been chosen due to similar size, inhabitants and NUTS division, while having entered the European Union with a time difference of 15 years.

## 1.1 Problem and Objective

The European Union is constantly developing and changing. One of the observed processes is the growing importance of the regions within the multi-level system of the European Union. Terms like “Europe of the Regions” emerged and in literature the influence of sub-national actors on the European policy processes received more attention. Against the background of the European Integration process, this development is especially taken up by the Multi-level-governance theory. The observed shift of competences towards the regional level presents a vertical shift. In addition a horizontal shift is observed: the competences do not remain solely with the political authorities, but additional actors, for example economic and social associations, gain more and more influence within the policy processes. This development was analysed and explained by authors from different perspectives. An increased number of regional representations in Brussels is often used to indicate a strengthening of the sub-national position, still empirical research is scarcely available. This thesis does not only contribute to the dissertation topic, but it individually makes an important contribution to the existing literature. It provides an empirical case study reassessing the theoretic developments. The focus is set on European Cohesion Policy, as it is especially characterised by the described phenomenon of a vertical and horizontal shift of competences; often it is seen as the manifestation of the development of the multi-level governance the-

ory. The challenge of this paper is to investigate this development, and contrast the political reality with the legal framework. For Saxony the key regional actors and institutions are outlined and their influence on the European Cohesion policy is analysed. Formulated it serves as the main research question: *To what extent can sub-national actors in Saxony influence European Cohesion Policy?* The research question limits itself to the specific policy area and the region Saxony.

As a line of argumentation to answer the main research question a number of sub-questions are used. Firstly a theoretical basis is established. The guiding research question is: *Which are the underlying terms and theories necessary to approach this research question?*

Subsequent to the theoretic foundation the necessary legal context needs to be explored: *In what national context are the sub-national actors performing? Which access channels exist for the regional actors to influence the European policy process?* The two sub-questions together give an overview of the existing capacity to exert influence.

After the legal and theoretic frameworks the concepts of the research need to be explained: *What is European Cohesion Policy? What are Sub-national Actors? What is influence and how can it be measured?* Additionally Saxony as a region needs further exploration.

By answering the previous sub-questions a basis for the further research is established. This is applied to the region Saxony. The first part of the case study investigates existing literature and published information, while the field research empirically analyses which sub-national actors are involved within the European Cohesion policy and what their influence is. The results of the desk and field research provide a profound answer to the main research question: To what extent the Saxon actors influence the European Cohesion policy.

## 1.2 Content and Structure

The thesis consists in total of 7 chapters. These can be divided into two main parts: the desk research determining the necessary theory and concepts, and the case study comprising an in depth analyses of Saxony, in

form of a desk research and a field research. These two main parts are embedded within the introduction and conclusion, which build the frame for the whole research. The graph illustrates the structure of the thesis:

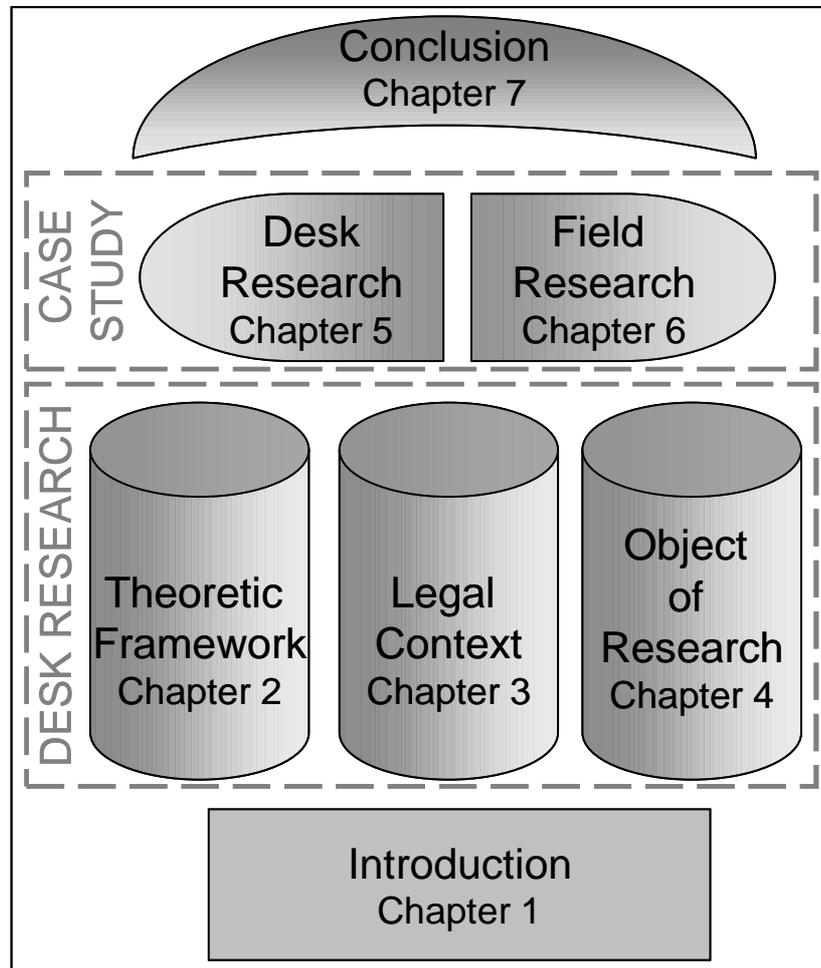


Figure 1: Graphic illustrating the structure of the thesis.

After this introduction three chapters follow laying down important foundations for the further research. The first of these pillars establishes the theoretic framework. Firstly the term region is defined, as important concept for the further analysis. Afterwards the important theories of European Integration are outlined in detail. The developed Multi-level governance approach suits best the requirements of the thesis. It is adopted as underlying theory for the further research; it portrays a horizontal and vertical shift of influence. Beside the political authorities additional actors developed influencing the policy process; as well a horizontal shift of competences assumes that sub-national actors gained more authority within the process. This is precisely what the research is focusing on: An analysis of the

key sub-national actors and their influence on the European Cohesion policy. Complementing to the Multi-level governance Theory the Network approach is used to better describe the existing regional actors.

The second pillar (Chapter 3) sets the legal context for the research. It contains a description of the German federalism, as this is an important context to understand the role of Saxony and its embeddedness within the German system. The authorities and competences granted to Saxony do not only concern the rights within the German political system, but as well provide important channels towards the European Union. These access channels are outlined, divided into institutional and non-institutional actors. The chapter is complemented by a short outline of the German regional policy, as this is the pendant of the European Cohesion Policy.

After the theoretic and legal base has been established the concepts of research are further investigated. The research question is made up out of the four elements: European Cohesion policy, Sub-national Actors, Influence and the region Saxony. All four concepts are elaborated within this third pillar (Chapter 4). European Cohesion Policy is a relatively broad subject; it has been sub-divided into 3 parts to explicitly cover the requirements of this research. The concepts of Sub-National Actors and Influence are outlined; within both a new approach has been developed which can later be applied on the example of Saxony. The first model is a categorization of regional actors, to organize all the existing actors within the research. Within the second model different criteria are developed allowing measuring the influence of the sub-national actors. An overview of Saxony and its most important facts and characteristics comprise the groundwork. As the case study focuses on Saxony it is important to have not only an understanding about the different underlying theories and concepts, but as well be familiar with the region itself.

After the basic conception has been established by these three pillars the actual case study is conducted. Two different approaches are used: A desk research (Chapter 5) and a field research (Chapter 6). Both use the theories and concepts developed in the first part.

Chapter 5 theoretically analyses the key sub-national actors and their influence. With the help of secondary information and all published data a picture about the main actors in Saxony is created. The sub-national actors are divided into two groups, the official involved authorities and the additional actors. The official involved authorities are organized along the policy process of European Cohesion policy (Chapter 4.1.2); the additional actors are organized along the established categories (Chapter 4.2). The influence of all actors is measured by the approach developed in Chapter 4.3.

This theoretic analysis follows the field research. Firstly the methodology used is described: A questionnaire is carried out, it is addressed to the sub-national actors. The results are analysed in Chapter 6.2 and contrasted with the desk study. Sometimes the legal and political frameworks confirm each other, in some cases it happens that the political picture obtained within the field research differs from the theoretic picture given in Chapter 5. The two methods together are a good combination to conduct a proper analysis of the influence of the regional actors, both analyses individually would produce an incomplete picture.

The result and the conclusion are summarised in Chapter 7.

### 1.3 Methodology

An integrated research methodology is used for this paper, combining literature and empirical research. This method provides very accurate results, as the theoretic and empirical findings confirm or contradict each other and thus a maximum validity is achieved.

Primarily an extensive literature study about the background of the topic and its context has been conducted. The core underlying theories and concepts are outlined; they form the basis for the further research. This foundation is not only important to achieve a common understanding, but as well it allows using these concepts throughout the further research in a consistent way.

The objective of the desk and a field research is to portray the regional actors within Saxony and measure their influence. The desk research is

mainly based on secondary research. A difficulty was to find accurate information, as the new funding period of the European Cohesion Policy only started in January 2007. Existing literature, critical assessments or comparable research conducted by other authors were already outdated. Most of the information has been taken from documents the different ministries provided; e.g. brochures, flyers, regulations and downloadable material. As only publicly available sources have been used (e.g. European Commission, Ministry of Economic Affairs and Employment) the information is regarded as truthful. Nevertheless it is important to use a number of different sources to avoid any bias. The desk research provides a profound overview of the different regional actors and their possible influence.

The field research provides an empirical basis for the whole research. A questionnaire is the main instrument used within this primary research. The interview is addressed to the sub-regional actors and questions their real influence and the actual process of the European Cohesion policy. A detailed description of the questionnaire and the used methodology is part of the field research.

The ambition was to conduct 10 to 15 interviews, ultimately 14 interviews took place. Originally the method chosen was face-to-face interviews, as this method provides the highest quality results. Due to time constraints and preferences of the interviewees many of the questionnaires have been carried out via telephone. This method was experienced as very successful and as a result switched to be the general method. Additionally some respondents answered in a written form. In total three interviews were conducted face-to-face, three answered in a written way and eight telephone interviews were conducted. A detailed outline of the different methods and their advantages is part of chapter 6.1.

Generally the chosen combination of a desk and field research is regarded as very successful. Both parts perfectly constitute each other and balance possible short-comings or difficulties. The interview chosen as a method to conduct the field study was successful; it allowed collecting additional information apart from the prescribed questions. In many cases valuable information was especially gained by personal discussions.

## 2 Theoretical Framework

In the literature there is no common methodology to approach the question of regional influence and the impact of SNA on European policy processes and how to conduct the empirical case study. Following a theoretical basis is established, containing the most important definitions and underlying topics.

### 2.1 Regions

The definition of the term region differs according to whether it is considered within a political, economical, geographical or cultural context. Often these classifications overlap. It is also important to consider the function to which a region is assigned. This is the reason why no official definition of the term can be found in any Treaty or document of the European Union. The only official classification of “region” within the European Union is in NUTS (nomenclature des unites territoriales statistiques). This statistical unit was introduced in the 1970s, to structure the various sub-national administrative units and thus facilitates the comparison and harmonisation of regional statistics. NUTS structure the different sub-national administration units hierarchically. Each country is classified into up to three sub-national levels, NUTS I to III. Further subdivisions within the Member States are possible. In Germany the NUTS I level corresponds to the *Bundesländer*, NUTS II with the *Regierungsbezirke* (administrative districts) and NUTS III accords with the *Landkreise* (rural districts). This is only a rough grid and within the Member States it is used in a very flexible way, e.g. considering the areas for the structural funds. The European Union comprises around 250 regions as well as 1000 regional and local authorities.<sup>1</sup> Not only their economic power, but also their legal status, authority, administrative responsibilities and size differ enormously. The legal capabilities are primarily determined by the constitution of the respective Member State. Only in federal states (Austria, Belgium, and Germany) is the highest regional

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<sup>1</sup> Cf. Westermann, K. (2006): p. 3.

level a fixed element of the state organization with corresponding legislative, financial and political autonomy.

In Germany further sub-national levels exist below the regional level. In Saxony these are *Regierungsbezirke*, *Landkreise*, *Kreisfreie Städte* and *Städte and Gemeinden*. These levels will not be explicitly analysed within the case study. Sometimes the interests of the lower levels are represented within the regional networks, or are identical with those of the regional actors. But on the other hand the “sub-sub” national actors strive as well for more own individual attention. The struggle for competences, finance, attention and influence between the various national levels bears conflict, especially after the addition of the supra-national level. Within this thesis the focus is on the influence of the regional actors. The intra-national conflict should be kept in mind, but is not specifically discussed within this paper.

In the next part European Integration as the main underlying theory and process is outlined. The perspective which is most appropriate for the case study is the theory of multi-level governance. As within this model an explanatory element is missing, this paper additionally includes the model of network policy. After the theoretic groundwork and the already covered German Regional policy, the principles of European Cohesion policy are explained. The European Integration process was one of the triggers for the development of cohesion policy; this is the reason for the chosen sequence.

## 2.2 European Integration

Apart from European Integration the phrase Europeanization appears often, as well as Regionalization, Regionalism and much more different names explaining a similar phenomenon. In this chapter only the European Integration process as a core underlying paradigm is described. To enable the reader to put these various different terms in perspective to the core process of European Integration, following the three terms are shortly classified, exemplary for the great variety of different phrases: Europeanization is a very fashionable term for which various definitions exist. The one mostly agreed on is the “top-down” definition, the perception of the EU

as the origin of developments on the national level. The opposite process is sometimes referred to as well; sometimes Europeanization is even used synonymously with European Integration. Here the understanding of Europeanization is a downward adoption process and thus not relevant for the thesis, where the focus is on regional influence.<sup>2</sup> According to Bullmann, Regionalization and Regionalism define the two way development of regional structures: Regionalization is the “top-down” process strived by the national government to underpin central control, Regionalism is the “bottom-up” process initialized by the regions striving for more autonomy. Regionalization and Regionalism can both be seen as a result or within the context of European Integration, but will not be further analysed here.<sup>3</sup>

The process of European Integration has been very uneven and is often referred to as a “sui generis” process. Scholars of different disciplines tried to explain the developments and phenomenon of European Integration, using different assumptions and theories. These can be divided into two big groups: Supranationalism and Intergovernmentalism. The former was the dominant theory in the beginning of the European Integration process (especially represented and developed by Haas); within the sixties Intergovernmentalism developed (Hoffmann). Over the time new approaches and ideas were generated, but still two “families” can be identified with many conflicting views. The biggest difference in opinion is whether or not the process of European Integration is a transformative and amplifying process. Intergovernmentalists see the national governments as the decision makers, transferring authority for special issues to the supra-national institutions of the European Union. Because of the key role of the national governments, the approach is named state-centric model.<sup>4</sup> The national governments direct the process of European Integration and create supra-national institutions. These have limited powers and only serve the interest

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<sup>2</sup> For more information and examination on the term Europeanization please see: Lenschow, A. (2006), Howell, K. (2002) or Marshall, A. (2005).

<sup>3</sup> For additional information see: Bullmann, U. (1994) and Keating, M. (1995).

<sup>4</sup> Cf. with Hooghe, L./ Marks, G. (2001): p. 2.

of national governments, which maintain the control over the European Integration process. Thus European Integration does not challenge the autonomy of national states.<sup>5</sup> Because the process is steered by the national actors, it is also restricted and influenced by domestic political interests.<sup>6</sup> Applying the theory on the specific example of the evolution of European regional policies, the approach allowed explaining the development until the Single European Act and the reform of the Structural Fund in 1988. To explain the development of regional policies and the transfer of money, Intergovernmentalists used the theory of side payments. When regional policy was first introduced the nations received the payments without a project control or evaluation. The Commission only had a very limited role in the implementation of the projects. Thus the national governments agreed to the funds because of inter-state bargaining and package deals. The Single European Act marked a turning point. Nation states lost power within the decision making process against the European level and against the market.<sup>7</sup> The model was not able to explain these developments or anticipate the reform. The contrasting theory is the supranational approach, or as a part of it the neo-functional theory. Neo-functionalists explain European Integration as a spill-over effect. The integration within one policy area leads automatically to the integration within another policy area. Considering the development of regional policy it is seen as a functional spill-over from the increased economic integration and trade liberalisation. The established supra-national institutions weakened the power of the national governments, thus the process escapes the control of the national governments.<sup>8</sup> This theory as well is not able to explain some aspects: e.g. the mentioned theory of side payments. This points out, that not only the poor regions, but as well the wealthy Member States receive funding, which means the objective of a distribution is not

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<sup>5</sup> Cf. with Hooghe, L./ Marks, G. (2001): p. 1.

<sup>6</sup> Ibid: p. 3.

<sup>7</sup> Ibid: p. 119.

<sup>8</sup> Schimmelfenning, F./ Rittberger, B. (2006): p. 78.

achieved but merely a dispersal of money among all the Member States. This shows that the Member States decide about the funding (often as a part of package deals) and not the European Commission as the Neo-functional approach predicts. The change of context and lack of these two major theories to incorporate global factors and explain the European integration, not only in the field of Regional policy, led to the development of a new theory: Multi-Level-Governance. In contrast to Neo-functionalism and Intergovernmentalism the focus of this new model moved away from the causes and objectives of the European Integration process, towards the effects and consequences of Integration.<sup>9</sup> This “alternative view is that European integration is a policy-creating process in which authority and policy-making influence is shared across multiple levels of government – sub-national, national and supranational.”<sup>10</sup>

The phrase governance emphasises the importance of networks, public private partnerships and various additional actors and influences, replacing a sole sovereign actor. Generally the importance of national governments is still accepted; even though they have experienced a loss of control. The separation between national and European politics is rejected. The national governments are not the gatekeeper between the sub-national and European level. Direct connections between the political actors exist, as well between the different policy fields. These are seen as interconnected. “The multi-layered process of EU regional policy, involving policy actors at European, national and sub-national levels of government has been characterized by some as the advent of multi-level governance”<sup>11</sup> Only with the understanding of this multilayered system can the complex policy system of the European Union be observed. This multi-level governance system draws our attention to the involvement of additional actors on each level (horizontal interdependences) and the sub-national actors (vertical interdependences). All of these formally independ-

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<sup>9</sup> Rechlin, S. (2004): p. 4.

<sup>10</sup> Hooghe, L./ Marks, G. (2001): p. 2.

<sup>11</sup> Hooghe, L./ Marks, G. (2001): p. 11.

ent actors are in fact functional interdependent networks that influence the European policy process. A great variety of different access points, especially for influencing regional policies, exist. For the case of German regions these access points will be outlined in chapter 3.2. Still applying the model on the case study (Saxony, Cohesion policy) it leaves open which regional actors are of importance and in which policy stages they can exert influence. To overcome this shortage of the Multilevel Governance Model, it is often applied in combination with the policy network approach.<sup>12</sup>

### 2.3 Policy Network

The Network approach compensates the missing methodology of multi-level governance to analyse the influence of the key regional actors. The concept of Network Polity, Policy Networks and its various shadings is increasingly used in literature to explain EU-policy processes, especially regarding regional policy. Policy networks link public and private actors, organisations and institutions in a co-operative, often resource-dependent entity. States and institutional actors are embedded within these networks; as well interaction with different levels of policy takes place. For this paper the use of policy networks has a second advantage: it makes the three case studies comparable, as the network approach moves the emphasis away from country-specific characteristics, institutions and actors. Many different approaches and forms of networks have been discussed, as well as criticised. In this thesis the model of policy networks is applied to the case study of Saxony, therefore the following overview of the approach is tailored to the requirements of the case study. The risk of a very selective, narrow picture is taken, for the benefit of the operationally.<sup>13</sup>

The image of triads used by Ansell, Parsons and Darden to describe the relationship between the different policy levels of the European Union is

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<sup>12</sup> Blom-Hansen, J. (2005): p. 629.

<sup>13</sup> For more information, critical appraisal and an overview please see for example Kriesi, H./ Adam, S./ Jochum, M. (2006), Rhodes, R.A.W./ Bache, I./ George, S. (1996), Ansell, C.A., Parsons, C.A., Darden, K.A. (1997), etc.

adopted. The previously outlined multi-level governance approach fits very well to this approach of policy networks. The involvement of the sub-national, national and supranational level into the decision-making process, as well as complementing actors, support the idea of mutual resource dependencies, collaborations between public and private organizations and the forming of networks. The first step is to see these three levels of actors as independent parts of the triad. Although the actors can build different alliances within the triad, these relations are always affected by the position of the third. This pattern of interaction and interdependencies is called “dual networking dynamics” and mirrors the existing situation of co-operations and conflicts within the European Union regional policy.<sup>14</sup> For the case of Saxony the dual networking dynamics can appear as a coalition between the sub-national and national government or as a relation between sub-national and supra-national government. Often during these co-operations of two actors they mobilize against the third actor. The triad is the core network, assembling various additional actors around them. This can be explained with the following assumption made by the three authors: A network exists as the different actors have different needs and resources which they exchange. These can be required information, a need to cooperate or a specific good or service. The surrounding assembled actors provide additional resources or competences. These “third parties” affect the coalitions and interdependencies between the actors of the triad. As the case study focuses on Saxony, only the sub-national level of this triad is pitched on. The actors on the sub-national level are analysed as well as the existing surrounding networks. Generally the big budget that is assigned to European Cohesion policy puts it high on the agenda, attracting much bargaining and conflicts.<sup>15</sup> The strong competition between the different countries, but as well the regions and projects within one country, are influenced by existing power structures. In Germany apart from the re-unification and European Integration challenges, a good rela-

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<sup>14</sup> Ansell, C.K./ Parson, C.A./ Darden, K.A. (1997): p. 348.

<sup>15</sup> Kriesi, H. / Adam, S./ Jochum, M. (2006): p. 346.

tion between the central state and the *Länder* exists. This leads to the expectation of relatively stable networks within Saxony. Due to Germany's high bureaucracy, strong economic interests and detailed legal context the networks are expected to include, apart from political actors, many economic and legal experts and organisations. A second perspective useful for our case study to analyse the influence of the sub-national actors is named "local perspective".<sup>16</sup> The focus is on the activities of the SNA themselves.<sup>17</sup> Within this paper this local approach supports the network approach; in particular, the questionnaire focuses on the individual action of the person interviewed. Still according to literature the results are similar to the network approach, so these two approaches do not contradict each other but are complementary.

### 3 Legal context

In order to analyse how the regional actors exercise influence on the European Cohesion Policy, it is important to understand the European and national framework. Firstly the system of German Federalism is outlined; this lays the foundation for understanding how the German regions are positioned within the national government. Afterwards the existing channels of Saxony to influence the European Cohesion Policy are named. As a third part German Regional Policy is described, as a national pendant to European Cohesion Policy.

#### 3.1 German Federalism

Depending on the national system of the Member States, the regions are differently incorporated within their central government and as a result their level of power, autonomy and influence differs. German federalism sets the framework for the relationship between the German regions and the central German government in general. Even though the focus is on Saxony, it is important to understand how the region is embedded within

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<sup>16</sup> Fleurke, F./Willemse, R. (2006): p. 86.

<sup>17</sup> Ibid.

the German system. Only a short overview of the federal system in Germany is given here.<sup>18</sup> It is a very decentralized system, since the *Länder* are not only administrative territorial units, but autonomous states with guaranteed competences.<sup>19</sup> Article 70 to 75 of the Basic Law assigns the different responsibilities for policy-making to the *Bund* (federation) and Article 30 defines the powers and tasks to be carried out by the *Länder*. The allocation depends on the policy issue concerned. Each *Bundesland* has its own constitution, which is in line with the *Grundgesetz* (basic law). They have not only administrative, but also governmental responsibilities. According to Article 51 I GG the *Länder* are represented in the *Bundesrat* (second chamber/ upper house). Saxony got assigned 4 seats, but they can only deliver one common position. The number of seats is determined by the size of the *Land* (Art. 51 II GG). Via the *Bundesrat* the *Länder* participate in the administration and in the formulation of legislation. They are also responsible for the implementation of the legislation within their region. As a result the *Länder* play an important role in the legislative and administrative set-up. They are responsible for around two-thirds of total public spending. Many decisions are taken as a *Gemeinschaftsaufgabe* (joint task). In literature this characteristic of horizontal and vertical intertwined competences, dependencies and veto-powers between the different institutions and actors has been termed *Politikverflechtung* (a system of interlocking competences).<sup>20</sup> For successful and efficient decision making a high degree of co-operation and compromise between the two levels is necessary. According to Thielemann (1999) this joint-decision making, together with a very legalistic tradition and the principle of ministerial autonomy, is one of the most important characteristics of the German insti-

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<sup>18</sup> For further information and detailed descriptions please see Pahl, M. O. (2004), *Oberländer*, S. (2000).

<sup>19</sup> Bomberg, E./ Peterson, J. (1998): p. 222.

<sup>20</sup> Fritz, W. Scharpf developed the term "Politikverflechtung", For his important contributions (as well within other topics and areas) he recently (27.06.2007) has been awarded the Science prize of the Donors Association for the Promotion of Sciences and Humanities in Germany.

tutional context. Typical as well is the fiscal equalization that takes place. According to Article 106 and 107 of the German constitution a vertical and horizontal revenue sharing exists. The horizontal revenue sharing aims at redistribution between the richer and poorer German regions. Through this mechanism the new *Bundesländer* benefited, as they were in a receiving position. Secondly the vertical revenue sharing refers to the distribution of tax revenue between the different administrative levels.

The graph illustrates the various levels that can be distinguished:

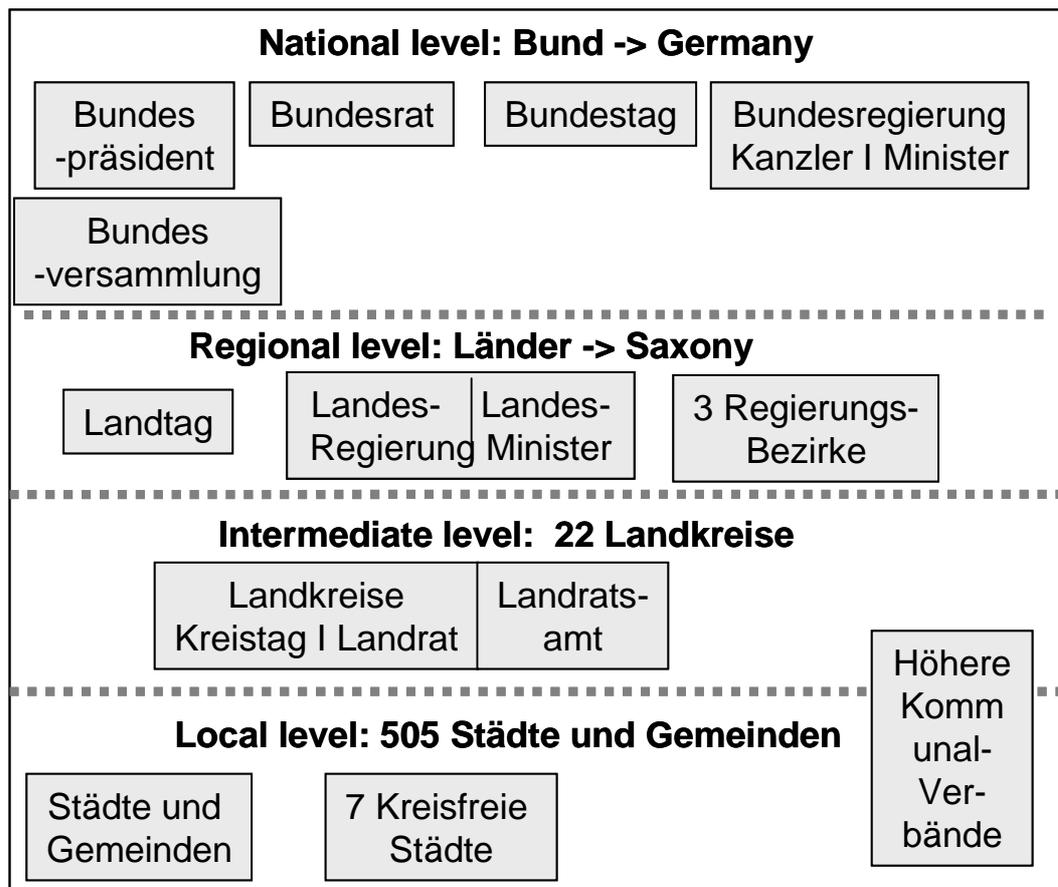


Figure 2: Administrative System within Germany specified on Saxony.<sup>21</sup>

As shown in the figure the *Bund* (central government and its institutions) make up the national level and the *Bundesländer* the regional level (NUTS I). Saxony is one of the 13 area states. According to its constitution its leg-

<sup>21</sup> Own illustration modified from the Committee of the Regions: Devolution in Germany.

islative power are vested in the *Landtag* (Regional Parliament). The *Regierung* of Saxony (Government) has the executive powers. It is composed of the *Minister President* (this is since 2002 Prof. Dr. Georg Milbradt) and the vice president (Thomas Jurk). The minister president is supported by his cabinet, which is elected by the *Landtag*. The cabinet consists of 9 state ministries: ministry of finance, ministry of the interior, ministry of justice, ministry of culture, ministry of social affairs, ministry of environment and agriculture, ministry of science and artistry and the ministry of economic affairs and employment. Within the latter some of the official authorities of the European Structural Funds are located. The head of the state chancellery is Hermann Winkler. Saxony is structured into *Regierungsbezirke* (Governmental Districts, NUTS II). These are only administrative units, without any legal authority. For Saxony these are Dresden, Chemnitz and Leipzig. Each is headed up by the *Regierungspräsidien*, which are elected by the regional government. Together they contain 22 *Landkreise* (Rural Districts, association of small to medium municipalities) and 7 *Kreisfreie Städte* (Urban District, cities of a special size and importance are county free and function as a city council). The *Landkreise* within rural areas consist of *Kreistage* (districts) and the *Landkreisamt*. The urban areas are only divided into the different municipalities. As outlined the legislative and administrative infrastructure in Saxony is very complex and elaborated. Various decision making centres exist. To break this system down to the most important regional actors is one of the challenges of this case study. The lower levels of administration will not be analysed further, considering their influence on the European level. They benefit of the Structural Funds as the operating level of many projects is on a sub-regional level. Often these rural and city administrations are represented by umbrella associations and via the higher administrative levels, this ensures they are involved within the implementation process of European Regional Policy. In total around 505 cities exist in Saxony; even each has their own representatives these are not regarded as important independent regional actors. To not focus specifically on these actors is necessary to keep the case study realizable.

### 3.2 Saxony's channels to influence the European level

Influence can be exercised via different ways and methods. Most effective is presumably to use the existing channels of Saxony to access the European level.

With the re-unification Saxony became a *Bundesland* and got the same rights as the other German *Länder*, including those concerning EU affairs. Following the access points are outlined. Firstly the institutionalized channels are listed, starting with the indirect channels via the national government followed by the existing direct European access points. Additionally the non-formal access points are elaborated.

The national government can be used to exercise influence. This possibility was mainly created by Article 23, which grants important rights to the *Länder* concerning European issues within the *Bundesrat*. By participating more fully in European policy, the *Länder* managed to escape some of the constraints set by the national government as part of the *Gemeinschaftsaufgabe* (e.g. majority decisions, high degree of co-operation between national and regional level, compromises). The Article provides the right that all decisions concerning the principle of subsidiarity, EU treaties or the competences of the regions in general require an approval by the German Parliament. This means by the *Bundestag* (directly elected lower house) and (of importance for the *Länder*) the *Bundesrat*. Moreover in cases falling into the area of responsibility of the regions<sup>22</sup>, the representative of the regions would represent Germany in the Council of Ministers. The appropriate Article is Article 146 of the Maastricht Treaty. In these situations regional ministers are the representatives of Germany, not of their *Länder* interest. Additionally they might participate in EU committees and working groups (not legally fixed).

The *Bundesrat* as an access point for the region is further important, as it receives all important EU documents, e.g. proposals for new legislation

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<sup>22</sup> Since the Federal reform in 2006 these are education, culture and media.

and the whole communication between the Commission and Council. Debating these, the *Bundesrat* can present their agreed position against the federal government. For Germany's negotiation position within the council, the opinion of the *Bundesrat* on EU proposals has to be taken into account, in cases where the proposal primarily affects the legislative power of the *Länder*. Thus the *Länder* can give input "into Germany's general negotiation position"<sup>23</sup>

Agreeing on a German negotiation position often includes broad discussion between the *Länder* and the federal government. "The relationship between the *Länder* and the German federal government is widely viewed as mutually supportive"<sup>24</sup> and well organized e.g. by Article 23 and the EUZBLG.<sup>25</sup> The latter law was decided in 1993 (as a result of the Treaty of Maastricht) and regulates the cooperation between the federal and regional level in all European matters. It especially grants important rights and inclusion towards the *Länder* regarding all European decisions and affairs.

The *Bundesrat* can form, according to Art. 52 GG, a European Chamber to deal with European Union issues. In these cases the decision of the chamber counts as the decision of the *Bundesrat*. Furthermore a European Committee exists. This is (according to Art. 23 GG in conjunction with EUZBLG) responsible for suggestions of the European Commission, e.g. for directives and regulations.

After these indirect access points via the national government the existing direct channels towards the European Union are further elaborated. The common interests of the regions in European issues are dealt with by the Conference of *Länder* Ministers of European Affairs. This European Minister Conference exists since 1992 and all German *Bundesländer* are repre-

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<sup>23</sup> Bomberg, E./ Peterson, J. (1998): p. 222.

<sup>24</sup> Bomberg, E./ Peterson, J. (1998): p. 228.

<sup>25</sup> Gesetz über die Zusammenarbeit von Bund und Ländern bei Vorhaben der Europäischen Union (EUZBLG).

sented. The European Minister Conference works closely together with the *Länderbeobachter* (Observers of the Regions), which is as well a common institute of the 16 German *Länder*. They attend the Council meetings and inform the *Länder* and the *Bundesrat*. Apart from the European Council, the European Commission is an important second access point, especially because of its Agenda Setting power. A link between Sub-national authorities (SNA) and the commission exists via the principle of partnership and via existing policy networks. Within Article 11 of the Council Regulation (EC) No 1083/2006 this principle of partnership is further elaborated: “the objectives of the Funds shall be pursued in the framework of close cooperation (...), between the Commission and each Member State. Each Member State shall organize, (...) in accordance with national rules (...), a partnership with authorities (...) such as”<sup>26</sup> regional, local, urban and other political authorities, economic and social partners, and other representative civil society, environmental or non-governmental organisations. The partnership covers the preparation, implementation, monitoring and evaluation of operational programmes.<sup>27</sup>

Regarding the list of different access points existing for Saxony to influence the European policy process, the German federal system can be characterised by a strong interest representation of the *Länder*. Still it is often not realized that most of the influence can only be exercised if the 16 *Länder* act jointly.<sup>28</sup> Individually Saxony is only represented at the Committee of the Regions (CoR). “The CoR was created by the Maastricht Treaty (1992) to represent regional and local authorities. It was established as a reaction to the demand of the regions for more participation within the European Union.”<sup>29</sup> Due to the regional competences lost by the European Integration Process, the CoR should act as the voice of local and regional authorities in Brussels. The CoR has advisory status (Art. 198 a-c EC). Its

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<sup>26</sup> European Council Regulation (EC) No 1081/2006, Art. 11.

<sup>27</sup> Ibid.

<sup>28</sup> The channels of access are outlined detailed in Westermann, K. (2006).

<sup>29</sup> Westermann, K. (2007): p. 3.

legitimacy is based on Art. 263-265 EC. It has the task of consulting the Commission or Council, especially in terms of regional policy. By addressing opinions and statements the CoR is able to influence the decision making process of the European Union. Due to various functional and structural deficits, the CoR has often been subject to criticism, which will not be discussed here.<sup>30</sup> This criticism does not reduce the importance of the CoR and its members as a channel for SNA to influence. This importance results especially out of a habit of the Director General (DG) Regio, who frequently contacts the CoR for comments, information and advice. This non- compulsory contact leads to a higher legitimization of the Commission and at the same time empowers the CoR with more influence. The forming of coalitions and joint actions are especially a good possibility for weaker regions, giving them a stronger position within their national context. To summarize the importance of the CoR: it provides a direct link between the sub-national authorities and the EU's decision making process. Whether this link can be used by the sub-national actors in the political reality will be examined by the results of the research.

After the formal access points, the informal channels of influence are outlined. At the European level special committees and regional expert groups exist in which representative of the Member States are present. The difference between exchange of information and lobbyism is fluent. It is argued that due to the big number of lobbyists and associations the various interests are balanced. The lobbyism<sup>31</sup> which targets the commissioners and their cabinets, as well as the European institutions in general, increased and is of great importance today. It can be seen as a two way process: Firstly the different actors try to influence the decisions and opinions of the respective commissioner (push-effect) and secondly the commission tries to attract these actors (pull-effect) because they are interested in information, current opinions and regional arguments.

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<sup>30</sup> For detailed information see Krahl, W./ Westermann, K. (2007a/ b).

<sup>31</sup> For the increase of lobbyism see Hooghe, L. (1995).

So it is a “giving and taking” process or officially named push-and pull effect between the Commission and the actors. In addition to the European Commission and Council of Ministers, the European Parliament is a useful channel for the sub-national authorities to influence the European policy process. The rights and power of the European Parliament have been extended in recent years. As a result of the co-decision procedure and the right to veto, the European Parliament became more important for SNA as an access point for their interests.

The role the European Parliament plays concerning cohesion policy and Structural funds might grow as well, e.g. agreeing to the overall objectives and organization of the fund. Moreover the Members of the European Parliament often have “an open ear” for the needs of their home region<sup>32</sup> and are thus a useful channel for SNA to express their interests. Saxony has 5 Members within the European Parliament.

Of particular importance for these lobbying activities are the established information offices in Brussels (§ 9 EUZBLG). They are used to promote the dual information exchange and represent the respective regions.<sup>33</sup> Additionally more and more European wide coalitions are formed to provide the regions with a “better voice”. The number of trans-national organisations is expanding, often they are function specific.<sup>34</sup> Art. 24 (1) a GG (Grundgesetz – German basic law) allows Saxony to make trans-national contracts within the area of their sole competences and to transfer sovereign rights on border communities. Examples are the Council of European Municipalities and Regions (CEMR), which is outside the EU institutions the largest organisation of regional and local governments; the Assembly of European Regions (AER), including the interregional organisation Euro-

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<sup>32</sup> See for example the homepages of the current MEPs of Saxony and their current topics. They often express their concern for the region of Saxony and are involved in regional activities additional to their function as MEP.

<sup>33</sup> For more information about the office of Saxony in Brussels, its establishment and purpose please see Westermann, K. (2006): p. 8.

<sup>34</sup> Mazey, S./ Richardson, J. (2006): p. 252.

pean Association of border regions. Saxony is represented by this association, but it has no active function.<sup>35</sup> The Association of European border regions is an umbrella organization to represent the interest of all border regions. The regions are organized in Euregios. Four different Euregios developed along the border of Saxony.

Apart from these cross-border coalitions as well national coalition building takes place. Still coalition forming is sometimes difficult, especially considering cohesion policy. Not only do the different Member States compete with each other to gain profit from the funds, but the conflict goes down towards regional conflicts and intra-regional conflict. For example in Germany a conflict between the receiving regions exists for funding, as well an inner Saxon conflict between Leipzig and Dresden exists.

Comparing the different channels to access each has its specific advantages and disadvantages. For all important arguments exist: In Germany it is likely that due to the strong constitutional position of the regions, the institutionalized access points are more important in comparison with the latter named informal channels. On the contrary the informal channels are considered to be extremely important nowadays. Considering using a direct channel towards the European Union or indirect via the national government, a similar cleavage exists. On the one hand because the regions are endowed with a strong national position; the SNA are likely to use the national channels more compared to the direct access points to the European institutions. On the other hand literature regards the national governments not any more as the “gatekeeper” between the national and European level and affirms a strengthening of the regions. This means the direct access points and connections between the regional and European level gained importance. Generally the used channels depend on the specific need and situation. The empirical results of the paper will bring further details. Apart from the national and European access points additionally

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<sup>35</sup> For more information about the AER and EABR see Westermann, K. (2006), p. 12 and <http://www.a-e-r.org>.

the regions can influence the European Cohesion policy intra-regionally. The key actors and institutions can shape the implementation and evaluation/ control of the policies. To analyse this influence of the Sub-National Actors is one of the key issues of this paper and will be dealt with in the desk and field research, presented in chapters 5 and 6.1.

### 3.3 German regional policy

In the Federal Republic of Germany (FRG) regional policy is derived from Article 72 of the *Grundgesetz* and became a *Gemeinschaftsaufgabe* (joint task/ responsibility) in 1969. This was the result of a bargaining process between the federal government and the *Länder*. The finance was then shared between the *Länder* and the Federal government. The former reserved the right to administer their regional projects, while meeting the objectives and framework set by the national government.<sup>36</sup> The central government has to agree as well to the choice of regions: the criteria are economic key indicators like infrastructure, labour market etc. The main objectives of regional policy are to equalize opportunities for economic growth and development. Thus economics play an important role within regional policy. Apart from the joint responsibility the main instruments of regional policy are an overall economic programme and the system of fiscal operation. As these are highly integrated with the central government, especially the fiscal resources, the federal government keeps a significant influence.<sup>37</sup> In addition to regional development policy, other programmes exist to support underdeveloped areas, e.g. tax incentives and special loan arrangements to promote investment and economic growth. Germany faced very high financial burdens with the reunification, since the new *Länder* were all eligible to receive regional policy aid. The incorporation of the new *Länder* resulted in economic and budgetary constraints.<sup>38</sup> Another

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<sup>36</sup> Cf. with Anderson, J. J. (1996): p. 167.

<sup>37</sup> Adshead, M. (2002): p. 74.

<sup>38</sup> Adshead, M. (2002): p. 64.

result was that the poorer region now had more power within the *Bundesrat*.

European Regional Policy is legally defined to fulfil the requirement of “additionality”. This means the national regional policy and financial supports must not be affected by European Funding. Structural Funds are a supplementary support, not an alternative or replacement to national funding.

#### 4 Object of research

To be able to conduct the research and to understand the results it is necessary to be familiar with the core conceptuality of the research. The main research question of the paper is: “Which are the main regional actor in Saxony influencing European Cohesion Policy?” The corner stones of the question are: European Cohesion Policy, Sub-National Actors and Influence. Additionally the region Saxony is described in more detail, as here the case study is carried out.

##### 4.1 European Cohesion Policy

The topic of regional policy attracts the interest of various disciplines. A lot of literature about their different perspectives towards regional policy exists, e.g. economic and political views and concerns as well as the literature developed by regional scientists or scholars of international relations. Even the social and economic perspective is included in European Cohesion policy by its goals and measurements, the focus of this thesis is set on the political and legal perspective. Apart from the focus on these two views, the broad picture of European Cohesion policy is tailored to the case study of Saxony. Cohesion policy is one of the policy fields of the European Union, but as well it affects many of the other European issues (especially competition, environment and enlargement policies). Originally cohesion policy developed as a complement to economic policies and liberal market developments. It did not achieve a similar status as the common market, but considering financial resources it absorbs one-third of the

whole European budget. Hooghe states it is the only redistributive policy of importance.<sup>39</sup> In contrast to most other European policies, the commission is involved in the implementation. The three main objectives of Regional policy for the period 2007 until 2013 are 1. Convergence, 2. Regional competitiveness and employment, and 3. European Territorial Cooperation.<sup>40</sup> Every region is able to receive support under one of the objectives. Saxony is eligible under objective one, as well as under objective 3. Objective 1 aims to reduce existing disparities between different European regions. Reducing these economic differences creates a greater stability for the whole European Union and is thus as well beneficial for the better off regions. Additionally the regional policy of the European Union should contribute towards a stronger social cohesion and support the European Integration process. Secondly regarding objective 2 the attractiveness and competitiveness of regions is invested in. The goal is to positively influence employment and innovation, economic growth is supported. The third objective of cohesion policy aims to strengthen cross-border and transnational co-operations, projects and exchange of knowledge and experiences. Cohesion policy is based on financial solidarity.<sup>41</sup> The three main instruments of European regional policies are the European Fund for Regional Development (EFRD), the European Social Fund (ESF) and the Cohesion Fund. The EFRD finances regional development, infrastructure, financial instruments and SMEs. Its overall goals are convergence, regional competitiveness and employment as well as European Territorial Cooperation. The ESF focuses on social integration, training and employment. The Cohesion Fund aims at trans-European transport networks and

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<sup>39</sup> Critics blame cohesion policy to be an additional tool for mutual bargaining and to attract the poorer Member States towards further liberalization and European Integration.

<sup>40</sup> These are the three new objectives, set by the Council Regulation (EC) No 1083/2006 of 11 July 2006. It repealed Regulation (EC) No 1260/1999. For the old objectives 1, 2 and 3 please see: <http://europa.eu/scadplus/leg/en/lvb/g24203.htm>.

<sup>41</sup> Critics here emphasise the long discussion and bargaining process to agree on Cohesion policy.

the environment.<sup>42</sup> Considering territorial cooperation Saxony profits from its geographic location; its border with the Czech Republic and Poland has a total length of 500 km. The objective 3 is covered only in the ERDF and not in the ESF. More details about the specific programmes and situation in Saxony follow in chapter 4.4. For each of the funds guidelines are set up by the European Union. The ERDF is specified in EC regulation 1080/2006, the ESF in EC Regulation 1081/2006, Territorial Cooperation in EC Regulation 1082/2006, the general rules and regulations are determined in EC Regulation 1083/2006 and the Cohesion fund is regulated by EC Regulation 1084/2006.

#### 4.1.1 Short history of European Cohesion Policy

Until 1979 the national governments received the regional development fund as a lump sum without significant control exercised by the European Commission or other supranational institutions. Due to the small scale of the fund and the limited possibility of exchange between sub-national and supra-national governments, there was only marginal sub-national network building and regional participation within the distribution of these regional funds. In 1988 the EU Structural fund was reformed and the lump-sum payments were transformed into a comprehensive European regional policy system. The existing three structural funds were specified into six different objectives and the term structural funds were introduced. Additionally the budget for cohesion policy was remarkably increased. The role of the Commission was strengthened and the sub-national actors were allowed to participate within the process, e.g. to provide the Commission with the necessary information. This increased the pull effect for sub-national actors to try to influence European politics. In addition the focus of the cohesion policy moved more towards small scale programmes and away from the big investments. It was more in line with the regional devel-

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<sup>42</sup> The Council Regulation (EC) No. 1083/2006 of 11 July 2006 changed some aspects, processes, etc. Here only the new Regulations are referred to.

opment programmes.<sup>43</sup> The regional mobilization affected not only the sub-national policy context and network formation, but also influenced the structure on a European level. The reform strengthened the role of the Commission; as well it can be seen as a starting point for sub-national actors to enter the European stage and regional mobilisation. This can be proved by the increase of regional representation and offices in Brussels. The next important decisions concerning the Structural Funds were made in 1992. The Treaty of the European Union (Maastricht) emphasized the importance of cohesion policy as one of the main objectives of the European Union. As a result the Cohesion Fund was established. Apart from these two reforms, small changes were introduced for every new cycle, mainly via debates about the financial framework and budget discussion. The current period covers 2007 until 2013, the discussions and preparations started already in 2005. Considering the new changes the most important adoptions will be outlined within chapter 4.1.3.

#### 4.1.2 Decision making process

The decision making process within the cohesion policy is very complex. In order to explain the process in a simplified way, it is possible to divide it into three different phases: The policy making, the policy implementation and the evaluation and control. Within every stage, the different main actors (EU, national governments, and sub-national actors) have different influence. The first phase includes the allocation of funds, the formulation of rules and regulations and the initial planning. The overall budget for cohesion policy is determined every five to seven years; the periods have been so far 1989 to 1993, 1994 to 1999, 2000 to 2006 and the current period which just started in January 2007 and goes until 2013. The decisions within this phase are made by the Council of ministers. It has the final say over the compulsory expenditures, the set up criteria and the institutional framework. Thus the Member States acting collectively have a major influence on this decision. The Commissions role in this phase is to structure

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<sup>43</sup> Cf. with Hooghe, L. (1996): p. 4.

the bargaining process and to assign a fixed percentage rate of the budget to its own initiatives. Together with the European Parliament they ensure the process is directed towards the European objectives. Within this first phase the role and position of the German government changed, since as a result of reunification it became one of the receiving countries. The second stage within this first phase of the decision process is the Commission's proposal for Community Strategic guidelines on Cohesion; these contain the principles and priorities of cohesion policy. Additionally the initial planning takes place during this phase. The second phase within the Cohesion policy process contains the Structural Programming, including the creation, negotiation, implementation and monitoring of regional development plans.<sup>44</sup> Within the second phase the regions are important actors. The national governments have to come up with their national strategic reference framework (NSRF) coherent to the Community Strategic guidelines. The NSRF contains the overall national strategy as well as a list of the designated Operational Programmes. For the Operational Programmes within Germany the regional ministers of economics take on this task and the federal ministers only act as a convey. Additionally the responsibilities of the management authorities are determined at this stage. The programme coordination and development concepts are often influenced by regional networks and actors, who are especially valuable partners due to their expertise. The Commission has three months time to validate this NSRF. The OPs of the regions are negotiated separately, the time span for the European Commission to take a decision on the proposed programmes is as well three months. The Member States together with the regions and managing authorities implement, monitor and assess the respective programmes. Afterwards the Commission commits the agreed expenditure and monitors each operational programme alongside the Member States. This evaluation and control is the last phase of the policy process. Part of this last step is the submission of strategic reports. Considering this process, many decisions, e.g. about the instruments and

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<sup>44</sup> Cf. with Hooghe, L./ Marks, G. (2001): p. 93.

the implementation, are made between the Commission, the European Parliament and the Council. Within the last years the regional and local actors receive more attention.<sup>45</sup> This indicates the importance of coordination and communication. “Policy organization is based on partnership between policy actors”...“partnership not only involves national governments, but also explicitly includes territorial authorities beneath the national level.” It is a direct link between sub-national and supra-national politics. Of course the sub-national political actors and arrangements vary among the different Member States. This can be seen as a big challenge for European cohesion policy, as it has to be embedded in extremely diverse national and regional contexts. The complexity of the policy can be used by the different actors for their own benefits. Saxony has a relatively strong position as the system of shared authority between the *Länder* and the federal government is very elaborated, as has been outlined in chapter 2.2. Cohesion policy became more important for a newly reunified Germany. At that time all the five new *Länder* were classified as Objective 1 regions and Germany became the sixth largest beneficiary of EU Structural Funds. A special agreement was made partly to avoid conflict with the other receiving countries. Germany refrained from around half of the original entitlement and therefore received some extra funding in the first 3 years (1991-93). In general the new *Länder* benefited significantly from the EU Cohesion Policy.<sup>46</sup> In the second main part of the thesis the specific funds available for Saxony and its position considering European Cohesion policy is further outlined, as this part only considers the main features of European Cohesion policy.

#### 4.1.3 The new cohesion policy (2007 – 2013)

The new regulation was only adopted on 15 July 2006, and therefore not much literature and comments exist yet. It first needs practical application and long term observation to be evaluated. The changes to the old regula-

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<sup>45</sup> See Bullmann, U. (1994); p. 22 ff.

<sup>46</sup> Cf. with Adshead, M. (2002): p. 85.

tion were mainly necessary because of the European Enlargement. The entry of the new Member States increased the already existing differences within the European Union. Former structural fund receiving countries, like Ireland and Spain, would normally have been requested to support these new Member States and the main concentration of cohesion policy would have been on these new east European countries. These developments demanded an adoption of the regulations. The new regulations are more in line with the Lisbon agenda (2001: innovation, growth, jobs) and the Gothenburg Agenda (sustainable development). The former objectives were adapted to three new main objectives: Convergence (attributed 81.7% of the budget), Competitiveness and employment (15.8%) as well as Territorial co-operation (2.44%). The total budget assigned is 307, 6 billion €. The new regulation is made up of the general regulation and the specific regulations on the European Regional Development Fund, European Social Fund and Cohesion Fund. These are the three instruments of the Cohesion policy. Additionally a new instrument was added: the European grouping of cross-border co-operation. According to the "EurActiv"<sup>47</sup> documentation, the European Commission aims firstly to simplify the whole policy and process (e.g. by a reduced number of objectives), secondly to have a better strategic approach to growth and lastly to decentralise the process as the regions and network actors get more involved.<sup>48</sup>

#### 4.2 Sub-National Actors

Sub-National Actors (SNA) refers to all levels of actors below the national level. Thus they include regional and local actors. Within the last years the literature on SNA increased and they received more attention. The most dominant topics dealt with are Europe of the Regions, multi-level governance, European Integration, Regionalism, influence of the third level, etc.

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<sup>47</sup> EurActiv is an independent media portal, only dedicated to EU affairs, it is an UK Public Limited Company,

<sup>48</sup> Cf. with <http://www.euractiv.com/en/agenda2004/new-eu-cohesion-policy-2007-2013/article-131988#links> as well on this page up to date and additional information is available.

Even combined under one notion, the SNA within the European Union differ enormously, especially considering composition and standing within their country. Moreover in each Member State they have different roles and competences. What they have in common, however, is the fact that the growing European attention on the SNA brought into question the role of the central state as the gatekeeper. The SNA established their own access points towards the European Union, either via the national government or as a direct link. This case study only refers to SNA which belong to the region of Saxony. Parts of Sub-National Actors are defined by the European Union when describing the principle of partnership. The Commission shall pursue Cohesion policy not only with the Member States, but these shall nominate as well actors below the national level and outside the policy sphere. These are “authorities and bodies such as: (a) the competent regional, local, urban and other public authorities; (b) the economic and social partners; (c) any other appropriate body representing civil society, environmental partners, non-governmental organisations, and bodies responsible for promoting equality between men and women.”...“in the economic, social, environmental or other spheres”. This recalls the method of multi-level governance, as the actors from different levels and from different areas is referred to. A criterion for sub-national actors, authorities and institutions is “activeness”. “Active” means to get involved, to participate within current developments and aiming to initiate change, shape the process or even influencing the results. This assumes the disposal of some own resources<sup>49</sup> and the participation in networks. Germany has one of the highest levels of organisations compared to the other European countries. “The penetration of the society by ...interest groups is a trade mark of the country”.<sup>50</sup> Already in 1998 25% of all the East German population were a member of an interest organization. The number, constellation and strengths of the different associations is fast changing, depending on current topics, changes in legal and political structures and the process

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<sup>49</sup> Engel, C. (1994): p. 93.

<sup>50</sup> Cf.Schmidt, M. G. (2007): p. 111.

of internationalisation. As well a growing number of small groups realised the effect of collective actions and an increased connection and networking between the different actors was observable.<sup>51</sup>

The area and level where these regional actors exercise their influence can differ. As Rechlin outlines, an intraregional level can exist, meaning the regional actors are “busy” within their own arena, but as well they can be active on the national and supra-national level. The state and the European Union facilitated formal entrance points and attracted more and wider interest representations. Still despite this increase of lobbyism, the constitutional framework and the balanced mixture of actors ensures that no single actor can coin the policy process.<sup>52</sup> A full coverage of all existing SNA of Saxony is hardly possible considering the great number. Still the objective is to give a sound overview of the existing different actors and institutions. To structure the great field of different actors these are aligned along two methods. Firstly the policy process of European Cohesion policy is followed. Within the process actors have specific competences and sub-national actors are involved within the process. These actors are seen to be of special importance, as they are officially integrated in the process and legally influence it. They can be seen as the core actors on the regional level of the previously named triad. Outside of the officially involved group further actors exist and are outlined. This ensures an analysis of all sub-national actors. The importance of these additional actors has not yet been estimated and no studies are found in literature. To have a good coverage of diverse actors, these are grouped within five categories:

1. Political and administrative actors
2. Economic organisations and associations
3. Research Institutes, Donations, cultural clubs
4. Media

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<sup>51</sup> Ibid. p. 120.

<sup>52</sup> Ibid. p. 132.

## 5. Church

For each of these categories the main important actors will be determined. Clear boundaries are often not possible; actors and networks exist which operate across the different categories. Still the categorization is useful for the organisation of the actors.

### 4.3 Measuring Influence

Within the context of this case study, influence can be exerted in different ways: it might mean to change a policy, a process or a decision; as well it can signify to resist change or to create awareness for a specific issue. In literature some authors try to measure influence, a common approach or a provable true measurement technique does not exist. Often it has been claimed that influence is not able to be measured, others approach to measure it via empirical research. Within this thesis a dual approach is conducted. Firstly the influence is analysed on a theoretical basis: The context and actors are analysed and with this information their degree of influence is estimated. Afterwards empirical research cross-checks the theoretic work. Interviews are conducted and from this data the real influence of an actor is assessed. The information gained in the interviews is twofold. Firstly the respondents give an insight about themselves (in respect to their own answers), and secondly about other actors (for example if an actor is mentioned as important by other respondents). Considering the former theoretic approach, some authors determine the influence according to the European funds the SNA receive; others compare the number of actors and their lobbying as indicators for influence. According to Jeffery three characteristics affect the power of SNA to influence. These are:

1. Intergovernmental relations between SNA and the central state
2. Entrepreneurship
  - 2.1 Strategies of coalition building
  - 2.2 Leadership
  - 2.3 Internal administrative adoption
3. Legitimacy and Social Capital

Other important contributions are made by Rhodes. He assumes that between the various actors of a network an exchange of resources takes place. These determine the inclusion in networks and the influence of an actor. He divides between 5 different resources: legal competences, financial resources, legitimacy, information and organisation.

To analyse the influence of the identified actors within our case study a method is set up, which comes close to the approaches of Jeffery and Rhodes. It is assumed that the actors and organizations form networks to achieve their own goals better. According to the resources of an actor, institution or organisation its specific power to influence can be measured. The developed criteria seen as important for the influence of an actor are:

1. Institutionalization/ legal competences
2. Resources
  - 2.1 Financial
  - 2.2 Expertise/ Information
  - 2.3 Size
3. Contacts and relation with other actors
4. Stability/ Organisation

Institutionalization and legal competences refer to the legitimacy of an actor. This first criterion often influences the other aspects, such as contacts and resources. The more authority and legal competences an actor possesses the more influence it has.

The second criterion combines the resources, which are seen as highly important for exercising influence. Financial resources includes own means or allocation of funds by other institutions. Information refers especially to expertise within the policy field of European regional policy as well as other relevant knowledge and using the information to influence and to gain access. As well information is necessary to assess situations, to estimate developments and to know when and where influence is possible. The last resource is the size. This should not only include the size of the actor or institutions, but the assembly it represents. The greater the sup-

port and patronage by public and private actors and electoral, the bigger the possible influence.

The third criterion seen as important is the contact and relation with other actors and institutions. Through this interaction, resources can be exchanged. Not only official channels, but as well personal contacts allow to influence, gain important information or receive special rights. As well an institution or actor who is frequently contacted by others proves to be important and influential. The last criterion is the history and stability of an actor. A long establishment means good knowledge about processes, access points, other involved institutions and established contacts and methods. The procedures are known and, as a result, mistakes are unlikely.

In the next chapter actors are assessed against these criteria. It is not always possible and necessary to assess every factor. The focus on some aspects might be enough to highlight existing influence or specific strength. To assess every actor against every criteria would be too detailed and would not lead to more precise results, but constrict the number of actors. For example within Germany as a constitutional state, most cooperations with the regional actors are formally structured. This ensures that there are stable access points for the actors but does not predict the different levels of influence. As the focus is on actors who operate within the same region some classifications are true for all of them. Only the decisive factors are important.

#### 4.4 Saxony



Germany, as a democratic parliamentary federal republic, is made up of 16 *Bundesländer* (regions). These are strongly institutionalized and have political autonomy, as in certain areas they may act independently. The free state of Saxony is one of the new *Bundesländer*, located in the hart of Europe - in the German-Poland-Czech Republic

Figure 3: Saxony

triangle. It has ca. 4.5 million inhabitants.<sup>53</sup> Saxony is part of the former German Democratic Republic (GDR) and became part of the European Union with the German re-unification in 1990, thus it is a relatively young European region. Its capital is Dresden; biggest city is Leipzig with just beyond 500,000 inhabitants.<sup>54</sup> Although the Fall of the Berlin Wall is now 16 years ago, in the head of many people the two different parts still exist and many problems have remained. The new *Bundesländer* are struggling with economic problems and high unemployment and still receive transfer payments from the former “west” Germany. Especially in the context of European Integration and Globalization the re-unification was a big challenge for the central government and the *Länder*.

With the re-unification 30% of the workforce lost their job, leading to an increase of the income discrepancies within Germany; public expenses reached the peak. The process of de-industrialization affected especially the industrial sector in the former GDR. The unemployment in Saxony is high; in May 2007 the number was 16.5%, compared to the German average figure of 9.1%. Another core problem is the migration of people, since the re-unification more than 14% of the inhabitants left Saxony. The majority of them moved to the West German regions, often with the hope for better jobs and higher income. Within the last years a specific problem has been that it is not only the young and skilled workers who move away, but especially the well educated women. Already now the average age within Saxony (42.3 years) is higher than within all the other *Bundesländer*. Still the demographic development is a ubiquitous problem faced by most countries. Apart from this list of problems Saxony makes very good impressions within other fields. Very positive is the development Saxony managed, especially regarding economic growth. The figure for the year 2006 was with 4.0% above the German average of 2.5%. Another important aspect to mention is the high spending of Saxony into research. With

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<sup>53</sup> More information can be found on [www.sachsen.de](http://www.sachsen.de) and city guides about the region.

<sup>54</sup> For a detailed overview of the history and other interesting facts of Saxony please see for example [www.dresden-und-sachsen.de](http://www.dresden-und-sachsen.de)

an average figure of 63 Euro per inhabitant in 2005, this is the highest in Germany. The free state of Saxony “leads eastern Germany in exports, turnover growth, industrial production, patent applications and research and development activity, and has the second-lowest per capita public debt among all German states”<sup>55</sup>. So despite the major problem the region faces, it is not as bleak as often pictured.

Within the following planning cycle from 2007 until 2013 Saxony, as well as the other East German countries, qualify under the Convergence criterion to receive Structural Funds. This Convergence criterion covers approximately the former objective one regions. Additionally for Saxony as a border region it is possible to receive funding according to the objective 3: European Territorial Cooperation. This replaces the former Interreg III A Community Initiative. Eligible regions for the cross-border projects are (NUTS III): Niederschlesische Oberlausitzkreis, Görlitz, Bautzen, Löbau-Zittau, Sächsische Schweiz, Weißeritzkreis, Freiberg, Mittlerer Erzgebirgskreis, Annaberg, Aue-Schwarzenberg, Plauen, Vogtlandkreis. Eligible regions considering trans-national co-operation (NUTS II) are Chemnitz, Dresden and Leipzig. For the trans-national programmes a legal entity has to be established, this groups the various authorities from the different (at least 2) countries together. Members of this “European grouping for Territorial Cooperation (EGTC)” can be the MS or regional, local, social, economic, authorities and associations. The legal framework is set by EC regulation 1082/2006. Within Germany this role is taken by the regions, while e.g. in Poland and the Czech Republic the responsibilities lie with the national level. The following map shows the region Saxony with its 3 *Regierungsbezirke* (Leipzig - yellow, Dresden - blue, Chemnitz - orange) and the *Landkreise* (in corresponding colours). The three *Regierungsbezirke* are all eligible for the trans-national cooperation. From the 22 *Landkreise* only the grey - shaded ones are eligible for the cross-border projects.

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<sup>55</sup> Official internet page of the Free State of Saxony: [www.Sachsen.de](http://www.Sachsen.de).



Figure 4: Map of Saxony (NUTS I) with plotted *Regierungsbezirke* (NUTS II), *Landkreise* (NUTS III) and eligible regions (grey-area).<sup>56</sup>

In total, Germany got assigned a share of 26.3 billion Euros from the Funds. 16.2 billion are assigned for the Convergence objective, 9.4 billion for regional competitiveness and employment and 0.8 billion for the objective of territorial co-operation. Chemnitz and Dresden are NUTS II regions within Saxony which receive funding according to Article 5 EC Regulation 1083/2006. This Article sets out the criteria for regions to be eligible: Briefly, this is the case if their GDP per capita is below 75% of the Community average. Leipzig and Halle are phasing out regions. This means they “would have been eligible for funding under the Convergence objective if the threshold of 75% of GDP had been calculated for the EU 15 and not 25”<sup>57</sup>. To not discriminate these regions now, they still receive digres-

<sup>56</sup> Map adopted from University of Applied Science Mittweide (<http://www.htwm.de/hsm/>).

<sup>57</sup> European Commission, DG Regio:

[http://ec.europa.eu/regional\\_policy/policy/region/index\\_en.htm](http://ec.europa.eu/regional_policy/policy/region/index_en.htm)

sive support until 2013. Under the convergence criteria the up-to date budget assigned to Saxony is around 4 billion: 3.1 billion out of the European Fund for regional development (ERDF) and 870 million from the European Social Fund (ESF). For the EFRD the following five priorities are set:

1. Strengthening of Innovation, science and research.
2. Improvement of the educational infrastructure.
3. Increase of competitiveness for the industrial economy.
4. Improvement of transportation infrastructure.
5. Development and improvement of the Infrastructure for sustainable economic growth.

For the ESF the main objectives are:

1. Improvement of the adaptability and competitiveness of employees and businesses.
2. Improvement of the human capital
3. Facilitation of the access to employment and the social inclusion of disadvantaged persons.
4. Trans-national measures.

Cross-section objectives are non-discrimination and sustainability. Saxony originally tried to reduce the number of objectives, the commission refused this. A small number of objectives would facilitate the settlement of projects. Already within the OP the measures need to be assigned towards a specific objective. If later these projects develop differently from their original planning or the context situation changes, it is not easy to transfer one project to another objective. The smaller the number of different objectives, the less specified are they and thus allow for a much greater flexibility.

## 5 Desk research

After establishing a sound understanding of the legal and theoretical framework, as well as clarifying all important concepts important for the case study, the research is carried out. The desk research analyses the key actors within Saxony and assesses their influence. It is mainly a secondary market research. With the help of published information the key actors are outlined. Available data has been critically assessed, due to the new funding period much information needed an update and is supplemented with personal information from some of the actors.

For the desk research the established theoretical concepts are applied to Saxony. The objective of the whole chapter is to outline the important regional actors and assess their influence. The organization of the actors is divided into two parts. Firstly the SNA are outlined, which are officially involved in European cohesion policy. These are mainly determined in the Operational Programmes in agreement with and following the guidelines of the European Commission. An understanding of the European Cohesion policy process is crucial. Within the second part additional actors are determined. These are public and private actors. Even they are not officially involved within European Regional policy, the assumption is made that they can use their competences and regional standing to influence the policy process. Whether they are officially involved within Regional Policy is not primarily decisive. Often networks are formed on a regional, national or European level. To organize these actors the previous set up categories are used. Within this analysis mainly the regional level is focused on. Saxony composes three *Regierungsbezirke* (regional administrative districts): Chemnitz, Dresden and Leipzig, defined as NUTS II level. Leipzig is the biggest “*Kreisfreie Stadt*” (county-free city). Supplementary to the regional level, Leipzig has been chosen for an additional analysis, representative for the other cities. To include Leipzig is important to get the whole picture of regional actors; the analysis of any lower sub-regional level would not bring further consolidations. As a second step the influence of the actors is assessed. This is done according to the previously set up criteria to measure the influence. For the assessment of the actors, different

perspectives and personal views are decisive. A second remark considering the influence evaluation is that the following results have been complemented and contrasted by the field research. This creates a true picture and allows to control in how far the theoretical legal framework varies from the political reality.

### 5.1 SNA officially involved within the European Cohesion Policy Process

The objective is to portray the officially involved SNA within the process of European Regional policy. The method chosen is to go along the whole process, at stages where SNA are involved these are singled out. This method allows understanding the role of the SNA within the process and thus permits the evaluation later carried out.

The process of European Regional Policy has been divided previously into three different stages. Broadly said these are the planning, implementation and evaluation/ control. The first step of the planning phase, the allocation of the budget, is dominated by national and European actors, the SNA hardly play a role for this decision. As the Council of Ministers makes the main decision, it is an “inter-governmental” process.<sup>58</sup> Still the European Commission and the European Parliament have to agree on the budget decision and structure the process.

The second phase is the strategic orientation of the Structural Funds. This contains two important legal documents. As a first step the Community Strategic guidelines on Cohesion are agreed on. The proposal is made by the European Commission; the Council and the European Parliament have to agree. The guidelines set the political priorities for the following investments. They complement the regulations, which set the legal framework and form the common ground on which all involved parties act. The role of the SNA in the budget decision as well as in the set up of the European Strategic Guidelines on Cohesion can be neglected. Still the regions

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<sup>58</sup> Leonardi, R. (2005): p. 71

might be able to influence via their regional information offices and via their representatives in the European Parliament. Saxony's members of the European Parliament are: Dr. Lutz Goepel, Gisela Kallenbach, Holger Krahmer, Constanze Krehl and Jürgen Schröder. Vice President of the European Parliament is Sylvia-Yvonne Kaufmann. They work within different working groups and committees, e.g. Mrs. Kallenbach and Mrs. Krehl are members within the regional development committee, amplifying their interest in the topic. Even organized within parties, a tendency of regional identity is assumed. The information office plays an important role to represent the region on a European level and especially facilitates information exchange between the regional and European level.

The first phase in which the SNA can actively influence is once the Community Strategic guidelines on Cohesion are signed. Subsequently each Member State has to set up a National Strategic Reference Framework (NSRF) according to Art. 27 Regulation 1083/2006.<sup>59</sup> The NSRF has to be compliant with the Community guidelines and the respective National Reform Programme (NRP). The NRP of each country states how the Lisbon Objectives are implemented and presents how the ESF contributes towards the Lisbon Agenda. The NSRF is the national legal document which states how the ERDF and ESF are to be spent, in respect to the previously agreed EU guidelines. Art. 11 of the Regulation 1083/2006 determines that the NSRF has to be worked out according to the principle of partnership. Thus the preparation and adoption of the NSRF is done in co-operation with the regions, as well as public and private actors on the national and sub-national level. Especially in the first stages of the NSRF preparation, the focus is on mutual discussions between the national and regional levels and a great variety of actors. The regional actors are important, as they provide the national ministry with the necessary expertise. A SWOT<sup>60</sup> analysis forms the basis for the future

<sup>59</sup> For the precise demands set up for the NSRF see Art. 27 of Regulation 1083/2006.

<sup>60</sup> An analysis of **S**trength, **W**eaknesses, **O**pportunities and **T**reats: Research of the external and internal factors, which are important considering the current situation and the formulation of the future strategies.

analysis forms the basis for the future strategy; this is elaborated with different partners at regional and national level. For the case of Saxony, the most important sub-national actor regarding the ERDF is the ministry of economic and employment affairs, department 1, section 15, located in Dresden, for the ESF the respective authority is section 23 (same ministry). The NSRF states that “intensive discussions with the regions take place” and the organisation of regional conferences, which is attended by politicians, social and economic partners as well as non-governmental organisations.<sup>61</sup> At this point a preliminary conclusion is that even the framework is “prepared by the MS”, it is influenced by some SNA, but mainly the official involved actors. These decide in how far they follow the proposals and opinions of other regional actors. The social and economic partners are mainly represented by the national umbrella organizations. In the field research the question of regional actors influence in the NSRF needs special attention. It seems that the level of influence the sub-national authorities and social/ economic partners have, is dependent from the national regulations and internal arrangements.<sup>62</sup> During the elaboration of the NSRF a constant communication with the Commission takes place; as the NSRF was prepared for the first time this ensured the compliance with the European rules and objectives.

In the preparation of the NSRF for the period 2007-2013 these social and economic partners on a national level are: the German Association of Cities and Towns (Deutscher Städtetag), Towns and Municipalities (Deutscher Gemeindetag), Regional administrations (Deutscher Landkreistag) and Chambers of Commerce and Industry (Deutscher Industrie und Handwerkertag), the Federations of German Employers (Bundesvereinigung der Deutschen Arbeitgeberverbände), Trade unions (Deutscher Gewerkschaftsbund), Industry (Bundesverband Deutscher Industrie),

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<sup>61</sup> Bundesministerium für Wirtschaft und Technologie, p. 7 ff.

<sup>62</sup> Cf. Leonardi, R. (2005): p. 71.

Farmers (Deutscher Bauernverband), Women (Deutscher Frauenrat), Welfare Work (Deutsche Wohlfahrtspflege); the Umbrella organizations of German manufacturing (Zentralverband Deutscher Handwerker), the WWF (World Wildlife Fund) and representatives of environmental interests (Deutsche Umweltvertreter).

The NSRF has to be delivered within five months following the adaptation of the Community Strategic Guidelines. Germany formally submitted its NSRF in January 2007 and it was approved by the Commission in May 2007.

The Community guidelines on cohesion and the NSRF design the strategic framework of European Regional Policy. Part of the NSRF is a list (Art. 27) of the foreseen regional Operational Programmes (OPs), the third legal document which needs to be approved. The OPs are part of the programming phase. The responsibility to design the OP lies with the regions. Every OP needs to be conforming to the Community Strategic Guidelines and the NSRF. Saxony has to design the OP for the ESF, the ERDF and for each trans-border co-operation (one with Poland and one with the Czech Republic). Moreover two national OPs exist, for traffic (as this is trans-regional) and for the national ESF. In the implementation of the national OPs the regions are often involved, the regional programmes need to be in line with the national ones. The organisation of the objective three: European Territorial Cooperation is more complex and is dealt with in a separate sub-chapter.

The OPs are important for the sub-national levels, as they contain the precise objectives of the region, while the NSRF only sets out the general principles. A SWOT analysis is part of every OP and determines the main objectives and development priorities.<sup>63</sup> Article 59 of the Regulation 1083/2006 determines that for each OP a managing authority, a certifying authority and an audit authority need to be established. It is allowed to set up intermediate bodies, which was done within Saxony. Following the

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<sup>63</sup> Cf. with Leonardi, R. (2005): p. 72.

nominated authorities for Saxony are listed. Their specific roles and tasks are outlined afterwards.

- 1 Managing Authority [Art. 59 (EC) Reg. No. 1083(2006)]
  - State ministry for economic and employment affairs, department 1, unit 15 (ERDF) and unit 23 (ESF)
- 2 Intermediate bodies([Art. 59 (2) Regulation No. 1083(2006)])
  - 2.1 Fund operation ("*Fondsbewirtschafter*")
    - State ministry of economic and employment affairs (ESF/ ERDF)
    - State ministry of science and artistry affairs (ESF/ ERDF)
    - State ministry of internal affairs (ERDF)
    - State ministry of cultural affairs (ESF/ ERDF)
    - State ministry of environment and agriculture (ESF/ ERDF)
    - State ministry of justice (ESF)
    - State ministry of social affairs (ESF)
  - 2.2 Payment Unit ("*Bewilligungsstelle*")
    - Sächsische Aufbaubank (SAB) (ESF/ ERDF)
    - Sachsen LB Corporate Finance Holding GmbH (ERDF)
    - State ministry of science and artistry affairs (ERDF)
    - Sächsische Anstalt für Kommunale Datenverarbeitung
    - Regierungspräsidien
    - Landestalsperrenverwaltung
    - State ministry for economic and employment affairs
- 3 Certifying Authority [Art. 61 Regulation No. 1083(2006)] ("*Bescheinigungsbehörde*")
  - State ministry for economic and employment affairs, unit 12 (ESF/ ERDF)
- 4 Audit Authority [Art. 62 Regulation No. 1083(2006)] ("*Prüfbehörde*")
  - State ministry of financial affairs, department 1, unit 17 (ESF and ERDF)

To be able to judge the influence of these different authorities (Managing, Certifying and Audit Authorities and the intermediate bodies) it is important to understand their role and the function they are assigned to. Following a graph shows the administrative structure of the ERDF and ESF. In the field study these named actors are specifically targeted, to investigate their real influence and function.

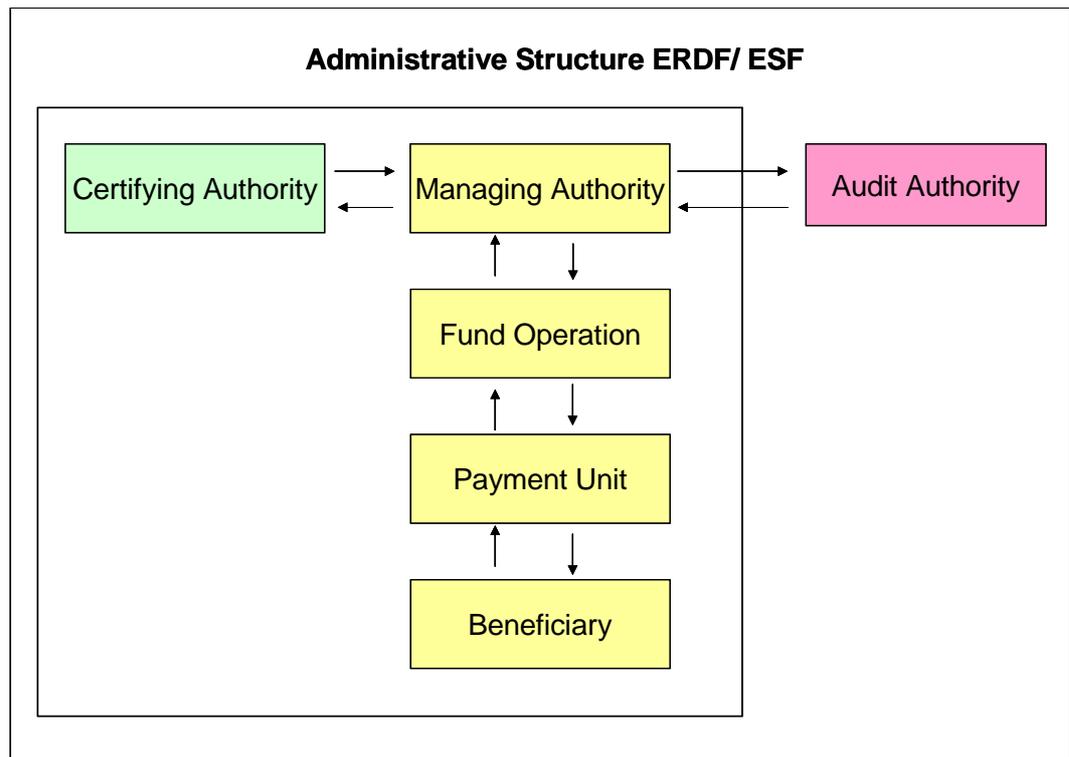


Figure 5: Saxony's Administrative Structure for the ERDF and ESF.<sup>64</sup>

The Managing Authority, Referat 15 (ERDF) and 23 (ESF) of the ministry of economic affairs and employment, is one of the main actors; having respectively a bigger opportunity to influence. It is responsible for the managing and implementation of the OP, the selection of different projects and the compliance of the whole process with the community rules plus the necessary administrative procedures. This includes the control that declared expenditure has been incurred; therefore the managing authority may conduct on-the-spot controls. Additionally it is responsible to collect the data on implementation for the financial management. This is neces-

<sup>64</sup> Own graph adapted from the Ministry of Economic Affairs and Labour.

sary for the monitoring, verification and evaluation of the programmes; and it ensures the evaluation is carried out as outlined in the Regulation (Art. 47). The Managing Authority warrants the Certifying Authority and Monitoring Committee receive all necessary information. The annual report and the final report on the implementation of the programmes is as well prepared by the Management Authority and after being approved by the Monitoring Committee submitted to the European Commission. Article 60 of Regulation No. 1083/ 2006 further lays down the function of the managing authority.

Referat 12 of the ministry of economic and employment affairs, the Certifying Authority, is another important official institution within the process. The functions are laid down in detail within article 61 of the same Regulation. These are mainly “drawing up and submitting to the Commission certified statements of expenditure and applications for payment.”<sup>65</sup> They confirm the receipt of the relevant information from the Managing Authority. Envisaging graphically they are on the same level as the managing authority. The third very influential institution is the Referat 17 of the ministry of finance; the Audit Authority. The Audit Authority is responsible for the set up and implementing of the audit strategy. The auditing is carried out according to international standards. A detailed description can be found in the Regulation No. 1083/ 2006 Art. 62. The auditing is especially important to ensure the proper functioning of the set up management and control system for each OP. It has to submit an annual report to the Commission, comprising the previous audits. This report includes an opinion about the functioning of the management and control system. At the end of the period, latest by March 2017, a closure declaration and a final control report have to be prepared. The Commission comments on these annual and final reports no later than three months after submission.

These three authorities are the main important regional actors. The Fund operation and the payment unit follow. The Fund Operation is conducted

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<sup>65</sup> Council Regulation No. 1083/ 2006, Art. 61.

by the respective ministries, supervised by the managing authority. These different ministries engage in a bundle of projects which fall into their area of competences and give guidance and instruction to the payment units. The payment units are responsible for the individual projects. They work in direct contact with the final applicants and beneficiaries of the Structural Funds.

Within the OPs additionally the financial planning and monitoring is determined. According to Article 58 of the Regulation 1083/2006, the national government has to set up a management and control system for the OP. Within Saxony the funds are budgeted de-central within the respective ministries. This makes the financial monitoring for the whole OP even more important; its function is not only a control but an appropriate steering of the overall programme. The operation of the management and control is based on an electronic supporting system, used by the payment units, fund operation and managing authority. The whole control system is centrally supervised by the managing authority. For the management of the funds, all important data is brought together via the electronic system at the SAB, as a payment unit, and delivered into the regions uniform IT system FOMISAX. These are saved and it is always possible to interrogate specific request and data. The SAB is responsible to provide a report for the fund operations. These are checked and the declared expenditures are forwarded to the managing authority. Here the declared expenditure of all fund operators are collected and delivered to the certifying authority. This decides about the yearly financial budget, based on the received declarations. The electronic system is not only region wide used for the financial reporting, but is further used for communication with the national and European level. The electronic provision of all communication and data collection ensures higher efficiency and consistency.

The final agreement about the OP is done between the national and European level. After the official submission the Commission has four months to adopt the OP [Regulation (EC) Art. 32(5)]. The OP and the NSRF may be elaborated at the same time. Once they are both confirmed by the European Commission, the process is de-centralized; the different projects are approved by the national or regional level and the programming and

financial planning is carried out at the level of the OP and not by the European Commission [EC Regulation 1083(2006) Art. 45]. The responsibility of the national and regional levels for the implementation and control, while the European Commission takes on a monitoring position, correspond to the principle of subsidiarity.

The OPs are legally binding. They contain the specific regional context, aims and priorities for the next funding period and the description of a monitoring and communication system. Moreover a financial plan must be included, specifying the resources and funds needed.<sup>66</sup> The editor of the OP for the EFRE is edited by PwC.

Three months after the confirmation, for every OP a monitoring committee is established according to Art. 63 (1) of the Regulation No. 1083/ 2006. It comprises members of the different authorities, of the commission and of the state and regional ministries. As well economic, social and non-governmental partners are represented. For the current period (2007-2013) the monitoring committee has not yet been determined. Still this does not really have an influence on the important actors, because the Monitoring Committee remains in a very similar constellation, apart from a possible small change concerning the economic, social and NGOs representatives. This assumption has been confirmed within the interviews conducted in the field study. The following list of the members of the monitoring committee from the period 2000-2006 has been adapted in all changes published so far.

The monitoring committee within Saxony is:

- Headed by a member of the previously mentioned managing authority:  
State ministry of economic and employment affairs, department 1, unit 15 and unit 23

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<sup>66</sup> More information about the OPs and the requirements can be found in the Commission Regulation (EC) No 1828/2006.

Members are:

- Representatives of the **EU-Commission** (headed by the GD Regio and DG Employment, Social Affairs and Equal Opportunities)
- A representative of the European Investment Bank
- The **national ministries** of
  - economic and employment affairs, consumer protection, agriculture and food, as well as the ministry of finance
- The **regional ministries** of:
  - Interior affairs, environment and agriculture, finance, science and artistry, education, justice and the ministry of social affairs.
- Department of equalization within the ministry of social affairs
- State chancellery
- Regierungspräsidien
- **Economic and Social partners** as well as NGOs:
  - Regional agencies of employment
  - Landfrauenrat Sachsen – Sächsisches Frauenforum
  - IHK Dresden and Chemnitz
  - DGB-Landesbezirk Sachsen (Regional Union Association)
  - Association of Saxon business
  - Deutscher Paritätischer Wohlfahrtsverband, Landesverband Sachsen e.V.
  - Evangelische- Lutherkirche Landeskirchenamt
  - Arbeitslosenverband Deutschland
  - Landesverband Sachsen e.V.
  - Grüne Liga e.V.
  - Sächsisches Landeskuratorium,
  - Sächsischer Landesbauernverband e.V.
  - Sächsischer Städte- und Gemeindetag

Depending on the statute of the Monitoring Committee (MC) only some members have a voting right, the decision lies with the Managing authority. The Monitoring Committee has a very important position and the members can influence the policy process in different ways. First of all the MC is involved in the drawing up of the OP, the different interest groups can state their opinions and comment the drafts. In legitimate reasons the OP is adopted. The current OP adapted a proposal of economic partners; the process of development and various made suggestions are part of the OP.<sup>67</sup> Additionally the MC plays an important part of the next phase of the policy process: evaluation and control. This stage is very important and receives specific attention in the new Community Guidelines on Cohesion. For the period 2007-2013 it was decided to use an approach of continuous evaluation instead of a half-term evaluation. In different forms all the mentioned actors are involved within the evaluation and control. Art. 47 ff. of the Regulation obliges the regions to use independent evaluation experts. These ensure the continuous increase in quality, efficiency and coherence of the programmes. Evaluation takes not only place in a continuous form, but as well as an ex-ante (Art. 48 (2)) and ex-post (Art. 49 (3)) evaluation. The independent institution carrying out the Ex-ante evaluation for the ERDF within Saxony is: "Bonner Evaluationen GbR"<sup>68</sup> in cooperation with the institute for rural topology research<sup>69</sup>. Between June and November 2006 the institute prepared the Ex-Ante evaluation report for Saxony and a strategic environmental examination for the EFRE OP. Additionally they co-ordinate, monitor, assess and consult the process of the OP development. The project executing authority is the state ministry of economic and employment affairs, the managing authority of the OP. Additional cooperation partners of the institute are the "entera" engineering association<sup>70</sup> and

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<sup>67</sup> Sächsisches Staatsministerium für Wirtschaft und Arbeit (2007a): p. 18 ff

<sup>68</sup> <http://www.bonnerevaluationen.de>

<sup>69</sup> <http://www.ifls.de>

<sup>70</sup> <http://www.entera.de>

SPRINT, a service provider for restoration and renovation<sup>71</sup>. The ERDF ex-ante report is published; the ex-ante evaluation for the ESF has not been published yet. It is prepared by the Institute of Social research in Dresden. Additionally an ex-ante evaluation for the European territorial cooperation objective is carried out by PwC (PricewaterhouseCoopers<sup>72</sup>); this is done jointly with all partners. For Saxony these are Poland and the Czech Republic. The ex-ante evaluation is an important part of the OPs, as the future strategies are based on the previous results. A constant evaluation during the whole programming period takes place according to Art. 48 (3). The continuous controls ensure that the original objectives are met and no difference between the established schedule and the real implementation exists. As well possible recommendations for programme adaptations are checked. To stimulate the achievement of the key indicators a successful fulfilment of the goals is rewarded by the European Commission with a 4% increase in the financial allocation. Within this process the managing authority and the fund operators are mainly involved. The former evaluates the impact, effectiveness and efficiency of the overall programme. The projects themselves are evaluated by the fund operating units. An evaluation schedule is developed and discussed with the monitoring committee. Ex-post evaluation measures effectiveness and efficiency of the programmes and records the results and success once the programmes are completed and the period terminated (2013). The ex-post evaluation generates important conclusions and information for the current and all subsequent programme-periods. These are not only relevant for the regions to improve and adopt their strategies, but as well for the European Institutions to redesign regulations and overcome possible shortcomings. “An “individual” and “institutional” learning process takes place.”<sup>73</sup> Art. 49 comprises that the European Commission conducts the post-evaluation, the managing

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<sup>71</sup> <http://www.sprint.de>

<sup>72</sup> Internetportal: [www.pwc.de](http://www.pwc.de)

<sup>73</sup> Leonardi, R. (2006): p. 75.

authority delivers annual reports and a final report. The post-evaluation has to be conducted by December 2015 at the latest.

The financial flows are very complex. Exemplary the model for the ERDF is presented. Within Saxony the ERDF is the biggest source of funding. The following graph illustrates the various stages and actors involved:

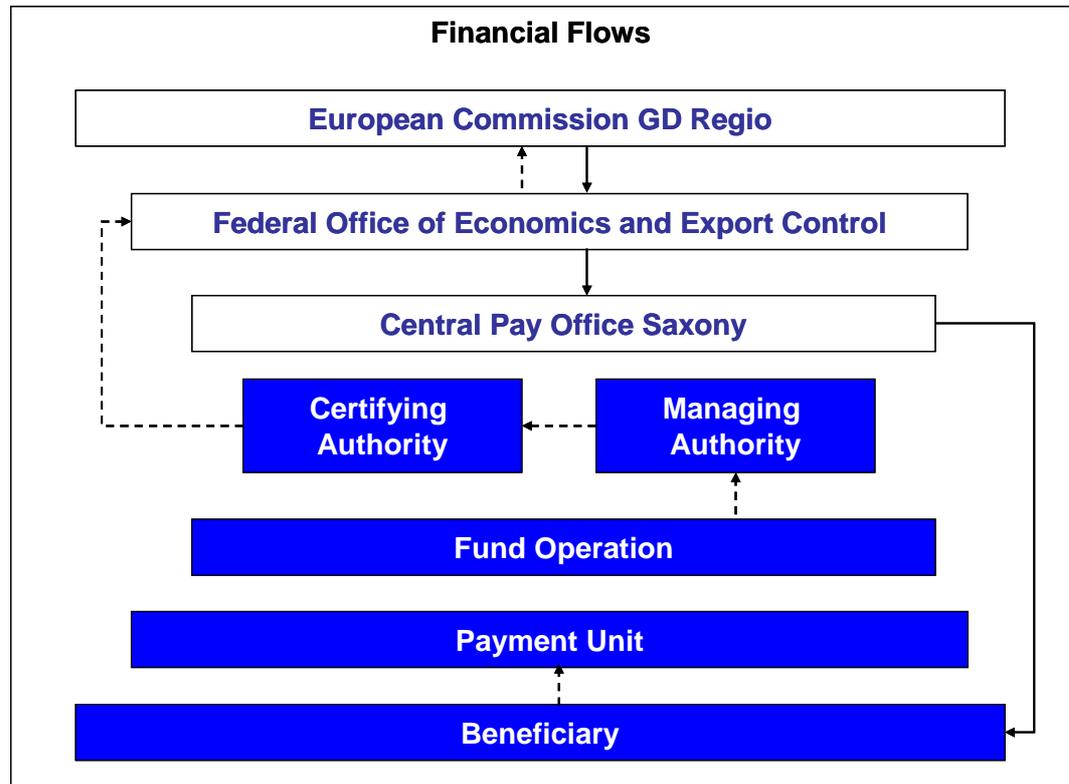


Figure 6: Financial Flow of the ERDF in Saxony.<sup>74</sup>

It is important to see the various stages of European Cohesion policy as one policy process, “based on a reiteration of the programming cycle and an explicit learning process”<sup>75</sup>. The different policy stages are only separated within this thesis to better understand the roles of the various involved actors. The phases intersect with each other and are interdependent. This characteristic of the variety of actors involved, from different vertical levels and horizontal categories, makes European Cohesion policy

<sup>74</sup> Translated and adopted from the Ministry of Economic Affairs and Labour.

<sup>75</sup> Leonardi, R. (2006): p. 75.

one of the most typical examples of Multi-level Governance and shows the complexity and heterogeneousness of this policy field. The complexity creates as well a wall between the policy and the citizens. Even public communication and publications are a required part of the policy process, an impression is gained that it is mainly the experts who are able to influence the policy and shape the projects.

#### 5.1.1 European Territorial Cooperation

The structure and implementation of the third objective, the European Territorial Cooperation, differs from the EFRE and ESF process. Within the new period the former Interreg III programmes are changed into Interreg IV. Similar as before the instrument is structure into three dimensions: A) trans-border cooperation, B) interregional cooperation and C) trans-national cooperation. The dimension C) covers one European wide programme with one single management structure. As the influence of Saxony within this European wide programme is respectively small this dimension is not further considered within this thesis. The second dimension B) contains projects which focus as well not on regional, but on bigger areas. In total 13 different areas are determined, Germany participates within 5 different areas. One of these is the Central Europe Programme, which includes Saxony<sup>76</sup>. The most important institution within this programme is a joint secretariat and a so called "contact point". The contact point of the Central Europe Programme is located in Dresden; the joint secretariat is not determined yet. One joint OP is created for the Central Europe area; this is currently admitted to the European Commission for approval. Similar as division C) within this thesis no further attention is given to dimension B). Considering the regional influence of Saxony part A) is more interesting. This part covers the cooperation with the neighbour states Poland and the Czech Republic. For the co-operation with each country (two different programmes) a legal document comparable to the OP is created. This is done in cooperation between the authorities of the

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<sup>76</sup> <http://www.central2013.eu>

respective two countries; for both OPs the responsible institutions in Saxony are the same. The programme for the trans-border cooperation between Saxony and the Czech Republic exists already, the programme for the Saxon/ Poland Cooperation is still in preparation. For both the procedures are similar, apart from the different partner country included. The established infrastructure and knowledge from the 2000-2006 Interreg III A programmes is used. A joint managing authority is named, as well as a certifying and audit authority [Art. 14 Reg. (EC) No. 1080/2006]. Additionally a joint secretary, a national administration, a regional contact on the Czechs side and an auditor (according to Art. 16) are established. The important actors on Saxony's side are: Ministry of economics and employment, Referat 36 as joint managing authority. Here lies the main responsibility. The tasks are similar as the ones of the managing authority of the EFRE/ ESF. The joint technical secretary is as well located in Dresden, as a department of the Saxony development Bank (SAB). The secretary supports the managing authority, monitoring committee and national administration. They are responsible for the whole operational implementation and processing. The staff of this secretary is composed of the different participating nations. The certifying and audit authority are the same as for the EFRE and ESF: Referat 12 of the ministry of economics and employment and Referat 17 of the ministry of finance. Art. 16 of the EC regulation No. 1080/2006 determines that both countries need to assign examiners, on the side of Saxony this post is executed by the SAB. The financial flow goes from the European Commission (after receiving notification and statement of expenditure by the certifying authority) over the central pay office of Saxony to the certifying authorities, via the SAB as intermediate authority towards the lead partner (beneficiary). This lead partner has to be determined for every project, according to Art. 20 Reg. (EC) No. 1080/2006. The lead partner bears the responsibility on the operational level for the organisation, finance and content of the programmes. It is the official contact and contract person. Art. 19 of the same regulation further determines that only projects receive support which fulfil two of the following conditions: They are jointly (by both nations) prepared, implemented, financed or looked after by common manpower. The most important change in respect to the previous period is

change in respect to the previous period is that instead of a steering committee the monitoring committee is involved in the selection of the project proposals.

The former Steering Committee did not include social and economic partners, which are included in the Monitoring Committee. In addition the control determined in Art. 16 is new, as well as the concept of the lead partner.

Within the Interreg IV A the Euregios are actively included for the first time. This makes much sense, as they are located mainly within the border regions, consist of different national and regional members and thus can provide the Interreg programmes with much expertise. They are responsible for the small projects (Kleinprojekte) which have a budget not bigger than 15000 €. This is very reasonable, as they can use these funds for small interregional projects, often focusing on the cultural exchange and programmes within these Euregios. Here they have their own freedom and responsibilities. For bigger projects they lack the expertise and administrative knowledge and structure. These projects are dealt with by the managing authority, etc. At the Saxon – Czech border 4 Euregios have been founded: Neiße, Elbe/ Labe, Erzgebirge and the Euregio Egrensis. The Euregio Neiße covers as well the border with Poland, thus covers regions from all three countries.<sup>77</sup>

## 5.2 Additional SNA

Coming back to the network theory, the previously named officially involved authorities form the core set of actors. As the used image of the triad illustrates they are in contact with the national and European level. Around the triad on every level additional actors assemble, which try to access the policy processes and influence European Regional policy. Important for this paper are only the existing additional actors on the regional level; if they influence via a regional, national or European level does not matter. Most of the impact is expected via the just mentioned core authori-

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<sup>77</sup> Westermann, K. (2007): p. 15.

ties. Some of the additional actors are the already mentioned social and economic interest representatives, which are involved via the principle of partnership.

To organize the great number of actors the previously established categories are used, for each the most important actors are listed. This is not an exhaustive list and not the individual persons, but the formed networks are outlined. Networks exist especially within one category of actors, e.g. a platform for economic actors and companies. Additionally networks can comprise actors from different professions and background. The reason to establish these platforms are the same, independent from size, members and topics: Expected are positive effects like higher efficiency, economies of scale, synergies, information exchange, etc.

#### 5.2.1 Political and administrative actors

To gain an overview of the actors they are structured along the previously outlined channels of access towards the European decision making process. The same order is used as in Chapter 2.2.1. Firstly the existing institutional access points via the national level, followed by the direct European access points. The actors holding the institutional positions are believed to have more influence than other actors. Instead of the previously named informal channels of influence, in this part supplementary actors are listed which have intra-regional competences. The assumption is that via their political competences, the respective actors have influence on the European policy process.

The most important regional actors are Minister President Prof. Dr. Milbrat and the chief of the state chancellery of Saxony, Hermann Winkler. They are both members of the *Bundesrat*, which has (as outlined in chapter 3.2) an important function considering its influence on the policy processes of the European Union. Apart from Prof. Milbradt and Mr. Winkler, Thomas Jurk (minister for economic affairs and labour) and Geert Mackenroth (minister for justice) are Saxony's members of the *Bundesrat*. Their deputies are Mr. Horst Metz (ministry of finance), Dr. Albrecht Buttolo (ministry of internal affairs), Mr. Steffen Flath (ministry of culture), Mrs. Helma Orosz (ministry of social affairs), Mr. Stanislaw Tillich (minister of environment

and agriculture) and Dr. Eva-Maria Stange (ministry for science and art-istry). Additionally 17 expert committees exist, in each Saxony is represented with one seat. One of them is the Committee of European Union Affairs. This Assembly is responsible for all Council and Commission communications which are of importance for the *Bundesländer*. Especially the issues of subsidiarity and proportionality are checked, and whether the *Bundesrat* is in a position to give an opinion on a specific topic. A second assembly within the *Bundesrat* focusing on European issues is the chamber of European Affairs, established to meet the special challenges of the European Union and to agree on a national position for all EU legislation. In both Committees Saxony is represented by Hermann Winkler. A third important institution is the Committee of foreign affairs, as well named political committee, even the focus is not specifically on European issues. Again Prof. Dr. Milbradt represents Saxony. A committee of European Affairs exists as well in the Bundestag. In this Committee some of Saxony's Members of the European Parliament are represented, e.g. Mrs. Krehl, Mrs. Kaufmann and Mr. Krähmer. This position they can use to exercise influence via the Committee and thus the Bundestag.

Moving towards the European level the Committee of the Regions, as outlined in chapter 3.2, is an important institution regarding regional interests. The incumbent representative of Saxony (period 2006 until 2010) is Mr. Winkler, deputy is Prof. Milbradt. The minister president represents Saxony as well in the European Minister Conference.<sup>78</sup> The *Länderbeobachter* work often closely together with the Minister Conference; it is a joint institution of all the regions, thus no specific Saxon actor can be identified. Holding all these positions make the minister president Prof. Dr. Milbradt and Mr. Winkler, the head of the state chancellery, to very important regional actors.

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<sup>78</sup> Not to be misled, it is a conference by all German minister presidents to discuss their interests and positions against the central government and the European Union.

Apart from these institutional access points additional regional political actors exist, which hold a position to influence regional opinions and policies. The state government (cabinet) to be composed out of the different state ministers and the minister president has been named, especially in respect to its representation within the *Bundesrat*.

Some departments of the regional government are especially assigned to European issues, e.g. department 26: European Politics and European Affairs, department 32: International, interregional and trans-border affairs and the named Information office in Brussels, which is incorporated into the organization of the state chancellery as an own department. The state chancellery is in general very important in respect of influence. The Saxon parliament is similar important; especially because of its control over the state government, its legislative power and decision of the state budget. Not only the departments of European Affairs are important, but as well the various committees for economic, social, education, environment, etc. as they are all interested to receive funding or promote projects within their area of interest.

The permanent representation of Saxony in Berlin is as well considered as an important regional actor; even the focus is on a strengthening of the position of Saxony within the national level and not specifically considering European Union issues. The same is true for the various members of Parliament, elected within the different districts of Saxony.

Below the regional level more “high profile” actors (well-known influential persons) exist. Exemplary important actors for the *Regierungsbezirk* (administrative district) Leipzig and the city Leipzig are outlined. Within the *Regierungspräsidium* (regional administrative authority) a central department for European Affairs exist. This is in contact with the other involved authorities and actors, mainly with the Monitoring Committee. It has an information and representation function for the whole *Regierungsbezirk*. The high involvement and interest of the cities is explained by the chance to allure funds; the operating level of many European projects and Structural Funding is at the city level or even communes. For Leipzig important actors are the city majors. First mayor of Leipzig is Mr. Burkhard Jung. Additionally the different ministries are involved who are interested in special

projects which are eligible for funding. These are for example the ministry of economics and labour, infrastructure, traffic, social or economic affairs. For the handling and involvement of European affairs in Leipzig, the department of European and International Cooperation is very important. This department is located directly below the major and is responsible for European and international issues; special areas of responsibility are Eurocities, a network of over 115 large European cities, and the twin cities, cooperation with a number of partner cities for the mutual benefit of both. Exchange of information takes especially place for best practices, economic developments, administration, cultural projects, etc.

### 5.2.2 Economic organisations and associations

A great number of different associations, interest groups and professional organized associations exist. Most of them combine whole occupational groups, are formally organized and part of a higher-level federal association. According to the office of statistics the number of enterprises within Saxony is around 140176. Following the most important interest representatives and industry agglomerations are listed. Only the bigger associations do have the resources to influence. These are active on a regional level; sometimes as well on a national or European level. Examples of the biggest associations can be found on the official pages of the Free State of Saxony.<sup>79</sup> Strong associations have developed as well out of the regional initiatives and are often founded by political actors or regional districts. Especially the creation of industry cluster advances, e.g. Silicon Saxony<sup>80</sup>. Silicon Saxony e.V. is an industry association of micro-electronic in Saxony; comprising 158 manufacturers, suppliers, service facilities, etc. International companies like AMD and Infineon are part of this cluster. Silicon Saxony is part of the strong IT sector; next to Silicon Saxony many other networks developed within the sector. Information can be found on

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<sup>79</sup>[http://www.smwa.sachsen.de/de/Wirtschaft/ServiceLand\\_Sachsen/Verbaende\\_Vereine\\_Initiativen\\_Organisationen/105074.html](http://www.smwa.sachsen.de/de/Wirtschaft/ServiceLand_Sachsen/Verbaende_Vereine_Initiativen_Organisationen/105074.html)

<sup>80</sup> For more information please see Westermann, K. (2007).

[www.saxxess.com](http://www.saxxess.com); a portal promoted by the ministry of the state, supported with funds of the European Union. Information Technology comprises the fields of microelectronics, telecommunication, multimedia, software and IT research and education. Apart from the Micro and IT sector, three more strong technology areas are resident: Automotive (manufacturing and supply), Life Science (biotechnology, medicine technique and environment technique) and Mechanical Engineering (new materials, manufacturing and production technology).

BMW, Neoplan, Porsche and VW are the four main automotive manufacturers, surrounded by the supportive industry. "Autoland Saxony" is a joint brand for advertisement and marketing. Additionally to use synergies, cooperate and exchange information the network "Saxony Automotive Supplier" ([www.amz-sachsen.de](http://www.amz-sachsen.de)) was established. The initiative was a program of the Saxon State ministry for economic affairs and labour. More than 500 companies use this platform.

For the Life Science sector the biggest network is BioMeT e.V. Dresden. It comprises around 220 members with different backgrounds: research, enterprises, technology centres, politics, finance institutes, universities, etc. Many projects they initiate are financed with regional funds. Additional big networks have developed for the industry of Nanotechnology, Biotechnology (biotechnology-biomedicine centre "Bio City Leipzig" and the initiative "Offensive for Biotechnology"<sup>81</sup>), Material research (Material Research Network Dresden), Microelectronic (AMEC e.V, Applied Microelectronic Chemnitz), Mechanical Engineering (Sachsenmetall, VEMAS <http://www.vemas-sachsen.de>), etc.

Many of the settled companies can be found in the database provided by the ministry of economics and social affairs.<sup>82</sup> All existing branches, ranked along the number of companies within the industry (from highest to lowest), are: Metal production and manufacturing (538), mechanical engi-

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<sup>81</sup> For more information see [www.biosaxony.de](http://www.biosaxony.de).

<sup>82</sup> <http://www.rais.sachsen.de/>

neering (442), the food and tobacco industry (365), office machinery, electro technique, precision engineering and optic (363), textile- and clothing (179), the paper and printing industry (150), vehicle manufacturing (123 in other sources ranked with 450 companies) and the chemical industry (81).<sup>83</sup>

An important actor for the whole industry is the chamber of commerce of Saxony.<sup>84</sup> The three chambers (Dresden, Leipzig and Chemnitz) represent the interest of their members and provide them with the necessary information and service. The chambers of commerce are a link between the economy and policy. They perform as one institution for the need and interest of all members.

Regarding the interest representations of nearly all branches and interest groups different associations developed. Examples are the unions, engineer associations, social and environmental organizations, regional associations, etc. Additionally to the different enterprises, industry and formed networks, a number of consultancies have developed who specialised on European issues. These are for example companies who consult the applicants, inform about criteria, procedure, funding possibilities, deadlines, etc. Due to their specialization these companies can use their expertise to get involved.

### 5.2.3 Research Institutes, donations, cultural clubs

Between this and the previous category a close connection exists and the transitions are fluent. Many existing networks combine actors from both categories. Within this part the focus is more on the common interest/community good aspect, while the first category stronger emphasized enterprise thinking.

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<sup>83</sup> [http://www.smwa.sachsen.de/de/Wirtschaft/Industrie/Zahlen\\_und\\_Fakten/18096.html](http://www.smwa.sachsen.de/de/Wirtschaft/Industrie/Zahlen_und_Fakten/18096.html)

<sup>84</sup> [www.ihk.sachsen.de](http://www.ihk.sachsen.de)

The variety of different existing research facilities is big, ranging from various universities, innovation and research centres to the big development departments from the companies.

The most important research facilities are the 10 Fraunhofer establishments, 6 Max Plank Institutes and 7 Leibniz Institutes. The university infrastructure is very good, with old and well-known institutes. A close connection between research and development and the industry is seen as very important. Often mutual projects are developed and the institutes are welcomed members within the existing industry associations and networks.

In Saxony nearly 300 different donations are registered.<sup>85</sup> Even only a very small part has a focus on European, some have special interest in European regional policy, as their focus is related to the Structural funds. This is true for example for environmental, cultural, regional or interregional donations, etc.

#### 5.2.4 Media

The category “media” covers regional newspapers, publications, as well as television, radio and other broadcasting institutions. As the media can reach a great number of people, it can be a powerful instrument, on a regional, national or even European level. A specific character of the media is that apart from being categorised as one group of actors, it can as well be used by the other actors as an instrument to increase their influence; this is continuously done in German politics on a regional and national level. In Saxony the most important media actors are the regional newspapers, the radio stations and TV. Newspapers are: Freie Presse Chemnitz, Sächsische Zeitung, Döbelnder Anzeiger, Vogtland Anzeiger, Leipzig News, Dresden News, Leipziger Volkszeitung, Lausitzer Rundschau and Torgauer Zeitung. Very important is the radio and TV station „Mitteldeutscher Rundfunk“ (MDR, middle German broadcasting). Apart from

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<sup>85</sup>[http://www.sachsen.de/de/bf/staatsregierung/ministerien/smi/smi/upload/Gesamtverzeichnis\\_-\\_Stiftungen\\_im\\_FSN.pdf](http://www.sachsen.de/de/bf/staatsregierung/ministerien/smi/smi/upload/Gesamtverzeichnis_-_Stiftungen_im_FSN.pdf)

the MDR, subject to public law, other independent radio stations exist within Saxony: Energy Saxony, Radio PSR, RTL, Apollo Radio, Hitradio RTL, R.SA as well as around 19 local or non-commercial radio stations.<sup>86</sup>

#### 5.2.5 Church

The “Evangelisch-Lutherische Landeskirche Sachsens” (Protestant-Lutheran church of Saxony) is a public body, seated in Dresden. It is organized into 882 churches (congregations on a municipal level); in total it has around 835.000 parishioners. The church is formally organized, similar to the political administration of the region: structured into 25 areas, each led by a “superintendent”. Additionally a synod and parish council exist. It comprises different church administrative offices and ministries, a president and a bishop.<sup>87</sup> The church has representatives for all important topics, e.g. data security, environment, development, authorized agent for foreigners, equal opportunity commissioner and a representative within the government of the free State of Saxony. This protestant-Lutheran church forms the biggest religious denomination; Catholic churches exist as well as other religious orientations like Muslims, Russian orthodox, new apostolic church, etc. The church is listed as a member of the Monitoring Committee, suggesting an interest in EU Structural Funds exists.

#### 5.3 Influence evaluation

Previously four indicators were set up to measure the influence of the different actors: Institutionalization/ legal competences, Resources (financial, expertise/ information, size), Contact and Relation with other actors and Stability/ Organisation. The assessment carried out in this desk research is supplemented by the field research. Additionally it is interesting in which policy phases a possible influence exists. Once the OPs are agreed, all ac-

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<sup>86</sup> For an overview see [http://www.medienindex.de/Radio\\_Sachsen.htm](http://www.medienindex.de/Radio_Sachsen.htm)

<sup>87</sup> For the structure of the church and its organisation see <http://www.landeskirche-sachsen.de>.

tors are bound by the guidelines. This makes the initial drawing up process attractive for the actors.

### 5.3.1 Official involved SNA

The official involved institutions have the most influence. They are involved within the different stages of European Regional policy, from the drawing of the Operational Programmes until the control and evaluation. Moreover the co-operation with the national and European level is required and important. Even the various authorities are clearly separated from each other, they form a close network. All the set up criteria to measure the influence are fulfilled. Institutionalization and legal competences are clearly given. Additionally they are endowed with good financial resources and expertise. The level of contact and existing relations with other institutions and actors is high; not only with other regional actors, but especially with national and European authorities. The authorities are important contacts and targets for everybody who wants to exercise influence or needs information. Their stability and professional organisation is guaranteed by the administrative structure. One aspect limiting this characterisation as stable and well organized is a current scandal about corruptness, fraud and criminal conducts which have been revealed in Saxony. The case is not clarified yet.<sup>88</sup> Apart from the involvement within the implementation and the evaluation, these officials have influence on the policy formulation, too. This is especially true for the managing authority: By designing the OPs and establishing the requested management, control and communication systems they have an important influence on the strategy.

### 5.3.2 Additional SNA

The influence of the additional actors varies extremely. Some are a member of the Monitoring Committee or are involved via the principle of partnership. They can access the discussions and influence on an early point,

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<sup>88</sup> For more information see various newspapers, an English article was published by e.g. at <http://www.spiegel.de/international/germany/0,1518,488054,00.html>

e.g. before the drawing of the OP. The Monitoring Committee is further involved within the evaluation and control. The first category of additional actors, political and administrative authorities, is evaluated as being very influential. They have close connections to the official involved authorities and are part of the core network. In respect to the set up criteria the political and administrative actors benefit from their official character. They do have legal competences and provide the necessary resources. Being part of the administrative system they have sufficient contacts and relations towards other actors or can establish them. The second group of actors, the economic interest groups, mainly score with their good resources (financial, expertise and size), networks and contacts to other actors (from the same and other sectors, e.g. political actors). For the big companies the last criteria of stability and proper organisation are fulfilled – most of them are globally positioned; they have special departments dealing with European issues. The differentiation between industry associations and associations representing the interest of social, environmental and other groups is relevant considering their influence. The representation of these latter interest groups is less influential than the economic interests. Exceptions exist for some social/ environmental associations which are important for the cross-sectional objectives (e.g. sustainability). For most of the networks the following conclusion regarding the set up influence criteria is true: The bigger the association, the more resources they dispose of and the more benefits they can deliver for the region (e.g. jobs), the bigger is the chance to influence.

Apart from the set up criteria, a proximate reason for the big influence of the economic actors is the regional striving for economic growth, creation of new jobs and the attraction of additional investment and industry. To achieve these objectives, a favourable environment for the businesses is created and the needs and constraints receive attention. The emphasize of the Structural Funds on the Lisbon objectives (innovation, growth, jobs) strengthens the position of the economic actors further, as they are the key actors to achieve the set core indicators.

Another factor revealed within the analysis of the economic actors, is the close relation between economics and politics. The ministries are often the

initiator for the creation of existing network and support industry platforms. Some of the networks are financed with public funding.

Research centres and institutes are as well categorized as relatively influential. To keep up with technological and industrial developments, the importance of research activities and innovation is known. They provide a key contribution to economic development which ranks high on the political agenda. Still the institutes sometimes lack the necessary size and financial resources. Often they are dependent on financial contributions. Criteria wise they have the same legal competences as the economic interest groups, but they have smaller resources. Contacts and relations with other actors do exist; they are often part of a bigger network. The last criterion of stability and organisation is fulfilled, but due to the mentioned dependency on financial support it is less stable than big economic organizations.

The influence of the donations and cultural clubs, part of the second group of actors, extremely diverge. Depending especially on their smaller resources most of the donations have no influence. Even cultural associations are often involved within projects and receive European funding, their influence on the policy process is limited. This is not only a result of smaller resources, but as well the reduced attention they gain from politics.

The church is named as an official member of the Monitoring Committee, still their role and rate of influence is not possible to determine. Considering the set up criteria they seem very influential; legal competence and a good organisation are given, resources are available and contacts and relations with other actors do exist as well. Yet, it is an actor which is not directly connected with the issue of European politics. The media is not a member of the Monitoring Committee; still regarding the chance to influence they are a potential important candidate. Especially regarding the criteria of resources and contacts they rank high. Still no influence is expected, as they do not show any interest within the policy field. They have not been named in any of the official programmes.

#### 5.4 Sub-conclusion

The research question focuses on the most important regional actors regarding the influence on European regional policy. The portrayal of the actors has been done in the previous chapter. The official involved actors primarily stand out. Apart from these official actors, additional actors are involved. Difficulties to assess the influence are the extensive policy structures and the continuous changing of existing networks and context of regional policy. To summarize the influence evaluation, the officially involved authorities have the most influence followed by political and economic actors. Social associations and cultural clubs have a limited chance to influence, depending on their size and resources. In specific policy areas, e.g. sustainability, they are influential, especially if they are represented in the Monitoring Committee. The official involved authorities can exercise their influence in nearly all phases of Cohesion policy, especially in the design of the OP, the evaluation and control. As well they are in a powerful position, because they decide about the influence of the additional actors. The influence of most of the other actors is limited to the possibility to lobby and use personal contacts. The previously outlined channels of influence can be used to access the policy process. The phases where the additional actors can influence the policy process are in the design of the OP and in the implementation process. Before the OP is decided they can try to lobby for their interests and are continuously informed about the process. They can officially state their position on the OP and make proposals. Some even try to influence already on a European level. In the implementation they are involved when they conduct own projects. The evaluation and control lies not in their area of influence, this remains with the official authorities, the Monitoring Committee and the European Commission. Considering the criteria to measure influence a very predicative criterion needs to be added to the previously developed list: The stimulus and value/ benefit the actor can offer. In the desk research it is revealed that the actors that provide a measurable benefit for the region, have far more influence than institutions that provide no advantage for politics or the region. Economic enterprises are seen as crucially important for economic growth, employment, tax and the attraction of further industry. For politi-

cians the popularity is essential. Thus industry demands find more attention than e.g. the requests of cultural and social associations. As their interests are less oriented on economic growth, it is generally more difficult to find support in politics.

## 6 Field research

The field research provides empirical data supplementing the conducted desk research. Within the desk research the regional structures and most important actors are portrayed. Their influence has been determined according to the previously outlined criteria to measure influence. The aim of this field research is to assess their real influence and involvement within the process of European Cohesion policy. The findings from the desk research are compared against the results of the field research; as well they complement the previous information. This enables a verification of the legal framework against the political reality. The necessary information of the field research is gathered from personal interviews. Especially the official involved authorities are an important source for up-to date information and details about the process. The field study provides an important basis and completes the whole research.

### 6.1 Methodology

The difference between the desk research and the field research is the way how information is gathered. In contrast to the desk research focusing mainly on secondary data and published documents, field research aims to collect primary data via the set up of a questionnaire. This was specifically designed by Chris Breuer, for the purpose of all three case studies. The advantage of the field research are new and up-to date information, which precisely meet the needs of the thesis. The questionnaire is addressed to the sub-state actors in Saxony and designed to answer the following questions:

- Which possibilities for participation does the legal framework of EU Regional Policy on the European as well as the national level encompass concerning sub-state actors?

- Which sub-state actors are involved in the policy field EU Regional Policy?
- How do these actors exert influence?
- What is the outcome of the pursued influence on EU Regional Policy?

The interview is structured into four different parts. The first part is a “warming-up”, containing general questions to gather information about the sub-state actor and the respondent. Some of the previously outlined influence categories are covered by the questions, such as resources (funding, staff and knowledge), institutional set-up and history/ development of the institution. The result of the questionnaire gives an overview about the characteristic of the respondent and shows whether the influence categories were really determining factors. This first part comprises 13 questions.

The goal of section two is to find out which actors are involved in EU Regional Policy on each level. The respondent is asked to name the most important actors; in addition if a contact exists and what the specific influence of the institution is. These latter two sub-questions provide information not only about the relevant actors, but as well how they interact with and are positioned towards each other. The section comprises an additional question about a possible shift of influence between the different levels over the last two years. In literature the regions are seen to gain more power and influence<sup>89</sup>; whether this is experienced by the SNA and if yes in which direction influence is moving is checked by this question.

Section three is made up of two parts. The first assesses the knowledge of the respondents about the content of the legal framework of EU Regional Policy. Six core aspects are listed; e.g. the committee system (Comitology) and the principles of subsidiarity and partnership. The second part requests which institutions and persons are contacted to receive information and how frequent this contact is.

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<sup>89</sup> See for example Weihe-Lindeborg, L. (2005), Knemeyer, L. (1994), et al.

The fourth and last part of the questionnaire comprises nine different stages of EU Regional Policy and if the respondent is involved in the respective stage. The round up of the questionnaire is a possible comment about the topic or any personal remarks.

In cases where the respondent set time constraints, section 1 (warm-up) and 3.1 (checking of knowledge about the legal framework) were left out of the interview.

As these questions and the context of European Regional Policy are very complex, most of the interviews have been done in a personal way (face-to-face). This allows for a personal steering of the questions; if required explanations and counter-questions can be added. The face-to-face situation allows gaining a picture of the respondent and his “emotions”, e.g. the motivation to answer the questions and enthusiasm. In some cases a personal interview was not possible or wished by the respondent, mainly due to time constraints. In these cases a telephone interview was conducted with a shortened questionnaire. A shortened questionnaire within the telephone interviews was experienced to be more successful than to conduct the whole interview. This conforms to recommendations made in literature: The risk of a long-winded and monotone conversation is reduced and the interview partners can focus on the most important questions. Telephone interviews have, apart from the time saving aspect, the advantage of low costs and maintaining the possibility to align and steer the interview according to the specific situation. In two cases the questionnaire was answered in a written form. This method requires low cost and time, while answering depends entirely on the personal will and commitment of the responding person. No additional information is transmitted in these cases. The three different methods chosen ensure that the required quantity and quality of answers is covered. Which method was chosen depends on the choice and disposition of the respondents.

The procedure followed within the field research contains 5 steps. The actors were chosen based on the information of the desk research. Secondly the responsible persons and the respective contact details were researched; in some cases advice was given in previously conducted inter-

views or by existing personal contacts. A personal E-mail was sent to the respective actor. This mailing included information about the research project, the reason for the choice of actor and the request for an appointment. Attached were a formal introduction letter, containing contact details and the background of the whole research project, and the questionnaire. Both documents can be found in the Annex. The E-Mail was written in German, the attached documents are formulated in English, as the whole project is carried out in English. In some cases the questionnaire was translated into German. This first mailing had a very low responds rate. Possible reactions after receiving are a) forwarding the message, b) responding (E-Mail or telephone) containing agreement or refusal, or c) no action. In case of a forwarded message with no further answer of the “new” contact, this person was again contacted via telephone. The same was done in cases where no reaction was shown. In cases where a positive answer was received a possible date was confirmed.

The biggest problem was the very low response rate. Often no response at all was received, if reasons were named these were: a tight time schedule, no interest, questionnaire seen as inappropriate with too unspecific questions and a too long questionnaire. Because the great majority of interview partners wanted to receive the questionnaire in advance, this was included within the first mailing. After some demands to shorten the questionnaire or setting a time constraint, this was done on own initiative to attract the interview partners and avoiding the argument of time constraints. In total 14 respondents answered the questionnaire representing the following institutions: Managing Authority, Certifying Authority, Joint Managing Authority for the cross-border Co-operation, Member of the European Parliament, Grüne Liga, Sachsen LB Corporate Holding, Chamber of Industry and Commerce Leipzig, Regierungspräsidium Leipzig (Regional Administrative Authority), Office for International and European Affairs of Leipzig, Representative of the German association of Towns and Municipalities in Brussels, NABU and the MDR. They provided essential information and important contributions for this thesis.

## 6.2 General results

The results of the questionnaire are structured to first outline the general “across –the-board” findings in this chapter, before analysing the respondents answers to the specific questions within the next sub- chapter.

The respond rate was very low, but the contact with the institutions who agreed for an interview was very friendly and informative. The official involved institutions and authorities were more willing to answer than the social and economic actors. This experience can be explained partly by the higher focus of the official authorities on the issue of European Regional policy. As they are officially involved they have the necessary resources and interest. In contrast the economic and social partners have their focus on their own activity areas; European topics are additional issues and not part of their daily work. A further explanation is to conclude from the low response rate on the involvement and interest of the actor in the policy process. The occurring of non-response in empirical studies has been analysed within literature. Main explanation is that the respondents lack the ability, motivation or accessibility to answer.<sup>90</sup> Accessibility is not seen as a main reason within this field research, as the E-mails were sent very selectively and checked against transcription errors. The two reasons lack of ability or motivation are difficult to assess, as no personal contact with the non-respondents existed. Lack of motivation can be explained for example by a general disinterest in the topic or an assessment of costs and benefits (respondent evaluated that the opportunity costs are higher than the benefit of answering<sup>91</sup>); lack of ability can be explained by missing involvement and information about the process. Both reasons, the lack of motivation and the lack of ability, suggest that the respondent is not interested in the research project. This acumination is not true for all rejections, but expresses the predominant made experiences. A major exemptions form the economic actors. None of the addressed companies answered

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<sup>90</sup> Schnell, R. (1997), Groves, R.M. et. Al. (2004)

<sup>91</sup> See for example Schräpler, J-P. (2006)

the questionnaire; still they prove to be very influential. The interviews were used to define the influence of the economic actors; their interests were generally supported by the officials if they are reasonable and deliver economic benefits for the region. A named example was a requested support for regional companies to participate on fairs and exhibitions outside the home region. This idea was adopted by the politicians, because it strengthened the regional companies and their competitiveness. The influence of the economic actors can further be explained by the orientation of the funds on economic objectives, e.g. the third priority axis in the OP is the improvement of the competitiveness of industry.<sup>92</sup> Moreover many of the regional companies received very high funding from the European Union when initially settling (BMW: 360 Million €<sup>93</sup>, AMD: 262 Million €<sup>94</sup>). These decisions are made not only at the regional level, but are supported by the national government and the European Commission. The companies are seen as important for the regional development, creating jobs and stimulating long term growth and competitiveness for Europe.

A second general experience is that most respondents are informed about the part of European Regional Policy which they are involved in; but rarely had knowledge about the whole process. Especially the specific flow of the finances and the trans-border co-operation programmes created uncertainty. The lack of information is not the result of a missing interest or ability, but confirms the complexity of the whole policy field and structure of the process. Especially the new funding period brought many changes. A second conclusion is that in the political reality the different objectives and instruments of European Cohesion policy are less interrelated than expected. The European Territorial Cooperation, specifically the cross-border co-operation, functions relatively independent from the ERDF and ESF in

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<sup>92</sup> Sächsisches Staatsministerium für Wirtschaft und Arbeit (2007a): p 229 ff.

<sup>93</sup> Bayrischer Rundfunk: <http://www.br-online.de/bayern-heute/artikel/0505/13-bmw-leipzig/index.xml>, last visited on 14. 08.2007.

<sup>94</sup> Mitteldeutscher Rundfunk: <http://www.mdr.de/mdr1-radio-sachsen/4682576.html>, last visited on 14.08.2007.

Saxony, even the financed partly out of the same sources and share some institutions.

A third general finding is that none of the regional respondents saw themselves as most influential actor. Firstly the European level is regarded as determining the general framework and legal context; secondly the regional actors often believe to be dependent on the national authorities. The third mentioned aspect is the existing interactions and co-operations on the regional level. Of course the official authorities are aware to be the deciding institutions, but still between them a certain dependency exists.

During the interviews existing conflicts were revealed. Firstly between the national and regional authorities the co-operation is not as smooth as expected. Some of the actors complained the national level does not use the influence they have to strengthen the authority of the regions, but instead tries to create a NSRF which mainly fits the own interests and the European guidelines and expectations. The SNA require more influence; the regions have to adapt their programmes to the national framework. This is especially a problem for the ESF. A national and a regional OP exist for the ESF. The regional OP has to be in line with the national OP. This requires close co-operation, it is an obstacle for the regions and delays the whole process. A similar conflict exists between the sub-regional and regional level. The cities feel to be not sufficiently included within the policy process. Most of the projects are operated on the local level; still the decision making is exercised by the authorities of the regional level. Sub-regional actors have only a limited influence. A third conflict revealed exists between the cities Leipzig and Dresden. Various reasons contribute to this conflict; some have their sources in Regional Policy. Firstly Dresden and Leipzig compete not only for European funding, but as well for investments, new industry settlement and attraction of new inhabitants. This conflict is further intensified by the fact that the government of Saxony is seated in Dresden. Leipzig feels disadvantaged, especially because it has been determined as a “phasing out” region. This created discontent, as the economic situation is not significantly better than in Dresden or Chemnitz. Moreover it is not located at the border towards Poland or the Czech Republic and thus not eligible for cross-border projects and funding under

objective three. The fourth potential conflict revealed, exists between the camps of the ERDF and the ESF. The funds Saxony receives are split between the two objectives. Every group aims to receive a share as big as possible. The final decision for the next period is 78 % (3091.14 Mio. Euro) of the funding goes to the ERDF and 22 % (871.86 Euro) is assigned to the ESF<sup>95</sup>. Still after this decision disaccord exist, expressed within the interviews.

A last general finding is the departure from the legal framework. Four main aspects were found. The ex-ante evaluation for the ESF happened to be developed at the same time with the OPs. As a result it can not be seen as an independent preceding document, but as a report made to fit the requirements of the OP. Second concern regards the transparency of the whole process. Data and processes are very difficult to inspect, e.g. results of already conducted programmes and information about current projects are very difficult to receive. Most information is only available on enquiry. Thirdly the principle of partnership

### 6.3 Evaluation of the answers given

The questionnaire is structured in 4 different parts, containing a different number of questions and sub-questions. Each of these parts is dealt with in the same order as in the interview; concerning the individual questions only the relevant answers are outlined. Responses not contributing or not being related with the research, are not listed.

The answers to the first part are different for each respondent, as it asks for data about the respondent or the institution. Size of funding, educational background and age were often not answered. Almost all institutions were founded or re-arranged in 1990, as a result of the re-unification. Often similar institutions existed before and were re-structured or adapted. In general most of the institutions have good resources, such as knowledge, staff and finance. Some receive public funding, e.g. the official involved

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<sup>95</sup> Sächsisches Staatsministerium für Wirtschaft und Arbeit (2007a): p. 18.

authorities. This leads to the conclusion that size, funding and knowledge do matter to influence the policy process and confirms the previously set up criteria to measure the influence. Still it is not a deciding criterion and it is likely that resources increase with the need of the actor. If it is very tentative to exercise influence, the actor tries to provide or increase the necessary resources. It is helpful to have the resources, but once sufficient resources exist the influence does not increase further.

Part two queries the most important actors on each level influencing European Regional Policy, from the perspective of each respondent. The answers of the different institutions are nearly consistent for each of the levels; as well they mainly confirm the findings of the desk research. The actors regarded as most influential on the **European level** are DG Regio and DG Employment. These were named without exception by all respondents. The Commission is seen to decide about the regulations and determine the general framework and context of European Cohesion Policy. Further the information office of Saxony in Brussels is mentioned, especially as a contact point to receive all important information and to have an authority “on-the-spot” for all new issues and direct influence. The European Parliament has been mentioned by many respondents. The respondents realised that the Parliament gained more influence; it is seen as working more closely towards the needs of the people. Especially the regional members within the European Parliament are perceived as important; they can use their political standing to influence as well outside the European Parliament. A citation from the interviews reflecting this view is, that the regional Members of the European Parliament have “ein Ohr an der Masse” (an ear for the crowd).<sup>96</sup> The Committee of the Regions was mentioned several times (with the comment of the existing democratic deficit) and the Eurocities network. The latter has an important information and network function especially for all sub-regional actors, while for the regional actors the Committee of the Regions is more important. Some-

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<sup>96</sup> Office for International and European Affairs, Leipzig.

times the Council was mentioned, specifically as being suggestible via the national or regional ministers of the respective departments and summit meetings (e.g. climate protection). Striking is that most respondents first referred only to the “European Institutions”, or “...the European Commission and the other institutions in general”. Only with further inquiry they differentiated between the various different institutions. The conclusion is that for many regional actors the European level is generally seen as one influential actor and their different competences and roles are not clearly perceived. A high level of influence is especially attributed to the European Commission.

On a **national level** the named actors are primarily the federal ministry of economics and technology, as well as the ministry of finance. The ministry of finance used to be responsible to design the NSRF, now this task is transferred on the ministry of economics and technology. With the creation of the NSRF the ministry decides about the overall national objectives and framework, which the regions have to adapt to. The ministry of finance remains responsible for financial matters, especially in cases of questions or disputes with the European Commission. Rarely mentioned, but of great importance, is the federal office for economics and export control (BAFA). It is subordinated to the Federal Ministry of Economics and Technology (BMWi) and functions as independent intermediate institution between the regions and the European level, considering financial flows (Bundesfondsverwaltung). This role within the policy process explains the relatively low attention. Even it plays a very important role for financing; it is not a “visible” actor for the general involved sub-national actors, only for the official authorities, e.g. the certifying authority. Further the federal ministry of employment and social affairs is mentioned as an important actor on the national level; but only by the regional actors involved in European Social policy. The different national ministries are mentioned to be involved in all issues where their specific policy field is concerned. The answers reflect the experience gained for the European level. Often as a first reaction the national government was named as main actors, without any further specification. The conclusion is that a great number of actors exists, which is regarded as influencing or intervening at some point. Even the NSRF is

designed by the federal ministry of economics; its content is coordinated with the other ministries and with the regions.

Additional to these ministries being regarded as influencing the European Regional Policy, the social and economic associations are mentioned. No specific associations are named, they are summarised as national umbrella organisations or interest representations being active on the different levels. Only in one case these were further specified by a regional environmental actor. The WWF was named as very active and important. They try to influence on a national level, as they can act more strategically than on the regional levels.

On a **regional level** the official authorities are named as most influential, especially the managing authority. Their role is to create the OPs and set up the management and control mechanisms. As well the Managing Authority is together with the Fund Operations responsible for the overall control of the programmes. The functions they have conform to the tasks assigned within the OP. Additionally the Monitoring Committee was a frequently given answer. In the MC political actors from all different levels are represented and social and economic actors. Its role is to give input into the design of the OPs, thus they can influence the whole framework for the next funding period and the projects. Respondents working within the area of Interreg IV – Trans-border cooperation attributed the Euregios an important position. They possess the necessary expertise for trans-border projects and have important contacts to further sub-regional actors. Within the context of the ERDF and ESF programmes the Euregios have not been mentioned as important actors. The state chancellery and in general the regional government have a greater importance than expected. They represent the region externally, within this role they often function as a medium between the regional authorities and the federal government. Because the regional government decided about the budget allocation and has an important political standing they are considered as very influential. Sometimes the responds referred to “the authorities in Dresden”, which indicates again the existing regional conflicts. “Dresden” not the official authorities is seen as holding the main authority and influence.

The sub-questions, with which institutions and persons a contact exists, and how often, is answered in a very unspecific way. Because the responses reflect the answers to the sub-questions of the next section (3.2 and 3.3) and portray a very similar situation, these two parts are summarised. The frequency of contact can not be determined; it depends on the phase of the policy process and on specific requirements for co-ordination. At the moment of writing relatively close contact existed, as the regional strategies and the OPs still were in process. Generally on the European level the institutions contacted most frequently for information, are the DG Regio and DG Employment, especially between the managing authority and the DGs a steady contact exist. Contact between the additional actors and the European Union exists only sporadically. For these the regional office in Brussels is a very important contact point, as well as the association of towns and municipalities. For the economic, social and additional actors their own umbrella associations on a European and national level are important for information.

On a national level for issues regarding the NSRF the federal ministry of economics and technology is contacted, for payment matter the BAFA and in cases of Commission investigations the federal ministry of finance. As mentioned earlier the regional ministries are often in contact with their responding federal ministries. A similar pattern is observed for all the other actors. Economic interest representations receive input from their national umbrella organisations, managing authorities mainly are in close contact with the federal responsible ministry and the certifying authority communicates much with the BAFA.

Intra-regional contacts and communications are broad, a network between the different actors and the official authorities exist. Between the official authorities a lot of communication takes place (for information and for the official processes). For the applicants the SAB (development bank of Saxony) is an important contact, because they design the criteria for projects and provide the relevant information. The Chambers of Commerce similar inform about the procedures, application processes and the funding possibilities. Once the projects are accepted the payment authorities and operating authorities receive more attention, they look after the projects

and form the intermediates between the managing authority and the applicants.

The question if a **shift of influence** between the European, national and the sub-state level was observed over the last two years, was by majority answered as no. The question was used by some respondents to criticise the strict regulations set by the European Union and the refusal to pass on some responsibilities. Striking is that most of the respondents referred only to the European and not national level, regarding criticism. Only three criticized the national position and approach, as not using the possibilities given by the European Union. The actors involved within objective three, the trans-border Co-operations, observe a shift of influence in the neighbour countries. It is assumed that within these countries a catching up process takes place. German regions have already more responsibility and autonomy than their neighbouring countries, resulting out of the federal system. In some of the other countries these responsibilities are transferred step by step from the national to the regional governments.

Section three of the questionnaire focuses on the knowledge about the **legal framework** of European politics. The answers available for evaluation were limited, because of three reasons: some of the respondents did not answer this question, it was left out within the telephone interviews (specifically because of the previous experience) and thirdly if answered this was often in a very broad and unspecific way. Many respondents were unsure about the intention of the question and avoided specific answers.

The respondents who did answer the question are informed about the terms and specific legal aspects. Including the very general answers, the conclusion is that the broad context of European politics is known, but for specific questions further information or expertise is necessary. Especially the new regulations create insecurity about the procedures. The majority of actors criticises the complexity. To meet all bureaucratic demands and all requirements is seen as difficult. More and more experts and consultancies are involved within the process.

The fourth section of the questionnaire focuses on the involvement of the actors within different **phases of EU Regional Policy**. In total a differentiation between eight stages is listed. The procedure is to go through all the phases and in each case outline the most important actors involved. The first stage is "Selection of eligible areas". Apart from the Managing Authority, none of the actors mentioned any competences to make this decision, commonly the European Commission was named as the responsible institutions. The European Commission creates the criteria and classifies all regions into the different funding objectives. The assumed procedure is that generally the criteria are set by the European Commission, but still via the Member States they are suggestible. The governments can state specific concerns and situations, e.g. name statistical effects and provide data. These can, in discretion of the European Commission, be considered or not. Via their national governments the regional authorities can thus influence the decision, but as well once the decision is taken they can influence on a regional level. Within the OP they can set the priority axes to focus on specific regional requirements.

The project proposals are written by the applicants themselves, none of the interviewed actors was involved within this stage. The Chamber of Commerce answered to be involved via consultation and information. This is officially provided, e.g. by the SAB, the intermediate authorities (e.g. ministries) and consultancies. The forms are received by the payment authorities, so they closely work together with the applicants. Because the SAB designs the application form and criteria they are as well involved. The same is true for the subsequent stage of the selection of projects proposals. Within Saxony all projects fulfilling the formal criteria are eligible for funding. Last year the unfavourable situation existed that not all funding was used; a repetition to waste any funding must be avoided. The (co-) funding of the approved projects is provided by the central pay office of Saxony. The graph used in chapter 5.1 illustrates the financial flows in more detail. Before the payments are made, the expenditure has to be proven. This required pre-financing is a burden especially for small companies applying for funding. The process is criticised as too costly regarding time and money needed. A good example to overcome this hurdle is a

project launched in Leipzig. An intermediate platform was formed. This supported the small and medium companies with pre-financing the projects and their implementation. This is the next step requested in the interview. The implementation lies within the responsibility of the beneficiaries. Some of the respondents are responsible for the implementation because they have own projects, e.g. the IHK, the office for international and European Affairs in Leipzig and Grüne Liga e.V. The beneficiaries are supported by the payment units and the fund operations; they are intermediate authorities towards the managing authority. The positions of the fund operating authorities is especially carried out by the different ministries and their internal subject specialisations ("*Fachreferate*"), they co-ordinate a whole bundle of different projects falling within their area of responsibility. On a level below the payment units (e.g. SAB) are responsible for concrete projects and look after their implementations.

The co-ordination takes place on two levels. Firstly on a strategic level it is ensured that the regional, national and European Fundings are coordinated. Concerning the Structural funds available for Saxony, the different funds have clearly defined mutual exclusive funding objectives; this ensures each project is always assigned to one of the specific instruments and can not use funding from different sources. On an operational level for each project and beneficiary this is checked by the payment authorities (mainly SAB and regional administrative authority).

According to the answers of the questionnaire different authorities are to a different degree involved in the evaluation and control. The financial control is carried out by the certifying authority and audit authority. The certifying authority forwards the attested expenditures towards the European Commission and ensures that the required funding is received and obsolete funding goes back to the Commission. The Audit authority works independently and conducts the secondary financial audit. These are prepared according to the international standards and forwarded to the European Commission. On an operating level each project is controlled by the beneficiary and the respective payment authority. The required indicators are provided and reported to the fund operating authorities or the managing authorities. The fund operating authorities check for irregularities and are

supposed to conduct randomly on the spot controls. Again these findings are transferred to the managing authority, which have the overall responsibility for the controls. They conduct the annual reports based on the received data from the intermediate authorities and are responsible for the final report. The Monitoring Committee is as well involved in the control and evaluation. They can conduct on the spot controls, but mainly they ensure the overall OP is effectively and properly performed. Finally the Commission is involved in the control; they conduct the ex-post control. The Control and Evaluation is monitored by a key-indicator system. Pre-defined indicators have to be reported, this system and the other conducted controls are all exhibited electronically. In how far the monitoring system is already set up is not known at the point of writing. The information gained in the interviews gave the impression that even within this funding period the control and evaluation system, as well as the transparency, received a lot attention, some aspects are still unsettled and need further clarification.

#### 6.4 Sub-conclusion

The constellation of the main actors involved reflects the results of the desk research.

The most influential group are the official authorities. They are responsible to manage the whole process taking place within the regions, from the strategic set up of the OPs to the evaluation and control. For each of these phases a different authority has the main responsibility, but generally once the European and national guidelines are designed the regional authorities are responsible for the further process and implementation. Apart from these intra-regional competences they have a chance to influence the national level via official discussions and meetings taking place. For the national strategy and the NSRF the decision power lies with the national ministries, close co-operation with the regional officials is an indicator for sub-national influence. Saxony benefits of the federal system, giving them a comparable strong position with their own competences and institutional autonomy. On the other hand to guarantee a stable system, federalism requires much coordination and bureaucracy between the different levels.

This was often criticised by the respondents. The authorities are as well in direct contact with the European level, mainly the DG Regio and DG Employment. Clearly the predominant source of influence is from the European Union; they set the legal framework and decide about the whole context of European Regional Policy (criteria for eligible regions, funding, regulations, etc.). This direct contact between the regional and European level provides for mutual discussions and a good information exchange. The SNA can directly formulate their problems towards the European level, not being dependent on the national government. Summarizing the influence of the SNA clear regional competences exist, while on a national and European level they have direct contacts and can use them to exercise influence. The official authorities are surrounded by additional actors; these can be divided into two groups: regional politicians and governmental actors constitute the first group, including state sponsored development agencies, SAB, IHK and the members of the MC. Institutions like the SAB and IHK are included, as they often participate on regional development meetings and have an advisory position. Within this group a mixture of public and private actors exists. Because of close relations, co-operations and partly with public finance supported private actors the boundaries can not clearly be drawn. This group is perceived as influential both in the strategic decision (the OP or the NSRF) as in the implementation process (projects, information and consultation of beneficiaries). Their advantage is to have formal and informal channels to lobby the official authorities and other important actors on each level; as well the authorities try to attract these actors. An example from the interviews stressing the importance of political standing is the lobbyism focused on a former regional minister, who is now assigned as federal minister (responsible e.g. for infrastructure). He presents an important regional contact within the federal government. The main decision making power will remain with the official authorities, but their decisions are influenced by the actors of this group with their expertise, resources and existing networks.

All other actors represent the second group. The influence of these heterogeneous SNA depends mainly on personal contacts (resources) and the specific policy issue concerned. Some interviewees complained of not

being sufficiently included, while others successfully bring in their interests. A named example is the efforts by environmental organizations, to reduce the heavy funding going into road work (infrastructure), which was not adopted. A subject meeting much support was the creation of a great “lake-territory” in the former mining areas south of Leipzig. The watering of these big areas led to the development of the biggest lake area in Germany, a recreation area for tourists, all kinds of water sport and new developed gastronomy. The specific issue, argumentation and personal contact are important and decide about the influence. Generally on a regional level a good network between the different actors exists. The authorities are interacting with the traditional political actors and the different interest groups.

In respect to some of the procedures the empirical research showed that the political reality differs in certain aspects from the legal framework. Some requirements are in theory suggestive and useful, but in practice not realizable. For example the ex-ante evaluations and the SWOT analysis are meant to identify the specific regional needs and form an important basis for the OPs. The evaluations are conducted, but their purpose changed. It is unlikely that in any region the SWOT analysis is carried out fully independently. The focus is always to address the issues which are on the political agenda. A similar political process which needs improvement is the principle of partnership. The concept is useful and important, but the current operation lacks clear strategies and regulations. The decision who is included and who stays out remains with the authorities— a lot of politicking is behind these decisions. A fairer inclusion independent of political factors needs further specification and clearer rules set by the European and national government. Similar requirements are needed for the evaluation and control process. Apart from these mentioned aspects that need further improvement, at the point of writing the region successfully fulfilled all requirements. The OP for the ERDF is already agreed by the European Commission, the OP for the ESF is still in process.

## 7 Conclusion

On a regional level a close network of different actors exists including the official authorities assigned to perform the tasks of European Cohesion policy and traditional political actors. The research showed that the regional decisions about the strategy and implementation are influenced by this variety of SNA. This proves an existing horizontal shift of influence, as described in the Theory of Multilevel Governance. The theory further assumes a vertical shift, acknowledging the multi-level character of the European Union. Within the research this shift is observed, too. All three levels are involved in the policy process; each is responsible for different stages and processes. The EU decides about the legal framework and the context of European Cohesion Policy; more specifically the Council determines the budget and the Commission the regulations and guidelines. On a national level the NSRF is set up, comprising the overall national strategy. Within this context the regions have the competencies to determine their own strategy and implementation. As long as the European regulations are met they enjoy political authority to design their own OPs according to regional requirements. Moreover the evaluation and control are a shared responsibility between the region and the European Union. The continuous evaluation is conducted by regional authorities, only the final control is done by the commission. This ensures problems are early recognized and can be strategically addressed. The Monitoring Committee is one of the key regional assemblies; it provides a good example for a horizontal and vertical shift of competences. It represents an additional actor to the regional government, taking over relevant tasks in the area of European Cohesion Policy. The Committee includes economic and social partners; as well officials from the national and supra-national level are represented.

For the future it is important to further develop the procedures. The political reality does not yet fully match the legal framework illustrated and certain problems remain. Especially the complexity of European Cohesion Policy is criticized and the high bureaucratic and administrative burden, these limit the transparency and efficiency. The suspicion exists, that many

decisions made have a political background and the funds are an important instrument for bargaining on all levels involved. The aim of a strong partnership between the different levels and various actors needs further strengthening. The theoretic guidelines continuously emphasize close cooperation, in practice this is not fully achieved. A stronger and independent position of the Monitoring Committee and equal voting rights of its members are a possibility to guarantee the involvement of different actors and a consistent control. Currently it gives still the impression of an institution not acting independently, but conforming to expectations. Some of these problems were already addressed by the new guidelines on Cohesion, it remains to be seen if improvement takes place within this new funding period.

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## 9 List of Figures

Figure 1: Graphic illustrating the structure of the thesis. _____	6
Figure 2: Administrative System within Germany specified on Saxony.____	19
Figure 3: Saxony _____	39
Figure 4: Map of Saxony (NUTS I) with plotted <i>Regierungsbezirke</i> (NUTS II), <i>Landkreise</i> (NUTS III) and eligible regions (grey-area). _____	42
Figure 5: Saxony's Administrative Structure for the ERDF and ESF. _____	50
Figure 6: Financial Flow of the ERDF in Saxony. _____	57

## 10 Abbreviations

abbr.	Abbreviation
AER	Assembly of European Regions
Art.	Article
CEMR	Council of European Municipalities and Regions
CoR	Committee of the Regions
DG	Director General
DRG	Democratic Republic of Germany
e.g.	For example [abbr. of Latin „exempli gratia“]
e.V.	Eingetragener Verein
EC	European Council
ERDF	European Regional Development Fund
ESF	European Social Fund
etc.	Et cetera
EU	European Union
EUZBLG	Gesetz über die Zusammenarbeit von Bund und Ländern bei Vorhaben der Europäischen Union
ff	Following pages
FRG	Federal Republic of Germany
GG	Grundgesetz
ibid	ibidem
MC	Monitoring Committee
NSRF	National Strategic Reference Framework
NUTS	Nomenclature des unites territoriales statistique
OP	Operational Programme

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SAB	Sächsische Aufbaubank
SNA	Sub-national Actors
SWOT	Strengths-Weaknesses-Opportunities-Threads
Cf.	Confer

## Declaration of Academic Honesty

I hereby declare to have written this Thesis on my own, having used only the listed resources and tools.

## Erklärung

Ich versichere an Eides statt, dass ich die nachstehende Arbeit eigenständig und ohne fremde Hilfe angefertigt und mich anderer als der in der Arbeit angegebenen Hilfsmittel nicht bedient habe.

Alle Stellen, die sinngemäß oder wörtlich aus Veröffentlichungen übernommen wurden, sind als solche kenntlich gemacht.

Ibbenbüren, den 19.10.2007

\_\_\_\_\_

## Annex 1: Questionnaire



## Interviewschema

University of Twente, Breuer-Westermann | Interviewnr. \_\_\_\_  
 Date: \_\_\_\_\_ Name respondent: \_\_\_\_\_ Name interviewer: \_\_\_\_\_

Before the interview starts (for the interviewer):

- Did the introduction letter arrive and are the contents known.
- Introduce yourself and the project.
- Do the personal details of the respondent match with known information of the interviewer.
- Ask whether it is ok that the interview will be taped.
- Ask whether the interviewee has any questions or remarks at this stage.
- Stick to the questions, read core questions from the page.
- Feel free to follow-up on question were possible.

## Agenda:

Section 1a: The sub-state actor  
 Section 1b: The respondent  
 Section 2: Policy field EU Regional Policy  
 Section 3: Actors involved in EU Regional Policy  
 Section 4: The actor and its involvement in EU Regional Policy

Concluding remarks

**Section 1a: The sub-state actor**

- 1.1 When was the institution founded?
- 1.2 What were the reasons for the establishment of this institution?
- 1.3 How is the institution being funded?
- 1.4 How big is the funding?
- 1.5 How big is the staff (in fte)?
- 1.6 What is the educational background of staff members?
- 1.7 Who has decision-making power?
- 1.8 Who is responsible for the annual report?

**Section 1b: The respondent**

- 1.9 In what year did you start working here?
- 1.10 Did you have experience in the same field when entering this institution?
- 1.11 What is your educational background?
- 1.12 What is your age?
- 1.13 What was your motivation for entering this institution?

### **Section 2: the policy field European Regional Policy**

- 2.1 How well are you informed about the following contents of the legal framework of EU Regional Policy:
- 2.1.1 the selection of eligible regions?
  - 2.1.2 the selection of projects?
  - 2.1.3 the application procedure?
  - 2.1.4 the involvement of a wide variety of actors (principle of partnership)?
  - 2.1.5 the committee system (Comitology)?
  - 2.1.6 the subsidiarity-principle?
- 2.2 Which institution or persons do you contact in order to receive information?
- 2.3 How often are you contacting the above mentioned institutions or persons in order to receive information?

### **Section 3: the actors involved in EU Regional Policy**

- 3.1 Which institutions and persons at EU level influence EURP according to you?
- 3.1.1 What is the influence of the mentioned actors?
  - 3.1.2 With which actors do you have contacts, and how often?
- 3.2 Which institutions and persons at the national level influence EURP according to you?
- 3.2.1 What is the influence of the mentioned actors?
  - 3.2.2 With which actors do you have contacts, and how often?
- 3.3 Which institutions and persons at the sub-state level influence EURP according to you?
- 3.3.1 What is the influence of the mentioned actors?
  - 3.3.2 With which actors do you have contacts, and how often?
- 3.4 Do you observe a shift of influence between the European, the national and the sub-state level over the last 2 years?
- 3.4.1 If yes, in which direction?

### **Section 4: the institution and the involvement in EU Regional Policy**

Are you involved in the following stages of EU Regional Policy:

- 4.1 Selecting of eligible areas
- 4.1.1 If yes, in what way are you involved?
  - 4.1.2 What are the bottlenecks with respect to work at this stage?
  - 4.1.3 What are the disadvantages of your work at this stage?
  - 4.1.4 What are the advantages of your work at this stage?
- 4.2 Writing project proposals
- 4.2.1 If yes, in what way are you involved?
  - 4.2.2 What are the bottlenecks with respect to work at this stage?
  - 4.2.3 What are the disadvantages of your work at this stage?
  - 4.2.4 What are the advantages of your work at this stage?
- 4.3 Selecting project proposals

- 4.3.1 If yes, in what way are you involved?
- 4.3.2 What are the bottlenecks with respect to work at this stage?
  
- 4.3.3 What are the disadvantages of your work at this stage?
- 4.3.4 What are the advantages of your work at this stage?
- 4.4 (Co-)Funding of projects
  - 4.4.1 If yes, in what way are you involved?
  - 4.4.2 What are the bottlenecks with respect to work at this stage?
  - 4.4.3 What are the disadvantages of your work at this stage?
  - 4.4.4 What are the advantages of your work at this stage?
- 4.5 Implementation of projects
  - 4.5.1 If yes, in what way are you involved?
  - 4.5.2 What are the bottlenecks with respect to work at this stage?
  - 4.5.3 What are the disadvantages of your work at this stage?
  - 4.5.4 What are the advantages of your work at this stage?
- 4.6 Coordination of projects
  - 4.6.1 If yes, in what way are you involved?
  - 4.6.2 What are the bottlenecks with respect to work at this stage?
  - 4.6.3 What are the disadvantages of your work at this stage?
  - 4.6.4 What are the advantages of your work at this stage?
- 4.7 Evaluation of projects
  - 4.7.1 If yes, in what way are you involved?
  - 4.7.2 What are the bottlenecks with respect to work at this stage?
  - 4.7.3 What are the disadvantages of your work at this stage?
  - 4.7.4 What are the advantages of your work at this stage?
- 4.8 Control of projects
  - 4.8.1 If yes, in what way are you involved?
  - 4.8.2 What are the bottlenecks with respect to work at this stage?
  - 4.8.3 What are the disadvantages of your work at this stage?
  - 4.8.4 What are the advantages of your work at this stage?
- 4.9 Others, .....
- 4.9.1 If yes, in what way are you involved?
- 4.9.2 What are the bottlenecks with respect to work at this stage?
- 4.9.3 What are the disadvantages of your work at this stage?
- 4.9.4 What are the advantages of your work at this stage?

**Concluding remarks**

Do you have further remarks concerning EU Regional Policy in Saxony?

Can we contact you for further information?

**Thank you for this interview**

## Annex 2: Information letter

Chris B. Breuer, M.A., M.Sc.  
PhD Researcher University of Twente  
Tel: +31-53489-4544  
Email: [c.b.breuer@utwente.nl](mailto:c.b.breuer@utwente.nl)

Contact name and  
Address of the SNA  
In the Region  
Saxony

Leipzig, July 10<sup>th</sup> 2007

Concerns: Interview

Dear Ladies and Gentlemen,

Starting from the early 1990's, there has been an ongoing debate in Europe about the question whether regional actors should be involved in the decision-making process of EU Regional Policy, especially the Structural Funds. With this debate still being a hot topic, the EU has pushed hard to involve regional and local tiers of government as well as different NGO's and societal pressure groups. Hence, a large variety of actors involved in EU Regional Policy is aimed for.

The University of Twente in the Netherlands is carrying out research dealing with the above mentioned (possible) influence of sub-state actors on EU Regional Policy. In the line of this research, main interest goes out to Saxony. Katrin Westermann, a Master student from the University of Twente, is momentarily residing in Leipzig and is carrying out empirical research in Saxony. She has elaborated you as a sub-state actor involved in the preparation, implementation and/or the evaluation of Structural Funds projects.

Herewith, we would like to ask you to participate in this project. Katrin Westermann would like to interview you on short notice and talk about the topics I just referred to. This interview would take approximately one hour. We would be very helped by your cooperation. In case of questions you can contact me at any time, my email address and phone number are listed above. Katrin Westermann will contact you on short notice and would be pleased to answer your questions as well. If you are interested, the results of the research will be sent to you by mail.

Hoping for your cooperation,

Sincerely,

\_\_\_\_\_  
(Katrin Westermann)

\_\_\_\_\_  
(Chris Breuer)