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Regional implementation of Multi-level Governance Type I – the European Cohesion Policy

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Abstract: The process of European integration has been promoting subnational mobilization activities in both federal and centralized states. The regions' activities in Brussels have been pushing forward research on the subnational level. From the conceptual work on multi-level governance (MLG) as the continuous negotiation taking place at different levels of governments that are nested at different territorial levels, their presence in Brussels has offered regions the possibility to become actors in different constellations. Regions are increasingly acknowledged as political spaces and as active actors within European policies, such as the case of Saxony-Anhalt. The paper deals with the active mobilization of Saxony-Anhalt within the multi-level governance framework of the European Union (EU) with regard to the development of the European Cohesion policy.

Keywords: multi-level governance, Saxony-Anhalt, European Cohesion Policy

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1. Introduction

The development of the European Union caused the displacement of arenas of policy-making and the increase in the number of relevant decision-makers, especially from outside the nation-state, making policy outcomes more unpredictable. Wright (1998: 44) argues that the EU membership 'has become a rallying political slogan for some localities' provoking institutional reforms, especially at regional level, and hampering traditional state regional policies by creating new networks and new tasks on regions. Hence, regions have been strengthening their existence at the European level and have been emerging as actors leading to regionalism movements. These developments are connected to the mobilization activities of subnational actors and their active participation within the framework of Multi-level Governance within the EU. This framework has moved beyond the conceptual approach to the understanding of how the EU works and has been put into practice by European institutions, such as the European Commission, the European Parliament or the Committee of the Regions, through the presence of the MLG framework in their position papers.

According to Benz (1998: 128), a region is to be understood as an intermediary structure incorporating activities which connect to the local specifics and that require coordination because of the existing interdependencies. This structure is also to be conceptualized as embedded in and constitutive part of a certain economic, political and cultural context. Hence, the EU provides the multi-level structure in which regions perform their activities.

Benz and Eberlein (1999: 331) argue that the process of European integration is challenging firstly due to its market competition specificities which seem to be more difficult at the regional level and, secondly, due to its demands of political representation and coordination which creates at the regional level, a two-fold need of adjustment. Hence, interest conflicts between public and private actors need to be tackled in order to facilitate the mobilization of regional resources and to improve their activities, their so called Europe-capability or '*Europafähigkeit*'.

From this perspective, the focus of this paper is on the contribution of Saxony-Anhalt as part of the regional, or subnational as it can also be expressed, level within the multi-level governance framework of the EU. Saxony-Anhalt was chosen as the case study because it offers a model of regional participation within the multi-level governance of the EU. Its participation encompasses both types of multi-level governance, as developed by Hooghe and Marks (2001). This paper deals with the first type of multi-level governance and how Saxony-Anhalt has contributed to the European Cohesion Policy from this perspective. The findings of the analysis emphasize the complexity of the EU functioning system and highlight, how a region can establish itself as stakeholder within this system.

2. The two types of Multi-level Governance

The concept of 'Multi-level governance' was elaborated and developed by Gary Marks (1993, 2001) and later developed by him together with Liesbet Hooghe (2001, 2003, 2009, 2010). This concept seeks to explain how the authority of central governments is dispersed vertically to actors active at other levels, such as the European supranational one, and horizontally to non-state actors (Gamble, 2004: v). This dispersion of authority has fostered the development of the subnational level, especially in countries with 'little tradition of regional government' (Gamble, 2004: vi). Marks (1993: 392) defines the concept of multilevel governance:

'(...) we are seeing the emergence of multilevel governance, a system of continuous negotiation among nested governments at several territorial tiers – supranational, national, regional, and local – as the result of a broad process of institutional creation and decision reallocation that has pulled some previously centralized functions of the state up to the supranational level and some down to the local/regional level.'

Tömmel and Verdun (2009: 1-2) define 'Governance' as the meta-concept describing the way the European Union functions. Accordingly, this concept comprises following elements:

- European policy-making processes, which encompass diversified procedures and practices, and combine formalized modes of rule setting with the informal practices of negotiation, cooperation and consensus building;
- A multilevel and multi-actor structure, which puts the European policy-making processes into practice;
- Diverging patterns of implementation;
- The umbrella under which all the above occur.

Therefore, the main argument is that through the supranational institutionalization the decision-making authority is no longer monopolized by the governments of member states (MS) but it is diffused to different levels of decision-making, namely subnational, national and supranational. As a result, the decisions are prepared by negotiations, which occur among the different territorial levels of governments. Looking at the developments within the EU, the concept evolved from nested to interconnected governance (Kohler-Koch and Rittberger, 2009: 8). Thus, the actors and their activities are as well interconnected. The proceedings from one level can influence the functioning of the others. Hence, the permanent communication among the different governance levels is a vital element for regions.

A further perspective on the characteristic of MLG is that it provides a 'sense of politics escaping from the control of nation states and becoming located in other agencies and institutions' (Gamble, 2004: vi). Nevertheless, the national governments still need to communicate with the European and the regional level, in order to coordinate, contribute to policy-making and make use of their decision-making authority.

Benz and Zimmer (2010: 18) argue that research results on the vertical allocation of competences within the EU propose to regard the EU and its member states as the same jurisdiction. The acclaimed drift of sovereignty towards the European level is merely a 'political process of dividing and sharing of competences', empowering the fact that patterns of multi-level governance apply for most European, national and subnational powers within the EU. These developments have also contributed to the theoretical development of the multi-level governance approach. Following this line of argument, Benz and Zimmer (2010: 19) argue that the power transfer towards the EU should no longer be considered as a zero-sum game, but it should be understood as a

search of solutions for interdependent tasks which reach beyond the national governments. Hence, analysis goes beyond the interplay between different levels and encompasses multiple actors with different backgrounds that fit into specific patterns of interaction that are characterized by their dynamics and flexibility and which the literature often describes as networks.

The MLG patterns within the EU depend on the content of the policies and on the competences the different levels have. Hooghe and Marks (2010: 18-20) differentiate between two types of multi-level governance. Type one is described as the one built upon the intellectual foundation of federalism. Its characteristics are: power sharing among several general purpose governments operating at different levels, bundled functions, non-intersecting membership and system-wide framework. Within this type, change normally means reallocating policy functions across existing levels of governance. The second type is based on task-specific jurisdictions, intersecting membership, many jurisdictional levels and flexible design. In Europe the first type of multi-level governance has been pushed forward by the simultaneous empowerment of supranational and subnational institutions. The EU bundles policy competencies that in other parts of the world are handled by numerous, overlapping and functionally specific jurisdictions. Most EU policies have a single unified jurisdiction. On the other hand, some salient features of the EU architecture are consistent with the second type, such as variable territorial jurisdictions, as a result of treaty derogations or distinct governance systems.

Multi-level governance embodies the contrasting visions of the collective European decision-making. Type I is at the heart of democratic elections, party systems and sustains a class of politicians who mediate the preferences of citizens into law. It is best suited to political deliberation on basic value choices in a society: who gets what, when and how, such as the distribution of European funds. Type II is oriented towards problem solving and efficiency. Either way, European governance has the recognition of its binding decision-making. The enforcement of these binding legislative acts of the EU is mostly being accomplished by the subnational authorities. But in some cases, these subnational actors manage to be part of the decision-making process, which they will later implement. This participation is based on prepared and established interests of the actors involved. (Hooghe and Marks, 2010)

The European multilevel governance has not emerged as a wish to federalize the European Union. The involvement of regional actors was intended as an instrument for improving the implementation of European Regional policy. The increased potential of regional actors to influence the European policies developed in time. But this should not be seen as a negative occurrence. (Conzelmann, 2008: 15) Another important aspect is the difference between the action scope and perspective of institutions and actors. Marks, Hooghe and Blank (1996: 348) differentiate between institutions and actors, as they understand institutions – of the state or of the EU – as ‘sets of rules’ and actors as ‘the particular individuals, groups, and organizations which act within those institutions.’ Hence, the concept of actor used in this work regards the institutional framework of action as well.

If Benz and Zimmer (2010) consider that the EU and MS are part of the same jurisdiction, the way territorial levels interpret governance may be different. This particular interpretation of governance is then reflected in the way institutions strategize their involvement in MLG.

The role of regional actors as active participants in European governance is increasing. This development is related to the incentives from the European Commission and its openness for the input of these actors, and to the actual input and participation of

subnational actors. In this regard, regionalization has been one process triggered by the European integration, followed by the actual mobilization of regional actors and their activity at European level and with European actors and institutions.

The base for the emergence of a regional component within European politics is the acknowledgement of regions as actors at the European level. This acknowledgement provides the opportunity for interaction between regional actors and the actors active and present at the European level. From this perspective, the research agenda also needs to examine regions as elements of the broader processes of politics. In this regard, Keating (1998: 78) acknowledges the emergence of regions as political arenas and actors which are part of the new system of decision making.

Keating (1998: 164) points out the dynamic interplay of interests that has emerged with the increased activity of regional actors who pursue regional interests. This takes place among the regions, the member states and the EU. The regions are not the solely actors striving to achieve something, but they become actors taken into consideration by European actors in pursue of their own policies. Carter and Paqueir (2010: 296) also envisage regions as spaces for politics in the context of regions being considered no longer objects but subjects of the European politics processes. Within this context, the activity of regions within the MLG framework of the EU relies on their mobilization.

Jeffery (2000: 1-2) uses the term of *subnational mobilization* in order to describe the activity of regions within the EU. Jeffery defines mobilization as the 'growing engagement of sub-national governmental actors with the institutions and processes of EU policy-making.' He enumerates the developments within the European Union which indicate mobilization: established formal involvement mechanisms for subnational actors within their state, mushrooming of regional information and liaison offices in Brussels, interregional cooperation especially due to EU programmes, treaty changes which introduced the possibility of subnational input into the Council of the EU, the creation of the Committee of the Regions and the establishment of the principle of subsidiary. (Jeffery, 2000: 2) On the other hand, Hooghe (1995: 177) notes that subnational mobilization can be used as an instrument to challenge state power and to support supranational authority, especially over territorial interest and a contested hierarchy problem.

Jeffery (2000: 3) draws the attention upon the variety of the subnational authorities and their ability to influence through their mobilization. He mainly argues that the influence-creating channels of access to EU policy-making for subnational actors are to be found within the Member State. Hence, Jeffery pleads that the concept of multi-level governance needs to be complemented with intra-state factors. Based on the proposition that 'SNAs mobilize in order to gain access and to exert influence on EU policy-making', Jeffery argues that the influence outcome on policy of subnational mobilization occurs under certain conditions. As he emphasizes that mobilization is not synonymous to influence, Jeffery connects the variation among subnational authorities according to their capacity and commitment to mobilize and their ability to transform mobilization into influence. According to Jeffery (2000), the extent of subnational mobilization is determined by the ability of actors to adapt to change and to transform the mobilization into influence.

MLG has been gaining importance, especially in the practice of European policies. The EU institutions identify the high degree of determination of the subnational mobilization and regional participation that the member states and their particular institutional and political setting have. Nevertheless, the EU and its multi-level governance system provide incentives for change. As Hooghe and Marks (2009: 19-21) argue, there are fundamental reasons for MLG. Firstly, there is the efficiency. According to economic

principles of public goods, the goods should be provided at the closest level to the beneficiaries. Secondly, MLG results and contributes to the development of democracy, especially in the case of the member states that joined the EU after 1980. The last reason in favor of MLG is that through European integration decentralization has been increased providing economic cooperation and competition among regions.

The next section shortly presents the way Saxony-Anhalt has made use of the MLG structure of the EU and has mobilized in order to contribute to the shaping of the European Cohesion Policy, sticking to a specific interest, namely that of developing rules for a category of transition regions as an funding eligibility category.

3. Regional participation of Saxony-Anhalt within MLG Type I – European Cohesion policy

European integration has offered great incentives for the German *Länder* created in 1990. Becoming members of the European Union meant not only attracting European funds but also implementing the European legislation. The adjustment and return to the federalism was a major challenge for the new *Länder*. Hence, active participation of the *Länder* in European policy-making processes was an instrument for improving their development within the European Union. This active participation has been implemented by Saxony-Anhalt with regard to the shaping of the regulations for the use of the European funds.

Hooghe (1996: 121-2) argues that the multi-level polity of European Cohesion Policy is made of 'a mixture of uneven, unequal unstable relationships and a compound of cooperative and unilateral strategies.' Then, how MLG indeed works depends on the governance and government culture of each of the institutions, their actors and the whole political constellation involved. If the *goodness of fit* between MLG and domestic institutions and their preferences gave a push to MLG implementation and the *misfit* between them had little impact, then the partnership principle had little impact on the territorial relations. As Bache (2004) points out, policy processes may involve multi-level participation, but this does not necessary means it will turn into multi-level governance. Nevertheless, actors from the local and regional level have the Committee of the Regions as a partner in Brussels, next to the Commission.

This section focuses on how the incentives of European funds trigger subnational mobilization for participation within the policy-making process of the European cohesion policy. The implementation and the use of these funds are managed within the member states, but the main regulations are decided at the European level.

The implementation of the European Cohesion policy depends on many European regulations. Among these, the defining ones are the regulation for the multi-annual financial framework (MFF), namely the EU budget for the seven years established periods, as in the case for 2007-2013 and 2014-2020, and the cohesion policy regulations. This policy is in a 'symbiotic relation' with other European policies such as state aid regulation or public procurement that are policies of the European internal market. (Bovis, 2011: 107)

The MFF regulation sets the financial amount for the policies for period of seven years. This amount is particularly important for the programming of the cohesion policy. The cohesion policy regulations contain the main rules and priorities for the use of the funds and provide the framework for the programming activities within the MS. Bovis (2011: 86) defines the process of programming, as 'a partnership-based decision-making

process, in several stages, until the measures are taken over by the public or private bodies entrusted with carrying them out.' The same principles, especially of partnership and MLG are the base of the common provisions for the use of the European funds for 2014-2020, as stated in Art. 5 of the Common Provisions Regulation (Official Journal of the EU, 2013: L347/341).

Partnership has been considered an important element of the implementation of the European Cohesion Policy. Officially, the partnership principle 'aimed to maximize the effectiveness of EC regional policy interventions by giving subnational actors a formal role in the implementation process for the first time' (Bache, 2004: 166). From a bottom-up perspective of MLG, partnership requires the participation of subnational governmental representatives together with the national and European authorities in all the processes of cohesion policy, namely the programming, the implementation and the monitoring of development programs (Marks, 1993: 396).

Ahner (2012) makes reference to the partnership principle enshrined in the regulations for cohesion policy. For this purpose, the functions of information and experience exchange are best implemented through the presence of regions in Brussels, mostly through their representations. Regional actors in Brussels organize discussions at which officials of the European Commission participate and at which they present the ongoing process of policy-making. This way, they gather as well information on the problems and challenges that actors from the territory are faced with. Such a challenge has been the statistical effect caused by the EU enlargement in 2004 that affected the eligibility of regions for the European Cohesion Policy.

For the 2007-2013 funding period, the regulation for the Cohesion Policy defined three categories of regions according to the objectives: the Convergence Objective, the Regional Competitiveness Objective and the European Territorial Objective. The Convergence Objective aimed to provide financial support for the regions whose GDP was less than 75% of the EU average. The shift occurred when the EU average GDP was calculated as EU-25 instead of EU-15. Then, the regions that had a GDP less than 75% of the EU-15 GDP average shifted above the 75% of the EU-25 GDP average. Hence, the regulation took into consideration this shift, adding the provision of transition financial support for the regions affected by the statistical shift. The goal for this transition aid was for those regions 'to complete their convergence process.' (Official Journal of the EU, 2006: L201/26). Moreover, such transition aid was allocated for the eastern *Länder* of Germany that were eligible for the transitional support. (Official Journal of the EU, 2006: L201/74) The precise amounts and percentages of funds allocated to the regions were based on the affiliation of the regions to the three categories, the Convergence Objective providing the highest support for the regions that were lagging behind economically.

The combination of the financial crisis and the reduced allocations of European funds provided for a strong incentive for subnational mobilization in the regions affected by such a shift, among which Saxony-Anhalt has been active before the 2004 enlargement. Its mobilization pursued to provide the European Commission with the information related to such changes within the regions. The Commission addressed this concern of the region. The statistical effect has been regarded in the Cohesion regulations for 2007-2013 but the regulation stipulated that it should end in 2013.

The European funds contributed to the modernization of Saxony-Anhalt. (Rannenberg and Wolf, 2002: 145-6) The statistical shift was mainly connected to an upgrade for Saxony-Anhalt that meant a decrease in the funds allocation. Saxony-Anhalt had the interest to continue receiving the highest amounts of EU funds in order to continue its development and deal with its economic situation after 1989, which meant among other

struggling to create jobs in order to reduce the unemployment and the debt. Thus, Saxony-Anhalt continued to gather support from other regions and to promote this interest at the European level. From this perspective, Saxony-Anhalt continued its mobilization for the support of an individual category of transition regions so that the EU would continue the financial support for the regions that managed to develop beyond the threshold of 75% of the EU average. These transition regions did not manage to develop so far that they exceeded the $\geq 90\%$ of the EU average, hence requiring further support.

The European Commission recognized the importance of the gradual development and the current regulations for the 2014-2020 funding period are based on the categories: less developed regions (GDP per capita less between 75% and 90% of the average GDP of the EU-27); transition regions (GDP per capita less than 75% of the average GDP of the EU-27) and more developed regions (GDP per capita less above 90% of the average GDP of the EU-27). (Official Journal of the EU, 2013: L347/382) An example for the way the transition rules work is:

'77. (...) In order to ensure the long-term sustainability of investment from the Structural Funds, to consolidate the development achieved and to encourage the economic growth and social cohesion of the Union's regions, regions whose GDP per capita for the 2007-2013 programming period was less than 75% of the average of the EU-25 for the reference period but whose GDP per capita has grown to more than 75% of the EU-27 average should receive at least 60% of their indicative average annual 2007-2013 allocation. (...)' (Official Journal of the EU, 2013: L347/330)

Even though the negotiations of the MFF and the allocation of European funds takes places among the MS within the Council and the EP, as co-legislator, regions have the opportunity to get involved in the early stages of the preparation of the regulations. Such an early involvement has been pursued by Saxony-Anhalt due to the acknowledged statistical effect on the funds allocation that the 2004-EU enlargement triggered.

The question of funds allocation is a complex one, in which both regions and member states play crucial roles. Dunford and Perrons (2012: 2-3) argue that the end result of the allocation process is that the formula-driven allocation mechanisms are overridden by politico-economic considerations during final allocations negotiations. The process of establishing the budget of the European Union involves the proposal of the Commission and the negotiations in the two decision-making bodies, the Council and the Parliament. The 'driving force in deciding the resources available for Europe-wide policies is the Member-States', especially deciding first on the expenditure ceiling. Hence, regions can contribute and present their interests especially during the drafting period of the regulations.

The government of Saxony-Anhalt pursued the development at the European level of the cohesion policy-making process and its progress. For this purpose, resources have been mobilized and they performed specific functions, such as obtaining information from actors at the European level but also providing the European institutions with information from the region required for the preparation of European policies. A further activity of Saxony-Anhalt was to cooperate with other European regions that were confronted with the same challenge of reduced allocation of European funds due to the EU enlargements. (Sălăgeanu, 2014)

The mobilization of Saxony-Anhalt took place through cooperation and information sharing on the one hand and through the use of their actors within European structures on the other hand. In the case of the latter practice, the Committee of the Regions' member from Saxony-Anhalt mobilized in the discussions around the Cohesion Policy. He was active as rapporteur in the case of regulation proposals or cohesion reports in

several cases. This activity gave him the opportunity to engage in discussions with officials from the European Commission and the European Parliament, to find representatives of other regions who shared the interests of Saxony-Anhalt and to contribute to the enlargement of the cooperation of actors with similar interests. (Sălăgeanu, 2014) These activities fit MLG Type I since they are contributing to policy-making processes and broadening consultations.

Since the existence of the Committee of the Regions, Saxony-Anhalt has not had many different members. Its members have been very engaged in the work of the CoR. Even though the CoR has no legal decision-making power, the inter-institutional cooperation has increased in the last years and through the ongoing exchange with the Commission, the European Parliament and lately with the European Council, the CoR has provided for another active channel for participation within MLG. The openness to the subnational participation has also been an element of the MLG understanding of the CoR. Moreover, the positions of the CoR need to speak for the all its members, not only for Saxony-Anhalt. Therefore, the use of the CoR can be perceived as an important element in designing the strategy of a region for participation within MLG.

The idea of transition regions needed to be disseminated. The actors from Saxony-Anhalt pursued this objective and contributed to the sharing of information to the European actors and among the regions. The use of the resources for the pursuit of the transition regions goal shows the characteristics of the MLG Type I. The institutional architecture maintains the structure of the elected legislature, the executive and the judicial system. The decision-making powers are dispersed across the jurisdictions. This aspect is further discussed when the subnational participation within MLG via the *Bundesrat* and the CoR is addressed.

In May 2011, the Commissioner for Regional Policy, Johannes Hahn, presented further information related to the cohesion policy within the framework of ordinary consultations. He indicated the dimension of multi-level governance in the cohesion regulations package and mentioned for the first time the safety net (minimal financial allocation) for the possible group of transition regions. (Landesvertretung Sachsen-Anhalt bei der EU, 2012:23-4)

Even though the category of transition regions was not endorsed at the beginning, the category is entailed in the cohesion package regulations for 2014-2020. This category sees for a specific aid allocation method, a higher co-financing rate – in between the one for less developed and more developed regions, as well as more flexibility for the choice of investment priorities. (Smets, 2013: 61)

Saxony-Anhalt mobilized at the different levels within the EU in order to get support for the regulation of the specific transition eligibility criteria. Promoting this particular interest was difficult due to the possible change of eligibility from one financial period to the next one. For this purpose, the actors accomplished different functions. On the one hand, there was the gathering of information especially from the European level on the policy-making process. Connected to this function is the function of representation of interests. These functions overlap each other and the function of partnership because Saxony-Anhalt did not act only on its behalf, but it also sought partners in regions with similar interests. Thus, Saxony-Anhalt has been involved in shaping the European Cohesion Policy at different levels, especially through the inner-state negotiations on position papers via the *Bundesrat* and through the Committee of the Regions, expressing the concerns of regions in the position papers.

Saxony-Anhalt has been using the inner-state channel to present its interests regarding the category of transition regions as well. It is obvious that regional needs can differ at some extent from the needs and interests of a member states in particular. Precisely in

such cases, the Commission has been enforcing the idea of adapting the use of cohesion policy to the needs of the regions. Hence, it can make a difference if the actors of a region struggle to be heard with regard to their specific needs. (Sălăgeanu, 2014)

In a nutshell, Saxony-Anhalt – due to its practice within the Federal Republic of Germany – has made use of its existence as a space for politics and pursued vertically its interests within the system-wide framework of the EU multi-level governance by promoting its case at the European and national level, and horizontally among the German *Länder* and the other European regions that shared its view. Through the MLG dispersion of authority, the European and the national level must work together when regulations are being decided. The created institutions, such as the Committee of the Regions, or regional representations in Brussels contributed with input in the form of information and position papers to the European policy-making process. The dynamics of the negotiations and the reform of the European Cohesion Policy were spanned over different legislature periods at all involved levels.

4. Conclusion

The Multi-level Governance approach is used as a theoretical framework because it has brought the attention to the role and the contribution of the regional level within the EU. MLG has been developing as a practice of the European institutions providing a working framework of the EU that wished to enhance the involvement of the regions within the overall governance processes. Since regions are active within the EU, they mobilize and become part of MLG.

Multi-level Governance gives an overview of the collective EU decision-making processes. The first type acknowledges MLG based on the federalist approach. The second type looks more into the task-specific issues and their specific jurisdictions. The engagement of regions within MLG was intended to contribute to the improvement of the implementation of the European Cohesion Policy. However, the increased participation of regional actors enlarged the scope of policy implementation towards contributing to policy-making activities.

The emergence of the regional component within European politics is based on the acknowledgement of regions as actors at the European level. This acknowledgement provides the opportunity for interaction between regional actors and the actors active and present at the European level. From this perspective, regions are analyzed as elements of the broader processes of European politics. Hence, regions can be conceptualized as spaces for politics that encompasses (collective) actors, their defined interests, coordination of their (collective) actions, public institutions and actors that manage related policy issues.

Jeffery (2000: 7-8) criticizes the fact that MLG is focused mainly on EU structural policy and, that the MLG approach maintains a top-down perspective focusing on the central state towards the European level. Nevertheless, the bottom-up mobilization process can be researched as well and can enlighten how regions that have specific interest can pursue them.

The specific interest that Saxony-Anhalt promoted in the years 2000 was the need of establishing rules and the category of transition regions within the regulations for the use of European funds focusing on the allocation of funds, especially after the EU enlargements from 2004 and 2007. This particular topic falls under the policy that provided the basis for the development of the approach of multi-level governance.

Saxony-Anhalt brought into the attention of the European Commission that through the accession of the new member states, the allocation of European funds would be shifting due to the statistical effect. Saxony-Anhalt was also affected by this. The statistical data lies at the core of categorization of regions for the European funds allocation. A reduction of funds due to the statistical effect posed a challenge for Saxony-Anhalt. In order to mitigate the reduction of funds allocation, the actors of Saxony-Anhalt addressed this matter and asked for transition rules and the introduction of a 'transition regions' category within the European Regional Policy, in order to ease the effects of European funds reduction.

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