

**Attaining Sustainable Development: An Examination
of the Planning of the 2007-2013 Programming Period in Greece**

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Abstract

In response to the need to balance the objectives of development, environmental protection and social cohesion, the EU has sought to develop a comprehensive response and has stepped up its efforts to develop its own vision on how to implement sustainable development. The EU's commitment to sustainable development was reconfirmed at the June 2006 European Summit when the renewed sustainable development strategy of the EU was approved. The implementation of this ambitious yet absolutely necessary framework is not easy. Already seven years have passed since the agreement of the first sustainable development strategy in Gothenburg, the first monitoring report issues in October 2007 notes mixed results with the overall conclusion being that "the European Union is *not* yet on a sustainable development path". More systematic and coherent policies and measures are required in order for the EU to change gear and implement its own commitments and decisions.

The renewed sustainable development mandate of the EU coincided with the finalization of the new EU Regional Funds regulations for the 4th programming period, 2007-2013. Despite the parallel preparation of these two significant processes, it was only after intense lobbying by the environmental NGOs and the intervention of the European Parliament that it was accepted to place the objectives of regional funds within the context of sustainable development and environmental protection and improvement, a significant change in language compared to the general statement guiding the 2000-2006 funding cycle. Additionally, the regulation provides specific reference to the need to respect the participatory principle and ensure the involvement of environmental NGOs in the planning process and requests the stringent application of a strategic environmental assessment prior to the approval of the new operational programmes. It is evident, therefore, that this new programming cycle had the potential to be designed and planned in a way that sets the EU on a sustainable development path. However, to what extent have the commitments made at a European level trickled down to the national and regional levels?

It is the aim of this paper to examine the extent to which the potential provided by the 2007-2013 EU regulations has materialized in the preparation of the new programming period in Greece. The choice of Greece is particularly interesting. Greece is an old Member-State experienced with the regional policy governance mechanisms as it has benefited significantly from EU funds. At the same time, unlike other EU-15 Member States, it remains as one of the main recipients of structural and cohesion funds. Having benefited from past programming cycles, it could be expected that Greece was ready to actually proceed with the transition towards a sustainable path of development. To what extent did Greece respond to this opportunity?

Since the implementation phase is only at its early steps, the analysis focuses, first, on the process of preparing the national strategic reference framework and the new operational programmes and, second, on the actual text of these documents as they were finally approved by the European Commission.

The paper adopts a synthetic understanding of the EU, recognizing that the multi-level governance perspective enhanced by observations relating to the functioning of policy networks provides the most accurate picture of EU policy-making. Although this paper focuses on only one Member-State, its conclusions will enable the identification of the challenges and limitations that hinder the realization of sustainable development through the application of the EU funds throughout the EU of 27 Member-States. Indeed, the paper ends with a set of recommendations regarding the implementation of the new funding cycle.

Introduction

The EU's commitment to sustainable development was reconfirmed at the June 2006 European Summit when the renewed sustainable development strategy of the EU was approved. At the same time the newly drafted regulations for the 4th programming period, 2007-2013 set sustainable development as the overarching framework for the application of the structural funds during the new funding cycle. The aim of this paper is to examine to what extent have the commitments made at a European level trickled down to the national and regional levels.

To address this question the paper begins with an overview of the linkage between the EU sustainable development strategy and the structural funds. It then proceeds with a presentation of the sustainable development provisions included in the 2007-2013 programming period, before providing an overview of the planning of the new period drawing from observations made in several EU wide reviews. The focus then turns to Greece, whose planning process and programming documents are closely examined. The paper concludes with observations and recommendations that draw heavily from the Greek experience but which can have broader and more general application across the EU as it tries to attain its objective of sustainable development.

Linking the EU Sustainable Development Strategy and the structural funds

Although it is possible to find references to sustainable development and its importance in earlier occasions, the groundbreaking moment of the commitment of the European Union (EU) to the principle of sustainable development was in 1997 during the Amsterdam revision of the Treaty establishing a European Community. More specifically, Article 2 includes sustainable development as it outlines the objectives of the Union as follows, while also highlighting all three – economic, social and environmental – pillars that are contained in its definition:

The Community shall have as its task, by establishing a common market and an economic and monetary union and by implementing common policies or activities [...] to promote throughout the Community a harmonious, balanced and *sustainable development* of economic activities, a high level of employment and of social protection, equality between men and women, sustainable and non-inflationary growth, a high degree of competitiveness and convergence of economic performance, a high level of protection and improvement of the quality of the environment, the raising of the standard of living and quality of life, and economic and social cohesion and solidarity among Member States. (*Emphasis added*)

Consequently, sustainable development has become a core objective of the EU, enshrined also in the most recent Treaty of Lisbon that is currently in the process of being ratified by the 27 Member States. The new article 2 of the revised Treaty outlines the EU tasks, including that “it shall work for the *sustainable development of Europe* based on balanced economic growth and price stability, a highly

competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment.” (*emphasis added*)

Following the recognition of sustainable development as a central EU objective, the EU developed and agreed upon a strategy that would implement this guiding principle. At its 2001 Spring Summit in Gothenburg (*Presidency Conclusions 2001*), the European Council approved the European Union Strategy for Sustainable Development entitled: “A Sustainable Europe for a Better World” (*A Sustainable Europe for a Better World 2001*). The Gothenburg Strategy clearly states that in order to achieve its objective it “requires that economic growth supports social progress and respects the environment, that social policy underpins economic performance and that environmental policy is cost effective” (*A Sustainable Europe for a Better World 2001*, 2). The Gothenburg Strategy, as it is known, sets forth a long-term strategy for the European Union. Since it clearly emphasizes the environmental dimension of sustainable development, it is viewed as complementary to the Lisbon Strategy, which, approved a year earlier, had a more immediate focus on growth and jobs.

A closer examination of the Gothenburg strategy reveals that it is grounded on the belief that “developed countries must take the lead in pursuing sustainable development” (*A Sustainable Europe for a Better World 2001*, 5). By adopting the ‘lead by example’ motto and by projecting a global responsibility, the strategy focuses on how “the EU should (...) [put] its own house in order” (*A Sustainable Europe for a Better World 2001*, 5). In particular, urgent action, far-sighted political leadership, new integrated approach to policymaking, participatory processes, and international responsibility are listed as requirements in order for unsustainable trends to be reversed. The Strategy focuses on six EU challenges: climate change and the use of energy, threats to public health, responsible management of natural resources, transport and land use management, the combat of poverty and social exclusion and ageing society. For each of these challenges, objectives and measures are detailed, while also cross-cutting actions to be taken are indicated so as to overcome the significant challenges that the EU faces. Finally, implementation and review steps are outlined.

Although presenting the details of the strategy is not necessary for the purposes of this paper, it should be mentioned that the Gothenburg strategy lists “regional imbalances” among the threats to sustainable development (*A Sustainable Europe for a Better World 2001*, 4). It is interesting to note, however, that the reference to this long-standing threat to the European Union is only included within the context of “transport congestion”. Nonetheless, the fact that differences in the level of development among EU regions are mentioned in the EU sustainable development strategy and, indeed, are listed under the main threats to which the strategy should respond demonstrates the recognition by EU leaders of the linkage between Cohesion policy and environmental sustainable development. Hence, it is not surprising to note that Cohesion policy and its upcoming, at the time, review was specifically included

among the policy areas whose planning and implementation should be reshaped in order to “improve policy coherence”. In particular, the Strategy provides that “[t]he Cohesion Policies need to improve their targeting of the least developed regions and those with the most acute structural problems –such as urban decay and the decline of the rural economy – and the groups in society most vulnerable to persistent social exclusion” (*A Sustainable Europe for a Better World* 2001, 6).

In December 2003, the European Commission presented a first review of the implementation of the commitments made by the EU at the Johannesburg World Summit on Sustainable Development the previous year (*The WSSD one Year on* 2003). The review highlights the need for further action and identifies the coherence of policies and the question of international governance as the two most important challenges that need to be overcome. Within the context of the first one, the Commission Communication recognizes the potential environmental impact that the cohesion and regional policies can have and; therefore, urges that measures implemented under these policies “be accompanied by an assessment of their environmental impact” (*The WSSD one Year on* 2003, 7). This recognition serves as a precursor to the requirement that all operational programmes for the 2007-2013 programming period had to undergo a strategic environmental assessment. However, it also demonstrates the persistent lack of environmental integration in this field of policy even if it still does not recognize the need for a sustainability assessment, in order to ensure the integration of all priorities into a meaningful whole.

The recognition of the linkage between sustainable development and the structural funds clearly constitutes an EU understanding as is revealed by examining several additional documents. In its stocktaking of the sustainable development strategy, initiating its first review, the European Commission mentions the potential contribution of structural funding to the promotion of specific objectives. For example, in the section on taking stock of progress on the different issues, the role of regional funds in promoting measures to mitigate climate change is highlighted. The same is true of the contribution of the EU regional policy in combating poverty and social exclusion. The role of the cohesion and regional policy in promoting improved management of natural resources, land-use and the urban environment is also mentioned (*The 2005 Review of the EU SDS* 2005, 13-16).

Furthermore, in its June 2005 meeting, the European Council emphasized once more the role that the structural funds can have in promoting the Lisbon agenda, perceived within the context of sustainable development. The European Council concluded that “to refocus priorities on growth and jobs [...] all appropriate national and Community resources – including the cohesion policy – must be mobilised to a greater degree in the [Lisbon] Strategy’s three dimensions (economic, social and environmental)...” (*Presidency Conclusions* 2005b, par.9) Specific mention of the 4th programming period, 2007-2013 had already been made at the immediately previous European Summit in which it was noted that “the financial perspective for 2007-2013 will have to provide the Union with adequate funds to carry through

the Union's policies in general, including the policies that contribute to the achievement of the Lisbon priorities” (*Presidency Conclusions 2005a*, par. 7).

The contribution of structural funds is also highlighted in the European Commission’s proposal for a renewed sustainable development strategy in December 2005. It goes without saying that the section on policy coherence no doubt refers to all internal and external EU policies. However, and within the context of the application of impact assessments, i.e. one of several available policy tools to improve policy coherence, there is a specific call to “strengthen synergies between environmental protection and growth” within the context of the application of the structural and cohesion funds (*On the review of the SDS 2005*, 14). Similarly, although the strategy aims at integrating the promotion of the listed objectives in all EU policies, it highlights the contribution of structural funds in the promotion of energy efficiency within the context of mitigating climate change (*On the review of the SDS 2005*, 7). Nonetheless, it is clear from the spirit of the strategy that the application of structural funds should be revised in order to meet the objectives defined within the proposed revised strategy, meaningfully contributing to the European, and by extension, global challenges to which the strategy is an answer.

The EU’s commitment to sustainable development was reconfirmed at the June 2006 European Summit when a renewed sustainable development strategy was approved since it was made clear from the extensive review process that the unsustainable trends to which the 2001 strategy was supposed to respond have far from reversed (*Renewed Strategy EU SDS 2006*). More emphatically, six years since the agreement of the first sustainable development strategy in Gothenburg, the first monitoring report issued in October 2007 notes mixed results with the overall conclusion, however, being that “the European Union is *not* yet on a sustainable development path” (Eurostat 2007, vii). More systematic and coherent policies and measures are required in order for the EU to change gear and implement its own commitments and decisions. It is exactly towards this direction that the revised strategy aims, as it provides more detailed and focused provisions that are oriented towards the delivery of results and the meeting of the EU targets that are provided for in the Community legislation.

Within the renewed 2006 sustainable development strategy, the role of economic and financing instruments is analyzed in a separate section. In particular, Members States and the Commission are urged to focus on complementarities and synergies between the different EU funding streams in order for “EU funding to be used and channeled in an optimum way to promote sustainable development”. Among the funds included in this section, those drawn from the cohesion policy are the first to be listed (*Renewed Strategy EU SDS 2006*, par. 22-25). The fact that cohesion policy is mentioned in this context highlights not only the potential contribution to sustainable development that structural funds can have, but also, in a subtle way, accepts the potential and actual negative role they can have, urging for greater attention to be paid on the need for synergy and complementarity among the different funds.

Sustainable development and the 2007-13 programming period

The first occasion to examine the extent to which sustainable development has been integrated into the EU Cohesion policy was the drafting of the regulations regarding the new cycle of EU funding, that is, the regulations regarding the 4th programming period, 2007-2013. Following lengthy negotiations, due partially to the delay of Member-states to agree on the budget of the new programming period, the regulations were finalized in July 2006, a mere six months prior to the beginning of the new funding period. An analysis of the content of the regulations reveals the gradual change in the relation of the EU funds with sustainable development.

For the first time, sustainable development is clearly listed among the objectives of the Structural Funds (art. 3). In particular, art. 3.1 of the General Regulation makes the following strong statement: “the action taken (...) shall be designed to strengthen the economic and social cohesion of the enlarged [EU] in order to promote the harmonious balanced and sustainable development of the Community.” In addition, the same article provides that “by strengthening growth, competitiveness, employment and social inclusion and by protecting and improving the quality of the environment” the EU Funds “shall incorporate (...) the Community’s priorities in favour of sustainable development”. In other words, the Regulation sets sustainable development as a core objective of the application of the EU Funds, recognizing its tri-pillar dimension, and the need to balance economic, social and environmental priorities. The commitment to sustainable development is further strengthened in article 17 of the same Regulation which prescribes the application of the EU funds within the overarching of sustainable development. Despite the fact that the new regulations were being negotiated while the renewed sustainable development strategy was being drafted it was only after intense lobbying by the environmental NGOs and the intervention of the European Parliament that it was accepted to place the objectives of the regional funds within the context of sustainable development. Particular emphasis is given to the environmental dimension, which is specifically highlighted in article 17. This reference is not without significance given that among the three pillars of sustainable development, the environmental one has been the weakest priority as far as the traditional prioritization of EU funds is concerned. (*General Provisions Regulation No 1083/2006* 2006)

While these broad and overarching provisions are included in the General Regulation, similar references can be found also in the specific regulations of each one of the EU funds, that is, the European Regional Development Fund (ERDF), the Cohesion Fund (CF), and the European Social Fund (ESF) (*ERDF Regulation (EC) No 1080/2006* 2006; *ESF Regulation No 1081/2006* 2006; *Cohesion Fund Regulation No 1084/2006* 2006). Sustainable development is listed among the objectives of all funds under the articles on the purposes of the each of the funds. In addition, and perhaps of greater importance

as far as the allocation of funds is concerned, sustainable development, and its components are included within the scope of assistance of each of the funds. In other words, specific provisions are made within the new Regulations that allow, but do not compel, the funding of projects that aim at setting the European regions, the Member-States, and by extension the EU as a whole on a sustainable track.

It is worth also mentioning that the General Regulation provides specific reference to the need to respect the participatory principle within the context of promoting sustainable development (Art. 11, *General Provisions Regulation No 1083/2006* 2006). Cooperation, consultation with and participation of social and environmental actors in the planning process of the National Strategic Reference Frameworks and the new Operational Programmes, as well as, in the implementation phase of the new programming period can provide the substantive difference that will ensure that funding will be directed towards sustainable development. Applying the partnership principle can ensure that funds will not be directed to “business-as-usual” projects with given results, but will be directed in an innovative way towards the attainment of the sustainability objectives that the EU has committed to.

Examining the planning of the 2007-13 programming period

From the above discussion, it should become evident the new regulations provide the necessary foundations as well as the opportunities to make the 2007-13 programming period the turning point with respect to the use of the Funds and their impact on the environmental and social priorities of the EU. The new seven-year programming cycle had the potential to be designed and planned in a way that would embark the EU on a sustainable development path. The question that arises is to what extent have the commitments made at a European level trickled down to the national and regional levels. To what extent, that is, can evidence be found to demonstrate that the new programming cycle has been designed and planned differently than the previous periods and that the funding opportunities are to be used differently by the Member-States and the regions.

A complete answer to the question of the effectiveness of the new programming period cannot be attained until the end of 2013, or given the N+2 or 3 rules, until the actual, not only the nominal, end of funding cycle. With the hindsight of completed projects, evaluated programmes, so on and so forth one can determine in full the impact of the 2007-13 period. Nonetheless, it is not impossible to induce some conclusions even at this early stage, focusing only on the first phase of the programming period, which has been already completed. The focus is on the planning and the design of the new programming documents that include the priorities that will guide the implementation of the funds for the next seven years. The negotiations between the European Commission, the Member-States and the regions have been concluded, and the texts of the National Strategic Reference Frameworks (NSRFs) and of the Operational Programmes (OPs) have been finalized, at least for the most part. Drawing from these documents, it is

possible to articulate a first response to the questions posed. By examining the planning process as well as the content of the documents that were produced, we can determine the extent to which the provisions of the new regulations have been taken into account.

Several EU-wide reviews examine whether the Member-States have made use of the sustainability provisions in the planning of the new programming period. Two of these reviews were published by NGOs before the finalization of the programming documents in an attempt to influence the negotiation process. The first of the two reviews, published by CEE Bankwatch and Friends of the Earth Europe entitled “EU Cash in Climate Clash” focuses on the planning of the new programming period in the new Central and Eastern European Member-States with respect to climate change (Konecny 2007). Published in April 2007, the report is based on draft OPs, as these were submitted to the European Commission, and only partial funding allocation data; nonetheless, the findings are significant. The premise of this report is that the EU funds have the potential to guide the new Member-States into a climate-friendly development, which would, in addition to other benefits, contribute to the attainment of the EU’s objective of reducing 20-30% of its greenhouse gas emissions by 2020. A potential already recognized in the review of the sustainable development strategy in 2005, as was mentioned in the first section of this paper. The report examines whether the draft programming documents reflect such an orientation of funds towards renewable energy, energy efficiency and sustainable transport. The results present some differentiation among Member-States. For example, Lithuania had committed to allocate 5.4% of its EU funds to energy efficiency and renewable energy projects, while Poland and Hungary have allocated just about 1% of their total EU funds to these priorities. The situation regarding the transport sector presents similar differentiations, with a common and striking imbalance in favor of road infrastructure. Although it is true that the CEE-10 countries require significant investments to upgrade their roads, there is no doubt that similar investments are needed for other modes of transport as well as for urban public transportation. However, the weight of investments, still lies heavily on road infrastructure (Konecny 2007, 12-13). A definitive conclusion cannot be reached based on the results of this study on how the EU funds will be allocated. However, the trends that are highlighted demonstrate that there is a significant possibility that the potential provided by the Regulations to direct the EU funds towards mitigating climate change have not been taken on board, with some differentiation among Member-States.

The second NGO report, by WWF, is entitled: “How green is the future of the EU Cohesion Policy?” draws similar conclusions (Lang 2007). By examining 11 Member-States, old and new, the scorecard is broader than the one of the other two NGOs asking “to what extent Member States implement legally-binding principles such as the principles of partnership, environmental integration and sustainable development.” Similarly, to the previous study, the analysis is based on draft documents as well as on the

NGO's own experience in the planning process. The report points to striking differences across the examined Member-States as far as the preparation of the new funding period is concerned with the involvement of environmental actors in the process of drafting the NSRF and the OPs in each country. Although this is to be expected, given the requirements of the subsidiarity principle, the report notes that "there are no minimum criteria for the key principles of partnership and environmental integration, sustainable development and transparency" (Lang 2007, 18). Particularly worrisome are the finding regarding the way that the strategic environmental assessments (SEAs) were conducted across the examined Member-States. Since this was the first time that the SEAs were applied so broadly, the variation in experience in the 11 Member-States presented reaffirms the conclusion that there are no minimum criteria for key provisions.

With respect to the content of the documents, a worrying conclusion is reached "we counter the use of sustainability as a 'buzz-word' that might have no meaning attached to it and that does not lead to substantial changes in the programming priorities" (Lang 2007, 20) Indeed, the scorecard analysis highlights the discrepancy between rhetorical declarations and the actual funding allocation, which seem to be used towards potentially harmful projects for the environment. Based on the scoring methodology developed in this WWF analysis, within a range of scores from 0 to 6 with the highest score demonstrating higher performance, most Member-States score between 2 and 4 showing the unclear situation with respect to the allocation of funds during the 2007-13 programming period.

The tone of both reports that point to discrepancies among legal commitments and actual implementation as well as to significant differentiation across Member-States is somewhat reflected in a Progress Report on the EU Sustainable Development Strategy prepared for the European Commission by the Dutch consultancy ECORYS (ECORYS 2008). The report examines different aspects of the sustainable development strategy including the relation with the structural funds. This relation is characterized as controversial while the direct contribution of the structural funds to sustainable development as uncertain. The report notes that while significant amounts are allocated to basic and road infrastructure, in countries such as Poland, there are also potential positive contributions of the funds to other priorities, including for the creation of needed environmental infrastructure, in particular in the new Member-States, and to the social dimension of sustainable development, especially through the Operational Programmes on Human Resources (ECORYS 2008, 131-132).

The last EU-wide report that will be mentioned here within the context of whether the regulatory provisions have been taken on by the Member-States as they prepared for the new programming period is the European Commission Communication on the negotiations' outcome (*On the results of the negotiations* 2008). This review indicates that about one third of the EU funds for the 7-year programming period is allocated to environmental priorities, an exaggerated percentage given that it

contains also the allocation of other priorities listed subsequently also separately. Indeed, looking more closely at the funding allocation dedicated specifically and directly to environmental protection and risk prevention the percentage is reduced to 14.5% of the EU funds. Similarly, specific investments related to energy efficiency and renewable energy account for 2.5% of the complete cohesion budget. On the other hand, the priority of accessibility, when examining the EU as a whole, seems to indicate a more fair distribution of funds between road and other modes of transport, than was the case when CEE Bankwatch and Friends of the Earth Europe examined the CEE-10 draft programming documents. Similar to the previous studies, however, and by looking closely at the data provided by this report on funding allocation, one notes significant differentiations among the use of the funds across Member-States, which although is anticipated it remains revealing regarding the different ways in which the funds can have an impact. In other words, despite the provisions of the Regulations there is no strict imposition on the use of the funds except for the recent Lisbon earmarking requirement which had as a consequence significant investments to be directed towards innovation, the knowledge-economy etc. Without a similar earmarking requirement for specific components of sustainable development, and in particular, for environmental protection, the distribution of funds across priorities remains varied.

The case of Greece

The above reviews provide a sufficient background on the situation among the EU-27. A closer examination of each Member-State would obviously provide more detailed observations. Given the limitations surrounding the preparation of this paper, this was not possible. Instead, the paper examines more closely the situation in one particular Member-state, Greece. Acknowledging all the limitations of a one-country case study, it is maintained that Greece makes an interesting country to study for several reasons. First, it still benefits significantly from EU regional and cohesion funds, despite being an EU member for more than 20 years. Indeed, Greece remains high on the list of recipient countries, being 8th among the EU-27, receiving €20.4 billion from ERDF, ESF, CF and other EU funds. Second, Greece is not a new Member-State starting to benefit from the funds only now. Hence, with its experience of planning for a new programming period, the country has the hindsight to understand the impacts that the use of the EU funds can have and, accordingly, make more informed decisions on the allocation of the EU funds. Third, Greece comprehends that in all likelihood this is the last time it will benefit from EU funding so significantly. Already in this programming period, some of Greece's regions do not fall under the Objective 1 regions, i.e. Greece for the first time includes both phasing out and phasing in regions. Having benefited from past programming cycles, it could be expected that Greece would be ready to actually proceed with the transition towards a sustainable path of development using, possibly for the last time, such amounts of EU funds to their greatest potential. The question posed, once more, is to what

extent Greece responded to the opportunity provided by the 2007-13 programming period and how was the preparation for the new period undertaken.

Sectoral OPs	EU funds allocated
Competitiveness & Entrepreneurship	ERDF: €1,291m
Environment & Sustainable development	ERDF: €220m, CF: €1,580m
Improvement of accessibility	ERDF: €1.583m, CF: €2.117m
Development of human resources	ESF (Convergence): €2,191m, ESF (Competitiveness): €69m
Education & life-long learning	ESF (Convergence): €1,396m, ESF (Competitiveness): €44m
Digital convergence	ERDF: 860m
Improvement of Public Administration Efficiency	ESF (Convergence): €490m, ESF (Competitiveness): €15m
Technical Assistance	ERDF: €192m
Regional OPs	
Attiki	ERDF: €2,438m
Dytiki Ellada – Peloponnisos – Ionia Nisia	ERDF: €914m
Makedonia – Thraki	ERDF: €2,675m
Thessalia – Sterea Ellada – Ipeiros	ERDF (Convergence): €738m, ERDF (Competitiveness): €367m
Kriti & Nisia Aigaiou	ERDF (Convergence): €731m, ERDF (Competitiveness): €140m

Table 1: EU funds allocated to each Operational Programme for the programming period 2007-13 for Greece. The table does not include funds that are to be used for the European Territorial Cooperation objective nor an amount of the structural funds (€159m) that Greece has decided to maintain as a separate National Contingency Reserve. The complete text of the NSRF and all OPs is available online at the NSRF website (Ministry of Economy and Finance).

The examination of the case of the Greece begins with a review of the process undertaken when planning the 2007-13 programming period prior to examining the content of the programming documents. In the background of this discussion, one should have in mind that the preparation of the new period was influenced by the long and fierce negotiations regarding the EU budget and at the same time as the EU regulations for the new programming period were being formulated and finalized. Some of the uncertainty and the delays noted in the preparatory phases, therefore, may be explained by the fact that the rules of the process were also being delayed and underwent change. Nonetheless, for the most part the planning process was based on draft regulations which do not contain many differences when compared to the final text.

The preparation of the NSRF as well as the overall coordination of the planning of the new programming period fell within the responsibility of the Ministry of Economy and Finance, which, generally speaking, applied the partnership principle and oversaw a rather open consultation process. However, because of its rather centrist approach several inter-ministerial conflicts arose, including with the Ministry of Environment, Planning and Public Works, at least during the earlier part of the process. In addition, it should be noted that although the drafting preparation had begun earlier it was not until the summer of 2005 that the planning process became more open with large conferences and thematic meetings organized inviting social and environmental stakeholders. Even so, no more than two

environmental partners participated in the process, while there were significantly more social and labour organizations represented. Despite the overall characterization of the consultation as open, it should be noted that there was a long period of silence, during which partners were left in the dark wondering what the developments in the programming process were. These long periods of silence can be contrasted to the occasional rushed processes, high profile conferences or substantive meetings for which documents were sent to be commented upon days or even hours prior to meetings. There was also one occasion when the document submitted to consultation was distributed at the consultation session, creating considerable reaction among participating stakeholders.

Stakeholders were asked to comment on the draft NSRF but no feedback mechanism was established to acknowledge or respond to the written comments submitted. Nonetheless, there were occasional presentations of summaries of the contributions indicating to the participating audience of different meetings that comments were indeed taken into account. In addition, there was one occasion when a follow-up meeting with stakeholders was organized by the Ministry, to which only the actors that had submitted comments were invited, demonstrating further that the bureaucratic machinery of the Ministry was indeed processing and benefiting from the ideas of the contributors, even though the processing of comments could have been organized in a more open way. Furthermore, in an effort to lead a transparent process, the Ministry had also set up a website for the 4th programming period where several documents, presentations, position papers and minutes from the national development conferences were posted. However, neither the draft NSRF nor the comments submitted by different stakeholders were promptly published. In spite of all the efforts made by the Ministry of Finance to conduct a process much more open than had ever before been organized prior to a funding period, the shortcoming cannot be underestimated. Perhaps the most significant being that in the end the NSRF was submitted to the European Commission with only a very early draft being submitted to an organized consultation. This resulted in unnecessary speculation around the content of the NSRF since for several months before the final submission became public there was no revised text that could provide the strategic guidance for the planning of the OPs, at least among the partners that were not participating in the closed-door inter-ministerial meetings, that is, all social, environmental and other stakeholders.

The more open and participatory approach of the Ministry of Finance is markedly different from that adopted by most other ministries and by the regions as they were developing the OPs. At the regional level, even though some early conferences – serving for the most part as brainstorming exercises – had been organized during the summer of 2005, no systematic effort was made to follow up on the observations made and to undertake an open and organized consultation process. The case was similar with most Ministries which were responsible for the preparation of sectoral OPs. To illustrate this point, during the meeting of the monitoring committee of the Environment OP (for the 2000-2006 period) in

November 2005, it was pointed out that a consultation process would take place for the upcoming programming period sometime early in 2006. In the end, the consultation process was organized in March 2007 after the first draft OP on Environment and Sustainable Development had already been submitted to the European Commission for review(!). The only Ministry to have organized a consultation on a draft document providing adequate time for commentary was the Ministry of Development, responsible for drafting the OP on Competitiveness and Entrepreneurship. Indeed, this Ministry's initiative sparked meetings by other ministries, specifically of the Ministry of Tourism, which tried (successfully) to influence the content of the OP towards further support of the tourism sector. Despite this well organized process, no feedback mechanism had been set up and the final OP was submitted to the European Commission without being placing a revised draft to a consultation process once more.

From the above discussion, it can be concluded that the application of partnership principle for the 2007-13 period was improved compared to the planning for the 2000-06 or other previous programming periods. Given the regulation requirements for openness and active participation of stakeholders meetings were organized, documents were distributed and websites were created. Indeed, one can say that more weight was given to the provision of information. In the end, despite delays and shortcomings one was able, even with difficulty, to have access to some information. The situation became even more difficult when a stakeholder intended to participate in a consultation process and provide comments. Then, there was a clear lack of an organized process that could provide feedback and keep track of the different contributions in an open and transparent way. It is possible, and given the content of some of the programming documents even probable, that comments by the different stakeholders were taken into account by those drafting the NSRF and the OPs; however, the stakeholders hardly received any feedback or even recognition of receipt of their submitted comments. Despite these observations a noticeable difference can be found when comparing the central planning orchestrated by the Ministry of Economy and Finance and that organized by the other ministries and the regions. Further improvement is needed on the way that the partnership principle is implemented, not only prior to the next funding cycle but also throughout the implementation of the 2007-13 period.

Proceeding from the planning process to the content of the programming documents, it is worth noting that the total budget of the NSRF, including European, national and private funding, of €39.4billion is to be distributed among eight sectoral and five regional OPs. A detailed presentation of these OPs and their budgets (based on EU funds) is provided in table 1. Without examining the content of the OPs, only by observing their titles, it is striking to note that there is an OP entitled "Environment and Sustainable development". Although it cannot be characterized as negative that funds are specifically allocated towards this priority, and, in particular, towards environmental projects, the fact that one specific OP includes in its title "sustainable development" as a priority, seems to indicate that the

objective of integration and, indeed, the idea of sustainable development being the overarching framework of the 2007-13 period, as articulated in Article 17 of the General Regulation, has not trickled down to the Greek national planning. Indeed, while the National Strategic Reference Framework (NSRF) lists goals that contain all the key words and components of sustainable development, it does not set sustainable development as an overarching objective of the country's new funding period. One could argue that the fact that different components are listed is more important than having a general statement on sustainable development, which may not be clearly understood and cannot be measurably attainable. Although such an approach has its credit, a skeptic would argue instead that the fact that the overarching framework is not mentioned indicates that words and goals are listed in order to meet specific requirements of the regulations and to address the European Commission's observations during the bilateral negotiations rather than a strategic understanding of the need to redirect investments towards sustainability. The skeptic's viewpoint can be further supported when examining also the language used in the OPs. Almost all OPs make some reference to sustainable development; however, the variation of understanding of the notion and its components especially among the different Greek regions is striking. It seems to indicate that within the small and contained territory of Greece, where regions are to a great degree dependent on the central government, hence, do not have, unlike regions of other Member-States, the advantage of regional autonomy, there is no clear understanding of what sustainable development means, and, perhaps, more importantly what it *cannot* mean.

Continuing the examination of the NSRF and the extent to which it promotes sustainable development as an overarching objective, we focus on the list of 17 general aims or goals that are set for the next seven years. Greater emphasis is given on economic concerns compared to the social and environmental priorities. More specifically, investments in the productive sector, including investments to encourage foreign direct investments, to develop entrepreneurship and competitiveness and to modernize physical infrastructures seem to be given significant priority. Another important component of the NSRF objectives are linked to the Lisbon priorities of innovation and the knowledge society. Influenced by the employment emphasis of the Lisbon agenda, the social dimension appears stronger than the environmental one. Given the specific ESF funding opportunities as well as the Lisbon earmarking requirement, these priorities are given greater prominence among the NSRF objectives compared to environmental ones. This observation should be made even clearer when one appreciates the fact that the objectives of environmental management and implementation of environmental policy are not listed as separate objectives worthy to be pursued on their right; rather, they are listed under the objective of improving the attractiveness of Greece and its regions to invest, work and live. Arguably there is a connection between a clean environment and one's living standards which this provision respects through a profound level of integration of environmental considerations into other economic and social priorities.

However, a closer examination of the content of the provisions of the OPs which follows demonstrates that this is not at all the case.

Following, on the above observation, the lack of integration of environmental priorities becomes even more striking when one examines the content of the OP on Environment and Sustainable Development, to which our attention now turns, and realizes that the greatest percentage of funding allocation is to cover end-of-pipeline and basic environmental infrastructure projects. Twenty years of benefiting from the structural funds and Greece still allocates more than half of EU funding to projects of solid waste and urban wastewater management. More so, these issues are not dealt with in a wholistic way, including provisions to support the reduction of waste, to promote recycling, so on and so forth, rather contain very basic measures that will fulfill Greece's requirements according to EU environmental legislation. Despite the substantial allocation of funding from this one OP to such measures, additional funds from the regional OPs, this time, are also directed to similar basic environmental infrastructure projects. It is not surprising that such measures are listed in this OP as Greece is faced with convictions on non-compliance with the corresponding European environmental directives by the European Court of Justice (ECJ). Nonetheless, they seem oriented towards covering present and immediate needs in order to avoid hefty fines that could be imposed by the ECJ rather than setting the country on a sustainable trajectory.

Contrary to the above observations, a project that should be highlighted is the funding of the subway system in Thessaloniki, which can help alleviate some of the transport related urban environmental problems of the second largest Greek city. This particular urban transport project which is listed under the Environment and Sustainable Development OP is, therefore, not included in the budget of the OP on Improving Accessibility which concentrates the lion's share of EU funding, although it is to be also supported by funds from the corresponding regional OP of Makedonia and Thraki. Rather, almost 60% of the €3.7billion of EU funds allocated to this, in fact, transport or else accessibility OP is to be used for road infrastructure projects, a percentage that should be juxtaposed to 19% of the EU funds to be used for railroad infrastructure and to less than 1% dedicated to the environmental management of transport networks. Similar percentages can be found when examining the regional operational programmes, most of which have significant amounts dedicated to road infrastructure, contrary to other transport modes. Given that some of the regions include smaller urban centers that face significant traffic and air pollution problems it is striking that several of the regional OPs have not allocated any funds to the promotion of cleaner urban transport or to alternative transportation schemes such as bicycle routes which have a direct funding line in the EU regulatory provisions.

At the same time, some funding has been allocated for projects that promote compliance with environmental legislation, in particular the implementation of the Natura 2000 network through the

effective management of protected areas. The allocation of adequate EU funding for such priorities is particularly important as Greece does not have a specific and transparent fund dedicated to the protection of the environment. Moreover, the new programming period applied for the first time the principle of integration, which provides that environmental – and more specifically nature protection – priorities should be funded by the structural funds rather than through a specific environment-tailored fund, such as Life which had so far guaranteed considerable environmental funding. To assist Member-States to seek funding for their protected areas from a broad spectrum of structural funding opportunities, the European Commission published a useful handbook, which was compiled by WWF and the Institute for European Environmental Policy (IEEP) (Miller and Kettunen 2007). While almost all Greek sectoral and regional OPs make reference to this document and include tables on the ways that funds could be allocated for these provisions, the allocated funds dedicated to financing the protection of the rich Greek biodiversity cannot be considered by any means as adequate. Consequently, without sufficient EU funds and without national funded dedicated to nature conservation and management, it is highly likely that Greece will not be able to be in compliance with EU's Habitat and Bird Directives.

Similar is the case for the implementation of the Water Framework Directive and other EU environmental legislative instruments, with measures to promote the mitigation of climate change perhaps being the sole exception. Compared to the above environmental priorities, climate change seems to be granted greater prominence. This is particularly true of the rhetoric and the frequency of references to the need to take climate change related measures and to meet the EU's own as well as its global responsibilities. Funding allocations for climate change appear to be more significant compared to other environmental priorities as significant investments are allocated to renewable energy and energy efficiency via the OP on Competitiveness and Entrepreneurship with some additional funds drawn from the regional or other OPs.

In its review of the Greek NSRF the European Commission provides that 22.3% of the ERDF investments are allocated towards environmental protection. A closer examination of the environmental provisions revealed the distribution of these funds, towards basic infrastructure and end-of-pipeline projects. As a result, it can be concluded that although nominal and rhetorical commitments to sustainable development are made, and to the need for environmental integration is highlighted, it remains the case that the balance of funding allocation continues to favor business as usual projects. The social dimension of the programming period was able partially to benefit due to the Lisbon earmarking requirement, even so the economic and very basic development projects continue to gain heavily from this funding period. Nonetheless, reading through the OPs one can discern references to the different opportunities provided by the new regulation. They do not seem to have been taken into account at this stage, given the emphasis on the more immediate needs. However, it is possible that in the duration of the next seven years these

opportunities will be raised to the surface and may even become predominant. The question of implementation remains. The signals are not optimistic but cannot be prejudged given those dim signals of hidden opportunities.

Conclusion and Recommendations

In this paper an attempt was made to examine the effectiveness of the planning of the new programming period as it relates to sustainable development. The focus has been the extent to which Member-States and regions have used the opportunities provided in the new 2007-2013 structural funds Regulations in order to redirect Europe towards sustainable development. The reason behind this examination is that the EU has committed to more coherent policies in order to attain its objective of sustainable development. Among the various EU policies, the Cohesion policy has been highlighted across EU documents as having the potential to significantly influence the Member-States' development process towards sustainable development. Consequently, the new programming period has set sustainable development as the overarching framework for the application of the structural funds and includes abundant opportunities to finance projects that would lead the EU to a sustainable trajectory. To what extent have these opportunities been taken into account?

Evidence provided by several cross-country reviews on the planning of the programming process as well as from a closer examination of Greece reveals that the challenge of sustainable development remains significant both for the application of the EU structural funds as well as for the EU as a whole. The paper concludes that the results are mixed and the future remains uncertain. Obviously, the observations made in this paper cannot prejudge the whole programming period for an EU of 27 but they raise concern, allowing for recommendations to be made.

The following recommendations draw heavily from the Greek experience, but are expressed in a more general way as they may find application also in other Member-States and indeed may be relevant to the broader discussion on the future of the cohesion policy. First, the European Commission should maintain its active role in overseeing the implementation process across Member-States. It should draw on the different experiences and make an effort to distribute the lessons-learned. Second, within Member-States and in partnership with the stakeholders involved, clear rules should be set up so that the consultation process moves beyond the provision of information into a meaningful dialogue that can lead to better projects. Third, sustainable development cannot remain an abstract principle to which each one gives one's own definition. As a consequence, overseeing national and regional authorities must ensure coordination across OPs which may have different objectives and targets within a framework of common, agreed upon guidelines and criteria. In particular, the environmental dimension needs further strengthening beyond basic infrastructure and end-of-pipeline projects. The EU projects globally an

image of environmental leader; the structural funds provide the opportunity to finance projects that will substantiate this leadership in practice.

In conclusion, during the implementation period, close monitoring is required to ensure that the flexibility offered to Member-States by the regulations leads to more participatory process and to the financing of projects that correspond to the sustainable development objective defined for the 2007-13 period.

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