

Conceptualising the Domestic Impact of Europe: the Regional Policy of the European Union and the third Community Support Framework (2000-2008) for the case of Greece

Anastassios Chardas

University of Sussex

a.chardas@sussex.ac.uk

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Abstract

The paper aims to explain the institutional impact that the third Community Support Framework (CSF) had on Greece, by adopting a conceptual framework based on the theories of Europeanisation and implementation. The four principles that govern the operation of the programme – partnership, programming, concentration and additionality – as well as the management tools that are implicit in those principles provided the stimulus for the changes in the domestic institutional system. However, it seems that despite the significant changes that have taken place in the patterns of policy-making in this particular policy area, the previously established characteristics of the Greek political and administrative systems have changed very little. The argument is that the introduction of the mechanisms for the governance of the third CSF has led to partial and superficial reorganisation of the institutional authorities involved. In particular, the centralising tendencies of the Greek state and the reluctance of the central government to devolve any significant responsibilities to lower levels of government are postulated as the main factors that have impeded more substantial institutional changes from taking place. Thus, although there has been undoubted progress in the fields of policy orientation, the institutional structures that were supposed to promote the effective use of the Structural and the Cohesion Funds in the third CSF continue to follow old practices. Hence, the country seems to have adapted the requirements set out by the principles that govern the European Union Regional Policy in a selective and formalistic manner. This paper aims to achieve its empirical objectives by presenting the results of fieldwork undertaken in Greece.

Introduction

Greece has been one of the four original Cohesion countries that benefited substantially from the funding that arrived from the European Union's Regional Policy (EURP). The first rounds of Integrated Mediterranean Programmes (IMPs) were followed by three rounds of coordinated assistance in the form of three Community Support Frameworks (CSFs). Contrary to what is assumed in the popular accounts of the EURP, the policy does not simply entail redistribution of funds from the rich EU member states to the poor ones. Instead, it comes with significant elements of conditionality that are encapsulated in the four principles that govern the operation of the programmes, as well as a series of management tools that are implicit in those principles. Both the principles and the tools constitute the tangible effects that the participation in the EURP entails for the domestic administrative and political systems of the member states. The principles of concentration of resources available, partnership between state and non-state stakeholders, additionality between the domestic and the EU funds and programming provide the regulatory framework that the recipient countries need to apply. Moreover, the management tools such as project selection, evaluation, monitoring, performance reserve and financial control attach further conditionality to the manner in which the recipient countries implement the EURP programmes.

In theoretical terms, the traditional theories of EU integration have attempted to identify the nature of the process of political integration between the EU countries. The main conceptual cleavage was between those that viewed the EU as solely an intergovernmental affair and those who viewed it as entailing significant supranational elements. During the 1990s, a series of middle range theories developed that attempted to supplement the traditional theories by accounting for the role that other mediating factors play in the interplay between the member states and the EU. Broadly influenced by neo-institutionalism, they attempted to provide additional levels of analysis by taking into account previously existing institutional and organisational elements at the domestic level of the member states. Two of these theoretical frameworks are those of Europeanisation and implementation of the EU policies. They both share an interest in the manner in which the common EU policies are applied at the domestic level and the impact that they

have on the domestic governance structures. The aim of this paper is to employ a conceptual framework based on these two theories in order to account for the impact that the EURP has had, in institutional terms, in the case of Greece. The main argument is that despite the opportunities offered by the regulatory framework which accompanied the implementation of the policy, previously established patterns of administrative and political practices seem to have been partly responsible for the limited effects of the policy. The paper is structured as follows; in the next part the main parameters of the conceptual framework are identified. The next section outlines the main difficulties that were identified in the process of the implementation of the Structural Funds in Greece, whilst the penultimate section focuses on the institutional aspects of these patterns. The last section provides some concluding remarks and attempts to synthesise the previous parts.

The Conceptual Framework

On the whole, the study of EU integration is conducted by those theorists who view the EC/EU as a product of negotiations between sovereign member states and those who theorise it as a distinct supranational entity with significant federal elements.¹ In the first case, European integration was driven by the interests of the participating countries, which have created a supranational organisation with functional characteristics and responsibility in areas of 'low politics'. In the latter, the project of European unification was viewed as a distinct case of the creation, for the first time in the EU's political history, of distinct federal interests which in the future could take a discrete form.

The discussion about the roots and the impact of the project of European unification has contributed significantly towards an understanding of the unique political experiment which is the EU. However, it suffers from a series of weaknesses: firstly, it fails to account for the role that other mediating factors play in the interplay between the member states and the EU.² The assumption that on the one hand the member states are passive pawns that adopt activities stemming from the EU or conversely that the EU becomes

¹ Rosamond, 2000; Wallace et al, 2010

² Warleigh, 2006

uniformly influenced by the countries that participate, regardless of the latter's national histories and cultures, is difficult to accept. From a top-down point of view, the impact that participation in the EU has on the member states – whether in institutional, cultural or governmental terms – must be dependent upon other intermediate factors that determine the outcome of that relationship. From a bottom-up perspective, the impact that the input provided by the member states has on the supranational structures of the EU is again mediated by other factors. In order to compensate for these shortcomings, a number of middle range theories broadly influenced by neo-institutionalism have been developed in the last ten years. Their conceptual objective is not to disregard the traditional theories of European integration but rather to supplement them by providing additional levels of analysis and also explanatory frameworks. Two of them are discussed in that context. Firstly, there are the approaches that are broadly included under the rubric of Europeanisation and secondly those of implementation. The former are discussed in the next section.

Europeanisation

Europeanisation is a relatively recent addition to the theoretical literature on EU Studies, embracing both the process of European integration and the dynamics of European social and political change. The starting point of the arguments employed by these writers is that since the European integration is currently established in specific areas, the theoretical justification for examining only the supranational elements of that cooperation is not always obvious. They suggest that we cannot ignore the fact that for many countries the external pressures emanating from Europe exist and the EU has a direct influence on these countries' domestic development. Therefore, they propose a conceptual framework that is sensitive to this reality. An extensive account of the theoretical discussions that have been proposed in this area falls outside the scopes of this paper.

Nonetheless, the main parameters of the discussion that is closest to the empirical aims of the paper is offered by Leonardi,³ who offers a conceptual framework that aims at addressing the possible responses of the domestic national and sub-national governmental

³ 2005

authorities to the structural funding of the 2000-2008 period. He distinguishes between three types of possible administrative responses, namely negation, adaptation and learning. In the case of negation, the domestic administrative authorities reject the rules and regulations that are attached as requirements for the implementation of the programmes. This is not necessarily an 'irrational' response as it could be justified in accordance with previously embedded internal administrative and political practices. The costs of internalising the norms and procedures inherent in the new regulations outweigh the benefits, hence the negative administrative attitude. Obviously, the impact of this will be minimal socioeconomic growth even though that comes as an unintended consequence of the practice of negation.

The process of adaptation of the rules and regulations entails a passive incorporation that aims at as little administrative innovation as possible. The relevant national and regional authorities adopt the processes in an incremental manner and they attempt to 'compartmentalise' any institutional effects into a narrow administrative area. What is important in this case is for the authorities to be seen to adopt the regulations in a constructive manner even though the reality is different. In practice, there is limited usage of methods of regional planning, management and reporting procedures, resulting in the partial expenditure of the funds. The socioeconomic impact of the policy is more significant than in the previous case, albeit not as important as it was initially aimed to be.

Finally, in the case of learning, the domestic national and regional authorities fully comply with the new rules and regulations and try to take full advantage of the structural spending. The new rules are internalised by the relevant bureaucracies and trickle down to other collaborating administrative agencies. The policy results in an increased institutional capacity, stemming from substantive changes taking place both at the individual and the structural level of the actors involved. There is a healthy collaboration between the national and sub-national policy actors with their Commission counterparts, and most importantly, meaningful partnerships develop with socioeconomic actors. As a result, the policy achieves most of its objectives in terms of job creation, increased

private investment and output growth. A useful sketch of the possible responses is presented in the Diagram.

Diagram 1

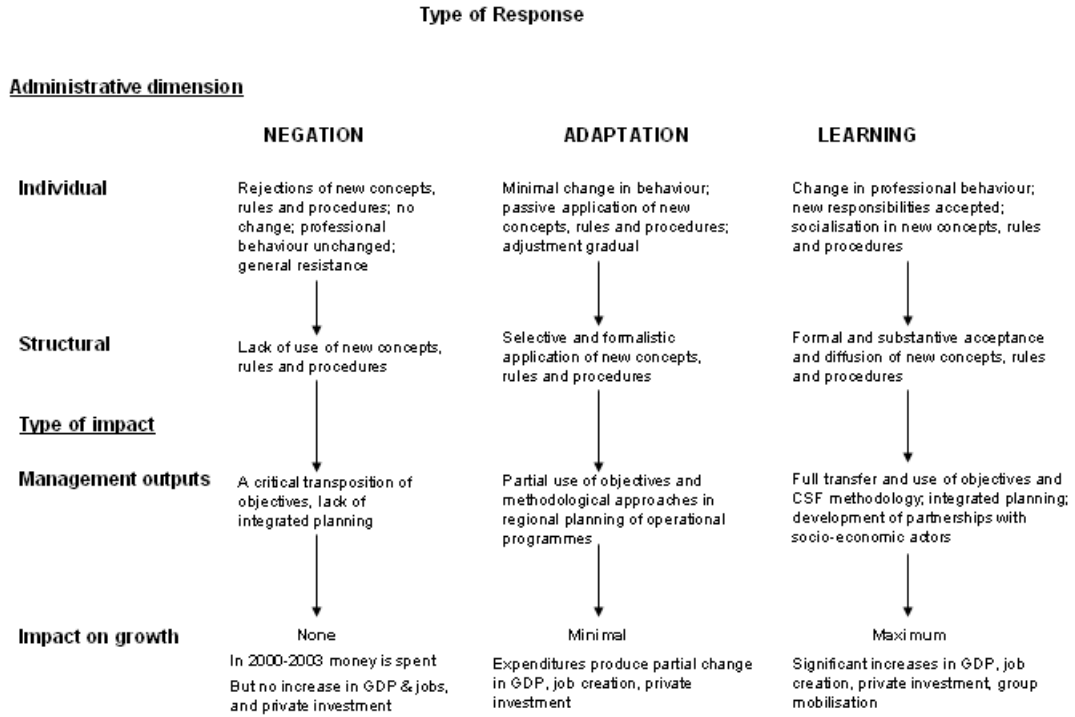


Figure : Analytical framework for the implementation of the EU's cohesion policy by type of response, administrative dimension and type of impact

Source: Leonardi, 2005, p. 81

Implementation

The theories that examine the patterns of implementation of the EU policies by the member states explain not only the divergence in the application of the directives and regulations that govern the activities of the EU by some member states but also the inadequate monitoring performance exhibited by the Commission in that process. In other words, the initial question in that line of enquiry is fairly straightforward: what happens to the decisions taken by the EU Council, the Commission and the European Parliament, or all of them – in those areas in which methods of co-decision apply – when they are to be transposed to national laws? Since the legal capacity of the EU to enforce that legislation, either via the Commission or the European Court of Justice in cases of infringement, is limited in particular policy areas (notably the Competition policy), it is mostly up to the national authorities to enforce the legislation. By definition that process has direct implications about the patterns of enforcement of the common EU policies with the EURP being one of them.

In order to theoretically frame the answers that Cini provides so as to discuss these issues, she distinguishes between two types of implementation theories of the EU policies, which in turn determine the political actors that are mainly responsible for the perceived implementation problems. In particular, she distinguishes between the top-down as opposed to the bottom-up perspectives of the causes of the implementation deficits. Similarly to Cini, Lane⁴ and Parsons⁵ distinguish between two models of theories of implementation as those of top-down and bottom-up. Lane furthers his analysis by pointing out that implementation is not similar to the evaluation of outcomes of a policy intervention. Rather, it implies a process which is not easily measurable but must be constantly revisited during the policy cycle. It can come up as a result of both ‘control and hierarchy’⁶ in the top-down model and ‘exchange and interaction’⁷ in the bottom-up one. Dimitrakpoulos and Richardson⁸ also stress the importance of conceptualising implementation as a process rather than a set of outcomes, and argue that this is pertinent

⁴ 1993, p.90

⁵ 1995, p.470

⁶ *ibid*, p. 106

⁷ *ibid*

⁸ 2001, p.336

for EU policy making in particular. Nevertheless, they conclude that the perfect implementation of a programme is not only unfeasible but also unnecessary. Implementation is a complex process and is influenced by so many factors that it is normal that the outcome will deviate significantly from the ideal type set out. After an account of the two theoretical strands that comprise the conceptual framework that I adopt in the paper, the next section discusses the difficulties that the domestic authorities faced during the process of the implementation of the third CSF.

The difficulties with the implementation of the third CSF

All three CSFs and the IMPs have been characterised by the domestic authorities' significant difficulties in absorbing the funds. This requires the relevant authorities to constantly reorganise the CSFs and hence the OPs, so as to avoid losing the funds. This in turn leads to extensions in the implementation of the programmes, which may explain why each CSF would 'close' at least three to four years after the stated date of completion. The rates of the absorption of the moneys could provide evidence for that situation. According to the official announcements by the Ministry of Economy, in March 2004 the absorption rate for the third CSF was 23%, which rose to 75, 18% at the end of the year 2007, which is one year after the official completion of the programme. Furthermore, 57, 7% of the funding available via the sectoral OPs and 58, 5% from the regional OPs was absorbed until 2006.⁹

In practice this resulted in large sums of money not being employed or even returned to the Commission. This problem could be solved until the second CSF, by the implementation of the 'bridge projects' that would integrate leftover moneys to the OPs of the new programming period. Even so, Greece forfeited 550 million euros that could have benefited the country, because of irregularities observed during the auditing processes of the second CSF by the Commission.¹⁰ In any case this option ceased to be available to the Greek authorities after the reform of the Structural Funds that took place in 1999. In particular, the introduction of the 'n+2' rule, which was the central part of

⁹ www.hellaskps.gr

¹⁰ ta nea, 28-2-2004

the reform, had significant consequences for the implementation of the third CSF in Greece as it entailed that any project from any OP had to be completed within two years from the date that was stated in the original CSF. During 2005 and 2006 there were negotiations between the managing authority of the Ministry of Economy and the DG Regio about that issue. The problem was caused by the fact that by the end of 2006, which was the arranged date for the completion of the third CSF, Greece had absorbed 45% of the total finances. Therefore, when according to the ‘n+2’ rule, by the end of the year Greece should have absorbed the greater part of the funds and used the remaining two years in order to finance any residual projects, the situation was completely different.

Furthermore, the principle of co-financing between the Commission and the member state entails that the Greek government should find national resources in order to complete the projects. That is, the Greek government had to come up with a participation of at least 40% for each project, which according to one estimate amounted to around 2.8 billion euros per year.¹¹ Given the tight fiscal policies that had been adopted by the governments of the period 1996-2004 in order to participate in the common currency, and also the insistence of the current government on ‘tidying up’ the public finances, the prospect of finding these resources seemed highly unlikely. Nevertheless, even if the resources could be found, incorporating the moneys of the third CSF into the projects of the fourth programming period – in other words following the same approach as in the previous periods – would not be an option.

On the whole, the change of the Commissioner for Regional Policy (resulting in the appointment of Ms. Daunta Hubner in the place of Mr. Michel Barnie), coupled with the election of the new government of Nea Dimokratia (ND) in Greece, which both took place in 2004, combined to provide an interesting picture of the implementation patterns of the third CSF. The new Commissioner adopted a harder line in her dealings with the Greek authorities, demanding the strict enforcement of the rules stipulated by the 1260/1999 regulations. In particular, the Commission officials were concerned about a series of financial ‘tricks’ that the Greek managing authorities had been using in order to

¹¹ ta nea, 10-10-2005

redeploy the funds that had not been used as was arranged in the OPs or in order to spend the budgets that were submitted. Some of the funds would be used in other projects than the ones that had been originally stated, which would make the absorption rates seem adequate. Another method the domestic authorities employed in order to artificially increase the rates of absorption of the third CSF and thus avoid losing the funds was to include in the sectoral and regional OPs projects that had already been implemented as part of the Olympic Games that took place in 2004 or for other purposes. These had been financed separately by the national budget but were included in the OPs after their completion. This practice became known as ‘constructive logistics’ through which the Greek authorities would attempt to present a picture of projects for completion that were included in the OPs but in reality the projects had been completed already.

The procedures would border on legality and they would include an invitation to tender for specific projects that had already been completed, giving a deadline of only a few days. During this time final beneficiaries who had already acquired knowledge of the imminent announcements would declare an interest and in collaboration with the managing authorities would seemingly participate in the implementation of projects especially of the physical infrastructure. The projects of course had already been completed and the final beneficiaries would enjoy the extra finances. By doing this the managing authorities of the sectoral and the regional OPs would present a picture of absorption rates that was far from the reality. Additionally, the moneys that the Greek government would take by the Commission following this practice could be used in order to cover expenses and deficits from the national budget.¹² In this way the major problem of the Greek finances, which has been the excessive public deficit, could be at least partially addressed. This of course was not part of the objectives of the third CSF. As a result, in late 2004 Ms Hubner sent an official letter to the Greek government threatening to take decisive action if these irregularities were not corrected immediately. Indeed, the country was threatened with suspension of payments amounting to the remaining third CSF if it did not comply with the demands made by the Commission within two months.

¹² eleytherotypia, 6-11-2005

The final agreement that was reached between the two parties was a suspension of payments that amounted to around 518 million euros.

Apart from the problems that accrued from the mismanagement and the low rates of absorption of the moneys that had come from the EURP, the third CSF suffered from two other difficulties. These were related to issues seemingly unconnected with the management of the CSF but had important consequences for its developmental impact. The first was caused by the decision of the Greek government to increase the rates of the country's GDP after including the undocumented black market economy in the official calculations. As a result of the reorganisation of the public finances the average rates of GDP for Greece would be increased by 25%, which was done in order to remove the country from the surveillance of the Council. Greece has breached the rules of the Stability and Growth Pact (SGP) for three consecutive years, which meant that it was put under scrutiny by the Council and fines would be imposed if the same were to happen for a fourth year. Nevertheless, as an unintended consequence of the reorganisation of the public finances the country would cease to be eligible for substantial amounts of moneys directed not only through the structural funds but especially through the Cohesion Fund. Moreover, the timing of the decision seemed peculiar since it came a little after the end of the negotiations for the budget of the EU for the programming period 2007-13. In these negotiations Greece represented itself as a poor member state that continued to qualify for regional assistance despite the entrance of the countries of Central and Eastern Europe.

Moreover, legislation introduced by the Greek government in 2004 to combat corruption became a source of problems. This issue impacted directly on the manner in which the largest portion of the finances by the structural and the cohesion funds were distributed. The reason for this is that it involved the area in which most of the moneys were directed, namely projects of physical infrastructure. These were implemented under the supervision of both the sectoral OP of the relevant Ministry for Public Works (YPExODE) and specifically the OP 'Road Axes, Ports and Urban Development' but also by each of the 13 regional OPs.

The problems were caused by the attempt of the ND government to combat corruption by introducing the Law of the 'Basic Shareholder'. The main element of this law was that it would forbid owners of media outlets to participate in proposals for the implementation of projects of physical infrastructure. This however was considered by the Commission to be a direct infringement of the EU competition laws and it demanded the immediate withdrawal of the law. It further threatened that if the Greek government refused to withdraw the law, there would be not only a suspension of payments from the structural and the cohesion funds but also committal for trial in the European Court of Justice (ECJ).

In the context of these difficulties and in order to deal with the difficulties in absorbing the funds, the managing authorities resorted to constant revisions of the third CSF. In particular, the third CSF was revised four times between 2001 and 2007, the last revision being submitted to the Commission in the autumn of 2007. This latest revision represented a last minute attempt on behalf of the Greek government to absorb around 12 billion euros which were available in the summer of 2007. The revision would once again divert funds from projects that did not 'run' to those whose absorption rates were better.

This part of the paper has attempted to give an overview of the difficulties that were faced by the authorities involved in the implementation of the third CSF. The next section focuses on the institutional impact that the introduction of the programme had on the country.

EURP and institutional issues in the third CSF

In institutional terms the reforms initiated by the 1260/1999 regulations entailed the creation of an organisational scheme that would be applied to all the recipient countries. For Greece, this entailed managing and paying authorities and the strengthening of the processes of monitoring, evaluation and control. The organisational scheme that was created is presented in the Figure 1. There were three groups of issues that contributed to

the continuation of the problems identified in the previous periods. The first is discussed in the next subsection.

Centralisation vs. Decentralisation

The establishment of managing and paying authorities were undoubtedly positive steps towards the improvement of the performance of the regional and sectoral OPs. However, the fact that the MAs were placed under the direct control of the ministries and the regions that were responsible for the implementation of the sectoral and regional OPs signalled the reinforcement of the centralising tendencies of the Greek state. The Secretary General of each MA was appointed by the central government whilst also serving as the head of each MC. Moreover, the civil servants that worked in the MAs on secondment could be transferred back to their previous positions by a simple decision taken by the secretary of the MA, whilst the ones that arrived from the private sector were employed on the basis of two year contracts.¹³ However, the Greek civil service is built on the theoretical basis of the Napoleonic system which has the permanent positioning of its employees as one of the basic cornerstones. Hence, the employees of the regional and sectoral MAs worked under circumstances of flexibility which were unusual for the civil service in the country.

Moreover, all the interviewees who were employed in the MA of the regional OP of Western Macedonia and another employee who had worked in the regional OP for the region of Attica agreed that the Ministry of Economy used to constantly interfere in their operations not only through the CSF MA but also through the regional MC. As far as the CSF MA in particular is concerned, it was clear that the central managing authority tended to intervene in the everyday activities much more than the regional MA would have wanted. Interestingly enough however, this was not seen as necessarily negative or indeed as having contributed to the ineffectiveness of the system. This is because the employees of the regional MA recognised the severe difficulties that they were facing in terms of a lack of properly trained personnel. The issue of the lack also of specialised knowledge not only on behalf of the regional MAs but also in general on behalf of the

¹³ Andreou, 2006, p.256

sub-national authorities that were involved in the implementation of the regional OPs was raised by an interviewee who was employed in the CSF MA thus:

'It is all very well for the regional and local representatives to be asking for more responsibilities to implement programmes.... However, I cannot understand how they will be able to manage a large scale infrastructure project such as an airport... Whether we like it or not our administrative structure is such that the people who know how to build an airport work at the centre. Whenever we have attempted to move those people to the regions, either the know-how was not transferred with them or they did not want to move since they had already organised their lives in Athens.'

Another interviewee who had worked in a regional MA claimed that the strong role that the Ministry of Economy retains through the CSF MA is justified given the small size of the country and the traditional strong role that the central state has had in Greek political history. As he claims:

'We need to understand that the Greek regions are not like the German or French regional authorities – in terms of their administrative capacity –...also since 50% of the country's population resides in Athens it is logical that this is reflected in the administrative distribution of powers.'

When asked if the central state should take the initiative and devolve responsibilities to the regions in order to alter these centralised patterns he replied:

'...in theory this is an attractive prospect. In practice though I do not think that it will ever work... the regional authorities would find it very difficult to collaborate with each other without the contribution of the Ministry of Economy...also some decisions that need to be taken in order to ensure the transparency of the programmes would not have been taken at the local level because of clientelistic interferences...I do not think that the country is ready for any devolution of powers.'

An employee of the DG Agriculture with extensive experience in dealing with the MAs of the regional OPs corroborated the argument that the CSF MA tends to involve itself in

the management of the programmes much more often than it should have done. As he pointed out:

'Institutionally, our interlocutor is the MA of the regional OP. For example if we have a problem with a project in the regional OP of Eastern Macedonia and Thrace we will call the employee of this MA. When however a few days later we receive a phone call from an employee of the CSF MA who tells us: "about the problem that you had with this project in Eastern Macedonia and Thrace, here is the answer"' we begin wondering what is going on.'

Furthermore, he points out that the CSF MA's interference does not only take place through the everyday communication with the Commission but also occurs through the regional MCs. Specifically, he puts it thus:

'.. sometimes it feels as if the Ministry of Economy has assigned a Commissioner in each of the MCs of the 13 regional OPs who is basically dictating to the regional MC and MA what they should and should not do. This of course is completely contradictory to any claims about the promotion of bottom-up regional development which is what the structural funds are trying to achieve.'

Nevertheless, he also confirmed the impression that the excessive interference of the CSF MA was not necessarily negative for the patterns of the implementation of the third CSF. This is because the regional MAs were often unable to deal with the problems that came up. As he points out:

'There is an issue that relates to the capacity of the regional MAs to administer these programmes. The management of the programmes that are financed through the structural funds is really complicated and there is a need for specialised personnel who will be able to communicate with the Commission on an equal basis and that is not always the case with the regional MAs. Therefore, the control that the CSF MA delivers is needed as long as it does not become asphyxiating.'

Three more employees of the CSF MA pointed out that the biggest problems in terms of the quality of the available personnel are identified at the lowest territorial level, that of the LGAs. As one of them put it:

'The local government in Greece is miles away from what it should have been in organisational terms, in terms of proper auditing controls, management of the expenses etc... the 'Kapodistriasis' plan took some first steps but there is much more that needs to be done through further reforms if extensive corruption at that level is to be combated.'

The issue of corruption of the LGAs in Greece is usually cited as a further element that contributes to the negative organisational functions of the lowest territorial administrative units. In a report¹⁴ the Greek Ombudsman reached the conclusion that the local authorities are more often than not unable to perform even the meagre responsibilities that they have been assigned. The excessive corruption and the particularly low educational level of the personnel employed in the LGAs are cited as the primary reasons for this. The report identifies that this impression is shared by a large part of the public opinion in Greece, which identifies these authorities with excessive corruption, patronage and incompetence. Nevertheless, the Ombudsman's report concludes that the LGAs should not be researched in isolation from the general political, administrative and social structures of the country. Instead they should be seen not only as constructions of the Greek central state but also as representatives of the local populations. Thus, it points to the direction of both top-down and bottom-up forces that created and sustained these issues, with the central state being reluctant to devolve significant responsibilities but the LGAs being unable to formulate coherent demands in that direction. Reflecting the low levels of civil society in Greece as a whole, the regional and local peoples did not articulate their interests in a horizontal way at that level. Therefore, the local authorities have been captured by the regional populations in order to reach the central state and achieve their clientelistic purposes rather than as ways of representing their collective interests. As an interviewee who was employed in the MA of the regional OP put it:

'The biggest problem that we are facing is a lack of collective identity in all the programming and implementing bodies that represent regional and local populations of

¹⁴ Special Report of the Greek Ombudsman on the Local Government Authorities, September 2000

the region. In other words, the representatives of the regional council only serve the interests of their constituents, as do those of the prefecture and the local councils. The delegates of each of these organisations are only interested in serving their own clientele and none of them seems to care about the development of the area as a whole. The situation is similar when it comes to the delegates that represent a professional organisation, who seem to only bring to the council the demands of the relevant profession. This creates disagreements and lack of trust amongst the delegates. If all the representatives knew that the decisions taken by the MC, for example, are for the benefit of the whole area there would not be any obstacles in the decision making process. Because this is not the case, however, reaching a decision that would be of benefit to the whole region becomes particularly difficult. If that had happened we would have been able to bypass the problems that relate to the limited funds that we have at our disposal as well as the conflicting priorities that each delegate brings to the council. Nonetheless, understanding that the individual benefit only results from taking into account the common good is related to cultural issues that are very difficult to change’.

The recent reforms do not seem to have altered this situation but that should not imply that they should be halted and all the responsibilities should be retransferred to the centre. Finally, the head of the Payment Authority pointed out that when it comes to the auditing they implement most of the problems that the PA is facing come from the LGAs and the prefectures. As he says:

‘...sometimes we receive official documents written by hand – not only do they not use a computer but they do not even use a typewriter... the “Kapodistrias” plan has undoubtedly improved many things but still the administrative capacities at that level sometimes resemble those of the 1950s.’

To sum up, the low administrative capacities of the sub-national authorities have been cited by the interviewees of both the CSF MA and the regional MA, and they are highlighted by the Ombudsman report. In the case of the interviewees there seemed to be a consensus that this is the primary reason why the centralised tendencies of the CSF MA are needed in order to ensure the minimum effectiveness of the programmes. This state of

affairs, however, creates a chicken and egg situation: it is not clear whether the reduced responsibilities of the sub-national authorities or the centralising attitude of the central state are responsible for its reproduction. Therefore, on the one hand, those who distrust the sub-national authorities seem to be justified in not wanting to allow them more scope for autonomous action in the context of the CSF. This is so especially since there are fears – not always unjustified – that the regional programmes will be used in order to satisfy local clientelistic interests rather than for developmental purposes. On the other hand, however, the representatives of the lower tiers inquire how the reforms of the sub-national government can proceed if they are not allowed any room for policy learning.

Therefore, the new regional MAs which were created in order to provide the autonomous administrative scheme for the third CSF did not stop suffering from interference from the central CSF MA. As a result, the reformulation of the role of the MAs lost its substance, since the central ministry reaffirmed its role. In essence, the CSF MA issues directives about all the major issues that need to be decided. The regional and sectoral MAs are supposed to follow these directives almost literally and the only room for manoeuvre that they enjoy is in everyday issues of secondary importance for the programmes. Most importantly, this situation seems to be accepted even by employees of the regional MAs as more or less inevitable for the sake of the effectiveness of the programme. However, if the interviewees of the MAs of the regional OP were less likely to express frustrations about the stifling interference of the CSF MA this is less the case when it comes to the MAs of the sectoral OPs. This issue is discussed next.

Antagonisms, lack of co-ordination between the CSF MA and the sectoral MAs.

The bulk of the funds of the third CSF are diverted to the sectoral OPs which have a horizontal character and cover the territory of the whole country. The MAs that manage the sectoral OPs are all located in Athens, which differentiates the patterns of their interaction with the CSF MA by the regional MAs. In particular, the MAs of the OPs that are managed by the Ministry of Planning, Environment and Public Works (YPEXODE) and the three separate Ministries of Labour, Education and Development seem to have been unwilling to accept the dominant position of the Ministry of Economy

as it was expressed through the CSF MA. Competition, rivalry and mutual suspicion characterised inter-ministerial relationships throughout the previous programming periods and have resulted in a lack of cooperation and coordination.¹⁵ These problems seem to have continued or even become exacerbated during the third CSF.

In particular, YPEXODE seems to have had a distinctly different approach to the third CSF than that of the Ministry of Economy. However, the problems are not confined to those between the YPEXODE and the Ministry of Economy. Similar problems are identified when it comes to the relationships between the YPEXODE and the OPs that are managed by the Ministry of Labour and the Ministry of Education. Because the largest part of the third CSF was devoted to the upgrading of the physical infrastructure but also as a result of the problems that were created by the ‘Main Shareholder’ legislation, the interaction between the YPEXODE and the CSF MA was very frequent. The long-established disagreements led to conflicts and discrepancies which hindered the cooperation and coordination of the actions between the MAs. These are mainly caused by a distinctively different approach on issues of development between the civil servants of the two Ministries.

The different approaches need to be explained with reference to the fact that on the one hand YPEXODE favours an approach based on physical and spatial planning whilst on the other the Ministry of Economy and the other Ministries have the responsibility for economic and social development and are more favourably inclined towards qualitative elements of economic and social development. The technical approach of the former frequently contradicts the qualitative approach that is adopted not only by the Ministry of Economy but also by other Ministries responsible for the implementation of actions in relation to employment and education. Furthermore, the fact that the results of the actions undertaken by YPEXODE are easier to evaluate than those of the Ministry of Economy or the Ministries of Education or Employment – one can quantify the end result of roads and bridges more easily than that of an action that aims at the diversification of the employment population in a poor area – provides a further source of misunderstanding.

¹⁵ Petrakos and Psycharis, 2006, p.15

YPEXODE tends to present a thorough picture when evaluating its OPs, projecting clear and measurable outputs as evidence of the success of the programmes. This tends to annoy the authorities that manage the other sectoral OPs, especially since the rates of absorption are employed by the Commission in order to evaluate the programmes. This further exacerbates the lack of coordination and creates fragmentation and inconsistencies between the developmental objectives of the relevant OPs.

Furthermore, there were similar issues related to the cooperation amongst the CSF MA and the IBs that belong to the YPEXODE and implement projects of physical infrastructure. Although the latter are in theory independent from the Ministry that is responsible for public works, in practice they follow the guidelines issued by it. This interaction involves a significant percentage of the funds, since for example the funds diverted through the OP 'Rail, Airports, Urban Transport' benefits such organisations exclusively. As the interviewee put it, the main issue of contention in these interactions is:

'who will play the developmental role during the implementation of the plans: the authorities who spend the funds and belong to the YPEXODE or those who design the plan, i.e. the Ministry of Economy.'

Apart from the problems of differences in the developmental 'philosophy' amongst the MAs of the two main Ministries there are problems of lack of co-ordination amongst the MAs that are responsible for the implementation of qualitative actions. These tend to exacerbate the antagonisms that characterise the relationships between the MAs of the sectoral OPs. One of the characteristics of the patterns of the implementation of the third CSF in Greece was the constant reorganisation of the finances that were assigned for each OP. Specifically there was a trend to transfer funds that did not 'run' to those with better rates of absorption. Because of their nature, the projects of physical infrastructure were more likely to benefit from financial reallocation to the detriment of OPs that supported qualitative actions. This issue was identified in the Report on the implementation of the Structural Funds, published annually by the Commission about the execution of the programmes in 2004. The report points out that:

*'While work on infrastructure is advancing, substantial delays were registered in the measures aiming at participation of the private sector, research and new technologies including the information society, the promotion of business spirit and innovation in the regions and actions for integrated rural and urban development'*¹⁶

An employee of the Special Service for the co-ordination of the actions of the ESF has a direct view of this issue. The main function of the Service in which she works is to co-ordinate the policy actions of the MAs of the Ministries of Economy, Labour and Education, as well as specific actions in regional OPs, and to link these with the Commission. In this regard she was keen to point out that the co-ordination between the MAs of different sectoral OPs faces many difficulties. As she put it:

'There is a clear lack of coordination – between the MAs – especially in those cases where two or more MAs share responsibilities...There is a mentality and an administrative culture that does not allow employees of different MAs to work together and I am not very hopeful that this will ever change... sporadically we do encounter examples of good coordination between individuals in different MAs, be it of sectoral and/or regional OPs.'

The unofficial relationships that are established between middle ranking civil servants are an important factor, as they seem to have provided the motivation for certain individuals who are employed in the MAs of different OPs to collaborate. Essentially, through this process the programme as a whole has moved forward despite the difficulties and the frequent antagonisms between the ministries. As the above-mentioned interviewee put it:

'...these collaborations – between employees of different MAs – are almost never institutionalised, and how could they be if the ministers and the secretary general of the regions where each OP is situated do not speak with each other in order to find shared solutions to the problems that they are facing?...the communication that is established is always dependent on the chemistry that develops between individuals. If certain individuals get on well with each other the relevant actions will move forward, otherwise they will not...Unfortunately there is still a culture in Greece that says that the

¹⁶ COC, 2005, p. 70

individuals do not examine the institutional position where their fellow employee works but whether they get on well with him or her.'

To summarise, the current section has identified two issues that hindered the coordination and cooperation of the authorities involved in the process of the implementation of the third CSF. Firstly, the different approaches of the MAs that participated in the management of the programme – the CSF MA on the one hand and those that belong to the YPEXODE on the other – impacted directly on the internal communication between the relevant authorities. Furthermore, there seemed to be a distinct lack of coordination between the MAs that manage sectoral OPs of qualitative actions, and this frequently created antagonisms and inconsistencies between the policy actions of the MAs. Another issue that creates difficulties in the relationships between the MAs is that of the politicisation of the programmes that are financed through the sectoral and the regional OPs. This is discussed next.

Politicisation of the actions of the MAs

The relationships between the MAs, especially those of the sectoral OPs, suffer because of the politicisation of the programmes, which caused by the higher echelons of the ministries and trickles down to the administrations of the ministries. The ministers responsible for each OP are very likely to use the projects that are funded through the EURP in order to advance their public profiles. The projects that are financed through the sectoral OPs and are managed by the YPEXODE are widely known in public. They include– amongst others – large scale interventions such as the Egnatia Odos, the Athens Metro, etc which attract a great deal of publicity. Therefore, the minister of YPEXODE is likely to issue a press release, in which he announces projects that had already been announced before or are in advanced stages of implementation, in order to be seen as 'taking care' of the voters.

As a result, there tends to be a 'tit for tat' exchange, since the Minister of Economy for example cannot understand why it is his counterpart at the YPEXODE who benefits in terms of his public image and possible electoral advances by programmes which by

definition are the responsibility of the whole government. Similar instances take place in ministries that house the OPs with responsibility for qualitative programmes such as employment, education or competitiveness. Again the relevant minister unilaterally decides to publicise the programmes that are financed through the sectoral OP as if they are her responsibility. As before, the result of these instances is the exacerbation of the problems in the relationships between ministers.

The politicisation of the programmes that are financed through the third CSF may happen in other ways as well. First amongst them is that every time there is a change of government in the country the newly elected administration attempts to lay the blame for the failures in the implementation of the programmes on their outgoing counterparts. For example, the government of ND attempted to lay the blame for the forfeiting of the 550 million euros by the second CSF, discussed above, on the previous PASOK government. The Ministry of Economy and Economics, Prof. Alogoskoufis, issued a press release through the official site of the third CSF,¹⁷ openly declaring: *‘since 2004, we have been trying by constant efforts to combat the problems and irregularities that have accompanied the execution of the CSF before 2004’*. The fact that the programme had not actually started at the time, as well as the impact that the revision of the public finances had had on the forfeiting of the funds, was skilfully omitted in the Minister’s press release.

Most importantly, another way in which the central government attempts to politicise what in theory are independently drawn and managed developmental programmes is through constantly interfering in the process of the selection of the personnel employed in the MAs. In this context the description of the different types of interference by a high profile employee of the organisation responsible for the undertaking of the relevant exams – MOU – is pertinent. He points out that:

‘Generally speaking the relevant minister views the civil service – of his ministry – as his ‘fief’. As soon as he is put in such a position he will attempt to control the civil service and that includes the staff of the relevant MA... about the process of the selection for the

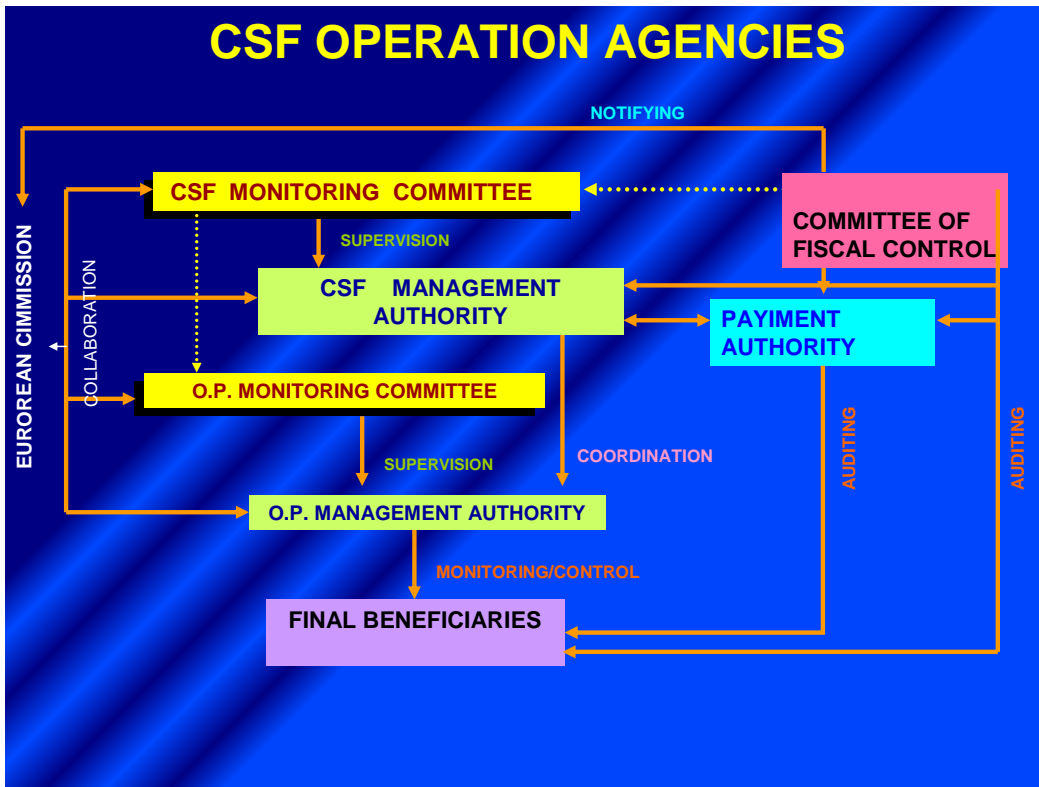
¹⁷ www.hellaskps.gr

personnel in the MAs I can only describe the situation as tragic... we encounter pressures from ministers, deputies, and all sorts of people who think they can have some power in the process...there are telephone calls, pressures exercised by ‘friends of friends’...we live under constant pressure and it is impossible to convince those people that it is inefficient as well as wrong to try to interfere in the process in such a way...’

Also, as mentioned above, not all the employees of the institutional network that was created in order to provide administrative backing to the third CSF have come through competitive exams. Some of them are in secondment from the civil service of the core ministries. The salaries in the MAs are by and large better than those of the core civil service; hence some employees who already enjoy the permanence that the Greek civil service guarantees are keen to spend some time in the MAs and earn more money. The process through which this can be achieved is completely opaque and it seems that the only way is through the exercise of political pressure by deputies, ministers etc.

As a result of these two issues that politicise the process through which the personnel employed in the MAs are recruited, some interviewees identified a negative trend in the organisational culture of the managing authorities. In particular, they expressed a fear that the positive aspects of the new MAs are being reversed and the bad aspects of the Greek civil service are being transferred to the MAs, rather than the other way around. The creation of the MAs was supposed to assist in the creation of an administrative culture that would be immune from the internal difficulties of the Greek bureaucracy. As can be seen from the above, however, there seems to be a reverse trend through which the core civil service passes on its negative characteristics to the supposedly independent MAs.

Figure 1. Community Support Framework III Operational Agencies



Source: hellaskps.gr

Concluding Remarks

This paper has argued that the patterns of implementation of the third CSF in Greece have been characterised by significant difficulties and that the institutional impact that the programme has had was limited. The significant institutional innovations introduced in the third CSF became embedded in previously established patterns of administrative and political practices. In accordance to the conceptual framework that I employed, the process resembled the adaptation response. The Greek administrative authorities were seemingly able to internalise the regulatory requirements set out by the four principles and the management tools in a selective and formalistic manner. The mechanisms of co-ordination and programming in particular were only partially used which has contributed in the implementation difficulties encountered by the third CSF.

Specifically, the predominance of the Ministry of Economy in the management of the programmes was hardly challenged by the introduction of the principles. The CSF MA, which replaced the regional policy department of the Ministry of Economy, did not stop interfering in the management of the sectoral and the regional OPs. The low capacity of the latter seems to have justified this process with the sectoral OPs less willing to accept this situation. To be fair, the third CSF introduced processes and procedures which were unprecedented in the Greek political practice. It was the first time that such a long scale developmental programme was devised in its sectoral and regional components with administrative agencies responsible for each of those. Moreover, in terms of the physical output produced by the programme there is little doubt that it has contributed significantly in the modernisation of the country. Especially in relation with large scale projects of physical infrastructure, the country has benefited substantially from the funding but also the managerial practices introduced in this area. Moreover, the institutional network that was introduced can undoubtedly act as a catalyst for future policy learning and improved developmental outcomes. Given the difficulty of the Greek political system to accept institutional reforms that clash with established practices, it seems unlikely that the institutional network that was created for the administration of the third CSF will become extinct in future programming periods. The challenge of course is to retain its independence from the core civil service of the country.

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