



**How the EU affects domestic institutional capacities:
the Europeanisation of Greece's administrative system
in the context of the EU's Regional Policy**

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How the EU affects domestic institutional capacities: the Europeanisation of Greece's administrative system in the context of the EU's Regional Policy

Anastassios Chardas¹

ABSTRACT

This paper aims to explain the institutional impact that the European Union's Regional Policy (EURP) 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 programmes - 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 EURP 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 continue to follow old practices. Hence, the country seems to have adapted the requirements set out by the principles that govern the EURP in a selective and formalistic manner.

¹ This paper draws on parts of my PhD thesis conducted at the University of Sussex. I would like to thank my supervisor Francis McGowan for helpful comments made in different parts of the thesis as well as my two examiners -John Bachtler and Peter Holmes- for their constructive remarks. Any errors or omissions are mine.

1. 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 management 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 has been between those that view the EU as solely an intergovernmental affair and those who view it as entailing significant supranational elements.² During the 1990s, a series of middle range theories developed that attempted to supplement these traditional theories by accounting for the role that other mediating factors may play in the interplay between the member states and the EU.³ 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.⁴ 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 institutional impact that the EURP has had for the case of Greece. The main argument is that despite the opportunities offered by the introduction of the administrative framework for the management of the EURP programmes but also the domestic territorial reforms that took place during the last two decades, previously established patterns of administrative and political practices seem to have been partly

² Wallace et al. 2010.

³ Lardech 2010.

⁴ The theories of multi-level governance are usually also cited in this context. For example see Bache, 2008.

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 theories of Europeanisation and implementation of EU policies are discussed, followed by an attempt to compare the conceptual elements that these theories share and to elucidate the elements that I employ in the paper. The next section discusses the institutional arrangements that existed in order to support the implementation of regional development policies prior to and immediately after the introduction of the first IMPs in 1986. The next part includes a separate discussion about the same issues, this time for the first two rounds of CSFs that lasted between 1989 and 1999. The introduction of the third CSF in 2000 signalled the establishment of a separate administrative framework for the management of the EURP funds. This was accompanied by the introduction of significant territorial reforms that were initiated at the domestic level. These issues are discussed in the fourth section. The fifth part attempts to bring together the elements of the conceptual framework that I employ in the paper with the empirical information that I presented in the three parts that followed. The final part concludes and attempts to offer certain solutions that could be used in order to improve the institutional impact of the EURP in the current programming period (2008-2013).

2. 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 that enjoys significant leeway for autonomous action from the constraints of the member states.⁵ In the first case,⁶ European integration is 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,⁷ the project of European unification is viewed as a distinct case of the creation of distinct supranational functional interests which in the future could take a discrete form. Usually, the former contributions arrive from the field of International Relations (IR) whilst the latter employ methodological tools that are usually associated with comparative politics and public policy.

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.⁸ 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 uniformly influenced by the countries that participate, regardless of their national histories and cultures, is difficult to accept. In order to compensate for these shortcomings, a number of

⁵ Rosamond, 2000; Dinan, 2000; Wiener and Diez, 2003; Wallace et al., 2010.

⁶ Moravcsik, 1993; 1998.

⁷ Sandholtz and Stone Sweet, 1998.

⁸ Kassim et al, 2000; Warleigh, 2006; Ladrech, 2010.

middle range theories, broadly influenced by neo-institutionalism, have been developed in the last fifteen 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 this context: firstly, the approaches that are broadly included under the rubric of Europeanisation and secondly those of implementation of EU policies. The former are discussed in the remaining of this section.

2.1 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 the writers that employ these theories 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 -through the EU- exist and the EU has a direct influence on these countries' domestic political and institutional developments. Therefore, they propose a conceptual framework that is sensitive to this reality and examines the influence that domestic mediating factors play in the relationship between the domestic and the supranational levels.⁹ An extensive account of the theoretical discussions that have been proposed in this area falls outside the scopes of this paper.¹⁰ It could be generally argued however that the principal theoretical and empirical aim of these studies is to capture the impact that the membership in the EU has on different domestic institutional spheres. The national parliaments, party systems, patterns of interest intermediation, state structures and territorial relationships are some of those institutional spheres.¹¹ Furthermore, it is obvious that there are two issues that seem to be common in these discussions. Firstly, that there is little convergence amongst the member states as far as their adaptation in the common EU policies is concerned. Instead, divergent outcomes in what is considered common regulatory influences emanating from the EU are the norm. Secondly, the precise outcome of these interactions seems to be dependent on the 'goodness of fit' between the supranational requirements and the pre-existing domestic political and institutional practices.

The EURP is the policy that entails specific and tangible impact of Europeanisation through the introduction of the common regulatory framework that guides its activities; hence, it has gained prominent attention in these debates. In this context, Leonardi,¹² offers a conceptual framework that aims at addressing the possible responses of the domestic national and sub-national governmental authorities to the structural funding of the 2000-2008 period. He distinguishes between three types of possible administrative responses,

⁹ Kassim et al, 2000; Bulmer and Lequesne, 2005; Warleigh, 2006.

¹⁰ See Cowles et al. 2001; Heritier et al. 2001; Olsen 2002; Featherstone and Radaelli 2003, Graziano and Vink 2007.

¹¹ Ladrech, 2010.

¹² 2005.

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. 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 in the EURP principles and management tools is presented in the Figure 1.

Figure 1

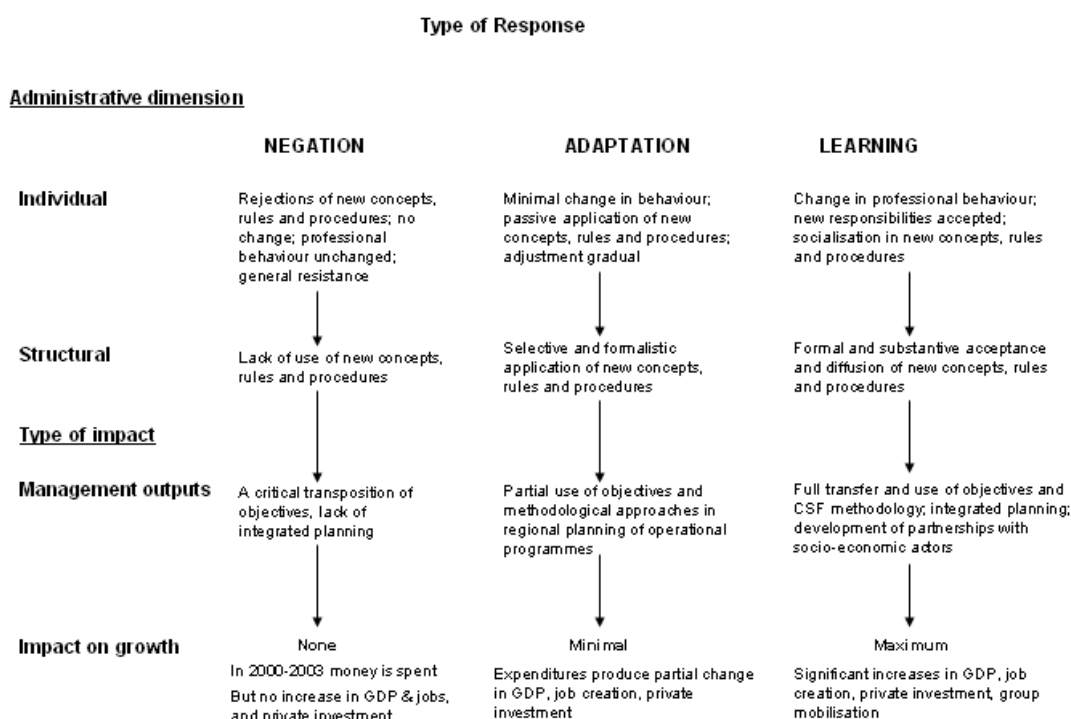


Figure : Analytical framework for the implementation of the EU's cohesion policy by type of response, administrative dimension and type of impact

Source: Leonardi, 2005, p. 81

2.2 Implementation of EU policies

The theories that examine the patterns of implementation of the EU policies by the member states aim at explaining the divergence in the application of the directives and regulations that govern the activities of the EU by some member states. 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 (ECJ) 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. This is the case especially since much of the legislation that governs the EURP is deliberately left to the discretion of member states in order to take account of specific regional and local circumstances.¹³

¹³ Treib, 2008, p.5.

After a relatively late start, the studies that examine the patterns of enforcement of EU legislation by the member states have grown considerably in the last twenty years.¹⁴ As with the theories of Europeanisation, an extensive discussion of the theories of implementation falls outside the scope of this paper.¹⁵ Nevertheless, it is important to attempt a presentation of the theories that inform the empirical material presented in the rest of the paper. To start with, Cini¹⁶ discusses the implementation of EU policies with reference to the distinction between two types of implementation theories, 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. This follows the dichotomy attempted by the traditional theories of implementation which identify similar processes in operation in every policy field.¹⁷ Following a similar line of enquiry, Lane¹⁸ and Parsons¹⁹ distinguish between two models of theories of implementation – albeit not in the EU context – 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’²⁰ in the top-down model and ‘exchange and interaction’²¹ in the bottom-up one. Dimitrakopoulos and Richardson²² also stress the importance of conceptualising implementation as a process rather than a set of outcomes, and argue that this is pertinent 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.

Finally, a report on the implementation of the Structural Funds, commissioned by the European Commission,²³ places implementation in a broader policy cycle, as depicted in Figure 2. It defines implementation as the process that generates ‘the operational processes to produce expected outputs.’ It is the intermediary stage between on the one hand the identification of the problem that a policy action is supposed to solve, and the allocation of the funding and the results that are produced on the other. It also stresses the importance of ‘embedding’ the process of implementation in the wider socioeconomic and political context in which it takes place. It describes the process as ‘frequently mundane,

¹⁴ *ibid*

¹⁵ See the review article by Mastenbroek, 2005, as well as Falkner et al., 2005 Sverdup, 2007 and Treib, 2008 for useful accounts of the relevant literature.

¹⁶ 2003

¹⁷ Treib, 2008.

¹⁸ 1993, p.90

¹⁹ 1995, p.470

²⁰ *ibid*, p. 106

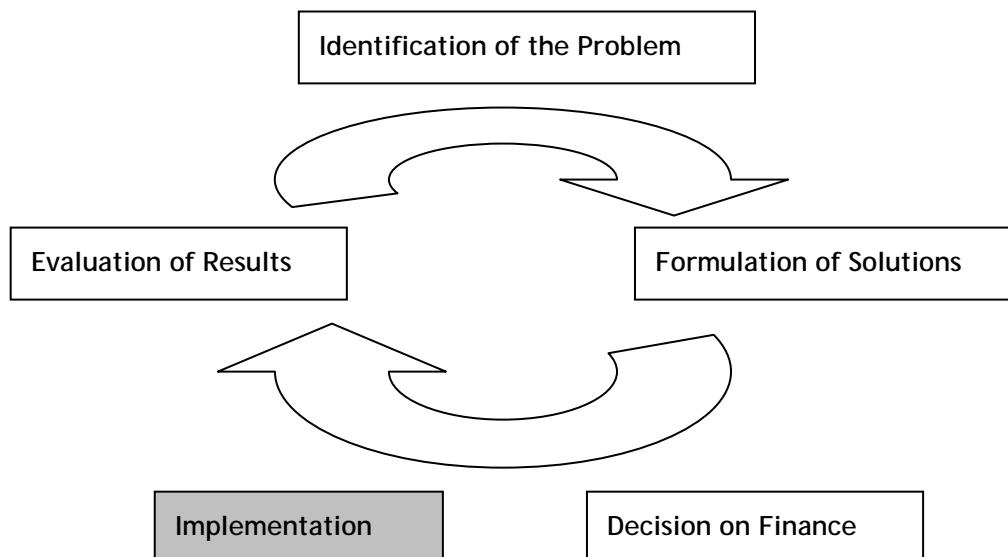
²¹ *ibid*

²² 2001, p.336

²³ OIR in association with LRDP and IDOM, 2003.

incremental, and the subject of bargaining and negotiation', concluding that the policy programmes 'are in fact open systems that react and interact with a reference context.'²⁴

Figure 2. The Policy Cycle



Source: OIR in association with LRDP and IDOM, 2003, p.11

2.3 Combining elements from the theories of Europeanisation and the implementation of EU policies

The theories of Europeanisation and implementation of EU policies share many conceptual and empirical aims. Indeed, Borzel and Risse²⁵ postulate that the latter are the predecessors of the former. The first characteristic that both the theoretical discussions share is an interest in the domestic impact of the EU policies whilst they are less interested in developments at the level of 'Brussels'. They see European integration as encompassing policy competences in enough areas so as to influence patterns of everyday decision-making at the national and the sub-national levels. Moreover, they both propose institutional explanations in order to describe the degree of discrepancy between what is required by the EU regulations and the domestic norms and practices. Therefore, they do not account for these discrepancies with reference to 'veto players' that block the enforcement of EU rules and norms. Instead, they are more interested in explanations that capture the multiplicity of institutional and political factors that are involved in national policy-making. Thus, there is more attention in the role that domestic mediating factors play in the creation of the outcome of the interaction between the supranational the national and the regional levels.

²⁴ *ibid.*

²⁵ 2007, p.484

At this point it must be pointed out that part of the literature that discusses the implementation of EU policies has focused on the enforcement procedures by employing the widely available data on the Commission's infringements procedures against member states with the empirical aim of measuring the level of non-compliance.²⁶ Nevertheless, the focus in the paper is more on implementation as a process rather than sets of outcome and the explanation is almost exclusively institutional. This is not to say that the research avenue that compares the requirements set out by EU documents with the legislative outcomes at the national level is unimportant. Nonetheless, the paper aims at identifying the issues of capacity that explain the limited effect that the EURP has had on the domestic structures of the country discussed. The argument that I put forward is that despite the participation in the EURP offered substantial opportunities and indeed promoted change in the domestic institutional practices, previously established characteristics seem to have cancelled these effects. These problems seem to have been more evident at the stage of the implementation of the programmes funded through the EURP. No political or administrative actor in Greece seems to have doubted the importance of the funds for developmental purposes. Nonetheless, when it came to the phase of putting the programmes into practice previously existing practices overrode any concerns about the need to comply with the EURP regulations. Thus, I conclude that in accordance to the conceptual framework proposed by Leonardi,²⁷ the domestic authorities seem to have applied the four principles and the management tools implicit in the EURP in a selective and formalistic manner. The aim seems to have become the absorption of the available funds at a rate that would not entail the imposition of any penalty by the Commission. Hence, any changes in institutional terms have been minimal and especially the programming aspects of the regulatory framework initiated by the EURP were hardly justified. These issues are discussed in greater length in the next three empirical sections.

In order to illustrate the main argument the discussion in the empirical sections revolves around two topics. On the one hand I discuss the institutional changes that took place as a direct result of the introduction of the principles governing the operation of the structural funds. Simultaneously I also discuss the institutional changes which took place at the domestic level after reforms that altered the territorial geography of the country and influenced the implementation patterns of the programmes funded through the EURP. Although the regulatory framework imposed by the principles is common to all the member states, the implementation patterns of the policy are very much affected by the domestic institutional arrangements. This is because:

In each member state, national governments and sub-national actors have different degrees of participation in decision-making and power. This reflects factors such as the distribution of competencies between national, regional and local level, political interests and linkages; the amount and scope of co-funding available, the number and scope of programmes to be dealt with at that level and administrative experience of managing economic development. It follows that practical

²⁶ Sverdup, 2007

²⁷ 2005

arrangements for programming also vary, including the approaches to programme developments, project generation, appraisal, selection and monitoring and the extent to which these tasks are subsumed within the existing administrative structure or whether parts of the implementation are carried out by dedicated administrative structures and how these are organised.²⁸

3. REGIONAL DEVELOPMENT POLICIES AND INSTITUTIONS IN GREECE BEFORE AND AFTER THE IMPS

The Greek state has been involved in managing socioeconomic activity throughout the post World War II period.²⁹ Since 1960 there have been at least six five-year development plans,³⁰ which aimed to provide a blueprint for the economic development priorities of the country. However, the focus was largely on national objectives, and any elements of a regional nature would end up becoming incorporated into the national developmental policy.³¹ In addition, no institutional changes took place in relation to the authorities responsible for the management of the regional development resources.³² For example, the nine development agencies established in 1977 were endowed with responsibility for administering the implementation of a system of incentives, but only for small scale projects. In addition, they were never consulted nor did they participate in decisions concerning developmental issues, even if these affected their areas.³³ Therefore, the formulation and administration of public investment programmes with a regional dimension remained under the control of the centre.³⁴ These programmes mainly consisted of individual projects of public works and politically they were pursued through the clientelistic interchange of local politicians with the central government.³⁵

In terms of the territorial distribution of competences, after the restoration of democracy in 1974 there were two levels of sub-national government: firstly, at the level of the prefecture, which was an extension of decision making of the central state; and secondly, at the first level of local self government.³⁶ The latter were very small communes and municipalities which enjoyed high levels of local political legitimisation³⁷ but were so fragmented that any coordination between them was very difficult. Overall, at the time:

²⁸ OIR in association with LRDP and IDOM, 2003, p.14.

²⁹ Lolos, 1998; Pagoulatos, 2003.

³⁰ 1960-64, 1966-70, 1968-72, 1973-77, 1976-80, 1978-82.

³¹ Andrikopoulou and Kafkalas, 2004, p.37.

³² *ibid.*

³³ *ibid.*, p.38.

³⁴ *ibid.*

³⁵ Verney, 1994, p.170.

³⁶ Petrakos and Psycharis, 2006, p.13.

³⁷ Psycharis and Simatou, 2003, p.660.

the pressing political priority was to restore constitutional legitimacy; no serious attempts were made to reform the spatial model of public administration.³⁸

On the whole, the Greek state has traditionally been centralised in the way that it has managed its territorial capacities;³⁹ indeed for some commentators it is the most centralised state in Europe,⁴⁰ and it has been so since its establishment in 1830.⁴¹ As a result, Greece has traditionally had 'a maximum national and a minimum sub-national apparatus.'⁴²

The election of the first PASOK government in 1981 was followed by the first substantive steps towards the decentralisation of the regional authorities. At the time the main authorities at the sub-national level were the 55 prefectures, with the prefect being appointed directly by the central government and in particular by the Ministry of the Interior. Therefore, although in theory there was regional autonomy in the form of the prefectures, in practice it was constrained by the fact that the representatives were not democratically elected by the local population. At the same time there were around 6,000 Local Government Authorities (LGAs) labelled as municipalities and communes, of which 56% had fewer than 500 inhabitants and 83% had fewer than 1,000 inhabitants.⁴³ As far as the regional classification was concerned, there was no official regional territorial distribution. To be sure, each central government Ministry would unofficially devise its services in regional terms. Nonetheless, there was no constitutional authorisation of this distribution and each Ministry would devise its own regional classifications. Furthermore, the classifications employed were mostly different with each other depending on the individual administrative needs of each government ministry.⁴⁴

PASOK embarked on a programme of extensive decentralisation, providing the sub-national authorities with significant responsibilities. In the years that followed, the powers of the LGAs were enhanced, though to a much lesser extent than expected.⁴⁵ More significant were the changes that took place at the level of the prefectures. Responsibilities for issues like town planning, health and education were transferred to those with a Law that specified these changes in 1982.⁴⁶ Overall, these changes in the territorial relations of the Greek state were entirely inspired by domestic considerations.⁴⁷ The participation in the EC

³⁸ *ibid.*

³⁹ Psycharis and Simatou, 2003, p.647.

⁴⁰ Featherstone and Yannopoulos, 1995, p.252.

⁴¹ Ioakimides, 1996; Chlepas, 1999; Andreou, 2006.

⁴² Papageorgiou and Verney, 1993, p.140.

⁴³ Georgiou, 1994a, p.134.

⁴⁴ Psycharis and Simatou, 2003, p.653.

⁴⁵ Andreou, 2006, p.244.

⁴⁶ Paraskevopoulos, 2001.

⁴⁷ Ioakimides, 1996, p.346; Andreou, 2006, p.244.

did not feature at all as a justification for these developments. If anything, as Andrikopoulou and Kafkalas⁴⁸ put it:

the shift was based on the anti-European rhetoric, which emphasised national pride and national autonomy against the so-called European Economic Community (EEC) directorate.

This is not the case, however, when it comes to the institutional developments that influenced the implementation of national regional development policies after 1986. The introduction of the IMPs in 1986 required the establishment of the regions as a precondition for the absorption of the funding; hence it was a direct result of the participation in the EURP. Nevertheless, no regional classification of the type that the Commission required existed in Greece; hence the country was initially divided into six areas. Finally, after the submission of the first IMP the country was divided into the 13 administrative NUTS II regions, which became the territorial basis for the formulation and implementation of the CSFs in all subsequent programming periods. Each region would be headed by a Government appointed regional secretary and would be staffed by civil servants on secondment from the national administrative structures.

The regional secretary was an employee of the Ministry of the Interior, usually a member of the party political personnel who are used in order to staff the wider echelons of the administration every time there is a change of government.⁴⁹ All the competences that were transferred to the region would be controlled by the regional secretary, who therefore had significant decision making authority. These competences were transferred to the new regional authorities from the previously existing and separate ministerial regional authorities.⁵⁰ In terms of the financial resources that the newly created regions had at their disposal, the regional secretary would be responsible for the drawing-up of the regional budget. However, they did not have any authority to collect funds from local taxation or other measures that would indicate a decentralisation of the fiscal system.⁵¹ Instead, they had to submit the proposals to the Ministry of Economy, which would allocate the funding through the Public Investment Programme (PIP).⁵² The new regions would essentially amalgamate the existing prefectures into larger geographical entities, which would be entitled to receive funding in accordance with the population criteria set out by the Commission and the principle of concentration. Essentially, in the new NUTS II regions the centrally appointed regional secretary would play the role of representative of the central government.

Furthermore, it is worth pointing out that even though the legislation for the creation of the NUTS II regions was introduced in 1986 it was not fully implemented until 1997.⁵³

⁴⁸ 2004, p.41.

⁴⁹ Psycharis and Simatou, 2003, p.657.

⁵⁰ *ibid*, p.656.

⁵¹ Petrakos and Psycharis, 2004, p.448.

⁵² Psycharis and Simatou, 2003, p.659.

⁵³ Psycharis and Simatou, 2003; Petrakos and Psycharis, 2006, p.13.

Therefore, during the first three programming periods – the IMPs and the first two CSFs – the regional authorities had no responsibility other than the management of the regional OPs.⁵⁴ Even these, however, were halted by the fact that the introduction of the NUTS II regions as a requirement for the implementation of the first IMP's was not accompanied by any transfer of administrative or financial resources to the regions. Overall, the creation of the 13 NUTS II regions cannot be explained in organisational terms.⁵⁵ Out of the 13 newly established regions, 11 did not even satisfy the population criteria set out by the Commission. It was particularly convenient though for the governing party as a way of retaining its power base at the sub-national level.⁵⁶ Therefore, the motivation behind the creation of the regional authorities as they were structured seems to have been similar to that behind the creation of the above-mentioned prefectures, the structure of which the government chose to replicate.⁵⁷ A further proof for the last point is provided by the fact that together with the regional authorities, the Government introduced centrally appointed regional councils, which consisted of representatives of the central and the local governments. In addition to elected officials these were comprised of representatives of civil society institutions such as trade unions, chambers of commerce, industry and professional organisations. Nevertheless, as in the case of the staff of the regional authorities, the members of the regional council were appointed by the central government.⁵⁸ This fact made them susceptible to the influence of the party in power, which seems to have been the main motivation behind the formulation of these institutions without any regional and local democratic legitimacy.⁵⁹

Finally, as far as the institutional changes that took place after the introduction of the IMPs are concerned, the Monitoring Committees (MCs) were introduced. There would be one MC for each regional authority and they would be staffed by civil servants on secondment who would have no management role during the implementation process.⁶⁰ They did not have any authority to impose sanctions on the final beneficiaries that were not performing according to the expectations and they could only suggest changes in the projects implemented to the central MC in Athens.

Overall, as far as the IMPs were concerned, in institutional terms, what the regional policy department of the Ministry of National Economy essentially did was to take over the responsibility entrusted to the regional authorities. It formulated and submitted the proposals to the Commission and had the first and last word during the implementation process.⁶¹ This happened also because the administrative capacity of the regional authorities was weak to the extent that the proposals that the regional secretaries

⁵⁴ Andreou, 2006.

⁵⁵ Andeou, 2006.

⁵⁶ Chlepas, 1999.

⁵⁷ Andreou, 2006.

⁵⁸ Chlepas, 1999; Psycharis and Simatou, 2003, p.658.

⁵⁹ Andreou, 2006, p.245.

⁶⁰ Verney, 1994, p.173.

⁶¹ Ioakimides, 1996, p.353.

submitted in order to draw up a regional plan were of unacceptably low quality in technocratic terms. Similar issues were identified with regard to the prefectures. Thus, the Ministry of National Economy employed this as an argument in order to seize the initiative and centralise the authority for the execution of the IMPs.

As a result of these factors, no endogenous socioeconomic actors were included in the process of both the design and the implementation of the regional IMPs, and the central state reaffirmed its predominant role in the selection of the projects that would alleviate the regional inequalities.⁶² This was the case despite the seemingly important institutional innovations introduced through the above-mentioned territorial reforms and aimed precisely at the inclusion of the local socioeconomic forces at all stages of the IMPs. The new regions that were introduced became administrative and planning regions that would satisfy the requirements set out by the Commission in order to start disbursing the funds of the IMPs. Despite their seemingly democratic nature that would be achieved through the institutionalisation of the inclusion of the local civil societies, in reality the establishment of the regions was a top-down affair. The local populations had little or no input in the whole process, thus making the efforts to promote successful partnerships untenable.

4. EURP AND INSTITUTIONAL CHANGES IN THE FIRST TWO CSFS

The institutional framework supporting the implementation of the IMPs did not change during the implementation of the first CSF between 1989 and 1993.⁶³ The election of the Nea Dimokratia (ND) government in 1990 signalled a halt to the previous government's modest attempts to restructure the territorial relations of the Greek state.⁶⁴ The new government cancelled the local government elections scheduled for 1990 – for both the prefectures and the LGAs – and did not take any other steps to enhance the role of independent regional and local authorities. As far as the external influences exerted through the EURP were concerned, the principles of multi-annual programming, geographical concentration, additionality and partnership as well as a series of novel management principles were consolidated with the reform of the Structural Funds, which took place in 1988, and they were put in practice with the first CSF. Therefore, the external stimuli of Europeanisation became even more important in this period.⁶⁵

As a result of these principles, the government had to submit to the Commission a Regional Development Plan (RDP) that would entail the developmental priorities of the first CSF. This had to be drawn up in consultation with the regional and local actors involved in each regional and sectoral OP. After the CSF had been adopted, the national and regional authorities were required to revise the general developmental plans into specific

⁶² Verney and Papageorgiou, 1993; Verney, 1994.

⁶³ Andrikopoulou and Kafkalas, 2004, p.42.

⁶⁴ Verney and Papageorgiou, 1993; p.113; Ioakimides, 1996, p.351.

⁶⁵ Leonardi, 2005.

Operational Programmes (OPs). The projects that would become eligible to be included in the separate OPs and their conformity with the stated developmental objectives of the CSF became a source of disagreement.⁶⁶ Supposedly, these issues were resolved during the negotiations for the first CSF. However, the new ND government wanted to assert itself with the Commission and renegotiated many issues that had been decided by the previous PASOK government.⁶⁷

As was the case with the IMPs, the first CSF would be managed in collaboration between the Monitoring Committees (MC) of the Ministry of Economy and those of the regional and the sectoral OPs. The 13 regional and 12 sectoral OPs each had one MC, the size of which would be determined in accordance with the financial significance of each programme. Again, the sectoral monitoring committees would be staffed by civil servants on secondment from positions in the central bureaucracy. The regional monitoring committees would be staffed by civil servants from the prefectures and the local councils. In addition, representatives of the Commission and of specific interest groups representing the regional and national civil societies were included. The committee would meet twice a year in order to assess the progress and provide guidelines for the future of the implementation of the programmes. It also included a permanent secretariat which was responsible for the day to day matters relating to the OPs.

The chairs of the sectoral and regional MCs, who were the secretaries of the regions or the ministries and hence appointed by the central government, would report to the central MC of the CSF, which was based in the Ministry of Economy. This consisted of the highest officials of the three levels of government. In other words, the national level was represented by the secretaries of the sectoral OPs, the regional by the secretaries of the regional OPs and the European level by representatives of the Commission. Also, representatives of organisations from the national civil society participated. The MC that would oversee the implementation of the CSF was chaired by the alternate Minister of Economy.

The Ministry of Economy's regional policy department became the principal institutional actor implementing the CSF.⁶⁸ The imperative of absorbing the funds at the stated time overrode any processes of collaboration between the central institutional actor and the regional and local stakeholders.⁶⁹ As a result, there has been continuity between the previous efforts to address the regional inequalities in the country - including the IMPs - and the first CSF.⁷⁰ This is corroborated by Leonardi who, as was discussed in the section discussing the conceptual framework that I adopt in the paper, distinguishes between three possible responses by the domestic administrative systems to the regulations postulated by

⁶⁶ Andreou, 2006.

⁶⁷ *ibid.*

⁶⁸ Ioakimides, 1996, p.355.

⁶⁹ Andreou, 2006, p.249.

⁷⁰ *ibid.*

the EURP: negation, adaptation and learning. He discusses the response of the Greek authorities in the first CSF as a characteristic case of negation.⁷¹

The second programming period signifies some important changes in connection with the previous programming periods and the other meagre attempts to combat the 'regional problem' of the country. The RDP was negotiated between the regional policy department of the Ministry of Economy and the Commission during 1992 and 1993 but as with the previous programmes its implementation was delayed, and in this case it did not begin until 1996. By this time the modernising wing of the PASOK government had established an adequate power base to control the socialist party. In addition, in 1997 the country was given the responsibility for hosting the 2004 Olympic Games. These two issues signalled a turn towards the adoption of a different style of management of the second CSF.

In particular, the modernising wing of the socialist party was admittedly less interested in the implementation of the EURP programmes in a manner that would promote local democracy and would thus give real meaning to the requirement of partnership. Instead, it was preoccupied with achieving the convergence criteria so that the country would enter the EMU. During the 1990s, the country's entry into the final stages of monetary unification acquired a special status in the Greek polity. It became associated not only with the economic advantages that would accrue but also with the broader forces of Europeanisation and modernisation and the need to establish the country at the heart of Europe.⁷² Consequently, the new PASOK government imposed a style of management more attuned to efficiency as measured in quantitative terms than to the qualitative impact that the projects could have through the sectoral and regional OPs.⁷³

In terms of observable domestic institutional changes, there have been some significant developments during the period of the second CSF which emanated directly from the EURP. After the previous programming periods the Commission had identified a series of problems related to the domestic political landscape. In particular, the funding coming from the structural funds had become politicised, with the two main parties bidding for the title of the best protector of regional interests in the public discourse.⁷⁴ The clientelistic interchanges amongst the three levels of government were identified, as was the low capacity of the regional authorities - and to a lesser degree the central as well - in terms of human capital.⁷⁵ As a solution, the creation of administrative structures with as much independence from the central bureaucracy as possible was promoted by the Commission.⁷⁶ These agencies would operate as semi private organisations with the ability to attract personnel from the private sector. Their main contribution would be the promotion of

⁷¹ Leonardi, 2005, p.84.

⁷² Featherstone 2005.

⁷³ Paraskevopoulos, 2008, p.126.

⁷⁴ Andreou, 2006, p.249.

⁷⁵ *ibid.*

⁷⁶ *ibid.*

transparent practices that would assist the speeding of the absorption rates and the minimising of complex bureaucratic procedures at the selection stages of the projects.

Thus, four independent management and monitoring organisations were established, all based in Athens: the Management Organisation Unit (MOU), the Hellenic Centre for Investment (ELKE), the Joint Steering Committee for Public Works (MEK) and the Expert Agent for the Sampled Quality of Infrastructure Projects (ESPEL).⁷⁷ The first organisation was established with the aim of providing advice, administrative tools and expertise to the regional and the sectoral managing authorities and implementation agencies. ELKE aimed to improve the attraction of private capital in the projects to be implemented so as to advance the rates of national participation, which had been one of the main problems identified in the two previous programming periods. MEK and ESPEL were endowed with the task of overseeing the procedures that were followed during the construction of projects related to the improvement of the physical infrastructure. MEK in particular was created as a sub-committee of the central monitoring committee of the CSF in the Ministry of Economy with the jurisdiction of overseeing the system that was employed in order to produce the public works.⁷⁸ This system has suffered as a result of chronic insufficiencies that more often than not led to corrupt practices. The creation of these four organisations met with considerable resistance from the existing civil service.⁷⁹

Moreover, a series of reforms promoted by the Greek government after 1994 further contributed to the territorial reorganisation of the Greek state, hence the patterns of implementation of the second CSF. In 1997, Law 2503/97 on the 'Organisation and Management of the Regions' provided further responsibilities to the NUTS II regions in the areas of planning, preparation and execution of programmes of economic development, and social and cultural affairs. Essentially, this was putting into practice the 1986 Law that had introduced the regions and as was mentioned above had not been fully implemented.⁸⁰ Again these reforms sought to establish regional and local authorities which were insulated from central political interference.

Moreover, in 1994 a new law established local elections for the leaders of the prefectures and the prefecture councils. The re-elected government of PASOK reinstated the reforms that it had introduced in the 1980s to reorganise the territorial balance of power between the levels of government. Therefore, for the first time in modern Greek political history the local populations would have the opportunity to choose their representatives at the local level democratically. The prefecture councils were comprised by members of the civil societies representing each prefect and were also elected. Nevertheless, this movement towards decentralisation was accompanied by the transfer of resources to the non-elected regions whilst the elected prefectures would continue to be financially dependent upon the central state.⁸¹ Additionally, there was confusion about the responsibilities that the

⁷⁷ Lalioti, 2002, p.68.

⁷⁸ Paraskevopoulos, 2008, p.128.

⁷⁹ Lalioti, 2002; Andreou, 2006, 249.

⁸⁰ Petrakos and Psycharis, 2006, p.15.

⁸¹ Psycharis and Simatou, 2003, p.675.

prefectures actually had. As is shown in Table 1, they shared many responsibilities with the central government, which created administrative overlapping and problems.⁸²

Table 1. Tiers of Local Government and decentralised structures in Greece

<p>Municipality and Communes</p> <p>First tier of self government (Local NUTS V tier). 1033</p>	<ul style="list-style-type: none"> Fully elected Underwent drastic amalgamation in 1999 through the 'Kapodistrias' plan. 5825 municipalities and communes (438 and 5387 respectively) became 1033 municipalities and communes (900 and 133 respectively)
<p>Prefecture</p> <p>Second tier of self government (prefectural NUTS III tier)</p> <p>51 prefectures grouped into 50 self government organizations</p>	<ul style="list-style-type: none"> Led by a single Prefect appointed by the central government until 1982 Increased participation with appointed members in the Prefectural Council established in 1982. The Prefect remains appointed by the central government. Since 1994 fully elected tier of self government.
<p>Region</p> <p>Third tier of decentralization (regional NUTS II tier)</p> <p>13 Regions</p>	<ul style="list-style-type: none"> Non- existent until 1986 Legislated in 1986 but did not fully function until 1997 Fully functional since 1997 with a Secretary General appointed by the central government and appointed members of the Regional Council

Source: Petrakos and Psycharis (2006) p.12

Finally, at the lowest territorial level, that of the LGAs, the government attempted to modernise the system of local government by amalgamating municipalities and communes. As mentioned above, there were 6,000 independent LGAs, which in financial and administrative terms were unsustainable. Therefore, with Law 2539/97 on the 'Reform of the First Level of Local Authority' the number of the municipalities was reduced to around 1,000 and some competences were transferred from the central state to the newly created LGAs. This was the 'Kapodistrias' plan, which provided for the obligatory mergers of the local communes. The plan came under extensive opposition in certain localities that did not wish to lose any components of what they considered to be their local identity.⁸³ However, the 'Kapodistrias' plan was supported by the two associations that represent the elected local authorities - the Central and Local Associations of Municipal and Communal Authorities, KEDKE and TEDK respectively.⁸⁴ Therefore, it was put into practice even though it did not cater for the main problem that the local authorities face, which was the lack of power to collect financial revenue through taxation. To be sure, in a later stage of the reforms introduced through the 'Kapodistrias' plan, the amended Constitution of 2001 for the first time allowed the LGAs to collect local taxation that would finance their

⁸² *ibid*, p.672.

⁸³ Koutalakis, 2003, p.62.

⁸⁴ *ibid*.

activities.⁸⁵ However, this ended up covering a very small percentage of the LGAs' total expenses with the majority of the funding still arriving through the central state. The changes in the territorial distribution of powers in the Greek state are summarised in Table1, which provides an outline of the institutional developments that took place at the governmental level concerned with the administration of the CSFs.

On the whole, the ways in which the implementation of the second CSF influenced the Greek institutional system reveal a contradictory picture. On the one hand there were indisputable institutional innovations that took place, promoting decentralisation and improving the effectiveness of the management of the programmes. The new governmental structures could provide effective and high quality support to the official management and monitoring structures of the regional and sectoral OPs. Moreover, the fact that the NUTS II regions were finally consolidated with the competences and financial resources decided in the 1986 legislation was a step towards the inclusion of the regional populations in the implementation processes of the CSF.

Additionally, the election of the prefectures and the amalgamation of the LGAs could provide channels for local actors to participate in all stages of the regional OPs and hence significantly improve the input provided by the Intermediate Bodies and the final beneficiaries. Moreover, the creation of methods of public private participation in the public works seems to have improved considerably the final beneficiaries' participation in the field of projects of large scale infrastructure by improving the incentive structures in which they could operate.⁸⁶ The successful implementation of these projects seems to have been directly if not wholly the outcome of this innovative method of coordinating the actions of the public and private sector.

Nevertheless, the fact that it took the central government ten years to endow the regions with the responsibilities established by the structural funds regulations provides an example of the central state's reluctance to lose any of its powers and successfully move towards the direction indicated by the EURP regulations. Furthermore, even this process of consolidating the region's competences can be seen as an attempt on the part of the Greek central government to replace the power that it enjoyed at the local level through the prefectures with the regions.⁸⁷ As a study initiated by the Commission for the implementation of the principle of partnership in the member states shows:

There is in Greece an emerging deconcentrated structure which, however, co-exists alongside a more centralised system of control and centralised operational service delivery...the regional secretaries exercise the regional element of the central government.⁸⁸

⁸⁵ Psycharis and Simatou, 2003, p.662.

⁸⁶ Paraskevopoulos, 2005.

⁸⁷ Andreou, 2006.

⁸⁸ Tavistock Institute, 1999, p.90.

Moreover, the general turn towards managerial efficiency is indicated by the participation of private consultancies in the implementation processes of the projects, which took place during this period for the first time. Even at the stage of the formulation of the RDP, around 36 consultancies participated in the process.⁸⁹ It is clear that incorporating the private sector into the process of the implementation of the CSF is conducive to improving the manner in which the principles of partnership and additionality would be implemented. That is to say, it did provide a channel for the inclusion of the private sector at every stage of the CSF. Nevertheless, the fact that these private companies were essentially undertaking work which was the responsibility of the central civil service, as well as the fact that they were chosen in order to assist the central bureaucracy rather than the sub-national authorities provides an indication of the turn towards managerial efficiency. Most importantly, however, it shows the limited effect that the introduction of the funds had in administrative terms since the state seems to have devolved the responsibility to improve its capacities by outsourcing the challenges that it was facing.

Furthermore, the inclusion of the private sector through the consultancies reinforced the importance of the central government in the management of the funds. This is so because the private companies would mainly deal with the Ministry of Economy, which once again strengthened its position. Most importantly, however, the prevailing attitude of 'contempt'⁹⁰ on the part of the Ministry of Economy towards the abilities of the sub-national authorities to participate in the implementation of the second CSF in equal terms hardly changed during this period. Even at the formulation stage of the programme the central government had decided on the amount of funds that would be directed to each region. Despite this, it invited the input of the regional authorities, which in the end was completely disregarded since around 60% of the proposals that the regional authorities submitted were either rejected or significantly modified.⁹¹ The above-mentioned study initiated by the Commission admits that the instigation of the principle of partnership had limited effects on the regional structures. As the study points out:

the most important aspect of partnership in Greece has been the partnership between the Commission and the member states.⁹²

Nonetheless, the importance of institution building that took place during this period cannot be disregarded.⁹³ Given the insignificant institutional changes that had occurred in the area of regional development policies until the mid 1980s, the introduction of the autonomous agencies for the provision of bureaucratic backup as well as the territorial reorganisation of the country is very important.⁹⁴ Indeed, the embedded sclerosis of the

⁸⁹ Ioakimides, 1996, p. 357.

⁹⁰ Ioakimides, 1996, p.359.

⁹¹ *ibid.*

⁹² *ibid.*

⁹³ Getimis and Demetropoulou, 2004.

⁹⁴ Paraskevopoulos, 2008.

Greek state would mean that it would be difficult for the next government to reverse these institutional changes.

5. EURP AND INSTITUTIONAL ISSUES IN THE THIRD CSF

In this section I aim at identifying the extent to which the initiation of the third CSF signaled the continuation of the previously established patterns of institutional relationships. During this period there were no further domestic reforms in the reformulation of the political geography of the country. Hence, the territorial and political context in which the programmes of the third CSF were implemented remained the same as described in Table 1. Nevertheless, this is not the case with the institutional developments that emanated from the EURP. The reform of the Structural Funds in 1999 and the increase in financial resources that became available from the EURP for Greece provided a further impetus towards the Europeanisation of the domestic administrative system in this particular policy area. In particular, in institutional terms the reforms initiated with the 1260/1999 regulations entailed the creation of a separate organisational scheme that was 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. In practice, the reforms initiated through this legislation entailed either the strengthening of the arrangements made in the previous three programming periods or the creating of new institutional structures.

Broadly, the institutional network created in order to support the design and implementation of the Greek third CSF comprised five interrelated organisations: the Managing Authorities (MA), the Monitoring Committees (MC), the Payment Authority (PA), the Committee for Fiscal Control and the Management and Organisation Unit (MOU), which was discussed above. The institutional authorities involved in all the stages of the third CSF and their interrelationships are described in the Figure 3 page 42. MOU is not included in the figure since its operation was outside the everyday implementation of the programme.

The CSF MA was given responsibility for the general running and coordination of the programme.⁹⁵ Essentially, this was the Ministry of Economy's regional policy department which had been in charge during the three previous programming periods. Under the third CSF it was endowed with significant administrative and financial resources in order to carry out its operation.⁹⁶ Broadly, the tasks it had to follow during the third CSF were the supervision of the actions of each MA, the everyday contact with the Commission, the evaluation of the programme and the approval of any extensions or alterations that a sectoral or regional OP would recommend. Around 60 employees worked in the CSF MA and the Service was divided into three Units; the Special Unit for Strategy, Design and Evaluation of the Developmental Programmes, the Special Unit for the Coordination of the

⁹⁵ The material that follows and describes the activities that the institutions are intended to carry out are outlined in different sections of Regulation 1260/1999 as they were incorporated into the Greek legislation through different common ministerial decisions (KYA).

⁹⁶ Andreou, 2006, p.252.

implementation of the OPs and the Special Unit responsible for the management of the Integrated Information System (OPS). Furthermore, in the CSF MA there was a separate Unit responsible for the management of the Cohesion Fund and another which would manage the Community Initiative 'Interreg III'.⁹⁷

The CSF MA was undoubtedly the most important institutional actor in the network responsible for the design and implementation of the programme. Its employees were highly experienced and some had been involved in the EURP since the start of the IMPs. It issued directives to all the individual MAs which provided the general guidelines about the execution of the sectoral and regional OPs. It was responsible for the conduct of the mid-term evaluation in collaboration with the sectoral and regional OPs. It was also responsible for ensuring that the actions of each MA were consistent with both the national and Community legal frameworks, particularly in the areas of competition, state aid and the environment. Apart from the daily communication with the Commission officials concerning different aspects of the CSF, representatives from the CSF MA met annually with Commission officials in order to account for the overall progress of the programme. Besides this, the CSF MA was responsible for the administration of the partnership and additionality principles. Moreover, it participated in the MCs of all the sectoral and regional OPs and was supervised by and accountable to the CSF MC.

In addition to the CSF MA, a new MA was established in the relevant regions or the ministries for each OP. It was headed by a Director General who was appointed by the central government and its personnel arrived from either the organizations established in the previous programming periods or through competitive exams and interviews held during the period 1997-2005.⁹⁸ Therefore, a mixture of already serving civil servants on secondment and newly recruited employees mainly from the private sector and the abovementioned consultancies were employed in the MAs.

Moving to the second important institutional actor of the institutional network set up in order to design and implement the third CSF in Greece, the MCs were also reorganised and their role became more clearly identified. As in the previous programming periods, the aim of creating the MCs was the institutionalisation of the principle of partnership and the improvement of the inclusion of representatives from civil society in the design and implementation of the CSF. In accordance with the developments related to the strengthening of the principle of partnership there was an extension of the participating bodies. Furthermore, the tasks to be performed by the MCs were clearly identified for the first time.

Each OP was assigned a separate MC which would monitor the implementation of the respective programme. The progress of the third CSF as a whole was monitored by the CSF MC, which encompassed the Director General of the CSF MA, the presidents of the MCs of each sectoral and regional OP, representatives from the PA and the Committee for Fiscal Control and representatives of economic and social interests. Finally, a delegate from the

⁹⁷ The Community Initiatives do not form part of the research conducted for the paper.

⁹⁸ www.mou.gr

Commission attended the meetings of the CSF MC but did not have a right to vote. This was the institutionalisation of the decision taken by the Commission to withdraw from the everyday patterns of the implementation of the programme. The regional or sectoral MCs worked in a similar way as the CSF MC with the representatives coming from the regions and the MAs where the OP is implemented in the first case or national delegates in the latter. In all cases a representative from the Ministry of Economy participated. The president of the regional or sectoral MC was appointed by the central government general or regional secretary.

Therefore, the two main pillars of the institutional network that was created to support the operation of the third CSF were the MAs – one for the CSF and one for each OP – and the MCs – also one for the CSF and one for each OP. In addition to these, however, the PA and the Committee for Fiscal Control were introduced as secondary supporting organisations. Both these institutions were established in order to improve the transparency of the programme and avert any corrupt practices. They seem to have been the result of specific demands by the Commission in order to promote the objectives related to the 'sound management' of the programme.

Finally, an important institutional change, aimed at creating a supporting mechanism, was the introduction of the Management Organisation Unit (MOU). This was decided in the second CSF but it started its operation towards the end of the second programming period and the start of third CSF.⁹⁹ The aim of creating MOU was to strengthen the administrative and management capacities of the authorities created as part of the third CSF. The creation of MOU was directly related to the identification of the weaknesses and rigidities of the Greek civil service.¹⁰⁰ Although intended to complement and not substitute the already existing civil service, it was clear that the public sector bodies that existed at the end of the second CSF were unable to perform the tasks required by the programme.¹⁰¹

Up to this point in the current section I have described the organisational elements of each institution that was exclusively set up for the third CSF in Greece. Each of these organisations would interact with one another, in accordance with the regulatory framework of the EURP and also with the Intermediate Bodies (IBs) and the final beneficiaries. In the remainder of the section I discuss the issues that hindered the operation of this institutional network as was established through fieldwork research carried out in two stages between 2004 and 2008.

5.1 Centralisation vs. Decentralisation

The establishment of both 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 responsible for the implementation of the sectoral and regional OPs signalled the

⁹⁹ It was introduced by Law 2372/1996 which was redrafted by Law 2860/2000.

¹⁰⁰ Lalioti, 2002.

¹⁰¹ Interview with Director General of MOU

reinforcement of the centralising tendencies of the Greek state. As mentioned above, the Secretary General of each MA was appointed by the central government and at the same time would also serve 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.¹⁰² 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 its 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. This fact in itself provides constraints on their ability to act autonomously from the central state.

The centralised ways in which the managing authorities operated were revealed during the fieldwork carried out by the author with the aim of conducting semi-structured interviews with the employees of the MAs. During that process, the apprehension of the civil servants to give such interviews was revealed. Most of them would send the author to their line manager who in turn would send him to the Head of the Managing Authority. In some cases the explicit authorisation of the Secretary General of the MA was sought in order to conduct the research interview. It is understandable that a certain degree of apprehension by the civil servants to reveal information that might be considered confidential is an integral problem that accompanies this sort of fieldwork. Nonetheless, the tendency of almost all the potential interviewees to look for permission from their line manager is indicative of a reluctance to take autonomous decisions. This issue was also revealed by interviewees in Brussels who admitted their difficulties in dealing with the MAs during the monitoring of the programmes because no decision would be taken unless the highest official would agree.¹⁰³ Sometimes that would involve the minister or the secretary of a regional authority, whilst in other cases, and especially in issues that affected political decisions related to the national economy, the permission of the Greek Prime Minister (PM) was required.¹⁰⁴

A similar impression was given by all the interviewees employed in the MA of the regional OP of Western Macedonia¹⁰⁵ and another employee who had worked in the regional OP for the region of Attica.¹⁰⁶ They all agreed that the Ministry of Economy would constantly interfere in their operations through the CSF MA but also through the regional MC. As far as the CSF MA in particular was 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 contributing to the ineffectiveness of the system. This is because the employees of the

¹⁰² Andreou, 2006, p.256.

¹⁰³ Interview with Head of Unit of 'DG Agriculture' in the European Commission.

¹⁰⁴ Interview with former Director General of DG Regio.

¹⁰⁵ Interviews with employees of the OP for 'Western Macedonia'.

¹⁰⁶ Interview with former employee of the OP for 'Attica'.

regional MA recognised the severe difficulties they were facing in terms of properly trained personnel. The issue of the lack of specialised knowledge by the regional MAs, as well as in general by the sub-national authorities involved in the implementation of the regional OPs, was raised by an interviewee 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.¹⁰⁷

Another interviewee¹⁰⁸ 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 the 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 European Commission's DG Agriculture¹⁰⁹ 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

¹⁰⁷ Interview with Head of Unit of the CSF MA.

¹⁰⁸ Interview with former employee of the OP for 'Central Greece'.

¹⁰⁹ See above.

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 takes place not only through the everyday communication with the Commission but also through the regional MCs. Specifically, he puts it thus:

Sometimes it feels as if the Ministry of Economy has assigned a commissioner to 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 implementation patterns of the third CSF. This is so because the regional MAs were often unable to deal with the problems that arose. As he points out:

There is an issue related to the capacity of the regional MAs to administer these programmes. The management of the programmes 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 MA¹¹⁰ 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 'Kapodistrias' plan made some first steps but there is much more that needs to be done by 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 report,¹¹¹ 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. As primary reasons for this, excessive corruption and the particularly low educational level of the personnel employed in the LGAs are cited. The report identifies that this impression is shared by a large part of public opinion in Greece

¹¹⁰ Interviews with employees of the CSF MA.

¹¹¹ Special Report of the Greek Ombudsman on the Local Government Authorities, September 2000.

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 as constructions of the Greek central state and 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 and the LGAs being unable to formulate coherent demands in that direction. Reflecting the low level of civil society in Greece as a whole, the regional and local people did not articulate their interests in a horizontal way at that level. Therefore, the local authorities have been 'captured' by clientelistic interests from the regional populations rather than as ways of representing collective needs. As an interviewee 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 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 representing a professional organisation, who seem to only bring to the council the demands of the relevant profession. This creates disagreements and a lack of trust amongst the delegates. If all the representative 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 related 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.¹¹²

Finally, the head of the Payment Authority¹¹³ pointed out that when it comes to the auditing that 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.

¹¹² Interview with Head of Unit of the OP for 'Western Macedonia'.

¹¹³ Interview with the Head of the Single Paying Authority of the CSF.

To summarise, the low administrative capacities of the sub-national authorities were cited by the interviewees of both the CSF MA and the regional MA and were highlighted by the Ombudsman report. In the case of the interviewees, there seemed to be a consensus that this was the primary reason why the centralised tendencies of the CSF MA were 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 were responsible for its reproduction. Therefore, on the one hand, those who distrusted the sub-national authorities seemed to have been justified in not wanting to allow them more scope for autonomous action in the context of the CSF. This was so especially since there were fears – not always unjustified – that the regional programmes would be used in order to satisfy local clientelistic interests rather than for developmental purposes.¹¹⁴ On the other hand, however, the representatives of the lower tiers inquired how the reforms of the sub-national government can proceed if they were not allowed any room for policy learning.

The dominant role of the Ministry of Economy and the CSF MA in particular did not only impact on the scope for autonomous action to the sub-national authorities. If anything, the Greek civil service's centralism was clearest in the administration of the MOU. As discussed above, it was created as an independent organisation to provide administrative know-how to the MAs. When it started its operation this involved training seminars and other interventions that it would decide autonomously. Nevertheless, during the course of its operation the Unit was stripped of many responsibilities by the CSF MA. As the Director General of MOU¹¹⁵ put it:

The initial plans for the creation of MOU were that we would have much more responsibility not only in quantitative but also in qualitative terms since we would be involved in the programme in a more systematic way. However, the Ministry of Economy has gradually taken back our responsibilities either by presidential decrees that institutionalised this process or by issuing directives that had the same impact in an unofficial way.

Besides, as mentioned above, even when the discussions for the creation of MOU had started in the mid 1990s the whole project had attracted considerable resistance from the core civil service, which feared that MOU would act in an antagonistic manner towards it.¹¹⁶ There were fears that the employees of the Ministry of Economy would lose their prerogatives – they are amongst the best paid civil servants in Greece, and since the employees of the CSF MA are employed by the Ministry of Economy this is reflected in their salaries¹¹⁷ – or that the new authority would override the already existing civil service

¹¹⁴ Interview with Head of Unit of the MA of the CSF.

¹¹⁵ Interview with the author.

¹¹⁶ Lalioti, 2002, p.71.

¹¹⁷ Interview with the Manager of the sectoral OP for 'Health and Welfare'.

organisations. Interestingly, this resistance was echoed by the ND party, which was then the main opposition party.¹¹⁸

The fear of the conservative party was that the creation of an autonomous agency would lead to unsupervised political actions by the central government and that the latter would lose its control over the process of the management of the CSF. As a result of both the actions of the CSF MA and the resistance towards its operation, MOU's role was downgraded during the third CSF from that of a major provider of organisational support to being a back up mechanism.¹¹⁹ Indeed, at the end of the third CSF, the only substantive responsibility left to MOU was the organisation of the entry examinations for employees that worked in the MAs. It was still in theory required to offer training and other support to the employees but this was hardly the case anymore.

Therefore, the new regional MAs and MOU, which were created in order to provide the autonomous administrative scheme for the third CSF, continued to suffer 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 own role. In essence, the CSF MA issued directives about all the major issues that needed to be decided. The regional and sectoral MAs were intended to follow these directives almost literally and the only room for manoeuvre that they enjoyed was in everyday issues of secondary importance for the programmes. Most importantly, this situation seemed to have been accepted even by employees of the regional MAs as more or less inevitable for the sake of the effectiveness of the programme. Furthermore, there was little or no evidence that the CSF MA intended to alter this situation by devolving responsibilities to the sub-national and sectoral MAs. If anything, certain interviewees¹²⁰ pointed out that in the programming period which officially started in 2007 the CSF MA has centralised even more powers. However, if the interviewees of the MAs of the regional OP were less likely to express frustration about the stifling interference of the CSF MA it was a different case when it came to the MAs of the sectoral OPs.

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

The bulk of the funds of the third CSF were diverted to the sectoral OPs, which had a horizontal character and covered the territory of the whole country. To be sure, these interventions had significant developmental implications for the regional and local economies where the regional OPs are implemented. Nonetheless, the MAs that managed the sectoral OPs were all located in Athens. This was a factor that differentiated the patterns of the sectoral OPs' interaction with the CSF MA in comparison with the interaction between the central managing authority and the regional MAs. In particular, the MAs of the OPs that were managed by the Ministry of Planning, Environment and Public Works (YPEXODE) and the three separate Ministries of Labour, Education and Development

¹¹⁸ Lalioti, 2002, p.76.

¹¹⁹ *ibid*, p.110.

¹²⁰ Interviews with employees of the CSF MA.

seemed to have been unwilling to accept the dominant position of the Ministry of Economy as 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.¹²¹ These problems seem to have continued or even become exacerbated during the third CSF.

Three OPs were managed from the YPEXODE,¹²² and one each from the Ministries of Education, the Ministry of Labour and the Ministry of Development. Furthermore, there was a Special Service for the co-ordination of the programmes financed by the European Social Fund (ESF) which coordinated the actions of the Ministries of Labour and Education. Also, a series of not-for profit, semi-public organisations that belonged to the YPEXODE managed projects of physical infrastructure and participated in the process of implementation as Intermediate Bodies (IBs).

The YPEXODE seemed to have a distinctly different approach to the third CSF than that of the Ministry of Economy. However, the problems were not confined to those between the YPEXODE and the Ministry of Economy. Similar problems were identified when it come to the relationships between the YPEXODE and the OPs 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 efforts made by the civil servants of the relevant managing authorities to minimise these rivalries were not always successful.¹²³ The long-established disagreements led to conflicts and discrepancies which hindered the cooperation and coordination of the actions between the MAs. These were 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 favoured an approach based on physical and spatial planning whilst on the other the Ministry of Economy and the other Ministries had the responsibility for economic and social development and were more favourably inclined towards the qualitative elements of economic and social development. The technical approach of the former frequently contradicted the qualitative approach 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 were easier to evaluate than those of the Ministry of Economy or the Ministries of Education or Employment - one can quantify the end result of

¹²¹ Petrakos and Psycharis, 2006, p.15.

¹²² In the case of the YPEXODE it is a sign of Greek idiosyncrasy that the aims of upgrading of the physical infrastructure and the sustainability of the environment, which are by definition contradictory objectives, were -during the time when the fieldwork took place- managed by the same Ministry.

¹²³ Interview with Head of Unit MA of the CSF.

roads and bridges more easily than that of an action that aims at the diversification of the employment population in a poor area – provided a further source of misunderstanding.¹²⁴

YPEXODE tended to present a thorough picture when evaluating its OPs, projecting clear and measurable outputs as evidence of the success of the programmes. This would tend to annoy the authorities that managed the other sectoral OPs, especially since the rates of absorption were employed by the Commission in order to evaluate the programmes. This further exacerbated the lack of coordination and created fragmentation and inconsistencies between the developmental objectives of the relevant OPs. An interviewee who is responsible for the coordination of the sectoral OPs at the CSF MA summarised the whole affair thus:

There is nothing new about the disagreements between the Ministry of Economy and the YPEXODE, or about the fact that they have an impact on the progress of the programme. Nevertheless, they are not a contemporary affair; all the Ministries that were the predecessors of the Ministry of Economy and the Ministry for Public Works had difficulties in their communication. It is probably a problem of different philosophies in the issue of economic development... Therefore, it is not necessarily an issue of clashes of personalities but something related to the developmental model that the country has followed and the lack of economic programming. Ever since the Marshall Plan there has not been a corresponding programming that would assign specific responsibilities to each institutional authority involved, which is of course related to the administrative problems that the country has been facing.¹²⁵

Furthermore, the same interviewee pointed out that these difficulties also related to the cooperation amongst the CSF MA and the IBs which belonged to the YPEXODE and implemented physical infrastructure projects. Although the latter were in theory independent from the Ministry responsible for public works, in practice they would follow the guidelines issued by it. This interaction involved a significant percentage of the funds, since for example the funds diverted through the OP 'Rail, Airports and Urban Transport' benefited such organisations exclusively.¹²⁶ 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.¹²⁷

Apart from the problems of differences in the developmental 'philosophy' amongst the MAs of the two main Ministries there were problems of a lack of co-ordination amongst the MAs responsible for the implementation of qualitative actions. These tended to exacerbate the

¹²⁴ Interview with Head of Unit of the MA for the sectoral OP for 'Education and Initial Vocational Training'.

¹²⁵ Interview with Head of Unit CSF MA.

¹²⁶ Interview with Head of Unit of the MA of the sectoral OP 'Railways, Airports and Public Transport'.

¹²⁷ Interview with Head of Unit CSF MA.

antagonisms that characterised 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 physical infrastructure projects were more likely to benefit from financial reallocations, 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 pointed 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.¹²⁸

An employee of the Special Service for the co-ordination of the actions of the ESF has a direct view on this issue¹²⁹. The main function of the Service in which she worked was 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's actions. 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 were established between middle ranking civil servants were an important factor, as they seemed to have provided the motivation for certain individuals employed in the MAs of different OPs to collaborate. Essentially, through this process the programme as a whole would move forwards 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 to 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 employees. If certain employees get on well with each other the relevant actions will move forward, otherwise they will not...Unfortunately there still is a culture in

¹²⁸ CEC, 2005, p. 70.

¹²⁹ Interview with the author

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

It is true that the individual relationships that develop in any organisation have an impact on the latter's performance. However, when asked specifically about the issue of the relationships that develop between the MAs, almost all the interviewees replied that the personal 'chemistry' between the employees is the most important factor in determining the patterns of communication between themselves and their colleagues, and far more important than the institutional position of each individual.

To summarise, the current section identified two issues that hindered the coordination and cooperation of the authorities involved in the implementation process 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 belonging to the YPEXODE on the other - impacted directly on the internal communication between the relevant authorities. Secondly, there seemed to be a distinct lack of coordination between the MAs that managed sectoral OPs of qualitative actions, and this frequently created antagonisms and inconsistencies between the policy actions of the MAs. As one interviewee¹³⁰ put it, the CSF MA tended to operate with a certain degree of 'narcissism' and rarely if ever consulted the MAs of the sectoral OPs. He qualified this by pointing out that the CSF MA would ask for the input of the sectoral OPs when, for example, it would work on large scale projects such as the design of the National Development Programme for the period 2007-2013. Nevertheless, when it would come to everyday issues the CSF MA tended to issue directives which the sectoral MAs often found 'unrealistic' even though they were expected to put such measures into practice. Another issue that created difficulties in the relationships between the MAs was that of the politicisation of the programmes financed through the sectoral and the regional OPs.

6. THE INTERACTION BETWEEN THE EURP AND THE DOMESTIC INSTITUTIONAL CAPACITIES OR THE LIMITED EUROPEANISATION OF THE GREEK CSF OPERATIONAL AGENCIES

The purpose of this section is to link the empirical findings of the previous three sections with the conceptual framework that I presented in the second part. The introduction of the EURP aimed at assisting the recipient countries to promote sectoral and regional development policies in order to catch-up with the wealthier EU member states. It attempted to do that by promoting endogenous socioeconomic capabilities and ensuring that all agents of socioeconomic activity would participate in the programmes that were funded. These aims were to be promoted through the creation of institutional authorities that would encourage novel ways of managing and interacting with the private interests and the civil society. After 2000 these efforts became even more concrete with the introduction of the separate management scheme that would manage the programmes

¹³⁰ Interview with Head of Unit of the sectoral OP 'Competitiveness'.

funded through the EURP. The effects would be broader in that the principles of partnership, programming concentration and additionality would affect the institutions of the recipient countries. They would also be specific in that the management tools that were implicit in these principles would affect specific stages where the institutional authorities would become involved. Both these forces constituted the tangible effects of Europeanisation that would assist the implementation of the regional and the sectoral OPs in the recipient countries.

As was made clear from the above sections, the Greek state had never developed any coherent approach in the field of regional development policies before the introduction of the EURP. The meagre attempts to tackle the country's 'regional problem' were not accompanied by any institutional changes and the central state played the predominant role in the process of managing the relevant programmes. After the introduction of the first IMPs and with the initiation of the first two CSFs it seems that the central authority, in the form of the regional policy department of the Ministry of Economy, remained the main actor participating in every stage of the programmes. Moreover, despite the introduction of the principles of programming and concentration, the authorities that managed the programmes did not succeed in adhering to the initially agreed developmental priorities and objectives. The regional and sectoral OPs were constantly reorganised in accordance with the progress of the absorption rates of each programme. Hence, the initially agreed developmental objectives were not followed during the implementation stage. Therefore, coordinating capacities of the Greek state changed very little as a result of the IMPs and the first two CSFs and the influence of the EURP was limited.

The evidence presented in the next section seems to corroborate the view that the situation remained more or less unchanged with the third CSF. Certainly, the introduction of a network of administrative authorities that would participate in the management of the programme significantly altered the policy orientation of the Greek state. It was practically the first time in the history of the country that a developmental programme was accompanied by such decentralised institutional structures, each of them assigned to manage and monitor specific policy areas - both in sectoral and geographical terms. The MAs of the sectoral and regional OPs undoubtedly represented significant steps towards an improvement in the coordinating capacities of the country's administrative structures. Nevertheless, the endemic patterns of inter-institutional rivalries and lack of cooperation prevailed.

In particular, the predominance of the central authority in the form of the CSF MA, which replaced the regional policy department of the Ministry of Economy, was established during the implementation stage of the third CSF. The sectoral OPs were not allowed much space for autonomous action and would see funds that were initially appropriated to them diverted to regional OPs. Especially the OPs that aimed to improve the qualitative elements of the Greek economy seem to have been allowed little scope to act autonomously. Most importantly, the rivalries between the CSF MA and the Ministry of Public Works significantly impeded the progress of the third CSF. Furthermore, the auditing methods introduced in the third CSF have hardly improved the capacities of the Greek administrative system.

If that was the situation regarding the coordinative capacities of the Greek state, there seems to have been little different when it comes to the bottom-up relationships that were developed during the stage of the implementation of the programmes. The introduction of the four principles governing the operation of the EURP, as well as the management tools that accompany them, were intended to improve these capacities for the member states and hence for the case of Greece. Moreover, the reorganisation of the political geography of the country - implemented through its domestic reforms - also aimed at decentralising the heavily centralised state apparatus of the country. Nonetheless, the evidence in the previous sections seems to suggest that the predominance of the Ministry of Economy - this time in relation to the sub-national authorities - was not challenged significantly during the IMPs and the first two CSFs. Especially after the territorial reforms that took place after the mid 1990s, the scope for the institutionalisation of increased participation by the regional and local authorities increased significantly. This would promote the objectives - particularly of the principle of partnership- which aims at improving the efficiency of the programmes by simultaneously opening up avenues for democratic participation of sub-national stakeholders. This process would create the conditions through which the bureaucratic authorities and representatives of socioeconomic interests would act in complementarity in order to implement the programmes. It seems that this has hardly been the case, however, with the partnership between the central authorities and the Commission being the most significant outcome in that respect. Indeed it would not be an exaggeration to claim that the more significant aspects that were encapsulated in the principle of partnership were ignored; hence the principle was basically obsolete for the case of Greece.

The situation changed very little during the third CSF despite the consolidation of the operation of the regional MAs and MCs that provided specific channels for the improvement of the capacities of the regional authorities. The MCs were captured by clientelistic interchanges, and the promotion of short term vested interests replaced any space for democratic participation. The low levels of social capital seem to have cancelled the effects that were intended by the introduction of the principle of partnership. The method of assigning the projects to the final beneficiaries was often opaque and the patterns of corruption and patronage seem to have prevailed in the process.

Furthermore, the operation of the regional MAs was not accompanied by any transfer of fiscal competences, whilst the administrative personnel arrived in the MAs from other sub-national authorities following opaque practices. As in the case of the processes followed in the sectoral MAs, the personnel of the regional MAs was comprised of employees who came through competitive exams organised by MOU as well as employees of local authorities and prefectures who were transferred to the regional MAs. The methods that were followed in order to complete the latter process seem to have been at least partially based on clientelism and patronage. Therefore, the Europeanising influences exerted by the incorporation of the principle of partnership into the Greek political and administrative system did not significantly alter the patterns of the reduced participation by sub-national actors.

It is worth pointing out that the evidence presented in the section that discussed the predominance of the centralising forces at the expense of any decentralising tendencies in

the implementation of the EURP programmes, suggests that top-down as well as bottom-up factors seem to have contributed to this situation. This is to say, the centralised state did not allow for greater participation by sub-national actors. Simultaneously though, the regional and local actors did not take advantage of the opportunities presented to them by the incorporation of the principle of partnership. If anything, it seems that traditional patterns of state-society interaction based on clientelism and patronage and also linkages based on party politics have hindered the creation of autonomous interests at the sub-national levels. Thus, the sub-national authorities were not able to engage on equal terms with the centralised Greek state.¹³¹

It can be said that the principle of partnership was not intended to influence the domestic administrative and political system in isolation from the other principles and management tools. Instead, it was meant to operate in a vertical manner and to affect the execution of the programmes at both sectoral and regional levels. However, a similar picture emerges in the assessment of the impact that the rest of the principles had on the prospects for the creation of better conditions for bottom-up participation in the Greek case. Specifically, the capacity of the regional MAs to coordinate their actions with each other and also the socioeconomic actors that would become final beneficiaries was constrained by the limited autonomy that they enjoyed throughout the IMPs and the first two CSFs as a result of the lack of constitutional decentralisation. Even after the process of decentralisation of the 1990s, however, the situation did not alter significantly.

Thus, in the third CSF the application of the management tool of project selection that would be conducted in accordance with the principles of programming, concentration and partnership was hardly justified. The process of identifying the final beneficiaries, especially at the regional level, became one of the main reasons behind the significant delays that the programme faced. Similarly, the tools of financial control and monitoring seem to have been applied in a patchy manner, since the sub-national authorities and especially the local authorities did not have the administrative capability to perform their roles.

Overall, it seems that the established patterns of limited scope for interaction between the Greek state and the surrounding socioeconomic environment changed very little as a result of the instigation of the third CSF. Thus, both the top-down and the bottom-up aspects of these relationships changed very little. Although the funds that became available were in the end absorbed, the institutional impact planned by the introduction of the principles and the management tools seems limited. The establishment of the regional and sectoral MAs presented significant opportunities to the domestic socioeconomic actors for the advancement of their interests. Nonetheless, neither the established low levels of institutional capacity nor the limited scope for the development of horizontal networks in the civil society were altered significantly.

In terms of the conceptual description regarding the Europeanisation of the domestic institutional structures in the field of the EURP, in accordance to the possible responses

¹³¹ Getimis and Paraskevopoulos, 2002.

proposed by Leonardi,¹³² the response seems to have been one of adaptation. At the structural level, the relevant authorities seem to have adapted the requirements that emanated from the EURP in a selective and formalistic manner. The new rules were adapted in such a way as to convince the Commission that there was an effort to conform to the regulatory framework. Most importantly, the objective of absorbing the funding and avoiding the forfeiture of any of it took precedence over any other organisational consideration. Hence, issues of planning and coordination were selectively incorporated into the regional and sectoral OPs, whilst any cultural changes in administrative terms have been minimal. This is not to say that the impact of the EURP in the domestic political and administrative system has been negligible. The creation of the decentralised systems of governance in the field of regional development policy can become the catalyst for the continuation of further reforms that would strengthen the institutional capacity and improve the levels of participation of the sub-national actors. These issues are discussed in greater length in the concluding section.

7. CONCLUSION

The main argument that was advanced in this paper is that the influence of the EURP in the domestic institutional structures of Greece has been minimal. The pre-existing mediating factors seem to have cancelled any positive impact that the introduction of the four principles could have in terms of widening participation and increased effectiveness of the programmes. These problems were evident in the implementation stage of the programmes since the institutional capacities of the Greek state were indeed enhanced as far as administrative planning and policy orientation were concerned. The importance of the EURP funding was acknowledged and when the requirement of establishing a separate administrative network arose the Greek authorities responded effectively. Nevertheless, when the regional and the sectoral OPs were to be put into practice the pre-existing institutional practices continued to predominate. Thus, the relevant authorities incorporated the rules stipulated by the principles and the management tools in a selective and formalistic manner. There was limited change in the culture of the civil service in Greece, with the individuals applying the rules in such a way as to convince the monitoring authorities that they were fully complying with them.

However, this should not be interpreted as a criticism of either the EURP in general or the ability of the Greek domestic authorities to respond more effectively in the challenges offered by the policy in the future. The 'policy environment' that was created in the form of the administrative network that supports the implementation of the EURP is an undoubted innovation. It is literally the first time in the Greek history that an administrative scheme with such high levels of professionalism and independence from the central political scene was created in the country. This is a system that influences all spheres of socioeconomic activity and can be employed in the future as a basis for the reversal of the problems that I identified in the paper. The question is to what extent this administrative network will retain the autonomy that, according to the EURP regulations, it

¹³² Leonardi, 2005.

should enjoy, or whether the administrative practices of the wider civil service will become apparent in this context. Thus, it becomes obvious that in order for the participation in the EU to exert more influence, it needs to be accompanied by domestic reforms that will improve the administrative and political systems.

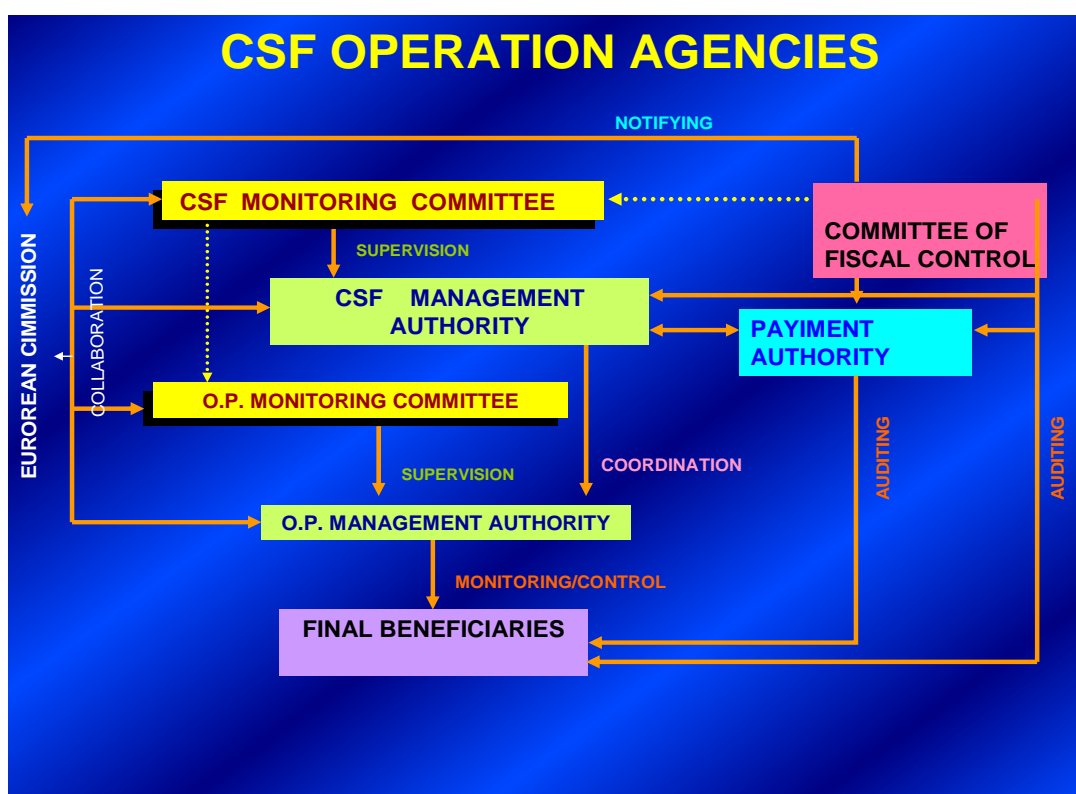
For example, the domestic reforms that altered the Greek political geography have created the preconditions for further changes that need to be undertaken in this field. There is little doubt that despite the problems that these reforms have encountered, they have improved the patterns of state-society interaction. It is important however to learn from past mistakes and try to diminish their impact in the future. For example, there is little doubt that the number (51) of the prefectures is big and not conducive to socioeconomic development; hence they should be reduced¹³³ in the future. Similarly, the number of the LGAs is big even after the amalgamation that the Kapodistrias plan introduced hence they also need to be reduced. Finally, the number of the regional authorities needs to be reduced in order to improve the coordinating capacities between them. These changes however need to be accompanied by reforms that will substantively decentralise administrative and -most importantly- fiscal competences.

Moreover, there is an obvious need for the reform of the country's civil service in order to increase its effectiveness. For example, there have been individual training projects for public sector employees financed by the EC/EU -'Politia' and 'Praxis'¹³⁴- and in particular through the past CSFs for Greece. However, the programming period 2008-13 for the first time includes a separate OP for 'Administrative Reform'. This programme will have a horizontal nature and will involve all the implementing bodies - at national and sub-national levels - of the fourth programming period. It will aim at combating the two main aspects that contribute to the difficulties of the manner in which the Greek public administration operates, which have also been identified in the paper. Thus, it will finance actions concerning the enhancement of civil servants' skills whilst also focusing on altering the institutional framework governing the operation of the Greek civil service. The aim is the modernisation of the public sector, albeit not in the direction of the introduction of New Public Management reforms. Instead, the establishment of basic bureaucratic procedures, such as the recognition of job identification for each position advertised, is suggested. Furthermore, the introduction of basic methods of meritocratic recruitment and promotion is encouraged. The incorporation of this OP is undoubtedly in the right direction in attempting to reverse the main impediments to the successful implementation of the programmes. The question remains as to whether the institutionalisation and the accompanying change in formal rules can lead to changes in informal rules and practices. In other words, even if the reform of the administrative system seems the obvious way forward for the amelioration of the problems identified in the paper, its effect on broader social structures and practices cannot be considered certain.

¹³³ or maybe even scrapped?

¹³⁴ Hibou, 2005, p.242.

Figure 3. Community Support Framework III Operational Agencies



Source: hellaskps.gr

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