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George Andreou

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EU Cohesion Policy in Greece: Patterns of Governance and Europeanization*

George Andreou

The article employs a bottom-up approach inspired by historical institutionalism to examine the implementation of EU cohesion policy in Greece. Its objective is to identify the main characteristics of the Greek response to the multiple and mutating challenges of adopting novel policy goals, maximizing the effectiveness of a cluster of policies permeating sectoral lines and enhancing participation in policy-making. Contrary to expectations, it is found that EU influence does not manifest itself principally in the field of territorial relations, where the evolution of the Greek model has been dictated essentially by domestic forces, but in the domain of policy objectives, policy style and practices. In fact, the main policy tendencies exposed (centralism, technocratic policy-making and the proliferation of semi-autonomous structures operating 'outside' mainstream public administration) reflect a pattern of accommodation emphasizing managerial efficiency at the expense of participation.

Keywords: Domestic Change; EU Cohesion Policy; Europeanization; Greece; Implementation; Institutions

Theoretical Considerations

European Union cohesion policy was initially conceived as a *regional policy*—a policy geared to address the socio-economic problems of those European regions whose development is 'lagging behind'. However, these regions are predominantly located in peripheral, economically backward and politically centralized member states. Thus, out of necessity, in three out of the four original 'cohesion

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countries’—Ireland, Portugal and Greece—a policy that was regional by name and design became predominately a national policy.¹ A strong regional component was nevertheless retained, since the Commission obliged all member states to pursue development programmes at the regional level. Due to its conceptual underpinnings (codified in the principle of partnership), cohesion policy was viewed—and, one might argue, used by the Commission—as a catalyst encouraging regionalization and undermining the gatekeeping power of central governments. For this reason, the study of the impact of cohesion policy on the territorial organization of EU member states inspired by political science has been closely linked with the concept of ‘multilevel governance’² (Marks 1993; Marks et al. 1996; Hooghe 1996a).

Most political scientists dealing with cohesion policy tend to overlook the fact that partnership—and regionalism—is not an end in itself; according to mainstream economic literature, decentralization is desirable because it is deemed to lead to more efficient development policies. Moreover, one has to take into account that cohesion policy not only suffers from ambiguity at both the conceptual and the organizational levels (Begg 2003; McAleavy & De Rynck 1997; Hooghe 1996b), but is also riddled with goal congestion (Tarschys 2003, p. 85). As a consequence, any attempt to assess the impact of the implementation of cohesion policy on national and subnational institutions, policies and politics should weigh the principle of partnership against the other fundamental principles of cohesion policy: programming and integrated planning—as opposed to sectoral planning—concentration, additionality and, since 2000, effectiveness.

It is a commonplace to say that cohesion policy has been of utmost importance for Greece. It is surprising, then, that very few attempts have been made to elucidate the way this policy is being internalized in the domestic context. Furthermore, most of the existing approaches tend to view cohesion policy as an independent variable and then attempt to describe how Greece adjusts to a European policy model that is taken as given.³ In contrast,⁴ this paper employs a ‘bottom-up’ approach inspired by historical institutionalism in order to depict and assess the Europeanization effects⁵ of cohesion policy on Greek governance and institutions. More precisely, it focuses on the specific institutional factors that mediate the exogenous influences created by the establishment and evolution of EU cohesion policy in Greece. The essential conceptual argument is that to understand Europeanization in terms of domestic institutional adaptation to the EU requires an approach that is sensitive to the particular domestic institutional configuration being studied (Bache & Marshall 2004, pp. 1–2). Moreover, following Cowles *et al.*, (2001), it is acknowledged that EU-induced adaptational pressures do not lead explicitly to domestic change because of the power of extant institutions at the national level and their ability to shape, slow or stop change. Specifically, the starting point of analysis is the system of interaction at the domestic level. Then, by using time and temporal causal sequences, one has to check if, when and how the EU provides a change in any of the main components of the said system of interaction. Finally, the consequences of all this in terms of change at

the domestic level have to be appraised. Hence, Europeanization is treated not as an end state, but as a process leading to differentiated outcomes (Radaelli 2004, pp. 4–5).

In this framework, the policy process of cohesion policy is being viewed as a series of embedded games—the first one being the intergovernmental negotiations on the Financial Perspectives and the last the discharge of each single programme at the end of each programming period⁶—whereby the outcome of each game frames the rules of the next game. Thus, actors are constrained by decisions taken previously at a higher level, but have plenty of room to pursue their own negotiating strategies (Benz & Eberlein 1999, p. 343). In this line of argument, the launching of cohesion policy did entail the emergence of a certain policy model; however, the very vagueness and intrinsic contradictions of this model, the lack of mechanisms of legal enforcement,⁷ as well as the sequential nature of the decision-making processes provide ample opportunity structures to national and subnational actors, who are yet conditioned by domestic institutions (and especially by the distribution of organizational resources among them). Put differently, the implementation of cohesion policy has not been simply a response to ‘European’ prescriptions, but the outcome of a continuous interaction between a great number of actors, be they supranational, national and subnational institutions or domestic interest groups.

In short, the purpose of this paper is to study the impact of the implementation of cohesion policy in Greek governance and institutions following a bottom-up approach inspired by historical institutionalism. The first step is to review the main developments in the territorial distribution of power since 1981 in order to expose the principal agents of change—and to assess the role of the EU in particular. A description of the structures and processes that were put in place in Greece to implement EU cohesion policy under the earlier programming periods follows. Next, the institutional setting, actors and policy setting of the Operational Programmes for the period 2000–6 are described. Finally, the findings of the previous sections are put into a broader perspective, in order to identify and assess the main elements of the Greek response to the multiple challenges of adopting novel policy goals, maximizing the effectiveness of a cluster of policies permeating sectoral lines and enhancing participation in policy-making.

The Evolution of Territorial Organization in Greece

The Greek political system has been highly centralized ever since the establishment of the modern Greek state. In 1981, the only formal administrative structures below the national level were the 55 prefectures (*nomoi*), headed by centrally appointed prefects. On the other hand, there were approximately 6,000 Local Government Authorities (LGAs), labelled ‘municipalities’ and ‘communes’ (*demoi* and *koinotites*), that were confined to the role of providing some rudimentary local infrastructure and services. However, this picture changed significantly in the following two decades.⁸ More specifically, one can distinguish two periods of policy activism and extensive reforms, the first lasting from 1982 to 1986 and the second from 1994 to 1998.

Less than ten months after Greece's accession to the EC, PASOK (Panhellenic Socialist Movement) came to power after a landslide electoral victory. The party's manifesto included an explicit promise to grant economic self-sufficiency and administrative independence to the municipalities and communes, and to introduce new tiers of local government. However, far from linking this issue with the need for adjustment to the EC, PASOK proclaimed a general commitment to decentralization as an integral element of the principle of direct democracy (Verney 1994, pp. 169–171). In the following years the powers of local governments were enhanced, though to a much lesser extent than expected. The relevant reforms were focused on promoting political participation and on strengthening the 'developmental mission' of LGAs; all the same, there was no fundamental redrawing of the demarcation line between central and local government. In any case, only a handful of LGAs (especially the strongest municipalities) were in a position to take advantage of the new opportunities, while the vast majority of their counterparts simply retained their traditional role (Chlepas 2000, pp. 52–53). On the other hand, an important innovation took place at the level of the prefectures; from 1982 on, the prefects were flanked by prefecture councils with decision-making powers concerning the prefecture public works programmes and budget. These councils were not directly elected: they consisted of representatives of local government and of professional organizations, agricultural cooperatives, labour movement organizations and chambers of commerce (Verney & Papageorgiou 1993). Hence, deriving their legitimacy solely from the cooptation of selected interest group representatives, the prefectures acquired a distinct meso-corporatist flavour (Georgantas & Psycharis 1999). From a practical point of view, being dominated by the governing party, these councils essentially provided a controlled local interest group input into economic planning at the prefecture level (Verney 1994, p. 171).

The redefinition of territorial relations described above was inspired exclusively by domestic factors—essentially by the aspiration of the first PASOK government to carry out its radical reform agenda, while increasing its control on the country's politico-administrative system. In contrast, the EU played a crucial role during the establishment of the regional level of government that followed in 1985–86. This time, reform was triggered by the launching of the Integrated Mediterranean Programmes (IMPs). For the purpose of the IMPs, Greece was divided into six areas; the IMP regions were not given any political institutions or even any administrative structures apart from the monitoring committees set up to follow the progress of the IMPs themselves. However, legislation introduced shortly after the submission of the first IMP (Law 1622/86 on 'Local Governance, Regional Development and Democratic Programming') defined 13 administrative regions (*peripheries*) at NUTS 2 level (according to the community classification of territorial units for statistics), which later formed the basic unit for the Community Support Frameworks. Each region was to be headed by a government-appointed regional secretary, assisted by a skeleton staff of civil servants recruited from the offices of the national administrative structure (Christofilopoulou 1994, p. 18). Appointed regional councils, consisting of central

state and local government representatives, were also established, under the chairmanship of the regional secretary (Papageorgiou & Verney 1992, pp. 140–141).

PASOK's choice to create an additional tier of administration makes little sense in functional and organizational terms,⁹ but is easily explainable on the basis of rent-seeking considerations: the creation of a new administrative level would provide new posts and opportunities, thus extending the power base of the ruling party (Chlepas 2000, pp. 45–46). On top of that, the government chose to replicate the structure of the prefectures at the regional level; this fact was indicative of its intention to remain in control of economic planning, while providing some limited access to certain affiliated local interest groups. The new legislation was not implemented to its full capacity; thus, up until 1994, the administrative machinery of the regions was practically an empty shell, and the creation of regional administrative structures was not initiated until 1997. Given the above, it is no wonder that, during the ten first years of their existence, the Greek regions held only a single serious responsibility, namely the management of the Regional Operational Programmes of the Community Support Framework for Greece.

Shortly after the creation of the regions and the advent of the IMPs, the decentralization process was halted; indeed, the period between 1987 and 1994 was characterized by policy immobility and reform inertia on all fronts and in certain instances one can even detect signs of regression towards traditional state centralism (Verney & Papageorgiou 1993, p. 113). Nevertheless, after returning to power in 1993, PASOK once again committed itself to a decentralization programme affecting all three tiers of subnational institutions. The first major innovation was the establishment of directly elected prefects and prefecture councils in 1994. All the same, the issues of the competences, personnel and financial resources of these new actors were not tackled with consistency and clarity. As a consequence, in the second half of the 1990s the government introduced a series of legal and institutional adjustments which, however, have not improved substantially the broad picture (Chlepas 2000, p. 55).

The second major development was the gradual establishment of an independent and unitary regional administration, primarily through Law 2503/97 on the 'Organisation and Management of the Regions' that delegated to the regions the competences of planning, programming and implementing policies for the economic, social and cultural development of their territory. These reforms, however, did very little to strengthen the participation of regional actors in the decision-making process and to promote a truly regional approach to policy-making. Last but not least, a major reform of LGAs was carried out in 1997 (Law 2539/97 on 'Reform of the First Level of Local Authority'), leading to the drastic reduction of the number of municipalities and to the transfer of certain government responsibilities to the local level.

Greece now has four levels of governance—the national government, the 13 administrative regions (NUTS 2 level), the 54 prefectures (NUTS 3 level) and the LGAs (900 municipalities and 133 communities). The cumulative impact of the last reforms was a spectacular transformation of Greek territorial organization and politics. Of particular importance were the creation of a new political arena at the prefecture level, and also the change in the balance of power and the nature of relations between the

various levels of government, leading to the empowerment of all subnational political actors. However, all recent reforms were of an incremental and piecemeal nature and many of the legal commitments were never put fully into effect. As a consequence, the present territorial setting is characterized by vagueness and uncertainty as to the distribution of roles and levels of responsibilities between the four present levels of government. Besides, this incomplete and imprecise devolution of powers was not accompanied by the financial emancipation of the subnational levels of government. Far from it, the Greek fiscal system remains highly centralized, the Ministry of Economy and Finance retaining almost complete control over all categories of revenue and expenditure (Chlepas 2000; Psycharis & Simatou 2003). Indeed, the Ministry of Economy has the first and the last word regarding the yearly allocation of the Public Investment Programme. The latter covers all investment expenditure, including the national co-financing of EU programmes.

Turning back to the general question of assessing the European influence on territorial organization in Greece, the EU impact does not appear impressive. In terms of institutional structures, the only direct EU contribution has been the creation of a regional tier of government in 1986. It seems that the main motive for the establishment of the 13 Greek regions was the necessity to comply with the planning needs arising from the implementation of EU cohesion policy. On the other hand, the new regions were shaped according to the preferences of national governments, who chose to replicate the model—and the organizational pathology—of the prefectures at the regional level. Furthermore, up until 1997/98, the Greek regions lacked both the organizational and the financial endowments¹⁰ necessary for the very function they were supposed to perform, namely the management of the regional programmes co-financed by the EU.

The fact that it took Greek policy-makers ten years to appreciate the merits of administrative and fiscal devolution at the regional level is indicative of the resilience of the domestic system of governance. Besides, the belated reforms of 1997 can be attributed to several factors, including learning effects and the pro-European stance of Greek governments since 1991. Nevertheless, the most convincing explanation is based again on domestic developments: the shift to regional programming reflected the government's determination to make up for its loss of control over the prefectures (Spanou 2001, pp. 68–69). In conclusion, the available literature suggests that EU cohesion policy acted as a catalyst for the creation of new institutions at the regional level. However, the structure, functions and evolution of these new entities were shaped by domestic factors. Then again, this deduction will be re-examined at the end of this paper, after we have taken a closer look at Greece's actual implementation record in the field of cohesion policy.

The Legacy of the Earlier Programming Periods

Traditionally, the two core elements of Greek economic planning have been emphasis on national growth and centralism. These features were certainly reflected

in the five-year national economic plans elaborated between 1960 and 1978. In this framework, regional policy was seen essentially as an additional channel for the maintenance of high national growth rates; in addition, the coordination and management of national development efforts were responsibilities of the Ministry of Coordination (now Ministry of the Economy). During the 1970s, Greek policy-makers developed progressively a regional policy approach focusing on public investment projects and various regional incentive schemes; however, under this system, development plans retained an indicative character and did not rely systematically on regional targets (Andrikopoulou & Kafkalas 2004, pp. 37–38).

The impact of the EU in the field of development planning became evident even before EU membership. Hence, the first regional development plan in the country's history was drawn up shortly before accession (1980), since otherwise there was a danger that Greece would not qualify for assistance from the European Regional Development Fund (ERDF). Furthermore, during the first years of membership, it became apparent that Greek financial benefits could vary considerably according to the rules governing the operation of EU funds (Verney 1994, p. 172). The EU became directly involved in the formulation and implementation of Greek development policy through the creation of the Integrated Mediterranean Programmes (IMPs). The regulation for the IMPs stipulated that the Community would contribute two billion ECU for Greece for the period 1985–92 (the remaining cost of 1.2 billion ECU would be covered by the national budget). More significantly, the IMPs introduced the new concepts of subsidiarity and partnership which, as has already been demonstrated, had some interesting implications for the territorial organization of the Greek state. The Greek package of IMPs was drawn up between August 1985 and December 1987. The relevant texts were essentially written by the regional policy department of the Ministry of the Economy (ME). While the Ministry had initially asked for development proposals from government departments and central agencies and from the prefects, in the end the IMPs were put together at the central level in a somewhat piecemeal manner, the fundamental concern of their authors being to achieve the maximum absorption of funds at the earliest possible time. As a consequence, instead of an experiment in decentralized development targeted towards the stimulation of endogenous forces, the planning of the IMPs appeared to become an exercise in centralized control and the stifling of local efforts (Papageorgiou & Verney 1992, pp. 146–147). The performance of the newly created Monitoring Committees during the implementation phase did not significantly improve the above picture. Neither the general secretaries, acting as chairs, nor the members of the committees were given the essential means, in terms of resources, expertise or information, to perform their tasks properly. In addition, ultimate control was held by the ME (Ioakimidis 1996, pp. 353–354).

The 1988 reform of the structural funds represented an even more serious challenge for the Greek politico-administrative system. According to the principle of programming, the Greek government had to submit to the Commission a Regional

Development Plan (RDP) in partnership with the regional and local authorities; this text would provide the basis for the subsequent Community Support Framework (CSF) covering the period from 1989 to 1993. In fact, meeting those requirements was beyond the abilities of Greek government and administration. First, the gatekeeping ME lacked the human resources and the appropriate horizontal units to produce detailed proposals. Competence-sharing was also limited and decision-making was kept closely within the political offices residing at the top of the administration (Ioannou 2001, p. 238). As a consequence, the drafting of the RDP was based on no coherent development strategy. In addition, the input of subnational actors was again limited, owing to (a) the preponderance of sectoral development priorities (as opposed to regional priorities) and (b) the poor quality of the proposals submitted by the 13 regional secretaries after consultations with the prefectures (Ioakimidis 1996, p. 355). Indeed, it would be more accurate to speak of a process of limited cooperation between the central government and its decentralized services rather than of a genuine partnership (Development Monitoring and Planning [DMP] 1991, p. 87). Finally, due to a government change in 1990, Greece was obliged to execute the largest developmental plan in its history with a significant delay, through manifestly inadequate structures and under a new political leadership that had taken no part in the programming stage.

From 1989 to 1993, the financial weight of the programmes co-financed by the EU rose to unprecedented levels. The overall financial envelope of cohesion policy in Greece reached 15.4 billion ECU (in 1994 prices). These funds were managed by the central government and administration. Thus, despite appearances, EU 'regional' policy in Greece became a national development policy. Policy monitoring was undertaken by a Monitoring Committee (MC) for the CSF as a whole, assisted by the MCs in charge of each of the 12 sectoral Operational Programmes (OPs) and the 13 regional OPs. These MCs were made up of national administrators (for the sectoral OPs) or regional and prefecture officials (for the regional OPs), Commission officials, a representative of the ME and representatives of the relevant social partners. The size of the MCs depended on the size of the OP they were monitoring and the number of actors involved in its implementation. The MCs usually met twice a year and had a permanent secretariat staffed by civil servants of the relevant ministry or region. At regional level, there was little infrastructure and a low quality of human capital to support these OPs. At sectoral level, the MC secretariats were staffed by the existing administration, which often could or would not work in a productive manner. The MCs were supported by programme managers and evaluation consultants; nevertheless, their contribution was limited, especially at the national level, due to the opposition of mainstream bureaucracy. The chairs of the MCs of the OPs—that is the general secretaries of the ministries or regions—reported to the central Monitoring Committee of the CSF, which normally met twice a year to assess the overall progress of the CSF and determine its future. This Committee comprised the highest officials of all three levels of government (regional, national and supranational).¹¹ The leadership

belonged to the ME: the alternate minister of economy was the chair of the CSF MC and the only person of ministerial status (Ioannou 2001, pp. 241–243).

The ME had overall responsibility for the CSF and was in constant contact with the Commission services; as a consequence, it was the domestic institution that was more susceptible to the continuous pressures for improved implementation emanating from Brussels. Moreover, its first policy priority was to maximize the absorption of EC funds. Thus, the ME often found itself in conflict with other ministries, and in particular with the more important ones in terms of financial weight (such as the Ministry for Public Works). The regional secretaries were in a much weaker position and had to comply with the demands of the ME; at the same time, they retained some degree of formal autonomy owing to the fact that they were directly responsible to the Ministry of Home Affairs, Public Administration and Decentralization. On balance, however, the performance of the new regional entities was disappointing, since the regional authorities were not able to perform many of their tasks and had to rely on the ministries—essentially on their services at the prefecture level—which were inefficient themselves and/or unwilling to devolve their powers.¹² To sum up, during the first CSF, implementation was left almost entirely to the devices of the pre-existing administrative system. The bulk of national efforts was targeted to increasing absorption rates, while the issue of implementation effectiveness was rarely addressed. Faced with this situation, the Commission initially chose to intervene only in limited cases; however, this stance changed with the advent of the second CSF.

In September 1993, the Greek government forwarded to the Commission the Regional Development Plan that would be the basis for the negotiation of the second CSF. This time, the Greek RDP was the product of a more cooperative process, though the ME again had the first and the last word.¹³ The RDP was drafted by an inter-ministerial committee, set up within the ME, with limited regional participation,¹⁴ but with a greater input of private-sector bodies and specialized consultancy agencies (no fewer than 36 of the latter assisted in the formulation of the plan) (Ioakimidis 1996, pp. 356–358).

The second Greek CSF, covering the 1994–99 period, was approved in July 1994. Following the guidelines of the Edinburgh European Council (1992), EU financial support for Greece in the name of cohesion was doubled with respect to the period 1989–93. As a consequence, the EU co-financed programmes reached the amount of 34.76 billion ECU (in 1994 prices). In all, there were 16 sectoral and 13 regional OPs (European Enterprise Organization [EEO] 2003, p. 107). During the negotiations between the Greek government and the Commission preceding the adoption of the second CSF, it became clear that the Commission was unhappy with the domestic status quo. Hence, it pushed for the creation of structures as independent as possible from mainstream public administration, or at least structures endowed with transparent procedures and a high quality of human capital. This initiative bore fruit with the assent of the government and despite considerable resistance from certain ministers, civil servants and implementation agencies. The management and

monitoring institutions finally established were the Management Organisation Unit (MOD—a semi-independent body operating under private that was law responsible for the supply of advice, administrative tools and know-how to the monitoring authorities and the implementation agencies), a specialized agency for the attraction of private investment (the Hellenic Centre for Investment—ELKE), the Joint Steering Committee for Public Works (MEK) and the Expert Agent for the Sampled Quality Control of Infrastructure Projects (ESPEL). Moreover, a number of semi-independent companies were set up to manage major infrastructure projects according to the Public Private Partnership (PPP) model. As a consequence, although the official management and monitoring structures were not altered, the quality of policy-making was indeed improved, although implementation effectiveness varied greatly across individual OPs (Ioannou 2001, pp. 258–269).

In short, the most important aspect of partnership in Greece was the relationship between the Commission and the member state (Tavistock Institute 1999, p. 91). This process of interaction did contribute to the Europeanization of national development policy; nevertheless, its impact on the performance of public (central and regional) administration was rather marginal. At the same time, the multiplication of communication channels between subnational and supranational actors (most notably in the framework of the Monitoring Committees) and the mobilization of local interests in view of new funding opportunities contributed to the creation of various multi-level policy networks that, however, remained entangled in the national political game.¹⁵ Thus, 'interpersonal relations, position in the party hierarchy and party identity, future political orientations of local leaders, personal profile, pre-electoral commitments, political party and government strategies, and the sponsoring of certain local politicians due to political considerations related to party competition, are crucial determinants of the abilities of subnational politicians to mobilise local interest groups towards development initiatives' (Koutalakis 1997, p. 27).

It has been argued that the implementation of the partnership principle in the 1990s has shifted the major objectives of regional policy from democratic participation towards managerial efficiency, thus underestimating the principle of participatory governance, social inclusion and consensus that encourage network-building, institutional adaptation and learning (Getimis & Paraskevopoulos 2002, p. 9). However, one should not overlook the fact that the Greek subnational actors were hardly able to fully assume the responsibilities arising from the partnership principle. The piecemeal devolution of power that has taken place in the last twenty years, apart from creating two weak subnational tiers of government and leaving many 'black holes' in the vertical allocation of competencies, has favoured the diffusion of clientelistic and illicit practices and the increase of corruption at the local and regional level (Chlepas 2000, pp. 66–67). Under these circumstances, centralized programming and management by bodies retaining some degree of independence from both the public administration and the subnational authorities was all but a necessary evil, at least in the short term.

The 2000–2006 Programming Period

The approach outlined in the previous section did not change after the recent reform of EU regional policy. On the contrary, the reforms initiated in 1999 (essentially the provisions for the creation of managing and paying authorities, the reinforcement of monitoring, evaluation and control, and tighter co-financing requirements) gave an extra impetus to the dynamics of ‘technocratization’ and ‘de-politicization’ favoured by both the Commission and the ME. Well before the expiration of the second CSF (in late 1997), the ME established an inter-ministerial planning committee that consulted the ministries and the regions with the objective of achieving political consensus without jeopardizing the quality of the Greek development proposals. During these procedures, outside experts (the programme managers and evaluation consultants attached to the various OPs) played a dual role by assisting the planning authorities in the drafting of their proposals and by carrying out the necessary ex-ante evaluations. The final hurdle to be overcome before the completion of the RDP was the allocation of financing between sectors and regions. In contrast with the previous period, the ME sought to achieve a unanimous agreement on this issue; however, this proved to be impossible and, after torturous negotiations, the question was finally resolved in the Cabinet after the intervention of the Prime Minister himself. The final outcome reaffirmed the predominance of national development objectives at the detriment of regional ones and the emphasis on the upgrading of infrastructure. The RDP was finally submitted to the Commission in the second half of 1999. From an outsider’s perspective, it was of very good quality and it abided by all EU standards in terms of strategic thinking, consistency and planning procedures. From an insider’s point of view, it was by far the best RDP Greece ever produced, but it remained essentially a technocratic exercise affected by competing political influences.¹⁶

The Greek RDP was forwarded to the newly appointed Prodi Commission in September 1999. In the course of the CSF negotiations, it became evident that the new Commission did not have the same philosophy as its predecessor. The Commission’s new negotiating mandate placed greater emphasis on integrated ‘soft’ actions (i.e. employment and environmental protection programmes) as opposed to big infrastructure programmes (the latter being the first priority of the Greek authorities), on improving the rigorousness of planning through the use of joint indicators and on the setting up of new implementation procedures according to the principle of sound management (Commission of the EC 2001, pp. 29–31). In the following bilateral negotiations, it became evident that the main issue of contention was the degree of governmental control over the new management structures; the Commission favoured a management system that would be immune from all outside interferences (in the mould of MOD), while the Greek government wanted the new management bodies incorporated in the body of public administration.

In the end, the Greek government’s view prevailed: it was decided that each OP would be managed by a ‘special service’ falling under the authority of the responsible ministry or region. On the other hand, the Commission insisted on controlling and

approving the installation of the new managing authorities, the overall management, paying and monitoring system located at the ME and the new system of control. Taking into account the extent of the Commission requirements and the slowness of domestic administrative procedures, it is no surprise that the actual implementation of the third Greek CSF did not start until the second half of 2001. Overall, the current CSF comprises 11 sectoral and 13 regional OPs and has a budget of €44.75 billion in 2004 prices. The latter sum does not include the budget of the Cohesion Fund (€6.39 billion) and of the Community Initiatives (€1.28 billion).

In December 2000, the Greek government passed the legislation (Law 2860/00) establishing the institutional framework in line with the principles laid down in the CSF. The body in charge of overall management—the CSF Managing Authority—is the same unit of the ME that had the same competence for the two previous CSFs. However, it has been upgraded in terms of personnel and infrastructure in order to carry out its many missions, including coordination and supervision of the activities of the managing authorities of the various OPs, general accountability to the Commission, control of the additionality principle, management of the Integrated Information System, cooperation with the paying authority (an autonomous service also located within the ME), the evaluation of the CSF, the allocation of the performance reserve and the planning reserve, the modernization of the public works system and the management of the Cohesion Fund. Each OP is managed by a Managing Authority (MA) belonging to the relevant ministry or region. All MAs are organized in an identical manner, their personnel being either reposted civil servants or newly recruited. The supporting institutions set up in the previous programming period have been retained and placed in the service of the MAs.

The MCs have also been reformed. First of all, their extended membership reflects the extension of the partnership principle—although there is evidence that partnership remains largely a procedural and symbolic exercise devoid of real meaning. Second, the tasks of the MCs are defined for the first time. Third, the decision-making has radically changed. While in the first two CSFs no decision was taken without the assent of the representative of the ME, the general or regional secretary and the Commission representative, now all decisions are taken by simple majority, although the president of the MC (the general or regional secretary) does retain the right of veto. The impact of the Commission's withdrawal from decision-making is still not clear. One would expect that such a move would have a positive impact, since it places responsibility in the hands of the national partners. On the other hand, it appears that, under conditions of strong asymmetry in the distribution of power between participants—which is exactly the case of the regional OPs—this arrangement, instead of encouraging debate and participation, may in fact promote centralism.¹⁷

From its very beginning, cohesion policy has been high politics in Greece. The ME has therefore assumed a tight control over all stages of the policy process, including implementation.¹⁸ However, given the existing fragmentation of political power and the lack of independence of public administration (Spanou 2001, p. 91), some ministries are

more cooperative than others. The ones most antagonistic to the ME are YPEHODE (Ministry of Environment, Physical Planning and Public Works), the Ministry of Labour and the Ministry of Development. The regional managing authorities, on the other hand, are more eager to accept guidelines from the centre and to respect the rules than the various ministries. Essentially, all big decisions are initiated by the Central Managing Authority of the CSF under the guidance of the deputy minister of the economy (who is solely in charge of cohesion policy). Then, the directives of the ME have to be adopted by the Monitoring Committee (that is, the ME has to obtain the approval of its most powerful counterparts). On the other hand, day-to-day issues are handled within the framework of the Managing Authorities, the ME retaining its supervising role (though this role is circumscribed in certain sectoral OPs¹⁹). The management of the biggest infrastructure projects has been delegated to certain semi-independent *sociétés anonymes*.

To sum up, the current institutional framework of the Greek CSF is embedded in older structures and practices. Despite the establishment of semi-independent authorities,²⁰ the introduction of tight control mechanisms and the threat of sanctions in case of implementation failure, established institutions and interests are still powerful. Furthermore, the new institutional structure has to cope with new, complex and demanding management requirements—and this challenge is particularly serious for the most novel and innovative OPs, namely the OPs ‘Information Society’, ‘Environment’ and ‘Competitiveness’. As a consequence, policy improvement is not always visible,²¹ and there has been a visible deterioration of absorption rates in comparison with the second CSF.²²

Synthesis and Conclusions

European Union cohesion policy has had a significant impact on Greek structures, policies and politics. Yet, contrary to expectations, the EU influence did not manifest itself principally in the field of territorial relations, but in the domain of policy objectives, policy style and practices. Generally speaking, the Greek response to the temporally shifting pressures induced by the EU approximates a strategy of ‘accommodation’ as described by Börzel and Risse (2000, p. 10). In this instance, Greek political actors accommodate Europeanization pressures by adapting existing processes, policies and institutions without changing their essential features and the underlying collective understandings attached to them. Leaving aside the creation of Greek regions (deemed necessary for the absorption of EU funds), this process did not involve institutional reform, but the patching of new policies and institutions onto existing ones—without changing the latter.

The establishment of Greek regions in 1986 is the single institutional novelty of significance that can be attributed to EU cohesion policy. However, the new regional bodies were conceived as a replication of the prefecture councils on a greater scale. Furthermore, after 20 years of life, and despite a series of reforms enhancing their competences and solidifying their institutional apparatus, the Greek regions still

possess a precarious position in the domestic politico-administrative system. This phenomenon is all the more remarkable, taking into account the economic significance and the political salience of regionalism since 1985. The only plausible explanation is that Greek governments have had no wish to relinquish the political power associated with the allocation of public funds at the regional level. Thus, they have chosen to tackle the demanding and politically sensitive issue of regional programming through centrally controlled structures. These, however, permit only limited participation of key local and sectoral interests.

In this light, cohesion policy, instead of empowering local actors and fostering region-based approaches to economic problems, operates primarily as a tool for maximizing the political leverage of the national government. This is not to say that subnational and non-governmental actors have not increased their resources and improved their positions on the Greek political scene thanks to EU funding. Nevertheless, far from becoming autonomous, they remain firmly embedded in a centrally controlled network of intergovernmental relations. It has been documented that the new relationships between the main stakeholders (public, private, NGOs, etc.) at the regional level are principally based on the tradition of the local corporatism developed in the 1980s and 1990s, when the most important institutions (public administration, local governments, professional chambers and associations, and, more recently, some universities and NGOs) were selected *de jure*—by the government itself. Within this framework, the new players are constrained in tight and opaque networks around the Monitoring Committees, or are obliged to construct policy networks that also include party-dominated political linkages (Getimis & Paraskevopoulos 2002, p. 8).

The impact of EU cohesion policy on policy orientations and organizational patterns has been more significant. Until the early 1990s, the Greek governments were preoccupied exclusively with the redistributive aspect of cohesion policy and took almost no measure in order to secure absorption (let alone effective use). This attitude was tolerated by the European Commission, which had no wish to intervene in domestic politics—and had not yet developed a concise policy on questions relating to the monitoring, evaluation and control of EU projects and programmes.

Things changed with the advent of the second CSF, owing to a variety of interrelated factors that were both endogenous and exogenous to cohesion policy. The first set of factors includes the growing sensitivity of the Commission towards effectiveness, the progressive collusion between the Commission and the Ministry of Economy and the accumulation of socialization and learning effects at both the political and the administrative levels. The second set of factors comprises the restrictions and incentives posed by Greece's convergence effort in view of European Monetary Union (EMU) and the leadership effect manifested after the rise of the 'modernist' wing of PASOK into power in 1996 (Ioakimidis 2001, p. 81). At that juncture, Greek governments employed a strategy of incremental accommodation. They gradually built up special structures and supporting mechanisms and/or resorted to the aid of private consultants assisting (or even substituting for) the public bodies that were

nominally in charge of management.²³ This pattern of adjustment presented four main advantages. It suited the preferences of the European Commission (who demanded a rapid improvement in Greece's managing capacity); it had a minimal impact on the pre-existing balance of power; it had 'low visibility' (thus discouraging organized opposition by bureaucratic and/or local interests); and it gave new life to centralism. As a consequence, cohesion policy was shrouded in a technocratic mantle and placed almost exclusively in the hands of politically controlled 'experts'.²⁴ Inevitably, then, democratic programming became devoid of substance and the main lines of contention were drawn between the sectoral ministries and the bureaucratic and private interests they represent.

The EU-imposed reforms of the current programming period have affected neither this model of governance nor the prevalent logic of accommodation. In effect, the establishment of the new management structures constitutes an attempt to rationalize the pre-existing system without upsetting the pre-existing distribution of power. New as they may be, the MAs share the fundamental characteristics of the earlier ad hoc structures. They function in isolation from the main body of public administration and, despite appearances, are not immune from political control. Given the rather disappointing performance of this system, the continuing dominance of the 'sound management' paradigm in the proposed Regulations for the 2007–13 period and the continuing aversion of Greek governments to any serious institutional reform, it is safe to predict that more fine-tuning interventions will take place in the management, evaluation and control systems. However, it would be futile to expect any serious deviations from the canons of centralism and technocratic dominance.

Notes

- [1] In the period 1989–99, cohesion policy in Ireland and Portugal was incorporated in national policy-making and had a sectoral orientation (Commission of the EC 1997, p. 100). In theory, since 1989 Greece has adopted a mixed strategy, combining regional and sectoral programming. However, despite the requirements posed by EU cohesion policy, strategic regional programming remains virtually non-existent (Petrakos & Psycharis 2004, p. 446).
- [2] The concept of 'multilevel governance' describes the changing relationships between actors situated at different territorial levels across the EU, highlighting the increasingly blurred distinction between domestic and international politics. According to its advocates, multilevel governance is prominent at the implementation stage of cohesion policy. An alternative—though not necessarily competing—explanation of the impact of cohesion policy on governance is codified by the notion of 'flexible gatekeeping'; this concept stresses the gatekeeping powers of national governments at all stages of policy-making—and particularly at the implementation stage—and emphasizes the distinction between multilevel *participation* in policy-making and multilevel governance (Bache 1998, p. 155).
- [3] See for instance Andrikopoulou and Kafkalas (2004) and Getimis and Paraskevopoulos (2002).
- [4] In Olsen's words, 'the language and logic of fixed dependent and independent variables can become a strait-jacket preventing an adequate theoretical and empirical analysis of European dynamics of change' (Olsen 2002, p. 21).

- [5] The term ‘Europeanization’ is usually used to describe processes of constitution, diffusion and institutionalization of formal and informal rules, procedures, policy paradigms, styles, ‘ways of doing things’ and shared beliefs and norms that are first defined and consolidated in the making of EU decisions and then incorporated in the logic of domestic discourses, identities, political structures and public policies (Radaelli 2000, p. 3).
- [6] These stages are described at length by Marks (1996, pp. 389–406).
- [7] In the case of cohesion policy, pressures for adaptation are not directly linked to the powers of the European Court of Justice and emanate primarily from the attachment of certain conditions connected with the absorption of EU funds (Koutalakis 2003, p. 83). Moreover, as the Greek case illustrates, these conditions were relatively relaxed until 1994.
- [8] See for instance Verney (1994), Featherstone and Yannopoulos (1995), Ioakimidis (1996), Getimis and Paraskevopoulos (2002), Petrakos and Psycharis (2004).
- [9] It is noteworthy that 11 out of the 13 Greek regions do not reach the population threshold for NUTS 2 regions (800,000 inhabitants) set in Article 3 of the Regulation (EC) No. 1059/2003 establishing a common classification of territorial units for statistics (NUTS).
- [10] Only in 1998 did the Ministry of Economy introduce a system of regional payment appropriations as a part of the Public Investment Programme. Until then, the Greek regional programmes were financed at the level of prefectures and municipalities (Petrakos & Psycharis 2004, p. 448).
- [11] The national authorities were represented by the general secretaries of the ministries that were in charge of the national OPs. The representatives of the regions were the 13 regional general secretaries.
- [12] However, the ROPs had the lion’s share in the allocation of funds for the first CSF: their initial share was 40.9 per cent and their actual share grew to 50.3 per cent because of transfers of funds from ‘insufficiently implemented programmes’—primarily major infrastructure projects (Commission of the EC 1994, p. 18).
- [13] The government had decided in advance that the bulk of the money would go to major infrastructure projects. Each region was allocated a specific amount of money on the basis of socio-economic criteria elaborated by the Athens-based Centre for Planning and Economic Research (KEPE).
- [14] In the final stage of the plan’s formulation, nearly 60 per cent of the proposals submitted by the regions was rejected, replaced or modified.
- [15] Evidence from the regional OP for Epirus in the second CSF emphasizes the centripetal nature of the politico-administrative structure and its primacy over subnational governance (Hatzaras 2005).
- [16] Interviews with ME officials.
- [17] Interviews with officials from the MA of the OP Crete.
- [18] It hosts all central managing, monitoring and evaluating bodies; it is in charge of the coordination and the monitoring of the various OPs; it represents Greece vis-à-vis the Commission; it is solely responsible for the Cohesion Fund, the OP ‘Information Society’ and Interreg III, and manages Urban II in cooperation with YPEHODE.
- [19] For example, the Ministry of Labour is consistently attempting to exploit its direct contacts with the Employment Directorate of the Commission in order to bypass the ME.
- [20] The head of each MA is appointed by the responsible general or regional secretary. Moreover, the new employees serve on the basis of two-year contracts and the reposted civil servants can be transferred to their previous posts by a simple decision of the general or regional secretary.
- [21] Interviews with officials from the ME and the MA of the OP ‘Competitiveness’.
- [22] In July 2005 (18 months before the expiration of the current programming period), only 33 per cent of total public funds had been absorbed.

- [23] This arrangement was perfectly in line with 'the informal way of doing things' prevailing in Greek policy-making.
- [24] Particularly striking is the absence of the national Parliament at all stages of programming.

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