European Cohesion Policy and its Implementation in Greece

Abstract

The proposed paper seeks to identify critical changes and reforms that occurred in Greek public administration, both on central and regional level, during the period 1989-2013 due to the need for establishing better mechanisms for planning and implementing the European cohesion policy. Since the launching of the specific policy field in the late 1980’s, Greek public authorities responsible for facilitating strategy, planning and implementation of the cohesion policy, went through a series of administrative changes and reforms. The direction of the transformations was either towards the building of brand-new institutions, or by transforming already existing administrative structures. In that respect, there is some kind of evidence that the Europeanisation process in the field of the cohesion policy has propelled inevitable changes on certain aspects of Greek public institutions, in view of the demand for better correspondence and cooperation with the European administrative authorities.

The aim of the paper is to present core aspects of the institutional transformation related to Greek public bodies since the adoption of the first Community Support Framework (CSF) up to the fourth one (NSRF- National Strategic Reference Framework). The research focuses both on central public administration, such as public bodies associated to the Ministry of Development (former Ministry of National Economy) and the regional administrative level as well. It is argued that pressures connected to the Europeanization process coupled with the administrative requirements for dealing effectively with the European cohesion policy requirements, resulted in the transformation of Greek public institutions related to planning and implementation of the specific policy field, in order to increase the institutional capacity of the Greek public administration so as to manage effectively with the CSF’ and NSRF’s demands.

Key words: Institutions, public administration, cohesion policy, agencies, transformation.
Introduction

The inception of the European cohesion policy, in the late 1980s (Leonardi, 2005:1-2) was primarily aimed at reducing social and economic inequalities and increasing regional convergence. Apart from the content and the purpose of the cohesion policy, the introduction of the policy affected a variety of institutional bodies through which it had to be implemented. In that respect, parts of the Greek Administration that were involved in procedures of planning, management, evaluation, monitoring and implementation of the cohesion policy were required to adjust their structures in such an appropriate way, so as to come into terms with the prerequisites of the new policy.

Throughout the period 1989-2013, which comprises of all corresponding Common Support Frameworks (CSFs) and National Strategic Reference Framework (NSRF) for the Member States of the European Union (EU), a varying intensity of administrative transformations can be identified in certain structures and bodies of Greek public administration. Many of those transformations are related with certain aspects of design tools, like management, evaluation and auditing methods of the cohesion policy aiming at delivering with efficiency and effectiveness the cohesion policy. The present paper attempts to describe critical administrative transformations that took place in the Greek public administration during the period 1989-2013, around the axis of supply and demand of the policy cohesion, centrally and in the local administration level as well.

In particular, the supply-side of the policy presented changes to administrative actors who were responsible for planning issues, formulation, management, evaluation and auditing of the cohesion policy, i.e. the central administration (former Ministry of Economy). From the demand-side of the cohesion policy, is has also been made an attempt for the presentation of administrative changes in the field of public bodies primarily involved with the implementation of the cohesion policy. Emphasis is being given on the local government’s administrative level. Figure 1 summarizes the previous point of view. On the whole, the paper is being inspired by the theoretical perspective of the historical institutionalism (Hall and Taylor, 1996).
1. Transformations of public administration bodies

In general, during each programmatic/reference period of the policy implementation, efforts have been made not only for the reduction of social and economic disparities, but also for the regional convergence as well. Throughout all reference periods (1989-2013), the authority for the formulation and the management of the cohesion policy is exerted by central administrative bodies (former Ministry of Economy). Other public administration structures, especially located on the regional and on the local level as well, may participate, on the one hand, in early stages of the formulation of the cohesion policy by merely making their interests known, but there have no other kind of participation in the final decision-making process, in which the former Ministry of Economy has the authority to formulate the policy according to its own preferences. In that respect, while Local Government Institutions may initially appear to have substantial participation in the formulation of policy content through a “bottom-up” approach, in fact, their participation and influence are rather limited as a typical participating actor.

1.1. The period 1989-1993

Taking into account the supply-side point of view of the cohesion policy, during the first period of implementation (1989-1993, 1st CSF) the main authorities for the management of all operational programs were the general secretariats of the Ministries and the thirteen general secretariats of the Regions, which had been established in 1986 (Law 1622) as state-decentralized units, with their leadership appointed, at that time, by the government (Ministry of Interior). Due to aspects of administrative incapacity of those institutions, in terms of not having all the essential means, like necessary resources, or expertise (Andreou, 2006:247) their quality of performance was quite weak. Moreover, the main
control was held by the Ministry of Economy (Ioakimidis 1996: 353–354). In addition, other shortcomings such as the quality of human resources, led Regions to “remain dependent to the Ministries” (Andreou, 2006:248-249). Besides, much of the program management had been entrusted to private bodies (management consultants, evaluators) (Andreou and Lykos, 2011:276).

Furthermore, local government administration was divided into a two-level distinction. The first level was comprised of “Municipalities” and “Communities” with their number reaching 5,775 entities in total. In particular, there were 457 Municipalities and 5,318 Communities. The second level of local administration, named “Prefectures”, consisted of a total of 57 public bodies that represented larger geographic areas than Municipalities but smaller than the regions. The difference between the two levels of local administration was that the leadership of the second level (Prefectures) was appointed for a fixed period of time (4 years) by the government (Ministry of Interior) and was not elected. Consequently, both Prefectures and the Regions as well, were not considered as public bodies through which local preferences and interests could be projected at the central political-administrative level (Ministry of Economy) but rather as local organizations that would convey central preferences to the local level. Given the fact of the limited power of Municipalities to address and support effectively their preferences, the “top-down” dimension seems to provide more satisfactory explanation for the formation of the cohesion policy, comparing to the “bottom-up” approach.

1.2. The period 1994-1999

The institutional bodies held responsible for the cohesion policy, initially remain the same over the period 1994-1999, (2nd CSF). In other words, secretariats of Ministries primarily and Regions secondary, continued to have the crucial role in the total management of cohesion policy. At that period of time, a major change was the establishment of the Management and Organization Unit (MOU) in 1996 with the legal form of a semi-public company, as the agency having the authority of the management of the CSF and the responsibility of supporting the conventional bureaucratic structures to effectively implementing the policy through sixteen sectoral and thirteen regional operational programs. MOU was staffed by highly-educated and skilled manpower and was held responsible for designing systems, tools and processes, knowledge transfer and logistics, according to its founding law (Law 2372.1996) supporting in that respect the implementation of the cohesion policy.

From the demand-side of the cohesion policy, namely the implementation of the policy by the final beneficiaries, in other words, by the Local Government Institutions, a significant reform took place in 1994 when Prefectures become self-governed. Thus, the Local Government in Greece acquired a second lever for transferring preferences to higher levels of government, through the context of democratic planning. Moreover, in 1997 took place the first major administrative reform (Law 2539.1997) by which the 5,775 local public bodies (Municipalities and Communities) were merged forming new administrative structures while, at the same time, their number reduced in 1034 (914 Municipalities and 120 Communities). The logic of the merging served the argument of enhancing the administrative efficiency of the local administration, by creating smaller and more capable governmental structures in terms of sufficient own resources and manpower, that can meet the implementation demands of the cohesion policy. Apart from that evolution, in 1997
the Regions, already operating according to Law 2503/1997, received new responsibilities from the central government, while various regional structures and agencies of Ministries at the Prefectural level, passed under the control of the Regions.

1.3. The period 2000-2006

The administrative bodies of the cohesion policy substantially changed during the period 2000-2006 (implementation of the 3rd CSF). In particular, in the supply side of the policy, there were created specialized management and control agencies and units, functionally decentralized from the classic bureaucratic structures of the core public administration. Management authorities were set up specifically for each sectoral operational program of the total twelve. Besides, there was created a central coordinating authority, other supervisory authorities (Supervisory Authority, Paying Authority) and thirteen regional managing agencies for the provisions and the requirements of the Structural Funds. The new structures were supervised by the Ministry of Economy and Finance (as it was renamed), which still maintained its central coordinating role. Thus, the hierarchical nature of the “top-down” approach did not appear to be disturbed, but continued in this programming period as well. Also, all management agencies, operational and regional, had to assist the work of other policy implementation public bodies, providing instructions for proper execution of the programs, with particular reference to local government entities. Finally, another aspect of the above reform, was the introduction of multilevel control systems and procedures for monitoring and evaluating programs and projects (Law 2860/2000).

Furthermore, it should be noted that along with the functionally decentralized structures of administration, established in the supply-side of the cohesion policy (special management agencies, auditing authorities, payment and coordination agencies) Local Government Authorities began to create similar type of structures (agencies) as well, on the part of the policy implementation process. Thus, many Municipalities established functionally decentralized agencies with the legal form of municipal enterprises (Local Public Enterprises), with certain organizational flexibilities, mainly in terms of recruiting qualified human resource unhindered by the Independent Agency of Recruiting Civil Servants (ASEP), in that respect, overtaking rigid procedures and strict rules of appointment. With the appropriately qualified staff many Local Government Institutions held the view that they could run better the task of implementing the cohesion policy, having placed themselves among the final beneficiaries of the policy.

1.4. The period 2007-2013

During the period 2007-2013, the main organizational structures (related to the management and the coordination of the policy) have remained unchanged at the core administrative level, without significant changes. The central coordinating role has been held by the Ministry of Economy and Finance (former Ministry of Economy). The National Coordination Authority has taken over the role of managing authority for all regional operational programs. Regional Management Agencies act as intermediate authorities running the programs. A few changes have occurred in certain aspects of the content of the cohesion policy, like the fact that the regional programs reduced in number
from thirteen to five and included wider geographic areas. Apart from that, sectoral programs amounted to eight, instead of twelve during the previous programming period.

On the other hand, in terms of policy implementation, Law 3852 introduced the second critical reform of local governance structures in 2010. In particular, a further merging of municipalities took place at that time, reducing their number from 1,034 to 325 municipalities, while communities repealed as a distinct institutional level of local administration. Meanwhile, self-governed Prefectures absorbed by the thirteen Regions, which have become the new level of Local Self-Governed Administration, with elected leadership. There have been also created seven decentralized administrations but without having direct involvement in the implementation of the cohesion policy. The reorganization of the Local Government Administration aimed at the improvement of the management capacity of the local government structures, which could occur through extensive economies of scale as a result of institutional mergers. At the same time, the number of functionally decentralized structures (agencies) placed at the local level also reduced, mainly by limiting the number of enterprises that a municipal could run (Law 3852/2010).

Consequently, the administrative reforming attempt of 2010 targeted to reduce not only the number of local entities but also the number of operating decentralized agencies that municipalities had created with respect to absorbing effectively all EU funds provided by the mechanisms of the cohesion policy and, at the same time, minimizing administrative costs. In has been analyzed\(^1\) that “Local authorities with a population of less than 10,000 inhabitants, which represents the 82% of all local authorities, assigned an average of 9 projects in 3\(^{rd}\) CSF, when the municipalities with a population of over 100,000 residents were having a corresponding average of 94”. In the same report it was stated\(^2\) that “the budget of the projects included things even more difficult for small local authorities, as the average budget for ‘large’ municipalities are 15.5 times greater than that of OTA under 10,000 residents”.

2. Administrative continuities and discontinuities

European pressures for establishing adequate administrative authorities within the regulatory framework of the Structural Funds for the management of the cohesion policy resources, especially at the central level administration and the effective delivery of the policy, seemed to be a crucial factor explaining the gradual establishment of operationally decentralized agencies with flexible managing rules and highly-trained managers for the overall support of the cohesion policy. Such a characteristic may stand for a discontinuity aspect of the overall policy, in terms of low learning and dissemination of knowledge within the structures of bureaucratic public administration at both central and local administration. Thus, it has supported the view of creating (and maintaining) isolation of specific agencies from the regional and local administrations (Andreou, 2009:67-69).

On the other hand, the creation and maintenance of decentralized and specialized governance agencies from 1996 onwards, constitutes an element of institutional continuity regarding these new structures. Furthermore, the central coordinating role of the Ministry

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\(^2\) Ibid, p. 66.
of Development Competitiveness, Infrastructures, Transports and Networks (former Economy) has been maintained in all programming periods and could be evaluated as an indication of a strong persistence of centralization keeping the hierarchy of policy formulation to a “top-down” point of view and, ultimately, upholding dependence of local administrative bodies on centralized governance structures.

Critical points of institutional changes can be highlighted with respect to the two main administrative reforms (1997, 2010) associated with the side of the implementation of cohesion policy and, in particular, with local government. The overall result of these reforms has been the significant reduction in the number of local government entities. The second administrative reform, may possibly has been fueled by the country's economic crisis as well. Furthermore, the creation of regional elected authorities in 2010, initially seemed to reinforce the system of multilevel governance in the country, however, the central role of the Ministry of Development remained and this element does not seem to provide strong evidence in favour of the multilevel governance aspect. On the whole, the relationship between cohesion policy and administrative reforms was tried to be depicted in table 1.

Table 1: Cohesion Policy and Administrative Reforms.

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“Agencification”: Establishment of Agencies both on Central and Local Administrative Level (supply and demand side)

Source: Own elaboration.

3. Concluding remarks

It has been argued that “the capabilities of a country are predetermined by institutional and organisational factors that can influence the performance of the actors involved in the policy process” (Chardas, 2005:3). In that respect, the creation of decentralized and flexible administrative services (agencies) located outside the classic system of bureaucratic hierarchy of the Weberian structures seem to have been adopted as a solution for addressing issues of administrative capacity both at the central government level, and at the local administration level as well. The EU’s influence to improve the administration of the programs was a catalyst for the creation of new management structures. However, the creation of similar administrative structures is supporting the view of limiting the degree of participation and the role of traditional public administration bodies. Apparently, there seems to be a kind of administrative discontinuity and limited diffusion of knowledge around specific governance structures rather than through the whole of administration.
Overall, in the period 1989-2013, the adjustment of administrative structures, due to external pressures, do not appear to be immediate and widespread. Critical institutional change can be characterized both the establishment of operationally decentralized agencies (Management and Organization Unit, Specialized Management Agencies, 1996, 2000) particularly in the central administration level and the reduction in the number of governance structures at the local level as well (Municipalities, Self-Governed Regions, 1997, 2010). Despite the institutional changes, centralization and hierarchical nature of the management of the cohesion policy (planning, management and control of the policy by the Ministry of Development, Competitiveness, Infrastructures, Transports and Networks) seem to depict the core characteristics of the cohesion policy process throughout the period 1989-2013.
References


