



EC Structural Funds

GREECE

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# Community Support Framework 1994-99

Objective 1: Structural development and adjustment of regions  
whose development is lagging behind

*Document*

European Commission



# The Objectives of the Structural Funds

## Objective 1 (1994-1999)

Economic adjustment of regions whose development is lagging behind.

## Objective 2 (1994-1996)

Economic conversion of declining industrial areas.

## Objective 5b (1994-199)

Economic diversification of rural areas.

## New members (1.1.95)

Information on the eligible areas in Austria, Finland and Sweden will be available shortly.



The lists of areas eligible under the Structural Funds are published in the Official Journal of the European Communities. This map gives only general guidance.

## GREECE

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Annex — Commission decision





## **CHAPTER 1**

# **Context and analysis of regional development**

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## **1.1. Presentation of the plan and procedure**

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In accordance with Article 8 paragraph 4 of Regulation (EEC) No 2052/88, as amended by Regulation (EEC) No 2081/93, the Greek authorities presented to the Commission, on 10 September 1993, their regional development plan (RDP) concerning Objective 1 for the period 1994-99. Following the legislative elections of 10 October 1993, the new government presented to the Commission, on 17 December 1993, an addendum modifying the original plan. On 18 March 1994, a consolidated RDP was presented to the Commission, integrating both the earlier modifications and certain elements that were required to ensure compliance with the regulations governing the Structural Funds.

The plan was the subject of consultations at both national and regional level, and of discussions with economic and social partners. It was also presented to and discussed by the European Parliament's committee responsible for regional policy, regional development and relations with local and regional authorities.

The plan is a valid basis for the development of the CSF. In accordance with the proposal made by the Greek authorities, separate decisions will be taken concerning the CSF and the forms of intervention.

## **1.2. General description**

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Greece has no common land borders with other Member States of the European Union and is also geographically distant from the centre of the EU. It covers a surface area of 131 957 km<sup>2</sup>, comprising two parts: the mainland, which is relatively mountainous (81% of the total surface area), and a multitude of islands, forming an archipelago.

The population is of the order of 10.264 million people (90% of whom live on the mainland). Population density is 78 people/km<sup>2</sup>. The rate of registered unemployment was 9.8% in

1993. The employed population as a percentage of the population of working age is 53.1% (EUR 12: 61.4%), but the rate of occupational activity is 47.4% (Community average: 55.1%).

The Greek economy has not performed well over the past few years. It has diverged in real terms from the Community average and Greece's per capita GDP was 60% in 1993. Low levels of investment (GFCF<sup>1</sup>/GDP 17.4% in 1993, with private investment accounting for 13.2 points) and high levels of public debt and deficit (117.9 and 13% respectively in 1993) are major obstacles to sufficient growth for launching a process of convergence in real terms.

However, the slowing of inflation that began in 1991 is beginning to bear fruit (19.7% in 1991, 14.4% in 1993 and a current rate of 10.4%), though the rate is still much higher than the Community average.

### 1.3. Analysis of disparities/cohesion gaps

#### 1.3.1. Basic infrastructures

##### Transport

Road infrastructures: indicators show that the Greek road network is underdeveloped (GR: 30 km of road per 100 km<sup>2</sup> in 1988; EUR 12: 158 km per 100 km<sup>2</sup>) and is, in particular, lacking in high-capacity roads (GR: 0.2 km of motorway per 100 km<sup>2</sup>; EUR 12: 1.5 km of motorway per 100 km<sup>2</sup>).

The poor quality of the road network contributes to the high number of road accidents (GR: 69 deaths per 100 000 vehicles; EUR 12: 26 deaths per 100 000 vehicles).

Completion of the road network forming part of the trans-European network (TEN) will require considerable effort: the latest figures indicate that some 1 000 km of motorway will have to be constructed.

Rail infrastructures: the Greek railways are relatively underdeveloped (GR: 1.8 km per 100 km<sup>2</sup>; EUR 12: 5.7 km per 100 km<sup>2</sup>) and of mediocre quality. Only 10% of the network is twin-track (EUR 12: 43%) and only 3% is electrified (EUR 12: 40%). The average speed of the fastest trains on the TEN network is 88 km/h, which is one of the lowest speeds for all Member States of the Union.

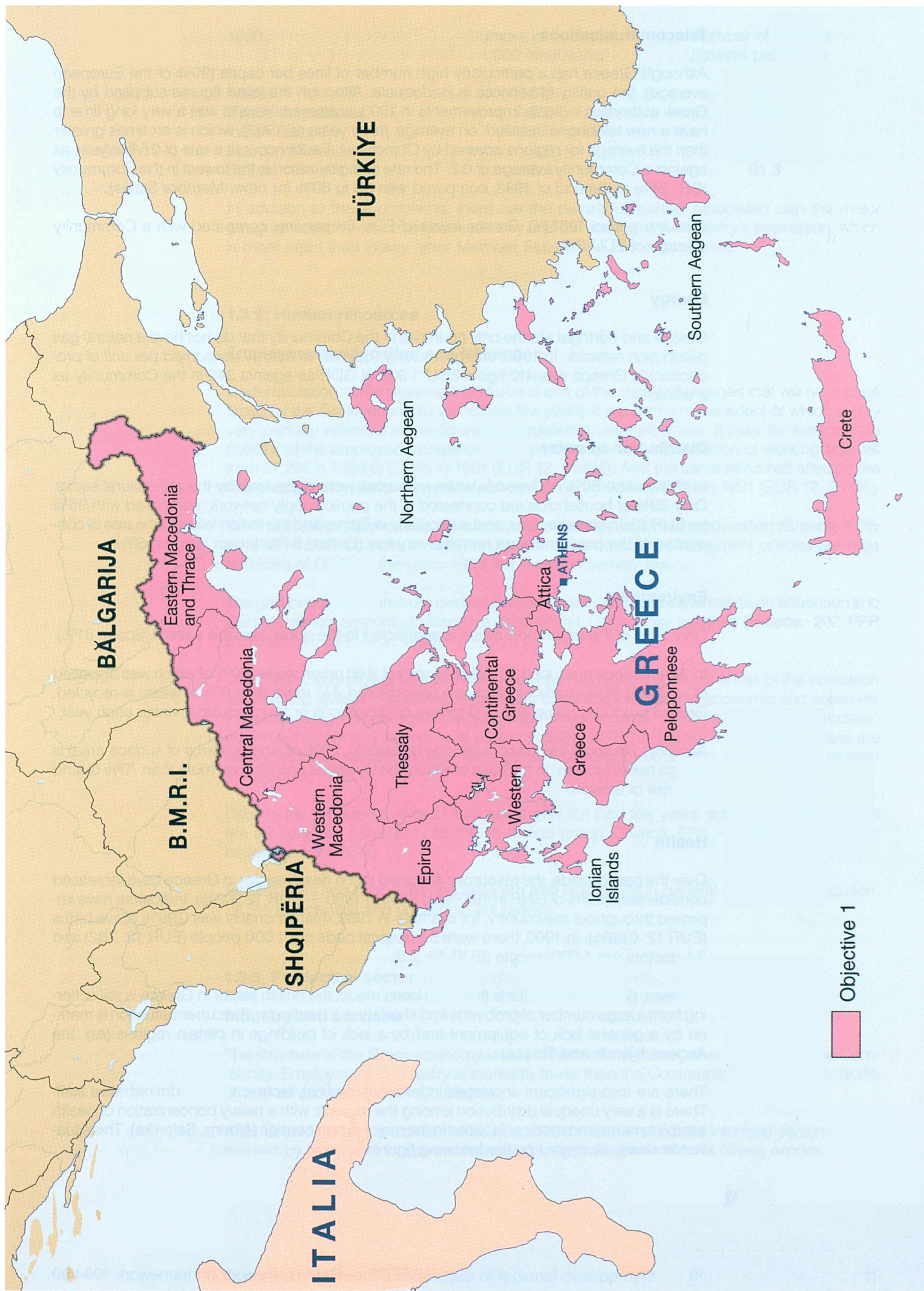
Airports: Greece has a highly developed network of airports but infrastructures are inadequate in terms of the length of runways (particularly at small airports), terminals and navigation-assistance equipment.

Ports: the ports of Igoumenitsa and Patras have serious shortcomings, particularly as regards internal harbour facilities, land installations, electromechanical equipment, skilled personnel and land access.

The other major national ports (Piraeus, Salonika, Alexandroupolis, Volos and Iraklion) also lack adequate infrastructures.

<sup>1</sup> GFCF = gross fixed capital formation.





Objective 1



## **Telecommunications**

Although Greece has a particularly high number of lines per capita (90% of the European average), the quality of services is inadequate. Although the latest figures supplied by the Greek authorities indicate improvements in 1993, customers have to wait a very long time to have a new telephone installed: on average, three years (in 1992), which is six times greater than the average for regions covered by Objective 1. Faults occur at a rate of 0.5/line/year, as against a Community average of 0.2. The rate of digitalization is the lowest in the Community (GR: 24% at the end of 1993, compared with 35 to 80% for other Member States).

Over the period 1987-90, Greece invested ECU 66 per line, compared with a Community average of ECU 214.

## **Energy**

Greece and Portugal are the only countries in the Community that do not have a natural gas distribution network. In 1990, energy intensity (quantity of energy consumed per unit of production) in Greece was 410 kgoe/ ECU 1 000 of GDP, as against 240 in the Community as a whole.

## **Distribution of water**

In 1986, some 80% of Greece's water resources were consumed by the agricultural sector. Only 89% of households are connected to the public supply network, compared with 95% for EUR 12. In some regions, and particularly in Epirus and the Ionian Islands, the rate of connection to the public network remains very low (Epirus: 64%, Ionian Islands: 69%).

## **Environment**

Only 50% of the urban population is connected to the public sewage system (Spain: 81%).

In 1989, Greece produced 3.1 million tonnes of solid urban waste, 90% of which was disposed of at landfill sites, many of which are uncontrolled. No more than 6% of waste is recycled. Greece produces some 450 000 tonnes of dangerous or toxic industrial waste each year.

According to some calculations (Korine database), 20% of land (in terms of surface area) is at high risk of erosion. In the case of Khios, the Cyclades and Kania, more than 70% of land is at risk of erosion.

## **Health**

Over the past decade, the resources allocated to the health sector in Greece have increased considerably (6.2% of GNP in 1977 and 7.8% in 1990 — EUR 12: 7.2%). Indicators have improved throughout the country, for example in 1989, infant mortality was 0.99% of live births (EUR 12: 0.86%). In 1990, there were 5.1 hospital beds per 1 000 people (EUR 12: 7.82) and 3.4 doctors per 1 000 people (EUR 12: 2.5).

However, despite all the efforts that have been made, the health sector in Greece is still suffering from a large number of problems and shortages. In particular, the current situation is marked by a general lack of equipment and by a lack of buildings in certain regions (e.g. the Aegean Islands and Thrace).

There are also significant shortages in terms of medical, technical and administrative staff. There is a very unequal distribution among the regions, with a heavy concentration of health establishments and medical facilities in the major urban centres (Athens, Salonika). This situation is clearly illustrated by the following figures:



1990	Number of beds per 1 000 inhabitants	Number of hospital patients per doctor
Attica	6.9	55.9
Central Macedonia	5.5	76.4
Ionian Islands	4.9	117.1
Mainland Greece	1.8	91.1
Epirus	3.4	91.3

In addition to these problems, there are the natural difficulties associated with the major geographical dispersion of Greek territory and the ageing of the country's population, which is more rapid than in any other Member State of the European Union.

### **1.3.2. Human resources**

#### **Employment, education and training**

Underutilization of the potential workforce is one of the major challenges that will have to be faced by the Greek economy in the next few years. It is a problem the extent of which is only very partially reflected in the figures for registered unemployment. It may, for instance, be noted that the employed population, as a percentage of the population of working age, fell from 57.2% in 1986 to 53.1% in 1991 (EUR 12: 61.4%). And the same trend has affected the rate of occupational activity, which fell from 50.1% in 1986 to 47.7% in 1991 (EUR 12: 55.1%).

Within the Union, Greece has the lowest level of public investment in education (Greece: 4.2% in 1993 — EUR 12: 5.1% in 1989) and expenditure on active employment policies (average of 0.85% of GDP for the years 1989-93) is also extremely low.

The gap becomes even more evident if we compare per capita expenditure on education and training, which amounts to barely a third of the Community average (Greece: 202 PPP, EUR 12: 575 PPP — in 1989).

The chronic shortage of financial resources has damaged the effectiveness of the education and training system in its role as a producer of skills appropriate to economic and social life. In Greece, a high proportion of the population of working age has only a standard of education equivalent to primary school level (Greece: 53%, EUR 12: 17.2%). Furthermore, there are heavy regional disparities even as regards this level of education (Attica: 38%, eastern Macedonia: 71%).

Despite the progress that has been made over the past few years, school attendance rates are still very low, particularly for the 15-19 age group (Greece: 61% — Member States with better facilities: 75%).

Repeat rates and school-leaving rates are also high (9.5% in general secondary education, 24.5% in technical and vocational education).

### **1.3.3. Productive sector**

#### **Industry and services**

The structure of the Greek economy is very different from that of other countries in the Community. Employment in industry is markedly lower than the Community average (GR: 19.1% of total employment; EUR 12: 25.6%).

Also, Greek industry is concentrated in a limited number of labour-intensive sectors and is marked by the use of backward technology. Approximately 50% of Greek exports are ac-

counted for by three sectors: textiles 22.2%, clothing 12.6% and the agri-foodstuffs sector 12.9%.

In only three regions does the industrial sector account for more than 20% of total value-added: mainland Greece 31%, central Macedonia 23% and Attica 21%.

Apart from tourism and transport, the service sector is very under-represented in the Greek economy, which also includes a barely modernized banking and financial sector. The real cost of money is too high for enterprises, by comparison with the rest of the Community. Greece has had difficulty in attracting direct foreign investment.

## **Agriculture and rural development**

Agriculture is handicapped by a collection of unfavourable natural and structural conditions that shape its destiny: frequent and prolonged drought, small size and fragmentation of holdings, large proportion of disadvantaged areas: holdings are of an average size of 4.0 hectares (as against a Community average of 15 ha) and comprise an average of 6 to 7 sections, whilst zones covered by Directive 75/268/EEC account for 80% of the area used for agriculture (compared with a Community average of 55%) and are dominated by large areas of mountainous territory. The fragmentation of rural land is further accentuated by the existence of large island regions, which are poor in natural resources.

Employment in the primary sector still accounts for 22% of total employment, and the sector's GVA amounts to some 15% of GDP (1992). The corresponding indicators for EUR 12 are 6 and 2.8% respectively. Social structures in the agricultural sector are handicapped by the gradual ageing of agricultural workers (56% of farmers are over the age of 55), by their low level of vocational skills and training, and by the depopulation of disadvantaged rural areas. Agricultural GVA per holding and per unit of agricultural labour is equivalent to 52 and 63% of Community averages, respectively. Natural and social conditions in the sector have led output to be oriented towards crops rather than animal products and the ratio of the two branches is 67:33, in terms of the sector's final product (EUR 12: 49:51).

Rural land covers a total surface area of 12 million hectares, with the AUA (Agricultural used area) accounting for 9.1 million hectares and forestry covering 2.9 million hectares. The AUA can be divided into 3.9 million hectares of arable land and 5.2 million hectares of pasture. Some 30% of arable land is irrigated. Greece enjoys climatic conditions that favour Mediterranean crops, such as fruit and vegetables, cotton, tobacco, olives and vines, as well as extensive rearing of sheep and goats.

## **Fishing**

At 1990 prices, fishing accounts for 0.74% of Greece's GDP and 4.8% of its gross agricultural output; employment in the sector accounts for 5.1% of agricultural employment and 1.2% of total national employment.

The number of boats in the Greek fishing fleet represents 22.6% of the Community fleet, whereas its capacity, measured as a percentage of potential Community output, represents only 6.3% in terms of tonnage and 8.5% in terms of engine power.

The Greek fleet's output of 49 000 tonnes in 1991 represents 2.18% of total Community output, whilst the farming of bass and bream accounted, in 1992, for more than half the Community's total output. In terms of employment, the Greek sector accounts for 7% of all employment in the Community's fishing industry.

Although its contribution to Greece's economy is modest, the fisheries sector nonetheless represents 40 000 jobs in direct employment in the fishing fleet (34 000), aquaculture (3 300)

and the processing industry (3 300), and also generates indirect employment in the activities associated with the sector and its products.

## **Tourism**

Tourism is the third most important economic activity in Greece, after agriculture and industry.

According to 1992 figures, tourism accounted for 7% of GDP, although the influx of foreign currency it generated represented some 41% of all invisible earnings.

Tourism also accounts for 10% of employment during the high season. Recent trends are disturbing. Average expenditure per tourist has stagnated (USD 370 in 1981, USD 340 in 1993), and there has also been a drop in the average number of nights each tourist spends in Greece. Because of the change in the economic climate, however, the figures for 1994 are expected to be good.

## **Research, technology and development**

Greece's expenditure on research, technology and development (R&TD) has increased recently, but from a very low level (from 0.3% of GDP in 1986 to 0.56% in 1992, as against a Community average of 2%). Even taking account of this increase, the level of expenditure remains the lowest in the Union.

Also, only 25% of expenditure comes from the private sector, whilst, in the Community as a whole, this percentage is of the order of 65%.

The proportion of staff trained in R&TD and employed in Greek enterprises amounts to only one tenth of the Community average. In terms of disparities among regions, the concentration of R&TD in Athens is still significant, accounting for 58% of public expenditure and 67% of private expenditure.

## **1.4. Principal problems of development**

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Greece has a modest economy. The main indicators suggest a relatively unstable macro-economic situation (see, in particular, Section 1.8.2 — Macroeconomic appraisal), and the level of public debt and deficit suggests a risk of a significant slide if corrective measures are not taken quickly. Similarly, the very high real rates of interest limit the possibilities of investment in the productive sector of the economy.

The poor performance of the main sectors of the economy (in particular, industry and agriculture), the fragility of the enterprise fabric and the inadequacy of infrastructures and facilities, as well as the low level of education of the active population (see Section 1.3 Disparities/cohesion gaps, and Chapter 2), are all factors that impede Greece's development.

By the same token, considerable geographical imbalances in terms of development (more than a third of the population and of economic activity are concentrated in the region of Attica) are leading to underutilization of the indigenous potential of the country's outlying regions.

As indicated earlier, Greece's peripheral position in the European context is further accentuated by the current instability in the Balkans.

Finally, Greece's public service is unlikely to be able to sustain the drive towards development and, in particular, cope with the implementation of major infrastructure projects and complicated programmes financed by the Structural Funds.

Notwithstanding the above, the Greek economy has some strong points:

- (i) considerable natural resources as yet untapped (mineral deposits and agricultural products), plus climatic and environmental conditions and a very rich historical heritage that can be exploited, particularly for tourism;
- (ii) a strategic geographical position in terms of the opening of markets with neighbouring Balkan States;
- (iii) a pool of dynamic entrepreneurs who are well placed to take advantage of economic exchanges with countries in Central and Eastern Europe.

## **1.5. Results of the CSF 1989-93**

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The main objectives on which the CSF 1989-93 focused were the construction of basic infrastructures, the development of agricultural structures, the competitiveness of enterprises, the balanced development of tourism, the development of human resources and the reduction of regional disparities.

Cofunding from the Structural Funds and from the special budget item for SMEs during the period was of the order of ECU 7 200 million at 1989 prices, giving rise to total public investment of more than ECU 13 000 million, plus private investment of some ECU 1 500 million. In addition to this, Community initiatives implemented during the same period contributed ECU 730 million, under the Structural Funds, and led to total investment of more than ECU 1 000 million.

In the short term, the impact of the CSF on some economic indicators at the end of 1993 was significant: GDP +2%, creation of 50 000 jobs, cofunding of 70% of total public investment and a contribution of 20% towards gross formation of total fixed capital in the Greek economy.

As regards its impact in the medium and long term, an evaluation is currently under way, but we can estimate that the structural effects of the CSF will make themselves felt over the next decade in further growth of Greece's GDP as a result of cofunded investments.

In terms of the absorption of credits, the CSF 1989-93 had a healthy balance sheet, with 93% of the total budget having been spent in the field by the end of 1993. This success is due in particular to the mobilization of the regions (boosted by programme managers and independent evaluators), which were able to absorb rapidly the credits made available to them under the national section of the CSF.

The reinforcement and acceleration of the regional programmes resulted in significant advances being made in basic infrastructures in the regions (road networks, water supply, sewage treatment). They also mobilized local development initiatives and, in some cases, the stimulation of research and technology (e.g. Salonika and Iraklion) and the setting-up of new SME support agencies (e.g. Patras). It is important to note that the integrated Mediterranean programmes, which also contributed significantly to the general uplifting of infrastructure and were instrumental in supporting SMEs and local and rural development, were completed under CSF 1.

Work on several very large infrastructures of national importance got under way in CSF 1 including the Athens underground, the natural gas project and the Athens-Salonika and Athens-Corinth motorways. However such complex projects are often difficult to manage and, unfortunately, they ran into serious delays on both the physical and financial fronts.

In the case of industry, the aid scheme set in place has not had the desired effect on enterprises' competitiveness and has not made it possible to simplify the complicated procedures for potential investors.



The significant sums spent on vocational training have led to a considerable increase in the amount of training for 'human capital', but training activities have often been of poor quality and inadequately related to the needs of enterprises and of the employment market.

The six basic priorities in CSF 1 were undoubtedly suited to the development needs of Greece as perceived when the framework was adopted. These covered the following (the percentage figures give the relative share of public expenditure programmed in CSF 1):

	Relative share <sup>1</sup> at beginning of CSF 1	Relative share <sup>1</sup> at end of CSF 1 (%)
Priority 1: Upgrading of basic infrastructure	37.4	28.8
Priority 2: Development of primary sector and rural development	5.9	6.1
Priority 3: Improvement in the com- petitiveness of firms	7.0	3.8
Priority 4: Balanced development of tourism	1.3	0.8
Priority 5: Development of human resources	7.5	10.2
Priority 6: Development of the 13 regions' indigenous potential	40.9	50.3

The relative shares reflected in the outturn figures at the end of 1993 show the shift in priorities which resulted from the transfer of resources from underperforming programmes in priorities 1, 3 and 4 to priority 5 and, especially, priority 6.

Consequently while the priorities may have been well chosen at the outset and despite the efforts of the Greek authorities and the Commission, other factors (in particular the inability to come to grips with the management of large projects and to put in place an industrial strategy capable of stimulating adequate levels of investment) forced a shift in emphasis during the implementation of CSF 1.

Also, within some sectors, important shifts took place. For example, some of the funds released from the large infrastructures went to reinforce the effort on telecommunications. A special jointly devised 'CRASH' programme for 1992 and 1993 was launched and appears to have achieved a considerable impact in improving the standards of telecommunications (which, however, it should be stated remain rather poor). Equally, within human resources, in line with the trend in the new Structural Fund regulations, a gradual shift towards improving education structures took place towards the end of the CSF.

<sup>1</sup> It should be noted that this is not a sectoral breakdown, the regional priority being multisectoral.

## 1.6. Assessment of the environmental situation

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### Introduction

This section provides a brief description of the condition of the environment in Greece, pointing to some of the specific problems.

### General considerations

With the exception of a few specific environmental problems, which usually concern large conurbations, the condition of the environment in Greece is generally satisfactory.

This varied environment, rich in biotopes and offering remarkable biodiversity, has been preserved into modern times (barely planned and at a relatively low cost), thanks, in particular, to the country's low population density and the concentration of industrial development in a small number of regions. And yet, every year, the environment is subject to greater and greater pressures.

The Greek environment is deemed to be a European heritage worthy of preservation. This justifies, firstly, considerable public expenditure on the environment and, secondly, the requirement that the country's economic development be pursued within the framework described, in particular, in the fifth action programme for sustainable development in compliance with environmental law. The action of the Funds may be decisive in this respect, and especially that of the ERDF, thanks to the support of productive investment and environmental infrastructures associated with regional development.

To this will be added the action of the EAGGF in the general framework of reform of the CAP, as well as the action of the ESF and FIGG, which may lead to important synergies in the right direction.

### Description by sector

#### (a) Aquatic environment

Greece is relatively rich in water. However, its geological formation, the nature of its subsoil and regional imbalances in terms of the volume of water available, rainfall and the distribution of the population, agriculture and industry, all reduce the amount of water actually available and cause difficulties in the management of water resources. The methods of water-resource management used are empirical. The lack of a central plan for the management of water resources sometimes leads to major supply problems, particularly in Athens and on some islands.

In terms of pollution, surface freshwaters are generally of satisfactory quality. The quality of groundwaters (particularly on the agricultural plains) is subject to environmental pressures as a result of the use of fertilizers and phytosanitary products, as well as overuse of aquifers, leading to the risk of salination.

Marine waters are in a satisfactory condition, except in the immediate proximity of major conurbations (Athens, Salonika), which coincide with major ports and a heavy concentration of industrial activity.

The daily operations of boats and, to a lesser extent, accidents sometimes cause considerable pollution. Also, bad fishing practices are destroying marine ecosystems. Most towns with a population of more than 5 000 are on the coast, which leads to pollution by urban effluent. However, this problem is now being solved, particularly by the gradual construction of a large

number of treatment plants within the framework of regional operational programmes 1989-93, the Envireg initiative, the LIFE programme and schemes financed by the Cohesion Fund.

### **(b) Waste**

The problem of waste arises on two levels: the problem of household waste and that of toxic waste.

Greece produces 3.5 million tonnes of household waste every year, which is not adequately managed. The existence of major conurbations and the lack of sufficient provision for recycling leads to the saturation of public landfill sites; and yet the creation of new sites often meets with opposition from local residents. In rural areas, there is the problem of fly tipping, uncontrolled landfill and the 'home' incineration of waste. At present, only 10% of household waste is disposed of in a satisfactory way.

Greece produces fewer toxic waste and effluent (0.5 million tonnes/year), but this waste presents similar problems, mostly because of the lack of appropriate collection and treatment plants. Highly toxic waste is transported for processing.

As a nuclear-free country, Greece has no problem with radioactive waste, apart from the radioactive products used in the health sector.

### **(c) Nature — Biotopes**

Greece is undoubtedly the richest country in the Union in terms of biotopes. To date (1994), some 400 biotopes have been listed, 11 of which are protected by the Ramsar Convention; 26 areas enjoy special protection and there is one marine park. In the Greek countryside, scientists have catalogued 6 000 species of higher plants, 900 species and sub-species of vertebrates (this figure does not include fish) and 20 000 invertebrates (the list of which is constantly being extended).

The extent of these biotopes and their fragility form a heritage for the Union that is worthy of the greatest care. At present, a large number of these biotopes are subject to considerable pressures as a result of development, property speculation, intentional or accidental fires, authorized hunting, uncontrolled tourism, stock-rearing, etc.

### **(d) The air**

Air quality throughout the country is satisfactory, except in major towns (particularly the region of Athens and, to a lesser extent, Salonika) and in areas close to power stations that use lignite as fuel.

The infamous problem of air quality in Athens is the subject of far-reaching studies. Some progress has been made over the past few years: for example, the concentrations of lead and sulphur dioxide have dropped significantly and carbon monoxide seems to be under control. And yet heavy pollution persists, particularly in the form of nitrogen dioxide and suspended particles.

### **(e) Noise**

Noise is not generally a problem outside towns, except along major roads.

The problem is caused by dense traffic, the unjustified use of horns and the use of motorcycles with faulty exhausts. It should be noted that public and private construction enterprises rarely take any measures to reduce noise.

## **(f) Town planning and regional development**

The absence of any coherent policy on town planning and regional development has led to an accumulation of problems for the entire country, has been an obstacle to balanced development and has deprived the authorities of an effective instrument for protecting the natural environment.

## **1.7. Strategy of the plan**

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The objective set out in the plan is to guarantee substantial progress in terms of Greece's economic and social cohesion within the framework of the European Union. It is also considered important to take account of the role Greece may play as the 'gateway to Europe' in the Balkans.

To achieve this objective, the Government's policy rests on the following principles:

- (i) stability of the macroeconomic framework, thus creating an environment that encourages private investment;
- (ii) a satisfactory economic and social infrastructure;
- (iii) an adequate level of training for the active population;
- (iv) efficient functioning of the public service.

According to the proposals contained in the plan:

- (i) macroeconomic stability will be pursued in the framework of the convergence programme concerning EMU;
- (ii) greater public investment and help from Community funds will make it possible to increase investment, particularly in major infrastructures;
- (iii) a more voluntarist policy will make it possible to improve the international competitiveness of Greek industry and, together with a stable macroeconomic framework, will encourage private investment;
- (iv) an effort will be made to modernize the public service;
- (v) the quality of the education and training system and of the government's active employment policy will gradually be improved.

## **1.8. Appraisal of the regional development plan (RDP)**

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### **1.8.1. Introduction**

The plan is, then, a major instrument for pursuing a development policy focusing, essentially, on investment to support the productive sector. In this context, the revised plan submitted by the Greek authorities in December 1993, which gives priority to major economic infrastructures that form part of the trans-European networks and to supporting economic sectors and, in particular, industry, heads in this direction.



The strategy underlying the plan may, therefore, be seen as being compatible with the overall objective of securing Greece's economic and social cohesion within the framework of the European Union. The plan is based on four main axes of development:

- (i) the construction of basic infrastructures;
- (ii) the development of human resources;
- (iii) the competitiveness of the economic fabric;
- (iv) the reduction of regional disparities.

The main innovations in relation to the preceding period are:

- (i) greater concentration on major transport infrastructures, particularly within the framework of trans-European networks;
- (ii) a more ambitious policy for industry;
- (iii) in the area of human resources, more emphasis on the sector of initial education and training than on continuous training and employment;
- (iv) a new emphasis on the environment;
- (v) an innovative policy for the energy sector, with emphasis being placed on energy savings and renewable sources of energy.

The Commission was assisted in the appraisal of the RDP by a team of independent experts whose main conclusion was that, whilst the basic strategy of the plan addresses the key problems of the Greek economy, its success would depend on a number of accompanying measures notably those to tackle fiscal imbalances and to improve the ability of the administration to cope with implementation.

### **1.8.2. Macroeconomic appraisal**

In the period 1989-93 Greece experienced relatively slow growth in economic activity and made little progress in terms of real convergence. Its relative position compared to the rest of the Community, measured as per capita GDP, deteriorated from 60.8% in 1989 to 60% in 1993 after reaching a low of 57.8% in 1991. The above divergence is registered despite Structural Fund transfers that reached 2.80% of GDP in 1993 and an estimated overall 2% positive impact on growth from the implementation of CSF 1989-93. Developments in the labour-market have also been unsatisfactory with employment growth at 0% over the 1989-93 period and employment in manufacturing declining steadily. The unemployment rate rose from 7.7% in 1989 to 9.8% in 1993.

Structural inefficiencies and an unstable macroeconomic environment have been the main impediments to higher growth and employment in Greece. Real investment growth was positive in 1989-90 but turned negative afterwards: - 4.3% in 1991, 0% in 1992 and - 1.3% in 1993. Public investment registered modest increases throughout the period, mainly due to the implementation of the CSF, while private investment declined.

Although progress has been made in bringing down inflation from a peak of 20.4% in 1990, to 14.4% in 1993, the gains were mainly due to the slowdown of the economy and the decline in real income which has affected demand. This downward trend in inflation has not translated in lower real interest rates which remain the highest in Europe. As a result the lower level of inflation has not yielded confidence-building effects in the economy and has not led to investment growth.

The state of public finances is the main destabilizing factor in the economy. The general government net borrowing requirement was close to 13% in 1993 and public debt reached 117.9% in the same year. The large public debt financing needs have kept marginal interest rates on government borrowing high creating thereby a floor for interest rates in the economy.

Clearly in the difficult macroeconomic conditions facing Greece at the present time, the new round of Structural Fund activities will become a cornerstone in the Greek authorities' programme for stabilizing the economy and developing the prospects for growth.

However, despite the interventions envisaged in the framework of the new CSF, the growth prospects for the Greek economy do not look particularly encouraging. Both the Commission's and the Greek Government's latest forecasts for Greece for the period 1994-96 indicate growth rates below the Community average resulting in a continuation of real divergence in the short term. The level of investment and the extent of the public sector debt and deficit are singled out as the most significant impediments to growth.

In order to avoid further lagging behind the Community, at the end of the financing period 1994-99, Greece needs to address both its structural and its macroeconomic problems.

Although the convergence programme should address the underlying macroeconomic problems of the Greek economy and shall determine the growth prospects of the economy as a whole, the CSF should address the structural aspects in a way that takes account of the budgetary constraints and that maximizes microeconomic efficiency. The CSF's objective should be to minimize the divergence in the short term and create the basis for real convergence over the long term. In particular, the aim is to ensure that the projected time path of growth provides the basis for rapid convergence in the second part of the financing period and immediately after 1999. In that context, the new round of support, which provides a unique opportunity to create a favourable environment for investment, should be programmed to derive the benefits of maximizing the participation of the private sector in the development effort and, thereby, maximizing the leverage that the Structural Funds could provide in increasing the total investment in the economy.

Greece has undergone a long period of underinvestment in human capital. All parts of the education and training systems underperform and fail to deliver the quality product required by the Greek economy. In effect, the percentage of GDP spent on education, which has increased from 3.7% in 1989 to 4.25% in 1993, still falls far short of the Community average, which stood at 5.1% in 1989. The RDP allocations would allow this to grow only to some 4.5% on average over the period 1994-99, a level which remains less than adequate in the light of the needs. Furthermore the level of expenditure on training is programmed by the RDP to diminish in absolute terms by some 25% in terms of the annual average.

## Chapter 2

# The CSF — Axes of development and forms of intervention

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## 2.1. Introduction and development strategy

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This Community support framework represents an agreement between the Commission and the Greek Government concerning objectives and priorities for the use of a sum of ECU 13 980 billion (at 1994 prices) from the Structural Funds for the period 1994-99. The sums that will be allocated from the Structural Funds within the framework of Community initiatives, as well as from the Cohesion Fund, are not covered by the CSF, although the indicative amounts for the Cohesion Fund are mentioned. Aid from the Cohesion Fund that will be made available during the period of application of the CSF has been taken into account in the definition of the overall strategy governing the CSF.

During discussions and negotiations on the RDP submitted by the Greek authorities, including informal discussions in the lead-up to the revision of the original plan in December 1993, the Commission emphasized four areas of paramount importance:

- (i) the need for a strong investment effort in large infrastructures;
- (ii) a radical reshaping of industrial strategy;
- (iii) mechanisms to improve the quality of training activities;
- (iv) a new approach to management in the public sector.

The Greek authorities recognize the importance of these issues and thus both partners subscribe to the strategy underpinning the revised plan. Accordingly, the Commission has constructed the CSF on the same basic strategy.

While it is very difficult to establish a reliable target in terms of GDP evolution in Greece by the end of 1999, both the Greek Government and the Commission consider that the CSF will lay the foundation for reversing the trend of the previous programming period, during which Greece's efforts to catch up with the rest of the Union in real terms did not bear fruit.

The 1994-99 CSF will encourage convergence through its important investment programme in infrastructures — notably transport, energy and telecommunications — and through the

stimulus it will provide for private investment in industry and the productive sectors in general. Furthermore, the Greek authorities have stated their intention to make efforts to attract private capital for infrastructure investment where possible. This will also contribute decisively in the reduction of pressures on the public finance situation and encourage further growth.

The CSF is based on the further stimulation of investment in:

- (a) the productive sector brought about by specific measures designed to create a climate in which the current long term trend of disinvestment is reversed. This reversal is to be brought about in particular by a radical change from the past in industrial strategy (see Section 2.4.1) and a more innovative approach to the development of tourism;
- (b) infrastructures closely related to the productive sector, for example transport, telecommunications, energy. Here the CSF proposes to boost investment in large infrastructures beyond the levels proposed in the RDP by further resorting to private capital to finance the projects in question. (Clearly the constraints on public finances render it impossible to increase the public effort on this front beyond that included in the RDP.) In addition to the large projects included in the RDP the main focus of attention for this respect is the motorway network (see Section 2.2.1);
- (c) the development of human capital in order to promote investment leading to higher levels of productivity. In effect, the Greek economy needs to develop the scientific and technological base of economic activity. Success in this effort depends heavily on the mobilization of human resources and more specifically on the availability of a highly qualified human potential possessing the skills required for the use of advanced technologies as well as on the ability to adapt in a changing environment. The education/training system and the other active measures for the labour-market, can play an important role in mobilizing the process of economic growth and employment promotion, if they are conceived on the basis of these objectives and are adequately funded.

### **2.1.1. Coherence with the White Paper**

Coherence between the White Paper and the current CSF is reflected in major overall objectives: competitiveness, growth and employment, which are the objectives pursued through virtually all the axes of development.

The concentration of interventions in the area of infrastructures on those that are part of major European networks (motorways, railways, natural gas project) and the establishment of a stable macroeconomic climate should create conditions propitious to productive investment.

A more ambitious industrial strategy focusing on the international competitiveness of enterprises, together with high-quality vocational training and education schemes, should make it possible to create and maintain secure jobs.

It is worth noting that the strategy developed in the CSF reflects the importance of the development of human resources, which is a major priority of the White Paper.

Similarly, interventions in the area of the environment, urban development (network of metropolitan transport) and health will improve people's living conditions. It should be noted that 80% of the CSF budget will be dedicated to investment in the productive system: that is, ECU 16 840 million in national and Community public funds, plus more than ECU 8 000 million ECU expected from the private sector. If it materializes, this private investment will make it possible to ease the pressure on public finances.

### **2.1.2. Impact of the CSF**

Based on decisions taken by the Commission concerning the Objective 1 resources, the funds available from the Structural Funds for Greece amount to ECU 13 980 million at 1994



prices (16 582 if one includes the average of the Cohesion Fund's share), and will be attributed by means of an annual distribution in accordance with the commitments entered into at Edinburgh. The Commission services have carried out an evaluation of the expected impact, placing the emphasis on the anticipated contribution from the Structural Funds to the development of the Greek economy.

Structural Fund transfers amount, on average, to 2.67% of GDP (3.66% when Cohesion Fund and Community initiative transfers are taken into account). Approximately 49.4% of the resources will be devoted to basic infrastructure, 21.2% to human resources and 29% to productive related infrastructure and productive investment with the objective of boosting both public and private investment over the financing period.

The CSF 1994-99 is estimated to have a significant impact on the Greek economy. Growth prospects shall be greatly influenced by the macroeconomic stability but current projections by the Commission show that the CSF will contribute at least 1 percentage point to annual GDP growth. The Structural Funds alone will account for 0.5% increase in annual growth rate and the level of GDP will be, at the end of the financing period, 3% higher than without the transfers.

Moreover, Structural Funds will account for approximately 10.5% of gross fixed capital formation over the financing period creating the basis for a reversal of the declining investment trend in Greece.

On employment it is estimated that at least 55 000 jobs will be maintained or created in the private sector as a result of the CSF implementation. Given the importance of self-employed labour in Greece, the growth of which cannot be accurately forecasted, this figure could be easily raised to over 120 000 jobs.

In absolute terms, the commercial exchanges generated by the Structural Funds will only have a limited effect on Greece's overall commercial balance, but the impact of the Structural Funds is significant in terms of imports. A large part of Community transfers result in additional imports, largely from the rest of the European Union. It can thus be estimated that on average, almost 25% of Funds will be transformed into imports.

### **2.1.3. Implementation**

In the light of experience from the past and the magnitude of the task facing the Greek authorities to implement the CSF efficiently in order to ensure the economy derives the benefits so essential for its development, the Commission and the Greek authorities have agreed that new management systems should be put in place and that the public works system should be improved.

These measures are crucial to the successful implementation of the CSF and are summarized in Chapter 4. Section 4.4.2 covers the broad lines of the agreement on the creation of a management organization unit to be attached to the Ministry of National Economy whereas Section 4.4.1 outlines the basic reforms to be undertaken regarding the public works system and the creation of special agencies for the implementation of large and/or complex projects. Where appropriate these agencies will be supported by professional project management structures to the extent that such support is not already incorporated into the agency itself.

### **2.1.4. Adjustments to the financial allocations**

Besides applying a linear reduction to the Community aid figures proposed by the Greek authorities in order to eliminate the overbid in the RDP, the CSF reflects some adjustments in balance between funds and sectors agreed between the parties.

Thus the relative share of the Structural Funds and the FIGG in the CSF is 67.9% ERDF, 18.3% ESF, 12.9% EAGGF-G and 0.9% FIGG compared to 69.7, 17.4, 12.2 and 0.7% respectively proposed in the RDP.

Furthermore, the Structural Fund allocations to health and welfare, culture and sports and public administration have been reduced by a total of some ECU 270 million to allow for increases in education, research and technology, environment, agriculture and fisheries.

The attached table compares the sectoral distribution of Structural Fund-supported public expenditure in Greece under CSF 1 during the period 1989-93 with that proposed by the Greek authorities in their RDP and, taking account of the reallocations proposed, that programmed under CSF 2 for the period 1994-99.

It can be seen from the table that there is a major shift in the emphasis put on basic infrastructures from CSF 1 to the RDP. This emphasis is shared by CSF 2 reflecting the huge needs in this area and the fact that CSF 1 did not manage to come to grips with Greece's basic infrastructural problems.

Within the basic infrastructures, as proposed by the RDP, the main priority goes to transport with over 30% of CSF 2 public expenditure if the two underground railway projects are included.

The increase in the relative share of the expenditure devoted to energy is to be noted (8.3% in CSF 2 compared to 7.9% in the RDP and 5.2% in CSF 1) reflecting an increasing priority given in this sector to the rational use of energy and renewable sources and completion of the natural gas project.

The apparent fall in the relative share of resources devoted to the environment is, of course, due to the non-inclusion of the Cohesion Fund. Were the Cohesion Fund to be added at the indicative levels mentioned in the financial tables, the CSF 2 share would increase from the 3.9% mentioned in the table to 9.8%.

Overall the human resources effort increases from 20.7% in CSF 1 to 21.2% in CSF 2 but, within this sector, there is a distinct shift to education and initial training.

In both the RDP and CSF 2, agricultural and rural development receive less emphasis than in CSF 1.

Although there appears to be little change in the relative weight of industry and services from CSF 1 to the RDP and CSF 2, there is a considerable change in approach hidden behind the figures (CSF 1-financed industrial infrastructure and extensive regional aid schemes, especially in the Integrated Mediterranean programmes, whereas CSF 2 has a comprehensive package to improve competitiveness — see Section 2.4.1).

There is a modest increase from 1.9% (RDP) to 2.1% (CSF 2) in research and technology whereas tourism and culture have decreased from 5.3 to 4.8% reflecting the need to concentrate on tourism under this heading.

**Table**  
**Main categories of public expenditure co-financed by the**  
**Structural Funds and the FIG**

1989/93 and 1994/99

Prices in million ECU

S e c t o r s	1993 prices		1994 prices		1994 prices	
	1989/93 CSF		1994/99 plan		1994/99 CSF	
	Amount	%	Amount	%	Amount	%
<b>A. Basic infrastructures</b>	<b>5 590</b>	<b>40.3</b>	<b>10 521.8</b>	<b>48.8</b>	<b>10 389.9</b>	<b>49.4</b>
1. Transport (including underground)	2 740	20	6 475.5	30	6 442.1	30.6
2. Communications (+ reserve)	1 015	7.3	478.7	2.3	452.2	2.2
3. Environment	915	6.5	794.6	3.7	830.0	3.9
4. Health and welfare	185	1.3	1 070.9	4.9	928.6	4.4
5. Energy	735	5.2	1 702.1	7.9	1 737.0	8.3
<b>B. Human resources</b>	<b>2 880</b>	<b>20.7</b>	<b>4 748.2</b>	<b>22.1</b>	<b>4 463.3</b>	<b>21.2</b>
1. Education and initial training	} 2 880	} 20.7	2 599.3	12	2 507.3	11.9
2. Training — employment — exclusion			1 812.1	8.5	1 650.7	7.8
3. Civil service			336.9	1.6	305.3	1.5
<b>C. Productive environment</b>	<b>4 525</b>	<b>32.5</b>	<b>6 173.8</b>	<b>28.7</b>	<b>6 107.8</b>	<b>29.0</b>
1. Agriculture and rural development	2 580	18.5	2 996.5	14	3 063.1	14.5
2. Industry and services	1 125	8	1 617.0	7.5	1 573.3	7.5
3. Research and technology	270	2	425.5	1.9	441.7	2.1
4. Tourism and culture	550	4	1 134.8	5.3	1 029.7	4.8
<b>D. Technical assistance</b>	<b>43</b>	<b>0.3</b>	<b>94.7</b>	<b>0.4</b>	<b>88.9</b>	<b>0.4</b>
<b>E. Other</b>	<b>877</b>	<b>6.2</b>				
<b>General total</b>	<b>13 915</b>	<b>100</b>	<b>21 538.5</b>	<b>100</b>	<b>21 049.9</b>	<b>100</b>
<b>Structural Funds</b>						
ERDF	4 051	54	10 437.3	69.7	9 489.5	67.9
ESF	1 955	26	2 605.5	17.4	2 560.5	18.3
EAGGF	1 505	20	1 821.8	12.2	1 800.0	12.9
FIFG	—	—	98.4	0.7	130.0	0.9
<b>Total</b>	<b>7 511</b>	<b>100</b>	<b>14 963</b>	<b>100</b>	<b>13 980.0</b>	<b>100</b>

### 2.1.5. Axes of the CSF

Briefly, the objectives of the CSF are reflected in five axes of development.

Firstly, investment in major infrastructures will help Greece to reduce its degree of peripherality and promote its internal integration, which will make it possible to establish the necessary environment for productive investment that creates income and jobs.

Secondly, interventions concerning the improvement of living conditions will essentially be based on integrated actions in the area of the environment, improving the health system and urban development (metropolitan transport).

Thirdly, support for the development of the economic fabric will be based, in particular, on an ambitious industrial policy focusing on the international competitiveness of enterprises and on the modernization of agriculture, tourism and the fishing industry.

Fourthly, investment on human resources and reinforcing the structures of the labour-market will improve the workforce's skill levels and employment prospects.

Fifthly, the reduction of regional disparities in development and the opening-up of island regions will make it possible to take advantage of the indigenous potential of the Greek regions.

The coherence of the overall strategy is reflected in the synergies between the various CSF interventions. The competitiveness of the economy depends largely on the availability of major infrastructures and the development of human resources, as well as on exploitation of the indigenous development of the regions. The proposed actions will make it possible to reduce several of the disparities and cohesion gaps mentioned in Section 1.3. For example, they will make it possible to bridge the gaps in terms of transport, energy and the environment, to improve the low levels of training of the active population and to increase efforts concerning research, innovation and technology. The reduction of disparities and gaps, together with the other actions proposed for the economic sectors (industry, agriculture, fisheries and tourism), will help to improve the competitiveness of the Greek economy as a whole. As a result, the synergies created by this strategy should ensure that the total impact of the CSF will be greater than the sum of its parts.

Actions financed by the CSF should also help Greece to exploit the possibilities offered by the opening of the markets of Central and Eastern European countries, and of the Balkan States, in particular.

## **2.2. Axis 1 — Reduction in the degree of peripherality and promotion of internal integration by the development of large infrastructures**

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### **2.2.1. Transport**

The development of transport infrastructures is undoubtedly one of the fundamental priorities governing the boosting of the Greek economy. The deficit to be made good, in both quantitative and qualitative terms, is very considerable in all branches of the sector and it is, therefore, valid to give the sector special attention and priority.

Analyses conducted concerning the sector's priorities have made it possible to define the priority axes associated with the distribution of the country's major urban and economic centres and the opening of an access route to the European Union through Italy via the ports on the Western coast ('western gate concept'), an alternative to the traditional route through the Balkans. This new access route will comprise a Patras-Athens-Salonika road/rail corridor and the Egnatia road route linking the port of Igoumenitsa with northern Greece. The development of these corridors, integrated in trans-European transport networks (TENs), goes hand in hand with the associated major investment in the ports of Patras and Igoumenitsa.

The Greek authorities and the Commission agree that, given the general macroeconomic situation and the need, in conjunction with more direct measures to stimulate private investment in the productive sectors, to maximize investment in infrastructures which will improve the competitive position of Greece, every effort will be made to attract private capital to suitable projects. Such projects include those already identified in the RDP such as Spata airport, Rio-Antirio bridge, the Athens ring road and the underground in Salonika. Equally the main road connections between Patras, Athens and Salonika (the 'PATHE' corridor) and between Igoumenitsa, Salonika and Kipi on the Turkish border (the 'Egnatia' corridor) are of major importance.

In order to facilitate the attraction of private capital to these investments the Greek authorities will put in place, as soon as possible, the necessary regulatory framework to allow the opera-

tion of concessions under market conditions which, whilst creating a climate in which the private sector can operate satisfactorily under adequate control by public authorities, ensures that the appropriate socioeconomic development benefits can be derived from the investments in question.

In regard to the motorway network, the mobilization of private capital should allow the attainment of the jointly agreed dual priority objectives of completion of the PATHE and Egnatia corridors to motorway standard with appropriate assistance from all of the Union's financial instruments. Consequently without blocking the continuation of works in progress — the Greek authorities have undertaken, on the basis of a regulatory framework to be set up and an open call for proposals, to seek private sector partners to invest in completing the corridors and to operate appropriate concession(s) on their full length.

It is estimated that the additional investment capable of being generated by this process will allow the corridors to be fully completed by the year 2000 and will enable considerable savings in public (national and Union) expenditure on the corridors. Assuming PATHE is thus completed, the funds released will be diverted as a priority to completing the Egnatia corridor to the extent that sufficient private capital cannot be mobilized to this end, and, where necessary and within the limits of the resources available, the other priority projects for co-financing with the private sector.

It is recognized that it is not possible to anticipate accurately the reaction of the private sector and that there are many factors external to the CSF which will, in the final analysis, determine whether and to what extent private capital can be attracted to the investments under consideration. However in addition to the private investment in transport infrastructure already foreseen in the RDP there are reasonable grounds for programming on the basis of an additional investment of the order of ECU 1.5 to 2 billion by the attraction of private capital to the PATHE and Egnatia corridors. The CSF is therefore drawn up on this basis and allocates public funds which should be adequate to attain, in conjunction with Cohesion Fund resources and those becoming available under the newly launched Interreg II initiative, the objective of completing these corridors to satisfactory standards. If it transpires that the estimates for private investment have to be revised then, within the resources available in the CSF and according to rules governing its revision, priority will be given to finding adequate resources to complete the corridors in question in the first place, and Spata and the other large projects earmarked in the RDP.

Furthermore, the fact that some of these projects are included in the list of priority projects annexed to the Commission's White Paper on growth, competitiveness and employment, opens the possibility of Community support for the mobilization of private capital.

It should be remembered that the improvement of the system governing public works contracts agreed by the Greek authorities and the Commission, in the form of the creation of a new framework for the allocation of contracts and mechanisms to ensure the quality of projects and their efficient implementation, is also a condition of primary importance for the transport sector, which is necessary to the success of the chosen development strategy.

#### **2.2.1.1. Road networks and access**

- (a) Actions concerning the road network will be heavily concentrated (together with interventions under the Cohesion Fund) on the Patras-Athens-Salonika and Egnatia corridors (starting with the western section of the Egnatia corridor, i.e. the Igoumenitsa-Salonika section), the aim being that, by the year 2000, motorways along these two priority axes should be virtually completed. This entails the construction of more than 1 000 km of motorway between now and the year 2000, that is, 10 times the length of motorway constructed during CSF 1. This comparison illustrates the acute need to develop effective new implementation mechanisms.

Apart from the completion of the eastern section of the Egnatia corridor (Salonika-Turkish border), the remaining resources will be used to fund the Rio-Antirio bridge, the Athens

ring road and some particular actions between Ioannina and Rio, between Salonika and the Bulgarian border and on the road network in northern Crete.

Actions on road networks to be undertaken in the framework of regional programmes will be selected with account being taken of their coherence in relation to the axes funded at national level, which are themselves fully integrated in the TEN. Routes facilitating access to the major axes of the TEN or forming part of their layout will receive priority treatment.

On completion of the CSF in 1999, the length of motorways per 100 km<sup>2</sup> will be more than doubled by comparison with the situation in 1993 (from 0.21 to 0.51), and investment in motorways forming part of the TEN will rise from 0.007% of GDP to 0.013%, while fatalities on the roads, measured by the number of deaths per million vehicles, should fall from 672 in 1993 to 360 in 1999.

With the completion of the PATHE corridor, the average travelling time between Patras and Athens and between Athens and Salonika will be cut by 30 minutes and 60 minutes, respectively.

- (b) As regards ports, priority actions will concentrate on the western coast. Major modernization work will be undertaken at the ports of Igoumenitsa and Patras, in accordance with an approach that is coherent with the investment made in the PATHE and Egnatia corridors. The port of Corfu will also be the subject of action within the framework of the CSF. These measures will help to improve the interconnection with the European Union through Italy and stimulate the development of combined transport.

Three ports on the eastern coast (Alexandroupolis, Kavala and Volos) will be the subject of works to facilitate the development of goods transport from and to the Balkan States.

- (c) Actions to develop the capacity and performance of airports will be undertaken in relation to both national and international airports. Of Greece's international airports, special attention will be given to funding the new Spata airport. Modernization work will also be undertaken, particularly at the airports of Salonika, Iraklion, Corfu and Rhodes.

Provision is also being made for a network of heliports, mainly to meet social needs (to transport sick people and supplies) but also to encourage the development of isolated regions.

Work on airport infrastructures should result in a reduction in the number of inhabitants per airport from 270 000 in 1993 to 260 000 in 1999 and a reduction in surface area per airport from 3 474 km<sup>2</sup> to 3 219 km<sup>2</sup>.

#### **2.2.1.2. Railways**

The significant effort required to improve rail transport will be reflected in the drawing-up of a business plan, which will cover both investments and the modernization of the Greek Railways Company and its operation.

As regards investments to be made during the period covered by CSF 2, priority will be given to the Patras-Athens-Salonika link, which is part of the rail TEN. Funding from both the Structural Funds and the Cohesion Fund will make it possible to move towards completion of the infrastructure of the Athens-Salonika line (civil engineering, signalling, telecommunications, electrification), with a view to guaranteeing, in the long term, a travelling speed of 200 km/h. By the year 2000, the Athens-Salonika line will be twin track along 88% of its length (60 km of track between Lianokladi and Domokos, which would be particularly difficult and costly to convert, will remain as single track) and journey time will be 4 hours 20 minutes (as compared with 5 hours 50 minutes in 1994 and 6 hours 15 minutes in 1993).

A new line, with trains travelling at 200 km/h, between Eleusis and Corinth, and the Eleusis connection with the Salonika line will be financed by the Cohesion Fund, provided work on



the line between Corinth and Patras continues within a period compatible with the viability of the investment in the Eleusis-Corinth line. With this in mind, a technico-economic feasibility study will be immediately launched and will provide the necessary information for programming the appropriate financing. Modernization of the Corinth-Patras section must be seen as a priority project, which will receive any amounts which may be released by the reallocation of CSF resources during its implementation.

The second action, in terms of the amount of investment envisaged, concerns the supply of rolling-stock, supplementing the investments already made under CSF 1.

Remaining resources (of the order of 12% of total funding) will be used for particular improvements to other lines of the Greek network, the construction of a link with the port of Kavala and horizontal actions and technical assistance activities. The latter type of activity is, also, necessary for the creation of an *ad hoc* implementation mechanism, which is considered indispensable.

Work planned for the period covered by CSF 2, including financing from the ERDF and the Cohesion Fund, will lead to an increase in the length of track from 2 484 to 2 588 km, in the percentage of twin track from 8.5 to 13.3%, in the percentage of electrified lines from 3 to 21.2%, and in the percentage of track on which trains travel at a speed of over 140 km/h from 0.6 to 13.3%, whilst the percentage of the high-speed TEN remaining to be completed will fall from 51 to 40%. Most of these indicators will be further improved when the new Eleusis-Corinth line is extended to Patras.

## **2.2.2. Communications**

### **(a) Telecommunications**

Considering its relative GDP per capita, Greece has a remarkably high number of main lines per capita (40 per 100 inhabitants at the end of 1992, compared to an EUR 12 average of 44). The 1993 figure has already reached 45. On the other hand the quality of the service is particularly poor: for example, the number of faults per line per year in 1992 at 0.53 was the highest in the Union. Also, Greece has a very long waiting list (11 months at end 1993), the least digitized network in the EU (24% of main lines connected to digital local exchanges, end 1993) and the lowest investment per capita in telecommunications of any EU Member State. The revenue per line in the national telecommunications operator's (OTE) network was, in 1991, 40% of the average of the EU countries.

Those figures clearly indicate that poor telecommunications is a serious bottleneck to economic development in Greece. In order to overcome such a bad situation, and following the initiative jointly undertaken by the Greek authorities and the Commission from 1990 onwards a strategic and comprehensive approach to the development of telecommunications in Greece was developed. As a first step in the implementation of this approach, the so-called CRASH programme was launched in 1992, aimed at putting into practice the modernization of Greek telecommunications as a whole.

Amongst the main conclusions reached to date has been the need to enable operators and service providers (notably OTE) to conduct their affairs on a commercial basis (including the ability to make a long-term business plan) and the need for OTE to adapt its organizational and administrative structure so that it acts with a 'customer service' orientation.

The first prerequisite for drawing up an operational programme covering telecommunications is the definition of a clear strategy for the sector by the Greek authorities. With this sector-strategy in place, the financing of telecommunications should be seen within the context of an overall plan for growth and change (a business development plan approach). Such a holistic approach should include elements concerning reduction of operating costs, moves to improve productivity and quality of services, tariff levels and rebalancing as a means of increasing the level of investment, and any other relevant parameters.

In accordance with a strategic approach and principally with a view to improving the quality of services and the efficiency of the sector, action to be supported by the CSF should not normally concern the usual commercial operational investments of a service provider or operator but would concentrate on measures aimed at securing the provision of services in relatively high-cost areas, improving access to TENs, introducing new technology for remote or topographically difficult areas, speeding up or improving the provision of advanced services to major commercial user groups of importance to the economy, modernizing the public administration, improving the development of rural, border or island areas. Measures for training related to the introduction of new technologies and modern methods of management and for stimulating the market for new services should also be given priority.

An *ad hoc* set of precise indicators will be included in the operational programme for communications, adapted to the specific and quantified objectives of the action to be undertaken.

### **(b) Postal services**

It is proposed to support a relatively small but important measure to modernize the Greek postal service. This will be undertaken in the framework of a programme of action, to be set up in accordance with the conclusions of a strategic study of the national post office (ELTA) and in the context of a business plan for ELTA which will be developed as part of the strategic study. The reforms necessary to achieve real modernization, including those resulting from Community legislation in this field, will be fully analysed in the strategic study. The basic objective is to provide a comprehensive framework for the future short- and long-term development of postal services.

Among other key issues, the means to improve the quality of services will be analysed as well as the performance, main features and organization of ELTA, the use of its resources and assets and its relationship with productivity and efficiency, the services provided by ELTA and their potential expansion, the cost system and tariffs, the definition of minimum service standards and the principles of ELTA's public service obligations.

### **2.2.3. Energy**

Actions concerning the energy sector will come partly within the framework of an operational programme covering the whole sector and partly under the implementation of the scheme for the introduction of natural gas to Greece, which began under CSF 1 and the Community's REGEN initiative and is currently included in the list of priority projects in the Commission's White Paper on growth, competitiveness and employment.

The creation of a national energy council will be a first step towards the establishment of an energy policy and an overall strategy for the sector.

Priority will be given to the launching of a policy for conserving energy and developing renewable sources of energy, including, in addition to technical-assistance measures, a system of financial aid for enterprises involved in investments leading to energy savings (in this respect, provision is made for significant cofunding with the private sector). Implementation of this scheme implies the creation of an adequate management mechanism that would allow, in particular, effective monitoring and assessment of the real impact of actions undertaken. Planned interventions, corresponding to the introduction of a policy for saving and making rational use of energy, will lead to a slowing of the observed trend towards an increase in total energy consumption per unit of GDP (from 440 kgoe/t ECU 92 in 1992 to 452 in 1999) and in energy consumption in industry per unit of industrial production (from 742 kgoe/t ECU 92 in 1992 to 760 in 1999).

The operational programme will also include action to increase capacity for the generation of electricity using lignite and natural gas (this last in conjunction with the project for the introduction of natural gas) and may also cover a combination of works on the Acheloos project.

This latter aspect will, however, have to be examined in detail, with account being taken in particular of the conclusions of analyses conducted during the previous programming period.

Greece's total electricity-generating capacity will rise from 9 055 MW in 1993 to 11 480 MW in 1999, with generation by conventional power stations falling from 92.6% of total output in 1993 to 88.3% in 1999, while generation using hydroelectric power and other renewable sources will rise from 7.4% of total output in 1993 to 11.7% in 1999, for average hydraulic pressure.

Programmes of geological and mining research and prospecting in relation to the energy sector, including prospecting for new deposits of lignite and geothermal fields, as well as research oriented towards better use of lignite and the reduction of its impact on the environment, will be covered by Community funding.

The project for the introduction of natural gas in Greece, which began under CSF 1, will continue, in conjunction with the Interreg initiative, with a view to completing the project, the significance of which for the country, both in terms of the diversification of energy sources and from the environmental viewpoint, is self-evident. The main pipeline bringing gas from Russia, as well as the secondary pipelines provided for by the project as defined in April 1994 and the plants to receive liquid gas from Algeria, will be completed. CSF 2 will also include the part of the project relating to urban distribution, in which it is expected that the private sector and experienced operators will participate. Thanks to the implementation of these works, the percentage of households connected to natural gas should be of the order of 4% in 1999 and the proportion of total electricity generation accounted for by natural gas, which is currently nil, should be 12% by 1999. The project will also help to reduce emissions of SO<sub>2</sub> and CO<sub>2</sub> per MWh of electricity generated, which should fall from 11.8 tonnes in 1993 to 8.9 tonnes in 1999 in the case of SO<sub>2</sub> and from 1 121 tonnes in 1993 to 984 tonnes in 1999 in the case of CO<sub>2</sub>.

The implementation of this important and complex project has run into difficulties in the past. The Greek authorities have taken steps to improve the situation and ensure timely completion of the construction project itself. However, further steps are necessary to ensure the smooth transition to full commercial operation. In particular a regulatory environment needs to be created covering technical and safety standards and the ground rules for the operation of the urban low-pressure distribution systems.

## **2.3. Axis 2 — Improvement of living conditions**

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### **2.3.1. Urban development**

With a view to tackling the problem of urban development in Greece, a set of interventions in this area has been provided for under regional programmes for the country's major conurbations. These concern, in particular, the renovation of public infrastructures for historical quarters and the development of industrial wasteland and run down areas. These actions will be complemented by implementation of the Community's new URBAN initiative.

Given their size and significance, the underground projects for Athens and Salonika, which are in addition to the actions covered by the appropriate regional programmes, are the subject of a separate operational programme.

#### **(a) Athens underground**

The extension of the Athens underground has already been the subject of cofunding under CSF 1. The project adopted comprises the construction of line 2 (Sepolia-Daphni), running north-south, which will be 9.2 km long and have 12 stations, and of line 3 (Ceramique-Pentagono), running east-west, which will be 8.4 km long and have 12 stations.

Completion of this project is of vital importance to reduce the major traffic congestion and pollution problems associated with road traffic in Athens. The aim is, therefore, under CSF 2, to complete the project as defined under CSF 1, so that the two new lines will be completely finished and fitted out by 1998.

The Greek authorities will take all the necessary measures to ensure the effective implementation of the project and its completion within the agreed time.

### **(b) Salonika underground**

In 1993, the Greek authorities issued an international call for bids for the construction and operation, under concession, of a 'light' underground in Salonika, with a view to reducing traffic congestion in the city.

The plan covered by the call for bids comprises an underground railway line, 9.5 km in length and with 14 stations, running from the railway station to Votsi.

The call for bids is based on a concession period of 25 years (including the construction period) and a grant from the Greek State for construction and operation (this last being in the form of a subsidy per passenger).

It is obvious that this project cannot be implemented in the near future without the aid of private capital. Its funding under CSF 2 will thus depend on its ability to attract private investment and, by extension, on its financial viability. The final decision can be taken only on the basis of the results of the assessment of the bids received by the Greek authorities.

### **2.3.2. Health and welfare**

To attenuate noted inadequacies and improve the quality of health services in Greece, provision is made for reducing regional disparities and improving the organization and management of health services and staff performance in order to make the system more efficient.

To achieve these objectives, provision is made for the following actions:

- (i) modernization of the infrastructure and scientific equipment of health establishments in regions suffering inadequacies at this level (health centres, hospitals, centres of excellence, telemedicine). Some of these actions will be undertaken in the framework of regional programmes;
- (ii) integrated actions to modernize the management of hospitals and other services, including the development of a data-processing system covering health services;
- (iii) training of health-care staff, comprising both basic and continuous training and refresher courses for existing staff;
- (iv) creation and launching of a national centre for the collection of blood.

The aim will be to reduce by 50% the current gap between urban centres and regions that are far from urban centres. On this basis, the quantified objectives in the area of health are as follows:

	1990	1999
Average number of beds/1 000 people (in regions other than central Macedonia and Attica)	3.5	4
Number of hospital patients/doctor	100.7	85.1
Average number of CAT-scanners/region and per million people as an indicator, or hi-tech equipment	3.68	5
Caring personnel who have not received basic training	26%	10-13%

As far as mental health is concerned, it is important that action by the Greek authorities is consistent with, and ensures continuity of, the psychiatric reform programme financed by the Community under Regulation (EEC) No 815/84, when such financing comes to an end. A very substantial reform effort has been made in Greece through the creation of small units of mental health care as an alternative to the large psychiatric hospitals. Action will need to be taken mainly in terms of improving human-resources management and training of personnel. New mental health infrastructure will be of a small scale and will be an integral part of basic health service provision in underequipped areas.

The welfare sector is in a less favourable condition than the health sector, by comparison with other Member States of the European Union. It is characterized by fragmentary development resting on uncoordinated, ineffective actions. The policy followed thus far has essentially been to grant benefits to people seen as being in need of social aid.

The main problems in the sector are:

- (i) the lack of basic social infrastructures and the poor quality or poor state of repair of existing buildings, which makes it impossible to provide satisfactory services;
- (ii) the lack of any social concept or programming focusing on the solutions to apply to the difficulties encountered by people in need;
- (iii) the ineffectual organization and lack of flexible, appropriate management of available material and human resources;
- (iv) the lack of skilled staff to respond to the needs deriving from the existence of problems in the sector.

The strategy followed by the Greek authorities in the area of welfare must, of course, be examined in the light of the remit of the Structural Funds to launch actions that may be co-funded by the Greek authorities, particularly as regards investment in infrastructures and equipment.

Moreover, it should be noted that, within the framework of the battle against unemployment and exclusion from the labour-market, measures have been specially devised to alleviate the problems of people who are excluded from the labour-market and to encourage their reintegration. Work has still to be done on studying the possibility of other actions, in addition to this specific action and aimed at the same categories of claimants, which could be co-funded in accordance with the rules governing the Structural Funds.

Actions concerning the training and specialization of human resources could be set up to improve the quality and extend the range of services offered to these groups of people.

### 2.3.3. Environment

The aim is, during the period 1994-99, to pursue a strategy based on effective, active prevention, the combating of pollution at source, application of the principle of 'the polluter pays', the concept of the sustainable environment and, if necessary, the principle of precaution.

The general objective to be achieved is a qualitative and, in some cases, quantitative improvement, and the rational management of environmental resources and factors. Specific objectives include, in particular:

- the introduction of mechanisms to monitor environmental factors (in liaison with the European Agency for the Environment);
- the creation of environmental monitoring mechanisms concerning the activities of the primary and secondary sectors, and particularly public works;
- support for actions concerning respect of Community Directives on environmental issues, and particularly those concerning waste waters, solid waste, toxic waste and drinking water (Directives directly associated with infrastructures). The overall financial commitment (including the Cohesion Fund) to the implementation of the priority Community Directives identified by the Greek authorities will be of the order of ECU 1 500 million, of which ECU 1 200 million will be spent on implementing in Greece the four Directives mentioned above, which compares with a reasonable maximum for these Directives of the order of ECU 2 500 million;
- support for actions concerning respect of Community Directives on water, combating nitrate pollution, the protection of the soil, air quality, the protection of birds and habitats and the prevention of industrial accidents;
- support for actions decided in concertation whose purpose is to provide the Greek State with better tools as regards town and country planning, urbanization and the protection of forests and biotopes.

The areas of intervention are, in particular:

- **Monitoring of the environment:** measures will concern the aquatic and atmospheric environment, and noise. Mechanisms will also be set up for general environmental auditing and the environmental monitoring of public and private works, particularly in relation to the application of Directive 85/337/EEC on assessing the environmental impact of private and public projects.

The aim of this intervention is to improve the quality of environmental impact studies (EISs), the effective implementation of measures laid down in EISs, respect of environmental legislation and the reliability of data on the various areas of the environment.

- **Management of water resources and waste waters:** intervention will focus in particular on:
  - (a) the management of water resources, with the development of effective management infrastructures;
  - (b) the treatment and management of urban and industrial effluent;
  - (c) the management of sludge from treatment plants.

The aim is to improve the quality of waters (surface and groundwaters) by 10%.

- **Management of household and toxic waste:** intervention will focus in particular on:
  - (a) the cleaning-up of old public landfill sites;
  - (b) the setting-up of new public landfill sites;
  - (c) the setting-up of waste-recycling centres;
  - (d) the rational management of toxic waste.

Intervention will concern the rehabilitation of five old public landfills and the creation of eight new landfills, plus three centres for recycling urban waste.



- **Management of environmental risks:** the aim is to provide the competent authorities with the equipment they need to prevent major accidents and combat disasters. It is hoped that capacity to combat disasters will be increased by some 30%.
- **Actions to reduce noise in the urban environment**
- **Management of the natural environment:** actions will aim to protect the marine environment, biotopes, biodiversity and the soil. Provision is made for an increase in capacity to combat systematic and accidental pollution of the sea, the protection of 10 marine zones of special ecological interest, actions to protect endangered species, and the protection of 100 biotopes, 300 sites of great natural beauty and the ecosystems of sand dunes.
- **Regional development and town and country planning:** intervention will focus in particular on:
  - (a) the setting-up of a register of, as priorities, biotopes, forests and public and private property. Minimum surface area to be covered: 35 000 km<sup>2</sup>, of which (as a minimum): towns 2 100 km<sup>2</sup>, developing urban areas 2 600 km<sup>2</sup> and secondary residence areas 600 km<sup>2</sup>;
  - (b) support for work concerning urban-development plans and town and country planning for the entire country.
- **Improvement of air quality, particularly in the region of Attica**

Naturally, in accordance with current Community regulations, cofunding under the ERDF will be allocated only to actions associated with productive investment and infrastructures whose purpose is to protect the environment in harmony with the principles of sustainable development and provided that such investment is linked to regional development.

## 2.4. Axis 3 — Development and competitiveness of the economy

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### 2.4.1. Industry and services

Industry plays an important role in the Greek economy, but its relative share is diminishing (19.6% of GDP in 1986, 17.5% in 1992). Its structure is characterized by small enterprises (in 1990, enterprises with more than 20 employees represented only 42% of industrial employment) and no significant change in this respect has been observed over the past few years. In real terms, investment has remained at 1980 levels, productivity has not substantially increased in recent years (base of 100 in 1986, 104 in 1992) and the yield on equity is lower than the rate of inflation. The gross value-added of industry represents only 30% of the value of end products.

Greek industry is also specialized in a limited number of sectors, which are highly labour-intensive and use little new technology. Exports account for only 20% of industrial output and are concentrated, to a level of 50%, in three sectors (textiles 22.2%, clothing 12.6%, and agri-foodstuffs 12.9%).

Between 1989 and 1992, the competitiveness of Greek industry fell sharply, particularly in the three sectors mentioned above and also in the non-ferrous metals, metals and minerals sectors. During this period, Greece has been unable to develop other sectors with a high technological content.

Enterprises' physical environment lacks basic infrastructures, especially as regards transport, telecommunications and energy; the level of training of workers and young people leaving the education system does not match the need for new skills engendered by technological and economic change; and enterprises' capacity for innovation and research is underdeveloped (see the appropriate sections).

Greek industry nonetheless enjoys some advantages:

- Greece's geographical situation in relation to the opening of new markets in the Balkans;
- dynamic entrepreneurs who are used to operating at international level;
- an established industrial tradition in some sectors that could be modernized;
- a large number of graduates, who could be mobilized.

On this basis, the Greek authorities and the Commission share the view that a more ambitious policy must be pursued.

The strategic objective of this new Greek industrial policy is to strengthen the international competitiveness of the economy, which is the only way of guaranteeing the creation and maintenance of secure jobs.

This policy takes a selective, non-sectoral approach that centres on two main issues:

- (i) encouraging foreign investment;
- (ii) helping enterprises with sufficient potential to meet the challenge of technological development and increasingly internationalized markets.

In this context, the financial support that will be given to enterprises will not be limited to the purely physical and material aspects of investment projects, but will also cover the qualitative aspects of vocational training, innovation, design, commercialization, etc.

The main axes of intervention to achieve this objective are:

- (a) Help in the creation of new high-performance enterprises and support for the modernization of the existing industrial fabric:

by setting up *ad hoc* aid packages adapted to the needs of major internal and external investment;

by funding actions in the framework of business plans submitted by enterprises with potential, which will enable them to become competitive at international level. Enterprises' business plans will be assessed with the aid of independent consultants with an international reputation;

by setting up a regional aid scheme with limited financial scope.

It has been decided to set up a 'one-stop-shop' to manage the programme *vis-à-vis* potential investors.

- (b) Improvement of enterprises' environment and of industrial infrastructures:

by setting up a national system of quality certification (National Institute of Measurement);

by gradually contracting-out the management of industrial estates and crafts complexes to specialist agencies, including private agencies, so as to improve the range and quality of services offered;

by establishing infrastructures for the private sector (private utilities), essentially in northern Greece (Salonika), within the framework of the strengthening of economic relations with the Balkan States (private communications networks among enterprises, storage and refrigeration infrastructures, etc). Funding should be in the form of start-up aid for infrastructures of this kind, whose long-term viability is proven;

by implementing actions to protect the environment, by means of incentives to encourage polluting industries to move out of major urban centres and to reduce polluting emissions and waste (modernization of production equipment);

by implementing integrated actions for the restructuring of declining areas.

- (c) Improvement of the competitiveness of small and medium-sized enterprises:

by funding market services for enterprises that are adapted to meet needs concerning the modernization of Greek SMEs, on the basis of a system of approved suppliers. This system

should function on a competitive basis in accordance with enterprise demand. In regions without private enterprises to provide advanced services, these services could be provided by public bodies. However, the field of action of these bodies and their capacity to provide these services should be demonstrated in advance, by means of a business plan drawn up by independent experts;

by implementing measures to facilitate SMEs' access to the investment market, with the use of modern financial instruments.

(d) Vocational-training actions will be funded within the framework of enterprises' business plans. These actions will be subject to the certification rules laid down by the national system of continuous training.

The implementation of such a policy will require effective coordination among the various Greek services involved, the creation of new structures of implementation, the simplification of procedures and a radical review of the legal framework governing aid (Law 1892).

Any Community funding of State-controlled enterprises may be decided only on the basis of independent viability analyses, conducted case by case.

Actions under the 'Industry' programme will obviously have to be coordinated with future Community initiatives. Measures of the same kind featuring in regional programmes (market services for SMEs, industrial zones and crafts complexes, regional aid scheme, integrated actions for the restructuring of declining areas) may be funded only after examination of their compatibility with national policy.

Implementation of CSF actions concerning industry and the service sector will be pursued in accordance with the following indicators:

	1992	1999
GVA as total value of industrial products	30%	36%
Proportion of exports as % of industrial production	20%	30%
Foreign productive investment in Greece	<sup>1</sup>	<sup>1</sup>
Gross fixed-capital formation in industry as % of GDP	<sup>1</sup>	<sup>1</sup>

Furthermore, trends in the following indicators will be examined:

	Point of departure 1992
Industry as % of GDP	17.5%
Share of industry in total volume of employment	19.1%
GVA per person employed (DR million, constant)	2 480
% of enterprises employing more than 20 people	42% (1990)
Net creation of enterprises per 100 000 inhabitants	24 (1991)
Percentage of advanced services in industrial GVA	<sup>1</sup>
% of exports outside the textiles, clothing and agri-foodstuffs sectors	<sup>1</sup>

## 2.4.2. Research and technology

Despite its obvious problems, R&T in Greece has already been able to show evidence of encouraging signs. Certain research units are very active, particularly in their participation in Community research programmes. Moreover, the results achieved within the context of the initial operational programme in regard to R&T and the Stride initiative are generally encouraging.

<sup>1</sup> To be completed by the CSF Monitoring Committee.

Within the current context of international competition, R&T is an essential tool for economic development. Greece is lagging behind as far as the technological revival of invested capital is concerned and is failing to update the knowledge of its human resources. Thus, the wide introduction of R&T and innovation at all levels of the productive apparatus constitutes the best approach to strengthening competitiveness.

As far as research and technology is concerned, the strategy adopted consists of trying to build up the technical-economic capacity of the country in order to enable it to attract and support productive investments and stimulate value-added production at the level of its products and services. The strategy will be implemented through the following objectives:

1. Increasing gross spending on R&T (GERD from 0.56% in 1992 to 0.70% in 1999).
2. Increasing the private capital invested in R&T and improving the quality of the business effort, the overall objective being to raise the BERD from 0.12% of GNP in 1991 to 0.20% in 1999 or from 25% of the GERD in 1992 to 40% in 1999).
3. Transferring technology and supporting innovation, focusing on increasing business competitiveness.
4. Restructuring and improving the R&T already set up and expanding it.
5. Developing and bolstering the country's R&T human resources, aimed at increasing the number of researchers by 60% from now until 1999.

The following areas of intervention are being contemplated in order to achieve the aforementioned objectives:

### **Productive sector**

Intervention will be directed towards actions entailing scientific and technological operators cooperating with the production units. It involves favouring significant actions from the budgetary point of view, these being linked to high economic interest areas (e.g. new materials, biotechnology, the environment, etc.). In principle, some 200 projects (a guideline figure) will be implemented over two periods (1994-96 and 1997-99) throughout the entire duration of the programme. These actions will need to be carried out by bolstering the human research resources within businesses.

### **Technology transfer and innovation**

This involves setting up the mechanisms which will, in particular, enable the technology transfer and innovation process to be intensified through the purchase of licences, improving the four technology parks that currently exist or are being created and improving the information networks. The capacity of businesses for innovation will be developed by an integrated approach in this area.

### **Research and technology structures**

The intervention will focus on reorienting (and possibly broadening) the existing infrastructure, which will make it possible to rationalize it and get it in phase with the economy.

The possible creation of new infrastructures will take into account the current concentration of R&T activities in the Attica region (and the resultant duplications) and will comply with the country's industrial policy and its general policy with regard to the Balkans and the southern Mediterranean.

## Human potential

The renewal of human research potential will be encouraged within the context of the nationalization of the research and technology structures.

The human potential which will support the effort of the operational programme will be the subject of a series of interventions focusing in particular on updating the knowledge of the researchers, training new researchers, particularly in advanced technologies, as well as training for R&T technicians and administrators. At the end of the programme, human research potential in Greece should be up by 60% (from 10 000 in 1991 to 16 000 in 1999).

Under this heading, the Greek authorities have proposed the financing of research activity in the field of human resources and the improvement of the workings of the labour-market. The Commission endorses the need to undertake this activity. However, the question whether it will be financed under the R&T programme or some other ESF-funded programme will be settled in the context of the procedure leading to the approval of the different operational programmes.

### 2.4.3. Tourism and culture

Tourism is an important factor in the Greek economy and occupies a dominant position in the tertiary sector. The tourist industry accounted for a 7% share of GNP in 1992 and the income from tourist currencies represented 41% of invisible earnings during the same year. The tourist sector provides employment for 10.6% of the working population during the high season.

The flow of tourists in Greece shows a steady upward trend and this development should continue at at least the same pace over the next few years. In spite of these encouraging prospects, however, the sector is faced with intrinsic problems:

- the strongly seasonal nature of the activity (with two thirds of the total overnight stays concentrated into the June to September period);
- the unequal geographical distribution of tourist activities, with a heavy concentration in certain regions where the accommodation facilities are too great in number;
- the low quality of the tourist product, and particularly of the accommodation facilities.

From the foregoing, the basic objective of the tourist policy involves improving the quality of the product in order to increase international competitiveness in the sector. The following intervention priorities can be extrapolated from this objective:

- (a) Modernization of tourist undertakings, which must not, however, lead to an increase in the number of beds. The interventions will be based on viability-demonstrating business plans submitted by enterprises (including public organizations) wishing to increase their competitiveness by offering a wider and better quality tourist package. The actions financed will not only be of a physical and material nature (traditional hotel investments), but will cover the measures as a whole necessary for achieving the objective of competitiveness (market studies, training, leisure facilities, innovative services, inter-business networks and cooperation).
- (b) In tourist areas with an adequate accommodation capacity and when there is a proven need for it, joint infrastructure-financing aimed at improving the range and quality of the services provided.

Such joint infrastructures could include, for example, marinas, golf-courses or conference centres. The financial package for such actions will be based on viability studies, including private sector participation.

- (c) The regulated development of a limited number of new tourist centres based on an integrated approach. This sphere of action means selecting the regions involved and

creating a 'package' covering the parallel development of infrastructures, accommodation and leisure facilities, transport, human resources, etc. so as to provide high-quality tourist products. The endeavour must not be dissipated into minor isolated initiatives. The implementation of the proposals will be subject to the results of detailed feasibility studies.

- (d) Actions of limited financial implications and of local interest contributing to the diversification of what is on offer, in areas such as thermal, ecological, cultural and mountain tourism.
- (e) Vocational training actions will be financed within the framework of business plans drawn up by the enterprises. The actions will be subject to the certification standards provided for by the national continuous training system.

As far as the culture sector is concerned, Greece possesses a heritage of great wealth, the preservation and restoration of which is an objective in itself but which, prudently exploited, may also contribute decisively to the realization of certain development objectives, particularly those related to the tourist industry. It is obviously in connection with these development objectives that the intervention of the Structural Funds takes place within this area.

The interventions will, in particular, focus on developing the cultural heritage (developing historic centres, modernizing museums, restoring and maintaining monuments, surveying and registering monuments) with the main objective of stimulating economic activity.

In order for the objective of the programme to be achieved and for the interventions to prove effective, it would be advisable to give particular attention to the procedures for implementing the actions, and especially:

- (i) ensuring effective coordination between the public service bodies involved in order to enable the enforcement of an ambitious tourism development policy;
- (ii) obtaining the participation of the private sector both in terms of scheduling and at the level of implementing the interventions;
- (iii) taking care to focus the projects into integrated actions, in order to avoid dissipating aid and to achieve noticeable results.

The actions as a whole of the CSF will be monitored by the following indicators:

	1993	1999
Weighted average of the number of stars granted to hotels	3	4
Share of the tourist industry in GDP (1992)	7%	9.5%
Average spending per non-resident visitor (constant USD price)	340	380

In addition, the development of the following indicators will also be monitored:

- (i) total number of beds per 1 000 inhabitants for all types of accommodation;
- (ii) share of the tourist industry in total employment;
- (iii) number of stays during the heaviest two months as a percentage of the total number of stays involving at least one overnight stay.

#### **2.4.4. Agriculture and rural development**

Besides the problems described in the chapter on disparities, it would be helpful to point out that Greek agriculture has been characterized over recent years by a gradual loss of its competitiveness, reflected by the appearance of a negative balance in the trade of agri-foodstuffs;

trading terms have continued to deteriorate since 1981. The GFCF<sup>1</sup> for agriculture also shows a downward trend, agriculture's share in fixed capital investments overall remaining in general permanently below 10% since 1985.

The structures supporting agriculture are also inadequate. The absence of an active marketing policy, together with a dilapidated and old-fashioned apparatus in the processing and marketing sector, the sector-based imbalances of certain produce (considerable surpluses of some fruit and vegetables), as well as the shortage leading to a significant value-added loss and, consequently, a reduction in competitiveness.

The rural environment suffers from a very large number of pressures, stemming both from the often irrational exploitation of resources (e.g. overgrazing, depletion of the groundwater in several areas, locally high agricultural waste loads, etc.) and difficult natural conditions. The Greek forest has been weakened by widespread fires and by deterioration associated with the use of the area, and its environmental function as well as its productive capacity have been constantly tested.

The agricultural sector will need to adapt to the overall development of the economy, involving a relative reduction in its size. These adjustments are accentuated by the reform of the CAP. In this context and starting with diagnostic problems, the strategy to be favoured is based around three main guidelines:

- (i) the improvement of agriculture's competitiveness by interventions at production level and at the level of processing and marketing;
- (ii) the modernization of the agricultural structures, including infrastructure and basic facilities;
- (iii) rural development by regenerating the rural areas and diversifying activities, including the protection and improvement of natural resources, the environment and the endogenous potential.

Bearing in mind the financial resources to be implemented and the necessary focusing of the interventions, the specific priority objectives are as follows.

(a) Improving competitiveness:

structural adjustments at production level;

improvement of the processing, marketing and trading conditions for agricultural and forestry products;

adaptation of the support structures for crop production within the framework of the sector-based production adjustment policy, support for animal husbandry aimed at altering the agriculture/breeding ratio, promotion of the quality and diversification of products;

improvement of the training/supervision and technological support, qualifications and vocational training of the various participants in the agricultural sector.

(b) Modernizing structures and the agricultural infrastructure:

improvement of the land structure of farms;

rational management of water resources;

improvement of the rural infrastructure;

rejuvenation of the working agricultural population (young farmers).

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<sup>1</sup> GFCF: gross fixed capital formation.



(c) Rural development:

maintenance of the rural population by creating alternative jobs and raising incomes;

regeneration of the rural area, opening-up, improvement of the living conditions of the rural population;

protection and improvement of natural resources, including forest resources.

The allocations available to the EAGGF-Guidance are not fully adequate to meet the agreed objectives. During implementation of the CSF, therefore, these allocations will be reviewed to determine their adequacy and, to the extent appropriate, programmes supported by this fund shall be considered as one of the priorities for the reallocation of resources becoming available in the CSF.

The implementation of these objectives could be measured through a set of indicators, the most significant of which are:

Indicators		Starting point	1999 objective
Share of agricultural employment within total employment	1992	22%	19%
% of farmers aged > 55	1987 <sup>1</sup>	56%	53%
Agricultural GVA/GDP	1992	15%	13%
Agricultural GVA/YWU	1990	100%	106%
Number of plots of land/farmer	1989	6	5.5
Ratio <u>crop production</u> animal production	1990	<u>67%</u> 30	<u>65%</u> 32

It should be noted that the regional element of the CSF is designed within a framework of complementarity and synergy with the national element as regards agricultural and rural development. Thus, for example, actions relating to hydraulic improvement, land reallocation, support for animal husbandry, rural infrastructures, development of selected sectors, as well as complementary rural development measures, will be provided for in the regional element.

Within the national element, the priority interventions will fall within one single-Fund measure (EAGGF) involving strengthening the competitiveness of the agricultural sector and its structural improvements, entitled 'Development of the agricultural sector'.

This action will be implemented through an operational programme consisting of the following subprogrammes.

- (i) Structural adjustment, including the implementation of Regulations (EEC) Nos 2328/91, 1360/78, 1035/72 and 389/92 arising out of Objective 5a in respect of speeding up the modernization of agricultural structures. Provided for therein are, in particular, the improvement of 50 000 farms, the setting-up of 14 000 young farmers in conjunction with the early retirement of elderly farmers, the granting of compensatory allowances to about 250 000 farms located in disadvantaged areas, the improvement of pastures and feeding areas covering 65 000 hectares, the seeking of aids for collective activities (communities of producers).
- (ii) Improvement of the processing and marketing conditions for agricultural and forestry products (Objective 5a), with particular emphasis on standardization, presentation and quality. According to estimates, 1 200 businesses will be able to benefit from this sub-programme.

<sup>1</sup> Data to be updated as soon as the results of the 1993 'structure' survey are available.

- (iii) Crop production, by providing for measures to improve the control systems for plants and seeds, the promotion of product quality, including the related controls, the setting-up of integrated crop and plant protection systems, as well as the pursuit of wine restructuring measures, under certain conditions in line with the reform of the common wine market organization.
- (iv) Animal production, providing for the improvement of domestic livestock and its health protection, the organization of animal husbandry in the area, the creation of the support structure necessary for genetic, health and qualitative checks. Priority will be given to related structuring approaches. The operational objectives of this subprogramme are aimed particularly at increasing animal yields (e.g. 8 to 12% for sheep and goats).
- (v) Rational management of water resources by carrying out a series of hydraulic water storage and supply works, as well as works involving resource and soil protection, improvement of the quality of irrigation water and reduction of losses. These works will be carried out within the context of management plans by catchment area and will make it possible to rationalize water management as well as selected farming restructuring operations. Environmental and CAP-compliance checks will be carried out before any new worksite is set up. The actions must make it possible to achieve improved irrigation over 20 000 hectares and the performance indicator to be employed for measuring the success of the works will be the reduction in water consumption per irrigated hectare.
- (vi) Forestry actions aimed at forest protection (60 000 hectares), forest development (7 000 ha, 1 000 km of forest roads) and accompanying actions (inventories, cartography, facilities, studies, etc.).
- (vii) Completion of the undertakings assumed in respect of previous actions and CSF 1: specific Regulations (EEC) Nos 895/85, 3222/88, 3223/88, early retirement under the 1989-93 O.P. on agricultural structures and restructuring of the olive oil industry under the related 1992-93 operational programme.
- (viii) Support actions aimed, in particular, at improving the conditions of agricultural research, the promotion of produce and its export, the promotion and distribution of information.
- (ix) Technical assistance in respect of implementing, following up and evaluating the programme.

Finally, the actions relating to the training (initial and continuous) of those in the agricultural and rural world and to the improvement of their professional skills will be taken under the ESF programmes.

#### **2.4.5. Fisheries**

Fishing has always been a traditional activity in Greece and a major source of income for a large number of coastal regions, in particular those of the islands, where fishing often employs 30 to 40% of the population.

The constraints facing the development of the fishing sector are: the dilapidated state of the fishing vessels, the uneven geomorphology of the fishing areas, which are often exposed to pollution risks, the failure of the processing industry to employ modern technologies, the inadequacy of the trading channels, the rapid development of sea farming in relation to the limited number of new markets, the lack of continuous training for professionals, the failure of research activities to adapt to the needs of fishing, the very small number of offshore and land-based infrastructures.

The fleet, which is most often of a family nature, carries out the bulk of its activities along the country's coasts, in Greek waters as well as in the Mediterranean (coastal fishing and middle-water fishing), with the exception of the ocean-going fleet which operates in West Africa. This

type of family operation, as well as the overexploitation of benthic stocks, have led to an ageing of the fleet in view of the lack of interest of the young for an activity which is difficult and under threat, whilst the fishing agreement policy has greatly conditioned the development of the ocean-going fleet. The processing and marketing sectors which revolve around the fleet have consequently been forced to considerably slacken their progress.

Furthermore, the rapid development of marine aquaculture, although it has yielded positive results, requires careful monitoring aimed at ensuring the consolidation of the sector and improving its compatibility through the opening of new markets.

In this context, the strategy laid down for future years aims to guarantee the durability of the fishing industry through the modernization of the aforementioned sectors with a view to making them competitive, whilst taking care to improve the management of the fishing resources. The following areas of intervention are planned in order to achieve these objectives:

- (i) Adjustment of fishing efforts:  
the interventions in this area involve, for the 1994-99 period, a reduction in the capacity of the Greek fleet by 4 321 gtt and 25 630 kW.
- (ii) Renewal and modernization of the fishing fleet:  
the renewal of the old units together with the modernization of the fishing vessels to adapt them to the special conditions of the Greek seas must be encouraged without, at all events, increasing the fishing endeavour.
- (iii) Aquaculture:  
aquaculture production could be increased by some 4 900 tonnes of produce such as mussels, oysters, trout and eels, as well as by new produce (sea-bream, turbot, etc.). Current bass and sea-bream production must be maintained, mainly through the modernization or relocation of existing undertakings. The production of these species must be supervised and the supply needs to be adapted to market demand.
- (iv) Protected marine areas:  
the investments in this sphere focus on the reconstitution of certain stocks by creating artificial reefs, as well as the protection of fishing areas in the coastal band.
- (v) Equipping fishing ports:  
development of support facilities, both port and lake, to sustain the offshore activities and those in inland waters (lakes).
- (vi) Processing and marketing of products:  
modernization of the processing sector through the use of new technologies, and improvement of the trading channels for fishing and aquaculture produce.
- (vii) Promotion of products:  
promotion of aquaculture produce (more especially bass and sea-bream) and fishing produce, study and opening of new markets and research into new outlets.
- (viii) Port and lagoon infrastructure:  
development of support infrastructures for the fishing sector (fishing ports and basic shelters) and the aquaculture sector (extensive, semi-intensive).
- (ix) Fishing research:  
the promotion of fishing research should lend its support to the development of the fishing, aquaculture and fishing produce processing/marketing sectors.
- (x) Vocational training and social support:  
training of young people in the profession and continuous training for fishermen, sea-fish farmers and the workforce in the processing/marketing sector through actions included in the continuous training and employment promotion programme.

- (xi) Technical assistance:  
support for the management of the operational fisheries programme.

In view of the fishing sector being taken into consideration both by a central multifund fishing programme and by regional and certain sector-based programmes, it is imperative to establish sound coordination within the country both between the central programme and the regional programmes themselves with a view to achieving a multiplier effect in respect of the fishing measures.

The structural interventions implemented in respect of the present CSF in the fishing and aquaculture sector as well as the processing and marketing of their produce must comply with the common fisheries policy.

They are in particular subject to the specific provisions laid down by Council Regulation (EEC) No 2080/93 dated 20 July 1993 specifying enforcement provisions for Regulation (EEC) No 2052/88 with regard to the fishing guideline financial instrument or FIFG,<sup>1</sup> and by Council Regulation (EC) No 3699/93 dated 21 December 1993 defining the criteria and conditions for structural purpose Community interventions in the fishing and aquaculture sector as well as for the processing and marketing of their produce.<sup>2</sup>

The interventions concerning the renewal of the fleets and modernization of the fishing vessels are subject to compliance with the decisions taken by the Council in enforcement of Article 11 of Council Regulation (EEC) No 3760/92 dated 20 December 1992 instituting a Community fishing and aquaculture scheme,<sup>3</sup> as well as fishing fleet guideline programmes covering several years in reference to Article 5, paragraph 2 of Regulation (EC) No 3699/93 and adopted in application of the Council's aforementioned decisions. To this end, the implementation of fishing endeavour adjustment measures, and more specifically the implementation of measures for the final removal of fishing capacities, constitutes a priority intervention within the sector.

The interventions relating to aquaculture, development of the coastal sea areas, fishing-port facilities, processing or marketing must contribute to the durable economic effect of the targeted structural improvement and provide sufficient guarantee of technical and economic viability, notably by avoiding the risk of creating excess production capacities. The scientific monitoring of the interventions aimed at developing the coastal sea areas must, in addition, be the subject of an annual summary report sent to the Commission.

The interventions must relate to development in keeping with that of the other areas within every area of intervention in accordance with Appendix I of Regulation (EC) No 3699/93.

## **2.5. Development of human resources and employment promotion**

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### **2.5.1. Introduction**

Human resources are a decisive element in the competitiveness, growth and expansion of employment. The human factor assumes increased significance in the effort towards economic recovery and the start-up of the growth process. Success in this area depends on the mobilization of all human resources and in particular the availability of a highly qualified human potential with the skills needed to master the advanced technologies and to adapt to changes. The education/training system and the other measures active in the labour-market

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<sup>1</sup> OJ L 193, 31.7.1993, p. 1.

<sup>2</sup> OJ L 346, 31.12.1993.

<sup>3</sup> OJ L 389, 31.12.1992, p. 1.

are a driving force in the process of economic growth and employment promotion. Nevertheless, the actions in support of human resources must be substantially improved in order to meet the needs of businesses and the labour-market.

### **Strategic priorities in the structural measure in aid of human resources**

It is necessary, in order to increase the productive potential of the human factor in the interest of economic and social development, competitiveness and employment in Greece:

- (i) to act on the quality and diversity of the training provision by strengthening the productive structures of the educational services;
- (ii) to stimulate the investment in human assets and meet the demand by adapting the training-education measures to the organization and content of the jobs arising from economic and technological changes.

This implies directing the endeavour towards the following strategic priorities:

- (i) widening access and improving the quality of the education/initial training systems. The strengthening in quantitative and qualitative terms of the different components of the structures in place requires systems which are less rigid and more receptive to the world of work in order to make those trained more mobile and adaptable to the new technologies and to improve the transfers of increased knowledge in the economic activities;
- (ii) improving competitiveness by adapting workers to the development of the production systems. In this regard, the accent must be on a systematic approach in the organization of the continuing training and permanent education activities centred on the demand of businesses and the labour-market;
- (iii) improving employment opportunities by implementing a set of coordinated actions in aid of the unemployed and the handicapped and the other categories exposed to exclusion from the labour-market. To this end, the accent must be on strengthening the employment services and promoting specific measures on guidance, advice, training and employment aids;
- (iv) supporting and developing the effort towards modernizing the public authorities. In this regard, the accent must be on developing human potential — by quality initial and continuing training measures.

The measures in aid of human resources will be monitored through the following indicators:

	Starting point 1991	Objectives to be achieved 1999
1. Percentage of young people in full-time education aged:		
15 to 19	81.2	85.0
20 to 24	30.0	33.0
2. Rate of access of young people aged 16 to 20 (outside the education system) to a recognized form of education/training	1	1
3. Percentage of the working population benefiting from reception/guidance/training/employment measures of which:	1	1
employed		
unemployed		
4. Public spending on education as a percentage of GDP	4.1	4.3
5. Public spending on continuous training and employment aids as a percentage of GDP	0.85	1

## 2.5.2. Education and initial training

The situation of education and initial training in Greece lags behind the European mean, despite the serious efforts undertaken lately. Low public financing of Greek education, in relation to other European countries, both in terms of public expenditure per student and as a percentage of GNP remains an essential problem (see Section 1.3). Nevertheless, it is important to stress the considerable private resources made available for education, whose more effective utilization constitutes a major policy issue.

Apart from the general problems and disparities, analysed in the introduction, the Greek education and initial training system is characterized by a number of specific weaknesses, the most serious of which are the following.

In secondary education, the system is rigid and does not offer alternatives to students, in particular at the end of lower and higher secondary level where existing reliable vocational alternatives are poor, analytical programmes and curricula do not reflect current needs, the majority of lower secondary education graduates not continuing their education in upper secondary school enter the labour-market unskilled, the technical vocational education is not attractive to students, the rate of dropouts is relatively high, curricula and purpose of post-compulsory secondary education have been transformed to prepare students almost exclusively for third level education, educational planning and evaluation of introduced reforms are weak, although all teachers are university educated in their subject, they lack specific educational knowledge and practice, the apprenticeship schools of OAED (Greek national employment office) are seriously constrained by lack of opportunities for on-the-job training, infrastructure, including libraries and educational equipment are insufficient, etc.

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<sup>1</sup> To be completed by the CSF monitoring committee.



In tertiary education, where the participation rate is very high, the demand, which can neither be satisfied nor diminished, is high and has as a result an oversupply of tertiary education graduates and lowering of standards, quality of offered education is generally low, there is a marked delay in the formulation of new scientific and multidisciplinary specializations, postgraduate studies including their research content are not systematically developed or organized, rate of dropout is high, administration problems often make tertiary education institutions rigid and inefficient, educational planning and coordination between institutions are weak, links between education and economic activity are rather poor, infrastructures, including libraries and equipment, are insufficient, etc.

Emphasis on education and initial training is essential, among other reasons, because of the significant preventive function they can provide and their medium to long-term importance in determining a meaningful education and training system. Ways need to be found to widen access to education and initial training, to minimize the numbers of unqualified school leavers, school failure and school dropouts, to improve the quality of education and initial training including higher education.

Structural Fund interventions under this heading will concern, in particular, selective operations which strengthen and modernize education and initial training structures and the financing of training within the national secondary or equivalent and higher education systems which has a clear link with the labour-market, new technologies or economic development.

Action will be concentrated around the following main objectives:

- (i) provision of access to education and training of all young people aged between 15 and 20;
- (ii) strengthening, reform, upgrading and development of education and initial training to make them more flexible, attractive to students and take account of recent developments and market needs;
- (iii) improvement of infrastructures, including libraries and educational equipment necessary for the achievement of the above objectives.

In this context priority will be given to:

- (i) The provision, in accordance with the 'Youthstart' programme announced in the White Paper on growth, competitiveness and employment, of guaranteed access to a recognized form of education or training, including apprenticeship or other forms of linked work and training to all young people under the age of 20. The establishment of the Vocational Training Institutes (IEK) under the first CSF represents a solid basis on which proposals in this direction should be developed. In this respect, it is important to strengthen and enrich the national apprenticeship system, in particular as regards the organization and availability of practical training and work experience.
- (ii) Strengthening of post-compulsory second level education in order to make it more flexible and market oriented; modernizing, enriching and adapting educational programmes and curricula (e.g. introduction and/or extension of new technologies, foreign languages, vocational guidance, remedial and special courses and actions for dropouts, slow learners and minorities, environmental education, etc.), preventive measures aimed at reducing early school leaving and low educational attainment. As far as infrastructures are concerned and taking into consideration the demographic developments, a selective approach will be adopted; priority will be given to educational equipment, eliminating second shifts in secondary education, improving school infrastructure and developing libraries.
- (iii) Training of teachers, trainers, school managers, counsellors and other staff is essential to ensure effective implementation of the above reforms and upgrade education and initial training.

- (iv) Third-level education development and upgrading, given its crucial role for competitiveness. Improvement of management of third level education establishments, reform of university programmes to better reflect the current market needs, promotion of short postgraduate market-oriented courses, postgraduate studies including their research content, as well as development of libraries, development and improvement of infrastructures and equipment are necessary.
- (v) Bringing education systems of all levels closer to real economic activity and improving the responsiveness of the education and initial training system to economic and technological developments in order to facilitate access of young people to the labour-market and adaptation of studies to the market needs. Barriers between education systems and economic activity need to be brought down and communication promoted as much as possible. This will be pursued through the development of networks, promotion of career offices, exchanges between education establishments and enterprises, further development and improvement of the institution of student experience in enterprises, etc.
- (vi) The administrative modernization of both central and regional services of the Ministry of Education in order to promote and support reform and upgrading of the educational system. Development and upgrading of educational planning at all levels, evaluation and review of educational measures on the basis of systematic research, as well as development of mechanisms and procedures in relation to the programme implementation are of particular importance.

In addition to the use of general indicators at CSF level, the following indicators will be used to monitor implementation of the programme:

- (a) distribution (including at regional level) of post-compulsory secondary students in general, technical vocational and comprehensive upper secondary schools;
- (b) drop-out rates in lower and upper secondary (general and technico/professional);
- (c) proportion of schools equipped with laboratories, including computers and libraries, in lower secondary and general, technical vocational and comprehensive upper secondary schools;
- (d) proportion of graduates in scientific and technological disciplines in relation to the total of university graduates, including postgraduates;
- (e) public expenditure per student and educational level.

More specific indicators will be used at measurement level to monitor implementation of the programme and evaluate results.

### **2.5.3. Continuing training and employment promotion**

Despite the progress made in recent years, training standards remain well below Community average. The existing difficulties can be resumed as following:

- (i) the poor level of organization and management together with the absence of a reliable monitoring mechanism for the labour-market, which makes it hard to identify the real needs, to plan and implement the necessary policies and evaluate the use of resources;
- (ii) the low level of organization of the labour-market. More specifically, there is a large free-entry sector, a high proportion of self-employed and a very limited number of large firms. The result is that for most jobs there is no formal or standardized demand for skills making it difficult to establish a direct link between training specification and the particular needs of the market;

- (iii) the relatively low level of public expenditure for education and training.

The main effort during recent years has been to take full benefit of the possibilities offered by Structural Funds joint action in order to implement the necessary reforms for the development of more effective vocational training policies. In relation to continuing training, the overall impact of the CSF 1989-93 has been considerable. While until the mid-1980s the level of supply of continuing training was low, the total number of trainees by 1992 had reached a significant proportion of the workforce. Greek institutions, however, have not always been able to absorb Community resources efficiently and have often produced actions of low quality and skills which were not relevant to the actual needs of the labour-market.

In order to contribute to increasing productivity, competitiveness and promoting employment, action under this heading aims:

- (i) To develop an efficient lifelong learning system, sensitive to priorities generated by the demand side of the economy. Emphasis has to be placed, especially during the initial phase, on the development of the essential structures which ensure qualitative upgrading and responsiveness to economic change. A significant number of training centres exist now in Greece, developed in particular with Community financing under Regulation (EEC) No 815/84 and the first CSF. It is important to organize these capacities as well as those provided by the private sector into a decentralized network of accredited training centres thus setting a basis for the development of a more systematic approach to continuing training for those at work as well as for the unemployed. The main objective of this approach is to provide relevant, good quality and responsive training which is essential for medium and long-term competitiveness of Greek business and of the economy at large. Furthermore, the process of incorporating the ECSC activities into the ESF requires that credits be set aside for the training and assistance with employment for people in the ECSC sector, currently financed by the ECSC and to be taken in hand by the ESF.
- (ii) To develop adequate and responsive employment services efficiently linking the education and training structures with the labour-market, providing effective guidance and counselling services to the unemployed.

The success of this approach will depend on:

- (i) The establishment of an effective institutional framework and on the capacity to ensure coordination of the network. A central agency will be vested with competencies for overall planning/programming, the coordination of observatories of industrial change, labour-market trends and changes in skills and qualifications, the development of training specifications and curricula and for the overall monitoring of implementation of continuing training activity.
- (ii) The development of a certification structure dealing initially with the accreditation of training centres and progressively extending its range of activities on the accreditation of the continuing training trainers and studies. As regards certification (in particular of training providers and trainers), it is essential to ensure an overall approach which is compatible with the initial training system run by the Ministry of Education.
- (iii) The setting-up of efficient implementation and control mechanisms.

Financing will be linked to progress achieved on the institution of these mechanisms which will require specific implementation plans, including well defined time-schedules and will involve the active participation of economic and social partners. The certified providers of training will operate on a competitive basis as a function of demand by the users of the services, i.e. the firms in question. The financing of equipment and infrastructures for training centres will be subject to inventory of the existing capacity, geographical distribution and current utilization.

As regards funding, given the imbalance between needs and scarce financial resources, a financial contribution by the social partners and the private sector is envisaged. This approach will significantly increase the multiplier effects of public support.

### **A. Continuous training for the employed**

The programming approach for 1994-99 will be adapted to the specific requirements of small, medium-sized and large enterprises as well as the self-employed. It will be sufficiently flexible allowing for an integrated response to the development potential of enterprises. In this context the provision of concrete integration mechanisms on the ground is envisaged so that a comprehensive response can be given to the implementation of business plans by firms receiving assistance under the industry and services or tourism integrated operational programmes (see Sections 2.4.1 and 2.4.3).

The strategy includes:

- (i) developing specific standards regarding the training centres, the training material and teaching staff by using the potential of the educational and training institutions, the training standards and practices of advanced enterprises in each sector as well as the available experience in other Member States;
- (ii) developing mechanisms (including observatories) to anticipate industrial change especially in relation to its impact on employment and the organization of work as well as of performing information systems (through the creation of information offices in the major urban centres and awareness raising actions) for entrepreneurs and managers;
- (iii) providing support for the assessment of training needs of enterprises (particularly SMEs) by specialized experts. To achieve good advice for firms and provide relevant training, strong links need to be developed between observatories, planning authorities and training centres;
- (iv) developing special training actions for company staff trainers;
- (v) developing the necessary coordination with the actions undertaken by the Ministry of Education linking tertiary education and enterprise activity;
- (vi) *ex-post* evaluation providing the necessary feedback for future adjustments,

### **B. Training and employment promotion for the unemployed**

Prolonged periods of unemployment limit the prospects of reintegration for the unemployed. For this reason, training structures aimed at people who lose their jobs will be developed to increase their chances of reintegration into the labour-market. Actions of this type can be incorporated in both the national and regional parts of the CSF according to the scale on which the actions are developed.

As regards training, the decentralized network of training centres will be developed providing the unemployed with the appropriate skills for their reintegration in the labour-market.

The development of a vocational training structure will be backed by an efficient employment promotion policy. Employment aid schemes need to be supplemented by a broader and coherent approach including:

- (i) the development of employment agencies and employment services, including guidance and counselling to the unemployed in their effort to find a job and the development of information mechanisms and awareness raising;

- (ii) specific actions including start-up aids and training destined to promote enterprise creation and self-employment.

In the implementation of this approach, particular attention will be given to the promotion of equal opportunities for men and women. Specific action will be provided for women's integration or reintegration to the labour-market. Priority will also be given to other particular categories of the workforce such as the young and the long-term unemployed. It will also be necessary to coordinate actions under this heading with those designed to combat exclusion from the labour-market.

The following indicators will be used:

- (i) percentage of employees having acquired vocational skills through accredited vocational training  
total,  
by sex;
- (ii) percentage of unemployed having acquired vocational skills through accredited vocational training  
total,  
by sex;
- (iii) unemployment rate in regions suffering from severe industrial decline;
- (iv) unemployment of specific categories of the workforce  
young under 25,  
women,  
long-term unemployed;
- (v) placements made by employment services as a percentage of total placements;
- (vi) average expenditure on continuing training per employed;
- (vii) average expenditure on continuing training per unemployed.

#### **2.5.4. Combating exclusion from the employment market**

The prolonged and persistent economic crisis, the massive lay-offs in industrial areas in decline, the recent inflow of migrants and refugees, the evolution of family structures and the decline of traditional forms of solidarity have led to the exclusion of specific categories of population which extends even beyond participation in working life and is manifest in fields such as education/training, health, access to services, housing.

To improve the opportunities of those exposed to long-term unemployment and exclusion from the labour-market, it is necessary to develop a comprehensive and coordinated package of measures which forms a pathway to economic and social reintegration.

Structural Fund support is required in particular:

- (i) to carry out basic research so as to better identify target groups, their problems and needs, size and geographical distribution and to assess the existing services provision. Mechanisms should also be set up for the ongoing identification of needs/priorities;
- (ii) to strengthen and improve existing structures and, if necessary, create new structures, including physical infrastructures. This implies actions such as the training of trainers, same reception facilities, adaptation of infrastructure works to facilitate access of disabled people to education/training and employment opportunities;

- (iii) to develop the provision of services to combat exclusion from the labour-market and remove obstacles to economic and social integration and reintegration. In this respect actions such as pre-training, counselling, psychological support, temporary accommodation support, upgrading of basic skills, job-search assistance and in-job support will be financed in addition to vocational training and employment aids.

Actions will concern in particular the integration of disabled persons (with physical or mental disabilities), of migrants and refugees as well as of drug-addicts, one-parent families, ex-prisoners and other population groups exposed to exclusion from the labour-market. Special attention should be given to secure equal treatment and opportunities with respect to education/training and employment to avoid the segregation of the persons concerned.

Combating exclusion from the labour-market requires the involvement of many actors, a combination of economic and social policies and actions implemented at national, regional and local level depending on specific needs. Particular attention should be given to the coordination of actions in order to avoid overlap and ineffective utilization of resources.

The increased effort in this area of intervention requires careful planning including coordination of the different central/regional authorities and bodies concerned as well as effective implementation mechanisms. This includes the setting of objectives on the basis of a coherent approach to the integration or reintegration of those excluded at national, regional and local level. It is also essential to secure the continuity of actions in the future by providing for the relevant institutional framework. Taking into consideration that this is a new area of intervention it seems appropriate to provide for a progressive and phased expansion of effort.

In the planning and elaboration of actions account should be taken of the views of all relevant bodies with expertise, representatives of excluded groups and the social partners.

Support must not only address the requirements of the target groups but also be responsive to local needs and situations. It would be desirable, for example, to provide for the integration of actions addressed to groups excluded from the labour-market with actions to be developed in regions affected by industrial decline or declining urban areas.

Local authorities could play an important role in this respect by establishing networks which bring together disadvantaged groups, service providers, employers and public authorities. They could also contribute to the collection, analysis and dissemination of information as well as in raising public awareness of the problems of the long-term unemployed and the different categories of the socially excluded.

All pre-training/training actions addressed to those exposed to exclusion from the labour-market should be provided by accredited centres or other accredited bodies.

Although women do not constitute a distinct target group in this area of intervention specific actions should be considered in their favour if they belong to a category of socially excluded. Furthermore, particular attention should be given to secure equal treatment and opportunities for them with respect to all relevant actions to be implemented.

The objectives set will be quantified on the basis of the following indicators:

- (i) percentage of disabled persons benefiting from integrated actions:
  - guidance, counselling/support structures,  
training/employment;
- (ii) percentage of migrants, refugees benefiting from integrated actions:
  - guidance, counselling/support structures,  
training/employment;

(iii) percentage of other excluded groups benefiting from integrated actions:

guidance, counselling/support structures,  
training/employment.

During the first phase of implementation it will be necessary to determine additional quantified indicators reflecting the particular situation of the different target groups in question and the priorities set at national, regional and local level.

### **2.5.5 Support for the modernization of public administration**

The Greek public administration is faced with cumulative weaknesses resulting in low productivity and effectiveness. Such weaknesses include the presence of a large number of personnel requiring improvements in their competences (including foreign languages), the lack of incentives to attract highly qualified staff, inadequate coordination and lack of streamlined procedures, a low level of introduction of new technologies and new management techniques, inadequate statistical registration and elaboration of data, lack of administrative continuity, etc.

These weaknesses became more apparent with the implementation of the first CSF during which a programme to improve public administration was first launched. They are major constraints in ensuring that the public administration can make the required contribution to the economic and social development of the country.

In the coming period it is necessary to organize action in an integrated way in order to improve human resource management and increase productivity and efficiency of public officials. This will involve training public officials, especially in relation to the introduction of new technologies, as well as better preparing new officials for entry into public service. In particular, continuing training of middle and senior officials is a prerequisite for improving management and efficiency. Actions under this heading will also require improvements of a structural nature such as the development of mechanisms to identify training needs, the preparation of training packages adapted to operational requirements, the training of trainers, transfer of expertise as well as training equipment and the creation or expansion of training infrastructure, as appropriate. The establishment of an evaluation system to ensure that actions respond to the real needs of training is also required.

Training activities may be accompanied by measures to be taken by the Greek authorities to restructure and simplify organization and procedures with appropriate assistance from the Community including technical assistance where necessary; this requires identification of legal and administrative obstacles, the definition of organizational solutions by a major administrative entity (including the regional and local levels) and action to implement such solutions including experimental applications, corrective intervention, evaluation and diffusion of results.

Also in this context it is intended to promote the introduction and development of new technologies, especially decentralized networks of computerized information systems, in particular to respond to and promote new organizational approaches. Given the size of the requirements in this field a selective approach has to be followed. Priority should be given to specific areas which have a significant impact on the effort of the Greek public administration to support structural changes and to attain macroeconomic stability. In this respect the modernization of the tax administration, the custom services, the budget services and the treasury would be of particular importance. Special project management mechanisms must be instituted for these actions which have to be organized on the basis of fully integrated approaches.

The CSF is associated with a considerable part of the activity of the public administrations. Therefore, the priority attention to be given to administrative structures related to the implementation of the CSF and other Community policies should be coherent with other



measures taken to improve implementation (see, in particular, Section 4.4.2) and with the approach for the improvement of the administration as a whole.

The continuity of the effort made under the first CSF on the development of regional statistics will also be ensured in this programme.

### Indicators

Percentage of new public administration officials passing through short-term courses of initial training.

Percentage of public administration staff (permanent or temporary) having acquired specific skills through continuous training.

## 2.6. Reduction in regional disparities and opening-up of island areas

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### 2.6.1. Introduction

1. The 1994-99 CSF, through its regional section, accords particular importance to the development of the regions by developing their specific characteristics and offsetting their handicaps. Not including the Cohesion Fund, this objective mobilizes some ECU 6 000 million in terms of public spending, 75% of which is Community aid. Apart from this very significant intervention, the regions will benefit from the implementation of Community initiatives as well as the impact of the national section of the CSF on their development. In fact, despite the fact that it is planned and implemented at central level, the content of the national section by definition supports the development of the regions. In this respect, it should be remembered that, for reasons of efficient monitoring of the implementation of the regional programmes, only those projects for which the legal (initiation of an invitation to tender and signing of contracts), economic (credit management) and technical management (at individual project level) jurisdictions reside in the regions may be part of the regional programmes. The gradual transition to achieve this state of affairs will be based on the administrative reform to take place in the context of the implementation of Law No 2218, recently adopted by the Greek Parliament, on the second level of local management and the strengthening of the role of the regional level. This law in particular provides that the region will have a budgetary decision at its disposal which consolidates all the regional actions (SAEP) as well as the departments appropriate for ensuring its new role.

It is foreseeable in this context that, when the time comes, readjustments will be made between the national section and the regional section if it turns out that the jurisdiction for implementing certain projects desired by the regions is at central level or vice versa. Such readjustments will take the form of the interprogramme transfer of some projects with their budgets.

2. The regional interventions, numbering 13, correspond to the administrative division of the country and take the form of multifund operational programmes (MOP).

The subchapters<sup>1</sup> which follow describe the socioeconomic characteristics and development strategy of each region. During the finalization of the operational programmes, an

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<sup>1</sup> Figures for regional GDP do not take into account the change from the SNA system to the ESA system.

endeavour will be made for the main areas of intervention, corresponding to the characteristics and potentialities of each region, to be reflected in multifund subprogrammes consolidating the actions necessary for achieving the pursued objectives.

In this way, the regional programmes will include thematic subprogrammes such as the opening-up of inland or island areas, the development of regional research centres in collaboration with industry, the development of alternative tourism, the turning to account of the strategic geographical position, or even the development of the primary sector and the potentialities of the rural environment.

Moreover, standard subprogrammes will be planned to meet the joint needs of all the regions. Thus there will be, within every regional MOP, a subprogramme consolidating the local development actions, according to the guidelines of the special programme in respect of the local authorities (EAPTA), adapted to the needs of each region. The emphasis will need to be on the promotion of viable activities (notably the creation of infrastructures) undertaken by the town councils or resulting from intercouncil cooperation and mobilizing their own resources to provide the national contribution. The list of the types of intervention will need to focus upon the categories of eligible actions specified in Article 1(c) of the amended Regulation (EEC) 4254/88.

A human resources subprogramme will include the actions associated with the educational and training infrastructures, as well as those for continuing vocational training and the fight against exclusion from the labour-market, which may not be directly linked to the actions in the other thematic subprogrammes in the MOP. The training actions corresponding to the regional priorities will need to follow on from the analysis of the needs carried out at regional or local level and will be implemented by the accredited bodies within the national system for continuing training. A transitional period of at least one year will be envisaged in order to establish the necessary implementation and follow-up mechanisms. During this period, only a limited number of actions will be implemented and the competent authorities will ensure the provision of:

- (i) the necessary priority specifications for the training actions related to the objectives set up at regional level;
- (ii) the criteria and the other requirements for the appraisal and the effective implementation of actions;
- (iii) the necessary follow-up structure including records on accredited training, centres, trainers and trainees.

A subprogramme of limited financial scope will make it possible to complete certain projects begun in the 1989-93 CSF and to bring them to a satisfactory state of operation according to the procedures having been the subject of an agreement between the Greek authorities and the Commission.

The rural development actions, including that in support of fishing, which will generally be the subject of a subprogramme relating to rural development within each MOP, must ensure harmony, synergy and complementarity with those of the national element as far as the primary sector is concerned.

3. The projects to be financed by the regional programmes must be the subject of a systematic check as to conformity with the requirements of the regulations. In this regard, the competent authorities must pay particular attention to the compatibility of the proposed actions in the following areas: sport, culture, health, national insurance, education and restoration of buildings (ERDF).
4. In order to increase the effectiveness of Community action and ensure the rapid absorption of credits, past experience has led both parties to agree on the need for the following measures.

- (i) Concentration of interventions on projects of a significant size with a certain impact on the development of the region concerned. In this respect, it is agreed that apart from the actions of the EAPTA subprogramme and the truly integrated actions which, by their synergy, generate the much sought-after impact, priority will be given to individual projects to be financed by the ERDF for a real total cost of at least ECU 1 million. The normal minimum size of projects to be financed by the ERDF will not be lower than ECU 300 000 unless the relevant monitoring committee decides otherwise in the light, particularly, of the geographic features of the region concerned.
- (ii) Priority will be given to interventions which are consistent with the sector-based objectives pursued by the national element and which accompany projects financed within the context of this element. In addition, projects which would contradict the rationale of the trans-European network, particularly parallel transport axes, must be avoided.
- (iii) Technical assessment of the projects proposed for financing by the regional programmes, in order to check in particular:

the clarity and accuracy of their description,

the operational character of the project,

the reliability of the cost estimate and the implementation schedule.

In order to ensure the effective application of the methodology already formulated, training actions for the people called upon to implement it in each region will be undertaken immediately and must be financed by technical assistance credits from CSF 1 as yet unspent. An *ad hoc* application of this same methodology may be organized to deal with cases of very urgent projects.

- 5. In order for the regions to be able to meet their tasks, increased both by the reform aiming at decentralization and by the volume and complexity of the actions to be carried out within the framework of the present CSF, it has been agreed that a specific action of technical assistance, the characteristics of which are described in Section 4.4.2, will be undertaken as soon as possible.

## 2.6.2. Eastern Macedonia and Thrace

### Principal features of the region

The region of Eastern Macedonia and Thrace is situated at the north-eastern end of Greece, bordered by Bulgaria and Turkey, and covers 14 154 km<sup>2</sup> (or 10.7% of national territory). From a geomorphological point of view, its surface area comprises 72% plains, 12% mountains and 16% semi-mountainous areas.

The region has a population of 570 496 inhabitants (5.6% of the country) which is tending to decrease. The average density is 40.3 inhabitants/km<sup>2</sup>. The active population numbers 247 888 people (43.5% of the total inhabitants), of which 13 428 (5.4%) are unemployed. This small percentage is misleading, given the high level of underemployment which characterizes the agricultural population.

Per capita gross regional product (GRP) in the region comes to 85.8% of the national average. GRP represents 4.8% of the country's GDP.

The primary sector occupies 43.2% of the working population and contributes to GRP in the proportion of 25.4%. Eastern Macedonia and Thrace abound in natural resources which remain inadequately exploited due to the remoteness of the region in relation to the markets and its deficiencies in terms of infrastructures (irrigation, road system, etc.). The region has

28.7% lands suitable for cultivation, 31.5% forests (producing 35% of the country's lumber) and 33.1% pastures, and its hydraulic potential is amongst the most significant in Greece.

The secondary sector contributes 33.2% to GRP and employs 21% of the working population. Sizeable mineral deposits and geothermal layers have been located in the region, as well as underwater reservoirs of hydrocarbons, which have not, however, been evaluated. The main problems of the sector lie in the lack of integrated infrastructures for the industrial plants, the small size of most businesses, the lack of executives and qualified manpower as well as the inadequacy of the financial services and the lack of expertise.

The tertiary sector (41.4% of GRP and 35.8% of employment) is the only one which shows a trend towards growth (9.6% between 1981 and 1991). The lack of modern infrastructures, the isolation of the region, the outmoded structure of the businesses and the deficiencies in the training of human resources constitute, here also, the principal obstacles to the development of the various branches of the sector, which offers a vast field of still unexploited potentialities.

### **Objectives — development strategy**

Analysis of the socioeconomic situation shows that in all sectors of production, the region offers very great possibilities of development linked to the abundance of varied and unexploited natural resources. Its underdevelopment is essentially explained by its isolation, due to the distances that separate it from the markets, and by its shortages in terms of production, social service and educational infrastructures. Nevertheless, the outlook which is currently becoming apparent must make it possible to reverse this climate. Thanks to the opening of markets in the bordering countries, the country can centre its development around a dual role as a link between the European Union and the aforementioned countries and as a gateway to Turkey and the Middle East. In parallel, the improvement in the production infrastructures as well as the transport systems and facilities will enable it to exploit its resources and attract new activities.

The development strategy will therefore be mainly centred around the opening-up of the region and the settling of its population through a series of interventions aimed at developing and improving the production sectors, perfecting the social infrastructure and protecting and managing the environment.

### **Areas of intervention**

Implementation of the aforementioned objectives will take place within the framework of the following broad main lines of intervention.

#### **(a) Development of infrastructures with a view to opening up the region**

The actions will include in particular:

- (i) road works. The national element of the CSF and the Cohesion Fund are financing the construction or improvement of sections along the Egnatia east-west trunk road linking Salonika with the Turkish frontier (Kipi-Komotini section, skirting Kavala) and the Serres-Drama-Kavala north-south trunk road. The region will carry out complementary road works over the rest of the basic departmental system. These interventions as a whole are aimed at increasing cross-border trade, cutting down the length of journeys, reducing transport costs for products and improving road safety;
- (ii) improving port infrastructures at Kavala and Alexandroupolis, with the aim of expanding freight destined for abroad and serving tourism at home and trade with the islands;

- (iii) improving airport infrastructures, including enlarging Kavala airport and improving the facilities at Alexandroupolis airport with a view to stimulating the expansion of tourism and trade.
- (iv) improving production infrastructure in the industrial sector.

### **(b) Rural development**

Ranking amongst the priorities as far as the primary sector is concerned is the construction of a series of soil improvement works aimed at severing the region's dependence on international rivers (from which 75 to 80% of the surface waters come), and improving the management of irrigation waters. The improvements to the irrigation systems will involve a surface area of 4 000 hectares.

Partial reconversion of production will be encouraged by better interrelations between agriculture and animal husbandry and by the development of selected branches (some arboricultural and horticultural productions, greenhouse crops, etc.).

The accent will be on product quality and the animal husbandry sector will benefit from aids directed at improving livestock. Support for the rural environment will be provided through actions to protect, restore and exploit the rural and forest environment. Finally, interventions are planned in the fishing sector with a view to increasing production.

### **(c) Development of the tourist industry and protection of the environment**

In the area of tourism, the projects scheduled are directed at developing unexploited forms of tourism (thermal, ecological, mountain tourism) with a view to lengthening the tourist season, which is at the moment essentially limited to the two summer months.

As far as protecting the environment is concerned, the region includes areas protected under the Ramsar agreement. The planned measure is aimed at protecting their environment against the pollution generated by the neighbouring urban areas, through the construction of sewage systems, biological purification plants and other protective systems.

### **(d) Improvement to the quality of life**

The planned measure is aimed at extending and improving health services throughout the region. It includes the completion of the Xanthi and Drama hospitals, the improvement of the Kavala and Komotini hospitals and, lastly, the construction of Alexandroupolis University hospital. These projects are of vital importance within the framework of the endeavour being undertaken to settle the population in the region.

### **(e) Human resources**

As far as the education sector's infrastructure and facilities are concerned, a series of projects, centred principally upon secondary and higher education, are envisaged with a view to improving the vocational training of the human resources which will supervise the production units and participate in the economic and cultural development of the region.

Training, reintegration and unemployment reduction programmes are also planned, in addition to specific initiatives relating to the socioeconomic integration of Greek people repatriated from the former USSR.

### 2.6.3. Central Macedonia

#### Principal features of the region

Central Macedonia is the largest region in Greece in terms of area (19 146 km<sup>2</sup>, being 14.5% of national territory) and the second largest in terms of population, having 1 710 513 inhabitants, being 16.7% (1991 census). In all 57% of its population lives in urban areas.

The region is composed of seven departments occupying the central part of northern Greece and is of strategic importance as a result of its geographical situation. Bordered to the north by two Balkan countries, it is situated at the junction of national and international north-south and east-west transport routes.

Its most striking feature is the presence of Salonika, a metropolis with a population of 749 048, which is the second largest centre of development in the country, a vital pivot for transport and communications and a significant focus of economic activity (commerce and services). It also possesses a rich cultural tradition. Its influence extends throughout northern Greece and the Balkans.

The demographic growth recorded during the last decade (1981-91) indicates that the region is maintaining and increasing its population level at a rate which is higher than the average for the country (the rate of population increase in the region is 6.7%, against 5.3% for the country as a whole). It is forecast that this tendency should continue during the decade 1991-2001.

The region's working population numbers 680 200 (1989) and represents 17.2% of the country's workforce. The conurbation of Salonika contains 46.9% of the region's workforce.

With regard to the structure of regional employment, the relative shares of the primary, secondary and tertiary sectors amount respectively to 27.8, 30.3 and 41.9% (against 25.5, 27.8 and 46.7% nationally). In comparison with the corresponding figures for 1981, it is observed that there is a reduction of employment in the primary sector, an increase in the tertiary sector and a slight downturn in the secondary sector.

After having increased from 4.5% in 1981 to 7.4% in 1989, unemployment (measured as a percentage of the workforce) fell back to 6% in 1991 (the national rate for these three years being respectively 4, 7.5 and 7.7%). In central Macedonia, unemployment is above all an urban phenomenon; in 1991, 78% of unemployment was concentrated in Salonika or in other urban centres.

Gross regional product grew at an annual rate of 2.7% during the period from 1981 to 1989 (2% in Greece as a whole) and represented 16.9% of GDP in 1989. Per capita gross regional product is 96.9% of the national average.

The share of the three sectors of activity in gross regional product amounted (in 1989) to 16.2% for the primary sector, 33% for the secondary and 50.8% for the tertiary (against 12.9, 30.2 and 56.9% respectively on a national level).

The region's primary sector has a level of productivity (gross regional product/employment) which is higher than the average for the country and contributes significantly to Greece's agricultural exports. Observed overall, however, its development shows considerable fluctuation, as a result of difficulties encountered in the transportation of products following the Yugoslavian crisis, surplus crop production, deficiencies in the infrastructure in terms of standardization, marketing and quality control of agricultural products, reductions in livestock and problems due to erosion and lack of protection against forest fires.

The processing industry, which is particularly advanced in central Macedonia, contributes 23.5% of the gross regional product (against 19% for the country as a whole). Being highly specialized, particularly in traditional production (agri-foodstuffs, textiles, clothing and shoes, non-metals, building materials), it is characterized by a weak interrelationship between the

branches of activity, by symptoms of structural crisis within the dominant branches at local level (textiles, food-preserving, woodworking, furniture), by inadequacies in industrial infrastructure and by weaknesses in the internal organization of enterprises.

The region stands out as a result of the export activities of its enterprises, which contributed 30% of the value of exports for the country as a whole during the period 1985-89.

Finally, it has a comparative advantage in the research and technology sector, due to the fact that it has two universities, two colleges of advanced technology, several research institutes and a technology park (in the process of construction). In 1988, 15.11% of national expenditure (public and private) on research and technology was carried out in Central Macedonia. In 1991, 0.29% of the region's working population was engaged in research and technology.

### **Objectives and development strategy**

Analysis of the socioeconomic situation of the region, in relation to the recent geopolitical trends in the Balkan region, suggests a development strategy based on the following priority objectives:

- (i) exploitation of the new role of the region and the city of Salonika as the metropolitan centre of the Balkans;
- (ii) strengthening of the region's production potential (industry, SMEs, human resources);
- (iii) reducing intraregional disparities through the balanced development of secondary urban centres, the stimulation of rural and local development, the improvement of social facilities and the protection of natural resources.

### **Spheres of operation**

Achievement of the above objectives (particularly the first two), is dependent to a great extent upon large-scale national operations and projects, which will be financed by the programme on a national level, such as:

- (i) in the transport sector, the construction (or completion) of the PATHE (Patras-Athens-Salonika) and Egnatia road corridors, the improvement of port and airport infrastructure in Salonika, modernization of the rail line between Athens and Salonika, and in the sphere of urban transport, the construction of the underground line in Salonika;
- (ii) in the industrial and service sectors, support for entrepreneurial activity in the Balkan countries;
- (iii) in the education and research sectors, assistance to the region's universities and research institutes, through the development of programmes of postgraduate study, the establishment of libraries and stimulation of the links between research programmes and production.

In order to achieve the determined objectives, regional operations are envisaged, in addition to national initiatives, in the following spheres.

#### **(a) Development of the region's new role and of the metropolitan nature of Salonika**

Improvements in road links connecting the city and its industrial area with the national road systems, the port and the airport are envisaged, by means of the construction of interchanges and 7 km of motorway. Particular attention is given to the sphere of culture, where operations are directed towards the construction of cultural infrastructures in addition to developing, preserving and exploiting monuments, both in Salonika and in the region in general (Verghina,



Mount Athos). The infrastructure (buildings and equipment) of the universities and advanced technical institutes is to be strengthened by the building of new lecture halls and laboratories.

### **(b) Strengthening enterprises' competitiveness**

The measures and initiatives envisaged in this sphere are aimed at:

- (i) supporting services to enterprises (in the form of integrated aid packages) with a view to improving and monitoring product quality and developing cooperation with other Greek and foreign enterprises;
- (ii) strengthening the links between research and production, by granting aid to SMEs for the manufacture of innovative products, patent registration and the transfer of new production technology in partnership with the universities and research institutes;
- (iii) improving existing infrastructures (the HelExpo international trade fair in Salonika, the industrial estate) and establishing new infrastructures through the foundation of two sectorial institutes (for agri-foodstuffs and textiles) and the building of a tannery on the Sindos industrial estate;
- (iv) encouraging inter-Balkan cooperation through the development of stock exchange services in Salonika, establishing a centre for the promotion of collaboration and expansion of SME-activity in the Balkan countries, as well as completing and equipping the Balkan press centre, the building of which was initiated through Interreg 1.

### **(c) Improvements to the basic infrastructures and the quality of life in the urban centres**

In order to compensate for the effects caused by development efforts resulting from operations in the two spheres mentioned above, it is envisaged that a number of initiatives will be co-financed with the aim of supporting the smallest urban centres, which act as local attraction centres for population and activities and as bases for the subsequent development of the hinterland.

More specifically, the planned initiatives can be summarized as follows.

- (i) As far as transport infrastructures are concerned, the programme envisages the building of 35 km of roads on the national network as well as improvements and extensions to the network in the department, with the aim of connecting urban centres to the main national road network and improving access to the tourist areas.
- (ii) In the sphere of the environment, which is under particular threat in the region, priority is given to operations aimed, amongst other things, at improvements and extensions to the water supply system, sewage system and the management of waste and urban effluent.
- (iii) Initiatives envisaged in the tourist sector are aimed, on the one hand, at improving the coastal regions where development is disorganized and, on the other hand, developing alternative forms of 'light' tourism. Amongst these projects is the exploitation of the thermal spas of Nea Apollonia, through completion of the hydro-mineral plant.

### **(d) Rural development**

Operations envisaged in this sphere relate specifically to:

- (i) the improvement of irrigation systems and the construction of small reservoirs with the aim of ensuring a more rational management of water resources and land reallocation;

- (ii) programmes relating to the genetic improvement of livestock, and health and safety;
- (iii) the movement of livestock farms and management of their waste;
- (iv) the promotion of non-nutritious and organic production;
- (v) the development of renewable sources of energy (geothermal science) for products of high added-value;
- (vi) the promotion of quality and of labelled products;
- (vii) improvements to and protection of forests.

Alternative initiatives will also be financed (agro-tourism, rural SMEs) with a view to increasing agricultural revenue in mountainous and disadvantaged areas.

### **(e) Human resources**

In the primary sector continuing training actions will concentrate on the modernization of agricultural production and increase of productivity. Priority will be given to continuing training actions for the reorientation of workforce skills in sectors with growing employment opportunities, especially in the chemical industry and the services sector, i.e. commerce and particularly the imports and exports activity.

Priority will also be given to encouraging initiatives taken by the unemployed to create independent employment in the secondary and tertiary sectors.

The significant trend of repatriation of Greek origin immigrants and immigration from Eastern Europe create specific conditions of unemployment and exclusion from the labour-market which need to be faced by developing a comprehensive package of measures, subject to prior definition of the region's specific needs.

## **2.6.4. Western Macedonia**

### **Principal features of the region**

The region of western Macedonia covers an area of 9 452 km<sup>2</sup> and has a population of 292 755 (1991 census), being 2.85% of the total population of the country.

It is composed of four departments in the extreme north-west of Greece, bordered by Albania and the former Yugoslavia. It is a typically mountainous region (mountainous and semi-mountainous areas cover 82% of its territory), with a harsh continental climate. These features, in conjunction with inadequate road, rail and air links, isolate it from the rest of the country. The region's principal natural resources consist of mineral reserves (large deposits of lignite at Ptolemaida and Amyndaio) and a hydraulic potential (it contains 65% of the country's surface water).

During the last 20 years (1971-91), the population has increased at a rate which is distinctly lower than that of the country as a whole (1.27 against 5.38%), as a result of a net negative flow. The region is one of those which is most affected by the phenomenon of abandonment of rural and mountainous areas.

The working population numbers 100 821 (2.56% of that of the country, 1991). As far as the structure of regional employment is concerned, the relative shares of the primary, secondary and tertiary sector amount respectively to 29.4, 33.3 and 37.3% (Greece: 25.5, 27.8 and 46.7%).

During the period from 1988 to 1991, employment was observed to be redeployed in the direction of the tertiary sector (rising from 31.4 to 37.3%), this being essentially to the detriment of the primary sector.

The rate of unemployment reached 8% in 1991 (7.7% in the country as a whole), after having increased sharply (+42%) between 1988 and 1991, contrary to the national trend, which showed a slight reduction during the same period. Unemployment is particularly widespread in the metallurgy sector, as a result of the closure of large enterprises in the region, as well as amongst specialized labour in the fur industry.

The share of gross regional product in the country's GDP amounted to 3.2% (1989). Per capita gross regional product equals 106% of the national average and exceeds 130% in the department of Kozani.

The relative share of the three sectors of activity in the formation of gross regional product (1991) is 21.1% for the primary sector, 42% for the secondary and 36.9% for the tertiary (against 16.7, 28.7 and 55.1% respectively on a national level).

The secondary sector's significant contribution to gross regional product in comparison with the national average is due firstly to the concentration of mining activities and electrical energy production (western Macedonia produces 70% of the country's electrical energy, of which 50% is in the department of Kozani), and secondly to the fur industry (Kastoria, Siatista). The other processing branches are characterized by very basic development.

The high geographical concentration of industrial and manufacturing activity causes marked intraregional disparities. Western Macedonia is divided into two parts: (a) a developed area in the area of Kozani-Ptolemaida-Amyndaio (electrical energy) and Kastoria-Argos (fur), and (b) the remainder of the region, including the least-developed mountainous and disadvantaged areas.

## **Objectives — development strategy**

Socioeconomic analysis of the region suggests a development strategy based on the following priority objectives:

- (i) opening up the region;
- (ii) restructuring production by the development of viable production activities. The objective is gradually to reduce the degree of dependence of the region's economy on one dominant branch (energy) and to create jobs in other sectors (e.g. tourism);
- (iii) reduction of the intraregional disparities through economic redeployment and exploitation of the endogenous potential of the mountainous rural areas, with the aim of settling the population;
- (iv) protection of the environment and improvement of the quality of life through the development of social infrastructures, particularly in the urban centres.

## **Spheres of operation**

With a view to achieving the above objectives, initiatives are envisaged in the following spheres of operation.

### **(a) Improvement of the transport infrastructures**

The construction, envisaged in the programme on a national level, of the Via Egnatia, the east-west road corridor forming part of the trans-European network, is of paramount importance

in opening up the region. The Egnatia route will cross the southern part of western Macedonia and will link it with Salonika, the urban and economic centre of northern Greece.

Operations planned on a regional level relate above all to extensions and improvements to the regional road network and secondarily to the improvement of the departmental network and the region's airports. In particular, construction of the north-south Florina-Ptolemaida-Kozani road corridor is envisaged, thus linking the region's three large towns with the Egnatia corridor. Achievement of this project should reduce the time taken to travel between Florina and Kozani from 76 to 35 minutes.

Operations relating to sections of the departmental road network of a total length of 250 km are also planned, with the aim of improving access to mountainous and border regions.

### **(b) Integrated development of the rural environment**

The principal objective of the operations envisaged in this sphere is to settle the population in the mountainous rural areas by strengthening the competitiveness of the primary sector and developing new economic activities (tourism).

As far as the primary sector is concerned, the planned initiatives are directed towards:

- (i) the redeployment of agricultural production in the direction of an increased association between agriculture and livestock farming (a change in the relationship between crop and animal production), by carrying out irrigation work designed to facilitate this redeployment of cultivation (20 800 hectares) as well as by land reallocation (15 500 hectares);
- (ii) the modernization and improvement of animal production, by building a central laboratory controlling the quality of milk and through the transfer of 75 livestock farms;
- (iii) the development of the rural infrastructure;
- (iv) the improvement, protection and exploitation of the forests, which occupy 32% of the total area of the region.

Western Macedonia possesses considerable natural resources and a wide variety of tourist attractions (natural habitats, forests, lakes, ski-resorts, traditional villages). Their development and exploitation would have multiple effects (employment, income) on the development of disadvantaged mountainous areas. Efforts will be directed to the encouragement of alternative forms of tourism (sporting, ecological, etc.) by means of small-scale operations (small holiday cottages, the restoration of traditional villages, etc.) as well as the development of winter tourism. An increase of 10% is expected in the number of overnight stays in the region.

The initiatives described above will be supported by specific training programmes for young farmers, for women and for those living in mountainous areas.

### **(c) Protection of the environment and the quality of life**

The region's environmental problems necessitate two types of operation:

- (i) on the one hand, the protection and restoration of an environment which has been damaged by the effects of the concentration of industrial activities in the Kozani-Ptolemaida-Amyndaio area (heavy atmospheric pollution due to the operation of the power station, ground disturbance caused by mining activities, water pollution resulting from urban and industrial effluent);
- (ii) on the other hand, the protection of the natural environment (natural habitats, national parks, lakes, etc.).

In keeping with significant operations relating to the environment, undertaken within the CSF on a national level, the regional programme's environmental initiatives are aimed essentially

at the protection of water resources against pollution by means of the construction of sewers and biological purification plants.

Priority is given to the improvement of social infrastructures in the region's urban centres, particularly within the health sector, where the region is acknowledged to be backward (see the 'Health' section on the national level). In this perspective, improvements and extensions to existing health-care institutions are envisaged, in addition to building a new hospital at Grevena, which will increase the number of available beds by 250.

#### **(d) Support for the productive sectors**

The principal objectives for operations in this sphere are:

- (i) support for the region's small and medium-sized enterprises, with a view to improving their competitiveness, encouraging the publicized promotion of their products and facilitating their access to the new markets in the countries of the East;
- (ii) prospecting in view of a better exploitation of mining resources.

#### **(e) Human resources**

Continuing training actions will give priority to the unemployed in the manufacturing sector especially in the clothing and fur industries. Furthermore, emphasis on continuing training actions for the unemployed will be given in the fast growing tertiary sector where employment opportunities are likely to increase, especially in the fields of transport, commerce and other services.

Priority will also be given to encouraging initiatives taken by the unemployed to create independent employment in the secondary and tertiary sector.

Particular importance will be given to combating long-term unemployment and exclusion from the labour-market by developing a comprehensive package of measures, subject to prior definition of the region's specific needs.

### **2.6.5. Epirus**

#### **Principal features of the region**

The region of Epirus covers an area of 9 203 km<sup>2</sup> and has a population of 339 210, being 3.3% of the country (1991). In all 67% of the population live in rural areas, against 24% in urban areas and 9% in semiurban areas. The mountain ranges, which cover 77% of the total area, make communications particularly difficult.

Although Epirus is very isolated from the rest of the country, its development has been stimulated in recent years by ferry traffic passing through Igoumenitsa, one of the main ports on the sea route linking Greece with Western Europe.

Similarly, an important communications route with Albania passes through Epirus, which could give the region an increased significance, both for Greece and for the rest of Europe.

The principal demographic problem in Epirus lies in the age brackets of its population: although the population increased by 2.6% between 1951 and 1991, the number of young people aged under 25 has decreased by 30%. Conversely, the number of people aged over 65 has increased by 180%.

The region's working population numbers 107 428 (32% of the total population) and represents 2.7% of the total workforce of the country. The relative shares of the primary, secondary and tertiary sectors in total employment amount respectively to 39.8, 21.4 and 38.3%, against 22.2, 25.7 and 52.1% on a national level (1991). It is worth noting that 47% of people employed in the primary sector are aged between 45 and 64.

In 1991, unemployment reached a rate higher than that of the country as a whole (9.8 against 7.7%) and is more acute amongst young school leavers.

Per capita gross regional product amounts to 72% of the national average and to 35% of the Community average. The primary sector, whose share of total gross regional product is 29.8%, constitutes the principal source of raw materials for the processing units in the region.

Manufacturing activity is scarcely developed and remains concentrated in traditional spheres of low profitability. Transport, communications, commerce, banks and insurance account for 21.6% of Epirus's gross regional product. Other activities (housing, public administration, health, education, social security, etc.) which come under the public sector, account for 25.7% of the region's gross regional product.

### **Objectives — development strategy**

Analysis of the region's socioeconomic situation suggests a development strategy based on the following objectives:

- (i) opening up the region. Emphasis is placed on the transport sector, which is the object of a number of integrated operations relating to trunk roads of national and interregional significance, the port of Igoumenitsa and the airport of Ioannina;
- (ii) improvements to the economy, with a view to creating jobs in spheres other than the primary sector;
- (iii) improvements in the living conditions of the region's inhabitants, with a view to halting the tendency to rural exodus.

### **Spheres of operation**

In order to attain the objectives described above, the operational programme envisages the following spheres of operation.

#### **(a) Improvements in economic and social infrastructures**

With regard to road links, connections are in particular envisaged between the national network (Preveza-Igoumenitsa) and the trans-European network, being achieved by the construction of a 5 km access road which will enable the duration of the journey to be reduced by 10 minutes. As far as interregional links are concerned, it is envisaged that Epirus will be linked with Salonika (completion of the Arta-Karditsa road, 6 km), as well as with western Macedonia through the completion of the road linking the Ioannina-Trikala road with the department of Grevena (total length: 10 km), which would allow 15 minutes to be gained on that journey, as well as by the construction of a road which will link the Ioannina-Kozani road with the department of Grevena, over a total distance of 40 km, reducing the duration of the journey by 40 minutes.

The programme also envisages operations with a view to strengthening and extending the departmental and local networks, in order to give access to the main roads.

Priority is also given to the improvement of health services and to the protection of the environment, which will contribute to the quality of life of the inhabitants. Thus the existing health-care institutions will be improved, particularly by the purchase of modern scientific equipment. Extension and modernization of the water supply system will have the effect of increasing the percentage of the population linked with a public distribution system from 90 to 95%, at the same time improving the quality of the water.

#### **(b) Rural development — mountain ranges**

- (i) With regard to the improvement in competitiveness of agricultural products, the programme will include a production increase in the branches in which Epirus is deficient, such as fodder (e.g. lucerne), the development of forests, the reduction of certain crops (cereal, cotton, olives), as well as land reallocation work seeking to resolve the problem of splitting-up farms. Operations are also envisaged in the sphere of stock-rearing, alternative energy production and improvements in the quality of products.
- (ii) The mountain ranges of Epirus cover more than two thirds of the region and are situated, in the main, in the area neighbouring the Albanian border. The population living there numbers 49 412. The principal objective of operations in this area consists of settling the population, particularly young people aged under 19, who represent 20% of the population of the mountain ranges, by creating conditions allowing a secondary income. This objective will be achieved by the diversification of economic activities, by developing local products, the advantages of the region and the endogenous potential, and, similarly, by the creation of conditions favouring improvements in the inhabitants' quality of life and working conditions by carrying out work on essential infrastructures. Finally, actions are envisaged with a view to protecting and exploiting forestry resources.

The implementation of the programme's economic activities will necessitate official support and stimulation of local initiatives.

#### **(c) Improvements in enterprises' competitiveness**

Enlargement of the economic basis of the region can be carried out in the processing sector.

The creation of an attractive climate for enterprises resulting, amongst other things, principally from prospects which open up with Albania, will be sought through a number of initiatives relating to the improvement of economic infrastructure as well as the establishment of assistance facilities for small and medium-sized enterprises, based on the introduction of new technology, on the dissemination of innovation and on the strengthening of the link between research and production. These actions should allow some 500 new SMEs to be established.

In the tourist sector, efforts will focus on the exploitation of the region's tourist resources and the development of its cultural heritage, with a view to increasing tourism's share in employment from 14 to 23%, raising the rate of occupation of accommodation units from 60 to 75% during the summer months, and extending the length of stay from 2.5 to 6 days.

#### **(d) Human resources**

The region of Epirus has a significantly higher rate of unemployment than the rest of Greece. The structure of employment is characterized by substantial numbers of the working population being occupied in the primary sector with a low productivity rate.

The actions for the development of human resources will focus mainly on providing continuing vocational education and training in modern methods of agricultural production and livestock breeding, as well as in the commercialization and marketing of agricultural products.



## **2.6.6. Thessaly**

### **Principal features of the region**

The region of Thessaly covers an area of 13 929 km<sup>2</sup> and has a population of 731 230 (7.1% of the country — 1991 census). The population increased by 5.1% during the decade 1981-91. This increase is observed in the four departments which comprise the region (Karditsa, Larisa, Magnesia and Trikala).

From a geomorphological point of view, mountain ranges cover 44.9% of the area, semi-mountainous areas 17.1% and plains 38%. The region is in the central part of Greece and is situated centrally on the Athens-Salonika road corridor.

The working population numbers 269 359 (1991 census — 37% of the total population of the region) and represents 6.9% of the total workforce of the country. The relative shares of the primary, secondary and tertiary sectors in total employment amount respectively to 36.1, 24.5 and 39.4%, against 22.2, 25.7 and 52.1% nationally. The unemployment rate (7.4%) is lower than that of the country as a whole (7.7%), but 4.1% relates to the long-term unemployed (1991 census).

Per capita gross regional product amounts to 90% of the national average and 44% of the Community average. The primary sector's share of total gross regional product is 26.6%, that of the secondary sector is 29.5% (processing: 18%) and that of the tertiary sector is 39.6% (1991).

The three economic sectors (primary, secondary and tertiary) in the region have structural problems, which are becoming more and more acute.

The primary sector shows symptoms of crisis linked principally with insufficient water resources and the effects of the CAP reforms on cotton production (prices, quotas, etc.) and its adaptation to markets is a primary condition for the maintenance of its importance within the region's economy. The rural environment of the region of Thessaly is very heterogeneous, due principally to the coexistence of very productive plains and mountainous areas which are low in productivity.

In the secondary sector tendencies towards deindustrialization and employment reduction are clearly apparent, particularly as a result of a lack of adaptation on the part of SMEs to the new market conditions.

As for the tertiary sector, there are more favourable prospects for the development of tourism in the coming years, whereas other branches are characterized by a relative lack of homogeneity and a very variable dynamism.

In the transport sector, in view of the presence of the two essential road corridors which constitute the framework of the CSF on the national level (the Patras-Athens-Salonika and Egnatia corridors), priority should be given to a link between the region and Igoumenitsa via the Egnatia route (Volos-Igoumenitsa east-west corridor).

Analysis of the environmental situation reveals pollution problems (rivers, coastlines, etc.), caused by intensive farming, industrial and urban waste and a lack of appropriate public waste-disposal sites.

### **Objectives — development strategy**

The preceding analysis indicates a development strategy which is based on the following objectives:

- (i) development of the rural environment and improvement of agriculture's competitiveness, particularly through an effort to reduce production costs and to adapt to the markets;

- (ii) a strengthening of the secondary sector centred on improvements in competitiveness, carrying out innovative initiatives and improvements to basic infrastructures;
- (iii) improvements in communications, particularly in the sphere of road transport, with the aim of allowing better access to the markets for agricultural and industrial products;
- (iv) the implementation of an environmental policy which specifically includes a more rational management of industrial and urban waste as well as of water resources.

## **Spheres of operation**

In order to attain the objectives described above, the following spheres of operation are envisaged.

### **(a) Development of the rural environment**

The fact that the rural area is made up of both plains and internal mountainous areas necessitates a sectorial approach to the objectives for the former, rather than the more geographical approach which is proposed for the hinterland, within the framework of a comprehensive and thematic plan for rural development. In the areas of the plains, emphasis will be placed on the rationalization of agriculture, leading to an improvement in its competitiveness by means of a series of productive adaptations giving priority to the creation of a collective mechanism for promotion and marketing.

To this end, the sector will be supported by infrastructure improvements (e.g. irrigation projects) in accordance with market adaptation possibilities and prospects for the movement of products, through the establishment of support facilities for the region's strategic production (cotton), and through selective promotion initiatives (glasshouses, livestock farming, etc.).

In addition, conservation of the environment and of natural resources will be sustained by a series of initiatives aimed at the protection of forests, the movement of livestock farms and processing of their waste, as well as development of the inland and isolated mountainous areas of the region through the development of tourism, fisheries and road systems to open up the area.

### **(b) Industry — processing**

In the secondary sector, the appropriations will be focused on a limited number of initiatives, including support for innovation. Importance will be given to the establishment or improvement of specific or communal infrastructures in order to meet the problems of distance and organization. Investment will also be carried out in order to apply innovative actions aimed at improvements in product competitiveness. In addition, a series of accompanying initiatives is envisaged, which will be defined during the first year of the programme's implementation, (marketing, participation in research and technology programmes, financial planning, specialized advice) based on the national policy applied to this sector.

### **(c) Intraregional infrastructure networks**

This is a sizeable sphere from the point of view of investment (approximately 25% of the total budget). Emphasis will be placed upon the development of the road system, priority being given to regional interconnections with the trans-European network (Athens-Salonika) as well as to bypasses around principal towns. The east-west interregional road network (Volos-Igoumenitsa) will require special attention in the coming years.

#### **(d) Protection of the environment — quality of life**

In view of the analysis of the region's environmental problems, emphasis will be placed upon the management of industrial and urban waste in the region's four large towns (Larisa, Volos, Trikala, Karditsa). The provision of specific public waste-disposal sites is envisaged, these taking 162 000 tonnes of solid waste, being 75% of Thessaly's total solid waste.

In addition, a series of initiatives relating to town planning and regional development are envisaged. These initiatives will be precisely defined during the first year of the programme's implementation on the basis of a plan of action which should be adopted in the meantime by the monitoring committee of the regional programme.

In the health sector, priority will be given to high-level health-care infrastructures as well as to improvements in existing institutions and hospital equipment.

As for initiatives regarding infrastructures in the sports and culture sector, these will be examined case by case and limited to a small number of operations which are directly linked with the development of tourism in the region, with a view to attracting high-income tourists.

#### **(e) Human resources**

The actions for the development of human resources will focus mainly on maintaining the comparative advantage of the primary sector, by providing continuing vocational training in fields related to the introduction of modern methods of agricultural production and the commercialization and manufacturing of agricultural products.

Priority will also be given to providing continuing training for the unemployed in the secondary and specific areas of the expanding tertiary sector, such as commerce, transport and the development of services to tourism.

### **2.6.7. The Ionian Islands**

#### **Principal features of the region**

The region of the Ionian Islands covers an area of 2 307 km<sup>2</sup> and has a population of 191 000 (1.8% of the country as a whole — 1991 census). The region's population increased by 4.6% during the decade 1981-91. The region is composed of four departments (Corfu, Levkada, Kefallinia and Zakynthos). Communication between the 12 inhabitable islands (the region comprises a total of 32 islands) constitutes a significant problem, particularly during the winter months. The Ionian Islands lie alongside the western coast of Greece and form, geographically, the nearest border with the Adriatic coast of Italy.

The working population numbers 77 200 people (1991 census, 40.4% of the region's total population) and represents 1.9% of the total workforce of the country. The relative shares of the primary, secondary and tertiary sectors in total employment amount respectively to 37.6, 16.2 and 46.2%, against 22.2, 25.7 and 52.1% nationally (1991). The rate of unemployment (3.6%) is lower than that of the country as a whole (7.7%), but it reaches 11% during the winter months (1991).

Per capita gross regional product amounts to 88.4% of the national average. The share of the primary sector in total gross regional product is 15.7%, that of the secondary sector 18.8% and that of the tertiary sector 65.5% (1989).

Tourism constitutes the region's economic driving force and is demonstrating a tendency to increase employment during the coming years. Nevertheless its uncontrolled growth has caused considerable damage to the environment in certain parts of the region.

The workforce employed in the primary sector is in constant decline and is finding tourism to be an alternative source of employment. However, in spite of its problems, this sector constitutes the only alternative to tourism as a sphere of development. Furthermore, the primary sector is based on traditional agriculture and offers limited possibilities for development through the introduction of new crops.

On the other hand, the possibilities of development within the secondary sector are manifestly very restricted.

### **Objectives**

A development strategy can be extracted from the preceding analysis, based in particular upon the following objectives:

- (i) improvements to the environment and the development of quality tourism linked with the development of the cultural and historical heritage;
- (ii) stimulation, within the productive sectors, of a limited number of intermittent operations, in as far as these represent a source of development which is an alternative to tourism;
- (iii) improvements to living conditions and communications between the islands. Settling the population on the small islands.

### **Spheres of operation**

In order to attain the objectives described above, the following spheres of operation are envisaged.

#### **(a) The rational development of tourism — improvements to the environment**

The principal objective of the programme for the Ionian Islands region is the qualitative development of tourism. With this aim in mind, investment will be focused upon:

- (i) operations relating to 'classical' infrastructure (roads, sewers, etc.), as well as initiatives aimed at restoring the environment in places where it has been severely damaged by the uncontrolled growth of tourism, and developing the historical heritage;
- (ii) operations aimed at attracting high-level tourism, developing alternative forms of tourism and extending the tourist season.

The envisaged operations should allow the average stay of tourists to be extended from 10 to 12 nights and tourism's share in regional employment to be increased from 37 to 40%.

It is anticipated that a plan of action will be drawn up during the first year of application of the Ionian Islands regional programme, describing clearly the innovative operations which will be subsidized during the programme (until 1999). In view of the comparative advantages of the region, this plan could propose innovative operations financed by both the public and private sectors (mechanisms for promoting tourism on a national and international level, the building of holiday villages, conference tourism, the development of marinas, etc.).

#### **(b) Development of the rural environment and of the productive fabric**

The region is relatively poor in agricultural resources and is characterized, generally speaking, by a lack of specialization in productive activities. In the agriculture and fisheries sectors, assistance will be given to sporadic sectorial operations (small irrigation projects, livestock farming), to parallel operations of a more horizontal type seeking to support agricultural activities and the protection of natural resources (agricultural infrastructures, forests, etc.), as well

as actions in support of the other activities of the secondary sector (support of SMEs and the craft industry, assistance to investments projects in processing units).

### **(c) Improvement of the quality of life — settling the population in internal areas and on the small islands**

Emphasis will be placed upon improving the inhabitants' living conditions in the least-developed areas, particularly in the hinterland, as well as to preserving the population on the small islands, through a series of selective operations relating to basic infrastructures and improvements to transport, with the specific aim of facilitating communications between the small isolated islands (less than 3 500 inhabitants) and the region's four departments (Corfu, Levkada, Kefallinia and Zakynthos).

These operations should allow the population to become settled on the small islands (around 7 900 inhabitants — 1991 census) by the year 1999.

With regard to the water supply, extension and modernization of the water distribution network is envisaged in order to increase the percentage of the population which is connected from 60 to 77%. In the same way, a series of operations will allow the percentage of the population connected to the sewage system to rise to 31%, and the proportion of urban effluent processed by secondary purification systems will rise from 38 to 41%, also taking tourist waste into account.

Regarding health, priority will be given to high-level health-care infrastructures as well as to improvements and extensions to existing lower-level institutions and hospital equipment.

### **(d) Human resources**

Priority will be given to providing continuing education and training related mainly to the improvement of tourist services. Lesser emphasis will be given to the provision of continuing vocational training in new methods of production in the primary sector in order to maintain basic agricultural production at the present level.

In addition, continuing vocational training support for SMEs will be of great importance in encouraging cottage industries and artistic handicraft production in the region.

## **2.6.8. Western Greece**

### **Principal features of the region**

The region is composed of three departments (Akhaia, Ilia, and Aetolia-Acarnania) and its main town is Patras in the department of Akhaia. It is in the north-west of the Peloponnese, an island linked with central Greece by the isthmus of Corinth, as well as the most westerly part of continental Greece. It is important to emphasize the absence of a physical link between these two parts of the region. Connections are made by ferry from Rio to Antirio, near Patras, and these suffer frequent delays and even interruptions as a result of bad weather.

The region covers an area of 11 350 km<sup>2</sup> (8.6% of the country). It has a population of 702 027 (6.8% of the national population) and a density of 62 inhabitants per square kilometre. In all 42% of the population lives in urban areas, against 16% in semiurban areas and 43% in rural areas. The population grew by 7.13% between 1981 and 1991 and this tendency should continue to the year 2000. The high increase (+21%) recorded in the age bracket 0 to 14 years should be noted, this bracket having decreased in the same period by 10% nationally.

The working population represents 33.8% of the region's inhabitants. The respective shares of the sectors of activity in regional employment are 46.9% in the primary sector, 19.3% in the secondary, and 33.8% in the tertiary (1989 data). In all 8.6% of the working population is unemployed, a percentage which is higher than the national rate and which is continuing to grow.

The region's gross domestic product (GDP) corresponds to 5.8% of national GDP, the respective shares of the sectors in its formation being 23.1% for the primary, 29.2% for the secondary and 47.7% for the tertiary. Per capita gross product represents 81.7% of the corresponding national average. Prosperity indicators in the region are distinctly lower than the average for the country.

The abovementioned indicators reflect the region's principal problems, in particular:

- (i) strong intraregional disparities due to natural and economic causes linked with the structure and development of the economy, which are worsened by the absence of physical links between the Peloponnese and Western Greece at Rio-Antirio, near Patras;
- (ii) a marked tendency to abandon mountainous rural areas and at the same time an increase in urbanization;
- (iii) very low productivity in the primary sector, as a result of structural problems and a lack of basic infrastructures;
- (iv) the deep crisis affecting industry, for example in Akhaia. The closure of 14% of industrial or craft enterprises has been recorded and rising unemployment constitutes a serious problem. The difficulties in the secondary sector are linked with structural problems in addition to a lack of basic infrastructures;
- (v) the weakness of the tertiary sector, due to serious deficiencies in basic infrastructures and modern equipment (transport, telecommunications, health, water supply, etc.) as well as an inadequate development of the region's tourist resources, which offer wide possibilities;
- (vi) heavy urbanization and uncontrolled development, which are creating serious environmental pollution problems.

### **Objectives — development strategy**

Western Greece, traditionally a highly industrial region containing the university of Patras which is strongly orientated towards research and a human potential which is specialized at a relatively high level, is basing its economic and social development during the period from 1994-99 upon the exploitation and development of its resources and upon the advantages of its geographical position, by focusing efforts on the following objectives:

- (i) maximizing its geographical situation;
- (ii) reducing intraregional disparities and searching for a more balanced economic development;
- (iii) improving its socioeconomic fabric;
- (iv) protecting the environment, in connection with accurate management of the natural resources which are intended to sustain its economic development.

## **Spheres of operation**

The objectives described above will be achieved by means of initiatives within the following spheres of operation for the period 1994-99.

### **(a) The development of Western Greece as the port of Europe**

The objective is to exploit the region's geographical position, by taking advantage of the role which it is called upon to play as a communications centre within the networks carrying passengers and goods to and from Europe.

This sphere forms the object of integrated action and operations relating to:

- (i) improvements to 100 km of the basic road network in the inland areas and connections with the national network, as well as improvements and extensions to the infrastructure of the region's three ports;
- (ii) improvements to the infrastructure of Patras University and the technological institutes, and a strengthening of their role in technical and organizational support for productive investment as well as of their role in the development of technological research;
- (iii) the establishment of appropriate infrastructures and services for the reception and necessary monitoring of people and goods passing on transit through the region, as well as training human resources in order to carry out these services and respond to the needs which will arise within this sphere.

According to estimates, the above operations should permit the maintenance or creation of 150 jobs and a reduction of 7% in the time taken in transport links between the inland areas and the national network and the ports. In addition, it is envisaged that all the operations in this sector, including those financed by the 'transport' programme on the national level, will allow an increase of 20% in the number of passengers and/or volume of goods transported.

### **(b) Improvement of the quality of life — the environment and tourism**

Intraregional disparities in terms of development, together with a deficient management of natural resources and inadequate protection of the environment, have caused a deterioration in the living conditions of the inhabitants.

The initiatives which will be undertaken, relating to the rational management of drinking water, effluent and waste, improvements in care and services to the population and the development of the region's cultural and tourist resources — with the operations which this implies in the departmental road networks — will considerably improve the inhabitants' quality of life and will create suitable conditions for balanced development.

More specifically, these initiatives are expected to increase the level of the urban and semi-urban population which is supplied with water and waste management by 10%.

### **(c) Rural and coastal development**

Operations in this sphere have the aim of settling the population in disadvantaged and inland areas and improving the competitiveness of the products of agriculture and fishing, in accordance with prospects which are set out within the context of the new CAP.

In addition, they should create the appropriate conditions for a reduction in the dependence of the rural population upon the agricultural sector and orient it towards other productive activities.

Measures are also envisaged with a view to land reallocation and improvements in irrigation, improvements to agricultural infrastructures and the encouragement of new crops, improvements in livestock farming and support for fishing.

With a view to stimulating the economy in the mountainous and disadvantaged areas, the programme envisages additional measures for the creation of jobs and secondary incomes, operations related to basic infrastructures in order to improve the living conditions of the inhabitants, and initiatives to protect and develop forested areas.

The creation of 140 jobs in extra-agricultural activities, reductions in surplus crops and increases in agricultural revenue are amongst the impact indicators envisaged.

#### **(d) The redevelopment and revival of industrial production**

The region, particularly the Patras area, constituted until recently a significant centre of industrial activity with a specialized workforce and a large number of factories of all kinds.

The crisis which hit the sector a number of years ago has been felt more acutely since 1985.

Together with initiatives undertaken within the framework of the national industrial strategy, the envisaged operations seek to revive the sector through the improvement of infrastructures and through a policy of incentives for establishing new hi-tech units and bringing units considered to be viable back into service.

Emphasis will also be given to the development of structures responsible for assistance to SMEs, as well as vocational training for the unemployed with a view to reintegration into the labour-market.

The most striking effects of the abovementioned measures will, according to estimates, be seen in the maintenance or creation of 320 jobs, an increase in private investment of DR 4 billion and a 5% increase in the value of exports.

#### **(e) Human resources**

In the primary sector continuing-training actions will be concentrated on modernizing the methods of agricultural production to increase productivity and raise the quality standards. In areas with a comparative advantage in the fisheries sector (Amvrakikos bay, Messologi) continuing training actions will be encouraged.

Priority will be given to continuing training actions for the unemployed directly linked with the restructuring of the secondary sector, as well as in the areas of tourism, particularly agrotourism, and commerce.

### **2.6.9. Central Greece**

#### **Principal features of the region**

The region of Central Greece covers an area of 15 549 km<sup>2</sup> and has a population of 578 876 (5.6% of the country as a whole, 1991 census). It is composed of five departments (Boeotia, Euboea, Evrytania, Phthiotis and Phocis).

From a geomorphological point of view, mountain ranges cover 47.4% of the region's area, semi-mountainous areas 31.8% and plains 20.8%. The region is economically, geographically and socially very heterogeneous. In recent years, certain areas have been particularly affected by the negative effects of industrial decline in the sphere of employment (e.g. Mantoudi). These areas are, together with the mountainous areas of the region, amongst the most disadvantaged in the country.



The working population numbers 189 000 (1991 census — 33% of the region's total population) and represents 5.1% of the country's total workforce. The relative shares of the primary, secondary and tertiary sectors in total employment amount respectively to 38.5, 30.3 and 31.2% (1989 data). The rate of unemployment (6.6%) is lower than that of the country as a whole (7.5% — 1989 data). However, a sharp increase in unemployment has been observed in recent years, due to a strong tendency to deindustrialization in the region.

Per capita gross regional product amounts to 125% of the national average. The share of the primary sector in total gross regional product is 18%, that of the secondary 47.8% and that of the tertiary 34%.

The region is close to Attica, a proximity which constitutes both a source of problems (absorption by the capital of water resources, qualified human resources, etc.), and advantages (markets for the production of the primary sector, the tourist development of coastal areas which benefit from the proximity of Athens, etc.).

The Athens-Salonika road corridor crosses the region (Boeotia and Phthiotis), which provides a comparative advantage in the sphere of communications as well as in that of tourism (particularly in Euboea and Phocis), favouring the development of productive activities in the secondary sector (particularly in Boeotia which is close to Attica).

The environment has suffered extensive damage in the region of Central Greece, as a result in particular of pollution from industrial waste, effluent from livestock farms and waste from oil mills.

### **Objectives — development strategy**

Taking account of the preceding socioeconomic analysis, the development strategy for the region is based on the following objectives:

- (i) opening up the most isolated departments (Evrytania, Euboea and the hinterland of Phocis);
- (ii) improvements in communications. Stimulation of the economy with a view to combating the negative effects of the industrial decline in certain areas of the region;
- (iii) rural development. Management of water resources;
- (iv) improvements in the environment and in the living conditions of the population.

### **Spheres of operation**

The objectives described above will be achieved by means of initiatives in the following spheres of operation.

#### **(a) Opening up the disadvantaged areas — settling the population**

The operations to be supported will be determined by a plan of action which will be drawn up during the first year of the programme's implementation, the details of which will be agreed by the monitoring committee of the regional programme.

#### **(b) Improvements in communications. Strengthening of the economy through the creation of jobs in sectors other than the primary sector**

In the transport sphere, the financial effort will be principally based upon operations relating to the road network. Improvements to connections between the national networks and the

trans-European network (Athens-Salonika corridor) are envisaged. The extensions and improvements envisaged in connection with the trans-European network relate to a section of approximately 70 km, which will allow an average reduction of 15 minutes in transport within the region. Improvements to the departmental and local road network are also envisaged.

The improvement of communications will encourage a certain revival of activities in the secondary sector. The majority of SMEs in the secondary sector are established in departments close to the Athens-Salonika corridor (Boeotia 40.4%, Euboea 36.6% and Phthiotis 19%). The main difficulties which they encounter are connected with their dispersal within these three departments, their organizational problems, the lack of technological adaptation of their equipment and their small size (on average 7 people per SME). Initiatives are envisaged with a view to establishing communal services, improvements in product quality, technological modernization and the creation of facilities for assistance and the transfer of knowledge.

In the tourist sector, improvements in road communications will facilitate access to regions which have a natural potential for tourist development. Apart from certain coastal areas in the region (Euboea and Phocis), attempts will also be made to develop alternative forms of tourism (improvements to winter sports resorts, spa resorts, etc.).

### **(c) Rural development**

The primary sector plays a fundamental role in the functioning of the rural environment and will benefit, for this reason, from significant operations. The region's water resources are subject to multiple pressures, taking into account the proximity of the capital, and particular attention will be given to the protection and rational exploitation of irrigation water and to ground protection. More generally, an effort will be made to protect and develop natural resources (forests, coastal fishing, transfers of livestock farms and management of their effluent), the selective support of certain branches of production with regard to which the region has comparative advantages (improvements in livestock, support facilities to guarantee cotton quality), as well as the development of alternative activities and sources of income, particularly in the sphere of agrotourism. These initiatives are supplementary to those financed within the CSF on the national level through the operational programme relating to the agricultural sector.

### **(d) The environment — quality of life**

Also figuring amongst the priorities are environmental redevelopment, which will benefit from a series of operations in the spheres of urban effluent management (sewage systems, purification plants), town planning and regional development, as well as the management of waste from industry, oil mills and livestock farms.

In addition, the extension and modernization of the water supply system will enable the percentage of the population connected to it to be increased from 87.4 to 93%.

With regard to health, priority will be given to high-level health-care infrastructures and improvements to existing lower-level institutions and hospital equipment.

### **(e) Human resources**

Actions to develop human resources in the region will focus mainly on providing continuing vocational training primarily for the unemployed in the manufacturing sector and the upgrading of skills in specific areas of the tertiary sector such as commerce, transport and the development of alternative sources of tourism in particular.

## **2.6.10. Attica**

### **Principal features of the region**

The region comprises the conurbation of Athens, the remainder of continental Attica and eight small islands. Although it only covers 2.81% of the total area of the country (3 808 km<sup>2</sup>), it contains 35% of the population, being 3 522 769 people. The average density is 925 inhabitants per square kilometre, but it can reach the alarming figure of 7 090 inhabitants per square kilometre in the centre of the capital.

The working population numbers 1 304 000 (45.7%), the respective shares of the sectors in employment being 1.2% for the primary sector, 29.6% for the secondary and 69.2% for the tertiary. In 1991, unemployment reached a rate of 9.9% in the region, higher than the national rate (7.7%), and particularly affected young people under 25 years of age (30.3%). The percentage of the population aged over 65 is 13.5%.

Per capita gross regional product in Attica amounts to 105% of the national average and 51% of the Community average. The region contributes 36% of GNP.

One of Attica's comparative advantages lies in the higher qualification levels of its workforce.

The primary sector, the economic significance of which is small (2.22% of gross regional product), continues to suffer pressures resulting from a strong tendency to turn the land into building plots, a tendency which is also largely responsible for the destruction of the forests.

The secondary sector represents 26.17% of gross regional product. The region contains 38.5% of the country's processing units, being a total of 50 000 industrial or craft units (respectively 19% and 5.23% of the economic activity of the region). Although the 1988-91 indicators reflect a tendency towards deindustrialization, Attica remains the principal industrial and craft centre of the country, particularly for the dynamic branches of the Greek economy.

The tertiary sector (71.61% of gross regional product) is the only one to demonstrate a tendency towards growth, its most dynamic branches being commerce (21.9%), banking (8.7%) and services (26.7%). Tourism (accommodation capacity: 77 400 beds; share in total regional employment: 6%) has recorded a reduction of 20% in the rate of occupation of hotels in Athens during the last 10 years.

Two road and rail corridors of national significance converge upon Attica, whilst its port and airport terminals are points of entry into the country which receive annual loads of some 21 300 000 passengers and 136 000 000 tonnes of freight. In all 43.6% of the country's vehicles move around the Attica basin. At the present time, all the region's transport systems are demonstrating signs of acute saturation.

The environmental situation in Attica is worrying. The atmospheric pollution caused by road traffic and industry causes the well known 'smog' phenomenon. Industry ejects 150 000 m<sup>2</sup> of waste into the sea per day; the region produces 4 000 tonnes of household refuse per day, and the sharp increase in the population in addition to disorganized economic development and housing areas without proportional infrastructures have caused serious problems of functional failure and pollution of the environment.

### **Objectives — development strategy**

Today, Attica's development depends essentially upon decongestion of its vital routes and reorganization of its economic activity on more rational bases. In view of the available financial resources, it is envisaged that measures covering as large a range of strategic objectives as possible and capable of producing positive effects in several spheres will be selected. Efforts will be made primarily to remedy the congestion, bottlenecks and malfunctions, by sup-

plementing the existing structures and improving their operation. The balanced development of new economic activities should follow.

The strategy is focused on the following objectives:

- (i) reorganization of the location of economic activities and support for their development;
- (ii) improvements to the quality of life and the functioning of infrastructures.

### **Spheres of operation**

The achievement of the above objectives depends upon initiatives in the following principal spheres of operation.

#### **(a) Urban environment and quality of life**

The initiatives which will be undertaken will seek essentially to restore the environment and living conditions, by making good as far as possible the deficiencies in infrastructures.

- The sewage system serves 30% of the region's inhabitants (Athens: 95%). The existing purification plants only treat 2% of urban effluent, a proportion which will however rise to 60% when the Psytalia primary treatment plants financed by the 1989-93 CSF come into service. There is no secondary purification. The objective is to supplement the urban sewage system, in particular through the construction of the network of the Thria plain (Thriassio) and by ensuring full-scale treatment of urban effluent at Lavrio. At the same time, the Cohesion Fund will finance the construction of additional secondary purification plants at Psytalia.
- In all 80% of the region's population is connected to the present water supply system (Athens: 97%). An additional water filtering plant is necessary in order to meet the needs of west Attica. Its construction, as well as the extension of the central system, will allow the proportion of the connected population to reach 90%. The water supply problem will be largely resolved by the work at Evinos, financed by the Cohesion Fund.
- Attica produces 4 000 tonnes of household refuse per day which, when added to solid industrial waste, represents a total of 1 560 000 tonnes per year. The existing waste-disposal sites are almost saturated and there is an immediate need for new sites equipped with plant for treating and inactivating waste. The establishment of new sites is envisaged, equipped with plant capable of fully treating 550 tonnes of refuse per day.
- Some areas of Attica have recently suffered from flooding following heavy rain. Protection of these urban areas is envisaged through the construction of three storm drains of a total length of 2.09 km and three central sewers of a length of 18.4 km designed to receive rain-water from the region's networks.
- Measures with the aim of replanting or improving the forests (a total area of 6 842 hectares) in addition to initiatives relating to restoration of the coastline (a length of 10 km) are envisaged in order to reduce environmental problems.

#### **(b) Support for the productive sector and regional development**

This sphere of operation includes selective development initiatives designed to sustain all the productive sectors by carrying out significant infrastructure construction. Amongst these measures are the relocation of economic activities onto organized sites, integrated operations in damaged areas, support for tourist and cultural activities, the encouragement of applied medical research and research in support of production activities, as well as initiatives regarding decontamination of the primary sector and a readjustment of operations between urban and rural areas.

### **(c) Improvements in traffic flow and transport**

Amongst the road projects is the construction of access roads to the city via the ring road linking Stavros to Eleusis, which will have the effect of easing congestion in the urban centre, of reducing the journey by 30 minutes and offering more practical conditions for the transportation of goods. Similar objectives will also be pursued in the intra-urban network, through carrying out additional road building over a total length of 36 km, the building of goods transfer positions and the construction of new interchanges. At the same time, measures relating to the extension and functional classification of ports and airports are designed to allow a more appropriate management of loads.

### **(d) Human resources**

The priority for the development of human resources is to provide continuing vocational training in advanced technology sectors in order to maintain and further promote the existing level of manufacturing and tertiary sector activity, as well as to increase productivity in these sectors. In addition priority will be given to combating unemployment and exclusion from the labour-market.

In areas facing acute unemployment problems and industrial decline (e.g. Lavrion), particular attention will be given to the creation of alternative employment opportunities.

## **2.6.11. The Peloponnese**

### **Principal features of the region**

The Peloponnese is composed of five departments (Argolis, Arkadia, Corinth, Lakonia and Messinia) and its main town is Tripolis in the department of Arkadia. The region consists of a peninsular situated to the south of the central point of the country which is attached to Central Greece only by the isthmus of Corinth. Some parts of the departments at the extreme points (Lakonia and Messinia) are to all intents and purposes landlocked.

The region covers 15 490 km<sup>2</sup> (11.7% of the country) and has a morphology which is characterized by a predominance of large mountain ranges (50.1% of the total area), plains representing only 20% of the territory.

The Peloponnese has a population of 605 663 (5.9% of the national population — 1991 census) and a density of 39 inhabitants per square kilometre (national index: 78 inhabitants per square metre). The significant reduction in the number of inhabitants between 1961 and 1991 (10%) should be noted, whereas the population in the country as a whole increased by 19% during the same period. In latter years, this reduction in population has been halted and the tendency is, at the present time, towards an increase.

The working population represents 34.7% of the region's population (210 165 people). The respective shares of the sectors of activity in regional employment are 45.5% in the primary sector, 21.3% in the secondary, and 33.2% in the tertiary. The rate of unemployment, distinctly lower than the national rate, amounts to 5.6% of the working population. The low level of unemployment is explained by the underemployment observed in the primary sector and by the ageing tendency of the population, rather than by the maintenance or creation of jobs.

The region's gross domestic product (GDP) corresponds to 5.6% of national GDP, the respective share of the sectors in its formation being 28.7% for the primary sector, 30.2% for the secondary and 41.1% for the tertiary. Per capita gross product represents 91.6% of the indicator corresponding to the national level.

All the region's prosperity indicators (per capita electricity consumption, the number of cars, the number of automatic telephones, the number of doctors per 1 000 people) are far lower than those of the country as a whole.

Amongst the region's principal socioeconomic problems appear, in particular:

- (i) a fast rate of growth in unemployment, accelerated by departures (voluntary or otherwise) of the workforce in the primary sector, where employment is saturated;
- (ii) the sharp decline in the population and in production activities in the mountainous and semi-mountainous areas;
- (iii) the very low productivity and reduced level of investments in the primary sector;
- (iv) the reduced size of the secondary sector, characterized by stagnation due to a lack of new investment;
- (v) the weakness of the tertiary sector and particularly tourism, which is characterized by reduced productivity and unequal distribution, appearing, in most cases, to be a traditional form offering a low level of hotel and services infrastructure;
- (vi) deficiencies which are still significant in transport infrastructures, both on an intraregional level and with regard to links with the other regions of the country;
- (vii) serious environmental problems in the department of Corinth and at Megalopolis, as a result of a concentration of pollutant units (refineries, electricity power stations, etc.).

### **Objectives — development strategy**

The preceding analysis and the problems which have been identified suggest a development strategy which is based upon exploitation of the comparative advantages of the region (particularly its natural, cultural and archaeological resources and its agricultural infrastructure linked with the specialization of its workforce) as well as modernization of its economy. This strategy will be focused on the following priorities:

- (i) restructuring of the productive fabric of the region, centred around the development of tourism;
- (ii) improvements in productivity in the primary and secondary sectors;
- (iii) the reduction of intraregional disparities in terms of development and improvements to the quality of life of the region's inhabitants, seeking to maintain the social fabric of the inland areas;
- (iv) the conservation and protection of the environment, in conjunction with exploitation of the possibilities which it offers for economic development and for improvements in the inhabitants' quality of life.

### **Spheres of operation**

In order to attain the above objectives, initiatives are envisaged in the following spheres of operation.

#### **(a) The development of tourism**

The objective is to carry out, on the basis of careful programming, a balanced development of tourism with the aim of creating direct and indirect employment and growth in the region's GDP.

To this end, the programme envisages measures aimed at:

- (i) increasing the flow of tourists to the region, from 8% of the total number of tourists in the country in 1988 to 11% in 1999;
- (ii) increasing the Peloponnese's share of overnight stays within the total number of tourist visits to the country from 6.23% during the period from 1981-89 to 8.5% in 1999;
- (iii) increasing the average duration of visits from 2.86 days to 3.5 days;
- (iv) extending the tourist season from four to six months.

In order to realize these objectives, emphasis will be placed upon the improvement and extension of the road network, which will ensure the fastest possible access to the region's tourist centres and the distribution of tourists between the various accommodation sites. Operations are thus envisaged on the coastline between Ermionida and Kyparissia, in addition to improvements to the existing Astros-Tripolis-Olympia corridor.

Priority will also be given to the development of natural resources and the tourist infrastructure in order to promote alternative forms of tourism, as well as maximizing the potential of archaeological and historical resources.

In addition, the programme envisages research and planning for the development of towns in the Peloponnese on the basis of urban solutions which are compatible with improvements to the economic and natural environment.

All the above measures will be reinforced by initiatives designed to ensure the adequate training of the human resources which will be called upon to support the development of tourism, as well as initiatives relating to publicity, promotion and support of the tourist product.

#### **(b) Support for the secondary sector**

The region's geographical situation constitutes an advantage for the attraction of investment in industrial branches other than that of agri-foodstuffs, directed towards new technology and other production activities. This diversification of industrial activity is an objective to be pursued.

In addition, measures relating to advanced market services will be financed in order to benefit SMEs, being supplemented, through the regional aid scheme, by selective investment incentives.

The principal effects expected from the above measures are the maintenance and creation of 2 500 jobs.

#### **(c) The development of rural areas — support for agriculture**

Operations in this sphere are aimed at improving the competitiveness of the agricultural product, whilst stimulating the economy and improving living conditions within the mountainous and other disadvantaged areas of the region.

The measures aimed at a recovery in competitiveness relate to land-improvement work, land reallocation projects, initiatives in the livestock sector, the encouragement of selective high-quality crops using alternative energy, as well as support for research into and monitoring of agronomic quality.

The principal objective of the initiatives envisaged, particularly in the mountainous and disadvantaged areas, is to settle the population in these areas by improving living conditions, stimulating preservation of the sociocultural fabric of the rural areas and creating secondary

activities and incomes, and also by protecting and exploiting the forestry resources and fishing.

#### **(d) Basic infrastructures — quality of life**

With a view to strengthening intraregional cohesion and integration and facilitating balanced growth in the region, the programme emphasizes the improvement of two large road corridors at the south of the Peloponnese (Tripolis-Kalamata and Tripolis-Sparta-Skala-Monemvassia), to give access to the national and trans-European networks and to allow quicker and cheaper transportation of agricultural products, other goods and people.

Special importance is also attached to improvements in health infrastructures, including completion of the hospital at Kalamata and extensions to the hospitals at Tripolis and Sparta in addition to the purchase of modern equipment.

Finally, initiatives relating to the management of water resources and the region's waste will supplement operations aimed at improving the quality of life and the environment. These measures will allow the number of inhabitants connected to water supply systems to be increased by 40 000 and the number of people served by an organized system of urban waste management by 17 000.

#### **(d) Human resources**

Priority will be given to continuing training actions directly linked to the increase in productivity in the agriculture and fisheries sector. In the secondary and tertiary sector the emphasis on continuing training will be given in areas related to tourism, particularly agrotourism, the introduction of new technologies in production methods, commerce, banking and insurance, the creation of independent employment, as well as the organization and management of SMEs.

Priority will also be given to combating long-term unemployment and exclusion from the labour-market by developing a comprehensive package of measures in order to identify the region's specific needs.

### **2.6.12. The Northern Aegean**

#### **Principal features of the region**

The region is situated geographically to the north-east of the Aegean Sea. It is divided into three departments and basically comprises the islands of Lesbos, Aghios Efstratios, Khios, Psarra, Inousses, Antipsarra, Samos, Ikaria, Lemnos and Fourni, as well as a few islets.

The region's population numbers approximately 189 000 (1991 census). The urban population represents 28.1% of the total population against a national average of 58.1% and the rural population stands at 71.9%. At the present time the tendency is towards a reduction and ageing of the population.

The working population (32% of the total, 66 000 people) represents 1.7% of the working population of the country. The structure of employment is as follows: primary sector 31%, secondary 22%, tertiary 47%.

Gross regional product is low and has a slow rate of growth. Its value has increased from 64% of the country's average in 1971 to 70% in 1991, which places this region amongst the poorest in the whole of the Union (in the same period, the gross regional product of the neighbouring region of the Southern Aegean grew from 77% to 115%). Gross regional product is based at the present time, in order of size, on the tertiary sector (61%), next the secondary (24%)



and the primary (15%). The productivity of the tertiary sector does not exceed 70% of the country's average.

Unemployment (8.76% in 1991 against an average of 7.7% for the country) is rising and, given the reduction in the working population, job opportunities are reducing rapidly.

Amongst the region's economic sectors taken in isolation, the most significant is the agricultural sector which has, however, the features of a 'one-crop' system (olive oil on Lesbos, mastic (lentiscus gum) on Khios, wine on Samos). The percentage of irrigated land is low (7.2 against 30% for the rest of the country) and the support infrastructures in the sector are in general inadequate.

Land abandonment is widespread, particularly where tourism is developing, the latter absorbing the labour which is needed for agricultural activities and causing an increase in land value.

In this context, damage to the rural areas risks reaching worrying levels.

Tourism is showing tendencies towards growth. The number of beds rose from 5 700 in 1981 to 13 000 in 1990 (with 0.6% of beds being in the AA category) with an occupancy rate of approximately 50%. In this region tourism has not overcome the basic problems associated with a lack of infrastructures suited to high-income tourists and with the relatively short duration of the tourist season.

The processing and fishing sectors have possibilities for growth but are encountering problems related to infrastructures, vocational training and transport costs, in addition to problems with organization and the promotion of the products.

The region's educational level leaves much to be desired. The following figures can be quoted (the percentages in brackets being the national averages): university level 1.9% (4%), primary level 49.5% (43.9%), illiterates 9%.

The region is characterized by relative isolation due to the large distance which separates it from the centre, to inefficient telecommunications and to transport problems which cause considerable problems in supplying the region with essential goods, particularly during the winter, with consequent effects upon the population's standard of living.

The islands' environment is striking and on the whole (relatively) well preserved. However, the pressure on this environment is increasing every year.

### **Objectives — development strategy**

The development strategy for the region is based on the development of tourism (particularly tourism directed at a search for 'niches' in the tourist market which have not already been exploited by the country as a whole and neighbouring regions), and also on the preservation and development of existing economic activities.

### **Objectives**

The objectives set out for the implementation of this strategy are as follows:

- (i) the development of tourism through encouragement of alternative forms (e.g. nautical and spa tourism, etc.) and through improvements in transport and telecommunications services, as well as the development of the cultural heritage by enhancing the value of archaeological and historical sites;

- (ii) support for targeted spheres in the primary and secondary sectors in order to preserve activity by adapting it on a sectorial level;
- (iii) a campaign against rural exodus by means of improvements to the inhabitants' living conditions, particularly by means of conservation of the environment and of the quality of life and by the development of social services connected with economic activity.

### **Spheres of operation**

As part of an approach consistent with the strategy adopted at national level, to achieve the above objectives, the following spheres of operation are envisaged.

#### **(a) Tourism**

- (i) The creation of new infrastructures, particularly the development of thermal spas, improvements to existing tourist services and the creation of new ones; improvements to the hotel infrastructure and the establishment of new hotels.
- (ii) The development of the region's archaeological, historical and natural heritage (three medieval castles, various archaeological sites).
- (iii) Improvements to the infrastructure of three ports, of tourist routes (60 km) and three airports, as well as the construction of four marinas designed to contribute to the growth of nautical tourism (in connection with the same initiative taken in the Southern Aegean). A reduction of 30% of the time spent in the ports for loading and unloading is thus expected, in addition to a reduction of 50% in passenger waiting-time at the existing airports.

#### **(b) Rural development**

- (i) Emphasis is placed, in the context of an integrated thematic approach, on agricultural and rural infrastructures as well as on fishing. Promotion of the region's traditional products, high value-added crops and livestock will be supported.
- (ii) Rural areas will benefit from forestry protection operations and from the redevelopment of inhabited areas and the rural heritage.
- (iii) Assistance will be given, in keeping with the national programme, for the creation of new infrastructures for fishing, which will include three fishing havens and fish-handling plants.

#### **(c) The processing sector**

Emphasis will be placed upon support for the region's processing enterprises through the creation of a more attractive climate for enterprises, by means of improvements to the economic infrastructures and assistance initiatives for SMEs, based upon the introduction of new technology, the dissemination of innovation and promotion of their products.

#### **(d) Improvements to the quality of life and the environment**

This operation will include:

- (i) the creation and improvement of health infrastructures;
- (ii) operations relating to town planning and the protection of sites of exceptional natural beauty;
- (iii) extension and modernization of the drinking-water supply system. At the present time this system has 1 970 km of pipes and serves 90% of the population (98% of the urban population and 85% of the rural population). The project will involve modernizing 30% of the system and adding 142 new km of pipes. In this way, 98% of the population will be connected to the system in 1999;

- (iv) the construction of 150 km of new sewers (present system 770 km), which will allow the connection of 48% of the population (35% at the present time);
- (v) the establishment of six new purification plants for urban effluent (one of which will be co-financed by the Cohesion Fund) and the completion of the six plants in the process of construction, which will raise the capacity of the plants from 4 500 to 92 000 population equivalent by 1999. This will lead to a total plant capacity (all systems combined) which will cover 80% of the needs of the islands' permanent population. However, the needs of the summer period are not adequately covered and the funds made available through the regional operating programme are not alone sufficient to permit the problem to be resolved;
- (vi) the infrastructures regarding urban waste, which at present meet the needs of 79 000 inhabitants (42%), will be expanded (four new waste-disposal sites) in order to meet the needs of 136 000 permanent inhabitants (71%).

### **(e) Human resources**

The island character of the region and the acute demographic problems have an important impact upon employment. The primary and secondary sector show very limited potential for the development of human resources although the employment in the tertiary sector follows an increasing trend.

Continuous training facilities for the unemployed and particularly for unemployed women will be mainly concentrated on the development of skills in the tourist sector and particularly in agrotourism.

Priority will be given to encouraging the initiatives taken by the unemployed to create independent employment in the secondary and tertiary sectors.

## **2.6.13. The Southern Aegean**

### **Principal features of the region**

The region has a population of 258 000, which increased by 11% during the period 1981-91 (mainly on the tourist islands). The relative shares of the primary, secondary and tertiary sectors in total employment amount respectively to 8, 25 and 64%. Unemployment stands at 2.6%, but employment is concentrated upon the tourist season and its geographical distribution is not balanced.

Per capita gross regional product amounts to 115% of the national average and to 64% of the Community average. The tertiary sector, whose share in the total gross regional product is 71%, constitutes the principal source of revenue. The secondary sector accounts for 20% of gross regional product and the primary sector for 9% (they both demonstrate weakening tendencies).

The region of the Southern Aegean comprises 78 islands, 43 of which are inhabited, and a large number of uninhabited islets. The inhabited islands do not have the same degree of development and can be divided into three (or even four) categories of development speed. The dispersed nature of the region's territory and the vast number of islands makes statistical tools difficult to use and economic assessments must be handled with care, each island in fact being a microcosm characterized by its own problems and potential.

From a statistical point of view, the region appears to be prosperous. This relative wealth is due essentially to the economic development of the tourist islands (Rhodes, Kos, Mykonos, Santorini), which masks the more modest development of the other islands.

The predominant sector is tourism, which contributes strongly to the region's economic development (during the period 1985-90 the number of beds increased from 15 000 to

22 000 in the Cyclades and from 51 000 to 71 000 in the Dodecanese, with 127 hotel complexes in the A category and 8 in the AA category). At the same time, tourism is increasing the need for public expenditure on transport, telecommunications, water, the purification of urban effluent and waste treatment.

Recently, the tourist industry of these islands has had to face competition from other destinations, particularly competitive tourist expansion on the coasts of other Mediterranean countries.

The manufacturing activity is of relatively small importance in the region's economy. The processing sector reached its limits rapidly as a result of the geographical isolation of the islands and the small size of the local market, with the exception of some manufacturing SMEs directed towards tourism and the Syros naval shipbuilding yard, the only large industrial enterprise in the region. The latter is at present facing serious problems in terms of finance and human resources. It is a difficult problem which will necessitate careful handling and an avoidance of hasty solutions.

### **Objectives — development strategy**

Analysis of the region's socioeconomic situation suggests a development strategy based essentially on the strengthening of the tourist industry and to a lesser extent, the preservation of other sectors, such as the primary sector (agriculture, fishing), at their present level, at the same time increasing their productivity. These sectors are not critical to the region's economy but their preservation provides a balance between human activities on a regional level and avoids the establishment of a 'monoculture' directed solely towards tourism. Furthermore, they are not in fact incompatible with the latter. The comments made with regard to the primary sector are also valid for the secondary sector.

On this basis, the established objectives are:

- (i) maintenance of the present number of visitors and an improvement in tourist revenue through the encouragement of tourism which is also suited to higher-income tourists;
- (ii) preservation of the primary sector and processing sector at their present levels (in this connection there is an argument for directing effort towards high value-added crops, the development of a coherent fisheries policy, the promotion of the products of SMEs;
- (iii) maximizing the potential of local human resources, in relation to the above objectives, by means of 'free-choice' vocational training;
- (iv) protection of the environment against the pressures upon it due to tourism and development of the artistic heritage, initiatives which are closely linked with the objective of support for the tourist effort.

### **Spheres of operation**

As part of an approach consistent with the strategy adopted at national level, to achieve the above objectives, the following spheres of operation are envisaged.

#### **(a) Tourism**

As far as tourism is concerned, emphasis is placed upon the growth of nautical tourism in the Aegean Sea, through the construction of a network of marinas, yacht repair centres and harbours. These new infrastructures and services will attract tourists of a higher income level and will create dense economic activity based on nautical tourism. In all 800 new marina moorings

are envisaged for yachts, repair facilities for 500 ships per year and the creation of 300 moorings of the 'harbour' type.

Priority is also given to the development of cultural and archaeological sites which should become new centres of attraction, particularly on the islands which are still insufficiently developed.

### **(b) Productive sectors**

As far as support for the productive sectors (primary and secondary) is concerned, effort will be directed selectively towards the encouragement of high value-added crops, the development of the fishing infrastructures and the promotion of products produced by the region's SMEs. The region's rural environment will benefit from supplementary structuring initiatives, particularly in the sphere of rural infrastructure for the development and protection of forested areas and other natural resources in the region. In addition, improvement and strengthening of the transport infrastructures (airports, ports, roads) will help SMEs through a reduction of 55% in the time taken for loading/unloading (from 45 minutes at present to 25 minutes) and will increase the airports' capacity by 100% for passenger and freight traffic.

The network of heliports will be completed (improvements to 10 heliports and the construction of between 5 and 7 new ones).

Improvements to existing roads and the construction of new ones (approximately 130 km, 50 km of which are 'A' roads) will allow a reduction of 40% in the duration of journeys (and accidents by at least 15%). In addition, some 'B' roads will be built to support the network on a local level.

### **(c) The environment and quality of life**

Initiatives aimed at reducing the pressure on the environment and increasing the quality of life are necessary in the region. Protection of the environment will be achieved above all through the creation of infrastructures.

- Work on a length of 90 km of pipes will be carried out on the drinking water supply system (present length of the system: 534 km). The percentage of the population which is connected to the system will rise from 71.6 to 81.6%.
- With regard to the sewers, the forecast is 120 km at local level and 7 km at regional level. The population connected to the system will rise from 48.1 to 57.5%.
- The treatment of used water at present meets 50% of the needs of the inhabitants (all systems combined). Purification plants treat approximately 22 000 population equivalent of effluent. Upon completion of the programme, taking into account the entry into service of plants in the course of construction through the 1989-93 MOP, those built through the IMP and the Envireg initiative, as well as the addition of two new plants, this capacity will rise to approximately 90 000 population equivalent (40% of the permanent population), which will lead to treatment of used water (all systems combined) of approximately 93% by the year 1999. However, this forecast does not take sufficient account of the population which is present during the summer period. The conclusion is that the funds available through the 1994-99 ROP are insufficient to respond to this problem.
- The management of urban waste is one of the region's acute problems. At the present time, 15% of the volume is managed satisfactorily and 60% in a controlled manner but without a management plan, on sites which are undoubtedly inadequately organized. Recycling initiatives come up against problems of profitability due to the small size of the islands. Operations will be aimed at improving waste management in the light of the applicable

Community legislation. Upon completion of the programme, the percentage of waste which is correctly managed should reach at least 40% of the total volume.

- The quality of life will be improved by initiatives in the historical town centres in the region and improved town planning. These initiatives will be carried out either on a regional or a local level.

#### **(d) Human resources**

The island character of the Southern Aegean region and the limited employment potential in the primary and secondary sector will result in a movement of human resources in the direction of the tertiary sector and tourism in particular.

Priority will be given to providing continuous education and training mainly related to the improvement of tourist services and agrotourism in particular. On the other hand, emphasis will be given to the provision of continuing vocational training in the primary sector in order to maintain basic production at the present level and reduce migration to other parts of the country.

Priority will also be given to encouraging initiatives taken by the unemployed to create independent employment, mainly in the secondary and tertiary sectors.

Furthermore, continuing vocational training for SMEs will be of great importance in encouraging cottage industries and artistic handicraft production in the region.

Priority will be given to facilitating the integration or reintegration of specific categories of long-term unemployed into the labour-market.

For the island of Leros, particular attention, in the form of a specific integrated action, will be given to the stimulation of alternative forms of economic activity on the island.

### **2.6.14. Crete**

#### **Principal features of the region**

The island of Crete covers an area of 8 336 km<sup>2</sup> (6.3% of national territory) and has a population of 537 000 (5.2% of the total population of the country, 1991). In the 1980s the region had a birth rate and level of demographic growth which were amongst the highest (12.7 and 3.5% respectively).

Per capita income in the region of Crete grew from 84% of the national average in 1981 to 96% in 1989. Compared with the corresponding average for the European Union, per capita gross regional product is approximately 48%.

During the decade 1981-91 employment in Crete was characterized by an annual average rate of growth of 1% (against 0.3% for the country as a whole). This tendency is more marked in the tertiary sector (2.7% average increase), the corresponding percentage being 1% for the processing sector.

In 1991, Crete had an unemployment rate of 4% of the total workforce, against 7.7% for the country as a whole and 8.5% for the European Union.

The low level of unemployment is explained principally by the dynamic growth of the tertiary sector, whose share in regional product increased by 9% between 1981 and 1991, to meet the national average. The spectacular growth in this sector is principally due to tourism. In Iraklion alone, arrivals of foreign tourists exceed 15% of the total entry of tourists into Greece,

and more than 20% of chartered aircraft destined for Greece land at Iraklion. Over 2 million tourists visited Crete in 1992.

Hotel capacity (measured by number of beds) increased by 25% between 1986 and 1991 in the country as a whole, whereas this increase reached 53% in Crete.

The contribution of the primary sector to Crete's total regional product is 28.4% (1991). Climatic conditions encourage the practice of traditional agriculture, but the development of new and dynamic crops as well.

The share of the secondary sector, on the other hand, continues to decline; it is 16.3% of GRP, a proportion which is lower than the national mean. The only important branch is that of processing of agricultural products, which offers good prospects for development. The construction sector is also improving.

## **Objectives**

Analysis of the socioeconomic situation in Crete reveals a regional development strategy based on the following priorities:

- (i) development of the role which Crete can play in the south-east of the Mediterranean as an economic, cultural and research centre;
- (ii) integrated development of the sectors of the Cretan economy, centred on rational exploitation of the comparative advantages of the primary and tertiary sectors;
- (iii) improvement of living conditions.

## **Spheres of operation**

To achieve the objectives described above, the operational programme anticipates the following spheres of operation, related to similar measures undertaken within the framework of the programmes of the national segment or financed by the Cohesion Fund.

### **(a) Aid for research and making use of its results in production**

Crete's rich potential for research and technology strengthens its chances of assuming specific new roles as a centre for the development and spread of new technological applications, a centre for specialist training and a transactions centre. The link between research institutes and production requirements will be strengthened by the establishment of 20 enterprises in the technology park, by encouraging their participation in competitive research programmes which will increase currency entries by 12% or DR 250 million annually, and by incentives given to enterprises which develop the results of research through pilot projects or by introducing innovations into products or methods of manufacture. Within this framework, the programme anticipates the creation of 50 new jobs for research workers.

### **(b) Improving the economic and social infrastructures**

In the sphere of transport, the final objective is the creation of a decentralized system in which each mode of transport will participate in the most appropriate way at regional level, and which will enable modern technology to be utilized in the information, communications and infrastructure sectors.

More particularly, where roads are concerned, it is planned to construct or improve by sections, the cross-country links between Crete's northern and southern road corridors, in order to improve transport conditions for persons and goods between the regions of the hinterland and the northern and southern coasts of the island. Measures concerning certain sections

of the southern corridor are also planned, and also the construction of segments of the northern corridor, which is part of the trans-European network. These measures should lead to an increase in traffic, an improvement in the level of services supplied to users and a strengthening of road safety.

Where port infrastructures are concerned, the programme anticipates major measures in the port of Iraklion, intended in the long term to serve the needs of international combined modes of transport and the improvement of the infrastructures of other ports on the northern coast, aimed at facilitating sea transport of passengers and goods from and to the continental part of the country and at linking Crete's northern road corridor to the rest of the trans-European network via the port of Kissamos. Finally, major works will be carried out at Iraklion airport to develop air transport of passengers and, secondarily, of perishable agricultural products, the objective being to serve 3 million passengers annually by 1999. The enlargement of Sitia airport will also make it possible to receive large aircraft for charter flights.

Priority is also being given to improving the health services and protection of the environment, which will contribute to the inhabitants' quality of life. The improvement of the hospital infrastructures by replacing outdated and poor-quality facilities will make it possible to raise the level of the services offered to the population.

The extension and modernization of the water supply network will raise the proportion of the population connected to a public distribution network from 90 to 100%, while improving the quality of the water.

Within the framework of improvement of the built environment and quality of life, measures will be taken to stimulate the incorporation of the historic centres into the daily life of the cities while ensuring that their historic elements are preserved and developed.

### **(c) Improving tourism**

The programme's objective is to develop Crete's multifaceted heritage (natural, monumental and historic) through the creation of new centres of attraction for visitors. Through these measures, it is planned to extend the average stay of tourists from 8 to 11 days and to increase average per capita expenditure by 40%.

Stimulation of new forms of tourism, improving the supply of services and the establishment of a regional mechanism for management and promotion of the tourist product will help to extend the tourist season by two months, to attract up-market visitors, to increase the currency entries by DR 1.2 billion and to raise the hotel occupancy rate from 76.6 to 83%. The aforementioned measures should lead to the creation of 240 new jobs and total private investment should reach DR 11 billion.

Particular attention is also being paid to the sewage systems, to biological cleansing plants and to the collection and evacuation of waste.

### **(d) Rural and local development**

In the agricultural sector, the objective is to improve the competitiveness of traditional crops and to develop selected branches of production (particularly horticulture and floriculture in glasshouses), by exploiting the region's favourable climatic conditions. The programme thus anticipates the installation of modern-technology glasshouses and the modernization of existing glasshouses over an area of approximately 42 hectares, at the same time as achieving energy savings for heating. It is also planned to economize irrigation water by improving the exploitation of available water resources, particularly through the construction of basic water collection facilities.

Measures in the stock-farming sector are centred on protection of consumers and stock, and the genetic improvement of the latter. In the rural environment in general, the programme an-



ticipates measures concerning protection and exploitation of forest areas (particularly, forest protection: 2 800 hectares; reafforestation: 350 hectares; improvements, etc.) and the exploitation of local potential, thanks to development measures which will have the effect of developing local production factors, creating new sources of income and supporting agricultural income, while creating conditions which will retain the population and improve quality of life.

### **(e) Human resources**

Conditions of employment in Crete are characterized by a declining trend in the manufacturing sector and a substantial increase of employment in certain areas of the tertiary sector. Measures with respect to the development of human resources on the island of Crete will be directly linked with the region's development objectives and employment conditions.

In the primary sector, emphasis will be placed on in-service training so as to raise quality standards in agricultural production and improve productivity.

Priority will be given to in-service training measures in order to develop diversified skills to meet manufacturing and tertiary sector employment opportunities, particularly in tourism.

## **2.7. Technical assistance**

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In view of the increasing importance attached by the new regulations to monitoring, appraisal and evaluation of the CSF, the measures undertaken within the context of technical assistance make the latter very important for the execution of the programmes. For this reason, an overall budget will be reserved at CSF level, with operational programmes and, where appropriate, subprogrammes, making it possible to contribute to the financing of measures of preparation, appraisal, monitoring, evaluation, publicity and information in relation to the measures planned or undertaken within the framework of the CSF or of the programme concerned.

The principal measure to be financed within the framework of technical assistance at CSF level concerns the establishment of efficient implementation mechanisms, which are the key to the success of the CSF (see Section 4.4.2). The creation of a system of certification of the operations to be financed by the European Social Fund is also essential if quality is to improve. To this end, an action plan approved by the Commission and the Greek authorities will be prepared as soon as possible.

The following will also be financed within the framework of technical assistance from the CSF:

- (i) publicity and information activities related to the CSF measures;
- (ii) a continuous and mid-term assessment<sup>1</sup> of the 1994-99 CSF;
- (iii) an *ex-post* evaluation<sup>1</sup> of the 1994-99 CSF.

As a general rule, an independent expert will carry out the work of continuous, mid-term and ex-post assessment and evaluation for each programme. The cost of this assessment will be charged to the technical assistance budget for each programme.

Expenditure eligible for the technical assistance measures will be detailed in an *ad hoc* guide, the contents of which will be agreed by the Commission and the Greek authorities.

A limited part of the appropriations from the overall technical assistance budget, which cannot exceed ECU 10 million, can be used by the Member State or the Commission, 50% each,

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<sup>1</sup> To be carried out by independent experts.

for carrying out activities at their own initiative. The criteria for use of these appropriations will be decided jointly by the Member State and the Commission. Each of the parties will inform the other of the activities undertaken within this framework.

It should be recalled that, in accordance with Article 13(4) of Regulation (EEC) No 2052/88, Community financing of technical assistance measures undertaken on the Commission's initiative may, in exceptional duly justified cases, rise to 100% of the total eligible costs of the activity.

The other activities will be undertaken within the framework of the proceedings of the Monitoring Committees.

## **2.8. List of indicators**

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In order to keep track of the development of the Greek economy and to evaluate qualitative changes resulting from the implementation of the present CSF, the Monitoring Committee of the CSF will examine and discuss the development of the following indicators.

It should be noted that although departure points and arrival points are not as yet specified in this section, the main body of the text contains a number of quantified objectives for attainment over the period of the CSF along with their associated indicators. These indicators are also included in the following list and are identified by an asterisk. Furthermore, macroeconomic data is included in the main body of the text (see Sections 1.8.2 'Macroeconomic appraisal' and 2.1.2 'Impact of the CSF').

Further quantified data will be added as it becomes available with the objective of building up a complete picture capable of reflecting the impact of the CSF during its implementation.

### **Overall (macro) development indicators**

Gross job creation  
Net job creation  
Gross fixed capital formation  
Gross domestic product (GDP)  
Gross national product (GNP)

### **Industry and R&TD**

Gross job creation  
Value of exports\*  
Percentage share of world trade  
Business expenditure on R+D\*  
Gross expenditure on R+D\*  
Value-added in industry\*  
Total factor of productivity

### **Agriculture and rural development**

Share of agricultural employment in total employment\*  
Population density within disadvantaged areas  
Proportion of agricultural output sold to intervention

Added-value in agriculture/GDP\*  
Total factor productivity

### **Tourism**

Gross job creation  
Net job creation  
Value-added of tourism sector (relative to EU average changes)  
Foreign tourism revenue\*  
Percentage of visitors in the peak and off-peak periods\*

### **Human resources**

Educational attainment level of the working age population (25 to 64 years old)\*  
  
Total employment as a percentage of working age population (15 to 64 years old)\*  
  
Rate of change of total employment\*  
  
Unemployment rate in terms of the labour force:\*

- total
- young people (under 25)
- long-term (more than 1 year)

### **Transport**

Time savings on the key road corridors\* (PATHE)  
Degree of completion and percentage of road expenditure on the two key road corridors\*  
(Rail) revenue generated and passenger numbers  
Airport passenger and freight traffic  
Combined port and shipping costs to users

### **Energy**

Gross domestic energy consumption per unit of GDP  
Primary supply by source and percentage imported  
Percentage of energy supplied from renewables\*

### **Environment**

Percentage compliance with EC Directives  
Statutory protected areas as percentage of Greece's surface area  
Percentage of population served by systems for collection of municipal waste  
Percentage of municipal solid waste recycled

## **Communications**

Percentage rate of digitalization  
Percentage of faults cleared in two working days  
Call failure rates  
Percentage penetration rate  
Percentage rate of overnight delivery achieved  
(postal service) in urban and rural areas

## **Peripherality**

Cost of transport as a component in the value of agricultural and manufactured goods exported to EUR 12

## **2.9. Impact of the CSF on the environment**

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The aim of the regional development strategy is to achieve lasting development including integration of the environment into the economic sector, as well as implementation of Community Directives concerning the environment.

The investments which will be made within the framework of the CSF and which might have a significant detrimental impact on the environment will be the subject of an impact evaluation in accordance with Directive 85/337/EEC.

Programmes in the telecommunications sector will not have a substantial detrimental impact.

Investments which will have a significant impact, such as investments concerning the production of electricity, particularly from lignite which involves deterioration of the ambient environment, will be the subject of special attention.

As for investment in the transport sector, concerning road access as well as port areas, this will certainly have significant effects on the environment.

However, environmental impact assessments will be carried out in accordance with national and Community legislation. The public will be consulted more systematically, out of concern for partnership. Finally, Ministerial Orders will be issued which will contain measures to palliate any detrimental effects and will order systematic monitoring during the execution of the different programmes.

Where the industrial sector is concerned, and despite the fact that this is not a highly developed sector in Greece, the planned investment may accentuate deterioration of the ecosystems. However, the application of clean technologies and support for investment for treatment of effluent combined with the application of the environmental legislation in force will make it possible to reduce industrial pollution.

Investment in the agricultural sector, which is an important sector in Greece, and particularly investment related to the intensive use of farm inputs, will have significant effects, particularly on contamination of groundwater. On the other hand, agricultural tourism, afforestation with carefully selected species, and compliance with Community and national regulations concerning pesticides and phytosanitary products, dejecta and effluent of agricultural (plant or animal) origin, will have beneficial effects.

Investment in the sphere of tourism will exert pressure on the aquatic environment and will lead to a rise in water supply and distribution requirements and an increase in the volume of urban waste and effluent. On the other hand, development of 'ecological' tourism, more appropriate management of the aquatic environment, development of the system of collection and processing of urban waste, and information and awareness creation measures for the population should minimize these significant effects.

Selection criteria for the projects will include criteria in relation to compliance with environmental legislation, in order to minimize these significant effects. The different programmes will be implemented in such a way that the predetermined objectives in the environmental sphere will be met.

### **Objectives to be achieved**

The inclusion of environmental measures in the sector subprogrammes, combined with those in the environment subprogramme, the measures to be undertaken through the Cohesion Fund, Community initiatives and those of the LIFE instrument as well as activities to be worked out within the framework of the structural measures for the islands of the Aegean Sea will aim to reduce pollution in Greece substantially.

The main strategic objectives of Greek environmental policy to be achieved in the next few years with the assistance of the CSF are as follows:

- (i) to design a master plan for the good management of aquatic resources and improvement of water supply and distribution, and treatment of waste waters. Improvement of the quality of the aquatic environment by about 10%;
- (ii) establishment of a national land register (which will cover a territory of at least 33 000 km<sup>2</sup> and will give priority to biotopes, forests and public property);
- (iii) an increase in the percentage of treatment of urban waste from about 25 to 45%;
- (iv) improvement of management of toxic and dangerous waste;
- (v) approximately a 30% improvement in the quality of the infrastructure for the prevention of major accidents in certain industrial activities;
- (vi) approximately a 10% reduction in the sound level due to motor vehicles and traffic problems, through the carrying out of a number of infrastructure works;
- (vii) approximately a 10% increase in the proportion of protected flora and fauna;
- (viii) an improvement in protection of the natural environment (Ramsar biotopes, national parks, sites) of about 30%;
- (ix) approximately a 20% increase in protection of the soil, especially in island regions;
- (x) a reduction of approximately 10% in atmospheric pollution in cities other than Athens and the regions close to power stations and of about 20% for Athens;
- (xi) information and awareness creation for the population in the environmental sphere and improvement in the training of human resources in the same sphere;
- (xii) strengthening of the protection of urban areas and carrying out of infrastructure works for regional development. Reinforcement of open spaces especially in certain urban centres and improvement of the inhabitants' living standards by about 30% (especially in Athens and Salonika);

- (xiii) creation of a corps of inspectors who will work more particularly on the improvement and monitoring of the environmental impact studies, and improvement of the quality of these studies by about 30%.

### **Role of the environmental authorities in implementing the CSF**

The authorities responsible for the environment have been associated with the planning and implementation of the regional development plan. During the implementation of the measures stipulated in the Community support framework, the authorities responsible for the environment will be associated on three levels, as follows.

1. They will be responsible for application of current Community and national laws in the environmental sphere. They will also be called on to give their opinion on investment projects through the evaluation of environmental impact studies, and by adopting Ministerial Orders establishing the environmental terms of the projects. They will ensure that the specific measures laid down by the EIA are actually implemented.
2. They will be members of the Community support framework Monitoring Committee.
3. They will be members of the Monitoring Committee for the environment subprogramme and of the Monitoring Committees for the regional programmes, as well as the Monitoring Committees for programmes the projects of which may have a significant impact on the environment, namely the transport, agriculture, industry, energy and tourism sector programmes.

### **Legal and administrative framework**

The prevention of a significant impact on the environment can be achieved through the application of national and Community legislation (Directives, Decree-laws, town- and country-planning plan), as well as by control covering types of project likely to create an impact, and particularly on their siting, design and operation.

The environmental impact assessment system can be applied to the great majority of projects proposed for inclusion in the CSF (transport, energy, promotion of regional development potential). This instrument will make it possible to evaluate potential impact resulting from implementation of the projects and to determine their sites. Its efficacy will generally depend on the possibility of evaluating alternatives when it is applied at the design stage of the project.

The present regulatory framework places more emphasis on measures intended to prevent, reduce and, if possible, compensate for the detrimental environmental effects of a specific project, rather than on envisaging alternative proposals. Nonetheless, the involvement of the environmental authorities at every level in the preparation and implementation of the CSF will help to take environmental considerations into account at the initial stage.

Environmental impact assessment will play a fundamental role, of increasing importance, in preventing the detrimental impact of certain activities.

The public is called on to take part in the 'public consultation' stage, particularly on projects which may have an impact on areas of particular interest from the environmental point of view. In Greece, participation of this kind is not yet very well developed, but awareness creation measures are in progress.

## Chapter 3

# Financing plan

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### 3.1. Coordination between the Structural Funds, the Cohesion Fund, the EIB/other instruments/EFTA

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It is important to ensure as many synergies as possible which can be identified as factors for the development of Greece through a coherent and coordinated approach by the Structural Funds and other financial instruments (Cohesion Fund, ECSC and EIB loans) and the EFTA loan premium mechanism.

For this purpose and to highlight the global role of the Union in development problems, the financial participation of each of the Funds and other financial instruments will be incorporated into the CSF's indicative financial plan. It should be noted that the priorities of the plan in the transport and environmental spheres take account of the Cohesion Fund. Strengthened cooperation should be guaranteed for future Community financing in the transport and environment sectors.

Where design and monitoring are concerned, coordination between the different sources of financing will be guaranteed. An integrated approach could be adopted wherever that is justified and in particular for the industry, tourism, research/technology, health and fisheries programmes as well as for all the regional programmes and technical assistance at CSF level.

As far as EIB financing is concerned, between 1989 and 1993 Greece was provided with a total of ECU 1 464 million, of which 268 million represented allocations from global loans.

It is estimated that the contribution of the EIB to the financing of projects contained in the CSF 2 for Greece could reach ECU 2.4 to 3.3 billion. This represents a potential average annual EIB contribution of ECU 420 to 550 million as opposed to an average of approximately ECU 300 million for the period 1991-93. The financial tables are based on the lower figure.

The estimate concerns loans on offer, the actual amount of which will be further discussed with the Greek authorities and eventually will depend on the cost of the projects submitted by the promoters in agreement with the national authorities and approved by the EIB according to its usual procedures. The bank is also prepared to examine, on the basis of its

customary criteria, applications for loans for eligible investment projects not included in the CSF, but conforming to its main objectives.

## 3.2. Additionality

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### Initial examination

1. For the period 1989-93, public expenditure in Greece eligible for financing from the Structural Funds amounts to an annual average of ECU 5 081 million at 1994 prices; their breakdown is given in the financial table (Table 5). This expenditure constitutes the reference base for the CSF *ex-ante* evaluation of additionality 1994-99.
2. For the period 1994-99, the Greek authorities will ensure that the annual level of their eligible public expenditure is kept at ECU 5 314 million, i.e. an increase of the order of 4.6% in real terms compared to the period 1989-93. The additionality principle is thus complied with *ex-ante*.

This expenditure is incurred by the public authorities (central, local and regional authorities) and public enterprises or the like. The origin of the data relating to this expenditure will be specified by the Monitoring Committee.

## 3.3. Monitoring procedures

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In order to enable changes in eligible expenditure covered by additionality to be monitored regularly, the Greek authorities will, in the fourth quarter of each year and at least one month before the meeting of the Monitoring Committee, send the Commission the definitive eligible expenditure for year n-2, the provisional statement of expenditure for year n-1, the estimates for year n and the forecasts for year n+1.

The Commission and the Member State agree that expenditure planned and effected each year should not deviate significantly from the agreed annual mean for the period 1994-99. If that is the case, the Greek authorities will send the Commission an explanation for the level of expenditure concerned; this explanation will be based on changes in the macro-economic conditions in the Member State deviating appreciably from the initial hypotheses adopted when the CSF was being prepared.

In the event that Greece's eligible public expenditure is below the mean for the period 1989-93, the Commission will determine, on the basis of the explanation submitted, whether the principle of additionality is still being observed.

The Commission can then if need be ask the Member State to inform it within a specific period of the measures which it intends to take for that part of the expenditure eligible for the Structural Funds which is not co-financed before the Commission takes the appropriate decisions on the co-financed part in accordance with the procedures set out by the regulations.

Moreover, the Greek authorities will inform the Commission as soon as they know of any change (institutional, administrative, statistical, etc.) in relation to the situation prevailing when the CSF was established which might have significant consequences for changes in the level of eligible expenditure. In particular, they will report any partial or total privatization, and the procedures for taking them into account will be defined case by case in partnership and they will take account of these changes when the financial tables are being prepared.



**Table 1**  
**Community support framework 1994-99 for Greece**  
**Financing plan by axis and by type of operation**

(million ECU)

Development axis	Total cost	Public expenditure											EIB ..	
		Total public expenditure	Community participation					National public participation				Private		
			Total Community	ERDF	ESF	EAGGF	FIFG	CF	Total	State	Region			Other
	1=2+13	2=3+9	3=sum(4:8)	4	5	6	7	8	9=sum(10:12)	10	11	12	13	14
Axis 1: Reduce the degree of peripherality and promotion of internal integration by the development of large infrastructures	8 272.2	4 891.7	2 737.1	2 699.5	37.6				2 154.6	1 754.7		399.9	3 380.5	1 190.0
1 OP Access and roads (motorways, ports, airports)	5 212.4	2 212.4	1 327.4	1 327.4					885.0	885.0			3 000.0*	670.0
2 OP Railways	490.1	490.1	294.1	294.1					196.0	196.0				150.0
3 MOP Communications	452.2	452.2	250.7	213.1	37.6				201.5			201.5		
4 OP Energy	1 163.9	850.5	510.3	510.3					340.2	141.8		198.4	313.4	70.0
5 OP Natural gas	953.6	886.5	354.6	354.6					531.9	531.9			67.1	300.0
Axis 2: Improvement of living conditions	2 690.9	2 549.1	1 456.8	1 436.8	20.0				1 092.3	1 092.3			141.8	683.0
6 OP Urban development (underground in Athens and Salonika)	1 849.2	1 707.4	853.7	853.7					853.7	853.7			141.8	683.0
7 MOP Health and welfare	339.4	339.4	226.4	206.4	20.0				113.0	113.0				
8 OP Environment	502.3	502.3	376.7	376.7					125.6	125.6				

NB: OP = operational programme; MOP = multifund operational programme.

\* This estimate is included on a purely indicative basis representing in effect a fairly broad range of possible private capital support for major infrastructure projects (see text, Section 2.2.1).

The other amounts concerning the participation of the private sector are taken from the RDP and are also purely indicative.

\*\* Indicative amounts. See text, Section 3.1.

**Table 1**  
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(million ECU)

Development axis	Total cost	Public expenditure											EIB ..	
		Total public expenditure	Community participation					National public participation				Private		
			Total Community	ERDF	ESF	EAGGF	FIFG	CF	Total	State	Region			Other
	1=2+13	2=3+9	3=sum(4:8)	4	5	6	7	8	9=sum(10:12)	10	11	12	13	14
Axis 3: Development and competitiveness of the economy	7 526.1	4 065.4	2 684.3	1 210.2	75.1	1 269.0	130.0		1 381.1	1 381.1			3 460.7	90.0
9 MOP Industry and services	3 318.2	1 188.3	720.0	685.0	35.0				468.3	468.3			2 129.9	
10 MOP Research and technology	579.3	421.6	316.2	286.1	30.1				105.4	105.4			157.7	
11 MOP Tourism and culture	517.7	411.7	229.1	219.1	10.0				182.6	182.6			106.0	
12 OP Agriculture (Objectives 1 and 5a)	2 822.8	1 843.8	1 269.0			1 269.0			574.8	574.8			979.0	90.0
13 MOP Fisheries (Objectives 1 and 5a)	288.1	200.0	150.0	20.0			130.0		50.0	50.0			88.1	
Axis 4: Development of human resources and promotion of employment	3 716.3	3 488.9	2 556.3	377.0	2 179.3				932.6	932.6			227.4	30.0
14 MOP Education, initial training	1 847.6	1 847.6	1 385.7	221.0	1 164.7				461.9	461.9				30.0
15 MOP Lifelong learning and promotion of employment (Objectives 1, 3 and 4)	1 235.4	1 008.0	756.0	25.1	730.9				252.0	252.0			227.4	
16 MOP Combating long-term unemployment and exclusion from the labour-market	328.0	328.0	246.0	10.0	236.0				82.0	82.0				
17 MOP Modernization of the civil service	305.3	305.3	168.6	120.9	47.7				136.7	136.7				

(Human resources measures to support the other axes)

\*\* Indicative amounts. See text, Section 3.1.

**Table 1**  
**Community support framework 1994-99 for Greece**  
**Financing plan by axis and by type of operation**

(million ECU)

Development axis	Total cost	Public expenditure											EIB **	
		Total public expenditure	Community participation					National public participation				Private		
			Total Community	ERDF	ESF	EAGGF	FIFG	CF	Total	State	Region			Other
	1=2+13	2=3+9	3=sum(4:8)	4	5	6	7	8	9=sum(10:12)	10	11	12	13	14
Axis 5: Reduction of regional disparities and opening-up of island areas	7 426.9	5 965.9	4 474.4	3 707.4	236.0	531.0			1 491.5	1 491.5			1 461.0	375.0
18 MOP Eastern Macedonia/Thrace	823.5	659.1	494.3	382.9	26.3	85.1			164.8	164.8			164.4	
19 MOP Central Macedonia	977.4	784.7	588.5	488.0	30.0	70.5			196.2	196.2			192.7	
20 MOP Western Macedonia	347.9	289.3	217.0	164.8	11.2	41.0			72.3	72.3			58.6	
21 MOP Epirus	376.1	315.5	236.5	178.7	10.5	47.3			78.8	78.8			60.8	
22 MOP Thessaly	609.9	501.1	375.8	290.1	22.1	63.6			125.3	125.3			108.8	
23 MOP Ionian Islands	274.4	227.6	170.7	150.3	11.1	9.3			56.9	56.9			46.8	
24 MOP Western Greece	501.6	402.0	301.5	247.1	19.1	35.3			100.5	100.5			99.6	
25 MOP Continental Greece	623.0	495.7	371.8	303.7	15.1	53.0			123.9	123.9			127.3	
26 MOP Attica	1 098.1	914.3	685.7	630.7	37.7	17.3			228.6	228.6			183.8	
27 MOP Peloponnese	440.2	381.3	286.0	229.6	12.6	43.8			95.3	95.3			58.9	
28 MOP Northern Aegean Islands	366.5	280.3	210.2	180.3	12.6	17.3			70.1	70.1			86.2	
29 MOP Southern Aegean Islands	430.0	298.8	224.1	204.4	12.6	7.1			74.7	74.7			131.2	
30 MOP Crete	558.3	416.4	312.3	256.8	15.1	40.4			104.1	104.1			141.9	

\*\* Indicative amounts. See text, Section 3.1.

**Table 1**  
**Community support framework 1994-99 for Greece**  
**Financing plan by axis and by type of operation**

(million ECU)

Development axis	Total cost	Public expenditure											EIB ..	
		Total public ex- penditure	Community participation					National public participation				Private		
			Total Community	ERDF	ESF	EAGGF	FIFG	CF	Total	State	Region			Other
	1=2+13	2=3+9	3=sum(4:8)	4	5	6	7	8	9=sum(10:12)	10	11	12	13	14
31 MOP Technical assistance	88.9	88.9	71.1	58.6	12.5				17.8	17.8				
Total CSF	29 721.3	21 049.9	13 980.0	9 489.5	2 560.5	1 800.0	130.0		7 069.9	6 670.0		399.9	8 671.4	2 368.0
Cohesion Fund														
Cohesion Fund Projects — transport	1 530.6	1 530.6	1 301.0					1 301.0	229.6	229.6				
Cohesion Fund Projects — environment	1 530.6	1 530.6	1 301.0					1 301.0	229.6	229.6				
Total Cohesion Fund <sup>1</sup>	3 061.2	3 061.2	2 602.0					2 602.0	459.2	459.2				
Total CSF and Cohesion fund	32 782.5	24 111.1	16 582.0	9 489.5	2 560.5	1 800.0	130.0	2 602.0	7 529.1	7 129.2		399.9	8 671.4	2 368.0
of which														
Objectives 3 and 4	732.5	682.9	512.2		512.2				170.7	170.7			49.6	
Objective 5a	2 562.6	1 509.6	1 030.9			900.9 <sup>2</sup>	130.0		478.7	478.7			1 053.0	

<sup>1</sup> The 1994-99 amounts are indicative and are within the range of 2 313 minimum and 2 891 maximum.

The level of Community aid granted by this fund is between 80% and 85% of eligible expenditure.

<sup>2</sup> This amount is purely indicative, being part of the single OP for Agriculture planned in the national section of the CSF; on this basis it may be amended pursuant to the implementing provisions for the forms of intervention attached to the CSF.

\*\* Indicative amounts. See text, Section 3.1.

**Table 2**  
**Community support framework 1994-99 for Greece**  
**Estimated financing plan by year**

(million ECU)

Year	Total cost	Public expenditure										Private	EIB
		Total public expenditure	Community participation					National public participation					
			Total Structural Fund	ERDF	ESF	EAGGF	FIFG <sup>1</sup>	Total	State	Region	Other		
	1=2+14	2=3+10	4=sum(5:7)	5	6	7	8	10	11	12	13	14	15
1994	3 577.9	2 888.1	1 918.1	1 302.0	351.3	247.0	17.8	970.0	915.1		54.9	689.8	324.9
1995	3 911.7	3 124.6	2 075.1	1 408.5	380.1	267.2	19.3	1 049.5	990.1		59.4	787.1	351.5
1996	4 978.6	3 349.0	2 224.2	1 509.7	407.4	286.4	20.7	1 124.8	1 061.2		63.6	1 629.6	376.7
1997	5 307.7	3 582.1	2 379.0	1 614.9	435.7	306.3	22.1	1 203.1	1 135.1		68.0	1 725.6	403.0
1998	5 748.4	3 894.2	2 586.3	1 755.5	473.7	333.0	24.1	1 307.9	1 233.9		74.0	1 854.2	438.1
1999	6 197.0	4 211.9	2 797.3	1 898.9	512.3	360.1	26.0	1 414.6	1 334.6		80.0	1 985.1	473.8
Total	29 721.3	21 049.9	13 980.0	9 489.5	2 560.5	1 800.0	130.0	7 069.9	6 670.0		399.9	8 671.4	2 368.0

<sup>1</sup> Including the interventions which are subject to Community financial aid decided in 1994, under Regulations (EEC) Nos 4028/86 and 4042/89.

**Table 3**  
**CSF 1994-99 for Greece**  
**Indicative rates of intervention**

Axis of development	ERDF	ESF	EAGGF	FIFG
Axis 1. Reduce the degree of peripherality and promotion of internal integration by the development of large infrastructures	56	75		
1. OP Access and roads (motorways, ports, airports)	60			
2. OP Railways	60			
3. MOP Communications	53	75		
4. OP Energy	60			
5. OP Natural gas	40 <sup>1</sup>			
Axis 2. Improvement of living conditions	60	75		
6. OP Urban development (underground in Athens and Salonika)	50			
7. MOP Health and welfare	66	75		
8. OP Environment	75			
Axis 3. Development and competitiveness of the economy	65	75		75
9. MOP Industry and services	60	75		
10. MOP Research and technology	75	75		
11. MOP Tourism and culture	55	75		
12. OP Agriculture (Objectives 1 and 5a)			69	
13. MOP Fisheries (Objectives 1 and 5a)	75			75
Axis 4. Development of human resources and promotion of employment	65	75		
14. MOP Education, initial training	75	75		
15. MOP Lifelong learning and promotion of employment (Objectives 1, 3 and 4)	75	75		
16. MOP Combating long-term unemployment and exclusion from the labour-market	75	75		
17. MOP Modernization of the civil service	50	75		
Axis 5. Reduction of regional disparities and opening-up of island areas	75	75	75	
18. MOP Eastern Macedonia/Thrace	75	75	75	
19. MOP Central Macedonia	75	75	75	
20. MOP Western Macedonia	75	75	75	
21. MOP Epirus	75	75	75	
22. MOP Thessaly	75	75	75	
23. MOP Ionian Islands	75	75	75	
24. MOP Western Greece	75	75	75	
25. MOP Continental Greece	75	75	75	
26. MOP Attica	75	75	75	
27. MOP Peloponnese	75	75	75	
28. MOP Northern Aegean Islands	75	75	75	
29. MOP Southern Aegean Islands	75	75	75	
30. MOP Crete	75	75	75	
31. MOP Technical assistance	80	80	80	
Total CSF	64	75	70	75

<sup>1</sup> This rate may be revised following examination of a request from the Greek authorities.

**Table 4**  
**Analysis of the Greek CSF, 1994-99, by sector**

(million ECU)

Sectors	% Total cost	Total cost	Public expenditure											Private	EIB	Cohesion Fund			
			Total public ex- penditure	Community participation					National public participation				Total Cohe- sion Fund				Cohesion Fund	State	
				Total Structural Fund		ERDF	ESF	EAGGF	FIFG	Total national	State	Region							Other
		1=2+12	2=3+8	3=sum(4:7)	% SF	4	5	6	7	8=sum(9:12)	9	10	11	12	13	14=15+16	%	15	16
A. Basic infrastructures	47.0	13 954.8	10 389.9	6 405.7	61.7	6 348.1	57.6			3 984.2	3 584.4		399.9	3 564.9	2 113.0	3 061.2	85.0	2 602.0	459.2
1. Transport	26.2	7 777.2	4 734.7	3 145.6	66.4	3 145.6				1 589.0	1 589.0			3 042.6	1 035.0	1 530.6	85.0	1 301.0	229.6
2. Communications	1.5	452.2	452.2	250.7	55.4	213.1	37.6			201.5			201.5						
3. Environment and water	2.8	830.0	830.0	622.4	75.0	622.4				207.6	207.6			25.0		1 530.6	85.0	1 301.0	229.6
4. Health and welfare	3.1	928.6	928.6	668.3	72.0	648.3	20.0			260.3	260.3								
5. Energy	7.1	2 117.5	1 737.0	864.9	49.8	864.9				872.1	673.8		198.4	380.5	370.0				
6. Other (Athens and Salonika undergrounds)	6.2	1849.3	1 707.4	853.7	50.0	853.7				853.7	853.7			141.8	683.0				
B. Human resources	15.8	4 708.4	4 463.3	3 287.1	73.6	871.8	2 415.3			1 176.2	1 176.2			245.1	30.0				
1. Education and initial training	8.4	2 507.3	2 507.3	1 880.5	75.0	715.8	1 164.7			626.8	626.8				30.0				
2. Training, employment, exclusion	6.4	1 895.8	1 650.7	1 238.0	75.0	35.2	1 202.9			412.6	412.6			245.1					
3. Civil service	1.0	305.3	305.3	168.5	55.2	120.8	47.7			136.7	136.7								
C. Productive environment	36.9	10 969.2	6 107.8	4 216.1	69.0	2 211.0	75.1	1 800.0	130.0	1 891.6	1 891.6			4 861.4	225.0				
1. Agriculture and rural development/fisheries	13.9	4 130.2	3 063.1	2 183.5	71.3	253.5		1 800.0	130.0	879.6	879.6			1 067.1	196.0				
2. Industry and services	14.9	4 419.5	1 573.3	1 008.7	64.1	973.7	35.0			564.6	564.6			2 846.2					
3. Research, technology development	2.0	599.4	441.7	331.3	75.0	301.2	30.1			110.4	110.4			157.7					
4. Tourism and culture	6.1	1 820.1	1 029.7	692.6	67.3	682.6	10.0			337.1	337.1			790.4	29.0				
D. Technical Assistance	0.3	88.9	88.9	71.1	80.0	58.6	12.5			17.8	17.8								
General total	100.0	29 721.3	21 049.9	13 980.0	66.4	9 489.5	2 560.5	1 800.0	130.0	7 069.9	6 670.0		399.9	8 671.4	2 368.0	3 061.2	85.0	2 602.0	459.2

NB: This sector distribution table is included in the CSF purely on an indicative basis and is not part of the CSF financing plan (Tables 1, 2 and 3).

Table 5

## Global development effort 1989-93

## Initial verification of additionality 1994-99

(million Ecu 1994 prices)

(million ECU 1994 prices)

Sectors	Annual mean 1989 - 93									Annual mean 1994 - 99								
	Public (national + Community)			Private	CSF Contribution		Total public net of contri- bution from the Structural Fund	EIB Community loans	Contribution of Cohesion Fund <sup>2</sup>	Public (national + Community)			Private	CSF Contribution		Total public net of contri- bution from the Struc- tural Fund	EIB Community loans	Contribution of the Cohesion Fund <sup>3</sup>
	Total	of which:			Structural Fund <sup>1</sup>	National				Total	of which:			Structural Fund	National			
		Budget	Outside budget								Budget	Outside budget						
1	2=3+4	3	4	5	6	7	8=2-6	9	10	11=12+13	12	13	14	15	16	17=11-15	18	19
<b>A. Basic infrastructures</b>	<b>3 200</b>	<b>1 082</b>	<b>2 118</b>		<b>611</b>	<b>507</b>	<b>2 589</b>	<b>254</b>	<b>56</b>	<b>3 500</b>	<b>984</b>	<b>2 516</b>	<b>594</b>	<b>1 068</b>	<b>658</b>	<b>2 432</b>	<b>352</b>	<b>434</b>
1. Transport	1 131	455	676		300	248	831	114	21	1 300	400	900	531	667	407	633	286	217
2. Communications	522		522		100	103	422	10		600		600		42	34	558		
3. Energy	887		887		64	83	823	112		1 000		1 000	63	144	145	856	62	
4. Water	394	361	33		90	48	304	18		200	184	16		78	26	122	4	
5. Environment	157	157			32	13	125		35	150	150			26	9	124		217
6. Health	109	109			25	12	84			250	250			111	37	139		
<b>B. Human resources</b>	<b>1 706</b>	<b>1 549</b>	<b>157</b>		<b>404</b>	<b>226</b>	<b>1 302</b>	<b>3</b>		<b>2 120</b>	<b>1 988</b>	<b>132</b>	<b>67</b>	<b>574</b>	<b>191</b>	<b>1 546</b>	<b>5</b>	
1. Education (capital expenditure)	264	264			42	26	222	3		450	450			238	89	212	5	
2. Education (current expenditure)	682	682			13	5	669			1 000	1 000			75	15	925		
3. Training (capital expenditure)	23	13	10		10	5	13			30	18	12	41	6	4	24		
4. Training (current expenditure)	643	496	147		306	169	337			520	400	120	26	200	65	320		
5. RD (capital expenditure)	34	34			13	8	21			50	50			22	7	28		
6. RD (current expenditure)	60	60			20	13	40			70	70			33	11	37		
<b>C. Productive environment</b>	<b>1 589</b>	<b>1 467</b>	<b>122</b>		<b>532</b>	<b>319</b>	<b>1 057</b>	<b>36</b>		<b>1 764</b>	<b>1 594</b>	<b>170</b>	<b>784</b>	<b>647</b>	<b>308</b>	<b>1 117</b>	<b>37</b>	
1. Industry and services	570	491	79		140	85	430	26		630	545	85	474	168	94	462		
2. Rural development	519	519			159	103	360	3		500	500		89	170	80	330	32	
3. Fisheries	33	33			19	13	14			34	34		132	24	10	10	5	
4. Tourism	125	82	43		60	50	65	7		250	165	85	89	115	44	135		
5. Agricultural structures	342	342			154	68	188			350	350			170	80	180		
<b>D. Others</b>	<b>235</b>	<b>221</b>	<b>14</b>		<b>102</b>	<b>82</b>	<b>133</b>			<b>260</b>	<b>245</b>	<b>15</b>		<b>41</b>	<b>26</b>	<b>219</b>		
<b>General total</b>	<b>6 730</b>	<b>4 319</b>	<b>2 411</b>		<b>1 649</b>	<b>1 134</b>	<b>5 081</b>	<b>293</b>	<b>56</b>	<b>7 644</b>	<b>4 811</b>	<b>2 833</b>	<b>1 445</b>	<b>2 330</b>	<b>1 183</b>	<b>5 314</b>	<b>394</b>	<b>434</b>

NB

<sup>1</sup> The amount of the CIs (Community Initiatives), and also those of the special contribution for the IMPs for the period 1989-93 are not included in this table.<sup>2</sup> The amounts mentioned represent annual resources although the Cohesion Fund began to operate only in 1993.<sup>3</sup> The amounts for the 1994-99 Cohesion Fund are indicative and will be within the 2 312 minimum and 2 891 maximum range.



## Chapter 4

# Implementing the CSF

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### 4.1. Principles and procedures governing prior appraisal, monitoring, interim assessment and *ex-post* evaluation

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The Member States and the Commission will agree within the framework of the partnership, including multilaterally, on the subject of the structures, methods and procedures to be used to strengthen the efficacy of the monitoring systems and the appraisal and evaluation exercises.

#### 4.1.1. Prior appraisal (Article 26 of Regulation (EEC) No 4253/88)

The prior appraisal will be the responsibility of the Member States and the Commission and will come within the framework of the partnership.

In addition to the prior appraisal carried out on plans and Community support frameworks, the different requests for assistance will contain the results of the prior appraisal made by the Member States. This appraisal will cover:

- (i) the socioeconomic advantages to be obtained in the medium term from the proposed programme in view of the resources mobilized;
- (ii) the conformity of the actions and measures proposed with the priorities of the Community support framework;
- (iii) the existence of adequate implementation and management structures;
- (iv) the conformity of the proposed actions and measures to other Community policies and the grants-loans combination.

In accordance with Article 14(3) of Regulation EEC No 4253/88, the Commission reserves the right to carry out its own appraisal of these elements, particularly in cases where the aforementioned information supplied by the Member State is inadequate.

Requests for assistance from the ERDF relating to the major projects referred to in Article 16(2) of Regulation (EEC) No 4253/88 (i.e. those of which the total cost exceeds ECU 25 million for investments in infrastructure and ECU 15 million for productive investment) must also contain

the information referred to in Article 5 of Regulation (EEC) No 4254/88. This information will concern in particular, for investments in infrastructures, the analysis of the costs and socioeconomic benefits of the project, including the indication of the foreseeable rate of use and, for productive investments, indication of the market prospects in the sector concerned.

Other projects included in the operational programmes in particular will be the subject of an appropriate assessment by the Member States. The results of this assessment will, where appropriate, be made available to the Monitoring Committee concerned.

#### **4.1.2. Monitoring and interim assessments (Article 25 of Regulation (EEC) No 4253/88)**

Monitoring will be carried out at the level of the CSF and of the different programmes employed within the CSF framework. Monitoring will be strengthened by interim assessments in order that any necessary adjustments can be made to the CSF and the programmes while they are being carried out.

Monitoring and interim assessments will be the responsibility of the Monitoring Committee and will be carried out more particularly on the basis of the financial, physical and impact indicators defined in the CSF and the programmes concerned.

Monitoring will involve the organization and coordination of collection of data relating to the financial, physical and impact indicators and qualitative aspects of implementation (particularly the socioeconomic, operational, legal or even procedural aspects).

Monitoring will consist in measuring the progress made in the implementation of the programme and will give rise to the annual reports provided for in Article 25(4) of Regulation (EEC) No 4253/88. Where necessary it will propose adjustments, particularly following the results of the interim assessments.

The interim assessments will comprise a critical analysis of the data collected within the monitoring framework, including the annual reports.

The interim assessments will measure the way in which the objectives are gradually being achieved and will explain any deviations and will estimate in anticipation the results of the programme. They will also give an opinion on the validity of the programme in progress and the relevance of the objectives adopted.

Generally speaking, programmes lasting more than three years will be the subject, after the end of the third year of their implementation, of a mid-term assessment so that necessary adjustments can be made to them, if need be.

To carry out these assessment tasks, the Monitoring Committee will generally use an independent assessor. If, within the framework of the partnership, it has not initially been decided to engage an assessor of this kind, the Commission reserves the right to call on one during the implementation of the programme.

The independent assessors must respect confidentiality during the processing of the data from the Monitoring Committees to which they have access.

#### **4.1.3. The *ex-post* evaluation (Article 26 of Regulation (EEC) No 4253/88)**

The *ex-post* evaluation will be carried out for:

- (i) each programme;
- (ii) the Community support framework.

It will be carried out on the basis, on the one hand, of the information supplied by monitoring and the interim assessments of the measures undertaken and, on the other hand, of collection of statistics concerning the indicators adopted when the objectives were established.

The Member States and the Commission may use independent organizations or experts who will have access to the Monitoring Committees' information and data. These bodies must respect confidentiality during the processing of the data.

#### **4.1.4. Quantifying objectives**

In order to satisfy the provisions of Article 2(a) and (c) of the decision approving the CSF, the Member State shall undertake to quantify the objectives of the actions contained in the CSF before the meeting of the first Monitoring Committee.

## **4.2. Monitoring the CSF**

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### **4.2.1. The CSF Monitoring Committee**

#### **Establishment**

A Monitoring Committee, set up within the framework of the partnership, will be responsible for monitoring the implementation of the Community support framework.

The Monitoring Committee will consist of representatives of the Member State including, as appropriate, representatives of the competent authorities and organizations as indicated in Article 4 of Regulation (EEC) No 2052/88, and representatives of the Commission and of the EIB. The Member State, the Commission and the EIB will appoint their representatives on the Monitoring Committee within at least 30 days of the notification of the Member State of the Commission's decision approving the Community support framework. The chairman of the Monitoring Committee will be appointed by the Member State.

The Monitoring Committee will establish its own rules concerning procedures for its organization.

The Monitoring Committee will meet either on the initiative of the Member State or on that of the Commission. The Monitoring Committee will generally meet twice a year, or more often if necessary.

The Monitoring Committee will be assisted by a secretariat responsible for preparing the monitoring documents, the reports, agendas and records of the meetings. The authority responsible for implementation of the CSF will provide this secretariat. The documents required for the proceedings of the Monitoring Committees will, in principle, be available three weeks before the meetings of the Committees.

The CSF Monitoring Committee may also decide to set up subcommittees of a consultative nature to coordinate activities in particular sectors such as human resources, industrial strategy and large infrastructure investments. In the case of human resources, in order to ensure a coherent approach, the role of such a subcommittee would be played by the Monitoring Committee for the 'continuing training and promotion of employment' programme. The deliberations of these subcommittees will not affect the established powers of the CSF Monitoring Committee or of the Monitoring Committees of the operational programmes and other forms of intervention.

## Partnership

In Greece, partnership exists at three levels. Responsibility for general supervision of CSF implementation lies with the CSF Monitoring Committee, on which the national and regional authorities, the Commission and the European Investment Bank are represented. The Monitoring Committees which supervise implementation of national operational programmes contain representatives of the national authorities and the Commission. Finally, the Monitoring Committees of the regional programmes contain representatives of the regional and local authorities as well as of the national authorities and the Commission.

The Commission and the Greek authorities have agreed that the Monitoring Committees at all levels will organize their work in such a way as to involve the economic and social partners on a regular basis.

## Tasks

The Monitoring Committee will be responsible for the following tasks, among others.

- (i) It will coordinate the different structural programmes, including those arising from Community initiatives, implemented by the regional or central authorities of the Member State concerned, and also the Community aid and loan instruments, and will link them with other Community policies in order to achieve the strategic objectives of the Community support framework.
- (ii) It will monitor, organize and examine the interim assessment work of the CSF on the basis of the financial, physical and impact indicators defined in the CSF at priority axis and subaxis level.
- (iii) It will prepare and discuss any proposals for amendment of the CSF in accordance with the procedures described below under point 4.2.2.; it will propose the allocation of the resources generated by the annual indexation of the amounts in the initial timetable of the CSF by strengthening certain existing measures and/or creating new measures within the framework of the CSF concerned. In this context it is recognized that education and training needs in Greece for the period 1994-99 are higher than the effort initially contained in the Community support framework. The need, however, for a reform of the implementation mechanisms as well as the improvement of the quality of the activities co-financed by programmes in the area of education and training suggests that this initial allocation is appropriate.

If during implementation of the CSF, after an improvement in quality established on the basis of an appropriate assessment, it is confirmed that further resources should be allocated to these activities, these will be found from the application of the deflator over and above what would result from a linear application. With these additional resources, depending on need and the quality of activities being co-financed, total allocations to the ESF could be in the region of 40% of the deflator, as an indicative target.

- (iv) It will periodically analyse changes in the matter of disparities and delays in development on the basis of the indicators specified in the CSFs.

### 4.2.2. Procedures for amending the CSF

**4.2.2.1.** The following amendments may be decided on by the Monitoring Committee, in agreement with the representatives of the competent authorities of the Member State and of the Commission.<sup>1</sup>

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<sup>1</sup> The same provisions shall apply where necessary to monitoring subcommittees within the limits of the priority axes and the total appropriation for which they are responsible.

- (a) Any change up to 15% of total costs of the Community contribution relating to a priority axis or a programme compared with the estimates entered in the indicative financing plan for this priority axis or programme for the whole of the period. Nonetheless, this percentage may be higher on condition that the amount of the change does not exceed ECU 40 million.

Each change must be in line with available funds and the budget rules of the Commission. It cannot amend the total amount of the Community aid granted to the CSF,<sup>1</sup> nor the overall budget allocated to each Community initiative. It may involve transfers of resources between the Community Structural Funds and the FIG, and also a change in intervention levels.

- (b) Any other minor change made to the implementation of the programmes, not affecting the indicative financing plan, with the exclusion of those relating to the aid systems.

Each decision on a change referred to above will immediately be notified to the Commission and the Member State concerned. This notification must contain the revised financing plan for the CSF, whenever financial amounts are altered.

The department of the Commission responsible will acknowledge receipt of the notification, specifying the date thereof. The change will apply as soon as it is confirmed by the departments of the Commission and the Member State concerned. This confirmation must be supplied within 20 working days of the date of receipt of the notification.<sup>2</sup>

**4.2.2.2.** The following changes may be decided by the Commission, in agreement with the Member State concerned, and after the opinion of the Monitoring Committee:

- (a) any change exceeding the thresholds referred to in point 4.2.2.1. above under (a), without going beyond 25%, however, in relation to the estimates entered in the indicative financing plan. Nonetheless this percentage may be higher on condition that the amount of the change does not exceed ECU 60 million.
- (b) each transfer of resources from the Structural Funds between the sub-CSF or the individual CSF within a Member State which does not exceed 25% of the Community contribution to the CSF(s) concerned. Nonetheless, this percentage may be higher on condition that the amount of the change does not exceed ECU 60 million.

The Member State will notify the Commission of any request relating to a change referred to above. This request must contain the revised financing plan(s), accompanied by the opinion of the CSF Monitoring Committee regarding this change. The department of the Commission responsible will acknowledge receipt of this notification and will specify its date. The Commission will approve the proposed change within a maximum period of four months from the aforementioned date of receipt.

**4.2.2.3.** Other changes will require a re-examination of the Community support framework in accordance with the procedures applied on its adoption. These procedures provide among other things for the consultation of committees referred to in Articles 27 to 29 of Regulation (EEC) No 4253/88.

**4.2.2.4.** If a change referred to above at CSF level involves changes (increases or reductions) in the amounts of Community aid granted previously to programmes adopted within the CSF, the Commission and the Member State will amend the previous decisions to grant aid relating to these programmes. In accordance with Article 36(2) of the Community's financial regulation, a change in the total amount of assistance granted to a programme will be decided by the Commission in accordance with the procedures laid down for that purpose.

<sup>1</sup> This is the amount of the Community aid as expressed, in constant prices, in the Commission's decision concerning the CSF.

<sup>2</sup> Reasons must be given for any refusal to supply confirmation.

**4.2.2.5.** In accordance with Article 11 of Regulation (EEC) No 4253/88, any programme approved within the context of implementation of Community initiatives having an effect on the Community support framework concerned will be taken into account when this is revised. For this purpose, revised financing plans which are notified to the Commission and the Member State concerned in accordance with the procedures referred to in points 4.2.2.1. and 4.2.2.2. above will contain the financial amounts decided on in the meantime within the framework of the implementation of the Community initiatives.

### **4.3. Monitoring the operations**

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#### **4.3.1. The Monitoring Committee for a programme**

##### **Establishment**

Unless an arrangement to the contrary is made within the framework of the partnership, a Monitoring Committee will be set up for each operational programme or equivalent operation (global subsidy, aid systems or major project), where appropriate, for a sub-programme. Operational Monitoring Committees may also be established at the level of a priority axis of the CSF or of a region; in the former instance, it may be entrusted with implementation of all the programmes undertaken for this axis; in the latter case, it may be entrusted with implementation of all the regional programmes undertaken in the region concerned, and also monitoring of the regional aspects undertaken at the multiregional level.

The composition of the Monitoring Committee for a programme will be similar to that of the Monitoring Committee for the CSF. The Member State, the Commission and, where appropriate, the EIB will appoint their representatives to the Monitoring Committee, at the latest, 30 days from notification of the Member State of the Commission's decision approving the programme concerned. The chairman of the Monitoring Committee will be appointed by the Member State.

The Monitoring Committee will establish its own rules concerning the procedures for its organization and the frequency of the meetings.

At its first meeting, the Monitoring Committee will establish and approve the detailed provisions within the framework of which it will carry out the tasks entrusted to it, especially in relation to monitoring and the interim assessments of the programme concerned.

The Monitoring Committee will be assisted by a secretariat responsible for preparation of the documents for monitoring, the reports, agendas and records of the meetings. The authority responsible for implementing the programme will provide this secretariat. The documents necessary for the proceedings of the Monitoring Committees will be available in principle three weeks before the meetings of the Committee.

##### **Tasks**

The tasks of a programme Monitoring Committee will be as follows.

- (i) It will ensure the satisfactory progress of the programme in order to achieve the objectives established. In particular it will watch over:
  - compliance with the regulatory provisions, including in matters of eligibility of operations and projects;
  - the conformity of the activities and measures to the priorities adopted in the CSF and to the objectives of the programme;
  - respect for other Community policies.

- (ii) It will set out the provisions ensuring that the operational measures are implemented efficiently. Where major projects are concerned, the Committee will, where necessary, ensure that the information required under Article 5 of Regulation (EEC) No 4254/88 (ERDF) is supplied to the Commission.
- (iii) It will monitor, organize and examine the work of interim assessments of the programme on the basis of the financial, physical and impact indicators defined in the latter at the level of the measures and, if necessary, the subprogrammes.
- (iv) It will propose any measure needed to speed up the execution of the programme in cases of delay following the periodic results supplied by the monitoring and interim assessments.
- (v) It will prepare and deliberate on any proposals for amendment of the programme in accordance with the rules and procedures described in point 4.3.2. above.
- (vi) It will coordinate promotion and publicity activities for the programme in accordance with the provisions of Commission Decision 94/342/EC of 31 May 1994 in matters of information and publicity activities to be carried on by the Member States in relation to the programmes of the Structural Funds and of the Financial Instrument for Fisheries Guidance (FIFG).<sup>1</sup>
- (vii) It will propose the technical assistance measures to be implemented within the overall budget provided for this subject, which will be ordered by the chairman in agreement with the representative of the Commission.
- (viii) It will give its opinion on the draft annual implementation reports.
- (ix) It will inform the relevant CSF Monitoring Committee of the implementation of the programme to allow, if need be, synergies with other programmes planned or in the course of implementation to be taken into account.

#### **4.3.2. Procedures for altering a programme**

**4.3.2.1.** The following changes can be decided by the Monitoring Committee, in agreement with the representatives of the competent authorities in the Member State and of the Commission.

- (a) Any change in the total costs or in the Community contribution relating to a subprogramme<sup>2</sup> or to an annual tranche of the whole of the programme by transferring it to another subprogramme or annual tranche. This change must not exceed 30% of the total costs or of the Community contribution relating to the programme as a whole. Nonetheless, this percentage may be higher on condition that the amount of the change does not exceed ECU 30 million.

The change must be in line with available funds and the budgetary rules of the Commission. It cannot alter the total sum of the Community assistance granted to the programme. However, it may involve transfers of resources between the Community Structural Funds and the FIFG, and also a change in the programme levels.

- (b) Any other minor change made to the implementation of the activities, not affecting the indicative financing plan, with the exception of those relating to the aid systems.

<sup>1</sup> OJ L 152, 18.6.1994.

<sup>2</sup> In the absence of subprogrammes, the amounts refer to the measures. In the case of multifund operational programmes containing one subprogramme per Fund, the amounts refer to the level immediately below the subprogramme.

Each decision relating to a change referred to above will be notified immediately to the Commission and to the Member State concerned. This notification must, whenever financial amounts are altered, contain the revised financing plan for the programme.

The department of the Commission responsible will acknowledge receipt of the notification and will specify its date. The change will apply as soon as it is confirmed by the departments of the Commission and the Member State concerned. This confirmation must be supplied within a period of 20 working days from the date of receipt of notification.<sup>1</sup>

**4.3.2.2.** Other changes exceeding the thresholds referred to above in point 4.3.2.1. under (a) and which do not alter the total amount of the Community assistance granted to the programme will be decided by the Commission in agreement with the Member State concerned and after the Monitoring Committee has expressed its opinion, in accordance with the following procedure:

The Member State will notify the Commission of an application relating to a change referred to above. This application must include:

- (i) the revised financing plan. The amounts entered in the latter for past years must correspond to the actual expenditure undertaken during those years;
- (ii) when the annual tranches are not systematically closed at the end of the years concerned, as provided for in the first subparagraph of point 19 of the financial execution provisions, certification of the actual expenditure incurred in the previous years;
- (iii) the opinion of the Monitoring Committee for the programme relating to the change applied for.

The department of the Commission responsible will acknowledge receipt of this notification and will specify its date. The Commission will approve the proposed change within a maximum period of four months from the aforementioned date of receipt.

**4.3.2.3.** If there is a change in the total amount of the Community aid granted for the programme resulting from a change in the level of the CSF, the procedures laid down in point 4.2.2. will apply.

#### **4.3.3. Reports relating to the implementation of the measures (Article 25(4) of Regulation (EEC) No 4253/88)**

All the reports which the authorities appointed by the Member States must present to the Commission will be prepared in accordance with a plan defined by common agreement (report to be delivered within six months of the end of each year and also the final report for multiannual measures, a single report relating to activities of a duration of less than two years).

The Member State will inform the Commission, not later than three months after the adoption of the programme by the Commission, of the authority responsible for the preparation and presentation of the annual reports of activity. Three months after its appointment, this authority will present the Commission with a draft presentation of the activity reports.

The final reports will contain a concise view of the execution of the measure, and also the results of the interim assessments and the first elements of assessment of the economic impact on the basis of the indicators adopted.

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<sup>1</sup> Reasons must be given for any refusal to supply confirmation.



## 4.4. Specific implementing provisions

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### 4.4.1. Improvement of the public works production procedures

Taking past experience into account, the Greek authorities and the Commission have concluded that a substantial improvement in the public works production system is needed. This improvement will result in efficient implementation of the infrastructures which appear in the present CSF. It has been agreed that the new measure will be operational on 1 January 1995 at the latest. The specific action to be undertaken by the Greek authorities in agreement with the Commission will be determined with the assistance of experts where appropriate. The areas to be covered by such action concern in particular the following.

- (i) Where urgent works are concerned (invitations to tender already issued or projects nearing design completion) it has been agreed that they will be financed by the CSF on the basis of a specific agreement covering the minimum conditions for proper achievement.
- (ii) Where the improvement of the public works production system as a whole is concerned, it has been agreed that the latter must be sought in two ways:

The first is to reduce as far as possible the possibility of altering the technical studies, the technical object and the price of the contracts after the adjudication. To do this:

on the one hand, the linking between preliminary studies, full technical studies and invitations to tender must be reviewed in order to ensure that the latter are based on the real technical object and value of the works;

on the other hand, to unify the tasks which concern responsibility for studies and supervision of the works and to extend the consultant's responsibility to supervision of construction.

The second method is to clean up a number of other elements in the context of which public works are carried out. This is a matter in particular of:

upgrading of the contracting authority (staff, preparation of a specific 'guide', improvement of technical specifications and tender specifications),

resorting to preselection of entrepreneurs and fixed-price tenders whenever desirable,

updating of the series of official prices,

reforming the official registers of consultants and entrepreneurs,

examining and eliminating abnormally low tenders, and

upgrading of the role of timetables and work flow charts as project management tools.

- (iii) On the basis of past experience, the Greek authorities and the Commission consider that for the implementation of major projects (such as motorways, Rio-Antirio, the Athens ring road, Salonika underground, Spata, land register, etc.), special public agencies should be set up which are not subject to the strict rules of administrative operation which will be managed and will operate with an enterprise mentality and which will be able to procure at market prices the necessary skills for the accomplishment of their tasks.

### 4.4.2. Improving administrative/managerial capacity

In order to ensure the successful implementation of the 1994-99 CSF a special CSF Management Organization Unit (MOU) will be created under the guidance and control of the Ministry

of National Economy, but external to its civil service structure. The details of the nature and operation of this Unit have been agreed between the Commission and the Greek authorities and are contained in a memorandum, a summary of which follows.

The legal status of the Unit must be such that, although it avoids the administrative and economic constraints characterizing the Greek civil service, it maintains and enhances the supervisory and coordinating role of the Ministry of National Economy.

In order to ensure that it is flexible and operational, whilst subject to regular controls, the MOU should not be subject to the rigid procedures applicable to public finances nor to the normal rules covering the attribution of public works and studies.

The MOU should be able to attract highly qualified openly recruited staff from both the private and public sector by offering a competitive package of remuneration and quality of work-conditions. Staff members will be kept to the minimum and should serve on fixed-term contracts renewable under objective assessment procedures. The Unit's ability to achieve a climate of confidence and cooperation with political authorities and a recognition of its role by the civil service will be critical to its success.

This role of the MOU should cover four distinct categories of management needs.

- (i) The current 'financial flows' information system will be complemented with a 'physical implementation' information system, using the latest available computer technology. Implementation progress will be monitored and fed into the management information system incorporating a reliable early-warning facility. The MOU will shape a team which can analyse and report on the findings of this monitoring exercise.
- (ii) The MOU should create a know-how nucleus to resolve some well-known management weaknesses related to the implementation of the CSF.
- (iii) Based on a diagnosis of needs, the MOU should be responsible for selecting, hiring and placing at the disposal of implementing authorities tailor-made teams of experts, capable of covering specific know-how gaps for the successful implementation of CSF activities exceeding the technical and administrative capacity of implementing authorities.
- (iv) Where there is successful experience of reforms implemented within the framework of the CSF, the MOU will diffuse information on this experience amongst all relevant programme implementing bodies. It may also be associated with a wider diffusion of experience and promotion of reforms in the framework of the programme of public administration.

The MOU should be set up by 1 January 1995 at the latest in accordance with a timetable to be agreed at the first meeting of the CSF Monitoring Committee. Meanwhile existing mechanisms for assisting programme implementation and, in particular, programme and project management will continue sufficiently long in order to allow a smooth transition to the new MOU-based system.

The MOU will control and ensure high quality levels of performance on the part of expert teams installed in implementing authorities.

#### **4.5. Experts**

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In carrying out the tasks entrusted to them, the representatives of the Member State and of the Commission may, after mutual agreement, be accompanied by their respective experts. This agreement will be refused only for duly justified reasons.

## 4.6. Information and publicity

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The provisions of Commission Decision 94/342/EC of 31 May 1994 regarding information and publicity activities to be carried on by the Member States relating to the programmes of the Structural Funds and the FIGF will apply.

## 4.7. Provisions governing financial implementation

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1. The Commission and the Member States have agreed to apply as follows Articles 19 to 24 of Council Regulation (EEC) No 4253/88, of 19 December 1988,<sup>1</sup> amended by Regulation (EEC) No 2082/93<sup>2</sup> in cooperation with the authorities responsible for implementing the programmes.

2. The Member State will undertake to guarantee that, for activities co-financed by the Structural Funds and the FIGF, all the bodies appointed by the authority approved for certifying that the expenditure was actually incurred, and which are involved in the management and implementation of these operations, will use either a separate accounts system, or an adequate accounting coding so that summary, detailed and synoptic statements can be obtained of all the transactions concerned with Community programmes (in accordance with point 21), which will facilitate verification of the expenditure by Community and national control authorities.

3. The accounts system based on verifiable supporting documents should be able to provide:

- (i) detailed statements of expenditure giving, for each final beneficiary, information on the monitoring of each co-financed activity, stating, in national currency, the amount of expenditure paid and specifying for each supporting document the dates of receipt and of payment;
- (ii) synoptic statements of expenditure relating to all the co-financed activities.

### **The concepts of 'legal and financial undertaking at national level', 'actual expenditure incurred' and 'final beneficiaries'**

4. 'Legally binding provisions' and 'commitment of necessary financial resources' are decisions taken by the final beneficiaries carrying out the eligible operations and allocating the corresponding public funds. These definitions must take account of the specific features of the institutional, organizational and administrative procedures of each Member State and of the nature of the operations.

5. 'Actual expenditure incurred' must correspond to payments made by the final beneficiaries, supported by receipted invoices or accounts documents of equivalent probative value, in accordance with the conditions laid down in points 13, 14 and 20.

Article 17(2) of Regulation (EEC) No 4253/88, as amended, stipulates that the Community contribution is fixed either in relation to eligible total costs, or in relation to eligible total public or similar expenditure. The programme financing plans will state the options chosen.

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<sup>1</sup> OJ L 374, 31.12.1988, p. 1.

<sup>2</sup> OJ L 193, 31.7.1993, p. 20.

6. The 'final beneficiaries' are:

- (i) the public or private bodies or undertakings responsible for ordering the works (contracting authorities);
- (ii) for aid systems and for grants of aid made by bodies appointed by the Member States, the bodies which grant the aid.

The bodies in question will collect the financial information (record of receipted invoices, or accounts documents of equivalent probative value).

7. Article 21(3.2) of Regulation (EEC) No 4253/88, as amended, provides that payments must be made to the final beneficiaries without any deduction or amount withheld which may reduce the amount of financial aid to which they have a right. Paragraph 5 of the same Article stipulates that the Member States must pay the final beneficiaries the amounts of the advances and payments within the shortest possible time and not, as a general rule, exceeding three months after receipt of the appropriations by the Member State, on condition that the applications from the beneficiaries fulfil the necessary conditions for payment to be made.

### **Mechanisms of Community commitments and payments**

8. The initial and later budgetary commitments will be based on the financing plan and will generally be made in annual tranches, except for activities lasting less than two years or when the Community contribution does not exceed ECU 40 million.

9. Commitment of the first annual tranche will occur when the decision approving the programme is adopted by the Commission.

10. Later commitments will be made in accordance with the level of expenditure indicating the progress made in implementing the programme. In principle, they will take place when the Member State certifies to the Commission that the actual expenditure incurred by the final beneficiaries represents:

- (i) at least 40% of the total estimate of eligible costs or expenditure (appearing in the financing plan) corresponding to the commitment of the previous tranche and that the actual implementation of the form of intervention is progressing according to plan;
- (ii) at least 80% of the total of the eligible costs or expenditure referring to the penultimate commitment;
- (iii) 100% of the total sum of the eligible costs or expenditure referring to the tranche(s) preceding the penultimate commitment which must in the meantime have been closed.

11. Following an amendment to the financing plan, commitments supplementary to an annual tranche already committed may be effected; additional advances in relation to these supplementary commitments may be paid only at the request of the Member State.

12. In accordance with available funds, the commitments relating to an annual tranche of the Community contribution for a programme will be effected when the conditions indicated in points 9 and 10 are fulfilled, irrespective of the date on which these conditions are met. Consequently, an annual tranche relating to a past or future year can be committed during a budgetary year.

13. For each commitment, a first advance amounting to a maximum of 50% of its total may be permitted. With the exception of the first commitment, the advance will be paid when the Member State certifies that 60 and 100% of the eligible total cost relating to the last and penultimate tranches respectively, as indicated in the current financing plan, have been spent by the final beneficiaries. At this stage, proof of actual expenditure incurred may be based on

appropriate data emerging from the system for monitoring the programme. The Member State must also certify that the activity is progressing according to plan.

14. A second advance, calculated so that the total of the two advances does not exceed 80% of the commitment, may be paid when the Member State has certified that expenditure corresponding to at least half of the first advance has been incurred by the final beneficiaries (i.e. an amount of at least 25% of the total commitment in cases where the first advance amounted to 50% of the commitment) and that the material execution of the programme is progressing according to plan. At this stage, proof of actual expenditure incurred must be supplied under the same conditions as those referred to in point 13.

However, in exceptional cases for which due proof is supplied and to cope with special problems, the Commission may, at the request of the Member State, agree that the certified expenditure refers to payments to the final beneficiaries (in particular for activities carried out by independent bodies).

15. In the case of a single commitment as provided for in Article 20(3) of Regulation (EEC) No 4253/88, as amended, the first advance may amount to a maximum of 50% in cases where the estimates of implementation indicate that 50% or more of the eligible estimated expenditure has to be made in the first two years of implementation. If not, the first advance will amount to 30% at most. The second advance will be calculated in accordance with Article 21(3) of the said Regulation.

16. If, when there is a change in the financing plan for a programme, Community commitments and/or payments already effected exceed the amounts entered in the amended financing plan, the Commission will, when authorizing the first financial operation (commitment or payment) after this amendment, make an adjustment which takes account of the excess committed or excess paid.<sup>1</sup> In cases where the amendment gives a right to payments in addition to those already made for previous tranches, the Member State must present an application for additional payment (see point 11). The Commission will make the financial settlement on the basis of annual tranches taken into the current financing plan as amended by the Monitoring Committee or the Commission.

17. In the event of a change in the financing plan involving a very high concentration of planned expenditure on one tranche, the first advance to be paid for the tranche concerned will not, as a general rule, exceed 30% of the total amount of this tranche.

18. In the event of a change in the financing plan exceeding the limits of the powers delegated to the Monitoring Committees, the amounts entered in the revised financing plan for past years must correspond to the actual expenditure incurred in the said years, as presented or to be presented in the certificates and annual implementation reports.

19. Closure of an annual tranche (presentation of expenditure for payment of the balance) may take place:

- (i) either systematically on 31 December of the year in question, which implies that the financing plan is re-examined and adjusted when the actual expenditure incurred in the year in question does not coincide with the planned expenditure (option adopted by the ESF);
- (ii) or when the actual expenditure incurred reaches the amount indicated in the financial plan for the tranche in question, irrespective of the date; that implies that, in general, the

<sup>1</sup> In the case of withdrawals made necessary by the total or partial failure to carry out activities to which the appropriations have been allocated, withdrawals occurring in the course of later financial years in relation to the financial year in the course of which the commitments were made, the provisions of Article 7(6) of the Financial Regulation of 21 December 1977 which applies to the general budget of the European Communities, most recently amended by Regulation (Euratom, ECSC, EEC) No 610/90 (OJ L 70, 16.3.1990) shall apply.

budgetary year and the period in the course of which the expenditure which it was planned to make during the financial year in question was actually settled may not coincide (option adopted by the ERDF and EAGGF).

20. Payment of the balance of each commitment will be subject to fulfilment of the following conditions:

- (i) presentation to the Commission, by the Member State or by the appointed authority, of a request for payment in the six months following the end of the year concerned or material completion of the activity. This request must be made on the basis of the actual expenditure incurred by the final beneficiaries;
- (ii) presentation to the Commission of the reports referred to in Article 25(4) of Regulation (EEC) No 4253/88, as amended; these annual implementation reports must contain sufficient information to enable the Commission to assess the state of completion of the co-financed activities. Except for cases where there are good reasons for it, these reports must take up the information on the actual expenditure incurred compatible with the last certification received before the forwarding of the annual report;
- (iii) forwarding by the Member State to the Commission of a certificate confirming the information supplied in the request for payment and in the reports.

### **Declaration of expenditure and request for payment admissible by the Commission**

21. The date from which expenditure is eligible will be noted in the decision to grant aid.

Declarations of expenditure presented in support of any request for payment must include a statement of expenditure broken down by year and by subprogramme and/or category of measures or activities, showing the cumulative amount of this expenditure, thus demonstrating the links between the indicative financing plan and the expenditure actually made. Certificates of expenditure must have been prepared on the basis of the detailed statements of expenditure as defined in point 3.

22. All the payments made by the Commission as grant of aid will be paid to the authority or the national, regional or local body appointed by the Member State, generally within two months of receipt of the admissible request. The Commission will inform the authority or body concerned, within the same period, in cases where the request is not admissible.

23. The Member State will ensure that all requests for payment and declarations of expenditure are presented, as far as possible, in accordance with a programme spread out throughout the year.

### **Use of the ecu and conversion rate, indexation procedure**

24. In accordance with Article 22 of Regulation (EEC) No 4253/88 and the provisions of Commission Regulation (EEC) No 1866/90 of 2 July 1990, on procedures relating to the use of the ECU in the budgetary implementation of the Structural Funds,<sup>1</sup> amended by Regulation (EEC) No 402/94,<sup>2</sup> all commitments and payments will be made in ecu.

25. In accordance with Article 5(3) of Regulation (EEC) No 1866/90, declarations of actual expenditure incurred in national currency will be converted into ecu at the rate for the month in which they are received by the Commission.

<sup>1</sup> OJ L 170, 3.7.1990, p. 36.

<sup>2</sup> OJ L 54, 25.2.1994.

26. In accordance with Articles 2 and 4 of Regulation (EEC) No 1866/90, the financing plans of the Community support frameworks (CSF) and of the programmes (including grants of aid from Community initiatives) will be prepared in ecu and will not give rise to indexation, save for the provisions stipulated below.

27. Additional resources due to indexation of the Structural Funds and of the FIG will be added annually to the global Community aid from the CSF, DOCUP and proposals for Community initiatives (CI); they will be based on an annual distribution of the Community contribution expressed in ECU and defined in the Commission decisions approving the CSF and DOCUP and those proposing CI to the Member States. The said annual distribution, expressed in the prices of the year of each of these decisions, should be calculated in a manner compatible with the steady progress of the appropriations for commitments adopted in Annex II to Regulation (EEC) No 2052/88 as amended. For indexation, this compatibility must be ensured throughout the period of implementation of the CSF, DOCUP and CI.

Moreover, the said Commission decisions will also provide by way of information the initial estimated distribution between the Funds and the FIG contained in the financing plans, it being understood that this distribution between Funds and FIG in the financing plans may be altered later if there is any reprogramming.

28. Indexation will be based on a single rate per year, which will correspond to the rates applied annually to the budget appropriations in accordance with the mechanisms of technical adjustment of financial prospects.

29. The additional financial resources generated by indexation of each Community support framework (CSF) or proposal to the Member States of a Community initiative (CI) will be obtained as follows:

At the beginning of each year at the latest, the departments of the Commission will apply the indexation rate for the year in question to the annual payments referring to this same year and to the following years from the last indexed version of the annual distribution of the Community aid to each CSF or proposal to the Member States of CI as established in the Commission decision approving the CSF or proposing the CI.

The difference between the total amount thus obtained and the total amount resulting from the previous financial year of indexation will constitute the additional financial resources generated by indexation in this financial year.

This procedure is equivalent to a pro rata distribution from the total appropriation of the CSF and proposals for CI, of the additional amounts which result from indexation of the appropriations adopted in Annex II of Regulation (EEC) No 2052/88.

30. The additional financial resources generated by indexation of each CSF, DOCUP and proposed CI will be allocated as follows.

- (i) The Monitoring Committee for the CSF, or CI, will propose the allocation<sup>1</sup> of the additional financial resources generated by indexation of the CSF or CI proposal by an increase in the Community aid for certain forms of existing programmes and/or financing of new activities.

This allocation of resources will always draw a distinction between the amounts to be allocated on the one hand for the CSF properly speaking ('national initiatives' part) and on the other hand for Community initiatives.

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<sup>1</sup> The allocation need not necessarily occur each year. For example, for CSFs of a relatively small amount, the additional resources engendered by indexation may be cumulated and allocated all at once in the last year of the CSF.

- (ii) On the basis of this proposal, the Commission will decide formally on the grants of additional or new aid in accordance with the procedures in force.

### **Financial control and irregularities**

31. Checks may be carried out in accordance with the provisions of Article 23(2) of Regulation (EEC) No 4253/88, both by the Member State and by the Commission, in order to ensure that the funds are spent in accordance with the objectives established and with the Regulations, and in accordance with the principles of good financial management. The checks should enable the Commission to ensure that all the expenditure imputed to the programmes has actually been incurred and conforms and is eligible and proper. The Member State and the Commission will immediately exchange any relevant information concerning the results of these checks in accordance with the provisions of Commission Regulation (EC) No 1681/94 of 12 July 1994<sup>1</sup> concerning irregularities and the recovery of sums improperly paid within the framework of the financing of structural policies and the organization of an information system in this sphere.

The Member State will make available to the Commission all the national control reports prepared on the subject of each programme.

32. In accordance with Article 23(3) of Regulation (EEC) No 4253/88, the authorities responsible for implementation will make available to the Commission, in the course of the three years following the last payment relating to a programme, all the supporting documents concerning the expenditure and the checks relating to the activity.

### **Prevention and detection of irregularities Reduction, suspension and abolition of the aid Recovery of incorrect payments**

33. Regulation (EC) No 1681/94 contains the detailed provisions of Article 23(1.2) of Regulation (EEC) No 4253/88, as amended.

34. The Member State and the beneficiaries will ensure that Community financing is used for the purposes stipulated. If the carrying out of an activity or of a measure seems not to justify either a part or the totality of the financial aid which has been allocated to it, the Commission may reduce or suspend the aid and the Member State will then recover the amounts due, in accordance with the provisions of Commission Regulation (EEC) No 1865/90<sup>2</sup> of 2 July 1990, concerning the post-maturity interest to be paid in the event of delayed repayment of aid from the Structural Funds. The authority which is bound to repay to the Commission the amounts which are the subject of recovery of incorrect payment will be the one appointed by the Member State as noted in point 22 above. In the event of a dispute, the Commission will carry out an appropriate investigation of the case within the framework of the partnership, in particular by asking the Member State or the other authorities appointed by the latter for the implementation of the activity to present their observations within a period of two months. The provisions stipulated in Commission Regulation (EC) No 1681/94 will apply.

35. In the event of a substantial delay in the implementation of a programme, the Commission may, in conjunction with the Member State, consider a reallocation of the resources from the funds by reducing the overall budget for this programme. This will not mean a reduction in the overall CSF budget.

<sup>1</sup> OJ L 178, 12.7.1994.

<sup>2</sup> OJ L 170, 3.7.1990, p. 35.



## Procedure for closure of the programme

36. Decisions to grant aid will fix the implementation periods for a programme. These periods will concern, on the one hand, the introduction of legally binding provisions and the commitment of the necessary financial resources by the Member State and, on the other hand, closure of the payments to the final beneficiaries. At the request of the Member State, duly made before the expiry of these periods and accompanied by information justifying such a change, the departments of the Commission may extend these periods, for not more than one year. If the extensions requested exceed one year, a formal decision by the Commission will be necessary.

37. Any expenditure incurred after the cut-off date relating to the payments, which may have been extended, cannot be taken into consideration for the granting of aid from the Structural Funds.

## 4.8. Compliance with Community policies

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Under the terms of Article 7 of Regulation (EEC) No 2052/88 as amended, activities which are financed from the Structural Funds or the FIFG must comply with the provisions of the Treaties and the Community legislation adopted under the terms thereof, and the provisions of Community policies. This conformity will be verified on examination of the request for financing and also during the implementation of the activities. The following principles must be obeyed in this respect.

### 1. The rules of competition

- 1.1. Community co-financing of State aid systems to enterprises requires the approval of this aid by the Commission, in accordance with Articles 92 and 93 of the Treaty.

The Member States will notify the Commission, under Article 93 (3), of any measure instituting, amending or extending State aid to enterprises.

However, aid which meets the '*de minimis*' conditions defined by the Commission in the Community framework of aid to SMEs<sup>1</sup> will not be subject to the obligation of notification and will not therefore require preliminary approval. It must then comply with the application procedures indicated by the Commission in its letter to the Member States of 23 March 1993.

- 1.2. In addition, specific notification obligations will apply to aid granted in certain industrial sectors, in accordance with the following Community provisions:

steel (NACE 221)	ECSC Treaty, Decision 91/3855/ECSC in particular
steel (NACE 222)	Commission Decision 88/C 320/03
shipbuilding (NACE 361.1-2)	Council Directive 93/115/EEC
synthetic fibre (NACE 260)	Commission Decision 92/C 346/02
motor vehicles (NACE 351)	Commission Decision 89/C 123/03 extended by Commission Decision 93/C 36/17

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<sup>1</sup> OJ C 213, 19.8.1992.

## **2. Awarding contracts**

- 2.1. Activities or measures co-financed by the Structural Funds and the FIFG will be implemented in accordance with Community policies and Directives in matters of the awarding of contracts.
- 2.2. In accordance with Article 25(6) of Regulation (EEC) No 4253/88, opinions which are forwarded for publication in the *Official Journal of the European Communities* in the application of these Directives will state the references to the projects for which Community aid has been applied for or decided on.
- 2.3. Applications for aid relating to the major projects referred to in Article 16(2) of Regulation (EEC) No 4253/88 must include the exhaustive list of the contracts already awarded and also the reports relating to them when they are stipulated by the public contracts Directives. An update of this information will be forwarded to the Commission at the time of the request for payment of the balance for contracts awarded in the meantime.

For the other projects included more particularly in the operational programmes and which are part of works<sup>1</sup> of which the global value is greater than the thresholds fixed by the said Article 16(2) of Regulation (EEC) No 4253/88, the report on each contract awarded, when stipulated in the public contracts Directives, will be made available to the Monitoring Committee and sent to the Commission at its request.

## **3. Protection of the environment**

- 3.1. Activities and measures co-financed by the Structural Funds and the FIFG must take account of the principles and objectives of lasting development, specified in the Community policy and action programme in matters of lasting environment as adopted in the Council Resolution of 1 February 1993;<sup>2</sup> they must also comply with Community legislation on environmental matters. Priority must be given to the achievement of the objectives contained in this legislation and in as much as it is linked to the envisaged regional development.
- 3.2. For programmes and other equivalent interventions (global subsidy or aid system) liable to have a significant effect on the environment, the Member States will supply the Commission, at the time of the application for aid and in accordance with Article 14 of Regulation (EEC) No 4253/88 with the appropriate information which will enable it to assess the effects on the environment.

Applications for aid relating to the major projects referred to in Article 16(2) of Regulation (EEC) No 4253/88 will be accompanied by a questionnaire relating to the assessment of the environmental impact of the project concerned under the terms of Directive 85/337<sup>3</sup> (EEC). This same questionnaire should accompany the information sent to the Commission concerning the major projects subject to ERDF aid within the framework of an operational programme, as stipulated in Article 5 of Regulation (EEC) No 4254/88.

## **4. Equal opportunities for men and women**

Activities and measures co-financed by the Structural Funds and the FIFG must be compatible with Community policy and legislation on equal opportunities for men and

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<sup>1</sup> By 'work' is meant the result of a series of construction or civil engineering works itself intended to fulfil an economic or technical function in their own right.

<sup>2</sup> OJ L 170, 3.7.1990, p. 36.

<sup>3</sup> OJ L 175, 5.7.1988.

women, and where appropriate contribute to them. It is advisable in particular that account be taken of applications for investment and training activities facilitating the return to the labour-market of people with children.

The equal opportunities policy will be the subject of a special investigation within the context of the assessment exercise in order to implement corrective measures aimed at strengthening activities intended to promote the socioeconomic integration of women.

## **5. Other Community policies**

Activities and measures co-financed by the Structural Funds and the FIFG must be in line with other Community policies laid down by the Treaties, in particular the introduction of an area without internal frontiers, the common agricultural policy in all its parts, including the exclusions referred to in points 1b and 2 of the Annex to Commission Decision 94/174/EC,<sup>1</sup> the common fisheries policy in all its parts, social policy, industrial policy, policies for energy, transport, telecommunications and information techniques, trans-European networks and research and development.

## **6. General provisions**

When Community programmes are being implemented, the Member States will take all the general or special measures required to ensure that the obligations arising from the Treaty or resulting from Community acts are fulfilled.

For its part, the Commission will ensure that the Community legislation issued under the terms of the Treaties is complied with. The Member States will facilitate the Commission's accomplishment of this task. For this purpose, they will submit to it, at its request, any useful item of information.

If the Commission considers that, for a given activity or measure, Community law has not been complied with, it will, in accordance with Article 24 of Regulation (EEC) No 4253/88, carry out an appropriate investigation of the case within the framework of the partnership, by asking, more particularly, the Member State or the authorities appointed by the latter for the implementation of the programme to present their observations within a definite period.

If this investigation confirms the existence of an irregularity, the Commission may initiate an infringement procedure in accordance with Article 169 of the Treaty. Once this procedure has been started (dispatch of a letter of service of notice), the Commission will suspend the Community aid allocated to the disputed project.

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<sup>1</sup> OJ L 79, 23.3.1994.



# Commission Decision

of 13 July 1994

on the establishment of the Community support framework for Community structural assistance for the Greek regions concerned by Objective 1, which is the whole country.

(only the Greek text is authentic)

(94/627/EC)

## **THE COMMISSION OF THE EUROPEAN COMMUNITIES,**

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 2052/88 of 24 June 1988 on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments,<sup>1</sup> as amended by Regulation (EEC) No 2081/93,<sup>2</sup> and in particular Article 8(5) thereof,

After consultation of the Advisory Committee on the Development and Conversion of Regions, the Committee under Article 124 of the Treaty, the Management Committee on Agricultural Structures and the Standing Committee on Fisheries Structures;

Whereas, in accordance with Article 8(5) of Regulation (EEC) No 2052/88, the Commission, on the basis of the regional development plans submitted by the Member States, shall establish, through partnership and in agreement with the Member State concerned, the Community support frameworks for Community structural operations for the regions concerned by Objective 1;

Whereas Article 8 et seq. under Title III of Council Regulation (EEC) No 4253/88 of 19 December 1988 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards coordination of the activities of the different Structural Funds between themselves and with the operations of the European Investment Bank and the other existing financial instruments,<sup>3</sup> as amended by Regulation (EEC) No 2082/93,<sup>4</sup> stipulates the conditions for the preparation and implementation of Community support frameworks; whereas Article 8(3) sets out the content of Community support frameworks;

Whereas the Greek Government submitted to the Commission on 10 September 1993 the regional development plan referred to in Article 8(4) of Regulation (EEC) No 2052/88 (for the whole country); whereas this plan was amended by the Greek Government on 17 December 1993 and completed on 14 March 1994; whereas this plan also contains the elements referred to in Article 8(7) and in Article 10;

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<sup>1</sup> OJ L 185, 15.7.1988, p. 9.

<sup>2</sup> OJ L 193, 31.7.1993, p. 5.

<sup>3</sup> OJ L 374, 31.12.1988, p. 1.

<sup>4</sup> OJ L 193, 31.7.1993, p. 20.

Whereas the plan submitted by the Member State includes a description of the regional development priorities selected and of the corresponding operations together with an indication of the levels of assistance under the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Guidance and Guarantee Fund (EAGGF), Guidance Section, the Financial Instrument of Fisheries Guidance (FIFG), (the Cohesion financial instrument), and through the European Investment Bank (EIB) and the other financial instruments, envisaged for implementation of the plan;

Whereas the Community support framework has been established in agreement with the Member State concerned through the partnership defined in Article 4 of Regulation (EEC) No 2052/88;

Whereas, in accordance with Article 3 of Regulation (EEC) No 4253/88, the Commission is charged with ensuring, within the framework of the partnership, coordination and consistency between assistance from the Funds and assistance provided by the EIB and the other financial instruments, including the ECSC, (the Cohesion financial instrument) and the other actions for structural purposes;

Whereas the EIB has been involved in the drawing up of the Community support framework in accordance with the provisions of Article 8(1) of Regulation (EEC) No 4253/88; whereas it has declared itself prepared to contribute to the implementation of the framework on the basis of the forecast loan packages shown in this decision and in conformity with its statutory provisions;

Whereas Article 2 second subparagraph of Commission Regulation (EEC) No 1866/90 of 2 July 1990 on arrangements for using the ecu for the purpose of the budgetary management of the Structural Funds,<sup>1</sup> as amended by Regulation (EC) No 402/94,<sup>2</sup> stipulates that in the Commission decisions approving the CSFs, the Community assistance available for the entire period and the annual breakdown thereof shall be set out in ecus at current prices for the year in which each decision is taken and shall be subject to indexation; whereas this annual breakdown must be compatible with the progressive increase in the commitment appropriations shown in Annex II to Regulation (EEC) No 2052/88; whereas indexation is based on a single rate per year, corresponding to the rates applied annually to budget appropriations on the basis of the mechanism for the technical adjustment of the financial perspectives;

Whereas, in accordance with Article 10(2) of Regulation (EEC) No 4253/88, this Decision shall be sent as a declaration of intent to the Member State;

Whereas, in accordance with Article 20(1) and (2) of Regulation (EEC) No 4253/88, the budgetary commitments relating to the contribution from the Structural Funds to the financing of the operations covered by the Community support framework will be made on the basis of specific Commission decisions approving the operations concerned.

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<sup>1</sup> OJ L 170, 3.7.1990, p. 36.

<sup>2</sup> OJ L 54, 25.2.1994, p. 9.

## HAS ADOPTED THIS DECISION:

### *Article 1*

The Community support framework for Community structural assistance in the Greek regions covered by Objective 1, covering the period 1 January 1994 to 31 December 1999, is hereby approved.

The Commission declares that it intends to contribute to the implementation of this Community support framework in accordance with the detailed provisions thereof and in compliance with the rules and guidelines for the Structural Funds and other existing financial instruments.

### *Article 2*

1. The Community support framework includes the following essential information:

- (a) a statement of the main priorities for joint action, their specific quantified objectives, an appraisal of their expected impact and their consistency with economic, social and regional policies in Greece;

the main priorities are:

- (i) Reduction of the degree of peripherality and promotion of internal integration by the development of large infrastructures;
  - (ii) improvement of living conditions;
  - (iii) development and competitiveness of the economy;
  - (iv) development of human resources and promotion of employment;
  - (v) reduction of regional disparities and opening-up of island areas;
- (b) an outline of the operations to be implemented, particularly their specific objectives and the main types of measures involved;
  - (c) the indicative financing plan;
  - (d) the procedures for monitoring and evaluation;
  - (e) the procedures for verifying additionality and an initial evaluation of the latter;
  - (f) the arrangements for associating the environmental authorities with the implementation of the CSF;
  - (g) information on the means available for technical assistance necessary for the preparation, implementation or adaptation of the measures concerned.

2. The indicative financing plan, not giving rise to indexation, specifies the total cost of the priorities adopted for joint action by the Community and the Member State concerned, that is ECU 29 721.3 million for the whole period, and the financial arrangements envisaged for budgetary assistance from the Structural Funds and the FIGF, that is ECU 13 980 million.

The resulting national financial contribution, approximately ECU 7 069.9 million for the public sector and ECU 8 671.4 million for the private sector, may be met, in part, by Community loans from the European Investment Bank and other types of loans. In indicative terms, EIB loans could reach ECU 2 368 million.

(In indicative terms also, the amount of assistance from the Cohesion financial instrument in addition to the assistance from the Structural Funds and the FIGF, is situated between ECU 2 312 and 2 891 million for the period 1994 to 1999.)

### Article 3

1. For the purpose of indexation, the annual breakdown of the global maximal allocation foreseen for the assistance from the Structural Funds and the FIGF is as follows:

millions of ECU (1994 prices)

1994	1 918.1
1995	2 075.1
1996	2 224.2
1997	2 379.0
1998	2 586.3
1999	2 797.3
Total	13 980.0

2. For guidance, the initial forecast breakdown of the total Community assistance available between the Structural Funds and the FIGF is as follows:

	(%)
ERDF	67.9
ESF	18.3
EAGGF Guidance Section	12.9
FIGF	0.9
Total	100.0

This breakdown may be altered subsequently in the light of reprogramming decided according to the procedure laid down in Article 25(5) of Regulation (EEC) No 4253/88.

### Article 4

This decision is addressed to Greece as a declaration of intent in accordance with Article 10(2) of Regulation (EEC) No 4253/88.

Done at Brussels, 13 July 1994

*For the Commission*

Bruce Millan

*Member of the Commission*







European Commission

**GREECE — Community Support Framework 1994-99**

**Objective 1: Structural development and adjustment of regions whose development is lagging behind**

*Document*

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