

# National Report Regional Sustainable Development

## Greece



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# Introduction

This National Report on regional sustainable development in Greece has been written as part of the REGIONET project. REGIONET (Strategies for Regional Sustainable Development: An Integrated Approach beyond Best Practice) is a research project funded under the EU's 5<sup>th</sup> framework programme for research. The main objective of the project was to provide an integrated and interdisciplinary approach to support the implementation of sustainable development in regions across Europe.

The project team of REGIONET consisted of sixteen partners coming from fourteen different European countries (current and new Member States). Early on in the project's running time, the idea came up to use this opportunity and develop a comprehensive study about regional sustainable development in Europe. The high number of project partners (plus associated partners) allowed us to have seventeen storylines and a comprehensive picture of regional sustainable development policy-making across Europe.

In order to ensure comparability, the project team developed a concept for analysis. This concept was used by each national team as a template to carry out the review about regional sustainable development in their country. Out of the project's general objectives, the following main sections are covered within each National Report:

- *National background on regional development:* this includes not only the history of regional development in the country but also the political and administrative system and hierarchies as these are of major importance in giving a framework for policy-making. This section also includes a reflection about national initiatives for sustainable development.
- *Regional sustainable development:* in here, the National Reports reflect upon national and regional initiatives for regional sustainable development. An important aspect, too, is the role of Structural Funds in fostering sustainable development at the regional level and what the experiences of the regions are with Structural Funds programmes and Community Initiatives.
- *Multi-Level governance:* this section elaborates on the involvement of the different political/administrative levels in policy-making – from the EU, to the national and regional level – as well as the multi-level interaction between the different stakeholders. Additionally, it is analysed how cross-sector policy integration in regional sustainable development is carried out by the different levels.
- *Evaluation methods and tools for regional sustainable development:* the current evaluation methods, tools and indicators are described in this section. It also reflects upon the different types of measurements for regional sustainable development, and if a harmonization of the various methods and tools already takes place in Europe.
- *Analysis of regional sustainable development:* summarizes the practical experiences with regional sustainable development across Europe. This section also evaluates the general trade-offs, top-down and bottom-up relations as well as the future of European regional policy for the period after 2006 when new Structural Funds regulations will be implemented.

Therefore, this National Report of in Greece gives a comprehensive overview of regional sustainable development. Together with the other reports, it makes up what is the first comparative study of regional sustainable development in Europe. In 2004, a book publication which will include all National Reports, together with an introduction and conclusion chapter, is planned. Please find further information and ordering details about this forthcoming book on the REGIONET project homepage: [www.iccr-international.org/regionet](http://www.iccr-international.org/regionet).

# TABLE OF CONTENTS

Introduction.....	3
1. National background on regional development.....	7
a) Political And Administrative System And Hierarchies .....	7
b) History of regional development .....	10
c) National initiatives on sustainable development.....	11
2. Regional Sustainable Development .....	16
a) National initiatives linked to regional sustainable development .....	16
b) Regional initiatives linked to regional sustainable development .....	16
c) Structural Funds and Sustainable Development .....	18
3. Multi-level Governance.....	27
a) Regional issues and cases which involve EU, national and sub-national coordination .....	27
b) Multi level interaction among the different stakeholders .....	28
c) Cross-sector policy integration.....	29
4. Evaluation methods and tools for Regional Sustainable Development .....	30
a) Existing evaluation methods and tools .....	30
b) Types of measurement .....	31
c) Harmonization .....	32
5. Evaluation of Regional Sustainable Development .....	33
a) Experiences with regional sustainable development.....	33
b) Practical implications of regional sustainable development.....	34
c)General trade-offs .....	34
d) Top-down and bottom-up relations .....	34
e) Post 2006 .....	34

# 1. Tables

*Table 1 :*  
Administrative division of the national  
territory of Greece 1997

p.8

*Table 2:*  
Greek administrative divisions and the  
European NUTS levels

p.9

*Table 3:*  
Breakdown of Structural Funds for the  
period 2000-2006 for Greece

p. 18

## 2. List of abbreviations

CSF	Community Structural Fund
EAGGF	European Agricultural Guidance and Guarantee Fund
EEC	European Economic Community
EMAS	Eco-Management and Audit Scheme
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
EUR	Euro
FIFG	Financial Instrument for Fisheries Guidance
GDP	Gross Domestic Product
NGOs	Non-Governmental Organisations
ROP	Regional Operational Programme
SD	Sustainable Development
SMEs	Small and Medium Size Enterprises
TROP	Thessalia Regional Operational Programme
UN	United Nations

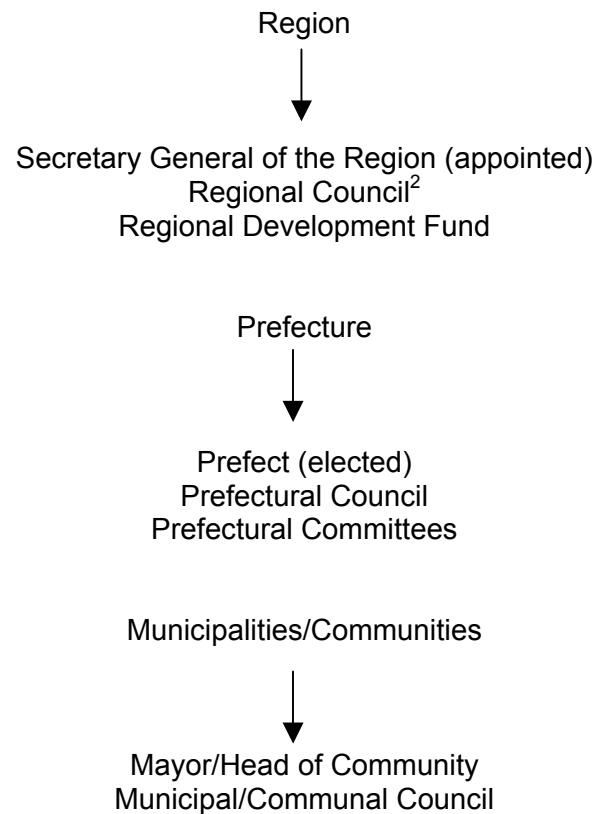
# 1. National background on regional development

## a) Political And Administrative System And Hierarchies

The current organization and function of the Greek state is defined in the context of its Constitution. The form of government is “Parliamentary Republic”. The institutions of the State are:

- I. The Parliament: elected by direct and private voting every 4 years. It has legislative and administrative powers.
- II. The President of the Republic: elected by the Parliament every 5 years. It is largely a ceremonial position that has however some important powers in time of crisis.
- III. The Government, which consists of the Council of Ministers (the Prime Minister and the Ministers) and is actually responsible for decision-making at national level.

Greece is divided into 13 regions, 51 prefectures, 900 municipalities and 133 communities.



### ***The administrative structure of Greece***

The management of local affairs is within the jurisdiction of local government. The national government has a supervising role without hindering local initiatives and free action.

The first degree of local government consists of the Municipalities and the Communities which act locally. There was a large number of small municipalities and communities in the past<sup>1</sup> until 1997 when they were merged by law in order to achieve a minimum functional size.

The second degree consists of the Prefectures. Their authorities are elected by direct vote through the citizens since 1994. Development planning and construction of infrastructure at a large scale are dealt with at this level.

No hierarchical relation exists between the two levels of government previously mentioned.

The Regions constitute the third level, which is not actually a degree of local government but a regional decentralization of the national public sector with the participation of elected representatives as well. The regions have been in existence since 1986.

<sup>2</sup> The Regional Council consists of the Secretary General of the Region, the Prefects and the Presidents of Prefectural Councils, one representative from the Local Union of Municipalities and Communities, one representative from the Chamber of Productive Classes, one representative from the Technical Chamber, one representative from the Agricultural Chamber, one representative from the Pan-Hellenic Federation of Public Servants, one representative from the Greek General Confederation of Labour and one representative from the Pan-Hellenic Confederation of Associations of Agricultural Corporations.

<sup>1</sup> There were then 276 municipalities and 5.761 communities, a very large number compared to the total population of the country.

**Organisation and function of the Greek State**

The Greek State, as it was established after its liberation from the Ottoman Empire, has experienced political unrest and economic recession (Balkan Wars, World War I, destruction of Asia Minor 1922, World War II, Civil War 1946-1949, Dictatorship 1967-1974).

The period after 1974 is characterized by the strengthening of the democratic institutions and the accession of Greece in the European Communities (1981). In this period the democratic system of government and its ability to cope with crises are stabilized.

However, in terms of economic development, there was still instability and administrative weakness which eroded the country's efforts for accession in real terms.

The government policy interferes with the market process, not always with beneficial outcomes. Consequently, in the 1990s Greece accumulated a large number of financial problems. The Maastricht Treaty finds Greece unprepared to a great extent. However, by a radical shift of national policy towards liberalization of the economy as well as with the aid of the structural funds allocated by the EU, Greece manages to access the European Monetary Union in 2001.

A lot has yet to be accomplished. Greece must secure its economic stability in a European environment, plan its development strategy with respect to the concepts of sustainability and balanced development within its territory and find an active role for the nation in a world that faces the challenge of globalization.

	REGIONS	AREA km <sup>2</sup>	PREFECTURES	MUNICIPALITIES	COMMUNITIES
1	Epirus	9.203	4	58	18
2	Ionian Islands <sup>3</sup>	2.309	4	41	6
3	Western Greece	11.350	3	71	2
4	Peloponnese	15.490	5	79	6
5	Thessaly	13.929	4	93	11
6	Central Greece	15.549	5	90	6
7	Attica <sup>4</sup>	3.808	2	107	7
8	East Macedonia & Thrace	14.145	5	47	8
9	Central Macedonia <sup>5</sup>	18.811	7	106	8
10	Western Macedonia	9.451	4	44	17
11	Northern Aegean <sup>6</sup>	3.385	3	35	1
12	Southern Aegean <sup>7</sup>	5.286	2	51	4
13	Crete	8.385	4	67	2

**Table 1 : Administrative division of the national territory of Greece 1997**

<sup>3</sup> Ionian Islands: 32 islands, permanently inhabited 15

<sup>4</sup> It consists of the wide metropolitan area of Athens, the remaining mainland of Attica, 3 islands and the Province of Trizina. This region concentrates the 35% of the national population.

<sup>5</sup> It concentrates 16,7% of the national population.

<sup>6</sup> 9 islands.

<sup>7</sup> 80 islands- 47 inhabited.

NUTS 1 <sup>8</sup>	NUTS II	NUTS III
Northern Greece	East Macedonia & Thrace Central Macedonia Western Macedonia 4. Thessaly	All 51 prefectures of the country
<b>2. Central Greece</b>	5. Epirus 6. Ionian Islands 7. Western Greece 8. Central Greece 9. Peloponnese	
3. Attica	10. Attica	
4. Islands	11. Northern Aegean 12. Southern Aegean 13. Crete	

**Table 2: Greek administrative divisions and the European NUTS levels**

<sup>8</sup> This administrative division does not exist officially.

## b) History of regional development

The term “region” is used in a double meaning: it identifies the geographical area and the administrative unit. The General Secretary represents the government and is responsible for the application of governmental policy. The Regional Council is consultative providing opinions and suggestions regarding the process of development.

The foundation of regional policy in Greece began in the end of 1950s in combination with the first efforts of planning the economic development of the country. Thus, in the context of the “Five-year Programme of Economic Development of Greece 1960-1964” the regional problem, as well as the need for regional policy were set “to provide an effective solution to the problem of the existing inequalities among the different regions of the country”. Several policy measures were adopted in this period mostly for the reinforcement of regional industrial development. From then on, the importance of regional policy in national planning is becoming increasingly evident. In the period that followed, 1964-1974, financial incentives were provided, distinguishing the regions according to their development state, special programmes were implemented for underdeveloped regions, industrial areas were created as well as Services of Regional Development established. During the next five years, 1974-1979, the regional policy focused on border areas and several measures were taken in this direction.

In 1980 the effort to coordinate the Greek regional policy with the relevant policy of the EEC began with the elaboration of the first special “Programme of Regional Development 1981-1985”, the collection of the first funds from the European Fund of Regional Development and the first loans from the European Investment Bank.

The “Five-year Programme 1983-1987” was set up, consecutively. It introduced the principles of democratic planning and pointed out the problems and the development competencies of all Greek prefectures. Another programme followed, the “Five-year Programme 1988-1992” but it was not put into practice due to changes of government during this period.

The final period of regional planning in Greece began with the implementation of the “Mediterranean Integrated Programmes” (1985-1990) and of the two European Structural Funds that came in sequence (1989-1993 and 1994-1999). The latter mark the definite accession of the Greek regional policy into the processes of the regional policy of the EU. The third Structural Fund (2000-2006) is currently in progress. All Structural Funds will be elaborated in a following section of this project.

The institutional changes in the different administrative levels, which were mentioned in the previous section and took place especially during the 1980s and the 1990s in Greece, have also contributed a great deal to the formation and implementation of regional policy.

The future leads to the strengthening of the local/regional institutions. However, at present the redistribution of power has caused confusion concerning responsibilities and rights. A status of unsuccessful administration, incompetence of the stakeholders, lack of knowledge and interweaving interests commonly exists in Greece. The location of the country in the border of the EU, its small scale structure with considerably smaller regions than the European average are also factors that must be taken into account. All the above indicate the dangers and problems that regional development has to face in order to succeed.

### c) National initiatives on sustainable development

In Greece the importance of sustainable development, spatial planning and environmental policy was realized with great retardation in contrast to other European countries. The concept of united consideration of spatial and environmental planning has encountered a great number of difficulties through time, despite the notable legislative work in these fields.

At this point, it is useful to refer to the historical background which concerns environmental policy-making in Greece.

The 1960s can be characterized as a period of significant structural changes and of industrial capitalism. The effects of the unbalanced development on different cities and regions of the country are gradually sensed. The two prominent phenomena of the period are the import of foreign investment funds and the export of inexpensive work force to other countries. A considerable number of demographic reclassifications take place, as 35 out of 52 prefectures show population shrinkage. During the same decade the concept of space management rises, firstly, as a need to control the rate of economic development with its demographic consequences and, secondly, as a way to face the problems of the abandonment of rural land which leads to overcrowded cities. The need to provide appropriate infrastructure for the improvement of the investments in terms of productivity and to control the negative effects at local and national level was also obvious.

During the 1970s the concept of space management rises as a demand to face the accumulated problems in large urban centres with emphasis on pollution<sup>9</sup>, traffic problems and lack of infrastructure. At the same time, the need for creating the appropriate conditions and mechanisms to facilitate the decentralisation of productive and other supporting kinds of activities towards the regions is seen. The terms “quality of the environment” and “decentralisation” are commonly used in governmental programmes of that time as well as in oppositionist criticism and in the formation of demands by the social partners.

After 1974, the new constitutional additions for the jurisdiction of the state on the subjects of space, environment, land use and urban development policy are considered largely important. The Ministry of Physical Planning, Human Settlements and Environment is established during this period (1980) as well as the National Service of Urban Planning and Housing (1976) and the Public Service of Real Estate. The reforming attempts, however, encountered numerous difficulties in their implementation due to the exerted pressure by social, professional and local stakeholders and to the multi-split measures of application.

During the 1980s important steps were taken in the direction of the protection of the environment mostly under the urge of the EC and because of public demand to some extent. An important law (No1650) was voted for in 1986 aimed to act as a complete legal framework against environmental damage.

In its context, the protection of the environment is regarded as an integral part of the cultural and development process and policy. It sets the goals of pollution avoidance, protection of land, water, atmosphere, nature and landscape. It defines the accepted emission of waste by taking into consideration the scientific knowledge, the best available technology, the local conditions of the environment and the population as well as the need for development.

<sup>9</sup> The serious problem of atmospheric pollution (nefos) in Athens started to be widely felt and the need for relevant action was seen.

It also introduces the “Approval of Environmental Terms” and the compulsory submission to the responsible authority of a “Study of Environmental Impact” for each work or activity. Following the law 1650/86, a Common Minister Decision was issued in 1987 in order to facilitate the application of the 1650/86. This Decision determines the contents of a Study of Environmental Impact and also includes a thorough classification of the different works and activities, which affect the environment. The institution of submitting a Study of Environmental Impact exists until today and is considered a positive step towards the effective protection of the environment as long as it is performed and checked properly. Despite the fact that the legal framework mentioned above is considered complete, a great number of its elements have remained inactive through time, as it happened with the “National Committee for the Environment” that it introduced.

A general overview of the applied policy in Greece until the early 1990s which greatly affected the environment, especially as it concerns urban development policy, shows that it focused on processes of land segmentation which led to uncontrollable building with complete absence of planning and disastrous effects on the environment of larger cities in particular. Smaller places were also affected, especially those of touristic interest. The built environment suffered irreversible damage (destruction of traditional human settlements, traffic problems, inability to provide appropriate infrastructure, pollution, lack of open spaces and parks).

An attempt to put an end to these destructive activities was made with a law for the ‘Sustainable Urban Development of cities and human settlements of the country’ (No 2508/97). The main objective of this law, which is still in existence, is the determination of the keynote principles and conditions, of the procedures and forms of urban planning for the sustainable development of cities, their suburban areas and other human settlements. It set building criteria and mentioned the protection and restoration of the environment. It also introduced, for the first time, the concept of cohesion regarding urban areas.

In general, environmental policy-making in Greece, has been largely carried out by regulatory and fragmentary measures in order to cope with specific problems that

occurred occasionally and in an attempt to comply with EU regulations. No strategic policy planning towards the environment and sustainable development was in use until recently. The need for more policy integration led to the formation of a law concerning the “Spatial Planning and Sustainable Development” of the country (No 2742) which was passed by the Greek Parliament in 1999. This law constitutes an important step and a great opportunity for the formation of a new situation of strategic planning, since it provides a wide range of planning instruments which promote sustainable development, fortify productive and social cohesion, secure the protection of the environment for the whole national territory and reinforce the position of the country in the European and international environment.

The goals of the above law include: (1) The protection and rehabilitation of the environment, the preservation of the ecological and cultural reserves and the promotion of the comparative advantages of the country in terms of geographical, natural, productive and cultural characteristics (2) The reinforcement of the constant and balanced economic and social development and its competitive presence in the European, Mediterranean and Balkan environment (3) The support of economic and social cohesion in the whole national territory and especially in regions which are behind in the development process and face problems of intense social differentiation and environmental damage as well as in remote areas or other areas that display disadvantageous qualities due to their geographical position.

For the achievement of the above goals within the context of the law, the following principles will be taken into account during the setting up of the relevant planning frameworks:

- a. Ensuring same standards of living and opportunities for productive employment of the citizens in all the regions of the country with concern for the balanced distribution of population throughout the country and its demographic evolution.
- b. The improvement of the quality of citizen’s life and infrastructure within the national territory and especially in areas facing environmental problems and limited development.
- c. The preservation, reinforcement and promotion of the urban development and productive variety as well as of the

- natural diversity in urban and especially in coastal, insular and mountainous areas. Areas, which show considerable industrial or tourist development are also included.
- d. Ensuring a balanced relation among the urban, suburban and rural space and reinforcing a corporate relationship among metropolitan areas, urban centres, municipalities and communities.
  - e. The social, economic, environmental and cultural revitalization of metropolitan centres and cities and especially of those which show problems of social cohesion, productive or demographic dereliction, low quality of life and environment.
  - f. The integrated development, promotion and protection of the islands, the mountainous areas and borderland of the country and especially the reinforcement of their demographic balance, the preservation and encouragement of their traditional productive sectors, the improvement of their access to basic technical and social infrastructure as well as the protection of their natural resources and their cultural elements.
  - g. The constant protection, rehabilitation, conservation and promotion of areas, human settlements and landscapes, which possess remarkable elements of natural, cultural and architectural heritage.
  - h. The conservation, rehabilitation and integrated management of forests and rural areas.
  - i. The rationalistic development and integrated management of water resources.
  - j. The coordination of public programmes and activities which affect spatial impact.
  - k. The constant information, the effective dialogue and the promotion of strategic alliances among all political, productive and social stakeholders who affect, directly or not, the formation of alternative spatial development.

The implementation of the new law is currently in progress. A step in this direction was the establishment of a National Council on Spatial Planning and of the “National Centre for the Environment and Sustainable Development” (2000). A National Strategic Planning Framework, setting national priorities in terms of spatial organization of the urban system as well as major

infrastructure development, is currently under discussion. The new Law also provides for the adoption of Special Spatial Planning Frameworks for certain types of areas such as coastal zones and islands, mountain areas, rural areas, etc. with a view to coordinate decision making and planning at regional and local levels.

Recently (July 2002), Greece adopted a **National Strategy for Sustainable Development**. The precautionary approach, the “polluter pays” as well as the “equality and shared responsibility” principles form the basis of the National Strategy. Its objectives as well as its foreseen actions and measures derive from an in – depth analysis of the Greek particularity in the context of European SD Strategy’s priorities. The confrontation of climate change coincides with the implementation of the Kyoto Protocol. The main actions relate to the restructuring of the energy production sector, the rational use of energy and energy saving. The National Strategy poses great emphasis to air pollution abatement and more specifically to the implementation of the “National Emissions Ceilings Directive 2001/81/EC” through the rational use of energy in the construction sector as well as sector – specific measures for transport and industry. Solid waste management and more specifically safe waste disposal and the promotion of recycling are expected to be achieved by decreasing solid wastes ending in landfills, utilization of domestic waste, effective industrial and dangerous waste management as well as decrease in waste production. Although the status of water resources in Greece is considered as satisfactory, National Strategy for Water Resource Management concerns sustainable water use, protection of aquatic ecosystems and the attainment of high quality surface and ground water. Primary actions include the promotion of integrated water resources management, upgrading of infrastructure, protection from dangerous substance as well as the integration of the socio – economic dimension in water resources management. The confrontation and prevention of desertification is a high priority in the context of the National Strategy.

The protection and restoration of forests from fires, protection of water resources from irrational use and pollution, protection of agricultural lands and pastures from intensive exploitation and support of related research and education are foreseen. The National Strategy provides for the implementation of the UN Convention for biological diversity mainly through the reversion of biodiversity loss and the effective protection and restoration of natural habitats. Last but not least, the protection and sustainable use of forest resources will be achieved through the completion of forest legislation, the elaboration a new national strategy for forests, the resolution of property rights and the development of a national land use cadastre.

In Greece, where informal social support networks show signs of decline, social cohesion and solidarity form a basic development priority. The National Strategy has addressed effectively the social pillar of sustainable development and promotes social development by defining specific objectives and arranging actions and measures into a integrated program. In this respect, raising constraints of the labor market, supporting equal opportunities between the two genders, facilitating vulnerable social groups' access to goods and social amenities as well as supporting the institution of family, all consist primary objectives in the context of the National Strategy. Proposed actions have been organized in respect to specific social groups and include: income support, provision of special benefits through pension schemes, provision of favorable terms for the purchase of primary residence (for poor and elderly), subsidies for training, unemployment benefits, provision of health services (for unemployed), operation of kindergartens and special centers for elderly (for women), constant provision of support services, mainstreaming, social integration of emigrants and refugees, implementation of education and training schemes (for vulnerable groups). Furthermore, integrated interventions are provisioned for mountainous and remote areas, the support of employment, urban development, etc.

The need for coordinating actions and measures, necessitate a synthetic approach which promotes the integration of the environmental dimension into comprehensive sectoral policies. The elaboration of integrated sectoral policies aiming at the coupling of the three pillars of sustainable development and ensuring the maximization of the expected social benefit consist a vital element of the National Strategy. The basic objectives of the proposed spatial development policy consist the radical restructuring of government and administration both at the national and metropolitan level, the move towards a multi – nucleus residential structure as well as the promotion of the role of metropolitan areas at the national and international level.

The control of urban sprawl, the promotion of the “compact city” as well as of new spatial models for productive activities consist, also, significant priorities. In the energy sector, the National Strategy aims at the decrease of the energy intensity of the Greek economy as well as at the diversification of the energy mix towards “green” energy sources through rational energy use, energy saving, promotion of co – production, penetration of the natural gas and increased contribution of renewable energy sources. The improvement of the eco – efficiency of the transport sector will be achieved through the development and extension of mass transport infrastructure, upgrading of the road network, promotion of alternative fuel, optimization of transport flows, support of the mass transport means reliability. Sustainable rural policy consists a significant element of the National Strategy through the support of rational agricultural practices, rational water resource management, promotion of integrated development of rural space, integration of external costs in rural production as well as the support of biological agriculture. Sustainable industrial development can be promoted through organizational changes in Greek enterprises, energy saving, substitution of conventional fuel, restructuring of production and as well as the promotion of innovation in product development.

The rational integration of tourism activities in the natural environment through the prevention and effective management of consequent pressures on the environment consist an objective of the National Strategy and is expected to be achieved through the effective management of mass tourism, the diversification of the tourism product and the development of tourism infrastructure. In order to raise employment constraints especially for vulnerable population groups, the National Strategy has to confront the limited availability and attractiveness of labor, the imbalance of economic incentives with counter – measures as well the continuous need for education and training.

In order to achieve the objectives of the National Strategy as well as to effectively implement sectoral policies, horizontal actions have to be promoted across all economic sectors.

The promotion of economic tools (grants, subsidies, emission trading permits), the implementation of legislative and administrative measures (integration of EU legislation, ratification of international conventions, environmental education, promotion of consensus mechanisms) do play a dominant role as well as the collection, management and dissemination of information.

## **2. Regional Sustainable Development**

### **a) National initiatives linked to regional sustainable development**

Regional disparities, mostly in economic terms, were realised quite early in Greece and the only national initiatives linked to regional development were those of financing productive activities and providing incentives to several enterprises in order to locate to underdeveloped regions (Development laws 1892/90, 2234/94, 2601/98). The implementation of these laws have produced remarkable results to some extent and are currently focused on borderland. These initiatives are indirectly linked to regional sustainable development as they aimed at balanced economic development of the different regions of Greece and an equal distribution of the population throughout the country. No direct programme related to sustainable regional development is available at national level. An attempt that was made, following

the general environmental law 1650/86, with the “Special Physical Planning Studies” for every region was not considered successful. These studies tried to analyze the existing situation and the special characteristics of each region in order to set the basis for development with respect to the local environment. However, they were never enacted as there was total absence of a national strategic plan for regional development.

The new law for “Spatial Planning and Sustainable Development” mentioned in the previous section, provides the scope for future action as most of its guiding principles are in line with regional sustainable development. Its effective implementation, however, remains to be seen.

### **b) Regional initiatives linked to regional sustainable development**

A great deal of action has been undertaken at regional level concerning regional sustainable development, mainly in the context of the regional section of the Structural Funds coming from the EU. The programmes which were put in action are divided into 11 thematic categories: 1) local government, 2) provision of services to SMEs, 3) development infrastructure, 4) rural development, 5) environment, 6) human resources, 7) tourism, 8) industry, 9) urban development, 10) productive investments, 11) technical support.

The goal of these programmes was, and still is, the implementation of action at regional level, which will improve the infrastructure and will enhance the economic development of the country. Several actions have been undertaken in the past and continue to be programmed in order to develop the comparative advantages of each region. The development strategy was defined separately for each region according to the individual goals, which were set. The main objectives for sustainable development were based on the proposed planning.

In a recent attempt to evaluate the Regional Programmes and to present the regional differences concerning the structural classification of expenses (Andrikopoulou-

Kafkalas, 2000) the Greek regions are divided into three groups according to the position they occupy compared with the group average for the total of the regional section of the Structural Fund (based on the participation rate of each category of action in the Regional Programme of each region). While the effort for development increases, this rise does not concern all thematic categories (the most important rise concerns development infrastructure, industry and tourism) and all regions equally, as it is noticed that regional disparities have increased at the internal level of the country<sup>10</sup>.

A group of 4 regions (Attica, Southern Aegean, Crete and Central Macedonia) has approximated and even outreached 75% for Objective 1. The region of Central Greece constitutes an example of negative evolution according to results. The central regions of Attica, Central Greece, Thessaly and Central Macedonia constitute the developed axis of the country. The process of forming a northern axis of the country, from Evros to

<sup>10</sup> A considerable decrease of inter-regional disparities and convergence of the 13 regions of the country was noticed whereas intra-regional differences emerged which involve the way the spatial systems of each region are organised.

Thesprotia, which will bring Greece in the position to play a leading role in the Balkans encounters considerable obstacles. The same happens with the western axis of the country, which connects the country with the EU through Italy.

During the period of 1994-1999 there was serious disorientation of the development process, which affected the regions differently. Thus, the following observations were made:

- “Epirus and Western Macedonia show a shift of their priorities from Urban Development and Productive Investments to the thematic units of Local Government, Provision of Services, Tourism and Development Infrastructure.
- The region of Thessaly focuses its interest on Tourism and Urban Development and draws away from the Provision of Services and the Environment.
- Western Greece shows stability in its development priorities.” (Andrikopoulou-Kafkalas, 2000)

Further analysis of the data, coming from the implementation of the Regional Programmes during the period 1994-1999, leads to the following conclusions, concerning the nature of the development process in the different regions of the country:

- No region has shown satisfactory correspondence between the predicted costs and the evaluated needs concerning the whole range of priorities.
- The evaluated needs concerning technical infrastructure were fully covered by the available financing of the Regional Programmes in all regions (with the exception of Epirus and the Ionian islands where they were just covered at a satisfying degree).
- The predicted expenditure on environmental infrastructure does not meet the level required for the evaluated needs in all regions (with the exception of Epirus and Thessaly where it is just considered satisfying).
- In most regions (10 out of 13) the needs for productive infrastructure were covered successfully with the exception of Thessaly, Attica and Southern Aegean.
- In 6 out of 13 regions the requirements for social infrastructure were not covered successfully.

It is becoming clear that considerable reclassifications are required in order to match the evaluated needs and costs successfully. The development objectives did not actually achieve the multidimensional and overdiscussed goal of sustainable development. Several actions were undertaken, infrastructure was constructed, however, not on the basis of a strategic national plan which would produce the expected positive results. The regional studies and initiatives occurred independently and there was total lack of coordination and evaluation of the different regional policies at national level so as to provide the framework for economic and social development and secure the balanced, competitive and sustainable development of all the regions of the country. The new law for “Spatial Planning and Sustainable Development” (2742/99), which complies with the strategic goals of European policy and the Agenda 2000, is now coming to bridge the gap, by coordinating actions and setting the appropriate framework for future development.

Greece has some very bad examples to show as it concerns the implementation of the regional section of the Structural Funds. Proper study of the real needs of the regions was not always performed in order to take advantage of the funds and careful selection of the actions that were put forward was not made in some cases. For example, a 3.5km road tunnel, whose cost exceeded the amount of 60 million euro, was constructed in the area of Metsovo<sup>11</sup>. The construction of the tunnel was completed in 1994 but it has not been used so far, as there are no road links through which the cars can reach its ends! The study of the ground which was carried out afterwards has shown that there are tremendous difficulties in the construction of the access roads and no further action has been undertaken so far.

The disparities, economic and social, among the Greek regions have decreased in recent years. However, problems still exist within each region with great emphasis on mountainous areas, islands and borderland. In this context, initiatives for the elimination of isolation, the reinforcement of the population and the permeation of innovation in underprivileged areas are of immediate priority currently in Greece. This means that certain areas, like Epirus and the islands of

<sup>11</sup> It belongs to the region of Epirus.

Northern Aegean will be treated with greater concern from now on.

### c) Structural Funds and Sustainable Development

Objective 1	21.000
<b>Total for Objectives</b>	<b>21.000</b>
INTERREG	603,3
LEADER +	182,9
EQUAL	104,1
URBAN II	25,5
<b>Total for Common Initiatives</b>	<b>915,8</b>
Cohesion Fund	3,320
<b>Total</b>	<b>25.235,8</b>

**Table 3: Break down of structural funds for the period 2000-2006 for Greece (in million EUR).**

#### **National context:**

At the European Council held in Berlin on 24 and 25 March 1999, it was determined that the Community would maintain its overall level of commitment to economic and social cohesion within Europe. Under this agreement, the 2000-2006 Community structural assistance budget allocated to Greece amounts to a total of EUR 25,236 billion, compared with EUR 19,271 billion in 1994-1999. Thus, the amount available for the current period is 1.1% more each year than in the previous period. The total budget for Greece available to projects under the four Community Structural Funds, namely the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Guidance and Guarantee Fund – Guidance Section (EAGGF Guidance Section) and the Financial Instrument for Fisheries Guidance (FIFG) is broken down as shown in Table 3.

The current Structural Fund regulations call for a clearer structure of responsibilities between the different institutions involved. The Council Regulation (EC No 1260/99) introduces the division in managing authorities, paying authorities and monitoring committees. It is the responsibility of the Member States to ensure the involvement of the appropriate partners (regional and local governments, economic and social

partners and other relevant bodies) in each programming stage.

In Greece the competencies between the State and the regional governments concerning the implementation of regional development programmes under EU Structural Funds regulations are set out in a law (No 2860/2000) and a number of relevant Ministerial Decisions.

The *managing authorities* are responsible for supervising the implementation and the effective management of each programme receiving structural funding. In Greece there is a managing authority for the Structural Fund, which belongs to the Ministry for the National Economy and is responsible for ensuring the coordination of the programmes at the Structural Fund level. There are also managing authorities (Special Managing Services) designated for each operational programme, sectoral and regional, which belong to different ministries or regional government according to whom each programme concerns. The managing authority for the Structural Fund takes the necessary measures and proceeds to the required actions towards the managing authorities for the operational programmes in order to achieve the goals and to ensure the implementation of Structural Fund policies.

The *paying authorities* are designated by the Member States in order to draw up and submit payment applications and receive payments from the Commission.

One paying authority exists in Greece which belongs to the Ministry for the National Economy and is responsible for the effectiveness and the transparency of financial flows concerning all operational programmes at Structural Fund level as well as all Community Structural Funds. The new structural Fund regulations indicate clearly that the responsibility for financial control lies primarily with the Member States.

The *monitoring committees* are designated within the Member States to supervise each Community support framework or single programming document and each operational programme. In Greece there is a monitoring committee for the Structural Fund, which belongs to the Ministry for the National Economy and monitoring committees for each operational programme chaired by either the Secretary General of the Ministry or the Secretary General of the region according to whom has undertaken the operational programme. The members include representatives from national funding authorities, the social partners and representatives of NGOs (especially regarding environmental and gender issues). A representative from the European Commission holds an advisory capacity. The main task of the monitoring committees is to confirm or adjust the programme complement, to review progress periodically and to examine the results of implementation.

In order to wield control effectively Greece commands a system of control organised in three levels:

- The first level of control is internal and is wielded by the managing authorities of the operational programmes.
- The control at the second level involves external managing control. It includes analysis and valuation of the first level of control. It is carried out by the paying authority of the Structural Fund which has the ability to use existing national administrative authorities in this purpose.
- The third level of control concerns the total coordination of the control systems as well as specific reviews-targets. It is carried out by a special service of the Ministry for the National Economy and of the General Accounts Office on the managing authorities, the paying authority and

the final beneficiaries in order to ensure the upright and effective fiscal management. The service also carries out spot checks on works/actions.

Greece undertakes twenty-four operational programmes during the period 2000-06, eleven of which concern national policies (national context) and the other thirteen comprise integrated regional development programmes (regional context), one for each region in Greece. The regional programmes will be analyzed below. As it concerns the 11 sectoral programmes, they aim at the improvement of infrastructure, transport, energy and communication nets, the reinforcement of the competitiveness of economic activity, the decrease of intra-regional and inter-regional disparities, the differentiation of the economy of rural areas and finally the protection and sustainable management of the environment, natural resources and cultural heritage. The sixth sectoral programme, with a total budget of EUR 449,2 million, concerns the environment. Its priorities are the 'water environment', 'solid waste', 'protection of landscape and marine environment', 'atmospheric environment – noise', 'environmental sensitization' which includes the development of a national information net on the environment, the support and the implementation of voluntary environmental management systems like EMAS and ECO-LABEL, 'urban planning interventions' 'integrated management of protected ecosystems' and other environmental actions in the direction of protection and environmental sustainability.

*The three priority objectives:*

Overall, the European Union's regional policy is based on financial solidarity since the Community budget addresses the less prosperous regions and social groups.

For the 2000-06 funding period, the relevant transfers will amount for one third of the EU budget, that is, EUR 213 billion. From this total budget, EUR 195 billion will be spent by the Structural Funds and EUR 18 billion by the Cohesion Fund. From the Structural Funds budget, about 94% are distributed to measures within the three priority objectives:

- Objective 1 is designed to promote the development and structural adjustment of less developed regions;
- Objective 2 supports the economic and social conversion of areas facing structural difficulties; and
- Objective 3 supports the adaptation and enterstion of policies and systems of education, training and employment.

Environmental sustainability and equal opportunities are horizontal themes in the new Structural Funds regulations. This means that they should not be restricted to particular parts of the development plans but they should be systematically integrated into every phase of a regional development plan.

Regarding the regional development programmes within the Structural Fund regime Greece conducts thirteen Objective 1 programmes. The regions covered by Objective 1 are regions which correspond to the NUTS II level and whose per capita GDP is less than 75% of the Community average. In Greece all thirteen regions receive Structural Fund assistance under the Objective 1 programme.

The main points of regional planning are the following:

- Interventions, which reinforce international competitiveness of regional economies, promote their comparative advantage and their extraversion, strengthen the development role of urban centres and develop the provinces.
- Interventions to diffuse the spirit of innovation in the regions, including the less favourite areas, targeting at the creation of cooperation nets among the entrepreneurial world, education and the public sector.
- Priority is given to underdeveloped urban areas of urban centres.

- Interventions for curbing isolation, the maintenance of productive axon of mountainous, insular and border areas. Besides the classic interventions for the development of the countryside, the drafting and implementation of concrete action in specific zones of each region are foreseen. An integrated approach for the sustainable development of the above areas, put in good use the “Leader experience” focusing on local initiatives.
- Interventions for the protection and the promotion of cultural and environmental sources of each region.

Generally, the broad theme of sustainable development is introduced in regional development initiatives. In addition, the horizontal themes within the current Structural Funds regulations, ‘environmental sustainability’ and ‘equal opportunities’ are also included in the programmes. However, by examining carefully the regional programmes, one can conclude that sustainable development is still an ‘add-on’ issue in the Objective 1 programmes in Greece and the ‘horizontal themes’ do not really cut across the different measures and priorities but are rather taken into account in several single initiatives.

With regard to the broad topic of sustainable development, the most important initiatives, which can be found in most regional programmes, for environmental protection are: quality of life (waste management and waste water treatment), restoration of the environment in downgraded urban areas, protection of natural resources and protection of environmental heritage. The most prominent initiatives in the programmes for social/ cultural issues are: quality of life (including initiatives for town/cities and the countryside), equal opportunities, better education, better medical services, preservation of cultural heritage, regional networks, initiatives to strengthen regional culture and identity. However, there are some differences among the individual regional programmes as to what extent they include the themes of ‘sustainable development’, ‘environmental sustainability’ and ‘equal opportunities’ into their initiatives. The thirteen regional development programmes can be divided into three categories:

(1) Regions, which include sustainable development more holistically into their regional development plans, like the regions of Thessaly, Central Macedonia and Eastern Macedonia & Thrace. In the presentation of the identity of its operational programme *Thessaly* mentions that 'it aims to create a new sustainable sectoral mixture by integrating the modern high technology and organisation sections and developing the specialization of its areas and the capacities of its human force.' The second Priority of the regional programme of Thessaly is the 'sustainable development of the countryside' which includes interventions of sectoral character to improve the competitiveness of the structure and infrastructure of the Thessaly countryside as well as spatial interventions aiming at the sustainable development of mountainous, isolated and insular areas. It also includes actions for the protection and sustainable management of the environment. Priority 3 refers to the 'quality of life' and includes the management of wastewater and solid waste. *Central Macedonia's* Priority 2 for the 'protection and promotion of the environment in Central Macedonia' is focused on the improvement of the quality of life, the restoration of the environment, the sustainable development of the urban centres and rural areas and the protection of the mount Athos peninsula. Priority 3 on 'decrease of the inter-regional disparities' includes initiatives to ensure equal opportunities for development for the whole population of the region, to improve social infrastructure and to promote the cultural heritage. Priority 4, thereafter, on 'rural development' focuses on the sustainable development of the countryside and to the conservation of its natural resources. The next priority, Priority 5, for the 'reduction of unemployment and the provision of equal opportunities for knowledge and aptitudes' aims to safeguard social cohesion by the establishment of social supporting services, the

development of human resources and the conduct of local employment initiatives. Finally, priority 6 of Central Macedonia's development programme refers to the 'development of mountainous land, internal zones and disadvantageous/problematic areas.' It focuses on curbing the isolation of mountainous areas, reinforcing the development of less developed rural areas, developing local advantages of these areas and creating sustainable conditions for the local population with the use of integrated actions. *Eastern Macedonia & Thrace's* general development goal for the period 2000-06 is 'the formation of a powerful region, with modern infrastructure, competitive economy and social cohesion'. Priority 1 of this region's development programme is the 'sustainable development of the countryside' by the promotion of actions on the agricultural sector, which will result in flexibility and competitiveness, and the creation of supporting mechanisms in the direction of sustainability. The same priority focuses on the promotion of the cultural, ecological and economic significance of the mountainous areas of the region in the context of a sustainable development intervention with the allocation of funding to infrastructure development and endogenous development actions. All the above should be carried out on the basis of a long-term strategy for the economic reinvigoration of mountainous and disadvantageous regions and for the retention of the local population. Priority 4 refers to 'urban development' and concerns the improvement of the urban environment as it includes actions, which upgrade the quality of life in cities and contribute to the preservation of cultural heritage. The regional development programmes of Central Macedonia, Eastern Macedonia & Thrace and Thessaly receive the second (EUR 894,75 million), third (EUR 733,35 million) and fourth (EUR 563,38 million) largest funding, respectively, from the Structural Funds of all the Greek Objective 1 programmes. Even though these three regions view

sustainable development more holistically, they still fail to include this concept for the whole regional development plan. Sustainable development is an add-on with economic development being the most important goal of the regional development agenda.

- (2) Regions which include sustainable development in their regional development programmes, but do not include holistic issues of the concept, like Central Greece, Crete, Peloponnese, Western Greece, Epirus, the Ionian Islands and Western Macedonia. The Greek region of *Central Greece* conducts the fifth highest funded regional development programme. The whole programme amounts to EUR 873,11 million of which EUR 531,61 million are provided by the EU Structural Funds. Priority 1 of the programme is the 'decrease of intense phenomena of duality with emphasis on mountainous-rural areas' aiming mainly at the elimination of isolation of mountainous areas, the reinforcement of the competitiveness of rural areas and the balance of spatial disparities, the improvement of access mainly to urban centres, the activation of the endogenous potential, the retention of population and the protection of the environment and natural resources. Priority 2 for 'the protection of the environment, the development of cultural-historic advantages and tourism' includes the facing of urban pollution, the improvement of quality of life with environmental actions, the management of natural and cultural resources and their connection with tourism and the protection and promotion of natural ecosystems and of areas of special natural beauty. Priority 2 of the region of *Crete* (seventh highest budget with a total of EUR 730,3 million) about the 'protection of the environment and the decrease of inter-regional inequalities' mentions the protection of the environment, the improvement of the quality of life in the areas under action, the reinforcement of cohesion through the improvement of access and the sensitization of the public on

issues of protection and management of the environment. Priority 5 of the same programme about the 'development of mountainous, disadvantaged and other rural areas' mentions the sustainable and endogenous development of such areas. The region of *Peloponnese* (eighth highest total budget, EUR 698,69 million) mentions sustainable development in Priority 2 for the 'sustainable development of the countryside', which aims at the protection of the environment, the sustainable management of natural resources and the effective management of waste. It also introduces a series of actions on all economic and social sections in the direction of the sustainable development of the disadvantaged inland. The regions of *Western Greece*, *Epirus* and *the Ionian Islands* (lowest total budget, EUR 326,24 million) also include the concept of sustainability in one of their priorities only as it concerns the 'sustainable development of the countryside'. Finally, the region of *Western Macedonia* (third lowest total budget, EUR 580,5 million) emphasizes the integrated interventions of urban development in local zones in Priority 3 of its regional development programme and mentions sustainable development in Priority 6 for the 'Sustainable development of mountainous areas and of areas situated by lakes'. Overall, all eight regions belonging to this category introduce actions for sustainable development in specific priorities, particularly concerning their countryside, however, the concept of sustainability is not horizontally integrated in their regional development plans. They focus mainly on economic development, elimination of isolation, population retention and tourism.

- (3) The third category consists of regions, which refer to sustainable development in their regional programmes but do this superficially and indirectly. The regions of *Attica*, *Northern Aegean* and *Southern Aegean* belong to this category. The region of *Attica* employs the highest

total budget of all regions which amounts to EUR 1,46 billion. Priority 2 of its development programme refers to the 'restoration of the quality of life and the environment', whereas Priority 2 concerns the 'decrease of unemployment and the facing of social racism'. Finally, Priority 4 is about the 'decrease of inter-regional inequalities with emphasis on western areas, internal zones and the insular parts of the region. It is obvious that Attica's priorities differ greatly from the other regions as it owns the metropolitan area of the capital, Athens. Its main concern is to restore the quality of life and the environment of the capital, which suffers from important problems of pollution and overcrowding, as well as to provide an active role for the capital at international level (Priority 1). The region of *Northern Aegean* conducts the second lowest total budget development programme (EUR 547,9 million). Priority 2 of its plan is 'urban development' and relates to waste management and integrated interventions for urban development. The region of *Southern Aegean* employs the tenth highest funded development programme (EUR 609,51 million). Priority 2 of its programme is about the 'protection of the environment and sustainable management of natural resources'. The main goals of the last two regions mentioned above are the curbing of isolation, which is due to their insular nature, the economic boost of the regions with emphasis on tourism and finally the facing of population shrinkage.

### ***The Cohesion Fund***

Greece also receives funding from the European Cohesion Fund, which was set up by the Treaty of Maastricht to help those members whose per capita GDP is less than 90% of the Community average (namely Greece, Ireland, Portugal and Spain) to adjust to the challenges of economic and monetary union by part-financing projects in the fields of the environment and trans-European transport infrastructure.

In 2000-2006 Greece should receive EUR 3,320 billion, as compared with EUR 2,836 billion in 1994-99. For Greece two areas benefit the most from such funding: environmental protection and energy, both at a national level.

### ***Community Initiatives***

Besides the three priority Objectives, the Structural Funds also provide finance in the new period through four Community Initiatives:

- **Interreg III:** promoting cross-border, transnational and interregional cooperation, with a view to stimulating balanced development and spatial planning within Europe
- **Urban:** financing economic and social regeneration of cities with serious structural problems, to promote sustainable urban development
- **Leader:** supporting rural development
- **Equal:** funding for transnational cooperation to promote new practices that guarantee full equality of opportunity in access to the labour market.

Interreg III is made up of three strands: Strand A for cross-border cooperation, Strand B for transnational cooperation and Strand C for interregional cooperation. The general principles of Interreg III are economic and social cohesion, balanced and sustainable development and territorial integration with candidate and other neighbouring countries.

The Community Initiative Interreg III, for the funding period 2000-2006 for Greece, contributes with thirteen operational programmes to the reinforcement of the economic and social cohesion by promoting the cross-border, transnational and interregional cooperation and sustainable development. The funds allocated to Greece under this Initiative amount to EUR 603,3 million.

Strand A:

The operational programmes of Strand A finance each action including infrastructure of large scale. Thus, this Strand concentrates the largest amount of the available funds and aims to develop cross-border social and economic centers through common development strategies. Areas eligible under Interreg III are all NUTS III areas situated along the internal and external borders of the European Union. The programmes in operation in Greece concerning external borders are with Bulgaria, F.Y.R.O.M., Albania, Cyprus and Turkey. As it concerns internal borders one programme is in operation with Italy.

Strand B:

These programmes finance various actions including small-scale investments. Greece has in operation the MEDOC programme with eligible area the whole of the country.

Strand C:

This stand finances soft actions for interregional cooperation. Two programmes are in operation in Greece, one with eligible area the Eastern zone of the country and one with the Southern zone.

All programmes under Interreg III aim to boost economic development in the border region. In this direction the most significant actions are technology transfer and introduction of innovation, infrastructure networks, actions for the effective management of human resources. Sustainable development also lies prominently in the Interreg III programmes. They aim at cross-border coordination of environmental protection measures and sustainable management of natural resources.

Urban II is the Community Initiative for sustainable development in declining urban areas throughout the European Union. The total funding for Greece under this Initiative reaches EUR 25,5 million. Urban II has the following objectives:

- To promote the design and implementation of highly innovative strategies of economic and social regeneration in small and medium sized cities and declining areas in major conurbations

- To reinforce and share knowledge and experience on regeneration and sustainable urban development in the EU.

From the 70 cities and urban districts included in Urban II, three Greek cities receive funding through this Initiative, *Komotini*, *Hirakleio* and *Perama*. The Urban II programmes of these cities consist of four priorities, which are similar for all three of them. Priority 1 focuses on 'multifunctional and environmental urban restructure' whereas Priority 2 refers to the 'support of entrepreneurial activity and innovation'. Priority 3 is about 'facing unemployment and creating equal job opportunities for all citizens'. Finally, Priority 4 concerns 'technical help and information networking'. The Urban II Community Initiative is explicitly directed towards sustainable development of declining urban areas. Therefore, the concept of sustainable development is more effectively integrated in the Urban II programmes of Greece than it is in the Priority Objectives or the Interreg III programmes of the country.

Leader + is the new Community Initiative for rural development. It is aimed at encouraging and supporting high quality and integrated strategies for local/rural development. The total EU contribution for Greece is EUR 182,9 million, allocated by the EAGGF. All rural areas, that is, communities with less than 20.000 inhabitants, are eligible under Leader +. The Community Initiative of Leader + has the following objectives:

- Integrated, high quality, sustainable development of the countryside through pilot implementations
- Reinforcement of the attempt to eliminate the isolation of rural areas concerning all levels of economic and social life.

Special aims of the programme regarding the 'Integrated, high quality, sustainable development of the countryside through pilot implementations' are:

- Differentiation of the economic environment for the preservation and improvement of the socioeconomic web of the intervention areas.
- Promotion of equal opportunities for the young, women and groups facing social racism.

- Sensitization of the population for the preservation and the promotion of the natural and cultural heritage.
- Improvement of services and competitiveness of products with the use of modern technology and special development techniques.
- Reinforcement of the local company relationship.

Special aims of the programme as it concerns the 'Reinforcement of the attempt to eliminate the isolation of rural areas concerning all levels of economic and social life' are:

- Strengthening of the intersectoral relations of the local economy
- Application of new technology for better access of products to the market
- Reinforcement of networking abilities and cooperations.

The process of forming the individual Leader+ programmes in Greece is currently in progress.

Equal is part of the EU's strategy funding for transnational cooperation to promote new practices that guarantee full equality of opportunity in access to the labour market. The key principles are: transnational cooperation, innovation, empowerment, thematic and partnership approach, dissemination and mainstreaming to ensure that the Community Initiative of Equal informs policies and practice.

The responsibility for the implementation of this initiative in the Member States lies with the national authorities. Overall, Equal has an experimental character. This implies that the success is not measured in the number of jobs created. Strategically, Equal builds on the national action plans for employment and experiences of the previous programmes EMPLOYMENT and ADAPT.

The focal points of the Greek Equal programme are the development and promotion of new ways and practices in the field of employment for the facing of any form of discrimination and inequalities sensed by whoever wishes to access the labour market or already exists in it by taking into account the experiences of the Initiatives EMPLOYMENT and ADAPT;

The Initiative will be materialized through development collaborations which can be established at local, regional or sectoral level. The four priorities for the employment emphasize on the following grounds of intervention: (1) improvement of employment capacity (2) development of entrepreneurial spirit (3) encouragement of adaptability of enterprises and staff and (4) reinforcement of policies for equal opportunities between men and women.

One of the main elements of the Initiative constitutes the use of innovative approaches as a means for the achievement of goals. Furthermore, the development of successful innovations through interstate cooperation is considered the major element in order to achieve the greatest effect on central policy.

Equal is an important Community Initiative regarding sustainable development, mainly because it promotes the concept of social cohesion.

#### Rural Development Policy

Lastly, although this is not, strictly speaking, structural assistance, it is worth noting that Greece also receives rural development assistance from the EAGGF Guarantee Section. The annual rural development budget for Greece is EUR 131 million, or 3% of the total Community budget in this domain.

#### Conclusions

In the past the lack of national planning aiming at sustainable development did not provide opportunities and mechanisms for coordination and continuity to actions funded by the two Structural Funds of the period 1989-1999. Lack of coordination did not allow for establishing of complementarities and synergies, therefore the maximization of benefits from actions. Furthermore, there were impacts, which were not foreseen due to a lack of an integrating framework. These were felt mostly in the area of environmental quality and social equity. The emphasis on physical infrastructure development at the expense of soft societal measures did not allow for the realization of broader restructuring and development goals. The need for sustainable development has now become apparent as an encompassing framework of regional policy. Despite

policy statements to that end, there are still serious reservations as to the conditions for the achievement of goals. According to the report of the European Commissioner Mr Barnier, who is responsible for regional development, Greek regions continue to promote the construction of infrastructure without having conducted complete studies, they keep exceeding the original budget for several infrastructure projects which will not be covered by the 3<sup>rd</sup> Structural Fund, time delay is noticed for the completion of a great number of projects and the EU is asking for reconsideration.

The planning of the development programme for the period 2000-2006 has been carried out in very different economic and social conditions in comparison with the relevant planning for the 2<sup>nd</sup> Structural Fund. The 3<sup>rd</sup> Structural Fund constitutes a powerful instrument and a decisive factor for development and social cohesion. In the existing competitive environment of today, Greece obtains considerable funding which will allow it to approach the economic situation and the high standard of living in other European countries provided that mistakes of the past will not be repeated.

### **3. Multi-level Governance**

#### **a) Regional issues and cases which involve EU, national and sub-national coordination**

European influence and Structural Funds have been important factors in the formulation of recent policies and developments in Greece in the sector of local administration. The centralized function of the State was perceived to be the cause of inefficiencies in most sectors of society, including regional development, and a process of decentralization, assisted by the EU, has been attempted in recent years, as mentioned in previous sections. Things, though, were more complex than they initially appeared. Despite the rhetoric, central administration was not eager to give up part of its power so fast, and it was also doubtful whether local administration was ready to undertake any increased responsibilities.

The latest reforming unveiled the government's intentions for the function of

practically two levels of local administration: politically strong but financially dependent municipalities, and strong regions (NUTS II) functioning as the administrative arms of central government. At the same time, as soon as prefectures (NUTS III) could elect their own prefects and representatives, they were actually stripped of responsibilities, which were transferred to the ministries and regions. Furthermore, the relatively autonomous levels of local administration (municipalities and prefectures) remained financially weak and totally dependent on the central government. The above indicates that Greece was unwilling to grant relative autonomy to local administration and was only attempting to comply with EU regulations so as to absorb the European grants given for the purposes of decentralization.

Local administration of the 1<sup>st</sup> level was ineffective, weak and not viable. In general, the reform in local administration still encounters significant obstacles, the most important of them being:

- Inadequacy of the pre-existing personnel of the municipalities in adjusting to the new requirements. Most of them were unwilling to cooperate with the newly trained personnel and tensions arose in their relations.

- The new local authorities were also not prepared for their increased responsibilities. Most of them maintained the old approach to municipal management, characterized by clientalism, bureaucratic approaches, and often, corruption.
- Central and regional services faced the new venture with suspicion and they were unwilling to share rights and responsibilities with the new authorities.
- The State still needs to promote and protect these reforms, mainly by fostering positive new attitudes to replace the existing ones.

Despite the efforts to increase effectiveness, there is still confusion in Greece caused by overlapping responsibilities among the various administration levels. Interventions and arrangements on a municipal level are supposed to conform to the development policies of different ministries and organizations, often contradicting each other. This is the case mostly for EU programmes, targeted at specific geographic/administrative units. And since various departments of central ministries and organizations of public administration are still the ones that are primarily dealing with them, there is multiple involvement that often results in conflicts. It is indicative of this that there are nine main organizations and ministries involved in spatial planning with related and partly overlapping responsibilities. Another example, which also depicts the importance of the problem, is the fact that the construction of a wind power station, currently able to be financed by the 3<sup>rd</sup> Structural Fund, requires the outrageous number of 39 clearances by the various authorities involved!

The above analysis clearly shows that Greece is still a novice to the linked concepts of subsidiarity and multi level government. The Greek system is still a very hierarchical political system that does not really allow for cooperation between other levels of governance as those that are adjacent in the hierarchy. Regional development especially in the context of European integration is a challenge to this system.

In Greece decision-making in regional policy is actually an affair of the State and regions, which are responsible to provide the appropriate framework for sustainable regional development and management of the European Funds. The prefectures and bigger municipalities have formed development agencies in order to absorb part of the offered funds and transmit them into their development process. As mentioned before, the problems that local government faces constitute suspending factors towards the success of this attempt. As a result, there is a strong chance, in some cases, of losing the opportunity for effective development of their territories although the need for it is urgent. As it concerns smaller municipalities, which undoubtedly face the most serious problems of delay in development terms, the situation is much worse as the majority of them show almost complete lack of resources, in human and economic terms, to set the basis for sustainable development.

As it concerns local/regional players, a varying number of actors, public and non-public ones, are involved with regional development. These might be either development agencies, like prefectural or municipal development agencies, or consulting firms that counsel local decision makers. The decision making structures for sustainable regional development in Greece are often outside the conventional administrative structures. They are mostly based on parallel structures, which form an external link between citizens and regional stakeholders on the one hand and administration and funding organizations on the other. Sustainable regional development in Greece still faces the problems of conflict between the existing administrative system and emerging regional development initiatives. As success in sustainable regional development critically depends on

integrative solutions, it is obvious that serious action needs to be taken in this direction.

European programmes clearly promote interregional, often international cooperation of regional development stakeholders. Greece has some significant cooperation in progress in this direction such as the 'Archimed Region' programme, which comprises six regions in Greece, three Italian regions in the southernmost tip of the Italian peninsula and the national space of the islands of Malta and Cyprus. The objective of the programme is to strengthen the Mediterranean area as an entity, promote it in the rest of the Community space, explore its potential and highlight the interaction and proliferation of positive initiatives and development processes for the whole of the Mediterranean Basin. Another ongoing programme is the one that involves the region of Thrace and Eastern Macedonia, the regions of Northern and Southern Aegean and finally Cyprus for the promotion of environmental action and works of infrastructure on the Aegean islands. It is important to mention also the interregional programme 'border zone' for the reinforcement and the development of borderland, which takes place at national level and involves the regions in the geographical space of Thrace and Macedonia, nine prefectures and 70 municipalities. At prefectural level there is also the programme ALAS, part of the Community initiative 'Eco – Overture' with the cooperation of the Greek island of Lesbos, Figueras da Foz in Portugal, Piran in Slovenia and Pomorie in Bulgaria. The programme aims at the preservation and development of salt-marshes and of natural and cultural inheritance. Furthermore, there are other programmes in progress using the INTERREG funds.

## **b) Multi level interaction among the different stakeholders**

Conventional institutions for interregional and multilevel interaction among stakeholders in the Greek context are absent from regional sustainable development processes except the Regional Operational Programmes of CSF as already discussed. This is due to the top-down highly centralized administrative system and

the weak partners at lower administrative levels perpetuating a cycle of "weak partner no competence /responsibility-low involvement-lack of experience - weakness...". In such a context multi-level interaction is usually limited to central and regional-prefectural level agencies (normally decentralized central Government services)

plus local authorities. In some cases second or third level (representatives of associations of farmers for example) representations participate but since the platform of interaction is technical (allocation of funding to projects) such participation is sometimes nominal, dominated by the competent agencies (the central Government). So interaction is reduced at a technical level occasionally complemented with big-event type of for a where mayors or prefects at central or regional level are invited to be informed about programmes.

Social partners are weak and reduced to nominal participation normally retreating to defending sectoral/local demands and the entire process of consultations ends being a bargain from a menu of actions, not necessarily thus leading to a sense of a strategy. This might satisfy the needs of short/medium-term programming but does not constitute the establishment of governance mechanisms.

### c) Cross-sector policy integration

Success in regional development programmes greatly depends on the contribution of funds rising from the private sector, as this also constitutes a condition set in European programmes. The attraction of such funds is considered crucial by the Greek State for the completion of the development processes at national as well as regional level as, otherwise, it will be forced to provide the relevant financing by public funds in some way in order to unblock the implementation of the development programme. The Greek business sector has shown great reluctance to participate in the development process so far. For instance, the sectoral programme 'Information Society', which is indirectly linked with regional sustainable development, shows the lowest absorbtivity rate (only 11% compared to 19% which is the average rate of the other Greek sectoral programmes). The unwillingness of the business sector is mainly due to the inflexibility and the bureaucratic attitudes of the different administration levels involved, as well as to lack of information by the relevant authorities. The enterprises themselves also share the responsibility for the ineffectiveness of the development process as they lack experience and presence in the international business world and have also become addicted to an interventionist

environment, which hinders their adjustment to the market laws and mechanisms.

Sectoral Ministries and related agencies are entrenched in the traditional delimitations of responsibilities, often competing for a "turf" with other agencies in spite of theory (the National Sustainable Development Strategy). Of course it would take time to change institutional behaviour but at present the signs are not evident. In fact, if one takes up one example, the preparation of the Olympic Games the final formula adopted reflects this multi-fragmented (if not disjointed) approach at a low level of cooperation.

In this context environmental policy is still at an early stage of being imbedded in sectoral policies. Although some Ministries (i.e. Agriculture, Merchant Marine, etc.) have special sections/line agencies dealing with environmental issues intra-Ministry cooperation is not always easy, much more sharing with other sectors.

These traditional deficiencies are also present in the other actors such as industry associations, NGOs etc. who are mostly engaged in establishing their own turf and identity, competing rather than cooperating.

## 4. Evaluation methods and tools for Regional Sustainable Development

In general, the evaluation of a Regional Operational Programme (ROP) consists of the following stages:

- Implementation mechanisms: financial and physical implementation,
- Results: direct physical results, efficiency and structural effectiveness,
- Impacts-Contribution to ROP objectives: direct structural or sectoral impacts for each measure, socio – economic impacts, etc.

Impacts regarding the wider objectives of the Community Support Framework and structural policies.

In this respect, the emphasis is on overall planning and implementation of ROP rather than on regional sustainable development. The environmental and social dimensions are partly integrated in the evaluation process by assessing the measures' and projects' compliance to Environmental

Impact Assessment studies as well as their impacts on employment, training, etc. The evaluation relates directly to the structure of ROPs in the sense of focusing on sub-programmes, measures or projects depending on the aspect examined.

Both ex-post and mid-term evaluations (each using similar data but for different time periods) aim at the:

- Analysis of the relevance of the development strategy, directly linked with the assumptions made during the preparation of the 2000 – 2006 Regional Development Strategy.
- Assessment of the effectiveness, efficiency and impacts of the Programme.
- Analysis of implementation mechanisms.

### **a) Existing evaluation methods and tools**

#### *a.1. Synergy of measures*

The synergy between the various measures is analyzed. For example, for the 2<sup>nd</sup> Regional Operational Programme of Thessaly (2<sup>nd</sup> TROP), a special matrix was used giving zero values for no synergy and a value of two (2) for maximum synergy between specific measures.

#### *a.2. Assessment of effectiveness, efficiency and impacts of measures*

The assessment of effectiveness, efficiency and impacts focuses on measures, the “structural units” of the Programme, especially when addressing quantitative data and indexes. A widely used methodology (used also in the evaluation of the 2<sup>nd</sup> TROP for example) is as follows:

The analysis of specific measures is based on several tables for each measure. The first table consists of data and secondary indices of a financial and management character. Specifically:

- The columns contain: (1) basic data regarding the status of the measure at the end of 1997, (2) conversion of the basic figures into the most recent commitment for each measure, (3) comment of the index's importance for the previous two columns, (4)

conversion of the basic figures into hierarchical ranking of measures, (6) comment for the importance of indexes in columns 4 and 5.

- Overbooking is estimated according to the sum of provisioned economic objects for projects planned and their correlation with commitment, expressed in mil. Drs. The budget of the commitment is obviously approximately estimated as size varies in time.
- The projects relate to measures, only when relevant data are available. It has to be considered that the number of projects might be higher in the end as some projects have not been specified.
- Total payments for a specific period (i.e. 1994 – 1997), besides their conversion in total “commitment”, which express the “absorption” index of the measure (column 2) are compared to the commitment of the respective period (1994 – 1997). Consequently, a second index is developed which implies the credibility and compliance degree for the initial timetable of the measure.

The second table contains data for the physical object of each measure. The structure of the specific table consists of the following:

- A group of columns refers to economic data for the measure, usually specialized in groups of homogeneous actions and projects in order to give an estimation for the real content of each measure from the physical object perspective.
- A second group of columns contains quantitative data of the physical object-outcome. Obviously the specific group is different for each measure, according to their character.

Rows are grouped as follows:

- **Initial targets top – down:** physical sizes defined by initial programming – the text of ROP or Ex – ante evaluation.
- **Projects programmed/ contract works:** the sum of programmed contract works or (when not available) of projects indicating management and financial data (number of contract works and projects, provisioned economic objects, payments).
- **Projects programmed/ contract works with Physical Object data:** the sum of programmed contract works or (when not available) of projects. A comparison between programmed physical object and initial targets leads to the estimation of an index of final effectiveness.
- **Interim results: Realized physical object of projects programmed with physical object data (bottom – up).** Data refer to the realized physical object for all projects programmed till a specific time period. Thus, they consist of indices for interim effectiveness according to the definition of the relation between realized and planned result.
- **Interim impact: operational physical object with physical object data (bottom – up) (completed projects).** The specific data refer to the physical object which was realized in the framework of a completed project. It is

accepted, that only when a project is completed, it can be regarded as operational and have a real impact.

One of the most difficult problems is the lack of data but also the difficulty to quantify certain projects, or elate their financial characteristics to technical ones (i.e. physical outcomes)

For specific measures, a third table is being used which separates those projects that are completely new from those that consist an improvement and/ or a completion of existing incomplete ones. This dimension refers to the “tied up” funds, in other words to investments that have not led to structural results and impacts.

Finally, a table showing the efficiency of each measure is presented consisting of the programmed unit cost t-d, the programmed unit cost b-u, the realized unit cost and two efficiency indexes.

#### Assessing compliance to Environmental Impact Assessment studies

The environmental dimension of ROPs is, mainly, expressed through the assessment of the projects’ compliance to Environmental Impact Assessment studies, basically focusing on the stages of approval. In that the pre-occupation is with acquiring all the approvals needed for project implementation.

#### Assessment of impacts on employment

At the macroeconomic level, a common methodology is based on a deduction of the estimated impact on employment for the entire Community Support Framework on a specific ROP. The sizes and figures derived are then cross-checked according to several ex ante estimations made in the Preliminary Evaluation Report of the ROP.

### b) Types of measurement

- Objectives of a descriptive and qualitative character are mainly linked with physical objects for each specific measure.

Regarding the effectiveness, efficiency and impacts of the Programme – complementary to the methodology described previously –

the following indicators are used for each measure:

- Initial and actual commitment as well as its contribution to private expenditure
- Payments and absorption compared to commitment
- Number of definitely accepted projects, projects planned, contract works, etc.
- Average size (in monetary values) of definitely accepted projects and contract works

- Programmed, planned and realized unit cost.

Examples of physical object's indicators used in ROPs, are the following:

- surface area of irrigation improvements, forests protected, etc.
- number of purchased machinery, education rooms and classrooms, hospital beds, tertiary education buildings, etc.
- number of fisheries harbors, landfill sites, biological treatment plants constructed, etc.
- number of legislated natura sites, corine areas, etc.
- population and number of households of the region serviced by road network, water supply and sewerage
- length of primary and secondary road network under construction, etc.

Generally, the environmental impacts of the ROPs' measures and projects are integrated through the:

- Assessment of their compliance to environmental legislation concerning the impacts on the environment of plans and projects (spatial allocation permits and environmental impact assessment studies)
- Assessment of effectiveness and efficiency of measures and projects having an elicited environmental character (i.e. for the 2<sup>nd</sup> TROP: measure 1.4 – alternative energy sources; measure 4.2 – water supply and sewerage; measure 4.3 – protection of natural resources)

Similarly, the social impacts of measures and projects are integrated through the:

- Assessment of their impacts on employment
- Assessment of effectiveness and efficiency of measures and projects having an elicited social character (i.e. for the 2<sup>nd</sup> TROP: measure 4.4 – health and social care; measure 5.3 – exclusion from labor market)

### c) Harmonization

A specialized evaluation process for the environmental and social performance of Regional Operational Programmes should be developed and implemented. First, although the contribution of Environmental Impact Assessment studies towards the integration of environmental concerns in project development is significant, their improper use necessitates their upgrade and actual implementation for specific projects and works beyond the scope of formalities and compliance to legislation. Secondly, both the nature and implementation of measures and projects falling under the ROPs, could be evaluated in relation to the extent that these cover and effectively address specific environmental legislation as well as social needs. Furthermore, in the case of physical objects' indicators (i.e. length of road network constructed), more sophisticated indicators in relation to specific

environmental dimension of the evaluation process.

Last but not least, although the methods and tools used and described previously, are considering the environmental and social aspects of regional sustainable development into the evaluation process of the Regional Operational Programmes, this is done in isolation, not taking into account the synergies developed by groups of measures or projects not in terms of efficiency and effectiveness but in terms of impacts on environment and society. In this respect, there is a need for introducing the environmental impact assessment approach for clusters of projects and measures, promoting the concept of strategic environmental assessment. The same could be the case for evaluating impacts on society (i.e. on employment).

environmental parameters (i.e. quantity of demolition waste recycled per km of road network constructed) could be promoting the

## **5. Evaluation of Regional Sustainable Development**

### **a) Experiences with regional sustainable development**

One of the long standing issues in Greece, even before joining the EU in 1981, was decentralization and re-organization of local authorities. Both processes were speeded-up eventually thanks to participation in the EU. As to the decentralization, it was evident from the very beginning that it would not be possible to cope with the implementation (and of course with the design of programmes) from a central level and the requirement for Regionalization of part of the Structural Fund interventions led to establishing ad hoc “planning-programming regions”. There are thirteen of those in Greece and there is a constant –recent-debate on reducing their number. The first implementation of ROPs relied on the traditional Prefecture-level structures which were proven ineffective leading to gradual re-organization and restructuring around regions, a process still on-going.

Sectoral agencies are traditionally very strong and resist-like everywhere else in the world- giving up their prerogative for project formulation. In the formulation stage of ROPs “powerful” agencies (public works, etc.), which deal with concrete projects with definite characteristics in terms of output, costs, etc, are at an advantage, considering the Structural Fund requirements for Technical Bulletins, assessments etc. As a consequence “soft-actions” like those financed by the Social Fund are always weak partners and the first to be dropped in an interim evaluation.

From the analysis of experience so far with the Regional Operational Programmes in Greece it is apparent that the Structural Funds have a substantial impact on the transformation of many regions although not always in the direction of sustainable development, if by “sustainable” there are implications of a balance among goals and a long-term perspective. As Greek regions are Objective 1 areas the emphasis is on economic competitiveness and efficiency. In the latest ROPs there is reference to

sustainable development occasionally only because in the national CSF (2000-2006) there is reference to sustainable development. Greece has recently adopted a National Sustainable Development Strategy, by the Council of Ministers, which in essence involves “political wishes” hoping to influence decision-making, including future interventions (not the current CSF though which runs up to 2006). The national strategy does not make reference to regional level strategies. One of the most debatable outcomes of Structural Fund interventions is “capacity building”.

Overall one could argue that thanks to the Structural Fund interventions, particularly the last two, the central administration and the regions improved their capacity for “programming”. This in spite of repetitive re-organizations and changes in procedures and decision-flows from the Greek administration or the Commission. In this respect there might be substantial opportunity losses involved. In addition, there is no evidence that such capacities have taken into account a “sustainable development” perspective. Unfortunately the entire process is still highly controlled by the central administration and is too technical to incorporate “policy” aspects. Participation is restricted to Technical committees and the local authorities and agencies involved in the execution of the programmes. So there is no “participation”. There is still very little integration across sectors due to administrative rigidities, much more for synergies, etc.

Regional disparities are declining and in many respects this is due to Structural Fund interventions. Certain regions, the more dynamic ones, are improving dramatically their position in relation to the European, but also, to the Greek regions by drawing on a larger share of resources (financing, consultants etc.)

## b) Practical implications of regional sustainable development

Sustainable regional development in Greece, as it is clearly understood by the analysis so far, is perceived mainly in the context of Structural Funds. There is still no political action towards sustainable regional development initiated at regional level. Although there is no shortage of political wishes to the effect of reinforcing regional action the established political and administrative system still pursues conventional planning procedures along hierarchical lines with almost no regard to regional development issues.

leads to sustainable development is a moot point.

There is very little evidence of successful initiatives with Agenda 21 in Greece. Both municipalities involved early did not live up to the expectations of the initiative by “setting up a process of consultation...” etc. A number of municipalities signed recently the Aalborg Charter which envisages Agenda 21 actions. As Regions are nothing but administrative ad hoc structures there is no such an initiative at a regional level.

A practical outcome of sustainable regional development processes in Greece is the strengthening of “regional identities” as regions compete with each other for the Structural Funds. Whether such competition

## c) General trade-offs

As mentioned above, the implementation of sustainable regional development programmes in Greece is considered very limited. This is mainly due to the economic state of the country. Greek regions are lagging behind in economic terms compared to the average European regions. Needless to say that most of the Greek regions constitute the poorest regions in the EU.

As a consequence, the emphasis is put on economic convergence and cohesion with their European partners. Subjects such as the protection of the environment or social issues are considered of minor importance in the given financial context and do not make up matters of prior interest.

## d) Top-down and bottom-up relations

Despite the latest reforming attempts, following the implementation of Structural Funds, the Greek system is still a very hierarchical political system that does not really allow for cooperation between other levels of governance as those that are adjacent in the hierarchy. Regional development especially in the context of European integration is a challenge to this system. In Greece decision-making in regional policy is actually an affair of the State.

The private sector is still too dependent on public policy although there is a number of initiatives by second order agents (Association of Industries, etc.) in the right direction of assuming an active role in regional development. As it concerns social partners their presence is considered passive and indifferent so far although they should have an active role especially at local level.

## e) Post 2006

There is great concern currently in Greece as to what the situation will be with the end of structural funding and the completion of the Olympic Games, both of which have

economic convergence and cohesion will continue to be of prior concern leaving consequently environmental and social issues behind.

boosted the Greek development process in recent years. It is commonly believed that

It is highly questionable, even for the more dynamic regions, whether there will be “life”

after the Structural Funds. Already there are signs that with the enlargement at least one third of the Greek regions will not be eligible with the present conditions attached to Structural Fund interventions. Overall though one could argue that capacity building might lead to successes in seeking other kinds of funding at regional level.

There is no evidence that impacts from natural catastrophes (i.e. the earthquakes) led to permanent improvements in decision-making structures and procedures in spite of political announcements about it. The future activities relating to the implementation of the Water Framework Directive might improve “governance” although water basins

do not coincide with regional boundaries, therefore it is not certain that regional sustainable development will be improving.

The lesson which can be drawn, besides that it takes a great deal of effort and time to develop cooperation and concertation of actions, is that adopting policies –at the top level- does not necessarily pass the message below unless such intentions are accompanied by serious efforts to change things, establishing principles, rules and procedures to implement decisions and good intentions.

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