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“The new programming period of the structural funds: challenges for Greece”

The new programming period of the European Union’s Regional Policy (EURP) started in 2007 and it will officially end in 2013. According to most estimates it will be the last package of regional assistance that will be diverted to Greece.

The 2004 and 2007 enlargements of the EU resulted in the accession of countries with lower levels of economic development. Apart from the geographical expansion, significant changes in the political priorities of the EU in relation with the EURP take place with the current programming period. We refer to the ‘Lisbonisation’ of the policy, in other words the requirement on behalf of the recipient member states to indicate to the Commission how they intend to promote the objectives of the Strategy that was decided during the Lisbon European Council of March 2000. This is a controversial development since the two –the EURP and the ‘Lisbon Strategy’- do not always converge in their priorities or the governance mechanisms that they have at their disposal in order to achieve them.

For the programming period 2007-2013 Greece faces the biggest challenge since the inception of the EURP. For the first time the whole of the country will not be included in the Objective 1 category, which is defined by those areas with GDP growth rates less than the 75% of the EU average. That is the consequence of growth experienced by some Greek regions but also of the ‘statistical effect’. The latter results by the artificial decrease of the average GDP growth rates because of the enlargement and/or the increase in the measurement of the Greek GDP after the recent revision of the GDP estimates, which was undertaken by the country’s government. This does not significantly affect the size of the finances that will be directed to the country, which is a total of around 20, 1 billion euros.

In order to justify the complementarity of the objectives of the National Strategic Development Plan (ESPA) with the ‘Lisbon Strategy’ the Greek government decided to place more emphasis on the qualitative dimensions of the funding that stems from the structural funds. This will happen at the expense of the objectives that aim at the enhancement of the physical infrastructure, which has traditionally been the main policy area that was pursued by the previous three CSFs.

The two sets of objectives are pursued through the usual mix of sectoral and regional Operational Programmes (OPs) albeit the latter are divided between the Phasing Out and the Phasing- in Regional OPs. What merits attention is the inclusion of a separate OP for ‘Administrative Reform’, which aims at combating what is probably the most serious problem of the Greek politico-economic system. The governance structures in general remain intact with some slight modifications.

Overall, there are signs that the new programming period will cover more or less the same policy priorities as the previous ones. The regional component of the programme seems to gain an advantage compared to the sectoral. That can only be a positive development since after almost 20 years of the EURP intervention in Greece there is little sign that the ‘regional problem’ of the country –the extraordinary concentration of economic activity in and around the area of Athens- has been combated.

Indeed, there is sufficient evidence to suggest the view that the EURP has contributed to the intensity of the centripetal forces that were already apparent in the country’s economic

geography. The traditional centralism of the Greek administrative system that accompanies the geographical agglomeration allows limited space for hope that the ESPA will manage to redirect these forces.

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