

DIRECTORATE-GENERAL FOR INTERNAL POLICIES

POLICY DEPARTMENT
STRUCTURAL AND COHESION POLICIES **B**



Agriculture and Rural Development

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**RESEARCH FOR REGI
COMMITTEE - GREECE:
REGIONAL POLICY AND
ECONOMIC AND SOCIAL
SITUATION**

IN-DEPTH ANALYSIS



DIRECTORATE-GENERAL FOR INTERNAL POLICIES
POLICY DEPARTMENT B: STRUCTURAL AND COHESION POLICIES

REGIONAL DEVELOPMENT

**RESEARCH FOR REGI COMMITTEE -
GREECE: REGIONAL POLICY AND
ECONOMIC AND SOCIAL SITUATION**

IN-DEPTH ANALYSIS

This document was requested by the European Parliament's Committee on Regional Development.

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LINGUISTIC VERSIONS

Original: EN

ABOUT THE PUBLISHER

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Manuscript completed in September 2016.
Brussels, © European Union, 2016.

Print	ISBN 978-92-823-9529-5	doi: 10.2861/040944	QA-04-16-559-EN-C
PDF	ISBN 978-92-823-9530-1	doi: 10.2861/14940	QA-04-16-559-EN-N

This document is available on the internet at:
www.europarl.europa.eu/studies

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STUDY

Abstract

This in-depth analysis was prepared on the request of the Committee on Regional Development in the context of its visit to Greece. The analysis provides an overview of Greece's regions (with a special attention to Attica and Central Macedonia) and of its political, economic and administrative system. In addition, this analysis focuses on the implementation of cohesion policy on the ground with a particular attention to the consequences of the recent amendment of the Common Provisions Regulation in respect of special measures for Greece, as well as to Greece's participation in six European Territorial Cooperation programmes.

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LIST OF ABBREVIATIONS

CPR	Common Provisions Regulation
CF	Cohesion Fund
EAFRD	European Agricultural Fund for Rural Development
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EMFF	European Maritime and Fisheries Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
ETC	European Territorial Cooperation
EU	European Union
EUR	Euro
EUSAIR	European Strategy for the Adriatic Ionian Region
GDP	Gross Domestic Product
IPA	Instrument for Pre-accession Assistance
OP	Operational Programme
OECD	Organisation for Economic Co-operation and Development
PA	Partnership Agreement for the Development Framework 2014-2020
R&D	Research and Development
SME	Small and medium-sized enterprise
TA	Technical Assistance
TO	Thematic Objective
YEI	Youth Employment Initiative

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INTRODUCTION¹

Greece is located on most southerly part of the Balkan Peninsula and the south east of the Mediterranean Sea. From the north Greece borders with Albania, the Former Yugoslav Republic of Macedonia (FYROM) and Bulgaria. In the east, it borders with the European part of Turkey. To the west of Greece is the Ionian Sea and to the east is the Aegean Sea. To the south is the Libyan Sea. Its territory includes several hundred islands in the Aegean, Ionian and Mediterranean seas, of which only 227 are inhabited. Eighty per cent of Greece is mountainous and Mount Olympus is the highest point in the country (2,917m).

The official name of Greece (Ελλάδα, Hellada or Hellas) is the Hellenic Republic (Ελληνική Δημοκρατία, Elliniki Dimokratia). Greece is a parliamentary republic as specified by the 1975 Constitution². Every 5 years, The President of the Hellenic Republic who is the head of State is elected by the Parliament. The Head of Government is the Prime Minister. The Government of Greece is a collective decision-making body constituted by the Ministerial Council, consisting of the Prime Minister, Ministers, Deputy Ministers and Ministers without portfolio. The legislative power is exercised hand in hand by the Hellenic Parliament (Vouli ton Ellinon) and the President of the Republic. The Parliament has 300 Members. The Executive power is exercised by the President of the Republic and the Government. Judicial power is vested in the courts of law; judicial decisions are executed in the name of the people of Greece.

The President has limited political power, most power lies with the Government. The President's duties include formally appointing the Prime Minister, on whose recommendation he also appoints or dismisses other members of government, represents the Greek state in its relations to other states, proclaims referendums, and so on. General elections are held every four years unless the Parliament is dissolved earlier. The electorate consists of all Greek citizens who are aged 18 years or older. After a general election or after the previous government's resignation, each new government has to appear before Parliament and request a vote of confidence.

Figure 1: Physical Map of Greece




Source: www.in2Greece.com.

¹ This section is to a big extent based on the following website: <http://www.mfa.gr/switzerland/en/about-greece/government-and-politics/>

² Constitution of Greece, see: <http://www.hellenicparliament.gr/UserFiles/f3c70a23-7696-49db-9148-f24dce6a27c8/001-156%20aggliko.pdf>

The Hellenic Republic is a unitary state that comprises two levels of governance, the: central level – state governance – and the local self-government. The former is exercised both centrally (government -ministries) and at a decentralised level (decentralised administration – apokentromeni dioikisi), while the latter is exercised at the level of regions (Perifereies) and municipalities (Dimoi). Nevertheless and, notwithstanding the reforms of regional and local government in course, Greece remains a centralised state.

Table 1: Summary of key facts and figures about Greece

Flag		
Area	131 957 km ²	
Length of state border	1228 km	
Border Countries	Albania (282 km), Bulgaria (494 km), Turkey (206 km), the former Yugoslav Republic of Macedonia (246 km)	
Population	10,921,429 (2016) (Greece ranks number 10 in the list of EU countries by population)	
Population density	85 inhabitants per Km ² (79.8% of the population is urban: total = 8 710 174 in 2016)	
Population as % of total EU population	2.1 % (2015)	
Population by age group	0-14	14.65%
	15-64	64.84%
	65+	20.51%
Major cities with population (2015)	Athens (greater region)	3,828,434
	Thessaloniki (greater region)	1,110,551
	Patras	213,984
	Iraklio	173,993
	Larissa	162,591
	Volos	144,449
GDP	€ 176.023 billion (2015)	
Unemployment rate	26,5% (Eurostat, 2014)	
EC Regional Innovation Scoreboard	Moderate innovator (2014)	

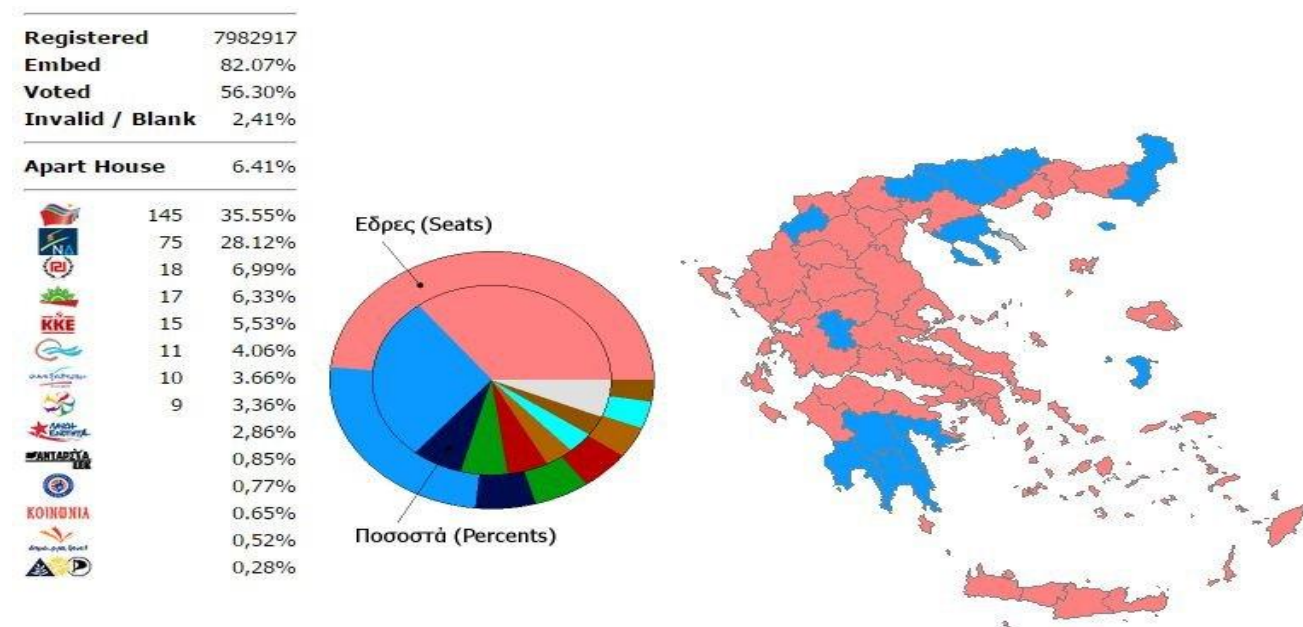
Sources: Eurostat, European Commission.

1.1 Socio-Political context

The late 2000s global financial crisis hit Greece particularly hard, and left the country with a debilitating debt burden. In 2010-11, in the midst of fears of an imminent default and of the debt contagion spreading to other countries, euro area members decided to help Greece and agreed two bailouts totalling some EUR 240 billion. Six years of recession reduced the economy by about ¼ of its previous size and drove unemployment to high record levels. The situation of the Greek economy improved in 2014 and the government felt confident to predict a return to growth and cut some austerity taxes. In August 2015, Greece and its creditors agreed a third bailout of EUR 86 billion, imposing supplementary spending cuts on the country in order to avoid insolvency and exit from the euro area. In May 2016 euro area finance ministers decided to unlock an additional amount of EUR 10.3 billion in loans needed by the Greek Government to meet debt repayments due that July. Euro area finance ministers also agreed on Greece's debt relief, extending the repayment period and capping interest rates.

The parliamentary elections held on 17 June 2012 put the left-wing party Syriza in power.³ The Syriza government calling for a new National Reconstruction Plan to replace the ongoing Economic Adjustment Programme⁴ came into power. In a referendum⁵ held on 17 June 2012 and called by the government following intense and controversial negotiations in Brussels, a majority of Greek voters (61, 31%) rejected austerity proposals from the country's creditors. On 17 June 2012, the Greek government sent a request for stability support to the ESM (European Stability Mechanism) asking for a new loan in an effort to meet its debt and payment obligations. In mid-August 2012, a new Memorandum of Understanding was signed paving the way for a third Economic Adjustment Programme⁶ including supplementary reforms, such as changes to the VAT and pension systems, privatisation, recapitalising banks, fighting tax evasion, strengthening public financial management and modernising public administration. In return, Greece received a financial assistance up to EUR 86 billion. After the announcement by Prime Minister Alexis Tsipras of his resignation in August, new elections were held on 17 September 2012⁷. The results confirmed Syriza as the strongest party and led to it re-forming its coalition government with the right-wing party ANEL. Even though, planned pension cuts and tax hikes caused repeated mass public opposition, protests, strikes and clashes, the latest reform package⁸ was adopted by the Greek Parliament in the first week of May 2016 in a bid to complete the first review of the ongoing adjustment programme and achieve debt relief measures.

Figure 2: The Greek elections of September 2012 (pink = Syriza; blue = New Democracy)



Source: Greek Interior Ministry, September 2012.

³ FONDATION ROBERT SCHUMAN/[GENERAL ELECTION IN GREECE](http://www.fondation-robert-schuman.org/en/GENERAL-ELECTION-IN-GREECE/) / 25TH JANUARY 2015.

⁴ The EU-IMF programs -"Structural Adjustment Programs"(SAP)- aimed to reduce the public deficit and debt, primarily through severe cuts in public expenditure and structural reforms, including the privatization of public assets and the deregulation of the labour market.

⁵ <http://www.referendum2015gov.gr/en/>.

⁶ see http://ec.europa.eu/economy_finance/assistance_eu_ms/greek_loan_facility/index_en.htm.

⁷ FONDATION ROBERT SCHUMAN/[GENERAL ELECTION IN GREECE](http://www.fondation-robert-schuman.org/en/GENERAL-ELECTION-IN-GREECE/)/20TH SEPTEMBER 2015.

⁸ Eurogroup Statement on Greece, [25 May 2016](http://www.eurogroup.europa.eu/25-May-2016).

Table 2: Political context in Greece

Political summary	
Presidential elections	President elected by the Hellenic Parliament for a five-year term (a second term is permitted); last elections held on 18 February 2015 (next elections due in February 2020); President appoints as Prime Minister the leader of the majority party or coalition Parliament
Legislative elections	Last elections held on 20 September 2015 (next elections due no later than 2019); a <i>snap election was called because of upheaval in the ruling Syriza party over a new bailout deal with international creditors</i>
Main political parties	<ul style="list-style-type: none"> - Coalition of the Radical Left or Syriza [Alexios (Alexis) TSIPRAS] (GUE-NGL) - Communist Party of Greece or KKE [Dimitrios KOUTSOUMBAS] - Democratic Left or DIMAR [Athanasios (Thanassis) THEOCHAROPOULOS] (contested the last elections in coalition with PASOK) - Golden Dawn [Nikolaos MICHALOLIAKOS] - Independent Greeks or ANEL [Panagiotis (Panos) KAMMENOS] (ECR) - Movement of Democratic Socialists or KIDISO [Georgiose PAPANDREOU] (did not contest the last elections) - New Democracy or ND [Kyriakos MITSOTAKIS] (EPP) - Panhellenic Socialist Movement or PASOK [Fofi GENIMMATA] (S&D) - Popular Unity [Panagiotis LAFAZANIS] (GUE-NGL) - To Potami (The River) [Stavros THEODORAKIS] (S&D) - Union of Centrists or EK [Vassilis LEVENTIS]
election results :% of vote	Share of vote by party: Syriza 35.5%, ND 28.1%, Golden Dawn 7.0%, PASOK-DIMAR 6.3%, KKE 5.6%, To Potami 4.1%, ANEL 3.7%, EK 3.4%, others 6.3%; Seats by party - Syriza 145, ND 75, Golden Dawn 18, PASOK-DIMAR 17, KKE 15, To Potami 11, ANEL 10, EK 9
Seats by party in the Hellenic Parliament (elections of 20.09.2015)	President Prokopis PAVLOPOULOS (New Democracy) (since 13 March 2015)
Head of State	Alexis TSIPRAS (Syriza) (since 21 September 2015)
Prime Minister	Cabinet appointed by the President on the recommendation of the Prime Minister (16 ministries)
Cabinet	President elected by the Hellenic Parliament for a five-year term (a second term is permitted); last elections held on 18 February 2015 (next elections due in February 2020); President appoints as Prime Minister the leader of the majority party or coalition Parliament

Source: Ministry of Foreign Affairs: Hellenic Republic.

1.2 Migration crisis

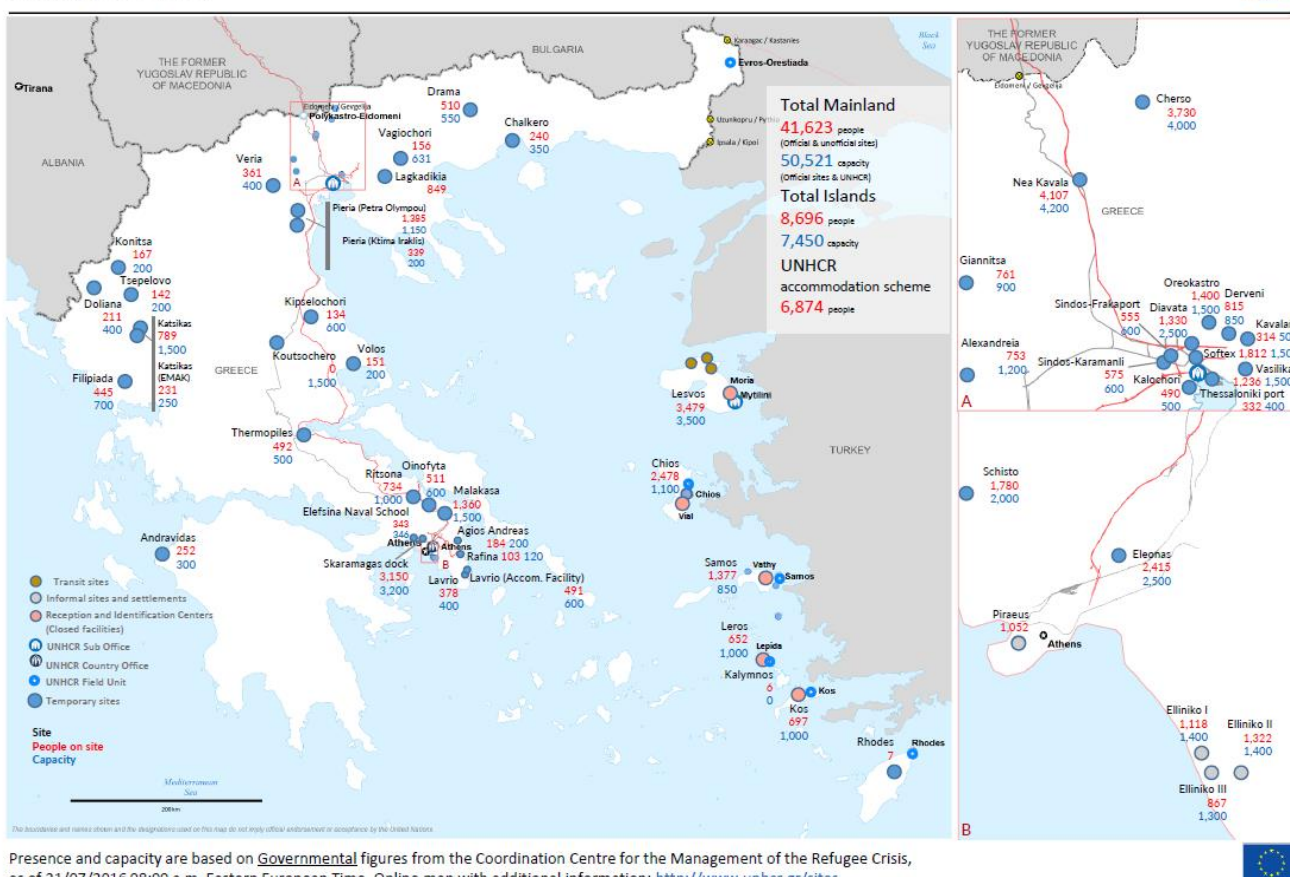
Greece has recently experienced an unprecedented influx of refugees and migrants. Between January 2015 and March 2016, more than one million people transited through Greece, most of them fleeing conflict in their own countries. As a consequence of the closure of the border between the Former Yugoslav Republic of Macedonia and Greece in early March 2016, more than 57 000 migrants remain in Greece, waiting for a decision about their futures while often without adequate access to shelter, food and water. There has been a dramatic reduction in the number of migrants arriving in Greece since the agreement of 18 March 2016 between Turkey and the EU came into force. The Commission had earmarked EUR 280 million for the first six months of the plan. On 18 March 2016, it approved another EUR 30 million of support for the Greek army as it helps the refugees in the country. This brings the Commission's support to Greece since last year to a total of EUR 180 million. But with Europe's borders closed, more than 50 000 migrants remain in Greece waiting for a decision about their future. According to the OECD's Economic Survey for Greece⁹, the refugee crisis could pose major problems for the Greek economy, particularly if the EU contribution turns out to be insufficient. Preliminary estimates put the cost of the influx of refugees at around 0.4 % of GDP in 2015.

Figure 3: Refugee crisis in Greece, June 2016

Europe Refugee Emergency

Daily map indicating capacity and occupancy (Governmental figures)

As of 21 July 2016 08:00 a.m. EET



Presence and capacity are based on Governmental figures from the Coordination Centre for the Management of the Refugee Crisis, as of 21/07/2016 08:00 a.m. Eastern European Time. Online map with additional information: <http://www.unhcr.gr/sites>

Source: [ReliefWeb](http://www.unhcr.gr/sites), Map from UN High Commissioner for Refugees UNHCR, July 2016.

⁹ <http://www.oecd.org/eco/surveys/economic-survey-greece.htm>

1.3. The Structure of the economy in Greece

In a recent paper¹⁰, the European Bank for Reconstruction and Development (EBRD) has described the structure of the Greek economy as follows:

- The following major sectors account for almost 80 % of the economy: domestic trade, transport and food services; public administration, education and social services; real estate activities, tourism and industry.
- 8.5 % of Greece's economy is devoted to manufacturing: two thirds of the manufacturing sector consists of three subsectors: food, petroleum and basic metals processing.
- Real estate-related activities account for one fifth of the economy. Renting and operating real estate is the largest subsector within real estate activities. This sector showed the strongest resilience during the crisis, reflecting Greece's importance as a major tourist destination. With almost 20 million foreign arrivals per year, the tourism industry, with its strong comparative advantage, represents the most reliable driver of growth for the Greek economy.
- The public sector is still relatively large even though considerable cuts have been and new posts frozen. Public administration, education and social services account for more than 20 % of economic activity.
- Exports and imports are highly concentrated on oil products. Oil accounts for nearly 40 % of both imports and exports, with crude oil typically being imported and refined oil exported. Almost half of the petroleum is imported from Russia, while a quarter is exported to Turkey. Export destinations have become more diversified in recent years. Greece now exports about one third to neighbouring south-eastern European (SEE) countries (Turkey included), one third to the rest of the EU (excluding neighbouring SEE), and one third to the rest of the world. Exports to Turkey have grown significantly in importance in the past decade. In 2006 about 5 % of Greek exports went to Turkey; by 2013 the percentage had risen to 12 %. Petroleum makes up for more than 70 % of exports of goods from Greece to Turkey.
- Spending on restaurants, hotels and clothing has fallen. Over the crisis, private consumption has fallen in line with GDP, but some sectors have been hit harder than others. Private consumption declined from EUR 160 billion in 2008 to EUR 125 billion in 2014. Hotels and restaurants and clothing and footwear were the sectors that suffered the most, with a combined loss of EUR 20 billion (from EUR 41 billion in 2008 to EUR 21 billion in 2014).

1.4 Economic forecast

The Greek Ministry of Economy, Development and Tourism¹¹ believes that the restrictive income policy and severe limitation on public expenses during the past five years have had a negative impact on GDP growth. The Commission's economic forecast¹² paints a gloomy picture with GDP shrinking in 2015 (-0.2 %) and in 2016 (-0.3 %) after Greece had returned to growth in 2014 (+2.7%). Public debt is expected to rise to 183 % of GDP in 2016 (177 % of GDP in 2015) compared to 180% in 2014 implying further budget constraints.

¹⁰ [10 things you need to know about the Greek economy](#), EBRD, September 2015.

¹¹ Ministry of Economy, Development and Tourism, [the Greek Economy](#), March 2015.

¹² European Commission Economic and Financial Affairs : [Greece's economic situation](#) , May 2016.

Table 3: Economic Forecast Spring 2016 for Greece

European Economic Forecast Spring 2016				
Forecasts for Greece	2014	2015	2016	2017
GDP growth (%, yoy)	0,7	-0,2	-0,3	2,7
Inflation (%, yoy)	-1,4	-1,1	-0,3	0,6
Unemployment (%)	26,5	24,9	24,7	23,6
Public budget balance (% of GDP)	-3,6	-7,2	-3,1	-1,8
Gross public debt (% of GDP)	180,1	176,9	182,8	178,8
Current account balance (% of GDP)	-3,0	-0,2	0,6	1,3

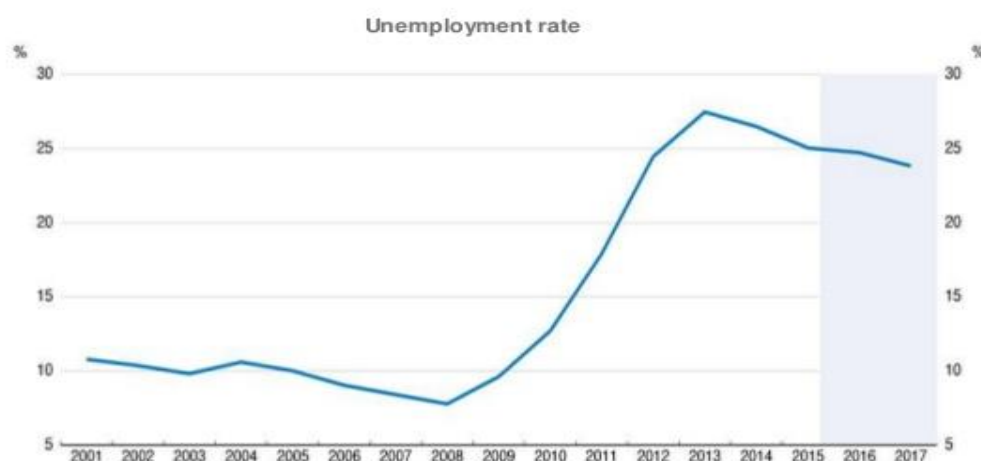
Source: European Commission, May 2015

1.5 Employment - unemployment

According to Eurostat findings ¹³(see table 7 & 8) Greece is currently faced with the highest unemployment rate in the EU (24.4 % in January 2016, up from 8.4 % in 2007) and the highest long-term unemployment rate with one in five Greeks (18.2 % up from 4.2 % in 2007) having been unemployed for more than twelve months in 2015. More than half of young people of working age (52 %) is unemployed (EU-28 = 19 %) meaning that 13 % of all young people in Greece aged 15 - 24 cannot find a job. More than one in three Greeks lives in a situation at risk of poverty¹⁴ or social exclusion (36 % in 2014). The OECD Economic Survey for Greece¹⁵ says that since the crisis started poverty has extended to affect one third of the population. OECD considers that tackling poverty and inequality must be urgent policy priorities. Finally, the OECD's report concludes that boosting economic growth and investment to create jobs, improving the stability of public finances and providing an effective social safety net is crucial to help Greece recover from the profound social costs of the economic crisis.

Table 4: Unemployment in Greece (OECD, March 2016)

Unemployment has increased sharply



Source: Updated OECD Economic Outlook 98 database.

¹³ Unemployment statistics, Eurostat, [April 2016](#).¹⁴ HELLENIC STATISTICAL AUTHORITY Piraeus, 23 / 6 / 2016 [Risk of poverty](#).¹⁵ OECD, [Economic Survey for Greece](#), March 2016.

Table 5: Poverty in Greece (OECD, March 2016)**Table 6: Unemployment rate in the EU & some non-EU countries, 2003-2014 (%)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EU-28	9.2	9.3	9.0	8.2	7.2	7.0	9.0	9.6	9.7	10.5	10.9	10.2
Euro area	8.9	9.1	9.0	8.4	7.5	7.6	9.5	10.0	10.1	11.3	12.0	11.6
Belgium	8.2	8.4	8.5	8.3	7.5	7.0	7.9	8.3	7.2	7.6	8.4	8.5
Bulgaria	13.7	12.1	10.1	9.0	6.9	5.6	6.8	10.3	11.3	12.3	13.0	11.4
Czech Republic	7.8	8.3	7.9	7.1	5.3	4.4	6.7	7.3	6.7	7.0	7.0	6.1
Denmark	5.4	5.5	4.8	3.9	3.8	3.4	6.0	7.5	7.6	7.5	7.0	6.6
Germany	9.7	10.4	11.2	10.1	8.5	7.4	7.6	7.0	5.8	5.4	5.2	5.0
Estonia	10.3	10.1	8.0	5.9	4.6	5.5	13.5	16.7	12.3	10.0	8.6	7.4
Ireland	4.6	4.5	4.4	4.5	4.7	6.4	12.0	13.9	14.7	14.7	13.1	11.3
Greece	9.7	10.6	10.0	9.0	8.4	7.8	9.6	12.7	17.9	24.5	27.5	26.5
Spain	11.5	11.0	9.2	8.5	8.2	11.3	17.9	19.9	21.4	24.8	26.1	24.5
France	8.6	8.9	8.9	8.8	8.0	7.4	9.1	9.3	9.2	9.8	10.3	10.3
Croatia	14.2	13.9	13.0	11.6	9.9	8.6	9.2	11.7	13.7	16.0	17.3	17.3
Italy	8.4	8.0	7.7	6.8	6.1	6.7	7.7	8.4	8.4	10.7	12.1	12.7
Cyprus	4.1	4.6	5.3	4.6	3.9	3.7	5.4	6.3	7.9	11.9	15.9	16.1
Latvia	11.6	11.7	10.0	7.0	6.1	7.7	17.5	19.5	16.2	15.0	11.9	10.8
Lithuania	12.4	10.9	8.3	5.8	4.3	5.8	13.8	17.8	15.4	13.4	11.8	10.7
Luxembourg	3.8	5.0	4.6	4.6	4.2	4.9	5.1	4.6	4.8	5.1	5.9	5.9
Hungary	5.8	6.1	7.2	7.5	7.4	7.8	10.0	11.2	11.0	11.0	10.2	7.7
Malta	7.7	7.2	6.9	6.8	6.5	6.0	6.9	6.9	6.4	6.3	6.4	5.9
Netherlands	4.8	5.7	5.9	5.0	4.2	3.7	4.4	5.0	5.0	5.8	7.3	7.4
Austria	4.8	5.5	5.6	5.3	4.9	4.1	5.3	4.8	4.6	4.9	5.4	5.6
Poland	19.8	19.1	17.9	13.9	9.6	7.1	8.1	9.7	9.7	10.1	10.3	9.0
Portugal	7.4	7.8	8.8	8.9	9.1	8.8	10.7	12.0	12.9	15.8	16.4	14.1
Romania	7.7	8.0	7.1	7.2	6.4	5.6	6.5	7.0	7.2	6.8	7.1	6.8
Slovenia	6.7	6.3	6.5	6.0	4.9	4.4	5.9	7.3	8.2	8.9	10.1	9.7
Slovakia	17.7	18.4	16.4	13.5	11.2	9.6	12.1	14.5	13.7	14.0	14.2	13.2
Finland	9.0	8.8	8.4	7.7	6.9	6.4	8.2	8.4	7.8	7.7	8.2	8.7
Sweden	6.6	7.4	7.7	7.1	6.1	6.2	8.3	8.6	7.8	8.0	8.0	7.9
United Kingdom	5.0	4.7	4.8	5.4	5.3	5.6	7.6	7.8	8.1	7.9	7.6	6.1
Iceland	3.3	3.1	2.6	2.9	2.3	3.0	7.2	7.6	7.1	6.0	5.4	5.0
Norway	4.2	4.3	4.5	3.4	2.5	2.5	3.2	3.6	3.3	3.2	3.5	3.5
Turkey	-	-	9.5	9.0	9.1	10.0	13.0	11.1	9.1	8.4	9.0	9.9
United States	6.0	5.5	5.1	4.6	4.6	5.8	9.3	9.6	8.9	8.1	7.4	6.2
Japan	5.3	4.7	4.4	4.1	3.8	4.0	5.1	5.0	4.6	4.3	4.0	3.6

: Data not available

Source: Eurostat (2016).

Table 7: Unemployment rate in the EU by age and gender, 2007-2014 (%)

	Male		Female		< 25 years	25-74 years
	2007	2014	2007	2014	2014	2014
EU-28	6.6	10.1	7.9	10.3	22.2	9.0
Euro area	6.7	11.5	8.6	11.8	23.8	10.4
Belgium	6.7	9.0	8.5	7.9	23.2	7.3
Bulgaria	6.5	12.3	7.4	10.4	23.8	10.7
Czech Republic	4.2	5.1	6.7	7.4	15.9	5.4
Denmark	3.4	6.4	4.2	6.8	12.6	5.5
Germany	8.4	5.3	8.7	4.6	7.7	4.7
Estonia	5.4	7.9	3.8	6.8	15.0	6.7
Ireland	5.0	12.9	4.3	9.4	23.9	10.0
Greece	5.3	23.7	12.9	30.2	52.4	24.8
Spain	6.4	23.6	10.7	25.4	53.2	22.3
France	7.6	10.5	8.5	10.1	24.1	8.8
Croatia	8.8	16.5	11.4	18.3	45.5	14.6
Italy	4.9	11.9	7.8	13.8	42.7	10.6
Cyprus	3.4	17.1	4.6	15.1	35.9	14.0
Latvia	6.5	11.8	5.6	9.8	19.6	10.0
Lithuania	4.2	12.2	4.3	9.2	19.3	9.9
Luxembourg	3.4	5.9	5.1	6.0	21.2	5.0
Hungary	7.1	7.6	7.7	7.9	20.4	6.7
Malta	5.8	6.2	7.9	5.4	11.8	4.8
Netherlands	3.3	7.2	5.2	7.8	12.7	6.5
Austria	4.5	5.9	5.3	5.4	10.3	4.9
Poland	9.0	8.5	10.3	9.6	23.9	7.7
Portugal	8.7	13.8	9.6	14.5	34.7	12.5
Romania	7.2	7.3	5.2	6.1	24.0	5.5
Slovenia	4.0	9.0	5.9	10.6	20.2	8.9
Slovakia	10.0	12.6	12.8	13.6	29.7	11.8
Finland	6.5	9.3	7.2	8.0	20.5	7.0
Sweden	5.9	8.2	6.5	7.7	22.9	5.7
United Kingdom	5.5	6.4	5.0	5.8	16.9	4.4
Iceland	2.3	5.1	2.3	4.9	10.0	3.9
Norway	2.6	3.7	2.5	3.3	7.9	2.8
Turkey	18.0	8.3
United States	4.7	6.3	4.5	6.1	13.4	5.0
Japan	3.9	3.8	3.7	3.4	6.3	3.3

Source: Eurostat (2016).

1.6 Administrative structures of Greece

Recent policy developments

In its Regional Outlook 2014¹⁶, the OECD notes that there have been increasing decentralisation efforts and more powers were given to the regions starting with the 1997 Kapodistrias reform of local and regional government, transforming them into fully separate entities under the 2010 Kallikratis plan¹⁷ (Law 3852/2010, effective from 1 January 2011). Thirteen regional governors and councils are now elected (5 year term). Their mandate is to plan and implement policies at regional level taking into account national and European policies. Nevertheless, many responsibilities remain with the central government's departments, and the regions rely on transfers for funding. Some metropolitan functions have been allocated to Attica and Thessaloniki (Central Macedonia) within their corresponding regions. The number of municipalities were reduced from 1 033 to 325 by the Kallikratis reform which also set up seven decentralised administrations¹⁸ for functions that the state decided to retain under its jurisdiction. Each is headed by a general secretary, appointed by the Ministry of Interior. Their main responsibility is to enact and monitor central government legislation at local level in areas such as immigration, public property, environment and spatial planning. As the intermediary between central government and the municipalities, they have a supervisory and monitoring role with regard to the latter.

Administratively, Greece is divided into thirteen regions and one autonomous administrative unit.

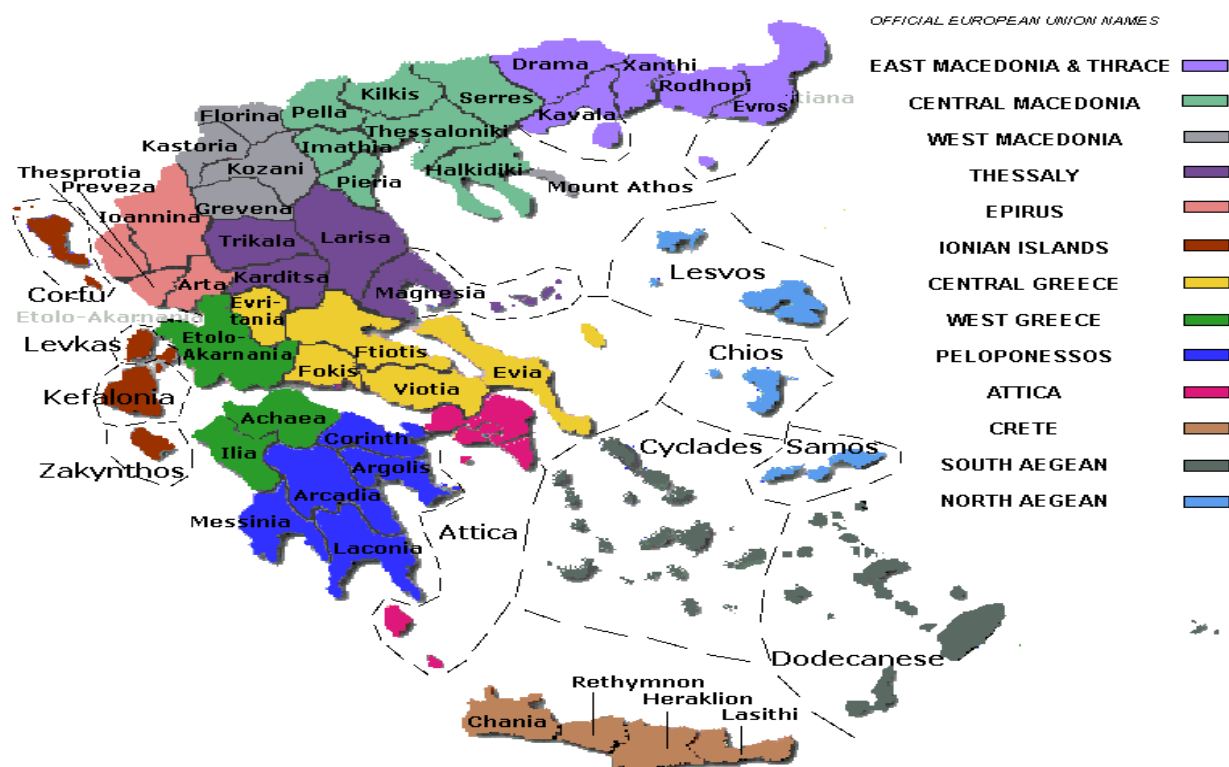
¹⁶ <http://www.oecd.org/gov/regional-policy/Greece.pdf>.

¹⁷ [Law 3852/2010](#) 'New Architecture of Local Government and Decentralised Administration – Kallikratis Programme'.

¹⁸ These are: Attica; Macedonia-Thrace; Epirus-Western Macedonia; Thessaly-Central Greece; Peloponnese-Western Greece-Ionian Islands; Aegean; and Crete.

Table 8: Greece's administrative division

1) Eastern Macedonia and Thrace	Eastern Macedonia and Thrace is the northernmost administrative region of the country and covers an area of about 14 157 km² . It has a population of 606 170 , and its capital is Komotini .
2) Central Macedonia	The administrative unit of Central Macedonia, including its capital at Thessaloniki , covers an area of about approximately 15 549 km² and houses a population of 1 882 108 people.
3) Western Macedonia	Western Macedonia covers an area of about 9 451 km² . With its capital at Kozani , Western Macedonia has a population of 282 120 .
4) Epirus	Epirus is the westernmost administrative region of peninsular Greece. Its capital is Ioannina . Epirus covers a land area of about 9 023 km² and has a population of 336 650 .
5) Thessaly	Thessaly, to the south of Western Macedonia, houses a population of 730 730 . Larissa is its capital. The administrative unit covers an area of about 14 037 km² .
6) Ionian Islands	The Ionian Islands region covers all the islands in the Ionian Sea except Kythera. The island of Corfu is the capital of the Ionian Islands region. The land area of the region covers about 2 307 km² and the islands taken together are home to a population of 206 470.
7) Western Greece	Western Greece is to the north of the Peloponnese, has a population of 680 190 and covers an area of about 9 451 km² . Patras is the capital of Western Greece.
8) Central Greece	Central Greece, to the north of Attica, has Lamia as its capital. It covers an area of about 15 549 km² and has about 546 870 .
9) Attica	Attica in south-central Greece covers an area of approximately 3 808 km² and is home to a population of about 3 750 000 . The national capital, Athens is also the capital of Attica.
10) Peloponnese	The Peloponnese is the southernmost region of peninsular Greece. Its capital is Tripolis and it covers an area of 15 490 km² . The region has a population of 581 980 .
11) Northern Aegean	The Northern Aegean region covers about 3 836 km² . Its capital is Mytilene . The Northern Aegean islands are home to a population of 197 810 .
12) Southern Aegean	The Southern Aegean region covers 5 286 km² . With its capital at Ermoupoli , the region has a population of 308 610 .
13) Crete	Crete, with its capital at Heraklion, has a population of 621 340 . The region covers a land area of 8 259 km² .
Mount Athos	Mount Athos is an autonomous administrative unit and covers an area of 390 km ² . With its capital at Karyes , it has a population of 1 830 .

Figure 4: Regions of Greece (NUTS 2)

Source: European Commission, DG REGIO/ Hellenic Republic, Ministry of Economy, Development & Tourism.

Division of powers

As indicated above, the principles of decentralisation and local self-government are enshrined in the Greek Constitution and the European Charter of Self-Government¹⁹. Local and regional authorities constitute a fundamental cornerstone of the public life of the Greek citizens.

Since the adoption of the Kallikratis Programme, both municipalities and regions have autonomous central resources calculated on the basis of a share of income tax, VAT, and Property tax²⁰ percentages.

The general division of powers in Greece is the following:²¹

National level

- general powers in matters coming under national sovereignty, particularly in the areas of national defence, foreign affairs, finance and justice;
- general national policy;
- coordination and direction of the government's activities;
- coordination and direction of the civil service;
- implementation of national policies.

¹⁹ provisions of Article 102 of the [Constitution and the European Charter of Local Self-Government](#) ratified by [Law 1850/1989 \(GG 144 A\)](#), taking into account the reservations expressed on Articles 5, 7 (§2), 8 (§2) and 10 (§10).

²⁰ In 2005, sub-national governments' revenues were derived mainly from grants. Sub-national expenditure represented 3.1 % of GDP and 6.6 % of total public expenditure. The municipalities' revenues derived from mainly from local taxes (68.5 %) and grants (21.6 %), with 9.9 % coming from other sources. The revenues of the counties and regions arose from local taxes (69.7 %), grants (24 %) and other sources (6.3 %). (Source: Committee of the Regions - Division of powers).

²¹ Source: <http://hapsc.org/wp-content/uploads/2016/03/The-local-government-in-Greece-2-copy.pdf> and <https://portal.cor.europa.eu/divisionpowers/countries/MembersNLP/Greece/Pages/default.aspx>

Regional level

The regions exercise their responsibilities/competences within the framework of the relevant laws and administrative regulations, in the fields of:

- planning/programming and regional development, including investment;
- agriculture/livestock and fisheries;
- natural resources, energy and industry (water management, mineral wealth, energy, industry and manufacturing);
- employment, trade and tourism;
- transport and communications;
- public works, urbanism, spatial planning and the environment;
- health;
- education, culture and sport; and
- civil protection/logistics.

It is worth mentioning that the role of the regions is complementary to that of the state. As far as health, employment and trade are concerned, the regions play only a minor role with limited functions.

In order to address supra-local problems in a uniform way, the metropolitan region of Attica and the metropolitan unit of Thessaloniki (Central Macedonia region), in addition to their regional responsibilities, may exercise metropolitan responsibilities in the following areas:

- environment and quality of life;
- spatial planning and urban regeneration;
- transport and communications;
- civil protection and security beyond the municipal administrative boundaries.

The regions exercise their powers taking into account:

- the relevant national, regional and European policies;
- the need for cooperation and coordination with other regional authorities and organisations;
- the resources available for them to meet their responsibilities and the need to ensure their beneficial and efficient use and equitable distribution;
- the need to organise services in such a way as to ensure their suitability, quality and effectiveness;
- the need for sustainable development and protection of cultural heritage.

The regions have been understaffed and under-resourced. It is central government that decides and allocates the budget.

Municipal level

The Municipalities exercise their powers/responsibilities in accordance with the relevant legislation and regulations and the management regulations that they adopt (local regulatory decisions) in the fields of:

- development;
- building permits and urban planning applications;

- the environment;
- the quality of life and the proper functioning of cities;
- employment;
- social protection and solidarity;
- education, culture and sport;
- agricultural development, livestock and fisheries;
- civil protection;
- issuing professional licenses;
- transport infrastructure;
- local development initiatives,;
- tourism.

To provide better services, municipalities may also exercise state responsibilities at local level which have been assigned to them by law. It is worth stressing that both island and mountain municipalities take on additional responsibilities otherwise exercised by the regions with the aim of better serving the local population in accordance with the subsidiarity principle. The municipal authorities exercise their powers taking into account:

- related national, regional and European policies;
- the need for coordination with other local or public authorities which have the power to act and have own resources in their region;
- the availability of resources and their beneficial and efficient use and equitable distribution;
- the need to organise adequate, qualified and efficient services with a view to better serving residents;
- the need for high-quality environmental protection, protection of cultural heritage and the promotion of sustainable development in their areas.

1. EU COHESION POLICY 2014-2020

1.1. Introduction²²

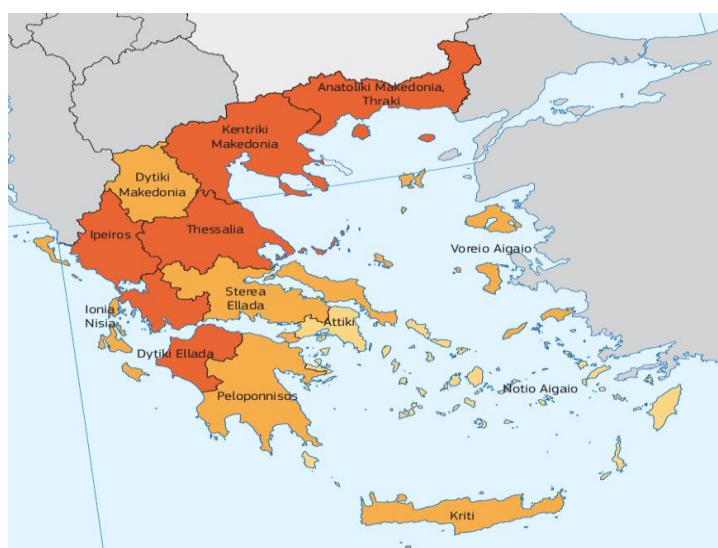
The regulations setting the amounts available for the Cohesion Policy for 2014-2020 entered into force in December 2013, as part of the multiannual financial framework for the seven-year European budget. As regards the Cohesion Policy 2014-2020, EUR 351.8 billion were earmarked for the 28 Member States, a sum approximately equal to one third of the EU budget. Following negotiations, resources were allocated as follows: EUR 182.2 billion were allocated to the less developed regions, those with GDP less than 75% of the EU average. EUR 35 billion were allocated to transition regions, those with a GDP between 75% and 90% of the EU average. EUR 54 billion were allocated to more developed regions those with a GDP greater than 90% of the EU average.

Financial allocation 2014-2020	EUR
Greece	15 275 247 163 ²³

For the 2014-2020 programming period, Greece is managing 18 operational programmes under the cohesion policy:

- 13 regional programmes will receive funding from the European Regional Development Fund (ERDF) and the European Social Fund (ESF);
- two national programmes will receive funding from the ERDF and ESF;
- one national programme will receive funding from the ERDF and the Cohesion Fund;
- one national programme will receive funding from the ESF;
- national technical assistance programme will receive funding from the ERDF, ESF and the Cohesion Fund.

Figure 5: Structural Funds (ERDF and ESF) eligibility 2014-2020 for Greece's regions



- Less developed regions (GDP/head < 75 % of EU-27 average)
- Transition regions (GDP/head between >= 75 % and < 90% of EU-27 average)
- More developed regions (GDP/head >= 90% of EU-27 average)

Source: DG REGIO, May 2014.

²² Source: European Commission, DG REGIO, Cohesion Policy, factsheet on Greece, May 2014

²³ European Commission, [European Structural & Investment Funds](#), Data 1.04.2016.

The more developed regions will receive approximately EUR 2.5 billion of funding from Structural Funds. The transition regions will receive EUR 2.3 billion of funding, while the less-developed regions will receive approximately EUR 7 billion from the Structural Funds.

For 2014-2020, Greece has been allocated EUR 15.35 billion (current prices) in total Cohesion Policy funding:

- EUR 7.03 billion for less developed regions (Eastern Macedonia and Thrace, Central Macedonia, Thessaly, Epirus, Western Greece);
- EUR 2.31 billion for transition regions (Western Macedonia, Continental Greece, Ionian Islands, Peloponnesus, Crete, North Aegean Islands);
- EUR 2.53 billion for more developed regions (Attica, South Aegean Islands);
- EUR 3.25 billion under the Cohesion Fund;
- EUR 231.7 million for European Territorial Cooperation (ETC);
- EUR 171.5 million for the Youth Employment Initiative (YEI).

Of this, the ESF in Greece will represent a minimum of EUR 3.33 billion. The actual share will be set according to the specific challenges that the country needs to address in the areas covered by the ESF. As stressed by the euro summit of 12 July 2015²⁴, there is a total of EUR 35 bn available for Greece (including all ESIF and agricultural funds). The statement also highlighted that to help support growth and job creation in Greece (in the next 3-5 years) the Commission would work closely with the Greek authorities to mobilise these EUR 35bn to fund investment and economic activity, including in SMEs.

1.2. Relevant ministries

The relevant ministries responsible to implement programmes, in the framework of Cohesion Policy for 2014-2020 are the following:

- **Ministry for Economy, Development ,Competitiveness and Tourism**

Regional development framework National Strategic Reference Framework; regional operational programmes (in coordination with the 13 regions). Regional development measures have been strongly aligned with EU Cohesion Policy and are codified under different development laws.

- **Ministry of Environment, Energy and Climate Change**

Urban policy framework or strategy National Spatial Planning and Sustainable Development Framework; regional frameworks for spatial planning and sustainable development; Master Plan of Region of Athens/Attica; Master Plan of Thessaloniki.

- **Ministry of Rural Development and Food**

Rural policy framework or strategy. The Rural Development Law (2005) sets the framework, and the National Strategy Plan (NSP) for Rural Development provides policy guidance.

²⁴ <http://www.consilium.europa.eu/en/press/press-releases/2015/07/12-euro-summit-statement-greece/>.

1.3. 2007-2013 programming period results ²⁵

A total of EUR 20.4 billion from cohesion policy funding for the 2007-2013 period was allocated to Greece. Since the start of that period, the ERDF and the Cohesion Fund have helped Greece to:

- create more than 21 000 jobs (more than 20 000 of which in SMEs);
- start up more than 2 400 businesses and invest directly in more than 30 000 SMEs;
- extend coverage of broadband internet to 800 000 additional citizens;
- improve urban transport, to the benefit of more than 27 000 people;
- invest in water projects benefiting more than 450 000 people.

Cohesion funding has provided investment for a wide variety of projects, such as combating poverty and improving the employability and skills of young people and the long-term unemployed. The ESF has provided training for more than 4 million people.

A series of measures were adopted in 2013 in a bid to better respond to the country's needs in time of crisis and to improve absorption.

- An amount of EUR 1.3 billion has been paid to Greece as a result of the increase in the co-financing rate to 95 % (top-up). Moreover, this measure has reduced the requirements for national co-financing from the national budget by the same amount.
- A list of 181 co-funded priority projects of high investment value was drawn up in close collaboration between the Greek authorities and the Commission, relating to important sectors. The projects are intended to produce visible results and boost the economy, competitiveness and employment. They should prove to be a key driver for the absorption of funds, representing a total value of approximately EUR 11.2 billion.
- Cohesion Policy funding has tied to the European Investment Bank (EIB), through the creation a guarantee fund for SMEs to support EIB global loans. A total of EUR 500 million from the Structural Funds now serves to guarantee a potential global EIB loan to the sum of EUR 1 billion.
- A youth initiative with support from the ESF has been introduced to support actions aimed at reducing the high rate of unemployment among young people in Greece.

Table 9: Structural Funds Financial execution-state of progress for the programming period 2007-2013

FUND	GREECE	EU AVERAGE
ERDF	99,31 %	91,25%
ESF	99,45%	91,07%
CF	100%	93,41%

Source: DG REGIO, July 2016.

²⁵ DG REGIO, [Cohesion Policy](#), factsheet on Greece May 2014.

1.4. Main challenges and perspectives post-2013: funding priorities for Greece

1.4.1. Partnership Agreement

Under the Common Provisions Regulation (CPR) of 17 December 2013²⁶, Member States are required to draw up and implement strategic plans with investment priorities covering the five ESI Funds. These 'Partnership Agreements' (PAs) are negotiated between the Commission and the national authorities, once they have consulted various levels of government, representatives of interest groups, civil society and local and regional representatives. The priorities for Greece are set out in the PAs²⁷ approved by the Commission on 23 May 2014.

As stated in the European Commission summary²⁸, the PA is aimed to lay down the foundations for a new economic model in Greece based on competitiveness and innovation and contributes to the efforts of the country to exit from the crisis.

The strategic decisions taken should stimulate growth by strengthening the competitiveness and innovation of Greek SMEs by creating sustainable jobs and through the modernisation of public administration and the promotion of structural and administrative reforms. The overall objective sought through this agreement is to turn the country into a sustainable, innovation-driven and outward looking economy with sustainable growth and jobs. To this end, five key strategic priorities have been identified, in particular:

- Strengthening the competitiveness and extroversion of enterprises;
- Capacity building and development of human resources;
- Environmental protection - transition to a climate-friendly economy;
- Modernisation - Completing infrastructures for economic and social development;
- Enhancing institutional capacity and the efficiency of public administration and local governance.

²⁶ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.

²⁷ 'European Commission adopts "Partnership Agreement" with Greece on using EU Structural and Investment Funds for growth and jobs in 2014-2020', European Commission, press release, Brussels, 23 May 2014.

²⁸ Summary of the 'Partnership Agreement' with Greece, 2014-2020. [Brussels, 23 May 2014.](#)

Table 10: Greece's priorities 2014-2020

*Based on the Position Paper on the development of the Partnership Agreement and Programmes in Greece for 2014-2020

Source: www.espa.gr.

1.4.2. Operational Programmes

As mentioned by the website²⁹ of the Greek Ministry of Economy, Development and Tourism dedicated to Cohesion Policies, the objectives of the European Structural and Investment Funds of the European Union (ESIF), which co-finance the PA 2014-2020, are achieved through Operational Programmes (OP) as referred to in the CPR Regulation and rural development programme as referred to in the EAFRD Regulation. In December 2014 the OPs for the new programming period (2014-2020) were approved and subsequently, the national law for the management of the new PA 2014-2020 (Law 4314/2014)³⁰ was published in accordance with the requirements of Regulation (EC) 1303/2013 (CPR).

The architecture of the PA 2014-2020 includes seven Sectorial Operational Programmes (including programmes for Rural Development and Fisheries) covering one or more sectors and whose geographic scope and implementation applies across the country. The Sectorial Operational Programmes (OP) are related to one or more sectors of the economic and social life and apply geographically across the whole country. In particular, the Sectorial Operational Programmes of PA are the following:

- OP Competitiveness, Entrepreneurship and Innovation;
- OP Transport Infrastructure, Environment and Sustainable Development;
- OP Human Resources Development, Education and Lifelong Learning;
- OP Public Sector Reform;
- OP Technical Assistance;
- Rural Development Programme;
- OP Fisheries and Maritime.

²⁹ <https://www.espa.gr/en/Pages/staticEUPolicies.aspx>.

³⁰ See: <http://www.antonistikitita.gr/english/secretariat1.asp>.

The Partnership Agreement 2014-2020, along with the sectorial programs, also includes 13 multi-sectorial and multi-funded Regional Operational Programmes (ROPs). Each and every one of the Greek regions is the subject of a ROP that includes projects and regional scale actions, leverages local strengths and is funded by the European Regional Development Fund (ERDF) and the European Social Fund (ESF).

Furthermore, the management of important resources of the Cohesion Fund for the Environment and funds directed to meeting obligations relating to waste water have been assigned to the regions. In addition, the management of approximately 30% of the funds from the Rural Development Programme have been assigned to the 13 Greek regions.

All Monitoring Committees have been set up and adopted the selection criteria for a set of investment priorities. The designation of authorities has been notified to the Commission, allowing thus the submission of interim payment claims. Some ex ante conditionalities have been fulfilled or crucial actions have been taken: a) national and 13 regional smart specialisation strategies have been set up and approved, b) national solid waste management plan c) a new Strategical Group of Digital Strategy.

1.4.3. European Territorial Cooperation programmes .

Greece participates in 7 European Territorial Cooperation (ETC) programmes³¹, 5 of which are bilateral (cross-border cooperation) programmes, and there are 2 transnational cooperation programmes (Balkan-Mediterranean & Adriatic). The cross-border cooperation programmes are intended to tackle common challenges that border regions face, to exploit growth potential and, of course, to strengthen cooperation in the interests of the harmonious progress of the Union. Transnational ETC programmes promote cooperation among greater European regions, including the ones surrounding sea basins. These programmes were drawn up by the responsible authorities of the country, in cooperation and consultation with the socio-economic partners and were approved by the Commission.

Each programme includes strategic priorities and indicative actions that shape its contribution to achieving the PA objectives and therefore to pursuing the EU's strategy for smart, sustainable and inclusive growth.

The ETC programmes between Greece and its neighbouring countries are the following:

Interreg V-A - "Greece - Cyprus 2014-2020" Programme	
Total OP budget:	EUR 54 072 416
Regional Development Fund (ERDF)	EUR 45 961 551
EU contribution	EUR 45 961 551
Regions concerned	Northern Aegean, Crete, Southern Aegean and Cyprus (whole country)

Source: [ESPA 2014-2020](#).

Main objectives:

The cooperation programme Interreg V-A Greece-Cyprus is designed to increase the competitiveness of the eligible area by supporting entrepreneurship and the use of information and communication technologies. The courses of action planned will improve the capacity of SMEs to exploit opportunities outside the local market, with emphasis on sectors that emerge from the RIS3 process. That improvement will be brought about in a sustainable manner that mitigates or reverses the negative effects of climate change by

³¹ <http://www.interreg.gr/en/>.

promoting a low-emission economy. The programme should address all issues relating to the environment, with regard either to protecting against risks or to promoting the natural and cultural heritage.

Funding priorities

The programme will focus on the following three priorities:

- enhancing competitiveness and entrepreneurship in the eligible area;
- efficient use of energy and sustainable transport;
- conservation and protection of the environment and risk prevention.

Expected results

- increased use of information and communication technologies by businesses and the public sector;
- reduced air pollutants in urban areas in the eligible area;
- enhanced accessibility in the border region and at the same time improved transport safety;
- improved maritime spatial planning and integrated coastal zone management;
- joint tourism development strategies produced and joint alternative tourism products/destinations planned;
- improved efficiency of water resources;
- promotion of integrated waste management.

Interreg V-A "Greece - Bulgaria 2014-2020" Programme	
Total OP budget:	EUR 129 695 572
Regional Development Fund (ERDF)	EUR 110 241 234
EU contribution	EUR 110 241 234
Regions concerned	for Greece: Regional Unit of Evros, Regional Unit of Xanthi, Regional Unit of Rodopi, Regional Unit of Drama, Regional Unit of Kavala, Regional Unit of Thessaloniki, Regional Unit of Serres. For Bulgaria: South Central Region (District of Haskovo, District of Smolyan, District of Kardjali) and South-West Region (District of Blagoevgrad).

Source: [ESPA 2014-2020](#).

Main objectives:

The programme Interreg V-A Greece-Bulgaria is designed to increase entrepreneurial activity in the eligible area and to improve SMEs' capacity to expand beyond local markets. Furthermore, the programme will improve cross-border cooperation in flood risk management and will develop and promote the border area's cultural and natural heritage for tourist purposes. The actions planned will also lead to better joint surface and groundwater management systems and will improve cross-border accessibility, leading to reduced travel times for people and goods and improved traffic safety. Finally, the programme is intended to expand social entrepreneurship in the border area, which will increase employment in social enterprises and improve delivery of social services to communities with poor socio-economic indicators.

Funding priorities

The programme's priorities are:

- a competitive and innovative cross-border area;
- a sustainable and climate-adaptable cross-border area;
- a better interconnected cross-border area;
- a socially inclusive cross-border area;
- technical assistance.

Expected results:

- improved entrepreneurial climate;
- better access to key markets and a wider customer base for SMEs;
- increased resilience to cross-border natural disasters (floods);
- increased tourist traffic in the border area;
- increased incidence of common approaches in biodiversity protection on both sides of the border;
- reduced travel times for people and goods and improved traffic safety.

Interreg V-A "Greece - Italy 2014-2020" Programme	
Total OP budget:	EUR 123 176 899
Regional Development Fund (ERDF)	EUR 104 700 362
EU contribution	EUR 104 700 362
Regions concerned	Central Macedonia, Ionian Islands, Western Greece, Central Greece, Peloponnese, Attica, Southern Aegean, and Crete (Greece); Apulia (Italy)

Source: [ESPA 2014-2020](#).

Main objectives:

The overall objective of the programme is to support strategic cross-border cooperation between Greece and Italy for a more prosperous and sustainable region across the Ionian Sea. Emphasis is placed upon the foundations of a dynamic economy that fosters smart, sustainable and inclusive growth, with the goal of improving the quality of life of those living in the cross-border area.

Strategically, the programme will enhance innovation in a number of fields such as blue growth, tourism and culture, agro-food and cultural and creative industries. The programme will achieve this by providing support to clusters, networks and incubators. It will ultimately ensure a safer environment by promoting natural and cultural resources, along with land and sea safety measures. Complementarily to this, the programme will also address issues related to climate change, sustainable mobility, employment and education in the cross-border area.

Funding priorities:

The programme will focus on the following three priorities:

- 'Innovation and competitiveness': linking investments in Research and Innovation (R&I) and SMEs in order to build a strong export-based economy. A means to achieve this is to stimulate engagement in innovation among SMEs, as these form the business base in the area covered with the programme. The programme specifically focuses on growth sectors with the highest potential for job creation, such as agribusiness, blue growth, tourism, cultural heritage and cultural and creative industries.
- 'Integrated environmental management': furthering the development and implementation of common approaches to managing the environment, supporting the promotion of cultural and natural heritage, and fostering shared potential and responsibilities in the field of environmental protection and risk prevention.
- 'Multimodal sustainable transport system': promoting investments in response to the need for better regional and cross-border connectivity in the area covered by the programme, ensuring accessibility of transport infrastructures, coordinating cross-border transport systems and procedures, integrating regional, national and cross-border transportation planning, and promoting an efficient and environment-friendly mobility and transport system.

Expected results

- support for 20 structures and networks that innovate;
- support for 15 knowledge-transfer structures and networks for SMEs;
- launch of several projects that focus on preserving and promoting the area through the sustainable use of existing natural and cultural heritage;
- establishment of 12 cross-border structures and networks in the field of environmental technologies;
- support for 10 cross-border structures and networks in sustainable maritime cross-border mobility and transport;
- support for five structures and networks in the field of eco-friendly mobility and transport.

Interreg IPA CBC "Greece - Albania 2014-2020" Programme	
Total OP budget:	EUR 42 312 029
Regional Development Fund (ERDF)	EUR 35 965 222
EU contribution	EUR 35 965 222
Regions concerned	Regional Unit of Grevena, Regional Unit of Kastoria, Regional Unit of Florina, Regional Unit of Arta, Regional Unit of Thesprotia, Regional Unit of Ioannina, Regional Unit of Preveza, Regional Unit of Zakynthos, Regional Unit of Kerkira, Regional Unit of Kefallinia and Regional Unit of Lefkada for Greece; the regions of Berat, Gjirokaster, Korçë and Vlorë for Albania.

Source: [ESPA 2014-2020](#).

Main objectives:

The cross-border cooperation programme 'Greece-Albania 2014-2020' will support regional cooperation among Greek and Albanian regions in the upcoming programming period. The programme's overall objective is to 'increase the standard of living of the population by promoting sustainable local development in the cross-border area'. It concentrates on priorities that are either characterised by significant cross-border effects or present strong potential for achieving added value through cooperation.

Funding priorities:

The programme will focus on the following priorities:

- 'Promotion of the environment, sustainable transport and public infrastructure' with a view to increasing the capacity of cross-border infrastructure in transport, water and waste management; increasing the effectiveness of environmental protection and energy efficiency; improving the effectiveness of risk prevention and disaster management, with a focus on forest fires;
- 'Boosting the local economy' with a view to preserving cultural and natural resources as a prerequisite for tourism development in the cross-border area, and to improving cross-border capacity to support entrepreneurship, business survival and competitiveness.

Expected results:

- Improved capacity for emergency interventions and management in case of natural disasters, especially forest fires;
- Access to improved local transport infrastructures, faster connections to main corridors, efficient border-crossing services, and transport services using innovative technologies;
- Increased tourist visits to the cross-border area, for all types of touristic activities.

Interreg IPA CBC "Greece - Former Yugoslav Republic of Macedonia (FYROM) 2014-2020" Programme	
Total OP budget:	EUR 45 470 066
Regional Development Fund (ERDF)	EUR 38 649 552
EU contribution	EUR 38 649 552
Regions concerned	Regional Unit of Florina (Region of Western Macedonia), Regional Unit of Pella (Region of Central Macedonia), Regional Unit of Kilkis (Region of Central Macedonia), Regional Unit of Serres (Region of Central Macedonia), Regional Unit of Thessaloniki (Region of Central Macedonia) for Greece, and the regions of Pelagonia and Vardar, the South-East and the South-West for the former Yugoslav Republic of Macedonia

Source: [ESPA 2014-2020](#).

Main objectives:

The cross-border cooperation programme 'Greece – The former Yugoslav Republic of Macedonia 2014-2020' supports regional cooperation between Greece and the former Yugoslav Republic of Macedonia. The programme's overall objective is to enhance territorial cohesion by improving living standards and employment opportunities, while protecting the environment, and by using the area's natural resources to improve its tourism product.

Funding priorities

The programme will focus on the following priorities

- 'Development and Support of Local Economy', promoting employment and mobility of human resources as well as aiming to improve health and social investment and services. The aim is to support the protection of natural and cultural heritage in order to promote and encourage tourism in the cross-border area.
- 'Protection of Environment - Transportation', focusing on the improvement of public infrastructure and the reduction of isolation by improved access to transport, information and communication networks and services. The aim is to promote the sustainable management, treatment and recycling of waste and the sustainable management of protected areas, ecosystems and biodiversity, and to address the prevention, mitigation and management of natural disasters, risks and hazards.

Expected impacts

- improved health and social services for the population living in the cross-border region;
- further jobs created in the tourism sector;
- improved access to local transport infrastructures, faster connections to main corridors, efficient border-crossing services, and transport services using innovative technologies;
- improved waste management and recycling systems;
- improved measures addressing natural risks (floods, forest fires) and environmental protection.

Interreg V-B "Balkan-Mediterranean" Programme	
Total OP budget:	EUR 45 336 251
Regional Development Fund (ERDF)	EUR 28 330 109
Instrument for Pre-Accession Assistance (IPA)	EUR 5 126 137
National contributions	EUR 18 760 763
Regions concerned	all regions of Bulgaria, Cyprus and Greece

Source: [ESPA 2014-2020](#).

Main objectives:

The 'Balkan-Mediterranean' programme is a new transnational cooperation programme, arising from the subdivision of the former programme 'South-East Europe' (2007-2013) and from the strong will of the Balkan-Mediterranean countries to further cooperation in the area. It will boost territorial competitiveness and protect the environment.

Funding priorities:

The programme will focus on two main priorities:

- 'entrepreneurship and innovation', promoting entrepreneurship and targeting the innovation capacity of SMEs;
- 'environment', focusing on efficient management of the natural ecosystem and of the resources within the waste, soil and water sectors.

Expected impacts:

- enhancement of SMEs' business performance;
- strategic reorientation of business policies to favour entrepreneurial, social and digital innovation;
- increasing the attractiveness of the region for innovators and business;
- establishing efficient links between business and vocational training;
- exchange and transfer of knowledge between regions and countries in the Balkan-Mediterranean area;
- reduced 'brain drain' phenomena;
- sustainable use of natural and cultural heritage across the entire Balkan-Mediterranean transnational territory;
- reduced degradation of ecosystems and of protected/conserved natural capital;
- increased sustainable employment opportunities through integrated management and monitoring of designated areas;
- enhanced implementation of the Natura 2000 network and the relevant legislation.

These programmes were drawn up by the country's competent authorities, in cooperation and consultation with its socio-economic partners, and were approved by the European Commission.

Each programme includes strategic priorities and indicative actions that shape its contribution to achieving the PA objectives and therefore pursuing the EU strategy for smart, sustainable and inclusive growth.

The ADRIION Transnational Cooperation Programme	
Overall Programme budget	EUR 117 917 379
Regional Development Fund (ERDF)	EUR 83 467 729
Instrument for Pre-Accession Assistance (IPA II)	EUR 15 688 887
National contributions	EUR 18 760 763

Source: Interreg [ADRIION](#) 2014-2020.

A co-financing rate of 85% of ERDF/IPA is applied for the projects. The Adriatic-Ionian Programme, in short ADRIION, is a transnational ETC programme, the geography of which coincides with the area covered by the European Strategy for the Adriatic Ionian Region (EUSAIR, a macro-regional strategy). Its aim is to promote sustainable economic and social prosperity of the Adriatic and Ionian area through growth and jobs creation, by improving its attractiveness, competitiveness and connectivity while at the same time preserving the environment and ensuring healthy and balanced marine and coastal ecosystems.

Out of the 8 participating countries, 4 are EU Member States (Croatia, Greece, Italy and Slovenia), 3 are candidate countries (Albania, Montenegro, Serbia) and 1 is a potential candidate country (Bosnia and Herzegovina). All the participants are involved with their whole territory, except Italy where only 12 Regions + 2 Provinces participate, for a total of 31 regions. The overall programme strategy is formulated in direct response to the EU 2020 strategy of smart, sustainable and inclusive growth.

Adriatic has 4 Priorities: 1) Innovative and smart region; 2) Sustainable region; 3) Connected region; 4) towards a better governance of EUSAIR.

1.4.4. Operational programme « Technical assistance »

The financial and economic crisis has exposed fundamental weaknesses in Greece's economic model, as a result of which Greece's capacity to initiate and administer economic policies has needed to be strengthened considerably.

The Technical Assistance programme³² is designed to enhance the implementation of structural action taken by other national, sector-specific and regional programmes. Its objective is to create and safeguard the organisational conditions to enable ESIF actions to be carried out smoothly.

The programme focuses on three main priorities:

- the reinforcement of systems and processes of management and coordination including anti-fraud actions;
- the enhancement of human resources, administrative organization and operation of entities involved in the implementation of ESIF interventions;
- the upgrading of the managerial and delivery capacity of beneficiaries.

The funds available for Technical Assistance Operation Programme are:

Cohesion Fund (CF)	EUR 130 111 870.00
Regional Development Fund (ERDF)	EUR 327 209 854.00
European Social Fund (ESF)	EUR 147 902 470.00
Total OP budget	EUR 765 782 267.00
Total EU contribution	EUR 605 224 194.00

Source: Greece, DG REGIO European Commission.

1.4.5. Special measures for Greece

Affected by the consequences of the financial crisis, Greece has to face liquidity shortages and a lack of public funds for the public investment needed in order to foster a sustainable economic recovery. This exceptional situation needed to be addressed with specific measures. It is vital that the lack of liquidity and of public funds in Greece does not hinder investment under programmes supported by the ERDF, the ESF, the Cohesion Fund and by the European Maritime and Fisheries Fund (EMFF). Consequently, the Commission proposed that the Common Provisions Regulation³³ be amended with the aim to provide targeted measures specifically for Greece including: an increase of the EU co-financing rate to

³² DG REGIO, [info regio on Greece](#).

³³ [Regulation \(EU\) 2015/1839](#) of the European Parliament and of the Council of 14 October 2015 amending Regulation (EU) No 1303/2013 as regards specific measures for Greece.

100%, a removal of the 95% ceiling for the cumulative total of pre-financing and interim payments for the 2007-2013 programmes regarding ERDF, ESF CF, and an increase by 7% of the initial pre-financing for the 2014-2020 period as regards ERDF, ESF, CF and the EMFF, in 2015 and 2016.

The European Parliament³⁴ took note of the urgency of the support needed. Accordingly, a simplified procedure without amendments was decided on for this Regulation. This procedure contributed to the overall efforts to help Greece and allowed the Regulation to enter into force in October 2015. In its resolution of 6 October 2015, the EP has insisted that the additional pre-financing amount should be repaid to the Commission if it is not followed by an adequate level of payment applications submitted to the Commission before a certain deadline.

A total amount of approximately EUR 2 billion has been already paid to Greece at the time of writing of this analysis.

A new Commission proposal³⁵ has been presented on 27 June 2016 to help Cyprus but also Greece to fully seize investment opportunities under ESI Funds. According to this new proposal, Greece can benefit from the extension of the so-called "top-up" mechanism (Article 24 of the CPR). Upon request, the Regulation has been providing for countries under stability support programmes to benefit from a temporary increase in payments by 10% (the "top-up") until 30 June 2016. This top-up resulted in an immediate easing of budgetary pressure and provided more liquidity to kick-start investments. From 2011 to 2015, thanks to this provision, Greece already received €1.3 billion earlier than planned. This allowed EU co-financed projects to get off the ground quicker, for the benefit of the real economy. The Commission proposes to extend eligibility for this top-up mechanism beyond June 2016, to help bring Greece back on the path to sustained growth.³⁶ This proposal is subject to the ordinary legislative procedure.

³⁴ [EP Resolution of 6 October 2015 on Common provisions on European Structural and Investment Funds: specific measures for Greece.](#)

³⁵ Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) N° 1303/2013 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability. [COM/2016/0418 final.](#)

³⁶ See also: http://europa.eu/rapid/press-release_IP-16-2299_en.htm.

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ANNEXES

ANNEX I: THE ATTICA REGION AND ATHENS

Attica is an administrative region in Greece located at the southernmost point of central Greece. Attica is well-known because of the capital of Greece, Athens. Athens dominates the Attica periphery and is one of the world's oldest cities, as its recorded history spans around 3,400 years. Modern Athens is central to economic, financial, industrial, political and cultural life in Greece. The region of Athens is by far the most populated area in the country (concentrating about 36% of the national population and 38% of the national active population). According to the Greek National Statistical Service³⁷, Athens had a population of 664, 046 in 2011³⁸, while the whole Attica region had a population of 3.828.434. At the same time, it is the main national centre of economic and developmental activity.

Figure 6: Attica & Athens (NUTS 2)



Source: United-Hellas.com.

Since 2011, Athens Mayor is Giorgos Kaminis (independent backed by the Democratic Left party, PASOK and the Ecologist Greens party). He has been re-elected in the 2014 municipal elections defeating SYRIZA-supported candidate in the second round. His tenure ends in 2019. Since September 2014, the region's governor is Rena Dourou (SYRIZA).

Operational programme for Attica (Attica OP)³⁹ as indicated by the Hellenic Ministry of Economy Development and Tourism.

Main objectives

- Help reverse the decline of the region's productive base and gradually restructure it by enhancing high added value and low environmental impact sectors, aiming at creating jobs, enhancing extroversion, innovation and the smart use of ICT through promoting

³⁷ <http://www.statistics.gr/en/statistics/pop>.

³⁸ Demographic and social characteristics of the Resident Population of Greece according to the 2011 Population - Housing Census [revision of 20/3/2014](#).

³⁹ Source: <https://www.espa.gr/en/Pages/staticOPAttica.aspx>.

and integrating innovation, utilising ICT, creating business supporting structures and mechanisms.

- Improve the attractiveness of the region as a place to live and attracting investments through the protection and the sustainable management of the environment and promoting climate change adaptation and the harmonisation with the European environmental acquis.
- Ensure social cohesion through interventions. The goal is to create a framework of protection and support for vulnerable groups and to mitigate factors exacerbated by the crisis that lead to poverty and social exclusion parts of the region's population. Interventions focus on the integration / reintegration in the labour market of targeted groups with the biggest problems, improving access to welfare and health services and promoting equal opportunities also through the creation of educational and health infrastructure.

Funding priorities

The OP support will substantially contribute to promoting the following key EU and national development priorities:

- "Reinforcement of mechanisms and investments by SMEs of the Attica region in research and innovation" (ERDF 2.6% of the EU allocation): enhance the links between enterprises and research institutions and increase business investment in R&D, by an estimated 64%, in sectors identified through the region's smart specialisation strategy (RIS3).
- "Dissemination and development of innovative products and services of SMEs through the use of ICT" (ERDF 3.5% of the EU allocation): promote the use of ICT by the SMEs and enhance the use of ICT in e-government, e-learning, e-inclusion, e-culture and e-health.
- "Reinforcement of the competitiveness and extroversion of SMEs — improving the attractiveness of the Attica region for investments and promoting innovative entrepreneurship" (ERDF 11.6% of the EU allocation): support SMEs and especially new SMES by supporting clusters and incubators, providing capital and financing for restructuring and modernisation investment plans, support SME's extroversion.
- "Promotion of energy efficiency, of RES usage and of cogeneration and promotion of low-carbon emissions in urban areas" (ERDF 6.9% of the EU allocation): actions to increase energy efficiency especially in the business and public sector and in a limited number of private houses in the context of urban regeneration actions. Pilot action for the cogeneration of heat and power in public buildings.
- "Promotion of climate change adaptation and of risk prevention and management" (ERDF 8.4% of the EU allocation): anti-flood works and enhancement of fire and civil protection mechanisms, limited intervention in NATURA 2000 areas.
- "Improving the quality of life in the urban environment" (ERDF 13.6% of the EU allocation): harmonization with the European environmental acquis in waste water management, recycling actions concerning solid waste management and installations in small islands, pilot actions for bio waste, water supply networks, protection of cultural and natural heritage, Integrated Territorial Investments for sustainable urban development.
- "Enhancing regional mobility and multi-modal transport connections of the Attica region" (ERDF 14.7% of the EU allocation): enhance the position of the port of Piraeus in the cruise ships system in the Mediterranean Sea (creation of 2 berths for cruise ships in Piraeus port) in accordance with the partnership agreement, enhancement of

road safety should be increased, extension of TRAM lines and completion of roads connections to the TEN-T network are planned.

- "Promotion of skills development and of human resources adaptability in the sectors of the regional smart specialisation strategy" (ESF 1.9% of the EU allocation).
- "Promotion of social inclusion and combating poverty and discrimination — safeguarding social cohesion" (ESF 23.3% of the EU allocation): targeted support should be provided to social and health structures, as well as access to employment of disadvantaged groups, including long term unemployed, and promotion of social and economic inclusion of marginalised communities, such as the ROMA and homeless people, promotion of equal opportunities, support for social enterprises.
- "Development — upgrading of targeted social infrastructures and health infrastructures" (ERDF 5.8% of the EU allocation): investments in social and health services infrastructure in disadvantaged areas.
- "Development — upgrading of targeted educational infrastructures" (ERDF 5.8% of the EU allocation): investments in educational and lifelong learning infrastructure.
- "Technical Assistance" (ERDF 1,4% and ESF 0,5% of EU allocation respectively): provision of technical assistance.
- The Athens metro network⁴⁰ is one of the most modern in Europe. Its construction, including the extensions co-financed by the ERDF, has changed the face of public transportation in Athens. It has reduced congestion -reducing traffic jams on the main roads, reducing commuting times from 40 minutes to 10, freed up car parking spaces in the city, cut traffic emissions and reduced traffic accidents. It has also given new life to the neighbourhoods located near the metro stations, which have been significantly upgraded. Most businesses in the vicinity of metro stations have benefited and real estate value has gone up. Total cost for projects completed and projects in progress: € 4.7 billion (EU contribution: € 1.9 billion)
- Restoration of the Acropolis monuments⁴¹: regional policy contributed to the construction of the new Acropolis Museum which opened in 2009 and continues to contribute to the conservation and restoration of the Acropolis monuments. The restoration is the continuation of a complex project started in the programming period 2000-2006 and aims at protection, restoration, conservation and promotion of the monuments on the Athenian Acropolis. The works are performed under self-supervision of the Acropolis Restoration Service. The project is a good example of synergy between culture and tourism, making the various archaeological sites also sources of development of activities while respecting their cultural value. Total cost: € 64 million (EU contribution: € 49 million).

Expected impacts

- 250 businesses to link effectively with research institutions through supported mechanisms;
- 2,490 full time equivalent jobs to be created;
- 4,720 SMEs to receive support;
- 270 public buildings and 1,700 households to receive support in order to improve energy efficiency;

⁴⁰ Source: DG REGIO, [Cohesion Policy](#), factsheet on Greece May 2014.

⁴¹ Source: DG REGIO, [Cohesion Policy](#), factsheet on Greece May 2014.

- Reduction of 20,600 equivalent tonnes of CO2 emissions;
- 385,000 more people protected by anti-flood works;
- 65,000 more people serviced by Waste Water Treatment Facilities;
- 85,000 more people with access to high quality drinking water;
- 120,000 more visitors in the supported cultural and natural heritage site;
- Creation or renovation of 2,000,000m2 of open space in urban areas;
- 5.5 km of new tram lines;
- Support for: 13,000 long term unemployed, 17,300 disadvantaged people, 5,500 people from marginalised groups;
- 115,000 people covered by a Health Safety Net;
- Support for 265 social enterprises;
- 450 places in supported child care facilities;
- 150,000 people covered by improved health services;
- 2,000 people covered by other social structure;
- Increase in the percentage of the population covered by educational infrastructure from 94% to 98%.

The Managing Authority is the Attica Region.

Table 11: Financial information - Attica OP

Total OP budget	EUR 1 139 966 974
Total EU contribution	EUR 911 973 576
ERDF	EUR 678 314 113
ESF	EUR 233 659 463

Source : [Greece, Regional Operational Programmes, Attica OP.](#)

ANNEX II: THESSALONIKI AND CENTRAL MACEDONIA

Thessaloniki is the second largest city in Greece, the capital of Greek Macedonia, and the capital of the administrative region of Central Macedonia and of the decentralised administration of Macedonia and Thrace.

Figure 7: Central Macedonia and Thessaloniki (NUTS2)



Source: United-Hellas.com.

According to the Greek National Statistical Service⁴², the municipality of Thessaloniki had a population of 325 182 in 2011⁴³, while the Thessaloniki Urban Area (the Thessaloniki Greater Area "TGA") had a population of 800 764. The Thessaloniki Metropolitan Area (the prefecture of Thessaloniki) extends over an area of 1 455.62 km² (562.02 square miles), with a population of 1 104 460 in 2011. Central Macedonia has a population of 1 882 108. The current mayor of Thessaloniki is Yiannis Boutaris, a founding member of the Drassi party. Apostolos Tzitzikostas, governor of the region of Central Macedonia since 2013, is a member of New Democracy (Nea Demokratia).

Operational Programme for Central Macedonia (Central Macedonia OP)⁴⁴ as indicated by the Hellenic Ministry of Economy Development and Tourism.

Main objectives

The Programme aims to boost economic development and create job opportunities in Central Macedonia. It contributes to achieving the Europe 2020 targets for smart, sustainable and inclusive growth, also in line with the smart specialisation strategy. It should create jobs and help SMEs to become more competitive and innovation-driven. EU funding will also contribute to meeting the requirements of the Union's *acquis*, in particular as regards greenhouse gas reduction in and increase energy efficiency.

Funding priorities:

The OP support will substantially contribute to promoting the following key EU and national development priorities:

- "Strengthening research, technological development and innovation" (ERDF 2.38% of EU allocation).
- "Enhancing access to, and use and quality of, ICT" (ERDF 1.16% of EU allocation).
- "Enhancing competitiveness of SMEs" (ERDF 10.79% of EU allocation).

⁴² <http://www.statistics.gr/en/statistics/pop>.

⁴³ Demographic and social characteristics of the Resident Population of Greece according to the 2011 Population - Housing Census [revision of 20/3/2014](#).

⁴⁴ Source: <https://www.espa.gr/en/Pages/staticOPCentralMacedonia.aspx>.

- "Supporting the shift towards a low-carbon economy in all sectors" (ERDF – 3.4% of EU allocation).
- "Promoting climate change adaptation, risk prevention and management" (ERDF 7.66% of EU allocation).
- "Preserving and protecting the environment and promoting resource efficiency" (ERDF 12.51% of EU allocation).
- "Promoting sustainable transport and removing bottlenecks in key network infrastructures" (ERDF 37.19% of EU allocation).
- "Promoting sustainable and quality employment and supporting labour mobility" (ESF 1.26% of EU allocation).
- "Promoting social inclusion, combating poverty and any discrimination - ERDF" (ERDF 3.16% of EU allocation).
- "Promoting social inclusion, combating poverty and any discrimination - ESF" (ESF – 15.42% of EU allocation).
- "Investing in education, training and vocational training for skills and lifelong learning" (ERDF 3.16% of EU allocation).
- "Technical Assistance Axis" (ERDF 1.52% and ESF 0.31% of EU allocation respectively): provision of technical assistance.

The Expected impacts are the following:

- Support of more than 900 SMEs and cooperation of more than 400 enterprises with research institutions
- Creation of 1,300 employment positions
- improved anti-flood measures for additional 300,000 inhabitants and upgraded transport networks for additional 445,000 persons
- Annual energy savings of 160 KtOE (Kiloton of Oil Equivalent) and protection of additional 530,000ha Natura sites
- Support of 35 business plans for social enterprises creating 175 employment positions and social inclusion measures covering 1,000 disabled people and 6,500 immigrants.

The Managing Authority is the Region of Central Macedonia.

Table 12: Financial information Central Macedonia OP, EUR

Total OP budget	EUR 964 864 185
Total EU contribution	EUR 771 891 345
ERDF	EUR 640 647 291
ESF	EUR 131 244 054

Source: [Greece, Operational Programmes, Regional Operational Programmes, Central Macedonia OP](#).

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PHOTO CREDIT: iStock International Inc., Photodisk, Phovoir



ISBN 978-92-823-9530-1 (paper)
ISBN 978-92-823-9529-5 (pdf)

doi:10.2861/040944 (paper)
doi:10.2861/14940 (pdf)